ANNUAL REPORT 2014

NORDEN

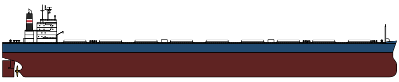
DAMPSKIBSSELSKABET NORDEN A/S

CONTENTS

MANAGEMENT COMMENTARY

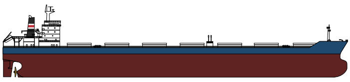
Cover photo: The NORDEN owned MR product tanker NORD STRONG discharging gasoil in Kalundborg, Denmark, June 2014. Photo: Jon Norddahl

Dry Cargo



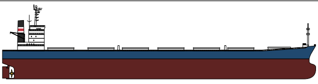
Capesize

Total number of vessels	4
Owned vessels	3
Chartered vessels with purchase option	1
Other chartered vessels	0
Length	290 metres
Width	45 metres
Cargo carrying capacity (deadweight)	170,000-180,000 tons
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Average age (owned and chartered with purchase option)	10.3 years
Total number of Capesize vessels in the global fleet	1,413
Average age of Capesize in the global fleet	6.3 years



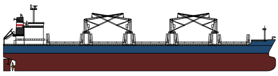
Post-Panamax

Total number of vessels	8
Owned vessels	4
Chartered vessels with purchase option	4
Other chartered vessels	0
Length	240-250 metres
Width	43 metres
Cargo carrying capacity (deadweight)	110,000-120,000 tons
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Average age (owned and chart. with purchase option)	3.9 years
Total number of Post-Panamax vessels in the global fleet	521
Average age of Post-Panamax in the global fleet	6.5 years



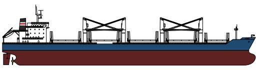
Panamax

Total number of vessels	77
Owned vessels	3
Chartered vessels with purchase option	16,5
Other chartered vessels	57,5
Length	215-230 metres
Width	32 metres
Cargo carrying capacity (deadweight)	70,000-85,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, bauxite, cement and slags
Customers	Steel works, mining companies, power plants, cement producers, grain traders and trading houses
Average age (owned and chartered with purchase option)	4.5 years
Total number of Panamax vessels in the global fleet	2,149
Average age of Panamax in the global fleet	8.1 years



Supramax

Total number of vessels	70.3
Owned vessels	4
Chartered vessels with purchase option	17
Other chartered vessels	49.3
Length	190-200 metres
Width	32 metres
Cargo carrying capacity (deadweight)	50,000-62,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, cement, sugar and fertiliser
Customers	Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
Average age (owned and chartered with purchase option)	5 years
Total number of Supramax vessels in the global fleet	3,113
Average age of Supramax in the global fleet	8.1 years



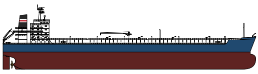
Handysize

Total number of vessels	37.2
Owned vessels	12
Chartered vessels with purchase option	11
Other chartered vessels	14.2
Length	170-190 metres
Width	27-30 metres
Cargo carrying capacity (deadweight)	28,000-38,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, steel, cement, sugar and fertiliser
Customers	Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
Average age (owned and chartered with purchase option)	3.4 years
Total number of Handysize vessels in the global fleet	3,120
Average age of Handysize in the global fleet	11.2 years

Notes:

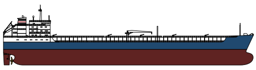
- The NORDEN fleet list is at 31 December 2014
- Global fleet data/dry cargo: Clarksons – at 31 December 2014
- Global fleet data/tankers: SSY – at 31 December 2014

Tankers



MR

Total number of vessels	27
Owned vessels	8
Chartered vessels with purchase option	7
Other chartered vessels	12
Length	180-185 metres
Width	32 metres
Cargo carrying capacity (deadweight)	45,000-50,000 tons
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Average age (owned and chartered with purchase option)	4.1 years
Total number of MR vessels in the global fleet	1,128
Average age of MR in the global fleet	9 years



Handysize

Total number of vessels	19
Owned vessels	12
Chartered vessels with purchase option	0
Other chartered vessels	7
Length	175-185 metres
Width	27-31 metres
Cargo carrying capacity (deadweight)	37,000-40,000 tons
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Average age (owned and chartered with purchase option)	6.3 years
Total number of Handysize vessels in the global fleet	529
Average age of Handysize in the global fleet	12 years

978 EMPLOYEES

673 seafarers on owned vessels,
305 onshore employees

OFFICES WORLDWIDE

Denmark, Singapore, China, India, USA, Brazil and Australia and port captains in large ports ensure a close contact with customers

ONE OF THE WORLD'S LARGEST OPERATORS

within Supramax and Panamax. In addition, activities within Handysize, Post-Panamax and Capesize

- Established and listed in 1871
- Global activities within
  - Dry cargo – transport of commodities such as coal, grain, iron ore, etc.
  - Product tankers – transport of refined oil products
- Flexible business model of owned and chartered vessels
- Owns 50% of Norient Product Pool, NPP, one of the world's largest operators of product tankers
- Share listed on NASDAQ OMX Copenhagen A/S
- 16,226 registered shareholders

MISSION

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people.

With ambition, reliability, flexibility and empathy, we

- Focus on customers who benefit from our constant commitment to being an independent long-term partner.
- Continue our long history of building valued relationships with shipowners and shipyards.

We will maintain a large modern fleet of owned and chartered tonnage, and – in a volatile market – we manage risks to constantly be able to develop our business and create shareholder value.

VISION

The preferred partner in global tramp shipping.

Unique people.

Open minded team spirit.

Number one.

VALUES

Flexibility – Adapt and find better solutions.

Reliability – Honest, good intentions and no cheating.

Empathy – Respect diversity in people and opinions.

Ambition – Think ambition into every activity.

2014-15 AT A GLANCE

2014 RESULTS

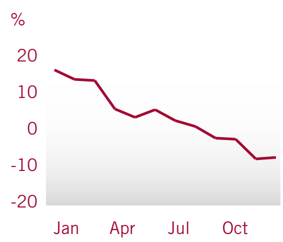
RESULTS FOR THE YEAR
USD million -416

OF WHICH PROVISION FOR ONEROUS CONTRACTS
USD million -230

GROUP EBITDA
excl. provision
USD million -31

EXTREMELY LOW DRY CARGO MARKET

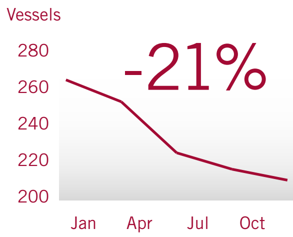
China's imports sharply decelerated... and pulled rates down



Growth in China's imports
3-month rolling average

-35%
DEVELOPMENT IN 1-YEAR PANAMAX T/C RATE 2014

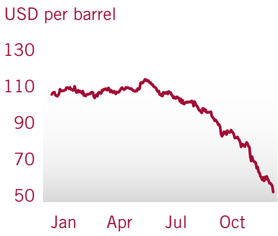
NORDEN adjusted the Dry Cargo fleet



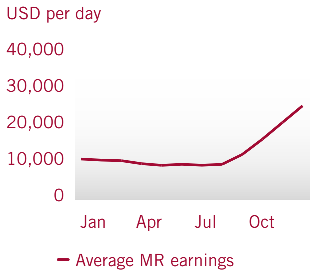
DRY CARGO EBITDA
excl. provision
USD million -64

TANKER MARKET IMPACTED BY STRONG FINISH

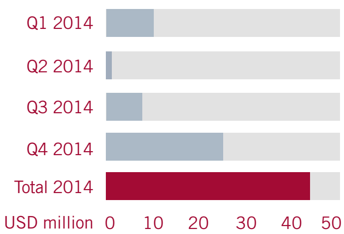
Drop in oil prices ...



... led to increasing rates in Tankers



which contributed to positive results



TANKER EBITDA
USD million 44

NORDEN

DRY CARGO
+2%
Earnings
vs. 1-year T/C

TANKERS
+6%
Earnings
vs. 1-year T/C

CASH AND SECURITIES
USD million 238

UNDRAWN CREDIT FACILITIES
USD million 418

HIGHLIGHTS 2014-15

2014 – downturn in the dry cargo market

NORDEN's results in 2014 were heavily impacted by the severe downswing in the dry cargo market. Directly contrary to the expectations for gradual improvement, the dry cargo market severely worsened in 2014. The tanker market was lower than expected in the first nine months but did provide a strong end to the year.

EBITDA constituted a loss of USD 261 million, which was in line with the most recently announced expectations and significantly impacted by the provision for onerous time charter contracts of USD 230 million made at the end of 2014. Thus, underlying operations amounted to an EBITDA of USD -31 million. Results for the year, which was also negatively affected by value adjustments on hedging instruments, amounted to USD -416 million. The results are not satisfactory.

EBITDA in Dry Cargo amounted to USD -294 million. Earnings in Dry Cargo were 2% above the 1-year T/C rates and 35% above the spot market. The Tanker Department generated an EBITDA of USD 44 million and managed to outperform the 1-year T/C rates by 6%.

Fourth quarter – significant drop in dry cargo, strong finish in tankers

The disappointing market development within dry cargo continued unabated into the fourth quarter, which is usually the strongest quarter of the year. Following a short-lived improvement in November, rates dropped significantly in December, and EBITDA in the Dry Cargo Department for the fourth quarter totalled USD -257 million.

Based on an updated market analysis, the Company made a provision of USD 230 million for a number of time charter contracts on chartered dry cargo vessels. The updated market analysis proved that it was no longer likely that these contracts, which were primarily entered into in 2006-11, would be profitable as the dry cargo market is not expected to improve to the extent first anticipated within the next couple of years.

In the tanker market, rates increased markedly in the fourth quarter and remained high for the rest of the year. NORDEN's Tanker Department was well positioned to benefit from the increasing rates and generated an EBITDA of USD 25 million.

Initiatives

Based on the increasingly challenging markets in dry cargo, the Company has launched a number of initiatives. NORDEN has:

- reduced the number of chartered dry cargo vessels by 21%.
- put investment programme on hold.
- sold 4 vessels in 2014 and 1 in 2015 with total proceeds in 2014 and 2015 of USD 112 million.
- improved the working capital by USD 34 million.
- increased coverage in Dry Cargo for 2015 significantly to 55%.
- secured new credit facilities of USD 221 million.
- initiated streamlining of costs with the target of saving USD 20 million per year within 3 years.
- reorganised the Dry Cargo Department to improve NORDEN's flexibility and position in the market.
- launched additional fuel saving initiatives in the core fleet with the target of a 3% reduction in 2015.
- achieved hire savings of USD 10.5 million on 9 chartered vessels.

See also page 10.

The Board of Directors proposes that no dividend is paid out for 2014.

Outlook for 2015

In Dry Cargo, it is estimated that the market will continue at the low rates from 2014. 2015 has started out with continued drops in rates, and in February, the Baltic Dry Index hit the lowest level in its history. To this should be added a continued pressure on vessel prices. After an intensified focus at the end of 2014 on increasing coverage, the Dry Cargo Department entered 2015 with coverage of 55% of the total 35,644 ship days in the book.

In total, the tanker market is expected to be on the same level as in 2014. The high rates from the end of 2014 have continued into the first months of 2015. However, rates are expected to settle along with growth in the newbuilding deliveries. At the turn of the year, the Tanker Department had covered 18% of 15,474 ship days.

NORDEN's future guidance will be at EBIT level, and the Company expects a total EBIT of USD -40 to 40 million for 2015.

Key figures for the quarters

USD million	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Total 2014
EBITDA (excl. provision)	-7.7	-7.7	-7.4	-10.8	-5.4	-31.3
EBITDA	-7.7	-7.7	-7.4	-10.8	-235.6	-261.5
Depreciation and write-downs	-20.6	-15.4	-16.0	-18.8	-18.0	-68.2
EBIT	-28.0	-22.6	-27.2	-27.6	-258.1	-335.5
Results for the period	-14.7	-26.5	-41.7	-45.5	-301.9	-415.6
Cash flows from operating activities	-47.9	2.7	-28.9	9.5	-29.3	-46.0

KEY FIGURES AND FINANCIAL RATIOS FOR THE GROUP

Amounts in USD million	2014	2013	2012	2011	2010
INCOME STATEMENT					
Revenue	2,038.1	2,145.9	2,131.4	2,272.8	2,189.6
Costs	-2,299.6	-2,121.6	-1,983.5	-2,086.4	-1,950.0
Earnings before depreciation, etc. (EBITDA) (excl. provision)	-31.3	24.3	147.9	186.4	239.6
Provision	-230,2	0,0	0,0	0,0	0,0
Earnings before depreciation, etc. (EBITDA)	-261.5	24.3	147.9	186.4	239.6
Profits from the sale of vessels, etc.	0.0	2.5	-23.9	-0.2	28.1
Depreciation and write-downs	-68.2	-79.0	-388.5	-81.2	-49.5
Earnings from operations (EBIT)	-335.5	-51.3	-265.4	104.5	222.5
Fair value adjustment of certain hedging instruments	-61.9	10.6	-10.1	-14.9	30.8
Net financials	-15.2	-2.5	1.7	3.7	-2.5
Earnings before tax	-412.5	-43.2	-273.9	93.3	250.8
Results for the year	-415.6	-47.7	-278.8	87.8	244.8
Results for the year for the NORDEN shareholders	-415.6	-47.7	-278.8	87.8	244.8
STATEMENT OF FINANCIAL POSITION					
Non-current assets	1,221.0	1,215.2	1,149.8	1,634.4	1,373.1
Total assets	1,778.0	2,061.2	2,033.4	2,350.3	2,250.5
Equity (including minority interests)	1,139.3	1,604.8	1,687.2	1,994.4	1,998.1
Liabilities	638.7	456.4	346.2	355.8	252.4
Invested capital	1,131.6	1,377.0	1,314.2	1,752.3	1,443.8
Net interest-bearing assets	7.7	227.8	373.0	242.1	554.3
Cash and securities	238.3	486.1	528.6	407.2	612.7
CASH FLOWS					
From operating activities	-46.0	-8.9	122.1	120.1	298.4
From investing activities	66.2	-61.9	7.0	-355.2	-380.1
– hereof investments in property, plant and equipment	-110.4	-139.4	-165.8	-357.7	-565.7
From financing activities	-79.4	62.5	-37.9	18.4	-65.5
Change in cash and cash equivalents for the year	-59.2	-8.3	91.2	-216.7	-147.2
FINANCIAL AND ACCOUNTING RATIOS					
Share-related key figures and financial ratios:					
No. of shares of DKK 1 each (excluding treasury shares)	40,460,055	40,770,988	41,277,839	41,213,922	42,075,180
Earnings per share (EPS) (DKK)	-10.3 (-58)	-1.2 (-7)	-6.8 (-39)	2.1 (11)	5.8 (33)
Diluted earnings per share (diluted EPS) (DKK)	-10.3 (-58)	-1.2 (-7)	-6.8 (-39)	2.1 (11)	5.8 (33)
Dividend per share, DKK	0	5	3	4	8
Book value per share (DKK)	28.2 (172)	39.4 (213)	40.9 (231)	48.4 (278)	47.5 (267)
Share price at year-end, DKK	131.4	285.0	163.1	134.5	202.5
Price/book value	0.8	1.3	0.7	0.5	0.8
Other key figures and financial ratios:					
EBITDA ratio	-12.8%	1.1%	6.9%	8.2%	10.9%
ROIC	-26.7%	-3.8%	2.3%	6.5%	17.3%
ROE	-30.3%	-2.9%	-15.1%	4.4%	12.9%
Payout ratio (excluding treasury shares) [1]	neg.	neg.	neg.	35.0%	24.4%
Equity ratio	64.1%	77.9%	83.0%	84.9%	88.8%
Total no. of ship days for the Group	83,866	90,069	84,028	78,526	66,044
USD rate at year-end	612.14	541.27	565.91	574.56	561.33
Average USD rate	561.90	561.60	579.72	536.22	562.57

The ratios were computed in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Association of Financial Analysts. However, "Profits from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios". Figures are adjusted for the Company's holding of treasury shares.

1) The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.

OUTLOOK FOR 2015

- HIGHER EBIT THAN IN 2014
- CONTINUED VERY CHALLENGING DRY CARGO MARKET
- TANKER MARKET ON PAR WITH 2014
- NORDEN'S FUTURE GUIDANCE AT EBIT LEVEL

Based on the weak market outlook in dry cargo, NORDEN expects a continued unsatisfactory EBIT in 2015, which, however, is expected to be significantly better than in 2014. The improvement is primarily based on lower charter hire costs in Dry Cargo i.a. as a result of the provision for onerous contracts made by the Company at the end of the 2014, but an increase in the number of owned vessels in Tankers is also expected to contribute positively.

Total EBIT is expected to amount to USD -40 to 40 million (USD -335 million in 2014). At the beginning of 2015, there is a relatively high level of open ship days in both Dry Cargo and Tankers, and realised results will therefore depend on market development to a high extent.

In Dry Cargo, it is estimated that the market will continue at the low levels from 2014, and the beginning of the year has been very challenging. Focus will be on maximising value creation through day-to-day operations and utilising the market fluctuations arising during the year.

Overall, the tanker market is expected to be on par with 2014.

Acquiring and selling vessels remains an integrated part of NORDEN's business, and NORDEN expects to acquire and sell vessels based on price, timing, capacity requirements and opportunities for fleet optimisation to a greater extent than in 2013/14.

As a result of a larger owned fleet, depreciation for the year is expected to increase to USD 70-80 million against USD 68 million in 2014. The increasing importance of depreciation of owned vessels has implied that NORDEN's future guidance will be at EBIT level as EBIT includes this item in the financial statements and thus provides a more fair presentation of the Company's results.

The cash flow effect from known investments (CAPEX) is expected to amount to USD 80-120 million net, which essentially includes known investments in newbuildings and proceeds from known vessel sales.

Economic outlook

Like in recent years, the IMF lowered its expectations for global growth in 2014, which came to 3.3% for the year. In the most recent prognosis from January, expectations for 2015 are a growth rate of 3.5%, a slight improvement compared to the development in 2014. It is expected that the higher economic growth rate will be driven by the current low oil prices in particular, which were more than halved in the second half-year of 2014.

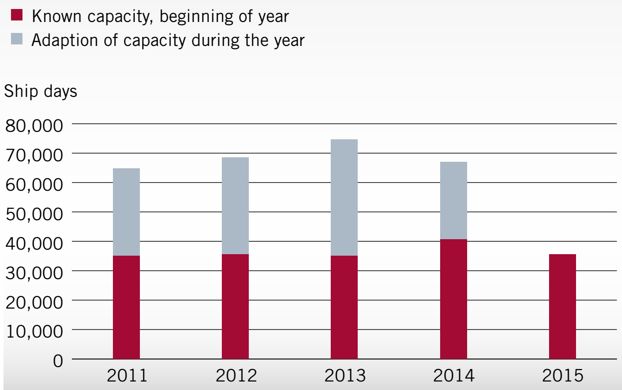
The general improvement in the world economy is expected only to have a limited positive effect on NORDEN's business as growth in the emerging market is expected to be lower than previously i.e. 4.3% in 2015 compared to 4.4% in 2014. China, which in recent years has played a leading role in maintaining momentum in trade through i.a. imports of iron ore and coal, is expected to see a drop in GDP growth of 0.6 percentage point to 6.8% for 2015.

For market specific outlook, see the sections on Dry Cargo on pages 18-25 and Tankers on pages 26-32.

Outlook for 2015

USD million	Dry Cargo	Tankers	Group
EBIT	-40 to 20	5-45	-40 to 40
EBITDA	0-60	40-80	40-120
Profits from the sale of vessels, etc.			0
CAPEX			80-120

Development in Dry Cargo's capacity



THE INCREASING IMPORTANCE OF DEPRECIATION OF OWNED VESSELS HAS IMPLIED THAT NORDEN'S FUTURE GUIDANCE WILL BE AT EBIT LEVEL.

Outlook for Dry Cargo
At the beginning of the year, NORDEN's Dry Cargo Department had covered 55% of its 35,644 ship days, and thus, there were 16,008 open ship days in 2015. The covered days will generate average T/C earnings of USD 11,462 per day, which is significantly above the forward rates in mid-February. Capacity and coverage will be adjusted according to market conditions during the year. Coverage for the remaining year was 64% in mid-February.

Even though there will be fluctuations during the year, the dry cargo market is not expected to improve in 2015 compared to 2014 due to continued low demand growth. The Dry Cargo Department is expected to generate an EBIT of USD -40 to 20 million. The estimate is based on the capacity and coverage data available in mid-February 2015. As a result of the difficult market conditions, the estimate only includes a modest profit from operator activities.

The outlook is based on management's estimate of freight rates in 2015. A change of USD 1,000 in freight rates over the year will affect the Dry Cargo Department's EBIT by USD 12 million. The challenging market conditions increase the risk of loss on counterparties. Such losses have not been included in expectations.

Outlook for Tankers
NORDEN expects that the product tanker market in 2015 will be on par with 2014. Increasing growth in the global fleet is expected to be absorbed by reasonable structural growth in demand. Furthermore, low oil prices will have a positive effect on oil trade at sea, just as a strong market for crude oil vessels may have a positive spillover effect on product tankers.

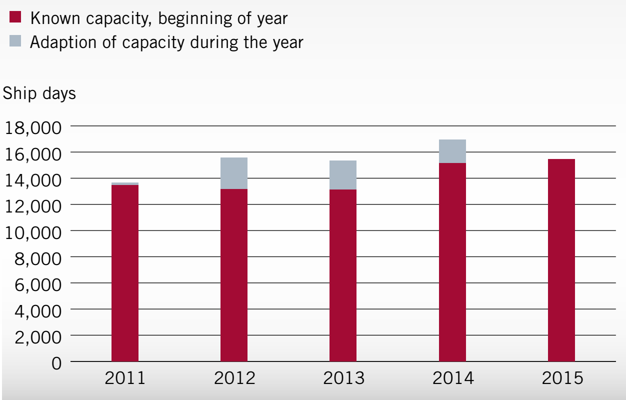
NORDEN's Tanker Department still has high exposure to the spot market. The spot exposure will, however, be adjusted regularly to the market conditions during the year. At the beginning of the year, the Tanker Department had covered 18% of its 15,474 ship days at average T/C earnings of USD 16,883 per day. Coverage for the remaining year was 20% in mid-February.

In 2015, the Tanker Department is expected to generate an EBIT of USD 5-45 million. The estimate is based on the capacity and coverage data available in mid-February 2015, and that open ship days can be employed at average rates on par with or slightly above the 1-year T/C rate in mid-February, i.e. USD 14,500 gross per day in MR and USD 13,500 gross per day in Handysize.

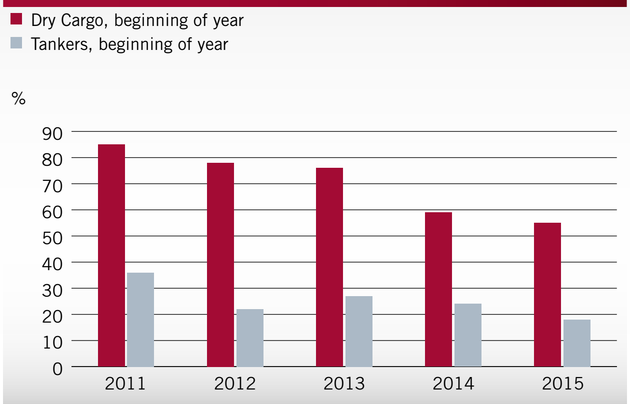
A change of USD 1,000 in freight rates over the year will affect the Tanker Department's EBIT by USD 10 million.

Events after the reporting date
No significant events have occurred between the reporting date and the publication of this annual report that have not already been included and adequately disclosed in the annual report and that materially affect the Company's results of operations or financial position.

Development in Tankers' capacity



Coverage in Dry Cargo and Tankers



CHINA, WHICH IN RECENT YEARS HAS PLAYED A LEADING ROLE IN MAINTAINING MOMENTUM IN TRADE THROUGH I.A. IMPORTS OF IRON ORE AND COAL, IS EXPECTED TO SEE A DROP IN GDP GROWTH OF 0.6 PERCENTAGE POINT TO 6.8% FOR 2015.

FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking statements reflecting management's present judgment of future events and financial results.

Statements relating to 2015 and the years ahead are inherently subject to uncertainty, and NORDEN's realised results may therefore differ from the projections.

Factors that may cause NORDEN's realised results to differ from the projections in this annual report include, but are not limited to: Changes in macroeconomic and political conditions – particularly in the Company's principal markets; changes to NORDEN's rate assumptions and budgeted operating expenses; volatility in freight rates and tonnage prices; regulatory changes; counterparty risks; any disruptions to traffic and operations as a result of external events, etc.

Capacity and coverage at 31 December 2014

Dry Cargo	2015	2016	2017	2015	2016	2017
Owned vessels		Ship days				
Capesize	697	722	720			
Post-Panamax	1,404	1,444	1,440			
Panamax	1,375	1,730	2,037			
Supramax	1,603	2,252	2,820			
Handysize	4,300	4,327	4,320			
Total	**9,379**	**10,475**	**11,337**			
Chartered vessels					Costs of T/C capacity (USD per day)*	
Capesize	365	366	592	14,212	14,470	18,117
Post-Panamax	1,460	1,464	1,460	9,655	9,743	9,959
Panamax	11,826	8,252	5,291	10,276	10,404	11,603
Supramax	7,862	6,415	5,005	10,072	10,608	11,034
Handysize	4,752	3,630	2,767	8,201	8,571	8,668
Total	**26,265**	**20,127**	**15,115**	**9,860**	**10,164**	**10,974**
					Costs of gross capacity (USD per day)*	
Total capacity	**35,644**	**30,602**	**26,452**	**8,638**	**8,500**	**8,388**
Coverage					Revenue from coverage (USD per day)	
Capesize	123	0	0	11,239	0	0
Post-Panamax	316	0	0	8,725	0	0
Panamax	9,962	2,625	2,167	11,504	16,927	17,561
Supramax	6,244	1,845	908	11,784	12,758	13,918
Handysize	2,991	1,425	1,272	10,950	13,248	13,840
Total	**19,636**	**5,895**	**4,347**	**11,462**	**14,733**	**15,712**
Coverage in %						
Capesize	12%	0%	0%			
Post-Panamax	11%	0%	0%			
Panamax	75%	26%	30%			
Supramax	66%	21%	12%			
Handysize	33%	18%	18%			
Total	**55%**	**19%**	**16%**			

* Costs include the effect of the provision for onerous contracts made in 2014 and cash running costs of owned vessels. A statement excluding the provision can be found on NORDEN's website.

Costs are excluding administrative expenses. For vessel types which are operated in a pool, the T/C equivalent is after pool management fee. With regard to the Dry Cargo pools, NORDEN receives the pool management fee as "Other operating income".

Capacity and coverage at 31 December 2014

Tankers	2015	2016	2017	2015	2016	2017
Owned vessels		Ship days				
MR	4,014	4,315	4,310			
Handysize	4,313	4,315	4,310			
Total	**8,327**	**8,630**	**8,620**			
Chartered vessels					Costs of T/C capacity (USD per day)	
MR	5,746	3,543	1,729	14,971	15,747	16,722
Handysize	1,401	0	0	13,232	0	0
Total	**7,147**	**3,543**	**1,729**	**14,630**	**15,747**	**16,722**
					Costs of gross capacity (USD per day)*	
Total capacity	**15,474**	**12,173**	**10,349**	**10,513**	**9,590**	**8,726**
Coverage					Revenue from coverage (USD per day)	
MR	1,552	223	177	18,441	16,844	16,898
Handysize	1,226	0	0	14,912	0	0
Total	**2,778**	**223**	**177**	**16,883**	**16,844**	**16,898**
Coverage in %						
MR	16%	3%	3%			
Handysize	21%	0%	0%			
Total	**18%**	**2%**	**2%**			

* Including cash running costs of owned vessels.

Costs are excluding administrative expenses. For vessel types which are operated in a pool, the T/C equivalent is after pool management fee.

STRATEGY UPDATE

- INVESTMENT PROGRAMME HALTED AND EXPOSURE REDUCED
- COST SAVING PROGRAMME AND ADDITIONAL INITIATIVES LAUNCHED
- FINANCING OF NEWBUILDING PROGRAMME IN PLACE

During 2013, NORDEN formulated an updated strategy, which built on expectations for improved market conditions in both dry cargo and tankers in 2014. The strategy was to ensure that NORDEN would make the most out of the improvement, but during the year, it became evident that the expected improvement was not going to materialise.

NORDEN took the consequence of the disappointing market development and implemented a number of initiatives in order to improve its positioning towards the difficult markets:

- NORDEN made use of the flexibility of the business model and reduced the chartered fleet and thus the activity level in Dry Cargo significantly.
- The investment programme was halted in the first quarter of 2014, and no new investments in the core fleet have been made subsequently.
- 4 vessels were sold in 2014 and 1 in 2015 with total proceeds in 2014 and 2015 of USD 112 million.
- Working capital was improved by USD 34 million.
- Coverage in Dry Cargo for 2015 was significantly increased to 55% in the fourth quarter of 2014.
- USD 221 million in new credit facilities secured to cover newbuilding programme.
- Cost saving programme focusing on vessel operating costs and voyage costs such as port charges, charges for tugboat services, etc. was initiated with the target of saving USD 20 million per year within 3 years.
- Dry Cargo Department was reorganised in order for NORDEN to make use of its flexibility and position in the market.
- Additional fuel saving initiatives were launched in the core fleet with the target of a 3% reduction in 2015.
- Hire savings of USD 10.5 million over 4 years on 9 chartered vessels.

As described under ”Outlook for 2015”, there are no prospects of improving market conditions in NORDEN's 2 markets. Especially the dry cargo market will be negatively affected by weaker Chinese demand and general excess capacity of vessels. Like previous years, the market is expected to be volatile. Periods with higher rates will therefore appear, but they are expected to be short-lived and of limited magnitude.

Compared to the 2 elements in NORDEN's business model, focus in 2015 will thus to a greater extent be on ”value creation throughout the cycle” rather than ”exploiting the cycle”. This implies:

- **Daily commercial operations**
  Flexibility and prompt actions will be vital in order to make use of the market fluctuations. The opportunity to do so may be limited if the coverage in Dry Cargo is only sought in the form of long-term COAs. To a greater extent than in recent years, NORDEN will therefore make use of short-term chartering out to other operators and FFAs in order to be able to act promptly and generate as much value as possible. In addition, the Company expects to increase the activities within sale and purchase of vessels.

- **Voyage optimisation including fuel efficiency**
  In weak markets, the daily focus on optimising the completion of each individual voyage becomes particularly important. Even though this has always been a focus area, NORDEN has decided to give these efforts extra priority by implementing a special cost saving programme to reduce vessel-related voyage costs. To this should be added continuation of the efforts to improve the vessels' fuel efficiency. Even after the drop in oil prices, it is still value creating to improve both vessel performance and operations.

- **Cost-effective technical operations**
  In periods with low earnings, cost improvements are visible. As NORDEN has grown the number of owned vessels, costs related to the technical operations are of greater importance. In 2014, the structure and processes of the Technical Department underwent a thorough analysis for the purpose of future-proofing the department and ensuring competitive performance also within this field. In addition, the analysis also formed the basis for the intensified focus on vessel-related costs initiated by the Company in 2015.

LIKE PREVIOUS YEARS, THE MARKET IS EXPECTED TO BE VOLATILE. PERIODS WITH HIGHER RATES WILL THEREFORE APPEAR, BUT THEY ARE EXPECTED TO BE SHORT-LIVED AND OF LIMITED MAGNITUDE.

BUSINESS MODEL

NORDEN's business model is based on 2 main parts – Exploiting the cycle and Value creation throughout the cycle (see below). The timing of changes in the exposure to the market can be crucial within tramp shipping, but over the years, NORDEN has also been able to create added value in daily operations in both upward and downward markets on the basis of a strong organisation, a recognised brand and optimised processes and systems.

The 2 main parts of the business model are strongly connected. Some activities are directly overlapping e.g. long-term cargo contracts, which are coverage of market exposure, but at the same time constitute an essential element of the operator business and the optimisation of this. NORDEN strives to make use of competences and knowledge across the 2 main parts.

The foundation of both parts is the daily effort of highly qualified employees, which is based on the Vision of open minded team spirit. Cooperation across sections and organisational divisions is vital to achieving success and creating more value than the industry average.

NORDEN TAKES ADVANTAGE OF THE OPPORTUNITIES IN A CYCLICAL MARKET

Exploiting the cycle	Creating value throughout the cycle
Taking a view on the fundamental market and adjusting our exposure	Creating value above industry level irrespective of market conditions
Levers:	**Levers:**
Owned vessels	Commercial operations: - Optimisation around cargo contracts (Dry Cargo) - Short-term T/C in/out - Optimisation of trade composition and positioning - Exploitation of seasonality and volatility - Vessel selection
Long-term T/C in	
Long-term coverage	Voyage execution incl. fuel optimisation
Financial gearing	Cost efficency
WHY WE SUCCEED ▶ Fast and consistent decision making ▶ Relationships with tonnage providers ▶ Long-term player ▶ Financial strength ▶ Execution skills	▶ Skilled and experienced staff ▶ Close customer relationships ▶ Economies of scale ▶ Optimised systems and processes ▶ Strong brand

FINANCIAL POSITION

- CONTINUED STRONG FINANCIAL POSITION
- PROVISION FOR ONEROUS CONTRACTS
- NEWBUILDING PROGRAMME COVERED BY NEW CREDIT FACILITIES

Provision for onerous contracts

A weaker outlook for the dry cargo market resulted in the Company taking a USD 230 million provision in December 2014 regarding a number of time charter contracts on chartered vessels based on an updated market analysis. The market analysis showed that it was no longer likely that these contracts, which were primarily entered into in 2006-11, would become profitable as the dry cargo market is not expected to improve within the next couple of years to the same degree as previously assumed.

The material part of the provision will be reversed over the next 3-4 years leading to a positive EBITDA impact of a similar amount over that period. About one-third of the provision will be reversed in 2015. The provision has no impact on cash flows or loan agreements.

Following the provision in Dry Cargo, the book value of Group equity is USD 1.1 billion (DKK 172 per share) at the end of 2014.

Development in gearing

As planned, NORDEN's gearing, which refers to the ratio of the Company's net commitments to book equity, was increased in the first half-year of 2014 due to investments in newbuildings, payment of dividends and share buy-back. In the second half-year of 2014, gearing has stabilised as a result of lower activity in the Dry Cargo segment and a higher value of coverage in the Tanker segment. Following the provision for onerous contracts of USD 230 million, gearing has increased again and was 1.09 at the end of 2014 (0.70 end-2013).

Net commitments increased by USD 131 million during the year. The increase is primarily due to investments in newbuildings and a drop in cash. The adjusted net interest-bearing assets amounted to USD -6 million (USD 189 million) at year-end. Including operating lease liabilities, future payments on newbuildings and contractually secured cash flows, the Company's total net commitments were USD 1,257 million (USD 1,126 million) at year-end.

Capital structure

NORDEN continues to have a solid balance sheet and financial resources. At year-end, NORDEN had cash and securities totalling USD 259 million and undrawn credit facilities of USD 418 million. If the facilities are fully drawn, debt will correspond to 47% of the estimated market value of the fleet at year-end. The figures include NORDEN's share of debt, cash and cash equivalents in joint ventures.

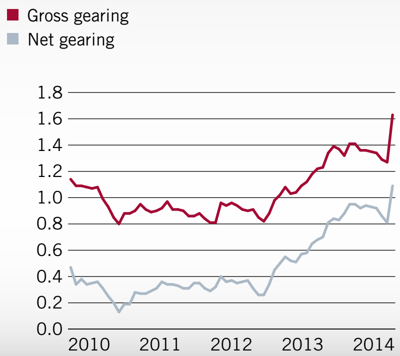
Cash amounts to USD 198 million (USD 406 million), and to this should be added NORDEN's share of cash and cash equivalents in joint ventures amounting to USD 21 million (USD 5 million). Pursuant to NORDEN's banking policy, cash is mainly placed as short-term deposits with a duration of up to 1 year in major Scandinavian banks rated A or higher. In addition, NORDEN has securities of USD 40 million (USD 80 million) mainly placed in short-term corporate bonds from creditworthy issuers.

Net commitments (at year-end), USD million

	2014	2013	2012
Adjusted net interest-bearing assets*	-6	189	362
T/C liabilities**	-1,542	-1,861	-1,646
Payments for newbuildings less proceeds from vessel sales**	-355	-295	-95
Contractually secured inflows of earnings** (T/Cs and COAs)	646	841	936
Net commitments	**-1,257**	**-1,126**	**-443**

* Adjusted for prepayments on vessel purchases and currency swaps
** Present values

Gearing



In 2014, either directly or through joint ventures, NORDEN entered into new agreements on attractively priced long-term credit facilities totalling USD 221 million with 2 Scandinavian banks and 2 Japanese banks. During the year, a total of USD 15 million was drawn from facilities entered into with 2 Japanese banks. Interest-bearing debt decreased from USD 258 million to USD 231 million. In addition, NORDEN's share of interest-bearing debt in the Company's joint ventures amounted to USD 31 million.

NORDEN has liabilities relating to the newbuilding programme totalling USD 405 million. The liabilities include 2 sold newbuilding contracts and NORDEN's share in joint ventures. The allocation for each year can been seen in the table below.

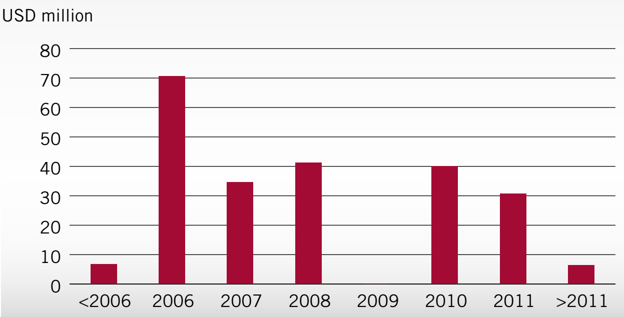
DECREASING BUNKER PRICES

The price for a tonne of bunker dropped heavily along with the general drop in oil prices taking place in the second half of 2014. At the beginning of 2014, 1 tonne of standard bunker 308cst cost USD 580 whereas the price was USD 280 at the end of the year – a drop of more than 50%.

NORDEN does not speculate in fuel prices. In those cases where a bunker adjustment clause is not included in the cargo contract, NORDEN covers the purchase of bunker through bunker swaps at the time of the cargo contract formation. In doing so, the Company knows the exact bunker costs related to performing the contract. In times with increasing oil prices, bunker swaps not only provide security but also savings compared to having to purchase at the current price. Whereas in times with decreasing oil prices, this security entails additional costs compared to buying at the current price. To a great extent, the bunker saving is included in the rate to the customer who as a rule pays for transportation pr. tonne of cargo including bunker costs. Furthermore, decreasing bunker prices have a number of general effects on the market:

- Less incentive to slow steam
- Less pressure for scrapping old tonnage
- Less incentive to order new vessels
- Increased global oil demand
- Arbitrage trading within tankers more attractive
- Support for increased global growth
- Lower gas prices impacting coal demand
- Lower voyage costs resulting in lower rates for the customers, which is particularly positive for trade over long distances.

Distribution of the provision for onerous contracts



Note: Distributed in accordance with time of contract formation

Liabilities relating to newbuilding programme

USD million	
2015	182
2016	57
2017	119
2018	47
Total	**405**

Note: The liabilities include 2 sold newbuilding contracts and NORDEN's share in joint ventures.

FLEET DEVELOPMENT

- FOCUS ON ADJUSTMENT
- 4 VESSELS SOLD IN 2014, 1 SOLD IN 2015
- 4 PRODUCT TANKERS TO BE DELIVERED IN 2015
- REDUCED ACTIVITY

Deliveries to NORDEN's core fleet

After a couple of years with investment focus on expanding the core fleet, first in Tankers and then in Dry Cargo, 2014 saw a slowdown in investment activities.

At the beginning of 2014, NORDEN made use of the attractive newbuilding prices and entered into agreements on investments in 7.5 Supramax and Panamax eco newbuildings in Dry Cargo, while in Tankers, investments were made in 2 MR product tankers during 2014.

In the second half-year, NORDEN entered into agreement on the sale of 4 vessels of which 2 were newbuilding contracts.

Furthermore, a product tanker has been sold at the beginning of 2015. In addition to supporting the adjustment of NORDEN's fleet to the market outlook in dry cargo, the vessel sales also reduce the Company's tied-up capital.

During 2014, NORDEN took delivery of 10.5 vessels from the order book of which 2 Handysize eco newbuildings in Tankers. On the other hand, NORDEN redelivered 2 long-term chartered vessels without declaring the purchase option and delivered 1 sold tanker vessel.

Reduced activity level

In addition to NORDEN's core fleet, the Company has a flexible fleet of vessels on short and long-term charter at its disposal. Some of these with purchase option. The fleet of chartered vessels ensures that NORDEN's future cargo programme can be optimally serviced and provides NORDEN with flexibility in fluctuating markets.

During 2014, the fleet of short term chartered vessels was thus adjusted to the challenging market conditions especially in dry cargo and was reduced from 191 at the end of 2013 to 140 at the end of 2014. This reduction contributed to the total active fleet dropping from 285 vessels to 242 vessels at the end of 2014.

Deliveries in 2015

The order book comprised a total of 25.5 vessels at the end of 2014 of which 20.5 are dry cargo vessels and 5 are tanker vessels. The vessels are delivered up until the beginning of 2018. In 2015, 6 Japanese built dry cargo vessels will be delivered while the Tanker Department will take delivery of 4 MR product tankers from a South Korean yard.

Development in NORDEN's core fleet 2014

	Dry Cargo	Tankers	Total
Core fleet, start 2014	91.5	32.0	**123.5**
Purchase of secondhand tonnage	0.0	1.0	**1.0**
Contracted newbuildings	6.5	0.0	**6.5**
Contracted long-term charters with purchase option	1.0	1.0	**2.0**
Redelivered long-term charters with purchase option	-1.0	-1.0	**-2.0**
Sale and delivery of owned vessels	-2.0	-1.0	**-3.0**
Core fleet, end of 2014	96.0[A]	32.0	**128.0[A]**

A Of which 1 unit sold

Note: The table shows the development in NORDEN's total core fleet, which includes active vessels as well as vessels to be delivered.

NORDEN's fleet at 31 December 2014

Vessels in operation	**2014**	**2013**
Owned vessels	46.0[A]	44.0
Chartered vessels with purchase option	56.5	50.0
Active core fleet	**102.5**	**94.0**
Chartered vessels without purchase option	140.0	191.4
Active fleet	**242.5**	**285.4**
Vessels to be delivered		
Owned vessels	14.5	12.0
Chartered vessels with purchase option	11.0	17.5
Total for delivery to active fleet	**25.5**	**29.5**
Total gross fleet	**268.0**	**314.9**
Total chartered with purchase option	67.5	67.5
Total core fleet	**128.0[A]**	**123.5**

A of which 1 unit sold

Note: Vessels which are jointly owned or chartered directly by a pool are adjusted based on ownership share and pool percentage, respectively.

IN THE SUMMER OF 2014, NORDEN TOOK DELIVERY OF THE FUEL EFFICIENT HANDYSIZE ECO TANKERS NORD GARDENIA AND NORD GERANIUM, WHICH WERE THUS DELIVERED IN TIME TO BE EMPLOYED IN A STRONG TANKER MARKET IN THE FOURTH QUARTER.

Expected deliveries to NORDEN's core fleet at 31 December 2014

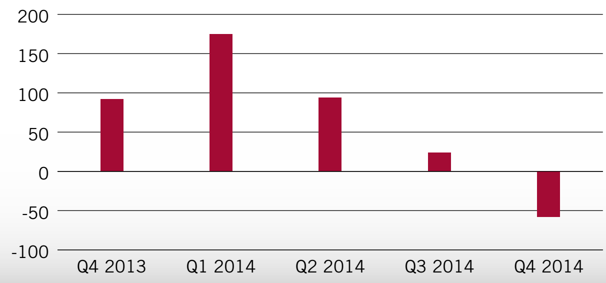
	2015				2016				2017				2018				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Dry Cargo																	
Capesize									(1.0)								1.0
Panamax	0.5	0.5	(1.0)		1.0		(1.5)	(1.5)			2.0						8.0
Supramax	(1.0)			1.0 (2.0)	1.0	0.5 (2.0)					2.0		2.0				11.5
Tankers																	
MR	3.0		1.0				(1.0)										5.0
Handysize																	0.0
Total	**4.5**	**0.5**	**2.0**	**3.0**	**2.0**	**2.5**	**2.5**	**1.5**	**1.0**	**0.0**	**4.0**	**0.0**	**2.0**	**0.0**	**0.0**	**0.0**	**25.5**

Note: Figures in brackets are deliveries of chartered vessels with purchase option, whereas deliveries from the Company's newbuilding programme are stated without brackets. Figures are adjusted for ownership share. Totals have been calculated for the core fleet as a whole.

FLEET VALUES

- SHIP VALUES DECREASED BY 13% IN DRY CARGO AND 11% IN TANKERS
- FLEET MARKET VALUE ESTIMATED AT USD 1.5 BILLION
- PURCHASE AND EXTENSION OPTIONS ESTIMATED AT USD 112 MILLION

Added value (incl. joint ventures)



Decreasing vessel market prices

After a 2013 with generally increasing vessel prices, secondhand tonnage prices dropped during 2014. In contrast, newbuilding prices continued increasing until mid-year after which they fell back and ended the year at approximately the same level as at the beginning of 2014. In the dry cargo market, the secondhand prices decreased by 11-22% whereas the resale price of newbuildings remained unchanged throughout the year for NORDEN's dry cargo vessel types (source: Clarksons).

In the product tanker market, secondhand prices also dropped whereas newbuilding prices increased at the beginning of the year and remained at that level throughout the year. Thus, the price for a 5-year-old MR product tanker fell by 14% whereas the newbuilding price went up by approximately 6% (source: Clarksons).

Decrease within both dry cargo and tankers

An index-based calculation of the market value of NORDEN's vessels, excluding charter parties, shows that NORDEN's dry cargo vessels have decreased by 13% in total during the year while the value of the Company's fleet of product tankers decreased by 11%.

Based on the average of valuations from 3 independent brokers, the market value of NORDEN's 46 owned vessels and 14.5 newbuilding orders including joint ventures was estimated at USD 1,462 million at year-end, which is USD 58 million below carrying amounts and costs. The market valuation of NORDEN's newbuilding programme for delivery was USD 461 million at year-end, which is USD 32 million above carrying amounts and costs.

Calculated without vessels in joint ventures and sold assets, the market valuation in Dry Cargo and Tankers is USD 27 million and USD 35 million, respectively, below carrying amounts and costs, which amount to a total of USD 1,434 million. The difference between the highest and lowest valuations from the 3 brokers calculated per vessel is USD 147 million, and the broker valuations are thus subject to a higher degree of uncertainty than previously. The Company has therefore performed a routine impairment test. On this background, no further indication of impairment of carrying amounts was found, and there is no need for additional provisions for onerous time charter contracts. In this assessment, management has also included the development in freight rates and vessel prices after the end of 2014. See also "Financial review" (page 46)

Fleet values at 31 December 2014

USD million	Owned (active and newbuildings)					
Dry Cargo	Number	Average dwt.	Carrying amount/ cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Capesize	3.0	176,000	68	69		1
Post-Panamax	4.0	114,000	121	102		-19
Panamax	7.0	79,000	183	184	21	22
Supramax	10.5	59,000	246	257		11
Handysize	12.0	35,000	259	209	12	-38
Total Dry Cargo	**36.5**		**877**	**821**	**33**	**-23**
Tankers						
MR	12.0	50,000	371	360		-11
Handysize	12.0	39,000	272	248		-24
Total Tankers	**24.0**		**643**	**608**		**-35**
Total	**60.5**		**1,520**	**1,429**	**33**	**-58**

* Including joint ventures and assets held for sale but excluding charter party, if any.

Assumptions for calculated value of purchase and extension options, at year-end 2014

	Vessel prices and T/C rates		Assumed volatility	
	Secondhand prices 5-year-old vessel (USD million)	5-year T/C rate (USD/day)	Ship values (secondhand prices 5-year-old vessel)	Freight rates (1-year T/C)
Dry Cargo				
Capesize	39.3	16,788	16%	76%
Post-Panamax*	28.3	11,160	18%	38%
Panamax	20.3	10,500	18%	38%
Supramax	20.7	10,375	15%	36%
Handysize	16.9	8,500	15%	24%
Tank				
MR	25.0	15,500	13%	12%

Note: The determination of the theoretical value of the purchase and extension options is subject to uncertainty, the value being dependent on the future development in freight rates and ship values as well as deviations in other assumptions.

* The Post-Panamax price is a re-sale price for a newbuilding with prompt delivery. The volatilities for the vessel type are assumed equal to the volatilities for Panamax as there is limited data available for Post-Panamax.

Sources: Clarksons and Baltic Exchange

and note 11 to the financial statements (page 71) where significant accounting estimates are explained.

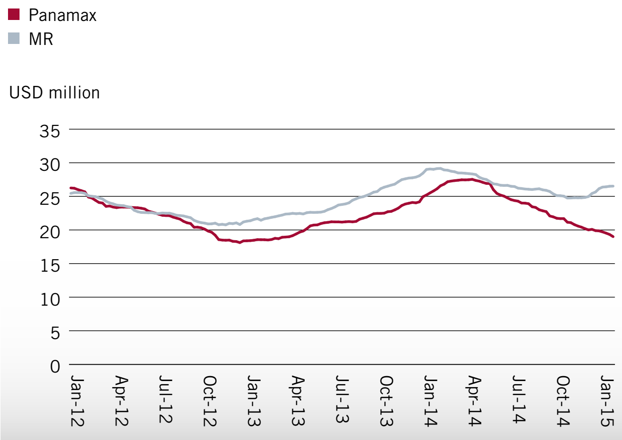
Purchase and extension options

Through the Company's purchase and extension options, NORDEN has an advantageous exposure to increasing markets.

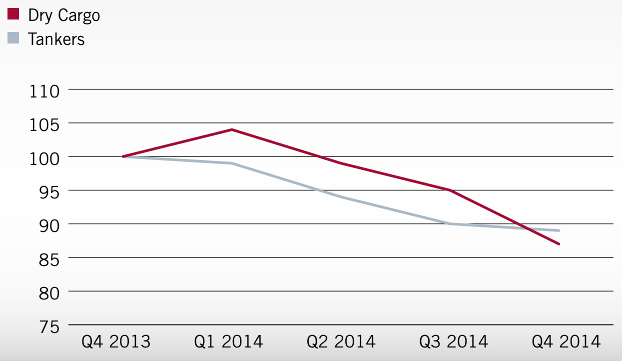
As a result of decreasing T/C rates and vessel prices, the value of the options has developed negatively from a total value of USD 120 million to USD 112 million.

A 10% increase in T/C rates and vessel prices would mean an 18% increase in the option value whereas a corresponding 10% drop would mean a 15% drop in value. The method of calculating the option value is unchanged from last year (see description of the method on the Company's website).

Secondhand prices (5-year-old vessel)



Indexed market value of fleet (excl. value of charter party)*



* Figure is based on quarterly comparison of vessels included in both quarters.

Theoretical value of purchase and extention options end-2014

	Average dwt.	Number of contracts	Theoretical value of purchase and extension options (USD million)
Dry Cargo			
Capesize	180,000	2.0	22
Post-Panamax	115,000	4.0	6
Panamax	80,000	20.5	41
Supramax	58,000	22.0	34
Handysize	32,000	11.0	6
Tankers			
MR	48,000	8.0	3
Total		**67.5**	**112**

DRY CARGO

INSTEAD OF EXPECTED GRADUAL IMPROVEMENT, THE DRY CARGO MARKET SAW SEVERE DETERIORATION IN 2014. CHINA'S IMPORTS SHARPLY DECELERATED, AND NORDEN, WHICH HAD ENTERED THE YEAR WITH A RECORD HIGH NUMBER OF OPEN SHIP DAYS, HAD TO ADJUST TO FAR WORSE MARKETS THAN EXPECTED. FLEET ADJUSTMENT AND INCREASED COVERAGE COULD NOT PREVENT NORDEN FROM BEING BADLY AFFECTED BY MARKET DEVELOPMENTS WHICH WENT FROM BAD TO WORSE.

EBITDA
USD million
-294

EBITDA
excl. provision
USD million
-64


NORD STABILI

DRY CARGO

NORDEN

- FLEET ADJUSTED AND COVERAGE INCREASED DURING THE YEAR
- EARNINGS 2% ABOVE 1-YEAR T/C RATES AND 35% ABOVE SPOT MARKET
- RESULTS AFFECTED BY CLEAN-UP IN EXPENSIVE CONTRACTS

MARKET

- SEVERELY DETERIORATING DRY CARGO MARKET
- DECELERATION IN CHINESE IMPORTS
- FIRST DROP IN GLOBAL COAL TRANSPORT SINCE 1993

NORDEN's results

The Dry Cargo market experienced a drastic downturn in 2014. A substantial deceleration in Chinese import of commodities led to decreasing spot rates, and in the course of the year, it became evident that the deceleration was not temporary. Consequently, both the Baltic Dry Index (BDI) and vessel prices dropped to the bottom levels seen in 2012 and 2013.

The downturn in the market had a profound influence on the results from NORDEN's Dry Cargo Department, which, despite coverage of 58% at the beginning of the year, had more open ship days than previous years. The Dry Cargo Department thus realised an EBITDA of USD -294 million. Of this, USD -230 million is a result of the provision for onerous time charter contracts announced in December 2014. The remaining underlying operating earnings constituted a loss of USD 64 million. EBIT constituted a loss of USD 334 million.

The provision for onerous time charter contracts of USD 230 million is a consequence of the fact that the worsened dry cargo market outlook makes it unlikely that a number of time charter contracts entered into previously will become profitable. The contracts were primarily entered into during the period 2006-2011 (see figure on page 13) at rate levels which are considerably higher than the current forward rates.

NORDEN's average earnings for the entire year were 2% higher than the 1-year T/C rates and 35% above spot rates.

NORDEN's business

As mentioned in the section "Strategy update", NORDEN adjusted its level of activity proportionally to the market's surprisingly

Employment and rates, Dry Cargo, 2014

Vessel type		Q1	Q2	Q3	Q4	2014	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
Capesize	Ship days	360	352	350	368	1,430	21,751	-15%
	T/C (USD per day)	22,995	19,137	16,718	15,170	18,495		
Post-Panamax	Ship days	714	728	687	736	2,865	13,746	-17%
	T/C (USD per day)	14,808	14,981	8,520	7,476	11,461		
Panamax	Ship days	7,418	6,079	5,152	5,936	24,585	12,035	-1%
	T/C (USD per day)	11,213	12,241	11,309	12,980	11,914		
Supramax	Ship days	7,155	8,153	6,644	6,086	28,038	11,385	+7%
	T/C (USD per day)	12,401	12,132	12,428	11,535	12,141		
Handysize	Ship days	2,641	2,381	2,558	2,421	10,001	9,012	+8%
	T/C (USD per day)	9,396	10,841	9,375	9,521	9,765		
Total**	Ship days	18,288	17,693	15,391	15,547	66,919	11,592	+2%
	T/C (USD per day)	11,788	12,252	11,469	11,667	11,809		

* Source: Clarksons
** Weighted average

NORDEN T/C is gross amount to make the figure comparable to market T/C. The following percentages are used as standard broker commission: Capesize, Post-Panamax and Panamax: 3.75%, Supramax and Handysize: 5%. In case the vessel type is operated in a pool, the pool management fee is added.

Key figures and financial ratios

USD million	2012 Total	2013 Total	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 Total
Revenue	1,731	1,766	464	417	352	368	1,601
EBITDA (excl. provision)	131	-5	-15	-6	-16	-27	-64
EBITDA	131	-5	-15	-6	-16	-257	-294
Profits from the sale of vessels, etc.	-25	0	0	0	0	0	0
EBIT	-207	-46	-23	-18	-22	-271	-334
Non-current assets	606	601	617	610	590	579	579
EBITDA margin, %	8%	0%	-3%	-1%	-5%	-70%	-18%
EBIT margin, %	-12%	-3%	-5%	-4%	-6%	-74%	-21%
Total number of ship days	68,430	74,699	18,288	17,693	15,391	15,547	66,919

negative development in the course of the year. The strength of the business model with a high degree of flexibility in the size of the fleet was utilised, and from the beginning of the second quarter, NORDEN reduced its dry cargo fleet by 21%.

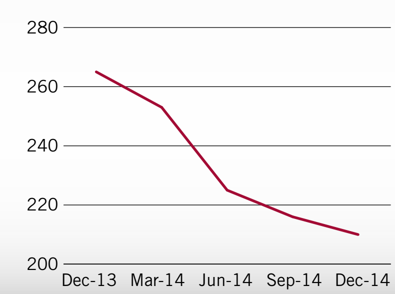
The lower level of activity resulted in a decrease in NORDEN's total cargo volume of 7% compared to 2013. Coal and grain remain NORDEN's 2 primary commodities. Out of a total transported volume of 76 million tonnes, coal and grain constituted 32% and 22%, respectively, of NORDEN's transported volume.

Compared to the market where 80% of dry cargo commodities are imported by the East, NORDEN has a more even geographical spread as about 50% of NORDEN's transported volume takes place intra-Atlantic. The spread is i.a. a result of NORDEN's 10-year contract to carry coal from Svalbard as well as a number of contracts from Murmansk to Northern Europe and intra-Atlantic transport of wood pellets and biomass.

China and India remain the largest single destinations for NORDEN's cargoes. In total, NORDEN delivered 18 million tonnes to these 2 countries of which the largest share was discharged in China. It is primarily NORDEN's largest vessel types which call at these countries with coal and iron ore from Australia and coal from Indonesia. In addition, NORDEN transports large volumes of grain from South America to Asia.

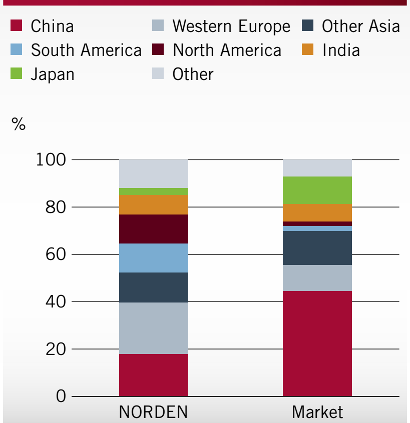
Number of ships at sea

Incl. pool vessels and short-term chartered vessels



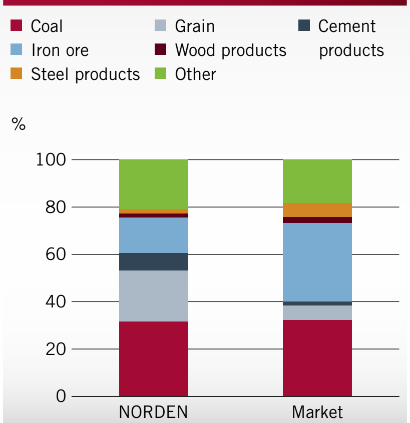
NORDEN reacted to the challenging markets and reduced the number of chartered dry cargo vessels by 21% during the year.

Geographic distribution of imports



Sources: NORDEN and R.S. Platou

NORDEN's transports compared to the market



Sources: NORDEN and R.S. Platou

Compared to the market, NORDEN has a more even geographical spread of its business. Coal and grain remain the 2 largest commodities with 32% and 22%, respectively.

DRY CARGO MARKET 2014

The difficult market conditions in 2014 were a result of surprisingly low demand growth, especially in China, which has been the driving force in the dry cargo market for many years. At the beginning of the year, NORDEN expected a rise in demand of 7-9%, but it turned out to be a massive disappointment with an increase of below 5%. The growth figure is an average covering decent growth rates at the beginning of the year declining to negative growth rates in the fourth quarter (source: R.S. Platou).

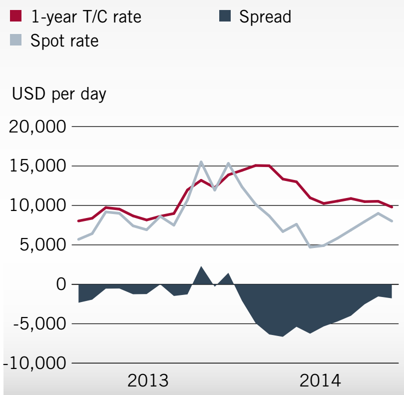
In the course of 2014, a large part of the positive end to 2013 proved not to be contributory to a structural turn-around in the market but caused by temporary stockpiling, which reduced the following demand in 2014. Although the fleet growth rate of 5% was at a lower level than seen in many years, the upswing thus disappeared just as fast as it began.

As an average for the year, the Baltic Dry Index was 8% lower in 2014 than in 2013 (source: Baltic Exchange). Especially the Panamax vessel type was hard hit with a drop in average spot rates of 19% whereas average spot rates within the other vessel types decreased by 5-7%. Again, the average figures cover large differences within the year. The second half-year of 2014 was consequently 34% below the previous year and has not been seen lower since 2012.

The largest disappointment in 2014 was the transport of coal which decreased by 1% compared to 2013 which is a significant deceleration compared to an average growth rate of more than 7% during the past 5 years. Demand from China in particular was well below expectations and decreased by 11% to a total of 292 million tonnes (source: China Customs General Administration). It is the first time since 2008 that Chinese coal imports decrease, and the first time since 1993 that the global coal transport decreases. The decrease in 2014 is i.a. a result of increased production of electricity from hydropower due to an unusual large amount of rain as well as restrictions on coal-fired power stations' coal imports during the last 4 months of 2014 imposed by the Chinese government. Furthermore, the historically cold winter in the USA combined with the warm winter in Europe dampened the transport of coal in the Atlantic. India's coal imports provided a small glimpse of light when it increased by 15% to a total of 202 million tonnes (source: Clarksons).

IT IS THE FIRST TIME SINCE 2008 THAT CHINESE COAL IMPORTS DECREASE, AND THE FIRST TIME SINCE 1993 THAT GLOBAL COAL TRANSPORT DECLINES.

Panamax spot rates vs. 1-year T/C rates



Sources: Baltic Exchange and Clarksons

Development in China's dry cargo imports

Source: China Customs General Administration

Baltic Dry Index 2014

Source: Baltic Exchange

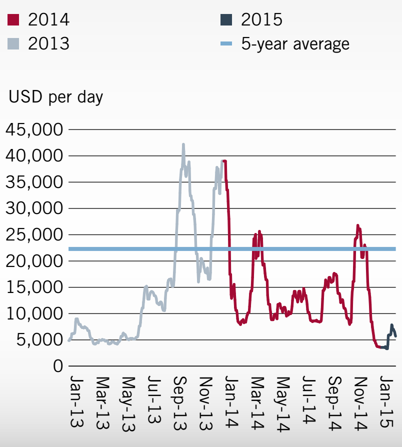
Chinese imports dropped significantly during 2014 and affected rates negatively.

The Indonesian export ban on unprocessed raw materials, which came into force in January 2014, had a negative effect on demand and made a large number of Supramax vessels ballast from the Pacific to the Atlantic. Combined with considerably shorter waiting times in South American grain ports due to improved infrastructure and favourable weather conditions, this meant that the South American grain season did not have the traditional positive effect on the market. At the same time, it resulted in a shift in the ratio between the rates in the Atlantic and the Pacific, and this hit NORDEN hard in the second quarter in particular.

Although the long awaited capacity expansions in iron ore production in Australia and Brazil took effect in 2014, and China imported a record volume of iron ore amounting to a total of 933 million tonnes (source: China Customs General Administration), it did not have the expected positive effect on rates within the larger vessel types. This is due to the fact that the increase in imports of Australian iron ore to China did not replace China's own production but took place at the detriment of exporters in the Atlantic market causing considerably shorter average distances.

Fleet growth in 2014 was at the lowest level since 2003 and ended at 5%. In total, 48 million dwt. were delivered, which is far below the official order book at the beginning of the year. It is, however, still too early to determine whether lacking deliveries have been postponed or cancelled. Scrapping in 2014 ended at 16 million dwt. Fleet growth amounted to approximately 5% within all vessel types but Handysize where fleet growth amounted to just below 2%. It is estimated that just under 60 million dwt. were contracted in 2014, but contracting activities declined, however, in line with dropping market expectations.

Capesize spot rates

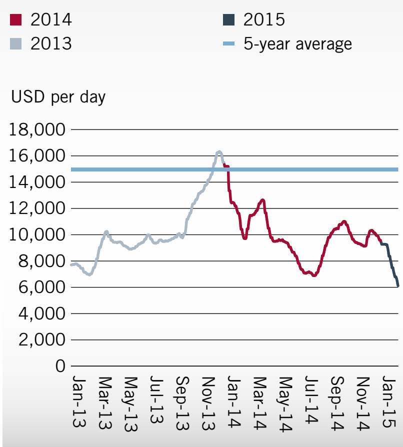


Source: Baltic Exchange

Panamax spot rates

Source: Baltic Exchange

Supramax spot rates



Source: Baltic Exchange

Throughout the year, spot rates for Panamax and Supramax were hard hit and were significantly below the 5-year average.

DRY CARGO MARKET 2015

NORDEN expects a continued difficult market in 2015. Although demand is expected to develop in a slightly more positive manner than seen during the weak end to 2014, it is unlikely that growth will reach the levels seen in the last 10 years. Demand will consequently not be able to absorb the continued fleet growth.

NORDEN expects demand growth of 3-5% but this is subject to uncertainty as economic growth and political initiatives may play a decisive role for the demand for transportation by sea.

China is no longer the power engine which single-handedly pulls the dry cargo market in a positive direction. The IMF expects Chinese GDP growth of 6.8% for 2015, which is the lowest level since 1990. Furthermore, the conversion of the Chinese economy from heavy industry and construction of infrastructure to service industry and consumer goods will result in a growth reduction within the sectors which are important for the dry cargo market.

Coal volumes to be transported and particularly the size of Chinese imports are assessed to be the largest elements of uncertainty for the dry cargo market in 2015. Overall, NORDEN expects a slight increase in the global coal transport primarily driven by India. The uncertainty regarding China's import is considerable. Imported coal will probably remain less expensive to use in coastal areas than the coal produced by Chinese mines. However, there are many indications that there is political will to buy up large parts of the Chinese coal production, which can result in import restrictions in line with what was launched in the fourth quarter. Since China still only imports 5-6% of its coal consumption, even small changes in the total coal consumption and domestic production will have a considerable effect on the dry cargo market.

An increase of only 1% in Chinese coal consumption will thus correspond to an increase in global dry cargo demand of 1% if the increase is covered by imports. NORDEN expects a continued weak decline in China's imports, but even within realistic scenarios, imports can either rise or drop by 25-30%.

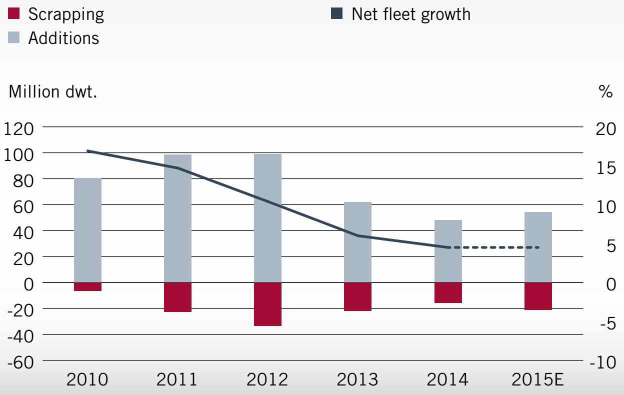
Iron ore imports to China has increased more rapidly than steel production for many years as foreign iron ore producers have won market shares in the Chinese market. Although the supply of iron ore in Australia and Brazil continues to increase in 2015, it is, however, expected that the increase in Chinese imports slows down and to a higher extent will keep pace with steel production as further scale-down of China's own production is reduced.

NORDEN expects transport of bauxite and nickel to contribute positively to demand growth in 2015 compared to 2014 but still without reaching the levels seen in 2013. The Philippines is the only country which is able to replace nickel exports from Indonesia, whereas bauxite must be imported from i.a. Australia and Brazil, which will lead to longer average distances than previously.

Net fleet growth for 2015 is expected to be in the region of 4-5%. Even though the order book for 2015 constitutes 11% of the fleet, NORDEN expects that the difficult market will give rise to an increase in both postponements of newbuildings and the likelihood of cancellations of vessels as well as increased scrapping.

Despite the fact that the market in 2015 is generally expected to be difficult, considerable fluctuations might occur during the year. The most important factors which could exceed expectations are increasing Chinese coal imports or higher economic growth due to political initiatives and lower oil prices.

Growth in the global dry cargo fleet



Sources: Historic: Clarksons. Forecast: NORDEN

AN INCREASE OF ONLY 1% IN CHINESE COAL CONSUMPTION WILL THUS CORRESPOND TO AN INCREASE IN GLOBAL DRY CARGO DEMAND OF 1% IF THE INCREASE IS COVERED BY IMPORTS.

DRY CARGO MARKET FOLLOWING 2015

Overall, decreasing commodity prices are expected to lead to an increase in demand for transport in the longer term. In the future, the dry cargo market will, however, be dependent on the way in which China reacts to the current development with lower growth rates and domestic commodity production under pressure. It appears as if India, to a higher extent, will create demand for transport, and it is not unlikely that India will surpass China as the world's largest importer of coal within 1-2 years. The challenging market conditions in the coming years are expected to dampen contracting. The size of the order book may consequently decrease to below 10% of the fleet within 12-15 months which will be the first time since the end of 2002.

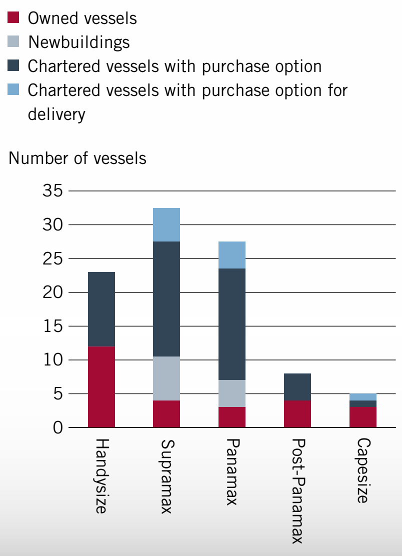
NORDEN'S POSITIONING

During the fourth quarter, NORDEN has focused intensely on increasing the coverage percentage for 2015. The coverage percentage for 2015 has thus increased from 26% at the end of the third quarter to 55% at the end of the year. Traditionally, NORDEN has always mostly increased the coverage for the next year during the fourth quarter since a large part of the contracts are re-negotiated in this quarter. This year, however, the increase has been larger than previously. This is due to the prospect of a very difficult market in 2015 and a strategic decision to, to a higher degree, operate a more balanced book in Supramax and Panamax.

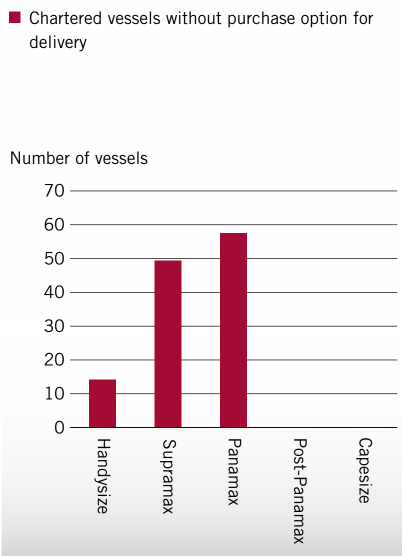
A large share of the increase in coverage took place at the beginning of the fourth quarter at better rates than the current forward curve for 2015. The obtainable cover rates for 2015 were at levels close to the spot market at the beginning of the year, and further coverage will only to a limited extent be at attractive levels.

Furthermore, the possibilities of getting coverage in the form of cargo contracts have recently been reduced since there is doubt among the customers as to which volumes are to be transported in the future. Due to the very low commodity prices, large parts of the production is under pressure, and this creates uncertainty about how much can be produced and consequently transported.

Core fleet

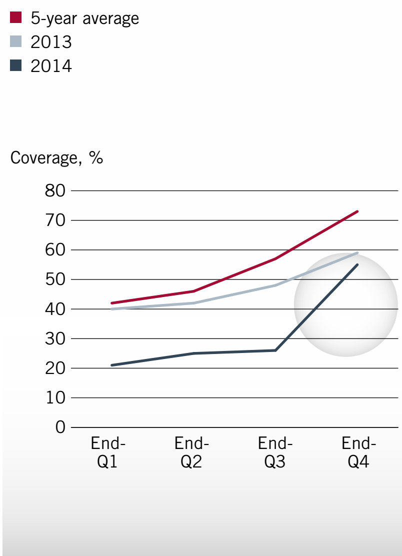


Non-core fleet



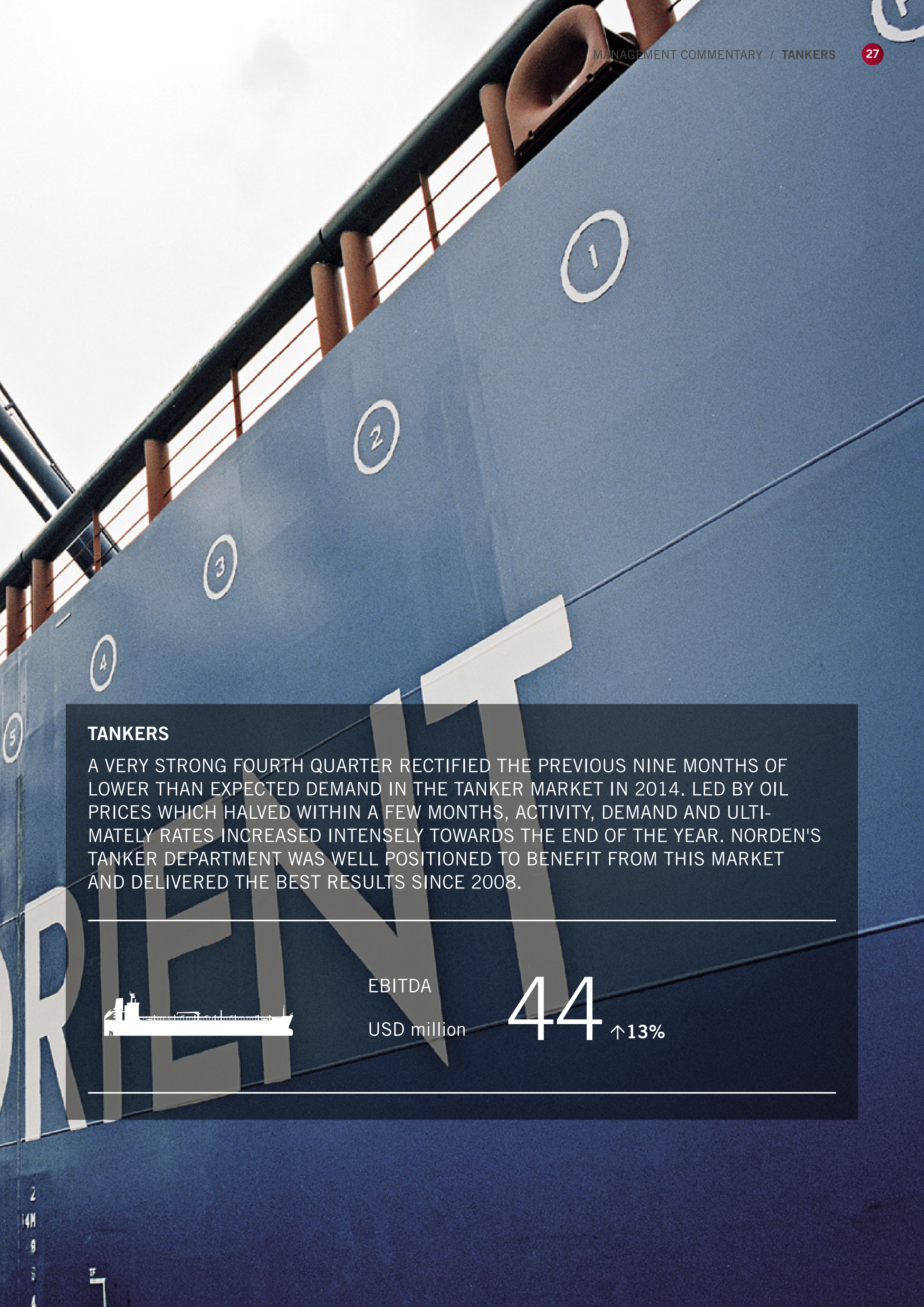
NORDEN's newbuilding programme in Dry Cargo is concentrated on the Supramax and Panamax vessel types where NORDEN is already one of the largest operators in the world with 70 and 77 active vessels, respectively.

Coverage level for the following year



Coverage for 2015 was significantly increased in the fourth quarter of 2014 when it went from 26% to 55%.


KANON



TANKERS

A VERY STRONG FOURTH QUARTER RECTIFIED THE PREVIOUS NINE MONTHS OF LOWER THAN EXPECTED DEMAND IN THE TANKER MARKET IN 2014. LED BY OIL PRICES WHICH HALVED WITHIN A FEW MONTHS, ACTIVITY, DEMAND AND ULTIMATELY RATES INCREASED INTENSELY TOWARDS THE END OF THE YEAR. NORDEN'S TANKER DEPARTMENT WAS WELL POSITIONED TO BENEFIT FROM THIS MARKET AND DELIVERED THE BEST RESULTS SINCE 2008.

EBITDA

USD million 44 ↑13%

TANKERS

NORDEN

- BEST OPERATING PROFIT SINCE 2008
- WELL-POSITIONED FOR A STRONG FOURTH QUARTER
- EARNINGS ABOVE 1-YEAR T/C RATES

MARKET

- 3 QUARTERS WITH LOWER THAN EXPECTED DEMAND
- STRONG END TO THE YEAR DUE TO SIGNIFICANT DROP IN OIL PRICES
- GLOBAL REFINERY CAPACITY INCREASED

NORDEN's results

NORDEN's Tanker Department generated an EBITDA of USD 44 million in 2014, which was in the high end of the latest expectations for an EBITDA in the range of USD 15-45 million. Compared to the results for 2013 of USD 39 million, it was an increase of 13%. This positive result is to a great extent attributable to improved market conditions in the fourth quarter.

EBIT in the Tanker Department amounted to USD 13 million in 2014 – up from 2013 when EBIT amounted to USD 8 million, which at the time were the best results since the financial crisis broke out in 2008.

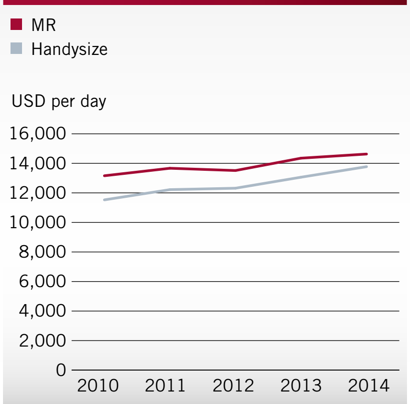
The year was entered into with coverage of 24% – which was about the same level as in 2013. NORDEN's earnings in Handysize and MR outperformed the 1-year T/C rates by 6%.

NORDEN's business

NORDEN's total fleet size within product tankers is handled by the Company's Tanker Department. Daily chartering and operation of NORDEN's product tankers is managed by the 10-year-old product tanker pool Norient Product Pool (NPP), which is run in cooperation with the shipping company Interorient Navigation Company (INC). NORDEN owns 50% of NPP, which manages NORDEN's 46 owned and chartered product tanker vessels – of these, 19 Handysize and 27 MR vessels. With a total NPP fleet of 84 vessels, the pool is the world's largest commercial operator within product tankers. The vessels primarily transport clean petroleum products (CPP) such as diesel, gasoline, naphta and jet fuel, but are also employed within dirty petroleum products mainly in the form of fuel oil.

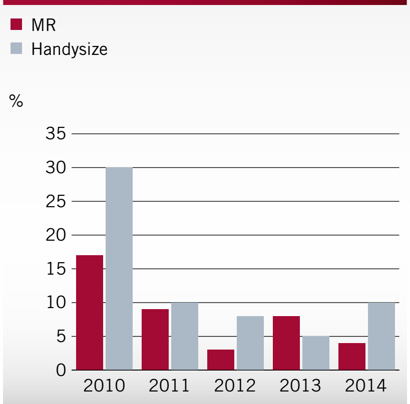
In 2014, the cargo volume was distributed with two-thirds CPP and nearly one-third DPP. CPP in the form of gas oil/diesel, naphta and gasoline accounted for 60% of the total cargo volume and

Development in 1-year T/C rates



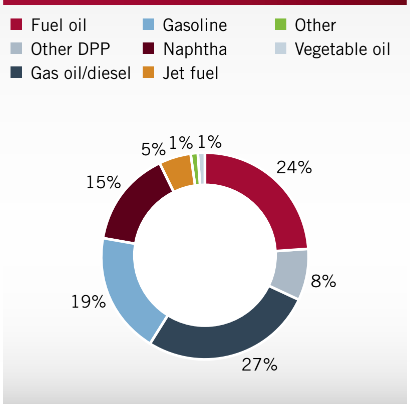
Source: Clarksons

NORDEN T/C compared to 1-year T/C



Source: Clarksons

NPP transports



Key figures and financial ratios

USD million	2012 Total	2013 Total	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 Total
Revenue	400	380	94	87	99	157	437
EBITDA	28	39	10	1	8	25	44
Profits from the sale of vessels, etc.	2	2	0	0	0	0	0
EBIT	-44	8	4	-6	-2	17	13
Non-current assets	490	560	555	575	595	589	589
EBITDA margin, %	7%	10%	11%	1%	8%	16%	10%
EBIT margin, %	-11%	2%	4%	-7%	-2%	11%	3%
Total number of ship days	15,598	15,370	4,065	4,232	4,333	4,317	16,947

Employment and rates, Tankers, 2014

Vessel type		Q1	Q2	Q3	Q4	2014	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
MR	Ship days	2,445	2,591	2,560	2,518	10,114	14,630	+4%
	T/C (USD per day)	14,290	12,865	14,456	19,162	15,180		
Handysize	Ship days	1,620	1,642	1,773	1,798	6,833	13,774	+10%
	T/C (USD per day)	15,907	12,727	14,517	17,163	15,113		
Total**	Ship days	4,065	4,233	4,333	4,317	16,948	14,285	+6%
	T/C (USD per day)	14,934	12,811	14,481	18,329	15,153		

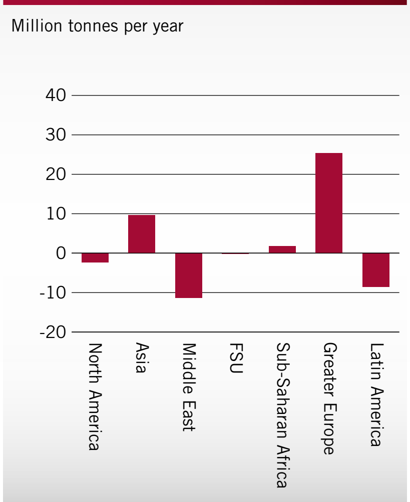
* Source: Clarksons
** Weighted average

NORDEN T/C is gross amount to make the figure comparable to the market T/C. A standard broker commission of 2.5% is used in the Tanker segment. In addition, the pool management fee is added.

was primarily transported from North America to South America and Europe – gasoline, however, still primarily from Europe to North America.

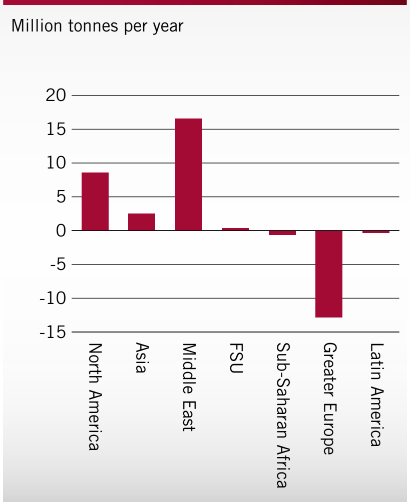
Of DPP, fuel oil accounted for the main part of the total transported volume by 25%. The majority of fuel oil was shipped from the Baltic Sea and the Black Sea to Northern and Southern Europe.

Changes in CPP imports 2014-16



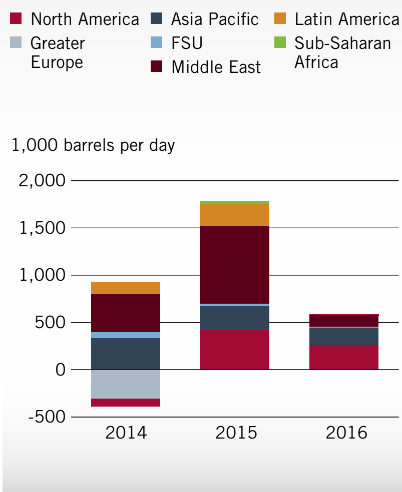
Source: Wood Mackenzie

Changes in CPP exports 2014-16



Source: Wood Mackenzie

Yearly changes in refinery capacity



Source: Wood MacKenzie

TANKER MARKET 2014

In the wake of the positive developments in 2013, the year was entered into with expectations for continued gradual improvements of the market conditions. The expectations were i.a. based on the outlook for increased exports from the Middle East and the USA resulting from ongoing and planned expansions of the refinery capacity in the regions. It was also expected that increasing competitive pressure in the refinery sector would contribute to more trade in the form of increased imports of diesel, in particular, to Europe.

Overall, the structural development in the refinery sector was as expected, but the development in demand was not strong enough to counterbalance otherwise low fleet growth. Therefore, the market remained relatively flat during the first nine months.

The lacking growth in demand was i.a. due to European and American weather conditions in the first quarter. The warm weather in Europe reduced the demand for diesel imports, and unusual cold weather in the USA induced increased consumption of domestically refined oil products. The weather in the USA i.a. caused a drop in the usual seasonal demand for MR vessels for American exports.

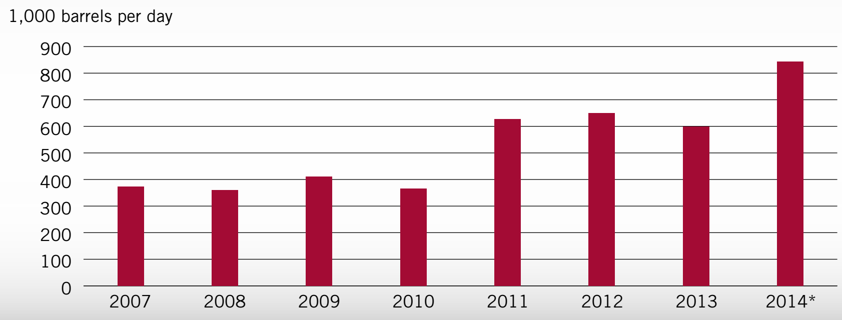
The second quarter was impacted by unusually high refinery maintenance – especially in the USA – which put rates under pressure compared to 2013. The newly opened Saudi Arabian Jubail refinery – with a capacity of 400,000 barrels per day – took longer than expected to increase production to full capacity. This curbed the otherwise expected growth in demand from the Middle East in the first half-year.

From the end of the third quarter, the market saw significantly higher demand as the oil price dropped. Spot rates increased markedly in the fourth quarter, and the market improvement was broadly founded with strong activity in most regions and in all vessel types at the same time. This caused the upward pressure on rates to grow significantly, and it remained so for the rest of the year and into the beginning of 2015.

The increase in demand at the end of the year did not only result from the refinery capacity in particularly the USA and the Middle East reaching full power. The demand was intensified by the heavy drop in oil prices, which started in the second half of 2014. This price drop produced significantly more activity in the arbitrage trading of the oil traders as well as stockpiling. The

SPOT RATES INCREASED MARKEDLY IN THE FOURTH QUARTER, AND THE MARKET IMPROVEMENT WAS BROADLY FOUNDED WITH STRONG ACTIVITY IN MOST REGIONS AND IN ALL VESSEL TYPES AT THE SAME TIME.

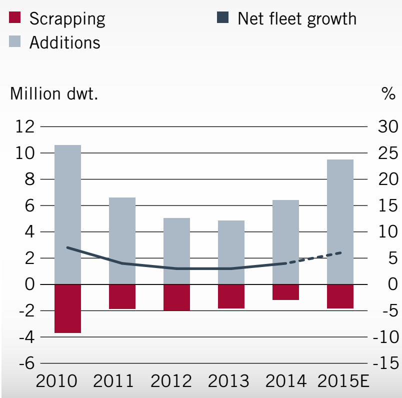
Saudi Arabian CPP exports 2007-14



Source: Joint Organisations Data Initiative

* 2014 YTD November

Growth in the global product tanker fleet



Sources: Historic: SSY. Forecast: NORDEN overall increased trading activity entailed higher demand for transportation within all vessel types from Handysize to VLCC and within both crude oil and refined oil. The market reacted promptly to the increased level of activity, and rates were quick to jump to the highest level since 2008.

To this can be added market disruptions in the form of unforeseen breakdowns at the Venezuelan refineries Amuay (635,000 barrels per day) and Cardon (305,000 barrels per day), which resulted in shortage in the country's refined stocks – especially in gasoline. This shortage was compensated for through increased imports from the USA and Europe.

The product tanker market saw fleet growth in 2014 of just above 4%, which was a bit higher than in 2013 when the fleet grew by approximately 3%. However, fleet growth continued to be substantially below average growth for the past 10 years of 9% p.a.

Supply was also in 2014 characterised by the fleet segment change which took place in 2013 when several LR1 and LR2 vessels changed from transporting crude oil to transporting refined oil products. At the end of 2014, approximately 60-65% of the LR1 and LR2 fleet was dedicated to CPP (sources: Clarksons and ACM).

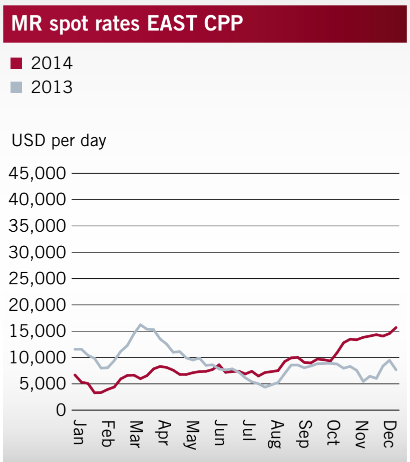
TANKER MARKET 2015

Overall, the tanker market is expected to be at the same level as in 2014. The high rates from the end of 2014 have continued into the first months of 2015. However, rates are expected to settle along with growth in the newbuilding deliveries. The structural change in the world's refinery capacity is still expected to create increased demand for transportation on product tankers. These years, Asia and the Middle East are expanding their refinery capacity with new, high-efficient refineries, which are expected to increasingly put less efficient refineries in Europe, Japan and Australia under pressure.

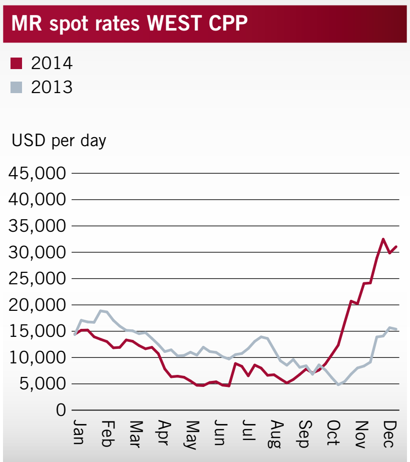
In the Middle East, capacity is increased in 2015 at the Yanbu refinery (Saudi Arabia) and the Ruwais refinery (United Arab Emirates), and in total, it is expected that the capacity in the region will increase by up to 800,000 barrels per day during 2015. The expansions will not only cover domestic demand for refined oil products but also produce higher demand for transportation of these products for export.

The development with increasing demand for transportation of refined oil products instead of crude oil is also taking place in Asia. In India, new competitive refinery capacity similar to the new refineries in the Middle East is being completed. American exports of refined products are also expected to increase in 2015 based on a number of smaller expansions of already existing refinery capacity. However, the increase will likely be smaller than in previous years.

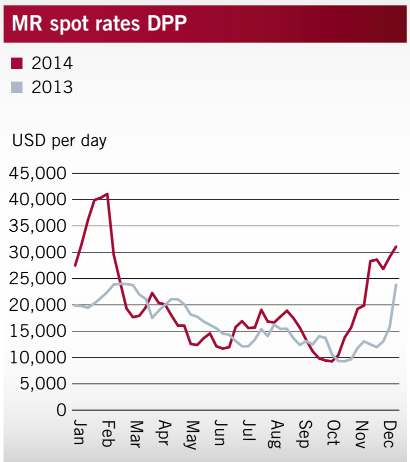
Volume growth in these export centres is expected to entail that a steadily growing share of demand in Europe, Japan and



Source: ACM



Source: ACM



Source: ACM

The increase in demand at the end of the year did not only result from the refinery capacity in particularly the USA and the Middle East reaching full power. The demand was intensified by the heavy drop in oil prices, which started in the second half of 2014.

Australia will be covered by imported products. However, the expected solid growth in demand will be cancelled out by a corresponding increase in the world fleet. As a consequence of the many newbuildings ordered in 2012-2013, growth in the supply of vessels will increase from 2-3% in 2013/14 to approximately 5-6% in 2015.

As can be seen from the market in the fourth quarter of 2014 and the beginning of 2015, there is still a number of factors which may boost the market rates in addition to the general increase in oil consumption and the structural changes in the world's refinery capacity. Furthermore, a strong crude oil market will have a positive effect on product tankers. The growth in supply of crude oil vessels is very modest and stockpiling on board vessels can employ large parts of the fleet for a longer period of time which could make the LR1 and LR2 vessel types change from product tankers to crude oil. In total, it is expected that these factors could boost demand to an extent nearly matching the growth in supply.

TANKER MARKET FOLLOWING 2015

The demand for transportation by product tankers is expected to continue to increase steadily in the coming years driven by the development in the global refinery sector. The oil producing countries in especially the Middle East have ambitions to control a larger part of the value chain, and the change from transportation of crude oil to refined products will continue. The pressure on the European refinery sector will thus continuously increase and result in more shutdowns, which will increase the import of refined products.

For several years, the US production of shale oil has been the driving force behind a strong increase in the exports of refined products, which has resulted in increased activity within product tankers. If oil prices remain low, this will likely dampen additional growth in the extraction of shale oil, but an actual drop in the production is not expected.

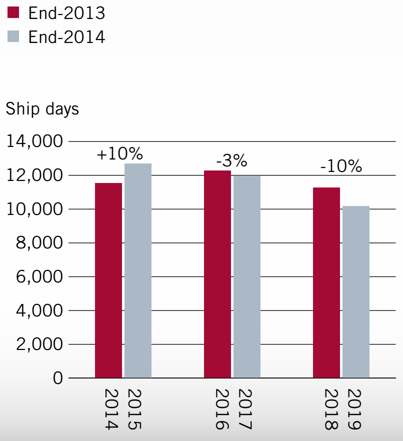
The number of newbuilding contracts will be crucial to the development in rates. There is still yard capacity, and periods of improved rates and increased optimism are expected to result in more orders.

The market is generally expected to continue the gradual improvement, which started in 2014, but with large fluctuations in some periods.

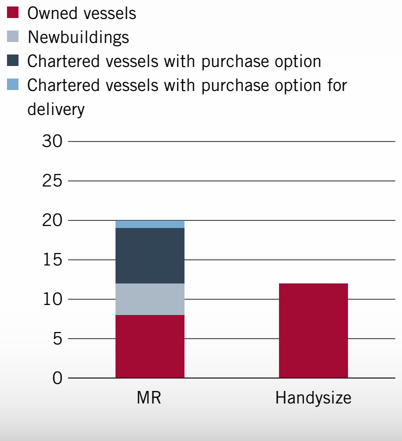
NORDEN'S POSITIONING

NORDEN entered 2015 with 18% coverage and thus 12,689 open ship days, which is 10% more than at the beginning of 2014. In the fourth quarter, NORDEN has sought to increase the coverage for 2015, but the 1-year T/C rate, which the vessels could be employed at, did not follow the upward trend of the spot rates. The Company has estimated that the higher earnings which could be generated in the spot market at the turn of the year were more attractive than long-term employment at lower rates.

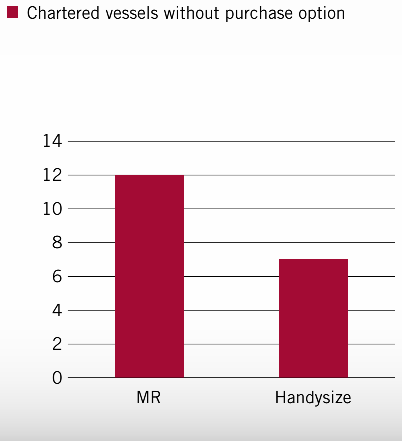
Open ship days for the coming years



Core fleet



Non-core fleet



FUEL EFFICIENCY

- FUEL STILL SINGLE LARGEST VOYAGE COST
- OPTIMISATION OF EXISTING FLEET
- INCREASED FOCUS ON CLEANING OF HULL AND PROPELLER

In spite of the significant drop in oil prices during the second half of 2014, fuel continues to be the single largest voyage cost. In 2014, the company spent a total of USD 581 million on bunker. NORDEN has for several years intensified the efforts to improve fuel efficiency of the fleet. This has been done by contracting even more fuel efficient vessels – eco vessels – and by optimising the existing fleet. NORDEN's active fleet was supplemented by 2 additional eco tanker vessels during 2014, and for these as well, NORDEN has established that they deliver the expected fuel efficiency improvement. Compared to the average of the operated tanker fleet, the new vessels thus save up to 25% fuel on delivery. The next generation of eco vessels are expected to have further, however less significant, efficiency gains.

Improving fuel efficiency of existing fleet

During the year, NORDEN has further systematised and intensified efforts within fuel saving initiatives on existing vessels. In 2014, special focus has been on in-water hull cleaning removing fouling on the hull of the vessels, friction-optimised bottom paint and propeller polishing. The initiatives not only reduce costs but also the environmental impact from shipping, and they have meant that NORDEN's core fleet has achieved a 2.5% fuel efficiency improvement in 2014.

Daily consumption reports

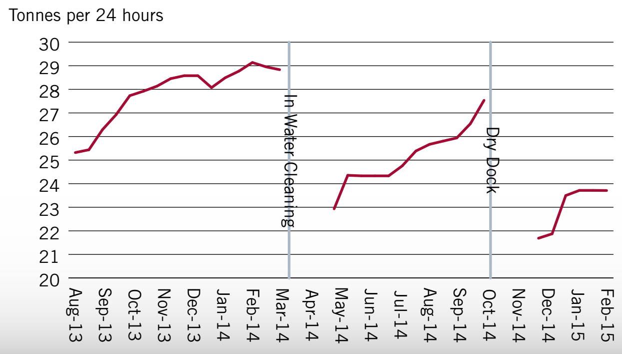
Actual fuel savings are also secured through careful consideration and focus in daily operations. The Company's Fuel Efficiency Team collects daily consumption reports from all vessels operated by NORDEN. The team has drawn up models which enable a quick calculation of expected consumption on a voyage or a charter when taking i.a. draught and weather into account. This way, not only the vessels' consumption is optimised, but the charterers also get a more precise picture of costs before an offer is made.

At the same time, the Company has maintained focus on right steaming, which means that the vessels are always sailing with the optimal speed in relation to circumstances – i.e. time in relation to market level and costs. In a time with decreasing bunker prices, this may mean that the vessels sail a bit faster and thus consume more bunker, but that this is counterbalanced by the gain of getting to the next cargo faster.

Initiatives in 2015

In 2015, the Company will maintain focus on timely cleaning of hull and propeller as this reduces friction significantly. This focus entails analysis of different suppliers' quality within these fields for the purpose of selecting the best supplier. In addition, focus on the vessels' energy consumption is directed towards other factors than propulsion. This specifically concerns appropriate use of auxiliary engines, which can be helped along by increased awareness on board. During the year, even closer follow-up and monitoring of operational matters such as speed and trim will be worked on.

Main engine consumption



Cleaning of hull and propeller reduces the vessels' fuel consumption significantly.

Eco vessel definition

NORDEN has chosen to define eco vessels on the basis of internationally recognised criteria according to the IMO's Energy Efficiency Design Index (EEDI) for vessels. EEDI builds on a reference point for fuel efficiency of different vessel types and includes incremental improvements compared to this reference point. NORDEN categorises vessels which meet the second phase of the EEDI implementation as eco vessels. The second phase applies globally for all newbuildings from year 2020 and entails at least 20% higher fuel efficiency than IMO's reference point.

ORGANISATION

- FUTURE-PROOFING THE TECHNICAL DEPARTMENT
- NEW SUBSIDIARY IN AUSTRALIA
- ORGANISATIONAL CHANGE IN DRY CARGO

In 2014, the Company thoroughly analysed the working procedures, challenges and future of the Technical Department, which handles the operation and crewing of NORDEN's vessels. The old setup was under pressure due to increased activity as a result of more owned vessels, increased complexity in legal requirements and increased demands from customers, etc.

On the basis of more than 60 interviews with crew members, other employees, customers and the companies which have NORDEN vessels in external technical management, the Technical Department was reorganised and future-proofed with a focus on closer cooperation internally in the department and with the commercial departments, successful staff handling of seafarers and better utilisation of knowledge and resources.

4 vessel groups

As part of the reorganisation, 4 vessel groups have been established, which are each responsible for the technical operation of the vessels. The crews now only have one single point of contact at the head office no matter what the subject is. The dry cargo vessels are all placed in the same vessel group, the tanker vessels are divided into 2 groups while the vessels in external technical management are placed in a fourth group.

The establishment of vessel groups has also resulted in greater integration of the vessels in day-to-day operations as some of the reporting is now carried out directly on board the vessels instead of at the offices. This has been enabled through i.a. better IT connections. To strengthen the communication between land and sea, a function which will solely handle the operational dialogue with the Company's tanker vessel customers has been established. This way, consistent communication with all customers is ensured.

Costs

The analysis of the Technical Department also compared costs to those of our competitors and showed that it will be possible to make cost savings without impairing safety or quality. As a consequence, further initiatives have been launched in order to streamline and reduce the cost base i.a. through revision of contracts with external suppliers and generally increased efficiency and cost consciousness in the whole organisation. The target is a 3-4% reduction of the vessels' voyage-related costs within 3 years.

New office in Australia

In 2014, NORDEN expanded its global reach by establishing a subsidiary in Australia, which opened an office on the continent in the beginning of 2015. The office which reports to NORDEN's subsidiary in Singapore in terms of organisation will ensure that NORDEN gets even closer to the important Australian customers and thus gets the opportunity to make more business in regard to cargoes both to and from the continent.

Retention rate of 87%

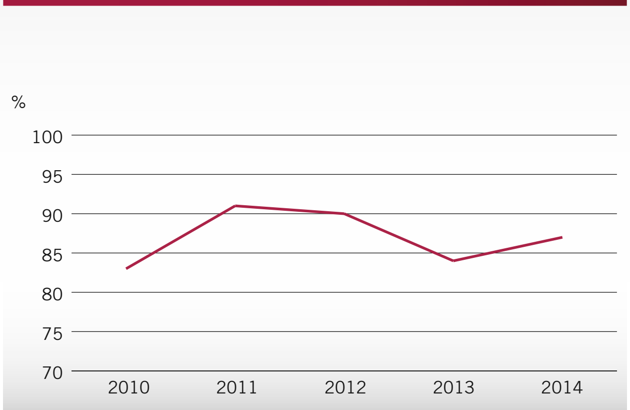
The number of NORDEN employees on shore increased in 2014 to 305 compared to 280 at the end of 2013. The retention rate was 87%, which is still below the Company's target of 90%, but the rate was in 2014 affected by i.a. the reorganisation of the Technical Department and an increased intake of trainees.

In the product tanker pool Norient Product Pool, the number of employees increased by 5 to 57 in 2014.

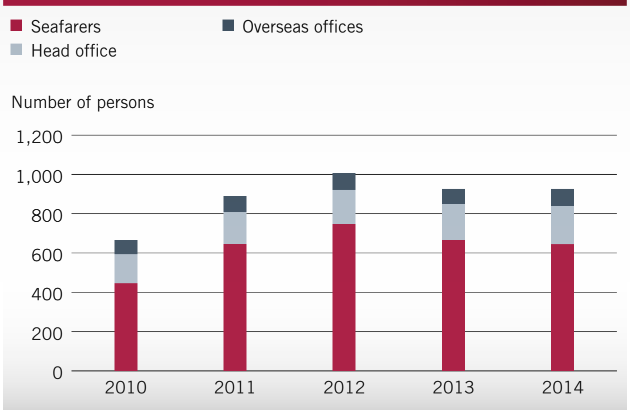
High retention among employees at sea

At the end of the year, 673 officers and seafarers were employed in the Company. 118 of these were directly employed by the Com-

Retention rate on shore



Average NORDEN workforce



IN 2014, NORDEN EXPANDED ITS GLOBAL REACH BY ESTABLISHING A NEW OFFICE IN MELBOURNE – THE SHIPPING CAPITAL OF AUSTRALIA. IN DOING SO, NORDEN GETS EVEN CLOSER TO THE IMPORTANT AUSTRALIAN MARKET. THE OFFICE BECAME OPERATIONAL IN THE BEGINNING OF 2015.

pany (Danish officers and cadets), while the remaining were vessel-employed on a non-permanent basis. During 2014, the number of officers and seafarers dropped from 884 to 673 primarily due to a changed method of accounting.

In addition to the employees on board hired on a contractual basis, there are seafarers in India and the Philippines who only sign on to NORDEN's vessels and who only receive a service contract when they sign on to a vessel in accordance with local collective agreements. The hiring of these seafarers are managed by dedicated NORDEN teams at recruitment offices in Manila and Mumbai. The retention rate for this group according to INTERTANKO's standard was a satisfactory 96% in 2014.

Training

In August, 14 young trainees began their training – 13 shipping trainees and 1 finance trainee, bringing the total number of trainees at the Company to 20. During the year, 10 trainees completed their training, and 9 of them were subsequently employed by the Company – 4 of whom were stationed at NORDEN's overseas offices. In addition, the Company hired 13 apprentices from Svendborg International Maritime Academy (SIMAC), Marstal Navigationsskole (MARNAV) and Danish schools of marine engineering during the year. Thus at year-end, NORDEN had a total of 42 apprentices from Danish educational institutions and 38 Philippine apprentices enrolled in training.

2 Officer Seminars were held in Denmark, 2 in the Philippines and 2 in India. At these seminars, the fleet's officers are gathered physically for further training and competence development.

Systems

The system Consultas is a crucial tool for ensuring optimal maintenance of the vessels. It manages data on planned maintenance, vetting, inspections, performance and purchases for and on the vessels. During 2014, the system was updated and implemented at the offices and on board the 32 vessels operated by NORDEN's Technical Department.

In 2014, the Company's IT Department has set up a Vessel IT support team, which assists the vessels and, if necessary, is able to travel on a short notice and secure well-run IT systems. The vessels' internet connections have been optimised, and today, NORDEN's vessels thus have internet connections of up to 2Mbit/s at their disposal depending on position and weather.

In addition to ensuring fast and flexible exchange of business critical information, the improved internet connections are also a significant element when attracting and retaining qualified employees as they will have improved possibilities of keeping in contact with family and friends.

Initiatives in 2015

In January 2015, the Dry Cargo Department carried out an organisational change streamlining procedures and ensuring that NORDEN makes better use of the flexibility and synergy that comes with a large fleet. The change means, among other things, that the former 5 chartering departments are joined in 2 departments responsible for the small vessel types, Handysize and Supramax, and the large vessel types Panamax, Post-Panamax and Capesize, respectively.

The office in Melbourne, Australia, became operational at the beginning of 2015. In January, NORDEN initiated the recruitment of new trainees. The Company expects to take on 6 new trainees – of which 2 technical trainees as a new initiative who will be trained in the technical aspects of shipping.

The focus on costs will continue to be of high priority during the year.

CORPORATE GOVERNANCE

Principles

NORDEN's Vision, Mission and Values are the cornerstone of the Company's management. The management focus is long-term, and the goal is for the Company to develop for the benefit of its stakeholders and, also in fluctuating markets, to achieve reasonable and fairly predictable earnings within the risk framework set out by the Board of Directors (i.a. see note 2 to the financial statements "Risk Management").

NORDEN has a two-tier management structure consisting of the Board of Directors and the Executive Management. There is no duality between the 2 bodies. 6 of the 9 board members are elected by the shareholders and 3 are elected by the employees.

The Board of Directors determines strategies, policies, goals and budgets. In addition, it sets out the risk management framework and supervises the work, procedures, etc. carried out by the daily management. The Board of Directors has a 1-year authority to authorise the Company's acquisition of treasury shares at a nominal value not exceeding 10% of the share capital.

The Board of Directors appoints the Executive Management and sets out its responsibilities and conditions. The members of the Executive Management are responsible for the daily management, organisation and development of NORDEN, for managing assets, liabilities and equity, accounting and reporting, and it also prepares and implements the strategies. The ongoing contact between the Board of Directors and the Executive Management is primarily handled by the Chairman and the CEO. The Executive Management participates regularly in the board meetings and is supplemented by other executives in the strategy meetings and when relevant .

Board work

During 2014, a total of 12 board meetings have been held, of which 4 were teleconferences. Attendance was 100% for the shareholder-elected board members and 89% for the employee-elected board members. To this should be added that the employee-elected board members include seafaring staff, who might be otherwise occupied at sea and therefore cannot attend.

The Board of Directors sets out a work schedule to ensure that all relevant issues are discussed during the year and that important policies, rules of procedure, internal rules, etc. are discussed at least once a year. The strategy and budget process is initiated at a seminar in October/November while final adoption takes place at a meeting in December.

In 2014, the Board of Directors established an audit committee made up of Karsten Knudsen (committee chairman), Klaus Nyborg and Alison Riegels. The committee is responsible for supervising financial reporting, transactions with closely related parties, control and risk management systems, auditing, etc. The statutory statement of control and risk management in connection with the financial reporting can be found on www.ds-norden.com/investor/corporategovernance/riskmanagement/. During the year, the committee held 4 meetings at which the Company's liquidity, ship values and provision for onerous contracts have been discussed.

The Board of Directors has a remuneration committee responsible for supervising the implementation of the Company's remuneration policy (see page 39). Its terms of reference are available on the website. The committee is made up of Mogens Hugo (committee chairman), Karsten Knudsen and Arvid Grundekjøn, and the committee held 2 meetings in 2014.

In 2014, the Board of Directors also established a nomination committee made up of Mogens Hugo (committee chairman), Karsten Knudsen and Klaus Nyborg. The committee is responsible for describing the qualifications required in i.a. the Board of Directors and the Executive Management, and the committee is also in charge of an annual assessment of the competences, knowledge, structure, performance and experience present in the 2 management bodies.

In addition, the committee considers proposed candidates for the Board of Directors and the Executive Management. The recruitment of the new CEO of NORDEN was a central task for the committee in 2014, and it has occasioned a significant number of meetings. The terms of reference of the nomination committee are available on the Company's website.

The Board of Directors has set target figures for the share of the underrepresented gender on the Board and formulated a policy to increase the share of the underrepresented gender on the other

Annual calendar of the Board of Directors and the Audit Committee

	Jan	Feb	Mar	Apr	May	Jun
Board of Directors			• **Annual report / CSR report** • **Market** • **Results** • Share option programme • Preparation for annual general meeting	• **General meeting**	• **Strategy follow-up** • **Market** • **Results** • Insurance policy • Bank policy	
Audit Committee		• Review of the auditor's records and draft of annual report	• Auditor's independence • Appointment of auditor		• Audit plan for the year, incl. special focus areas	

management levels. The target for the share of shareholder-elected women on the Board of Directors is to retain representation of at least 16% and aim at increasing this share to 33% before 2017.

Board composition

The composition of the Board of Directors is unchanged in 2014 as Erling Højsgaard and Arvid Grundekjøn were re-elected for the board at the general meeting.

In order for the Board of Directors to be able to perform its managerial and strategic tasks and, at the same time, act as a good sparring partner to the Executive Management, the following skills are deemed particularly relevant: insight into shipping (specifically dry cargo and tankers), general management, strategic development, risk management, investment, finance/accounting as well as international experience. The Board of Directors is considered to possess these skills.

Each board member receives a base fee, and the Chairman and Vice Chairman also receive a supplement fee. The total annual remuneration for the 9 board members is unchanged in DKK corresponding to USD 1.0 million. Additionally, Klaus Nyborg has been extraordinarily remunerated for his work as interim CEO in 2014.

2015

The Board of Directors has planned 11 meetings, 4 of which are teleconferences in connection with the annual and interim reports. To this should be added chairmanship meetings as well as meetings in the committees. As previously, the Board of Directors will discuss strategy and budget at 2 meetings at the end of the year.

The fee structure will be changed for it to better reflect committee work. Total remuneration of the Board of Directors will be reduced due to the new fee structure and 1 less board member.

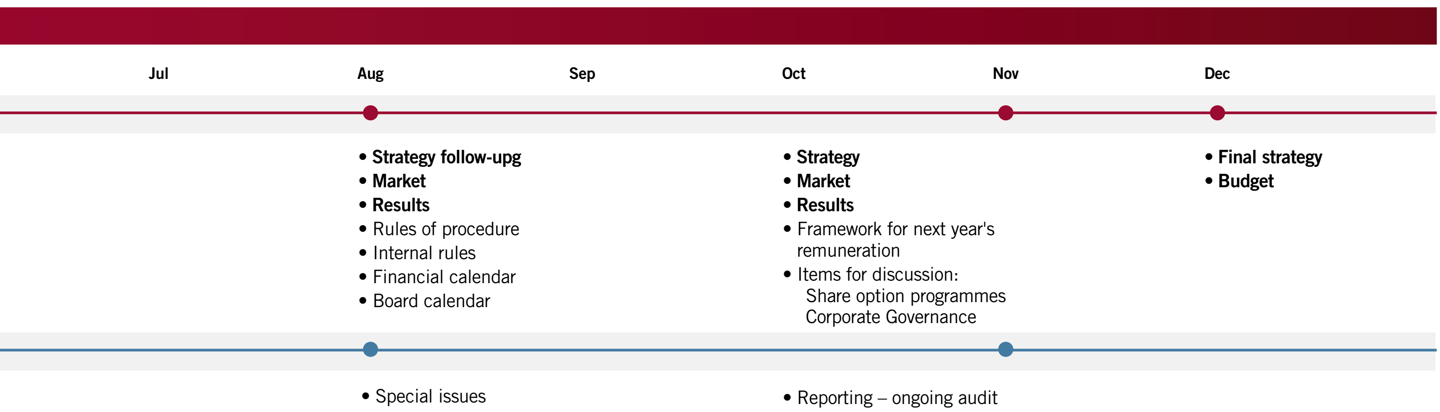
During spring, election of employee representatives for the Board of Directors will take place, and at the annual general meeting on 23 April, Klaus Nyborg is proposed re-elected for the Board of Directors.

CORPORATE GOVERNANCE

The Board of Directors has discussed the updated recommendations from the Danish Committee on Corporate Governance. A systematic summary of the 47 recommendations, which NORDEN follows by and large, can be found at www.ds-norden.com/investor/corporategovernance/corporategovernance/. Though in some areas, the Company has chosen a different and for NORDEN more suitable practice. These include;

- shareholder-elected board members, where NORDEN attaches great importance to ensuring continuity for which reason only 2 board members stand for election per year.
- remuneration policy, which for members of the Executive Management both includes bonus agreements with performance criteria and discretionary award of cash bonuses based on i.a. performance, competitive environment, market situation and outlook as well as personal performance.
- discretionary bonus, which in NORDEN is on an annual basis as long-term focus and value creation are ensured partly through continuous dialogue on priorities, focus areas and results and partly by determining relevant performance criteria in the bonus agreement.
- remuneration, where NORDEN discloses the total remuneration of the Board of Directors and the Executive Management, respectively, as the important thing must be for the shareholders to be able to consider the total amount of remuneration and its development.

After 20 years as board member and Chairman, Mogens Hugo will retire due to the age requirements in the articles of association. His time as chairman has been characterised by significant and visionary growth with strong finances and safeguarding of NORDEN's independence. During his 2 decades heading the Company, Mogens Hugo has thus been instrumental in consolidating NORDEN into a single company, which grew from operating 23 vessels and having a revenue of approximately USD 90 million to operating nearly 250 vessels and having a revenue of USD 2.0 billion. Of the achievements accomplished during Mogens Hugo's chairmanship can be mentioned total distribution of USD 897 million (DKK 4.9 billion) to the shareholders while at the same time maintaining significant financial strength within the Company for the benefit of the shareholders.



BOARD OF DIRECTORS

Lars Enkegaard Biilmann was not present when the photograph was taken due to duties at sea.

1 **Mogens Hugo**
Managing Director, born in 1943, 71 years, m.
Board member and Chairman since 1995. Most recently re-elected in 2012. Term expires in 2015. Other directorships: Nordea-fonden (CB), Nordea Bankfonden (CB), Capidea Management ApS (CB), Dan Technologies A/S (CB), Fonden Tietgenkollegiet (CB), H.C. Ørsteds Fond (BM), Twins ApS (BM), Ejendomsselskabet BROGADE 19, Køge (MD) and HUGO INVEST 2 ApS (MD). Relevant skills: experience in operational and strategic management of listed international groups, strategic development, finance, risk management and considerable shipping knowledge. Not independent due to long-serving seat on the Board of Directors. No. of shares: 11,000 (unchanged). See page 37.

2 **Klaus Nyborg**
Managing Director, born in 1963, 51 years, m.
Board member since 2012 and Vice Chairman since 2013. Term expires in 2015. Other directorships: A/S United Shipping & Trading Company (CB), Omni Fondsmæglerselskab A/S (CB), Bawat A/S (CB), Ipsa Maritime Ltd. (CB), Tysk Ejendomsselskab A/S (CB), Bunker Holding A/S (VCB), Uni-Tankers A/S (VCB) and Karen og Poul F. Hansens Familiefond (BM). Relevant skills: experience with management of global, listed shipping companies, strategy, investment, sale and purchase, financial issues and risk management. Independent. No. of shares: 1,700 (unchanged).

3 **Alison J. F. Riegels**
Managing Director, born in 1947, 67 years, f.
Board member since 1985. Most recently re-elected in 2013. Term expires in 2016. Other directorships: A/S Motortramp (MD, BM), Stensbygaard Holding A/S (MD, BM), Aktieselskabet af 18. maj 1956 (BM), Ejendomsselskabet Amaliegade 49 A/S (BM) and A/S Dampskibsselskabet Orients Fond (BM). Relevant skills: general management and considerable shipping knowledge from her long-standing engagement in NORDEN and other companies. Not independent due to association with major shareholder and long-serving seat on the Board of Directors. No. of shares: 3,100 (unchanged).

4 **Erling Højsgaard**
Managing Director, born in 1945, 69 years, m.
Board member since 1989. Most recently re-elected in 2014. Term expires in 2017. Other directorships: Dubai Commercial Investment A/S (CB), A/S Motortramp (VCB), A/S Dampskibsselskabet Orients Fond (BM), A/S Bolig Snekkersten (BM), Marinvest ApS (MD) and Højsgaards Rederi ApS (MD). Relevant skills: general management and long-standing experience in shipping, especially dry cargo, from management of own companies and his position as member of NORDEN's Board of Directors. Not independent due to association with major shareholder and long-serving seat on the Board of Directors. No. of shares: 45,770 (unchanged).

5 **Karsten Knudsen**
Managing Director, born in 1953, 61 years, m.
Board member since 2008. Most recently re-elected in 2013. Term expires in 2016. Other directorships: Nordic Trustee A/S (CB) and Nordsøenheden (VCB). Relevant skills: general management and strategy, broad financial experience, comprising accounting, investment banking and management of financial risks, including credit risks. Independent. No. of shares: 800 (unchanged).

6 **Arvid Grundekjøn**
Mayor, Managing Director, born in 1955, 59 years, m.
Board member since 2009. Most recently re-elected in 2014. Term expires in 2017. Other directorships: Creati Estate AS (CB), Cardid AS (MD, CB), Citi Bank (Nordic Advisory BM), Sørlandets Kompetansefond (BM) and Trygve Tellefsens Legat (BM). Relevant skills: general management, strategic and operational management of international shipping groups, strategy, financial and legal issues. Independent. No. of shares: 5,000 (unchanged).

7 **Ole Clausen**
Senior Claims Manager, born in 1956, 58 years, m.
Board member since 2012. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 1,149 (unchanged).

8 **Anne-Katrine Nedergaard**
Marine HR Manager, born in 1976, 38 years, f.
Board member since 2013. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 1,303 (unchanged).

9 **Lars Enkegaard Biilmann**
Captain, born in 1964, 50 years, m.
Board member since 2013. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 723 (unchanged).

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Age, directorships and shareholdings are stated at 31 December 2014. The directorships do not include positions within the NORDEN Group

In addition to the shares held personally by Alison J. F. Riegels and Erling Højsgaard or through their related parties, both are associated with A/S Motortramp, which holds 11,851,240 shares in NORDEN.

MANAGEMENT

Daily management of the Company is divided into 3 management levels: Executive Management, Senior Management and Group Management.

In June, Carsten Mortensen resigned from the position as CEO at his own request, and consequently, the Executive Management changed. Until Jan Rindbo takes up the position as CEO in the early summer of 2015, the Executive Management consists of CFO Michael Tønnes Jørgensen, Executive Vice President and head of the Dry Cargo Department Ejner Bonderup, Executive Vice President and head of the Tanker Department Lars Bagge Christensen and Executive Vice President and head of the Corporate Secretariat Martin Badsted. Vice Chairman of the Board of Directors, Klaus Nyborg, has stepped in as interim CEO in the transitional phase without being registered with the Danish Business Authority, being authorised to sign documents or being part of the Executive Management as such.

The Executive Management and the Company's Senior Vice Presidents form the Senior Management. Senior Management changed during the year as Asger Lauritsen took up the position as head of the Technical Department and replaced Lars Lundegaard, who stayed within NORDEN as port captain in Svalbard. No changes were made among the Company's 10 Vice Presidents, who together with Senior Management form the Group Management.

Remuneration policy
The purpose of NORDEN's remuneration policy is to attract and retain qualified managers, thus securing the basis for long-term value creation for the shareholders. The current remuneration policy was most recently revised and approved at the general meeting in April 2014.

The Board of Directors decides on the implementation of the remuneration policy upon recommendation from a remuneration committee under the Board of Directors, which ensures that remuneration matches the Company's needs, results and challenges. The challenging market conditions necessitate continued sharp focus on costs.

In addition to a competitive fixed salary, the policy offers the possibility of cash bonuses and share options. The share-based programmes are particularly designed to promote the long-term conduct of managers and employees and ensure the community of interests between shareholders and employees.

Implementation of policy
The Executive Management's remuneration is a combination of fixed salary, variable bonus and share-based payment. The Executive Management has no pension plan paid by the Company, but receives the usual benefits such as company phone and car.

The Executive Management's remuneration including bonuses and options totalled USD 3.7 million in 2014 against USD 5.2 million in 2013. The decrease is due to Carsten Mortensen's resignation during the year. Fixed salary for the Executive Management amounted to a total of USD 3.2 million in 2014.

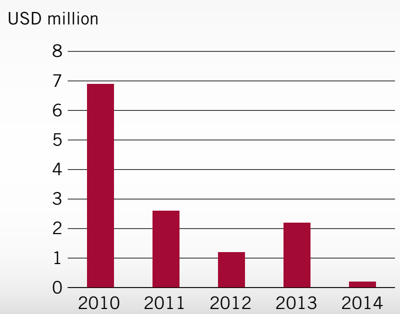
The Board of Directors granted 400,000 share options to selected managers and employees in March and granted an additional 14,000 share options to Asger Lauritsen in connection with his taking up the position as head of the Technical Department. In determining the exercise price, a 10% margin was added to the market price at the grant date so that the recipients of share options only profit once the shareholders have received a 10% return. The theoretical market value of the options has been calculated at USD 2.4 million according to the Black-Scholes model. The Executive Management is required to reinvest 25% of any gain on their options in NORDEN shares and to keep these shares for a number of years. For a more detailed description of the share option programmes, see note 28 to the financial statements.

Option programmes

Year of grant	No. of people	No. of options	Exercise period	Executive Management's share
2015	66	400,000	2018-2021	37%
2014	60	414,000	2017-2020	39%
2013	62	400,000	2016-2019	41%*
2012	68	350,000	2015-2018	23%
2011	65	350,000	2014-2017	23%

** In 2012, the Executive Management was extended from 2 to 5 members.*

Bonus allotted



The Executive Management received 160,330 of the 414,000 share options at a value of USD 0.9 million (USD 0.7 million in 2013). At the grant date, the theoretical value of the options corresponded to 28% of the Executive Management's fixed salary. The limit according to NORDEN's remuneration policy is 150%.

Resignation and retention

The Executive Management's term of notice to the Company is 6 months, while NORDEN's term of notice to the members of the Executive Management is 12 months. NORDEN's terms of notice to the Senior Management (excluding the Executive Management) are 3-9 months while their terms of notice to the Company are 1-4 months.

If members of the Executive Management step down following a change of control (merger, takeover, etc.), they will receive a special severance payment in addition to their normal salary, and in some cases bonus, in the notice period. This severance payment equals 12 months' salary.

Selected members of the Executive Management and Senior Management have previously made agreements on stay-on bonuses, which entailed payment of a total of USD 0.3 million in 2014.

The Executive Management, parts of the Senior Management and selected Vice Presidents are subject to non-competition clauses of 6-12 months. The Company will pay out compensation corresponding to the full base salary of the person in question, in some cases with certain supplements, during the period in which the clauses apply.

JAN RINDBO TAKES UP THE POSITION AS CEO ON 1 MAY 2015 WITH MORE THAN 20 YEARS OF INTERNATIONAL SHIPPING EXPERIENCE FROM DENMARK, NORTH AMERICA AND ASIA.

2015

In January, Senior Vice President Mikkel Fruergaard resigned from his position following mutual agreement while Thomas Kobbel entered Group Management as Vice President.

In March 2015, the Board of Directors will grant 400,000 share options to selected executives and employees. In determining the exercise price, a 10% margin is added to the market price at the grant date so that the employees only profit once the shareholders have received a 10% return. The theoretical market value of the options has been calculated at USD 1.1 million according to the Black-Scholes model.

Jan Rindbo takes up the position as CEO on 1 May 2015. Jan Rindbo has more than 20 years of international shipping experience from Denmark, North America and Asia. Since 2001, he has been working for the Hong Kong listed dry cargo shipping company Pacific Basin, most recently as Chief Operating Officer, member of the executive board and the board of directors.

Jan Rindbo will be included by the Company's share option programme for leading employees and will receive 50,000 options of the 400,000 options granted in 2015. Jan Rindbo is also offered a retention bonus in each of the years 2015-17 in the form of shares in NORDEN at an annual value of DKK 1,000,000.

Senior Management's shareholdings

	Shares		Share options						
	At 31/12/ 2014	Change in 2014	Granted in 2015	At 31/12/ 2014	Granted in 2014	Granted in 2013	Granted in 2012	Granted in 2011	Granted in 2010
Michael Tønnes Jørgensen	1,800	+600	26,975	134,740	25,969	26,398	24,328	26,214	31,831
Ejner Bonderup	4,942	+900	27,932	55,580	27,355	28,225	-	-	-
Lars Bagge Christensen	2,843	-	22,480	94,255	20,114	20,753	16,249	17,167	19,972
Martin Badsted	4,223	-	22,480	68,013	18,505	16,603	10,282	10,764	11,859
Asger Lauritsen	-	-	14,349	14,000	14,000	-	-	-	-
Kristian Wærness	4,673	+450	11,479	53,020	11,098	9,617	10,034	10,600	11,671
Vibeke Schneidermann	723	-	9,087	45,225	9,172	9,015	8,262	8,790	9,986
Mikkel Fruergaard	723	-	0	46,818	13,179	12,950	8,304	7,860	4,525
I alt	**19,927**	**+1,950**	**134,782**	**511,651**	**139,392**	**123,561**	**77,459**	**81,395**	**89,844**

The Senior Management is subject to a duty of notification, and pursuant to section 28a of the Danish Securities Act, NORDEN shall report transactions in the Company's shares conducted by the members of the Senior Management and their closely related parties.

SENIOR MANAGEMENT

Senior Management 2015

1 **Klaus Nyborg,** Interim CEO, see page 38.

2 **Michael Tønnes Jørgensen**, Executive Vice President and CFO. Born in 1966. Employed in NORDEN since 2009. Trained in shipping, holds a graduate diploma in Financial and Management Accounting and an M.Sc. in Accounting. Has completed executive training programmes at INSEAD and IMD and holds an Executive MBA from IMD.

3 **Ejner Bonderup**, Executive Vice President and head of the Dry Cargo Department. Born in 1966. Employed in NORDEN since 2012. Trained in shipping, holds an academy profession degree in Financial Management from Niels Brock Copenhagen Business College and has completed executive training programmes at IESE Business School and IMD.

4 **Lars Bagge Christensen**, Executive Vice President and head of the Tanker Department. Born in 1963. Employed in NORDEN since 1993. Trained in shipping and has completed executive training programmes at INSEAD and Wharton Business School. Directorships: the Business Committee of the Danish Shipowners' Association (CB), North of England P&I Association (VCB) and INTERTANKO Council (BM).

5 **Martin Badsted**, Executive Vice President and head of the Corporate Secretariat and IR. Born in 1973. Employed in NORDEN since 2005. Holds an M.Sc. in International Business.

6 **Asger Lauritsen**, Senior Vice President and head of the Technical Department. Born in 1966. Employed in NORDEN since 2014. Trained in shipping, holds an M.Sc. in Economics, an MBA from IMD and has completed executive training programmes at INSEAD and Harvard. Directorships: INTERTANKO's Council (BM), the Negotiation Committee of the Danish Shipowners' Association and Bureau Veritas' Nordic Committee.

7 **Kristian Wærness**, Senior Vice President and head of the Finance and Accounting Department. Born in 1968. Employed in NORDEN since 2002. Holds an M.Sc. in Accounting. Directorships: the Accounting Committee (CB) and Tax Committee (BM) of the Danish Shipowners' Association.

8 **Vibeke Schneidermann**, Senior Vice President and head of Human Resources. Born in 1962. Employed in NORDEN since 2005. Holds a graduate diploma in Organisation and Management. Directorships: the Relief Foundation of the Danish Shipowners' Association and the Foundation for the Benefit of Mariners and the Maritime Industry.

Mikkel Fruergaard, Senior Vice President. Born in 1978. Resigned following mutual agreement in January 2015.

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Directorships, etc. are stated at 31 December 2014 and do not include positions within the NORDEN Group.

Vice Presidents 2015

Jakob Bergholdt, CEO at NORDEN Shipping (Singapore) Pte. Ltd.
Michael Boetius, head of Strategy and Business Performance in Dry Cargo.
Mikkel Borresen, deputy in the Geared Tonnage chartering section in Dry Cargo.
Jens Christensen, head of the Dry Cargo operations section.
Christian Danmark, finance manager.
Christian Ingerslev, head of Industrial Bulk in Dry Cargo.
Thomas Jarde, head of the Geared Tonnage chartering section in Dry Cargo.
Thomas Kobbel, head of the Gearless Tonnage chartering section in Dry Cargo.
Morten Ligaard, head of the Legal Department.
Henrik Lykkegaard Madsen, head of the Projects Department.

Management in Norient Product Pool ApS

Søren Huscher, CEO.
Jens Christophersen, Vice President.

SHAREHOLDER ISSUES

Master data

Share capital	DKK 42.2 million
Number of shares	42,200,000 of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Financial calendar for 2015

4 March	Annual report 2014
12 March	Final deadline for any shareholder requests to the agenda for the annual general meeting
23 April	Annual general meeting
12 May	Interim report for the first quarter of 2015
12 August	Interim report for the first half of 2015
11 November	Interim report for the third quarter of 2015

Return to the shareholders

The significant downturn in especially the dry cargo market in 2014 was also reflected in the share price. NORDEN's share price decreased by 54% from DKK 285.00 to DKK 131.40 during 2014, and the increase in 2013 of 75% from DKK 163.10 to DKK 285.00 was thus more than offset. The return, measured by the total value in USD of dividend payments and share price development, was -58% for NORDEN in 2014. The return of the comparable dry cargo and product tanker companies was -63% and -27%, respectively, while the total return of the peer group was -49%.

The Board of Directors regularly assesses how cash flows are best distributed for the benefit of the shareholders. This assessment is based on actual and expected earnings, cash, market outlook, risks, investment opportunities and the Company's liabilities on and off the balance sheet. In April 2014, the general meeting adopted a dividend of DKK 5 per share, and in connection with the publication of the results for the first quarter of 2014 on 13 May, a share buy-back programme of USD 10 million was announced. The share buy-back programme was finalised in the beginning of August 2014.

Trading volume

On average, 183,825 shares were traded on a daily basis in 2014, which is an increase of 66% compared to 2013. The average daily trading volume on OMX was DKK 36.3 million against DKK 23.5 million in 2013. In addition to this, average trading on other market places amounted to DKK 11.3 million.

Investor Relations

It is NORDEN's goal that the share price reflects the Company's actual and expected ability to create value for its shareholders. NORDEN regularly provides relevant information on strategy, operations, results, expectations, markets and other matters affecting the assessment of the expected value creation in the Company.

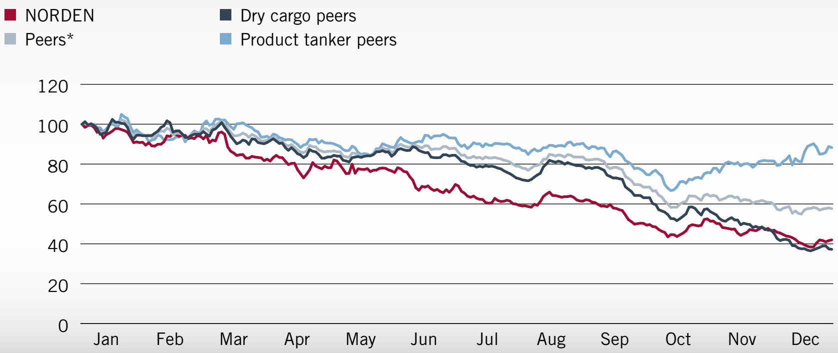
NORDEN strives to maintain an open, external communication, and in the course of the year, NORDEN has had an ongoing dialogue with analysts and investors and participated in a number of investor conferences and seminars. The share is monitored by 15 share analysts, which is 1 up from 2013. Coverage remains largest in Denmark and Norway.

In 2014, the Company issued 41 company announcements, 7 of which concerned insiders' transactions with the NORDEN share.

Capital and shareholders

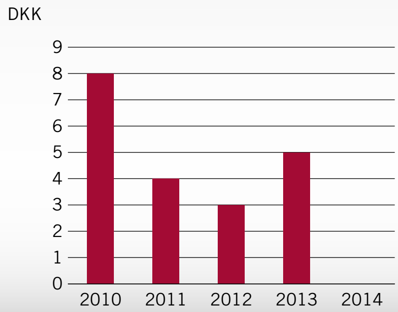
At the annual general meeting on 23 April 2014 and the extraordinary general meeting on 28 May 2014 in Dampskibsselskabet

Total Shareholder Return 1 year (1/1 2014 = 100)



* The total return of the peer group is calculated based on 6 dry cargo companies (Pacific Basin, Golden Ocean, Diana Shipping, Safe Bulkers, Scorpio Bulkers and Western Bulk) and 3 product tanker companies (Scorpio, Ardmore Shipping and d'Amico), the average return of which is weighted on a 60/40 basis in favour of the dry cargo companies.

Dividend per share



NORDEN A/S, a reduction of the Company's share capital of DKK 800,000 from DKK 43,000,000 to 42,200,000 by cancellation of treasury shares was adopted. All shares remain listed, and no changes have been made to their rights and transferability.

The number of registered shareholders increased by approximately 21% during the year to a total of 16,226 registered shareholders at year-end, in aggregate owning 90.5% of the share capital (92.1% in 2013).

3 shareholders have announced that they own 5% or more of the Company's shares. They are A/S Motortramp, RASMUSSEN-GRUPPEN AS and Schroder plc, which on 21 November 2014 announced to NORDEN that they own more than 5% of the Company's shares (see Company announcement no. 38/2014).

A/S Motortramp and RASMUSSENGRUPPEN AS have for several years had a shareholder agreement. This agreement was terminated by RASMUSSENGRUPPEN AS on 13 October 2014 by 365 days notice (see Company announcement no. 35/2014).

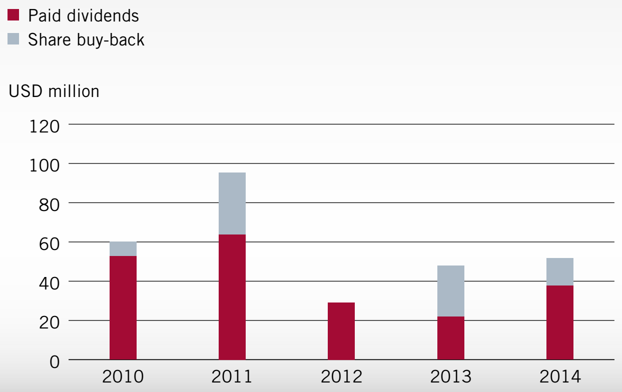
NORDEN owns 1,739,945 treasury shares (4.1%), which is a decrease of 489,067 shares compared to last year as a result of the capital reduction.

Other large shareholders are especially investors from Denmark, Norway, the USA and Great Britain. At the end of the year, the international ownership share counted 673 registered shareholders, in aggregate owning 30.3% of the share capital.

Recommendation from the Board of Directors
Based on the very challenging market conditions in dry cargo, it is estimated to be of great value that the Company maintains its financial strength. Therefore, the Board of Directors recommends for approval by the general meeting that NORDEN does not pay a dividend for 2014.

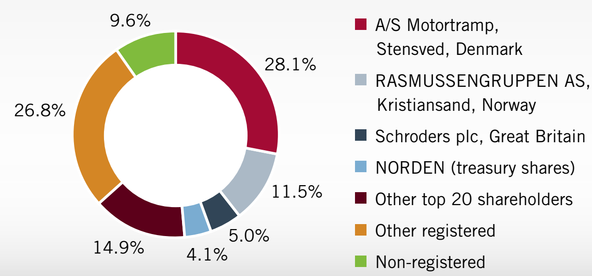
AFTER 20 YEARS AS BOARD MEMBER AND CHAIRMAN, MOGENS HUGO WILL RETIRE DUE TO THE AGE REQUIREMENTS IN THE ARTICLES OF ASSOCIATION.

Distribution to shareholders 2010-14



USD 285 million distributed to the shareholders in the last 5 years.

Composition of shareholders



CORPORATE SOCIAL RESPONSIBILITY

NORDEN has published a CSR report, which describes in detail the efforts, results and targets within 7 CSR focus areas and can be found at www.CSRatNORDEN2014.com. The report serves as Communication on Progress to the UN Global Compact and thereby meets the requirement of section 99a, subsection 8 of the Danish Financial Statements Act. It also meets the requirements of section 99b of the Act regarding regulations on the underrepresented gender, described in the report's section "Employee Conditions".

The following provides a short highlight of selected CSR efforts and an overview of key results for 2014.

CO_2 efficiency
NORDEN is on track to reach the target of reducing CO_2 emissions from owned vessels by 25% compared to 2007 levels by 2020, exclusive of vessels on contract to third parties. NORDEN focuses on three different areas: Technical improvements where NORDEN engages in 10 fuel saving initiatives from the Climate Action Plan, speed optimisation illustrated by i.a. the use of right steaming and finally maintaining a young, modern and fuel efficient fleet, which is achieved by investing in eco vessels.

Vessel safety
NORDEN's Technical Department has gone through a reorganisation to improve the effectiveness, quality and performance of the department. The main focus was the establishment of vessel groups, which have the full responsibility for the technical operations of a given vessel. The dialogue with the vessel is thereby less resource demanding as each vessel communicates with one specific vessel group. It also creates transparency for the customers as they can more easily see how NORDEN manages the vessels.

Employee conditions
In 2014, the Crewing section in the Technical Department became the Marine HR section where the new name clearly defines the section's focus. This enhanced focus will have a positive effect on crews and promote NORDEN in becoming a preferred employer. On shore, NORDEN also continues to focus on maintaining a good working environment e.g. by providing training and competency development.

The process of mapping NORDEN's actual and potential impact on all 48 human and labour rights in the International Bill of Human Rights is still ongoing and is expected to be completed by the end of 2015.

Transparency
NORDEN reports to the CDP (Carbon Disclosure Project) regarding the efforts to reduce CO_2 emissions and the impact of climate change on the business. NORDEN has been awarded with a position on the A List in the CDP's Climate Performance Leadership Index 2014. The position has been achieved due to NORDEN's actions to reduce carbon emissions and mitigate the business risks of climate change. The index illustrates that NORDEN has gone from "beyond transparency" to "excellent performance".

Environmental management
NORDEN aims to limit emissions of both sulphur oxide (SO_x) and nitrogen oxide (NO_x) as these are harmful to people and the environment. NORDEN also focuses on decreasing waste on board owned vessels and on decreasing the Company's onshore energy consumption through gradual changes. One of the ways to do this is to favour the most energy efficient solution when repairing or changing equipment in NORDEN's offices.

Anti-corruption
NORDEN has developed an Anti-Corruption Compliance Programme, which sets the framework for NORDEN's work within anti-corruption. Tools and procedures have been established to guide employees in their daily work. In 2014, all of NORDEN's operators and Senior Management have undertaken anti-corruption

THE STRATEGY'S FOCUS AREAS

training. The training has also been implemented on board NORDEN's owned vessels, and crew members are expected to take the training when signing on to a vessel. In 2015, the rest of the employees will receive tailor-made anti-corruption training.

Responsible supply chain management
NORDEN continues to focus on responsible supply chain management and makes use of the responsible supply chain management system IMPA ACT, which sets an industry standard within the area. NORDEN engaged in dialogue with 5 new suppliers in the second half of 2014.

TARGETS AND RESULTS IN FOCUS AREAS

	Target	**Results**
CO_2 EFFICIENCY	Reduce CO_2 emissions by 25% from 2007 to 2020 from owned dry cargo and tanker vessels, exclusive of vessels on contract to third parties, as measured by Cargo EEOI	33% CO_2 emissions reduction since 2007 from owned dry cargo vessels, exclusive of vessels on contract to third parties, as measured by Cargo EEOI 33.3% CO_2 emissions reduction since 2007 from owned tanker vessels, exclusive of vessels on contract to third parties, as measured by Cargo EEOI
VESSEL SAFETY	Maximum of 3.79 remarks per vetting inspection of owned tanker vessels technically managed by NORDEN in 2014 Continue to strive for zero incidents of piracy on owned vessels	3.87 remarks per vetting inspection of owned tanker vessels technically managed by NORDEN Zero incidents of piracy on owned vessels
EMPLOYEE CONDITIONS	Minimum employee retention rate at sea and on shore 90% in 2014	Employee retention rate at sea 95% Employee retention rate onshore 87%
TRANSPARENCY	CDP report part of the Carbon Disclosure Leadership Index (CDLI) in 2014	Part of the CDP's Carbon Disclosure Leadership Index Part of the A list in the CDP's Performance Leadership Index
ENVIRONMENTAL MANAGEMENT	Reduction of weighted average sulphur content in total bunkers purchased to 2.30 % in 2014 Reduce onshore consumption per employee from 2013	Weighted average sulphur content of 2.13% for total bunkers purchased for NORDEN operated vessels Reduced energy consumption per employee by 9.6% from 2013
ANTI-CORRUPTION	Establish an Anti-Corruption Compliance Programme in 2014	Anti-Corruption Compliance Programme developed All of Senior Management trained in anti-corruption All operators trained in anti-corruption
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	Engage in dialogue with 5 first-tier suppliers in 2014	Engaged in dialogue with 5 first-tier suppliers

FINANCIAL REVIEW

The Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements relating to the presentation of financial statements by listed companies. The Group's accounting policies are unchanged from last year. See also note 1 to the financial statements.

The financial statements of the parent company, Dampskibsselskabet NORDEN A/S, are presented in accordance with the Danish Financial Statements Act.

Results for the year and equity

The Group's EBIT amounted to a loss of USD 335 million (loss of USD 51 million) and includes a provision for onerous time charter contracts in Dry Cargo of USD 230 million based on management's estimate that the short-term freight rates in the next couple of years will not improve to the extent previously assumed. The long-term outlook remains unchanged in line with the adjusted historical averages, which have previously been applied.

Results for the year after tax were a loss of USD 416 million (loss of USD 48 million), including a negative fair value adjustment of certain hedging instruments of USD 62 million (positive USD 11 million). The results provide earnings per share (EPS) of USD -10.3 (USD -1.2).

Equity decreased to USD 1,139 million (USD 1,605 million). The composition of the change in equity can be seen in the table below.

The distributed ordinary dividend amounted to DKK 5 per share, corresponding to a total of DKK 204 million or USD 38 million, excluding treasury shares.

Significant accounting choices

Vessels chartered by NORDEN, but in relation to which the risks and rewards of ownership based on an overall assessment of the individual lease have not been transferred to the Group, are accounted for as operating leases and recognised in the income statement on a straight-line basis over the term of the lease. As shown in note 22 to the financial statements, the Group had operating lease liabilities (undiscounted) at 31 December 2014 in the amount of USD 1,494 million (USD 2,011 million) which are to be recognised in the income statement over the period 2015-25.

The lease liabilities do not represent the Group's net exposure since liabilities are hedged on an ongoing basis in accordance with the Group's risk management policy, see note 2 to the financial statements.

The Group's vessels are recognised in the statement of financial position at cost less accumulated depreciation and write-downs.

Other accounting choices are described in note 1 to the financial statements "Significant accounting policies".

Significant accounting estimates

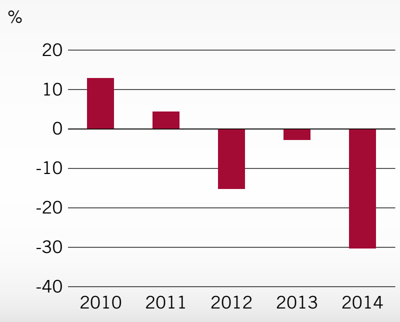
The carrying amount of the vessels is continually compared with earnings opportunities and value indicators of the vessels. If there is indication of impairment exceeding the annual depreciation, the vessels are written down to the lower recoverable amount.

As described in note 11 to the financial statements, management has changed its estimate of the vessels' useful lives from 20 years to 25 years as well as the residual value. The change positively affects EBIT for the period by USD 19 million under the item "Depreciation and write-downs" and the item "Vessels" in the statement of financial position with a corresponding amount.

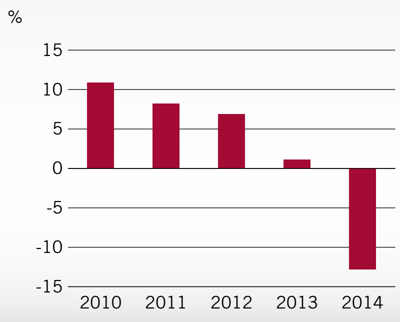
Changes in equity, USD million

Equity at January 2014	**1,605**
Results for the year	-416
Distributed dividends	-38
Net purchase of treasury shares	-13
Share-based payment	1
Equity at 31 december 2014	**1,139**

Return on equity



EBITDA ratio



Furthermore, value in use for the CGUs Dry Cargo and Tankers is estimated. Value in use is defined as the present value of the discounted total expected cash flows of owned and chartered vessels including cash costs of owned vessels, T/C costs, expenses directly attributable to administration, income from COAs, T/C coverage and coverage of not covered capacity (open ship days) at expected rate levels. If value in use is negative and the recoverable amount for owned vessels is estimated to support the carrying amounts at the same time, a provision for onerous T/C contracts is made.

Receivables are measured at amortised cost less provisions for impairment losses. Estimates of provisions for bad debt are determined on the basis of an evaluation of the customers' ability and willingness to pay, including credit rating and received collateral. For further specification of receivables, see note 14 to the financial statements.

Revenue
In 2014, NORDEN's revenue (freight income) was USD 2,038 million (USD 2,146 million). The decrease is primarily due to lower freight rates in Dry Cargo and that the activity in Dry Cargo decreased by 10% for the year. The drop in activity in Dry Cargo was, however, partly counterbalanced by increased activity in Tankers of 10%.

Dry Cargo
Freight income amounted to USD 1,601 million (USD 1,766 million), corresponding to a decrease of 9%.

EBIT constituted a loss of USD 334 million (a loss of USD 46 million) including a provision for onerous time charter contracts of USD 230 million. Depreciation and write-downs decreased to USD 34 million (USD 42 million) primarily as a result of the changed estimate of the vessels' expected useful lives from 20 years to 25 years with effect from 1 January 2014, see also note 11 to the financial statements.

Tankers
Activity in Tankers in terms of ship days increased by 10%. Freight income amounted to USD 437 million (USD 380 million). EBIT constituted USD 13 million (USD 8 million).

Financials
Financial income amounted to USD 8 million (USD 10 million) and primarily related to interest income on demand deposits with banks and gains on financial hedging instruments.

Financial expenses amounted to USD 23 million (USD 12 million), consisting of interest on and other expenses relating to loans and exchange rate adjustments. See note 2 to the financial statements regarding the description of interest and currency risk.

Fair value adjustment of certain hedging instruments
Fair value adjustment of derivative financial instruments which did not qualify for hedge accounting under IFRS relates to Forward Freight Agreements (FFAs) and bunker hedging contracts. The cost of USD 62 million (income of USD 11 million) related to FFAs and bunker hedging contracts of USD 23 million and USD 39 million, respectively. The unrealised contracts relate to coverage of bunker prices and freight rates in the period 2015-19. For further specification, see note 6 to the financial statements.

Tax on results for the year
The Company's taxable income comprises income related to shipping activities as computed in accordance with the Danish Tonnage Tax Act and other activities, including net financial income, computed in accordance with the general tax rules. Tax on the results for the year amounted to USD 3 million (USD 5 million) and primarily relates to tonnage tax. Other activities primarily relate to subsidiaries as well as technical and commercial management.

STATEMENT OF FINANCIAL POSITION

Impairment test of vessels and estimate of the need for provision for onerous time charter contracts
Expressed as the average of 3 independent broker valuations, the net selling price of the Group's fleet and newbuildings, excluding vessels in joint ventures and assets held for sale, totaled USD 1,372 million at the end of 2014, which was USD 62 million below the carrying amounts. The cash generating units (CGUs) Dry Cargo and Tankers were USD 27 million and USD 35 million, respectively, below the carrying amounts. Management estimates that the broker valuations are thus subject to a higher degree of uncertainty than previously. The difference between the highest and lowest valuations calculated per vessel is USD 147 million, and combined with the relatively modest decreases in values (3% and 5%, respectively), it is management's assessment that the broker valuations support the carrying amounts and costs, and there is therefore no indication of further impairment of vessels and newbuildings.

With the purpose of assessing whether there are onerous time charter contracts, the usual calculation of value in use for both CGUs has been made by comparing the recoverable amounts obtainable from continued operation of the fleets of the 2 CGUs, calculated as the present value of total estimated cash flows over the remaining useful lives of owned and chartered vessels, including COAs entered into, T/C coverage and expected rate levels for uncovered capacity.

Management's expected rates, which are part of the basis for estimating long-term values, are based on expected short- and long-term rates. In the short term, i.e. for the next 2-3 years, own rate assumptions are used while rate assumptions in the longer term are based on 20-year historical average rates with the 4 highest/lowest observations removed.

The carrying amounts of the CGUs Dry Cargo and Tankers excluding joint ventures and assets held for sale are USD 791 million and USD 643 million, respectively. Applying the expected short-term and long-term rates to uncovered days and a discount factor of

8%, value in use for Dry Cargo is USD 29 million and for Tankers USD 7 million below carrying amounts. Value in use is very sensitive towards changes in freight rates, see note 11 to the financial statements.

In the long term, the dry cargo market is expected to improve due to increased scrapping of old tonnage as well as increasing demand, i.a. as a result of a recovering world economy. Fleet growth in 2015 is expected to be 4-5%, which is on par with 2014. See also page 24 for market risks.

In the long term, the tanker market is expected to improve following the developments in the global refinery sector. Large fluctuations in the market are, however, possible to take place. See also page 31 for market risks.

Against this background, management assesses that value in use of both CGUs Dry Cargo and Tankers supports the carrying amounts, and, accordingly, there is no need for further write-downs or provisions for onerous time charter contracts. In this assessment, management has also included the development in freight rates and vessel prices after the end of 2014.

Financial assets
Financial assets comprising investments in joint ventures amounted to USD 19 million (USD 19 million). See also note 12 to the financial statements for specification of the investments.

Inventories
Inventories primarily comprise oil inventories on board owned and chartered vessels. Inventories dropped by USD 39 million due to dropping oil prices and fewer vessels.

Freight receivables and trade payables
Total finance contribution from freight receivables and trade payables increased by USD 4 million. The change comprises a decrease in freight receivables of USD 40 million and a decrease in trade payables of USD 36 million.

The Group's freight receivables decreased to USD 117 million (USD 157 million), which is due to lower activity and lower rate levels at year-end in Dry Cargo and more efficient collection of outstanding balances. Freight receivables totalling USD 6 million (USD 9 million) are subject to uncertainty, and write-downs of USD 4 million (USD 5 million) has therefore been made in this respect.

Cash and securities
The Group's cash represents total liquidity at 31 December 2014 and amounts to USD 198 million. Of this, USD 197 million is at the Company's disposal within 3 months. The portfolio of securities amounts to USD 40 million (USD 80 million). Investing in securities is part of NORDEN's optimisation of the return on liquidity at low risk. All bonds have high credit ratings.

CASH FLOWS

The Group's cash decreased by USD 208 million in 2014 to USD 198 million. Cash consists mainly of USD and DKK bank deposits.

Operating activities contributed with USD -46 million (USD -9 million). Compared to 2013, EBITDA dropped by USD 286 million, of which USD 230 million relates to provisions for onerous time charter contracts. Net funds tied up in working capital (bunker inventories, freight receivables, trade payables, margin accounts, etc.) have decreased by USD 1 million.

In 2014, USD 110 million (USD 145 million) was invested in vessels and newbuildings, etc., and proceeds from the sale of vessels amounted to USD 20 million (USD 48 million). Cash flows from investing activities were a net outflow of USD 60 million (outflow of USD 103 million).

Cash flows from financing activities amounted to an outflow of USD 80 million (an inflow of USD 62 million). Of this, shareholder dividends represented an outflow of USD 38 million, repayments of debt represented an outflow of USD 29 million and net purchase of treasury shares represented an outflow of USD 13 million.

The Group's loan agreements generally include a clause on the lender's option to terminate an agreement in the event the majority control of the Company is changed.

SIGNATURES

Statement by the Board of Directors and Executive Management
The Executive Management and the Board of Directors have today considered and adopted the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2014.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act. Moreover, the consolidated financial statements and the financial statements of the parent company are prepared in accordance with additional Danish disclosure requirements for listed companies. The management commentary is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the financial position at 31 December 2014 of the Group and the parent company and of the results of the Group's and the parent company's operations and the Group's consolidated cash flows for the financial year 2014.

In our opinion, the management commentary provides a fair review of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty, which the Group and the parent company are facing.

We recommend that the annual report be adopted at the annual general meeting.

Copenhagen, 4 March 2015

Executive Management

Michael Tønnes Jørgensen
Executive Vice President & CFO

Ejner Bonderup
Executive Vice President

Lars Bagge Christensen
Executive Vice President

Martin Badsted
Executive Vice President

Board of Directors

Mogens Hugo
Chairman

Klaus Nyborg
Vice Chairman and interim CEO

Alison J. F. Riegels

Erling Højsgaard

Karsten Knudsen

Arvid Grundekjøn

Ole Clausen

Anne-Katrine Nedergaard

Lars Enkegaard Biilmann

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dampskibsselskabet NORDEN 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 Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2014. The consolidated financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes. The financial statements of the parent company comprise income statement, balance sheet, statement of changes in equity and notes. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared under the Danish Financial Statements Act. Moreover, the consolidated financial statements and the parent company financial statements are prepared in accordance with 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 the consolidated 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 preparing parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies, and for such internal control as management determines is necessary to enable the preparation of the 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 Company's preparation of the 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 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 give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the parent company's operations for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT COMMENTARY

We have read the management commentary 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 the management commentary is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 4 March 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bo Schou-Jacobsen State Authorised Public Accountant	Rasmus Friis Jørgensen State Authorised Public Accountant

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2014	2013
3	**Revenue**	**2,038,107**	**2,145,899**
3	Other operating income, net	7,948	8,055
	Vessel operating costs	-2,251,696	-2,077,359
3/4	Other external costs	-18,057	-15,283
5	Staff costs, onshore employees	-37,758	-37,032
	Earnings before depreciation, etc. (EBITDA)	**-261,456**	**24,280**
3	Profit and loss from the sale of vessels, etc.	-4	2,453
11/17	Depreciation and write-downs	-68,189	-79,045
12	Share of results of joint ventures	-5,848	1,034
	Earnings from operations (EBIT)	**-335,497**	**-51,278**
6	Fair value adjustment of certain hedging instruments	-61,864	10,580
7	Financial income	7,980	10,024
8	Financial expenses	-23,132	-12,483
	Earnings before tax	**-412,513**	**-43,157**
9	Tax for the year	-3,121	-4,591
	RESULTS FOR THE YEAR	**-415,634**	**-47,748**
	Attributable to:		
	Shareholders of NORDEN	-415,634	-47,746
	Minority interests	0	-2
		-415,634	**-47,748**
10	**Earnings per share (EPS), USD**		
	Basic earnings per share	-10.27	-1.17
	Diluted earnings per share	-10.27	-1.17

STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2014	2013
	Results for the year, after tax	-415,634	-47,748
	Items which will be reclassified to the income statement:		
18	Value adjustment of hedging instruments	294	4,294
18	Fair value adjustment of securities	-597	85
18	Tax on fair value adjustment of securities	-320	208
	Other comprehensive income, total	-623	4,587
	Total comprehensive income for the year, after tax	**-416,257**	**-43,161**
	Attributable to:		
	Shareholders of NORDEN	-416,257	-43,159
	Minority interests	0	-2
		-416,257	**-43,161**

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER – ASSETS

Note	Amounts in USD'000	2014	2013
11	Vessels	1,050,064	1,077,953
11	Property and equipment	53,822	53,829
11	Prepayments on vessels and newbuildings	97,845	64,559
	Tangible assets	**1,201,731**	**1,196,341**
12	Investments in joint ventures	19,250	18,848
	Financial assets	**19,250**	**18,848**
	Non-current assets	**1,220,981**	**1,215,189**
13	Inventories	72,499	111,349
14	Freight receivables	117,054	156,618
14	Receivables from joint ventures	5,831	4,119
	Company tax	258	673
14	Other receivables	45,020	26,650
	Prepayments	61,153	60,583
15	Securities	39,872	79,826
16	Cash and cash equivalents	198,394	406,235
		540,081	846,053
17	Tangible assets held for sale	16,954	0
	Current assets	**557,035**	**846,053**
	ASSETS	**1,778,016**	**2,061,242**

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER – EQUITY AND LIABILITIES

Note	Amounts in USD'000	2014	2013
	Share capital	6,706	6,833
18	Reserves	7,511	8,134
	Retained earnings	1,125,074	1,589,850
19	**Equity**	**1,139,291**	**1,604,817**
20	Bank debt	202,908	230,568
21	Provisions	149,986	0
	Non-current liabilities	**352,894**	**230,568**
20	Bank debt	27,647	27,647
21	Provisions	80,474	0
	Trade payables	85,394	121,648
	Debt to joint ventures	20	186
	Other payables	59,668	39,683
	Deferred income	32,628	36,693
	Current liabilities	**285,831**	**225,857**
	Liabilities	**638,725**	**456,425**
	EQUITY AND LIABILITIES	**1,778,016**	**2,061,242**

STATEMENT OF CASH FLOWS
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2014	2013
	Results for the year	-415,634	-47,748
	Reversed depreciation and write-downs	68,189	79,045
	Reversed fair value adjustments	61,864	-10,580
	Reversed financial expenses, net	15,152	2,459
	Reversed provisions	230,169	0
	Other reversed non-cash operating items	10,657	2,913
30	Change in working capital	825	-26,796
	Financial payments received	2,507	8,843
	Financial payments made	-16,734	-11,082
	Company tax paid for the year	-3,026	-5,912
	Cash flows from operating activities	**-46,031**	**-8,858**
11/17	Investments in vessels and vessels held for sale	-17,791	-15,094
11	Investments in other tangible assets	-2,206	-1,977
12	Investments in joint ventures	-5,550	-5,000
11	Additions in prepayments on newbuildings	-90,415	-122,508
	Additions in prepayments received on sold vessels	0	-4,847
	Proceeds from the sale of vessels and newbuildings	19,803	48,468
	Proceeds from the sale of other tangible assets	72	894
	Acquisition of securities	0	-13,457
	Sale of securities	35,839	10,566
	Change in cash and cash equivalents with rate agreements of more than 3 months, etc.	126,445	41,069
	Cash flows from investing activities	**66,197**	**-61,886**
31	Dividend paid to shareholders	-37,719	-21,919
	Liquidation of minority interests	0	-62
19	Acquisition of treasury shares	-14,203	-26,122
19	Sale of treasury shares	1,260	6,757
	Net distribution to shareholders	-50,662	-41,346
	Incurrence of bank debt	0	125,240
	Instalments on/repayment of bank debt	-28,714	-21,414
	Loan financing	-28,714	103,826
	Cash flows from financing activities	**-79,376**	**62,480**
	Change in liquidity for the year	**-59,210**	**-8,264**
	Liquidity at 1 January	218,775	225,209
	Exchange rate adjustments	-22,186	1,830
	Change in liquidity for the year	-59,210	-8,264
16	**Liquidity at 31 December**	**137,379**	**218,775**
	Change in cash and cash equivalents with rate agreements of more than 3 months, etc.	61,015	187,460
16	**Cash and cash equivalents according to the statement of financial position**	**198,394**	**406,235**

STATEMENT OF CHANGES IN EQUITY

Note	Amounts in USD'000	Shareholders of NORDEN					
		Share capital	Reserves	Retained earnings	Total	Minority interests	Total
	Equity at 1 January 2014	**6,833**	**8,134**	**1,589,850**	**1,604,817**	**0**	**1,604,817**
	Total comprehensive income for the year	-	-623	-415,634	-416,257	0	-416,257
19	Acquisition of treasury shares	-	-	-14,203	-14,203	-	-14,203
19	Sale of treasury shares	-	-	1,260	1,260	-	1,260
	Capital reduction	-127	-	127	0	-	0
31	Distributed dividends	-	-	-39,833	-39,833	0	-39,833
	Dividends, treasury shares	-	-	2,114	2,114	-	2,114
5/28	Share-based payment	-	-	1,393	1,393	-	1,393
	Changes in equity	**-127**	**-623**	**-464,776**	**-465,526**	**0**	**-465,526**
	Equity at 31 December 2014	**6,706**	**7,511**	**1,125,074**	**1,139,291**	**0**	**1,139,291**

Note		Shareholders of NORDEN					
		Share capital	Reserves	Retained earnings	Total	Minority interests	Total
	Equity at 1 January 2013	**6,833**	**3,547**	**1,676,787**	**1,687,167**	**64**	**1,687,231**
	Total comprehensive income for the year	-	4,587	-47,746	-43,159	-2	-43,161
19	Acquisition of treasury shares	-	-	-26,122	-26,122	-	-26,122
19	Sale of treasury shares	-	-	6,757	6,757	-	6,757
31	Distributed dividends	-	-	-22,883	-22,883	-	-22,883
	Dividends, treasury shares	-	-	964	964	-	964
	Loss due to liquidation	-	-	-	0	-62	-62
5/28	Share-based payment	-	-	2,093	2,093	-	2,093
	Changes in equity	**0**	**4,587**	**-86,937**	**-82,350**	**-64**	**-82,414**
	Equity at 31 December 2013	**6,833**	**8,134**	**1,589,850**	**1,604,817**	**0**	**1,604,817**

See note 31 for a specification of reserves available for distribution as dividends and note 18 for specification of distribution of reserves on securities and cash flow hedging, respectively.

NOTES TO THE FINANCIAL STATEMENTS – CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

Dampskibsselskabet NORDEN A/S with its subsidiaries is one of Denmark's oldest internationally operating shipping companies. NORDEN operates in dry cargo and tankers worldwide.

Dampskibsselskabet NORDEN A/S is a public limited company incorporated in Denmark and is listed on NASDAQ OMX Copenhagen A/S.

The consolidated financial statements of Dampskibsselskabet NORDEN A/S for 2014 have 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.

The additional Danish disclosure requirements are set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act and NASDAQ OMX Copenhagen A/S regulations.

The annual report for the period 1 January – 31 December 2014 with comparative figures comprises the consolidated financial statements of Dampskibsselskabet NORDEN A/S and its subsidiaries (the Group) and the financial statements of the parent company.

The financial statements of the parent company, Dampskibsselskabet NORDEN A/S, for 2014 have been prepared in accordance with the Danish Financial Statements Act.

In general

The annual report is prepared on the basis of the historical cost principle, with the exception of the following assets and liabilities:

- Derivative financial instruments and financial instruments classified as available for sale, which are measured at fair value.
- Non-current assets and groups of assets held for sale are measured at the lower of carrying amount before the changed classification and fair value less selling costs.

USD is the functional currency of all enterprises in the Group as well as the parent company. In the annual report, the presentation currency is USD, and amounts are presented rounded off to the nearest USD 1,000.

Changes in accounting policies, including presentation and implementation of financial reporting standards

The accounting policies for NORDEN, including presentation, are unchanged compared to last year.

NORDEN has implemented all new and amended financial reporting standards adopted by IASB and the EU as well as the interpretations that are effective for the financial year 2014. This includes:

- Amendment of IAS 32 – The amendment provides further guidance on when financial assets and liabilities must be presented as offset in the statement of financial position.
- Amendment of IAS 36 – The amendment adjusts the disclosure requirements regarding impairment test and includes the introduction of disclosure requirements when using fair value less costs of disposal as the basis of write-downs corresponding to the disclosure requirements in IFRS 13.
- Amendment of IAS 39 – The amendments mean that replacement of a counterpart (novation) regarding a hedging instrument when transferring to a so-called clearing house (CCP) should not be considered expiry or termination of the instrument if the transfer is required by existing legislation or because new legislation is adopted.
- IFRIC 21, Levies – The interpretation includes regulations on when a company must recognise levies which the company is obliged to pay to public authorities and which are included in IAS 37 Provisions, contingent liabilities and contingent assets.

Implementation of the changes in standards and interpretations has not had any impact on NORDEN.

Most recently approved financial reporting standards (IFRS) and interpretations (IFRIC)

At the end of January 2015, IASB issued the following new financial reporting standards and interpretations, which are not adopted by the EU, but which are estimated to be of relevance to NORDEN:

- IFRS 15 on revenue recognition – New common standard on revenue recognition. Revenue is recognised as control is passed to the buyer.
- IFRS 9 on financial instruments – The number of categories of financial assets is reduced to three: amortised cost category, fair value through other comprehensive income category or fair value through the income statement category. Simplified rules regarding hedge accounting are introduced, and impairment of receivables must be based on expected loss.
- IASB's annual minor improvements regarding the years 2010-2012, 2011-2013 and 2013-2014.

NORDEN expects to implement the amended and new standards and interpretations when they become mandatory.

Other amended financial reporting standards, new financial reporting standards and interpretations issued by the IASB, but which are either irrelevant or insignificant to NORDEN, comprise:

- IFRS 11 – Joint arrangements – guidelines for accounting treatment of acquisition of shares of joint operations (not adopted by the EU).
- IFRS 14 – New standard on regulatory assets (not adopted by the EU).

NOTES TO THE FINANCIAL STATEMENTS

- IAS 16 and IAS 38 – Tangible and intangible assets – clarification of methods of depreciation (not adopted by the EU).
- IAS 19 – Employee benefits – amendment regarding defined benefit plans (not adopted by the EU).
- IAS 28 and IFRS 11 – Sale or contribution of assets between an investor and its associate or joint venture.

Significant accounting choices in accounting policies and significant accounting estimates

In preparing the financial statements, NORDEN's management makes a number of accounting choices and estimates. These are the basis for recognition and measurement of the Group's assets, liabilities, income and expenses.

The applied choices and estimates are based on historical data and other factors that management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Risk factors specific to the NORDEN Group are described in note 2.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Estimates and underlying assumptions are reassessed on a regular basis. Changes to accounting estimates are recognised in the period when the estimate is changed if the change affects this period only, or in the current and future periods if the change affects the current as well as future periods.

Below are the accounting choices and estimates which management deems to be significant to the preparation of the consolidated financial statements:

- Tangible assets, including vessels and prepayments on vessels and newbuildings (note 11)
- Leases (notes 3, 22 and 25)
- Recognition of revenue and voyage costs (note 3)
- Impairment test (note 11)
- Onerous contracts (note 21)
- Receivables (note 14)
- Deferred tax (note 9)
- Contingent assets and liabilities (note 23)

Please see the specific notes for additional description of the most significant accounting choices and estimates.

Consolidation principles

The consolidated financial statements comprise the parent company, Dampskibsselskabet NORDEN A/S, and enterprises in which the parent company controls the operational and financial decisions, usually by directly or indirectly holding the majority of the voting rights (subsidiaries).

At consolidation, intra-group income and expenses, shareholdings, dividends and accounts as well as unrealised intra-group gains and losses on transactions between the consolidated enterprises are eliminated.

The financial statements used in the consolidation are prepared in accordance with the Group's accounting policies. The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries by aggregating items of a uniform nature.

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition using the purchase method. Enterprises divested or wound up are included in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Assessment of control in shared ownership – pool arrangements and joint ventures

The classification of activities and enterprises which are in part jointly owned with other companies and thus how these activities and enterprises are treated in the consolidated financial statements is to a certain extent based on estimates of formal and actual conditions.

In connection with the assessment of control, an analysis of the operator role in NORDEN's agreements on pool arrangements has been made. The operator is responsible for the daily management of activities carried out within a jointly established framework. Since the operators are not exposed to, and are not entitled to, a return apart from the participating share and the fact that they can be replaced upon agreement, the operators are considered to be agents as defined in IFRS 10.

In the assessment of joint control, an analysis has been made as to which decisions require unanimity and whether these relate to relevant activities, which are activities that significantly affect the return of the pool arrangement. It is assessed that joint control by default exists when business plans and budgets must be adopted unanimously.

For NORDEN's pool arrangements, unanimity is required on decisions relating to relevant activities. It has also been established that the pool partners have rights and obligations directly and unlimited with regard to the assets and liabilities of the arrangements, and as the pool arrangements have not been structured into separate legal units, these are treated and classified as joint operations.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as "Financial income" or "Financial expenses".

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the reporting date are translated at the exchange rates at the reporting date. Differences between the exchange rates at the transaction date and the exchange rates at the reporting date are recognised in the income statement as "Financial income" or "Financial expenses".

Exchange rate adjustments of shares denominated in foreign currencies held for sale are recognised in equity together with unrealised fair value adjustments of shares. Exchange rate adjustments of bonds denominated in foreign currencies held for sale are recognised in the income statement under net financials.

Consolidated statement of cash flows
The statement of cash flows shows the Group's cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flows from operating activities
Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation and write-downs, profits from the sale of vessels, fair value adjustments of certain hedging instruments, changes in working capital, interest received and paid and plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from shareholders.

Liquidity
Liquidity comprises marketable securities with a term of less than 3 months and cash not subject to significant limits to its availability.

2 Risk management

Active risk management plays a central role in NORDEN's strategy to ensure stable earnings. It is NORDEN's policy to only assume material risks in relation to the freight markets and related risks (commercial risks). Other risks are reduced either through diversification, guarantees or by hedging the exposure when future risks are known.

The Executive Management is responsible for identifying material risks and developing the Company's risk management. Exposures and the utilisation of the framework are reported to the Board of Directors on a monthly basis.

NORDEN's overall risk management policies are unchanged from last year.

Overall risk profile
NORDEN's activities expose the Company to a number of risk factors, the most significant of which are assessed to be:

- Freight rate volatility, affecting ship values and earnings from vessel capacity
- Credit risk on customers in relation to cargo and T/C contracts as well as banks and yards in relation to deposits and prepayments on newbuildings, respectively

Freight rates in the dry cargo market dropped significantly particularly in the second half-year of 2014. Even though markets are very volatile, it is currently estimated that dry cargo rates will continue to be at a relatively low level in the coming years. In the longer term, the dry cargo market is expected to improve, just as the long-term tanker market is expected to develop positively along with the development in the global refinery sector. However, large market fluctuations may occur. With regard to the Company's credit risk, it is estimated that it is generally increasing due to the low freight rates, but that the Company's counterparties are estimated to be relatively creditworthy. This has been ensured by NORDEN's focus on cargo owners as counterparties in a number of years.

Commercial risks
Fluctuations in freight rates
Purchasing and chartering vessels imply a risk as the Company assumes a financial liability in expectation of an inflow of income which is dependent on the freight market. To control the uncertainty relating to earnings, the future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent attractive to management. FFAs are also used in certain cases to increase exposure towards the market and to freeze the

NOTES TO THE FINANCIAL STATEMENTS

hire of physical vessels where the hire is determined on the basis of the development in the freight market (index vessels).

At the end of 2014, coverage for 2015 constituted a total value of USD 272 million (USD 357 million) for Dry Cargo and Tankers, corresponding to 55% (59%) and 18% (24%) coverage of capacity, respectively. Earnings from the remaining 45% and 82% of capacity in Dry Cargo and Tankers, respectively, are directly exposed to the freight rate levels in 2015. If realised earnings on open ship days are 10% lower than the forward rates at the beginning of 2015, EBITDA in 2015 would, all other things being equal, decrease by a negative USD 15 million (a negative USD 33 million).

For further information, see the section on capacity and coverage in the management commentary.

Fluctuations in ship values
Changes in ship values have a significant impact on the value of the Company both directly on the value of the owned fleet and indirectly through the value of purchase options.

NORDEN is continuously focusing on how to optimise the portfolio of owned vessels; be it in relation to fuel efficiency improvement of the current fleet or the possibility of exchanging older vessels with newbuildings. It is still estimated that newbuildings are significantly more fuel efficient than the current fleet. By contracting fuel efficient newbuildings in recent years, NORDEN has secured a long-term competitive fleet.

At the end of 2014, the Company had 60.5 (56) owned vessels and newbuildings with a total market value of USD 1,462 million (USD 1,540 million). A drop in vessel prices of 10% would, all other things being equal, have a negative effect of USD 146 million (USD 154 million) on the value. Furthermore, the Company has 67.5 (67.5) charter parties with purchase and extension option. These options have an estimated value of USD 112 million (USD 120 million). A drop in T/C rates and second hand tonnage prices would decrease this value by USD 17 million (USD 28 million).

Credit risks
NORDEN reduces its credit risks through systematic credit assessment of counterparties and through regular monitoring of their creditworthiness. For this purpose, own analyses are applied based on external credit rating agencies and publicly available information. Each analysis results in an internal rating, which is subsequently used for determining the allowed scope of the commitment.

The internal ratings are based both on a financial and a non-financial assessment of the counterparty's profile. Each category receives a rating from A to D, A being the highest achievable score. The highest total score is an AA rating, which typically comprises counterparties with attractive ownership structures, production based business models, good reputations and strong financial ratios.

At the end of 2014, the 20 largest counterparties in Dry Cargo included 5 (5) mining companies, 1 (1) energy company, 6 (5) industrial enterprises, 6 (4) commodity distributors and 2 (2) financial institutions. In Tankers, the 5 largest counterparties included 2 (4) oil and gas companies and 3 (1) shipping companies. The Company's commercial credit exposure totalled USD 812 million (USD 1,008 million) at the end of 2014 with USD 709 million (USD 916 million) in Dry Cargo and USD 103 million (USD 92 million) in Tankers.

As a large part of the exposure is related to a few counterparties, a concentration risk arises. In Dry Cargo, coverage of known ship days involved 190 (196) counterparties, of which the 20 largest accounted for 87% (82%) of the covered revenue in the segment whereas the 5 largest counterparties accounted for 60% (54%). In Tankers, coverage was distributed on 48 (34) counterparties, of which the 5 largest accounted for 63% (92%) of the covered revenue in the segment. It is assessed that the main part of the 190 and 48 counterparties, respectively, are solid, and NORDEN keeps updated on the performance and activities of these companies on a regular basis.

In connection with newbuilding contracting, it is assessed whether the credit risk in relation to prepayments to the yard should be reduced through repayment guarantees issued by banks with good credit ratings.

Bunker price risk
The Company's largest variable cost is fuel in the form of bunker, and the total costs of the Company will therefore depend on the market price for bunker.

The Company uses bunker swaps to hedge future consumption of bunker when entering into COAs in case there is no bunker adjustment clause in the agreement. As the value of these is adjusted on an ongoing basis through the income statement, a timing mismatch between the hedging and the earnings impact of the underlying asset will occur. Bunker swaps are entered into with bunker of the IFO and MGO types as the underlying asset. Parts of the actual consumption are, however, of different types, e.g. low sulphur bunker. There is therefore a risk should the price differential between the different bunker types change.

The consumption of bunker in connection with future open ship days is not hedged. It is estimated that changes in expected bunker costs over time will be reflected in the freight rates as a result of a gradual adjustment in the market. In addition, there is significant uncertainty as to volume and type of bunker to be hedged on future open ship days.

Operational risks

Operational risk is defined as the risk of loss due to insufficient or failed internal procedures, human error or faulty systems or caused by external events.

The operation of vessels is exposed to a number of risks. In terms of value, the most material events covered by insurance are oil spills and total loss (lost value of owned vessels, purchase options and charter parties). The Company covers these risks by taking out insurances with recognised international insurance companies. The Company further minimises these risks by operating a modern fleet and by investing in the maintenance of the vessels and in staff awareness of both external and internal environments. In general, an increased operational risk is seen in the market as many ship owners economise on e.g. maintenance due to recent years' poor results. Therefore, NORDEN has great focus on the condition of the vessels in connection with short-term charters.

In a global company like NORDEN, it is crucial that the Company's IT systems are always available. The IT Department has established a technical emergency capacity with an IT environment distributed on 2 locations with mirrored critical systems. Also, the Company has established an IT Disaster Recovery Plan involving the entire organisation and supporting the IT Department in setting up emergency operations as soon as possible after a disaster.

Financial risks

The financial risk of the Company is the risk of lacking financing or liquidity as well as the risk of adverse movements in the Company's portfolio of financial instruments.

Interest rate risk

The part of the Company's loan obligations which has been entered into at floating interest rates and has been drawn as of end-2014 is converted into fixed interest rates in the whole or parts of the term of the loan by means of interest rate swaps. Interest rates on the part of the Company's debt with floating interest rates which has not yet been drawn has only been swapped into fixed interest rates to a limited extent. As a result of the Company's considerable cash balance, increasing interest rates will have a positive effect on the Company's results in the short term whereas increasing rates from 2017 and onwards will have a limited negative effect on results. Excess liquidity is placed in short-term deposits with fixed interest rates and to a smaller extent in securities. The interest rate risk of the Company does not have a significant effect on the results of the Company.

Currency risk

The Company's functional currency is USD. Since administrative expenses and dividends are paid in DKK, there is a currency risk in this connection. The Company hedges expected administrative expenses payable in DKK for a period of 6-24 months. In connection with newbuilding payments, typically in JPY, CNY or KRW, there is also a currency risk. This is hedged by forward contracts in connection with newbuilding orders. At the end of 2014, all newbuilding payments were, however, in USD. The strike price in some of the Company's purchase options is determined in JPY, and it is the Company's policy only to hedge these if the option is exercised and only upon exercise.

Liquidity risks

The Company maintains sufficient cash resources in order to manage the short-term fluctuations in cash flows. The uncertainty in connection with the development in liquidity is primarily due to fluctuations in bunker prices and freight rates. The Company's internal limits to the medium-term cash reserves ensure a considerable buffer in relation to the loan portfolio's cash covenants. Liquidity prognoses are made on a daily basis to support liquidity planning just as exposure to oil and freight derivatives with an effect on liquidity is reported continuously.

When entering into financial contracts, including bunker swaps, FFAs and interest rate swaps, margin is paid on an ongoing basis in proportion to the market value of the instrument. This is to ensure that the Company's credit risk in connection with these is kept small. As there is a timing mismatch between the underlying exposure and the market value of the financial contract, changes in liquidity may arise as a result of demands for further margins.

Capital management risks

The Company's formal external capital requirement is limited to the contributed capital of the parent company and the subsidiaries, which is significantly lower than the Group's equity.

The Group's equity ratio (excluding minority interests) was 64% (78%) at the end of 2014. This significant equity ratio should be considered relative to the Company's future payment obligations in the form of operating lease liabilities (T/C contracts) and payments for newbuildings not recognised in the statement of financial position.

As part of the management of NORDEN's capital structure, the Company's gearing, defined as net commitments relative to equity, is monitored on a monthly basis. The Board of Directors sets out a limit for this ratio, and in 2014, the ratio was not to exceed 1.50. At year-end 2014, the ratio of net commitments to equity was 1.09. Please see page 12 in the management commentary.

Net commitments are measured as the difference between the present value of total future T/C liabilities, payments to shipyards, instalments on loans less expected contractual freight and T/C payments received and cash.

NOTES TO THE FINANCIAL STATEMENTS

Overview of financial risks

Credit	Nominal value 2014	Nominal value 2013	Comments on NORDEN's policy
Freight receivables	USD 117 million	USD 157 million	The credit rating of counterparties is assessed on an ongoing basis.
Bank deposits	USD 188 million	USD 394 million	The Company's liquidity is strictly placed with financial institutions with a Moody's rating of at least A or classified as systemic important financial institutions (SIFI).
Bonds	USD 25 million	USD 63 million	A minor part of the Company's free capital is invested in securities, which as a minimum have a BBB rating in accordance with S&P ("investment grade"), a Moody's rating of Baa3 or corresponding creditworthiness without official rating.
Prepayments to yards	USD 98 million	USD 65 million	Newbuilding contracts with shipyards are mainly entered into with repayment guarantees issued by banks with good credit ratings. Of prepayments to yards of USD 98 million (USD 65 million), guarantees of USD 53 million (USD 43 million) have been obtained.
FFAs	Purchased net USD 54 million	Purchased net USD 57 million	To limit credit risk, the Company's FFAs are only entered into through established clearing houses and banks as these have daily margin settlement.
Bunker swaps	USD 118 million	USD 164 million	The Company's bunker swaps are entered into with financial institutions and with major, recognised business partners with good credit ratings. ISDA agreements are also entered into, ensuring continuous collateral.

Market	Nominal value 2014	Nominal value 2013	Sensitivity	Comments on NORDEN's policy
Freight rate risks (FFAs)	Purchased net USD 54 million	Purchased net USD 57 million	A 10% drop in freight rates at year-end would negatively impact net results by USD 4 million (negative impact of USD 9 million).	The Company primarily uses FFAs to cover physical ship days and in some cases to increase exposure to the market. Regardless that they usually provide effective financial hedging, FFAs do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Bunker price risks	USD 118 million	USD 164 million	A 10% drop in bunker prices at year-end would negatively impact net results by USD 8 million (negative impact of USD 17 million).	The Company only uses bunker swaps to cover its future known bunker consumption when entering into COAs. Regardless that they provide effective financial hedging, the swaps do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Currency risks	USD 7 million	USD 11 million	A 10% change in the DKK and JPY exchange rates at year-end 2014 would impact net results by USD 1 million (USD 1 million) and USD 0 million (USD 0 million), respectively, and equity by USD 0 million (USD 0 million) and USD 0 million (USD 0 million), respectively.	The Group's functional currency is USD. Currency risks therefore arise in connection with transactions in currencies other than USD, including administrative expenses in DKK, dividends in DKK, consideration paid for vessels purchased, typically in JPY, and investment of excess liquidity in DKK. The Company's exposure to other currencies than DKK and JPY is insignificant.
Interest rate risks			Based on the Group's liquidity and debt at year-end 2014, a 1% increase in interest rates would, all other things being equal, impact earnings before tax by USD 2 million (USD 4 million) and equity by USD 6 million (USD 10 million).	The Company's interest rate risks relate to interest-bearing assets and non-current debt. At the end of 2014, the majority of the Company's excess liquidity was placed in short-term fixed-interest deposits. The part of the Company's loans which have been entered into at floating rates have been converted into fixed rates for the entire or part of the term of the loan by means of interest rate swaps, and the Company's interest rate risks are therefore limited. A minor share of the Company's liquidity is mainly placed in floating-rate bonds.

Note Amounts in USD'000

3 Segment information

Accounting policies

Information is provided on the Group's 2 business segments, Dry Cargo and Tankers. The information is based on the Group's organisation, business management and management control, including internal financial reporting to NORDEN's operative management.

NORDEN's operative management function comprises the Executive Management and the Board of Directors in union. The Executive Management is responsible for the day-to-day management. The Board of Directors approves strategy, action plans, targets and budgets and limits for financial and market risks, and it supervises the Executive Management. The Executive Management's and Board of Directors' functions and responsibilities are described in further detail in the section "Corporate governance" in the management commentary.

The Dry Cargo segment offers transport of bulk commodities such as grain, coal, ore and sugar, and the services offered by NORDEN's Tanker segment comprise transport of crude oil or refined oil products. NORDEN's segments generate revenue consisting of freight and T/C income from owned and chartered vessels and management income. Information is not provided by geographical segment as the global market is a unit, and the activities of the individual vessels are not limited to specific parts of the world. Nor does the internal financial reporting for the operative management provide such information. It is therefore not possible to provide geographical segment information on revenue from external customers or non-current assets.

The accounting policies for segment information for the financial year under review are consistent with those for the previous financial year.

Presentation of the segment income statement items and their order are consistent with NORDEN's consolidated income statement, except for voyage costs, which are not included in the item "Vessel operating costs" but presented as a separate item, and the segment income statement therefore comprises the subtotal "T/C equivalent revenue". The names and contents of segment assets are consistent with the consolidated statement of financial position. In the internal financial reporting to the operative management, assets and liabilities are not broken down by segments, however, the Company has still decided to show the breakdown of assets between segments. In addition, investments of the year in non-current assets, number of employees and financial ratios which are also not part of the ongoing internal reporting are shown.

There are no significant inter-segment transactions.

The methods of allocating related assets, liabilities and equity and income statement items to the segments are consistent.

The allocation between Dry Cargo and Tankers is as follows:

- The items included in the segment profit, including the share of results of joint ventures, are allocated to the extent that the items are directly or indirectly attributable to the segments. Items that are allocated to both direct and indirect calculation comprise "Staff costs" and "Other external costs". Parts of these items are not attributable, either directly or indirectly, to a segment and are therefore unallocated. For the items allocated by indirect calculation, the allocation keys are defined on the basis of each segment's drawing on key resources. Financial income and expenses are unallocated as they are considered to relate to NORDEN in general. Tax relating to financials is unallocated. Other unallocated tax relates to unallocated non-current assets.
- Non-current segment assets consist of assets used directly in segment operations, including "Vessels" and "Prepayments on vessels and newbuildings" and "Investments in joint ventures".
- Current assets are allocated to segments to the extent that they are directly attributable to these, e.g. "Inventories" and "Freight receivables". Some of the freight receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Unallocated items are primarily income and expenses and assets relating to the Group's administrative functions, investment activity and similar activities.

Revenue

Revenue comprises the present value of services rendered, net of discounts. Services rendered comprise freight income and time charter income. Revenue is recognised in the income statement for the financial year as earned.

All freight income and voyage costs are recognised as the freight services are rendered (percentage of completion). The percentage of completion is determined using the discharge-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. According to this method, freight income and related costs are recognised in the income statement according to the entered charter

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

3 Segment information – continued

parties from the vessel's departure date to the delivery of the cargo (discharge). The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge (discharge to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs).

Demurrage is recognised if the claim is considered probable.

For vessels on time charters, that is operating leases, charter hire is recognised on a straight-line basis over the term of the lease.

Other operating income
Management income, mainly income in connection with administration of pool arrangements, is recognised upon delivery of the services in accordance with the management agreements concluded.

Vessel operating costs
Vessel operating costs comprise the expenses, excluding depreciation, incurred to generate the revenue for the year. Vessel operating costs therefore include charter hire for chartered vessels (operating leases), bunker oil consumption, other voyage costs such as commissions and port charges, repair and maintenance costs, insurance costs, crew wages and other operating expenses. Like revenue, vessel operating costs are recognised upon delivery of services in accordance with the charter parties concluded.

Other external costs
Other external costs comprise costs of properties, travel, office expenses, external assistance, etc.

Profit and loss from the sale of vessels, etc.
Profit and loss from the sale of vessels are stated as the difference between the sales price for the vessel less selling costs and the carrying amount of the vessel in question at the time of delivery. Furthermore, any gains and losses upon repayment of related loans are included.

Profit and loss from the sale of other tangible assets is also included.

Accounting choices and estimates
In recognition of freight income and voyage costs, including net income from pool arrangements, management decides on closing dates for voyages, etc.

Note	Amounts in USD'000	Dry Cargo	Tankers	Unallocated	Total
3	**Segment information – continued**				
	2014				
	Revenue – services rendered, external	1,600,758	437,349	0	2,038,107
	Voyage costs	-798,462	-191,625	0	-990,087
	T/C equivalent revenue	**802,296**	**245,724**	**0**	**1,048,020**
	Other operating income, net	7,807	141	0	7,948
	Charter hire for vessels	-1,012,922	-146,322	0	-1,159,244
	Other vessel operating costs	-53,538	-48,827	0	-102,365
	Other external costs	-12,168	-2,094	-3,795	-18,057
	Staff costs, onshore employees	-25,444	-4,379	-7,935	-37,758
	Earnings before depreciation, etc. (EBITDA)	**-293,969**	**44,243**	**-11,730**	**-261,456**
	Profit and loss from the sale of vessels, etc.	21	-25	0	-4
	Depreciation and write-downs	-34,352	-31,787	-2,050	-68,189
	Share of results of joint ventures	-5,974	126	0	-5,848
	Earnings from operations (EBIT)	**-334,274**	**12,557**	**-13,780**	**-335,497**
	Fair value adjustment of certain hedging instruments	-61,864	0	0	-61,864
	Financial income	0	0	7,980	7,980
	Financial expenses	0	0	-23,132	-23,132
	Tax for the year	-3,713	-451	1,043	-3,121
	Results for the year	**-399,851**	**12,106**	**-27,889**	**-415,634**
	Vessels	535,644	514,420	0	1,050,064
	Property and equipment	12	0	53,810	53,822
	Prepayments on vessels and newbuildings	27,166	70,679	0	97,845
	Investments in joint ventures	15,756	3,494	0	19,250
	Non-current assets	**578,578**	**588,593**	**53,810**	**1,220,981**
	Current assets	**221,425**	**69,082**	**266,528**	**557,035**
	- hereof tangible assets held for sale	16,954	0	0	16,954
	Assets	**800,003**	**657,675**	**320,338**	**1,778,016**
	Investments in non-current assets for the year	33,970	79,786	2,206	115,962
	Average number of employees, excluding employees on T/C vessels	762	465	22	1,249
	EBIT margin	-21%	3%	-	-16%
	Return on assets	-42%	2%	-	-19%

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue.

Significant non-cash income and expenses other than depreciation include provision for onerous time charter contracts of USD 230 million, fair value adjustment of certain hedging instruments of USD 62 million and share of results of joint ventures of USD 6 million. The figures are included under the segment Dry Cargo, however, income relating to shares of results of joint ventures of USD 0.1 million relates to the segment Tankers.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	Dry Cargo	Tankers	Unallocated	Total
3	**Segment information – continued**				
	2013				
	Revenue – services rendered, external	1,766,194	379,705	0	2,145,899
	Voyage costs	-897,587	-160,475	0	-1,058,062
	T/C equivalent revenue	**868,607**	**219,230**	**0**	**1,087,837**
	Other operating income, net	7,916	139	0	8,055
	Charter hire for vessels	-795,085	-132,231	0	-927,316
	Other vessel operating costs	-50,234	-41,747	0	-91,981
	Other external costs	-10,616	-1,745	-2,922	-15,283
	Staff costs, onshore employees	-25,722	-4,229	-7,081	-37,032
	Earnings before depreciation, etc. (EBITDA)	**-5,134**	**39,417**	**-10,003**	**24,280**
	Profits and loss from the sale of vessels, etc.	188	2,230	35	2,453
	Depreciation and write-downs	-42,421	-33,675	-2,949	-79,045
	Share of results of joint ventures	1,109	-75	0	1,034
	Earnings from operations (EBIT)	**-46,258**	**7,897**	**-12,917**	**-51,278**
	Fair value adjustment of certain hedging instruments	10,580	0	0	10,580
	Financial income	0	0	10,024	10,024
	Financial expenses	0	0	-12,483	-12,483
	Tax for the year	-4,087	-425	-79	-4,591
	Tax for the year	**-39,765**	**-7,472**	**-15,455**	**-47,748**
	Vessels	576,991	500,962	0	1,077,953
	Property and equipment	90	0	53,739	53,829
	Prepayments on vessels and newbuildings	8,616	55,943	0	64,559
	Investments in joint ventures	15,458	3,390	0	18,848
	Non-current assets	**601,155**	**560,295**	**53,739**	**1,215,189**
	Current assets	**292,665**	**47,764**	**505,624**	**846,053**
	- hereof tangible assets held for sale	0	0	0	0
	Assets	**893,820**	**608,059**	**559,363**	**2,061,242**
	Investments in non-current assets for the year	43,522	99,080	1,977	144,579
	Average number of employees, excluding employees on T/C vessels	736	417	22	1,175
	EBIT margin	-3%	2%	-	-2%
	Return on assets	-5%	1%	-	-2%

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue.

USD 8 million resulting from compensation received from counterparties regarding terminated T/C agreements and COAs is included in the revenue.

Note	Amounts in USD'000	2014	2013
4	**Fees to auditor appointed at the general meeting**		
	"Other external costs" include the following fees to PricewaterhouseCoopers:		
	Audit	294	294
	Other assurance services	29	32
	Tax consultancy	55	58
	Other services	198	179
	Total	**576**	**563**
5	**Staff costs**		
	Onshore employees:		
	Wages and salaries	33,378	32,349
	Pensions – defined contribution plans	1,814	1,657
	Other social security costs	1,173	933
	Share-based payment	1,393	2,093
		37,758	37,032
	Seafarers – the amount is included in "Vessel operating costs":		
	Wages and salaries	39,678	36,958
	Pensions – defined contribution plans	1,429	1,471
	Other social security costs	1,495	1,396
		42,602	39,825
	Total	**80,360**	**76,857**
	Average number of employees:		
	Onshore employees	283	260
	Seafarers	966	915
	Total	**1,249**	**1,175**

Staff costs and average number of employees exclude employees on T/C vessels but include employees and staff costs related to these paid by external technical managers.

	2014		**2013**	
	Parent company Board of Directors	Parent company Executive Management	Parent company Board of Directors	Parent company Executive Management
Wages and salaries	1,021	3,216	1,010	4,345
Other social security costs	0	2	0	2
Share-based payment	0	462	0	850
Total	**1,021**	**3,680**	**1,010**	**5,197**

CEO Carsten Mortensen resigned at the end of June 2014. Remuneration for the Executive Management only includes salary of former CEO Carsten Mortensen for the period until his resignation.

See the section "Remuneration" in the management commentary for a more detailed description of bonus and severance schemes for the Executive Management and a number of executives.

See also note 28 for a description of share-based payment.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

6 Fair value adjustment of certain hedging instruments

Accounting policies

Fair value adjustment of certain hedging instruments comprises changes in the fair values of derivative financial instruments that are used to hedge future bunker purchases and freight income but do not qualify as hedge accounting. As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same income statement item as the hedged transaction.

Fair value adjustment of certain derivative financial hedging instruments which do not qualify as hedge accounting amounts to:

	2014	2013
Bunker hedging:		
2013	0	709
2014	-6,081	904
2015	-27,540	252
2016	-4,026	-9
2017-2019	-4,914	-3
	-42,561	1,853
Realised fair value adjustment reclassified to "Vessel operating costs"	3,512	-1,048
	-39,049	805
Forward Freight Agreements:		
2013	0	-4,370
2014	-3,927	1,938
2015	-11,656	6,408
2016	-8,694	4,545
	-24,277	8,521
Realised fair value adjustment reclassified to "Revenue"	1,462	1,254
	-22,815	9,775
Total	**-61,864**	**10,580**

7 Financial income

	2014	2013
Dividends	604	288
Interest income	3,002	4,992
Hedging instruments	4,374	110
Exchange rate adjustments	0	4,634
Total	**7,980**	**10,024**

8 Financial expenses

	2014	2013
Interest costs, non-current debt, etc.	12,716	9,507
Securities, capital losses	1,679	219
Hedging instruments	0	2,757
Exchange rate adjustments	8,737	0
Total	**23,132**	**12,483**

Note Amounts in USD'000

9 Taxation

Accounting policies

The Company's current tax consists of tax paid according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for net financial income and other activities. Other activities comprise of letting of the Company's domicile and management income. Shipping activities are taxed on the basis of the net tonnage (vessels) which the parent company has at its disposal.

Based on the parent company's planned use of vessels and recovery of reversed depreciation, respectively, the tonnage tax regime does not result in a liability, hence it does not result in any deferred tax in the statement of financial position. The liability is therefore merely a contingent liability. Other activities of the Group and the parent company are not subject to deferred tax either.

Accounting choices and estimates

Based on NORDEN's business plans, the parent company has entered the Danish tonnage tax regime for a binding 10-year period from 2011.

Contingent tax, disclosed under this note, may become a current tax if the tonnage tax scheme is dissolved, if the Company's net investments in vessels decrease significantly or if the Company is liquidated. NORDEN's business plans therefore constitute an important basis for this estimate.

In addition, the tax rules are complicated when a company has activities that are partly covered by the tonnage tax scheme and partly by regular taxation. In calculation of the taxable income, estimates are made which in a later assessment by the Danish tax authorities may result in corrections to previous estimates of recognised tax assets and liabilities in the statement of financial position.

	2014	**2013**
Tax on the results for the year	3,630	4,780
Adjustment of tax regarding previous years	-509	-189
Total	**3,121**	**4,591**
Tax on the results for the year is broken down as follows:		
Results before tax	-412,513	-43,157
of which results from Danish tonnage activity	272,492	33,058
	-140,021	**-10,099**
Calculated tax of this, 24.5% (25%)	-34,305	-2,525
Tax effect from:		
- Higher/lower tax rate in subsidiaries	31,138	2,532
- Other	3,021	822
	-146	**829**
Tonnage tax	3,776	3,951
Total	**3,630**	**4,780**
If the Company's net investments in vessels decrease significantly or if the Company is liquidated, the contingent tax from before the Company joined the tonnage tax scheme will be released. However, this is estimated unlikely.		
Contingent tax under the tonnage tax scheme	16,318	16,318

Contingent tax is calculated at 22% (22%) equalling the tax rate for 2016 and going forward.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
10	**Earnings per share (EPS)**		
	Basic:		
	Results for the year for NORDEN's shareholders	-415,634	-47,746
	Weighted average number of shares (thousand)	40,459	40,770
	Earnings per share (USD per share)	**-10.27**	**-1.17**
	Diluted:		
	Weighted average number of shares (thousand)	40,459	40,770
	Adjusted for share options (thousand)	0	0
	Weighted average number of shares for diluted earnings per share (thousand)	40,459	40,770
	Diluted earnings per share (USD per share)	**-10.27**	**-1.17**

11 Tangible assets

Accounting policies

Tangible assest are measured at cost less accumulated depreciation and write-downs.

Cost comprises the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use.

Borrowing costs concerning either specific or general borrowing directly related to assets with an extended production period are included in cost over the period of construction.

The basis of depreciation is calculated as the excess of cost over the estimated residual value. The residual value of vessels is determined based on the market price per lightweight ton for scrapping of the vessel.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Vessels, including vessels acquired under finance leases	25 years
Fixtures, fittings and equipment	3-10 years

Docking costs of the vessels are activated and depreciated over the period until the next docking.

Land is not depreciated.

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period does not exceed 25 years from delivery from the shipyard.

Useful lives and residual values are reassessed annually.

Prepayments on newbuildings are recognised in assets as vessels under construction as payments are made. At the delivery of the vessel, it is reclassified to the item "Vessels".

The carrying amounts of tangible assets are analysed annually to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciation. An impairment test is conducted if there is an indication that the carrying amount of an asset may exceed the expected future cash flows from the asset. If there is such an indication, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount (cash-generating unit) is analysed for impairment.

Management's assessment of indication of impairment on vessels and prepayments on newbuildings is based on the cash-generating units (CGUs) in which vessels, etc. are included. This is usually the total fleet within NORDEN's 2 segments, Dry Cargo and Tankers.

Note	Amounts in USD'000

11 Tangible assets – continued

If the net selling price of the Company's vessels and newbuildings, expressed by the average of 3 broker valuations, is lower than the carrying amounts and cost of newbuildings, a further impairment test must be carried out based on value in use. The impairment test is carried out within NORDEN's 2 CGUs, Dry Cargo and Tankers, as the vessels within these 2 segments can usually be handled on a portfolio basis. The impairment test is done by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives including entered COAs, time charters with a WACC of 8% and by using estimated rates on the basis of historical data for uncovered capacity. If value in use is negative while the recoverable amount of owned vessels is assessed to be supported by the carrying amounts, a provision is made for onerous time charter contracts.

See note 21 in relation to provision for onerous time charter contracts.

Accounting choices and estimates

The Group's choice of historical cost rather than fair value as the basis for measuring tangible assets – vessels – has a material impact on the calculation of the Group's and the parent company's results and equity.

Significant accounting estimates include i.a. estimates of useful lives, residual values and impairment on tangible assets.

With effect from 1 January 2014, management has changed its estimate of the vessels' expected useful lives from 20 years to 25 years as well as the residual value. The reason for the change in useful lives is that experience shows that NORDEN's vessel types are not scrapped until after 25-30 years. Furthermore, the majority of the companies which NORDEN usually compares itself with also apply useful lives of 25 years. The change in residual value is based on the increasing market price of scrap steel.

The total effect of the changed estimates in the period positively affects EBIT by USD 19 million under the item "Depreciation and write-downs" and the item "Vessels" int the statement of financial position with a corresponding amount.

At the end of the financial year, the market value of the fleet (excluding joint ventures and assets held for sale) was USD 62 million (USD 83 million) below the carrying amounts, and the difference was divided between the 2 CGUs, Dry Cargo and Tankers, with USD -27 million (USD 54 million) and USD -35 million (USD 29 million), respectively. An impairment test was conducted for the CGUs by determining the value in use, where the long-term values are assessed.

Due to the large number of open ship days at the end of the financial year, the value in use calculation was very sensitive even to minor fluctuations in freight rates. As an indication of this sensitivity, a fluctuation of USD 1,000 per day in long-term freight rates would, all things being equal, change the CGU values by USD 181 million (USD 149 million) in Dry Cargo and USD 114 million (USD 91 million) in Tankers.

For at more detailed description of the impairment test at the end of the financial year, see the section "Financial review" in the management commentary.

Management assesses that the long-term values at the close of the financial year of both the Dry Cargo and Tanker fleet match the carrying amounts, and accordingly, there is no indication of further impairment or a need for further provision for onerous time charter contracts.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
11	**Tangible assets – continued**		

2014	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
Cost at 1 January	1,614,716	77,060	64,559	1,756,335
Additions for the year	17,791	2,206	90,415	110,412
Disposals for the year	0	-334	0	-334
Transferred during the year	57,129	0	-57,129	0
Transferred during the year to tangible assets held for sale	-71,0920	0	0	-71,092
Cost at 31 December	1,618,544	78,932	97,845	1,795,321
Depreciation at 1 January	-313,153	-23,231	0	-336,384
Depreciation for the year	-62,573	-2,137	0	-64,710
Reversed depreciation on vessels disposed of	0	258	0	258
Transferred during the year to tangible assets held for sale	30,856	0	0	30,856
Depreciation at 31 December	-344,870	-25,110	0	-369,980
Write-downs at 1 January	-223,610	0	0	-223,610
Write-downs at 31 December	-223,610	0	0	-223,610
Carrying amount at 31 December	**1,050,064**	**53,822**	**97,845**	**1,201,731**

Amount insured on vessels USD 1,241 million.

2013	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
Cost at 1 January	1,415,146	76,733	126,717	1,618,596
Additions for the year	14,904	1,977	122,508	139,389
Disposals for the year	0	-1,650	0	-1,650
Transferred during the year	184,666	0	-184,666	0
Cost at 31 December	1,614,716	77,060	64,559	1,756,335
Depreciation at 1 January	-237,217	-20,932	0	-258,149
Depreciation for the year	-75,936	-3,109	0	-79,045
Reversed depreciation on vessels disposed of	0	810	0	810
Depreciation at 31 December	-313,153	-23,231	0	-336,384
Write-downs at 1 January	-210,710	0	-12,900	-223,610
Transferred during the year	-12,900	0	12,900	0
Write-downs at 31 December	-223,610	0	0	-223,610
Carrying amount at 31 December	**1,077,953**	**53,829**	**64,559**	**1,196,341**

Amount insured on vessels USD 1,404 million.

Note	Amounts in USD'000	2014	2013
11	**Tangible assets – continued**		
	Contractual liabilities		
	The Company has entered into agreements for future delivery of newbuildings and purchase options, etc. The remaining contract amount is payable as follows:		
	Within 1 year	158,973	96,700
	Between 2 and 3 years	163,539	160,318
	More than 3 years	47,322	0
	Total	**369,834**	**257,018**

In the contractual newbuilding liabilities, payment of USD 53 million in 2015 relating to 2 sold newbuilding contracts is included where the yard has not formally signed the transfer to the buyer.

See note 24 for security provided for vessels.

12 Investments in joint ventures and recognition of joint operations

NORDEN engages in jointly controlled arrangements which include joint ventures and joint operations. In joint ventures, the parties do not have direct share in assets and liabilities, etc., but solely a share in the net profit or loss and equity. In contrast, joint operations provide the parties with direct rights to the assets and direct obligations for the liabilities. Each joint operator recognises its part of assets, liabilities, income and costs.

Joint ventures

Accounting policies

In the Group's income statement, the Group's shares of the joint ventures' results after tax are included in the item "Share of results of joint ventures".

Enterprises which are contractually operated jointly with one or more other enterprises and which are thus jointly controlled are recognised in the consolidated financial statements according to the equity method.

In the Group's statement of financial position, the Group's share of the net asset value of joint ventures is thus included in the item "Investments in joint ventures", calculated on the basis of the Group's accounting policies and after deduction or addition of the Group's share of any unrealised intra-group gains or losses.

Joint ventures with negative net asset values are valued at USD 0 million. If the Group has a legal or constructive obligation to cover the enterprises' negative balance, such obligation is recognised by writing down any receivable from the joint venture or under liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
12	**Investments in joint ventures and recognition of joint operations – continued**		
	Cost at 1 January	24,015	19,176
	Additions for the year	5,550	5,000
	Disposals for the year	0	-161
	Cost at 31 December	29,565	24,015
	Value adjustments at 1 January	4,833	3,739
	Share of results for the year	-5,848	1,034
	Reversed value adjustment on disposals for the year	0	75
	Transferred to offsetting against receivables	722	0
	Dividends paid	-22	-15
	Value adjustments at 31 December	-315	4,833
	Write-downs at 1 January	-10,000	-10,000
	Write-downs at 31 December	-10,000	-10,000
	Carrying amount at 31 December	**19,250**	**18,848**

Investments comprise:	**Ownership**	**Share of results of joint ventures**		**Carrying amount**	
		2014	**2013**	**2014**	**2013**
Norient Product Pool ApS, Denmark	50%	107	-100	3,450	3,343
Norient Cyprus Ltd., Cyprus	50%	19	25	44	47
ANL Maritime Services Pte. Ltd., Singapore	50%	0	6	0	0
NORD SUMMIT Pte. Ltd., Singapore	50%	-593	170	15,756	12,799
Polar Navigation Pte. Ltd., Singapore	50%	-5,381	933	0	2,659
Total		**-5,848**	**1,034**	**19,250**	**18,848**

	2014	**2013**
Guarantees regarding joint ventures	45,480	51,540
Liabilities regarding joint ventures	53,745	25,770
Key figures (100%)		
Revenue and other income	33,502	41,685
Costs	45,198	39,617
Non-current assets	67,866	55,126
Current assets	48,835	31,159
- hereof cash and cash equivalents	41,059	10,357
Non-current liabilities, debt	54,750	36,150
Current liabilities	25,108	14,096
Total results	-11,696	2,068
Share of results of NORDEN	**-5,848**	**1,034**
Total carrying amount	36,843	36,039
Adjustment	1,657	1,657
Carrying amount of NORDEN	**19,250**	**18,848**

No significant restrictions apply to distributions from joint ventures.

Note Amounts in USD'000

12 **Investments in joint ventures and recognition of joint operations – continued**

Joint operations

Accounting policies

NORDEN's shipping activities are to some extent conducted through pool arrangements. In pools, revenue and related costs are recognised according to criteria corresponding to those applied by NORDEN.

For vessels operating in pools, the pool's profit is allocated to the pool participants on the basis of an agreed principle. The agreed principle may differ from pool to pool. Generally, the pool profit is allocated to the participants according to the number of days the vessels have been at the pool's disposal, but weighted for the capacity and characteristics of the individual vessels.

Pool arrangements are considered joint operations. Accordingly for vessels operating in pools, the proportionate share of income and costs is presented as gross amounts in the income statement. For example, the share of revenue in pools is recognised in "Revenue", while the proportionate share of costs in pools, such as direct voyage costs (e.g. bunker oil, commissions and port charges) and charter hire for chartered pool tonnage, is recognised in "Vessel operating costs". Similarly, NORDEN's share of assets and liabilities in pools is recognised, and NORDEN's share of other liabilities, etc. is included in the notes to the financial statements.

NORDEN operates a few pools. As pool operator, NORDEN receives management income to cover its costs in this respect. Management income is calculated as a fixed percentage of charter/freight income for each individual agreement. The management income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

Joint operations comprise the following pools, which are all domiciled in Denmark:
Norient – Handy Pool
Norient – MR Pool
Norient – Short Term Tank Pool
Norient LR1 Pool
NORDEN Post-Panamax Pool
NORDEN Handysize Pool

NORDEN acts as manager of the 2 latter pools.

The following is an overview of NORDEN's total liabilities and coverage in respect of jointly controlled operations in the event that other pool partners are unable to meet their obligations.

	2014	2013
Share of unrecognised liabilities for which the partners are jointly and severally liable	**14,078**	**16,584**
Future operating lease liabilities:		
Within 1 year	12,320	13,318
Total*	**12,320**	**13,318**
Future COAs:		
Within 1 year	21,394	40,116
Between 1 and 5 years	40,430	40,812
More than 5 years	54,592	67,132
Total*	**116,416**	**148,060**
Future operating lease income:		
Within 1 year	70,456	111,913
Between 1 and 5 years	18,194	2,679
Total*	**88,650**	**114,592**

There are no other contribution requirements or significant contingent liabilities in relation to joint operations.

* Note 22 and 25 "Operating lease liabilities" and "COAs and operating lease income" include NORDEN's expected share hereof.

In addition, the Group participates in normal profit sharing agreements concerning 4 (4) vessels where profit sharing for the vessels is 50%. No contribution requirements or significant contingent liabilities are related to the agreements.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

13 Inventories

Accounting policies

Inventories primarily comprise bunker oil kept on board vessels. Inventories are measured at the lower of either cost according to the FIFO method or net realisable value.

14 Receivables

Accounting policies

Receivables are measured at amortised cost less provisions for impairment losses.

Accounting choices and estimates

Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

It is estimated that the provisions made are sufficient to cover any bad debts.

	2014	**2013**
Freight receivables	120,965	162,029
Provisions for bad debts	-3,911	-5,411
Freight receivables, net	117,054	156,618
Receivables from joint ventures	5,831	4,119
Other receivables	45,020	26,650
Total	**167,905**	**187,387**
The fair value of receivables amount to:		
Freight receivables	117,054	156,618
Receivables from joint ventures	5,831	4,119
Other receivables	45,020	26,650
Total	**167,905**	**187,387**
Development in write-downs on freight receivables:		
Write-downs at 1 January	-5,411	-5,305
Applied write-downs during the year	1,500	900
Reversed write-downs	220	3,900
Write-downs for the year	-220	-4,906
Write-downs at 31 December	**-3,911**	**-5,411**
Freight receivables which have been written down in provision for bad debts amount to:	5,783	8,897
Freight receivables due which have not been written down in provision for bad debts amount to:		
- due in less than 3 months	1,872	3,396
Total	**1,872**	**3,396**

Note Amounts in USD'000

14 Receivables – continued

Loss on other receivables is not expected, and thus, no write-downs have been made. Joint ventures are written down by USD 722 thousand.

Regarding freight receivables, the Company usually has the opportunity to use the cargo as security. See also note 2.

The carrying amount of receivables is distributed on the following currencies:

	2014	2013
USD	166,804	186,378
DKK	279	287
Other currencies	822	722
Total	**167,905**	**187,387**

See note 33 for fair value hierarchy.

15 Securities

Accounting policies

Shares and bonds available for sale are recognised under current assets at fair value at the trade date and are subsequently measured at market price in respect of listed securities and at fair value applying a valuation method in respect of unlisted securities.

If securities are impaired, they are written down. Value adjustments of shares and bonds are recognised in net financials when realised. Until realisation, value adjustments of listed shares and bonds are recognised through other comprehensive income in the reserve for securities, except exchange rate adjustments of bonds denominated in foreign currencies, which are recognised in the income statement under net financials.

	2014	2013
Shares	14,905	16,809
Bonds	24,967	63,017
Total	**39,872**	**79,826**

See note 33 for fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
16	**Cash and cash equivalents**		
	Accounting policies		
	Cash and cash equivalents are measured in the statement of financial position at nominal value.		
	Demand deposits and cash balance	30,310	29,590
	Money market investments	157,647	364,694
	Other cash and cash equivalents	10,437	11,951
	Cash and cash equivalents according to the statement of financial position	**198,394**	**406,235**
	- hereof cash and cash equivalents with rate agreements of more than 3 months, etc.	61,015	187,460
	Cash and cash equivalents according to the statement of cash flows	**137,379**	**218,775**
	Money market investments at year-end have maturities of up to	271 days	245 days
	There are money deposits relating to vessel loans with BNP Paribas of USD 8 million (USD 8 million), which mature in 2021.		
	In connection with trading in derivative financial instruments, NORDEN has established margin accounts with DNB, NASDAQ OMX and Skandinaviska Enskilda Banken (SEB) in the form of cash.		
	At 31 December, cash held in margin accounts placed as security amounted to	10,390	11,930

Note Amounts in USD'000

17 Tangible assets held for sale

Accounting policies

Tangible assets held for sale comprise of vessels which will be sold within 12 months of the reporting date and prepayments on newbuildings under construction which will be sold on delivery within 12 months of the reporting date.

Vessels and prepayments on vessels held for sale are measured at the lower of carrying amount and fair value less selling costs and are recognised under current assets.

Depreciation is not provided for vessels held for sale if the residual value (the selling price) of the vessels equals or exceeds their carrying amounts.

Assets and directly related liabilities in relation to tangible assets held for sale are recognised in separate items in the statement of financial position.

Gains and losses are included in the income statement in the item "Profit and loss from the sale of vessels, etc." and are recognised on delivery for gains and by classification as "held for sale" for losses.

	2014	**2013**
Tangible assets held for sale – vessels:		
Carrying amount at 1 January	0	45,879
Additions for the year to tangible assets held for sale	0	190
Additions for the year from vessels	40,236	0
Disposals for the year	-19,803	-46,069
Write-downs for the year	-3,479	0
Carrying amount at 31 December	**16,954**	**0**

Amount insured on assets held for sale USD 25 million

18 Reserves

	2014	**2013**
Securities:		
Fair value adjustment at 1 January	13,871	13,578
Fair value adjustment for the year, net	762	512
Transferred to net financials	-1,679	-219
Fair value adjustment at 31 December	12,954	13,871
Cash flow hedges:		
Fair value adjustment at 1 January	-5,737	-10,031
Fair value adjustment for the year, net	294	4,294
Fair value adjustment at 31 December	-5,443	-5,737
Total	**7,511**	**8,134**

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

19 Equity

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption by the shareholders in general meeting. Dividend proposed by management in respect of the year is stated under equity.

Treasury shares

The acquisition and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity.

The share capital consists of 42,200,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

Treasury shares	Number of shares		Nominal value (DKK'000)		% of share capital	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
1 January	2,229,012	1,722,161	2,229	1,722	5.18	4.00
Acquired	347,255	718,857	347	719	0.82	1.67
Distributed	0	-483	0	0	0.00	0.00
Sold	-36,322	-211,523	-36	-212	-0.09	-0.49
Cancelled	-800,000	0	-800	0	-1.90	0.00
31 December	**1,739,945**	**2,229,012**	**1,740**	**2,229**	**4.12**	**5.18**

The Company is authorised by the general meeting to acquire a maximum of 4,220,000 treasury shares, equal to 10% of the share capital.

Treasury shares are acquired i.a. for the purpose of hedging liabilities in connection with share-based payment, see note 28.

In 2014, the Company acquired 347,255 treasury shares equal to a purchase price of DKK 77,797 thousand (USD 14,203 thousand) and sold 36,322 treasury shares equalling a value of DKK 6,791 thousand (USD 1,260 thousand). In addition, the Company has cancelled 800,000 treasury shares corresponding to a nominal value of DKK 800 thousand (USD 127 thousand).

In 2013, the Company acquired 718,857 treasury shares equal to a purchase prise of DKK 146,359 thousand (USD 26,122 thousand) and sold 212,006 treasury shares equalling a value of DKK 37,382 thousand (USD 6,757 thousand), including distribution of 483 employee shares.

At 1 January 2014, the Company had a total of 40,770,988 outstanding shares of DKK 1 each, and at 31 December 2014, a total of 40,460,055 outstanding shares of DKK 1 each.

Note Amounts in USD'000

20 Bank debt

Accounting policies

Bank debt is recognised at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan, to the effect that the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan. Commission paid to set up a credit facility is recognised as transaction costs to the extent that it is probable that the facility will be partially utilised. To the extent that it is not probable that the facility will be partially or fully utilised, commission is recognised as a prepayment for making the facility available and amortised over the term of the credit facility.

Interest-bearing liabilities include bank debt, which includes the following items:

	2014	2013
Current portion of non-current debt within 1 year	27,647	27,647
Non-current liabilities between 1 and 5 years	110,587	110,587
Non-current liabilities over 5 years	92,321	119,981
Total	**230,555**	**258,215**

Interest-bearing liabilities comprise:

	2014	2013
Carrying amount:		
Fixed-rate loans	25,240	25,240
Floating-rate loans*	212,339	241,053
Borrowing costs	-7,024	-8,078
Total	**230,555**	**258,215**
Fair value:		
Fixed-rate loans	26,772	25,088
Floating-rate loans*	212,339	241,053
Total	**239,111**	**266,141**

* Floating-rate loans are partly hedged by interest rate swaps, see note 26.

Mortgages and security provided in relation to liabilities are disclosed in note 24.

See note 33 for fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

21 Provisions

Accounting policies

Provisions are recognised when, as a consequence of an event that has occurred before or on the reporting date, the Group has a legal or constructive obligation, and it is likely that economic benefits will flow from the Company to meet the obligation.

Provisions include provision for docking for vessels on bareboat charter and provision for onerous time charter contracts.

Provisions are recognised in the income statement under the item "Vessel operating costs".

Accounting choices and estimates

The determination of provisions is based on management's best estimate of future events and is therefore subject to significant uncertainty.

Provision for docking is made on an ongoing basis with an amount corresponding to the proportionate share of estimated costs for the individual vessels' next docking.

Provision for onerous contracts is recognised when it is inevitable that a loss will be incurred on performance of the contract. The provision is measured according to management's best estimate of expected future freight and charter rates and is measured at net realisable value. The estimate includes an assessment of the future development in the world fleet, freight volumes, historical rates and current market rates, respectively.

Determining the level of future freight rates is subject to great uncertainty, and the calculation of provision for onerous contracts is very sensitive to changes in freight rates. Thus, a change in future freight rates of USD +/-1,000 per day would mean a change in provision for onerous contracts of USD 230 million of USD +/- 56 million.

See note 11 for further description of recognition and measurement of provision for onerous time charter contracts.

2014	**Onerous contracts**	**Docking**	**Total**
Provisions at 1 January	0	0	0
Provisions made during the year	230,169	291	230,460
Reversed provisions during the year	0	0	0
Provisions at 31 December	**230,169**	**291**	**230,460**
Provisions are distributed as follows:			
Within 1 year	80,474	0	80,474
Between 1 and 5 years	146,632	291	146,923
More than 5 years	3,063	0	3,063
Total	**230,169**	**291**	**230,460**

Note Amounts in USD'000

22 Operating lease liabilities

Accounting policies

Agreements to charter vessels and to lease other tangible assets where all substantial risks and rewards of ownership have been transferred to the Group (finance leases) are recognised in the statement of financial position. Other agreements to charter vessels and other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-lined basis in the income statement over the terms of the leases.

Accounting choices and estimates

Management's assessment of whether leases on vessels should be classified as financial or operational leasing is based on an overall evaluation of each lease. In financial leasing, a non-current asset and a payable are recognised. In classification as operational leasing, the running lease payments are generally recognised in the income statement.

Operating lease payments in the form of charter hire including daily operating costs recognised in the income statement are disclosed in note 3.

Leases have originally been entered into with a mutually interminable lease period of up to 11 years. Some leases include an option to renew for 1 additional year at a time for up to 3 years. Leases may also include purchase options, typically exercisable as from the end of the third year to the expiry of the period of renewal. Exercise of the purchase option on the individual vessel is based on an individual assessment. None of the leases comprise contingent lease payments.

	2014			2013		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	316,504	110,597	427,101	391,709	119,055	510,764
Between 1 to 5 years	816,997	118,272	935,269	866,078	142,481	1,008,559
More than 5 years	351,107	10,556	361,663	484,340	7,285	491,625
Total	**1,484,608**	**239,425**	**1,724,033**	**1,742,127**	**268,821**	**2,010,948**
- hereof provision*	230,169	0	230,169	0	0	0
Total	**1,254,439**	**239,425**	**1,493,864**	**1,742,127**	**268,821**	**2,010,948**

* Provision for onerous time charter contracts. See note 21.

For information on ship days distributed on years, see capacity and coverage in the management commentary. For information on the Company's charter parties with purchase option, see the sections "Fleet development" and "Fleet values" in the management commentary.

The above includes NORDEN's expected share of jointly controlled operating lease liabilities. See note 12.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000

23 Unrecognised contingent assets and liabilities

Accounting policies

Contingent assets are recognised when it is practically certain that the claim will have a positive outcome for the Group. A contingent liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. If this is not the case, the matter is stated below. Rulings in connection with such matters may in coming accounting periods produce realised gains or losses which may differ considerably from the recognised amounts or information.

Accounting choices and estimates

Information on contingent assets and liabilities and when recognition should be made as asset and liability, respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in considerable claims also include assessments obtained from external advisors including lawyers, among others.

	2014	2013
Contingent assets		
The Group has raised claims against third party regarding non-performance of cargo contracts, etc. The Group and its legal advisors consider the claims to be justified and probable.		
There is uncertainty as to when the claims will be settled as well as the financial result hereof. No recognition hereof has been made as the existence of the assets is dependent on several uncertain future events that are beyond the control of the Group, and therefore, it is virtually not certain that it is an asset.	6,250	7,275
Contingent liabilities		
Guarantee commitments do not exceed	25	137
Claims have been made against the Group, primarily concerning discharge responsibility and broker fees, etc. The Group and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	4,300	3,300

24 Mortgages and security

	2014	2013
As security for bank debt	230,555	258,215
a total number of vessels of	13	13
with a carrying amount of	385,795	403,338
have been mortgaged at	417,026	417,026

Note Amounts in USD'000

25 COAs and operating lease income

Accounting policies

Agreements to charter out vessels on time charters where all significant risks and rewards of ownership have been transferred to the lessee (finance leases) are recognised as a receivable in the statement of financial position. The receivable is measured in the same way as the lease liability in cases where the Group is the lessee, see note 22.

Other agreements to charter out vessels are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

Accounting choices and estimates

See note 22 for accounting choices and estimates.

At 31 December, the Group had entered into COAs with customers amounting to:

	2014			2013		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Within 1 year	132,150	0	132,150	179,453	0	179,453
Between 1 to 5 years	156,743	0	156,743	170,548	0	170,548
More than 5 years	115,500	0	115,500	143,820	0	143,820
Total	**404,393**	**0**	**404,393**	**493,821**	**0**	**493,821**

The Group has operating lease income amounting to:

	2014			2013		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Within 1 year	47,140	32,883	80,023	130,464	47,846	178,310
Between 1 to 5 years	155,787	11,606	167,393	168,025	2,395	170,420
More than 5 years	88,901	0	88,901	127,251	0	127,251
Total	**291,828**	**44,489**	**336,317**	**425,740**	**50,241**	**475,981**

The above includes NORDEN's expected share of COAs and operating lease income. See note 12.

26 Financial instruments

Accounting policies

Derivative financial instruments are recognised in the statement of financial position at fair value at the date of transaction. Positive and negative fair values of derivative financial instruments are recognised as assets under "Other receivables" or as liabilities under "Other payables", respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement in the same item as any changes in the carrying amount of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future transactions are recognised in equity under "Reserve for cash flow hedges", see note 18. Where the expected future transaction results in the acquisition of non-financial assets, any amounts deferred under equity are transferred from equity to the cost of the asset. Where the expected future transaction results in income or expense, amounts deferred under equity are transferred from equity to the income statement in the same item as the hedged transaction.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

26 Financial instruments – continued

The majority of the Group's derivative financial instruments provide effective financial hedging in accordance with the Group's risk management policy. Certain of the derivative financial instruments (FFAs and bunker hedging contracts) are not considered to qualify for hedge accounting according to accounting regulations. Changes in the fair value of these derivative financial instruments are recognised in the income statement in a separate item under financials called "Fair value adjustment of certain hedging instruments". As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same item as the hedged transaction.

Fair value measurement
In measuring the fair value of unlisted derivative financial instruments and other financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques. Market-based parameters such as market-based yield curves and forward exchange prices are used for the valuation. For bunker contracts, the price is based on observable stock markets, e.g. Rotterdam and Singapore. The value of FFAs is assessed on the basis of daily recorded prices from the Baltic Exchange. For non-current liabilities and other interest rate based financial instruments, the fair value is based on a discounted value of future cash flows. The 0-coupon rate with the addition of the company's interest margin is used as discount factor.

The fair value of financial assets and financial liabilities with a maturity of less than 1 year is assumed to approximate their face values less any estimated credit adjustments.

Hedge accounting:
For more information on the Company's overall risk management, see the description in note 2.

	2014	2013
Interest rate swap – cash flow hedging:		
Contractual value (outstanding debt)	271,338	241,052
Market value:		
Contracts with an unrealised loss (liability)	-5,443	-5,737
Recognised in equity at 31 December	**-5,443**	**-5,737**

All contracts have been entered into with a remaining term of up to 12 years on the reporting date.

Gains and losses on hedging transactions taken to the fair value reserve are recognised in the income statement at the same time as payment of interest on the underlying loans.

Financial hedging:
At 31 December, the Group had entered into hedging transactions where hedge accounting is not used and where assets and liabilities are recognised with the following amounts:

	2014			2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Bunker hedging	2,619	-38,820	-36,201	3,396	-549	2,847
Forward Freight Agreements	0	-17,861	-17,861	16,694	0	16,694
Cross currency swaps	1,116	0	1,116	0	-4,379	-4,379
Forward exchange contracts	8,451	0	8,451	0	-11,909	-11,909

Note Amounts in USD'000

27 Related party disclosures and transactions with related parties

Accounting policies

Related parties include the Board of Directors and Executive Management as well as their close relatives. Related parties also include companies in which the above persons have significant interests as well as companies and foundations which have direct or indirect considerable influence through shareholdings.

The Group has no related parties controlling NORDEN.

Subsidiaries are shown in note 32.

In addition, related parties include joint ventures, see note 12.

Trading and accounts with related parties comprise:

	2014	2013
Sale of goods and services		
- joint ventures	10,733	10,264
Purchases of goods and services		
- joint ventures	8,273	9,201
Dividends from		
- joint ventures	21	15
Receivables from related parties		
- joint ventures	5,831	4,119
Debt to related parties		
- joint ventures	20	186
Dividends paid to related parties		
- Board of Directors and Executive Management	124	70
- A/S Motortramp	11,851	6,304
- RASMUSSENGRUPPEN AS	4,870	2,590
- A/S Dampskibsselskabet Orients Fond	443	236

Guarantees to joint ventures are mentioned in note 12.

Accounts with joint ventures are related to operations, unsecured and with usual interest rates.

Payment for competition clause to former CEO amounts to USD 388 thousand.

Remuneration and share-based payment of the Board of Directors and the Executive Management are disclosed in notes 5 and 28.

No other transactions took place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

28 Share-based payment

Accounting policies

Share-based incentive programme

The value of services rendered by employees as consideration for share-based incentive payments is measured at the fair value of the granted options and employee shares. For options, this fair value is recognised in the income statement over the vesting period. The fair value of employee shares is recognised at the grant date. A corresponding increase is recognised in equity.

The fair value of the options is determined using the Black-Scholes valuation model, taking into account the terms of the grant and the actual number of vested options. On recognition, the number of options expected to vest is estimated. The estimate is adjusted over the vesting period to the actual number of vested options. The fair value of the employee shares is the quoted price (all trades at 5 p.m.) at the grant date.

In the years 2009-2014, the Board of Directors has granted share options comprising a total of 2,243,175 shares to a number of executives. The distribution between years and exercise periods can be seen below. It applies to all the programmes that the options entitle the holder to acquire one share per option at an exercise price.

The share options may be exercised after at least 3 years and no more than 6 years from the respective grant dates. Exercise of the share options of the Executive Management and executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of death and illness.

Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

The exercise price is determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and an effective interest rate of 8% p.a. for the years until any exercise (2009-2010) or plus a fee of 20% (2011-2012) or 10% (2013-2014), respectively, in proportion to the market price at the date of grant.

Changes in the number of outstanding share options are as follows:

	2014	**2013**
	Number of options	Number of options
Outstanding at 1 January	1,358,694	1,211,325
Granted during the period	414,000	400,000
Lapsed during the period	-332,523	-41,108
Exercised during the period*	-36,322	-211,523
Outstanding at 31 December	**1,403,849**	**1,358,694**

* Weighted average share price at the exercise dates of DKK 251.

Note Amounts in USD'000

28 Share-based payment – continued

Outstanding share options are composed as follows:

	Number of share options				
	Originally granted in total	Executive Management	Other executives	Others	Total
Granted 9 March 2009	379,175	5,000	20,665	36,252	61,917
Granted 9 March 2010	350,000	63,662	90,497	69,958	224,117
Granted 2 March 2011	350,000	54,145	95,266	77,242	226,653
Granted 7 March 2012	350,000	50,859	94,619	88,723	234,201
Granted 6 March 2013	400,000	91,979	133,247	92,603	317,829
Granted 11 March 2014*	414,000	91,943	146,901	100,288	339,132
Outstanding at 31 December	**2,243,175**	**357,588**	**581,195**	**465,066**	**1,403,849**

* 14,000 share options of which were granted to the new head of the Technical Department upon taking up the position on 1 May 2014.

The division into employee categories is based on the title of the employee at the grant date. Resigned employees are included in the category "Others". For a more detailed specification of the share options distributed within the Senior Management at the end of the year, see the section "Management" in the management commentary.

	Per option, DKK			
	Exercise price at 31 December 2014	Allotment price	Number of options	Exercise period
Granted 9 March 2009	188.02	155.03	61,917	9/3 2012 - 9/3 2015
Granted 9 March 2010	315.02	241.13	224,117	9/3 2013 - 9/3 2016
Granted 2 March 2011	202.39	222.39	226,653	2/3 2014 - 2/3 2017
Granted 7 March 2012	182.70	194.70	234,201	7/3 2015 - 7/3 2018
Granted 6 March 2013	193.95	201.95	317,829	6/3 2016 - 6/3 2019
Granted 11 March 2014	257.62	262.62	339,132	11/3 2017 - 11/3-2020
Outstanding at 31 December	**227.88**		**1,403,849**	

The fair value of granted share options in 2009, 2010, 2011, 2012, 2013 and 2014 amounts to USD 2.9 million, USD 3.3 million, USD 3.4 million, USD 2.4 million, USD 1.8 million and USD 2.1 million, respectively, and is recognised in the income statement over the vesting period and set off against equity. The expense for the year is USD 1,393 thousand (USD 2,093 thousand excluding employee shares).

The calculated fair value at the grant date is based on the Black-Scholes option value model. The calculation of the fair values of options at the grant date was based on the following assumptions:

	2014	**2013**	**2012**	**2011**	**2010**	**2009**
Volatility	25.6%	29.4%	54.8%	58.4%	50.4%	59.4%
Rate of yield	200%	200%	400%	500%	500%	500%
Risk-free interest rate	0.24%	0.24%	0.69%	2.38%	1.67%	2.21%
Revaluation of exercise price	10%	10%	20%	20%	8% p.a.	8% p.a.

All options are granted and exercised at the earliest opportunity, however, after 3.25 years for the grant in 2011, 2012, 2013 and 2014.

The expected volatility is based on the historical volatility (calculated as the weighted average remaining term of granted share options) adjusted for expected changes hereto as a result of publicly available information.

The expected term is based on the historical term of previously granted share options.
The assumed dividend per share is based on historical dividends.
The risk-free interest rate is based on Danish government bonds.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

29 Liquidity risk

The terms to maturity of financial assets and liabilities are disclosed by category and class distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined based on a 0-coupon interest structure adjusted with the company's interest margin. All cash flows are undiscounted.

	2014				
	Maturities				
	Within 1 year	Between 1-3 years	More than 3 years	Total	Carrying amount
Derivative financial instruments					
Derivative financial instruments with a positive market value	10,569	233	817	11,619	12,186
Derivative financial instruments with a negative market value	-29,916	-6,934	-1,970	-38,820	-38,820
Cash flow hedging with a negative market value	-3,670	-1,740	-390	-5,800	-5,443
Loans and receivables measured at amortised cost					
Cash and cash equivalents	198,394	0	0	198,394	198,394
Freight receivables	117,054	0	0	117,054	117,054
Receivables from joint ventures	5,831	0	0	5,831	5,831
Other receivables	32,834	0	0	32,834	32,834
Total	354,113	0	0	354,113	354,113
Financial assets available for sale:					
Bonds	0	15,452	8,061	23,513	24,967
Financial liabilities measured at amortised cost					
Bank debt*	-34,135	-70,369	-172,506	-277,010	-230,555
Payables to joint ventures	-20	0	0	-20	-20
Trade and other payables	-100,799	0	0	-100,799	-100,799
Total	-134,954	-70,369	-172,506	-377,829	-331,374
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Listed shares	759	0	0	759	759
Unlisted shares	14,146	0	0	14,146	14,146
Total	14,905	0	0	14,905	14,905

Note	Amounts in USD'000

29 Liquidity risk – continued

	2013				
	Maturities				
	Within 1 year	Between 1-3 years	More than 3 years	Total	Carrying amount
Derivative financial instruments					
Derivative financial instruments with a positive market value	5,527	14,814	19	20,360	20,360
Derivative financial instruments with a negative market value	-15,867	-1,250	-934	-18,051	-16,837
Cash flow hedging with a negative market value	-3,641	-3,976	1,930	-5,687	-5,736
Loans and receivables measured at amortised cost					
Cash and cash equivalents	406,235	0	0	406,235	406,235
Freight receivables	156,618	0	0	156,618	156,618
Receivables from joint ventures	4,119	0	0	4,119	4,119
Other receivables	16,589	0	0	16,589	16,589
Total	583,561	0	0	583,561	583,561
Financial assets available for sale:					
Bonds	35,018	4,145	21,965	61,128	63,017
Financial liabilities measured at amortised cost					
Bank debt*	-34,445	-70,183	-214,772	-319,400	-258,215
Trade and other payables	-138,758	0	0	-138,758	-138,758
Total	-173,203	-70,183	-214,772	-458,158	-396,973
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Listed shares	816	0	0	816	816
Unlisted shares	15,993	0	0	15,993	15,993
Total	16,809	0	0	16,809	16,809

* The fair value of bank debt calculated as the present value of expected future repayments and interest payments amounts to USD 239,111 thousand (USD 266,141 thousand). As discount rate at the calculation of present value, a 0-coupon interest with similar maturities adjusted with the company's interest margin has been used. The fair value of other items corresponds to the carrying amount.

On the reporting date, floating-rate loans have an interest rate of 6 months' LIBOR plus a margin of up to 1.9%. On conclusion of interest rate swaps, see note 26, the floating rate is converted into a fixed rate of between 1.31%-2.48% for a term of 1-5 years.

See note 33 for fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
30	**Change in working capital**		
	Inventories onboard vessels	38,850	-566
	Freight and other receivables, etc.	26,641	-39,026
	Trade and other payables, etc.	-64,960	8,502
	Fair value adjustments of cash flow hedging instruments taken to equity	294	4,294
	Total	**825**	**-26,796**
31	**Dividends**		
	The amount available for distribution as dividends comprises:	399,769	739,558

Dividends paid in 2014 and 2013 amount to USD 39,833 thousand (DKK 5 per share) and USD 22,883 thousand (DKK 3 per share), respectively. The proposed dividend for 2014 is USD 0 thousand (DKK 0 per share). The proposed dividend for 2014 will be considered on the annual general meeting on 23 April 2015.

Note		2014	2013
32	**Subsidiaries**		
	Consolidated subsidiaries comprise:	Ownership	Ownership
	NORDEN Shipping (Singapore) Pte. Ltd., Singapore	100%	100%
	NORDEN Tankers & Bulkers (USA) Inc., USA	100%	100%
	NORDEN Tankers & Bulkers do Brazil Ltda., Brazil	100%	100%
	NORDEN Tankers & Bulkers India Pvt. Ltd., India	100%	100%
	Svalbard Maritime Services AS, Norway	100%	100%
	NORDEN Shipping (Australia) Pty. Ltd., Australia	100%	-

Note Amounts in USD'000

33 Fair value hierarchy

Financial instruments measured at fair value are shown in accordance with the following accounting hierarchy:

Level 1: Observable market prices of identical instruments.
Level 2: Valuation models primarily based on observable prices or trading prices of comparable instruments.
Level 3: Valuation models primarily based on non-observable prices.

	Level 1	Level 2	Level 3
Derivative financial instruments		x	
Listed shares	x		
Unlisted shares			x
Bonds	x		
Receivables		x	
Bank debt		x	
Deferred income		x	

Derivative financial instruments: Fair value of NORDEN's forward exchange contracts and other derivative financial instruments (commodity instruments) are considered for fair value measurement at level 2 as the fair value can be determined directly on the basis of the published exchange rates and forward interest rates and prices at the reporting date.

Listed shares and bonds: Fair value measurement of shares and bonds is at level 1 as the fair value is determined on the basis of share prices.

Unlisted shares: Fair value is based on published financial statements and is thus level 3. The fair value adjustment for the year amounts to USD -1,847 thousand (USD 668 thousand).

Other financial instruments: Fair value of NORDEN's other financial instruments is considered for fair value measurement at level 2 as the fair value can be determined on the basis of trade prices.

34 Events after the reporting date

See page 7 in the management commentary.

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2014	2013
	Revenue	**1,791,831**	**1,915,980**
	Other operating income, net	7,869	8,027
	Vessel operating costs	-1,913,739	-1,871,154
	Other external costs	-20,039	-16,775
2	Staff costs	-49,474	-47,338
	Earnings before depreciation, etc. (EBITDA)	**-183,552**	**-11,260**
	Profits from the sale of vessels, etc.	0	-38
5	Depreciation and write-downs	-26,861	-31,922
	Earnings from operations (EBIT)	**-210,413**	**-43,220**
6	Earnings from investments in subsidiaries	-125,714	-8,505
7	Earnings from investments in joint ventures	126	-75
3	Fair value adjustment of certain hedging instruments	-61,864	10,580
	Financial income	7,349	5,438
	Financial costs	-23,083	-7,804
	Results before tax	**-413,599**	**-43,586**
4	Tax for the year	-2,952	-3,866
	RESULTS FOR THE YEAR	**-416,551**	**-47,452**
	Proposal for the distribution of net profit:		
	Proposed dividend	0	39,721
	Reserve for net revaluation according to the equity method	-125,610	-8,580
	Retained earnings	-290,941	-78,593
	Total	**-416,551**	**-47,452**
	Proposed dividend per share, DKK	0.00	5.00

BALANCE SHEET AT 31 DECEMBER – ASSETS

Note	Amounts in USD'000	2014	2013
5	Vessels	378,772	334,498
5	Property and equipment	53,440	53,487
5	Prepayments on vessels and newbuildings	89,229	55,943
	Tangible assets	**521,441**	**443,928**
6	Investments in subsidiaries	752,878	878,417
7	Investments in joint ventures	3,494	3,390
	Financial assets	**756,372**	**881,807**
	Non-current assets	**1,277,813**	**1,325,735**
	Inventories	61,195	96,493
	Freight receivables	103,870	136,967
	Receivables from subsidiaries	560	95
	Receivables from joint ventures	3,307	3,908
	Company tax	351	861
	Other receivables	43,898	25,816
	Prepayments	39,474	42,757
	Receivables	191,460	210,404
	Securities	39,872	79,826
	Cash and cash equivalents	191,873	403,641
	Current assets	**484,400**	**790,364**
	ASSETS	**1,762,213**	**2,116,099**

BALANCE SHEET AT 31 DECEMBER – EQUITY AND LIABILITIES

Note	Amounts in USD'000	2014	2013
8	Share capital	6,706	6,833
	Reserve for net revaluation according to the equity method	732,816	858,426
	Retained earnings	399,769	699,837
	Proposed dividend for the financial year	0	39,721
	Equity	**1,139,291**	**1,604,817**
9	Provisions	124,460	0
	Provisions	**124,460**	**0**
10	Bank debt	202,908	230,568
	Non-current liabilities other than provisions	**202,908**	**230,568**
10	Bank debt	27,647	27,647
	Trade payables	77,042	109,296
	Debt to subsidiaries	102,090	74,981
	Debt to joint ventures	20	186
	Other payables	59,318	38,305
	Deferred income	29,437	30,299
	Current liabilities other than provisions	**295,554**	**280,714**
	Liabilities other than provisions	**498,462**	**511,282**
	EQUITY AND LIABILITIES	**1,762,213**	**2,116,099**

Other notes:

1 Accounting policies
11 Operating lease liabilities
12 COAs and operating lease income
13 Unrecognised contingent assets and liabilities
14 Mortgages and security
15 Financial instruments
16 Share-based payment
17 Related party disclosures and transactions with related parties
18 Risk management

STATEMENT OF CHANGES IN EQUITY 1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	Share capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2014	**6,833**	**858,426**	**699,837**	**39,721**	**1,604,817**
	Results for the year	-	-125,610	-290,941	0	-416,551
	Fair value adjustments taken to equity, hedging instruments	-	-	294	-	294
	Capital reduction	-127	-	127	-	0
8	Acquisition of treasury shares	-	-	-14,203	-	-14,203
8	Sale of treasury shares	-	-	1,260	-	1,260
	Distributed dividends	-	-	-	-39,833	-39,833
	Dividends, treasury shares	-	-	-	2,114	2,114
	Market value adjustment, dividends paid	-	-	2,002	-2,002	0
16	Share-based payment	-	-	1,393	-	1,393
	Changes in equity	**-127**	**-125,610**	**-300,068**	**-39,721**	**-465,526**
	Equity at 31 December 2014	**6,706**	**732,816**	**399,769**	**0**	**1,139,291**

Note		Share capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2013	**6,833**	**867,006**	**790,531**	**22,795**	**1,687,165**
	Profit for the year	-	-8,580	-78,593	39,721	-47,452
	Fair value adjustments taken to equity, hedging instruments	-	-	4,295	-	4,295
8	Acquisition of treasury shares	-	-	-26,122	-	-26,122
8	Sale of treasury shares	-	-	6,757	-	6,757
	Distributed dividends	-	-	-	-22,883	-22,883
	Dividends, treasury shares	-	-	-	964	964
	Market value adjustment, dividends paid	-	-	876	-876	0
16	Share-based payment	-	-	2,093	-	2,093
	Changes in equity	**0**	**-8,580**	**-90,694**	**16,926**	**-82,348**
	Equity at 31 December 2013	**6,833**	**858,426**	**699,837**	**39,721**	**1,604,817**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

NORDEN prepares the parent company financial statements for Dampskibsselskabet NORDEN A/S pursuant to the provisions for class D enterprises of the Danish Financial Statements Act and in accordance with NASDAQ OMX Copenhagen A/S' requirements for annual reports of listed companies.

The accounting policies of the parent company financial statements, including presentation, are unchanged compared to last year. With effect from 1 January 2014, management has changed its estimate of the vessels' expected useful lives from 20 years to 25 years as well as the residual value. The reason for the change in useful lives is that experience shows that NORDEN's vessel types are not scrapped until after 25-30 years. Furthermore, the majority of the companies which NORDEN usually compares itself with also apply useful lives of 25 years. The change in residual values is based on the increasing market price of scrap steel.

The total effect of the changed estimates in the period positively affects results for the year by USD 19 million under the items ”Depreciation and write-downs” and "Earnings from investments in joint ventures", respectively, as well as the balance sheet items ”Vessels” and "Investments in subsidiaries", respectively, with a corresponding amount.

Income statement and balance sheet

Earnings from investments in subsidiaries and joint ventures
In the parent company's income statement, the proportional share of earnings is recognised under the items “Earnings from investments in subsidiaries” and “Earnings from investments in joint ventures”.

Investments in subsidiaries and joint ventures
Investments in subsidiaries and joint ventures are recognised and measured according to the equity method.

In the balance sheet under the items “Investments in subsidiaries” and “Investments in joint ventures”, the proportional ownership share of the companies' net asset value is recognised.

The total net revaluation of investments in subsidiaries and joint ventures is transferred through the distribution of profits to “Reserve for net revaluation according to equity method” under equity. The reserve is reduced by dividend payments to the parent company and is adjusted with other changes in equity in subsidiaries and joint ventures.

Subsidiaries and joint ventures with negative net asset value are recognised at USD 0 million, and a provision to cover the negative balance is recognised.

Securities
Shares and bonds available for sale are recognised under current assets at fair value at the trade date and are subsequently measured at market price in respect of listed securities and at fair value applying a valuation method in respect of unlisted securities. Value adjustments are recognised in net financials in the income statement.

Other accounting policies
With reference to the provisions of the Danish Financial Statements Act, the Company has refrained from both preparing a cash flow statement and presenting segment information as well as disclosure on fee to auditor appointed at the annual general meeting in the parent company financial statements. For this information, see the consolidated financial statements for Dampskibsselskabet NORDEN A/S. Please see note 1 “Significant accounting policies” in the consolidated financial statements for other accounting policies.

Note	Amounts in USD'000	2014	2013
2	**Staff costs**		
	Wages and salaries	44,346	41,774
	Pensions – defined contribution plans	3,056	2,884
	Other social security costs	770	731
	Share-based payment	1,302	1,949
	Total	**49,474**	**47,338**
	Average number of employees	568	595

Staff costs and average number of employees exclude employees on T/C vessels.

For remuneration of the Executive Management and the Board of Directors, see note 5 to the consolidated financial statements.

See also note 28 to the consolidated financial statements, which comprises a description of share-based payment.

3 Fair value adjustment of certain hedging instruments

Fair value adjustment of certain derivative financial instruments that do not qualify for hedge accounting amounts to:

	2014	2013
Bunker hedging:		
2013	0	709
2014	-6,081	904
2015	-27,540	252
2016	-4,026	-9
2017 - 2019	-4,914	-3
	-42,561	1,853
Realised fair value adjustment reclassified to "Vessel operating costs"	3,512	-1,048
	-39,049	805
Forward Freight Agreements:		
2013	0	-4,370
2014	-3,927	1,938
2015	-11,656	6,408
2016	-8,694	4,545
	-24,277	8,521
Realised fair value adjustment reclassified to "Revenue"	1,462	1,254
	-22,815	9,775
Total	**-61,864**	**10,580**

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
4	**Taxation**		
	Tax on the results for the year	3,461	4,055
	Adjustment of tax regarding previous years	-509	-189
	Total	**2,952**	**3,866**

The Company decided to continue under the tonnage tax scheme as of 1 January 2011 for a binding 10-year period.

If the Company's net investments in vessels decrease noticeably or if the Company is liquidated, the contingent tax from before the Company joined the tonnage tax scheme will be released. However, this is estimated unlikely.

		2014	2013
	Contingent tax under the tonnage tax scheme	16,318	16,318

Contingent tax is calculated at 22% (22%) equalling the tax rate for 2016 and going forward.

5 Tangible assets

	2014	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
	Cost at 1 January	518,861	75,568	55,943	650,372
	Additions for the year	12,007	1,952	90,415	104,374
	Transferred during the year	57,129	0	-57,129	0
	Cost at 31 December	587,997	77,520	89,229	754,746
	Depreciation at 1 January	-156,828	-22,081	0	-178,909
	Depreciation for the year	-23,428	-1,999	0	-25,427
	Depreciation at 31 December	-180,256	-24,080	0	-204,336
	Write-downs at 1 January	-27,535	0	0	-27,535
	Write-downs for the year	-1,434	0	0	-1,434
	Write-downs at 31 December	-28,969	0	0	-28,969
	Carrying amount at 31 December	**378,772**	**53,440**	**89,229**	**521,441**

Amount insured on vessels USD 462 million.

Note Amounts in USD'000

5 Tangible assets – continued

2013	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
Cost at 1 January	512,015	74,850	16,406	603,271
Additions for the year	6,846	1,887	39,658	48,391
Disposals for the year	0	-1,169	0	-1,169
Transferred during the year to vessels, related party	0	0	-121	-121
Cost at 31 December	518,861	75,568	55,943	650,372
Depreciation at 1 January	-127,832	-19,641	0	-147,473
Depreciation for the year	-28,996	-2,926	0	-31,922
Reversed depreciation on vessels disposed of	0	486	0	486
Depreciation at 31 December	-156,828	-22,081	0	-178,909
Write-downs at 1 January	-27,535	0	0	-27,535
Write-downs at 31 December	-27,535	0	0	-27,535
Carrying amount at 31 December	**334,498**	**53,487**	**55,943**	**443,928**

Amount insured on vessels USD 442 million.

See note 14 for security provided for vessels.

	2014	2013
Contractual liabilities		
The Company has entered into agreements for future delivery of newbuildings and declared purchase options, etc. The remaining contract amount is payable as follows:		
Within 1 year	125,388	96,700
Between 2 and 3 years	119,634	82,828
After 3 years	47,322	0
Total	**292,344**	**179,528**

In the contractual newbuilding liabilities, payment of USD 53 million in 2015 relating to 2 sold newbuilding contracts is included where the yard has not formally signed the transfer to the buyer.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
6	**Investments in subsidiaries**		
	Cost at 1 January	18,038	17,836
	Additions for the year	175	202
	Cost at 31 December	18,213	18,038
	Value adjustments at 1 January	860,379	868,884
	Share of result for the year	-125,714	-8,505
	Value adjustments at 31 December	734,665	860,379
	Carrying amount at 31 December	**752,878**	**878,417**
	Subsidiaries comprise:	Ownership	Ownership
	NORDEN Shipping (Singapore) Pte. Ltd., Singapore	100%	100%
	NORDEN Tankers & Bulkers (USA) Inc., USA	100%	100%
	NORDEN Tankers & Bulkers do Brazil Ltda., Brazil	100%	100%
	NORDEN Tankers & Bulkers India Pvt. Ltd., India	100%	100%
	Svalbard Maritime Services AS, Norway	100%	100%
	NORDEN Shipping (Australia) Pty. Ltd., Australia	100%	-

For guarantees relating to subsidiaries, see note 13.
No significant restrictions apply to distributions from subsidiaries.

Note	Amounts in USD'000	2014	2013
7	**Investments in joint ventures**		
	Cost at 1 January	5,343	5,343
	Cost at 31 December	5,343	5,343
	Value adjustment at 1 January	-1,953	-1,878
	Share of results for the year	126	-75
	Distributed dividends	-22	0
	Value adjustments at 31 December	-1,849	-1,953
	Carrying amount at 31 December	**3,494**	**3,390**
	Guarantees regarding joint ventures	45,480	51,540
	Liabilities regarding joint ventures	53,745	25,770

Guarantees and liabilities relate to joint ventures in NORDEN Shipping (Singapore) Pte. Ltd.

Note	Amounts in USD'000	2014	2013
7	**Investments in joint ventures – continued**		
	Investments in joint ventures comprise:	Ownership	Ownership
	Norient Product Pool ApS, Denmark	50%	50%
	Norient Cyprus Ltd., Cyprus	50%	50%
	Key figures (100%) for joint ventures are:		
	Revenue and other income	13,428	11,262
	Costs	13,175	11,412
	Non-current assets	2,491	6,183
	Current assets	15,919	4,599
	Current liabilities	13,075	5,656

No significant restrictions apply to distributions from joint ventures.

8 Share capital

The share capital consists of 42,200,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions. During the year, 800,000 treasury shares were cancelled.

Treasury shares

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
1 January	2,229,012	1,722,161	2,229	1,722	5.18	4.00
Acquired	347,255	718,857	347	719	0.82	1.67
Distributed	0	-483	0	0	0.00	0.00
Sold	-36,322	-211,523	-36	-212	-0.09	-0.49
Cancelled	-800,000	0	-800	0	-1.90	0.00
31 December	**1,739,945**	**2,229,012**	**1,740**	**2,229**	**4.12**	**5.18**

The Company is authorised by the general meeting to acquire a maximum of 4,220,000 treasury shares, equal to 10% of the share capital.

Treasury shares are acquired i.a. for the purpose of hedging liabilities in connection with sharebased payment, see note 28 to the consolidated financial statements.

In 2014, the Company acquired 347,255 treasury shares equal to a purchase prise of DKK 77,797 thousand (USD 14,203 thousand) and sold 36,322 treasury shares equalling a value of DKK 6,791 thousand (USD 1,260 thousand). In addition, the Company has cancelled 800,000 treasury shares corresponding to a nominal value of DKK 800 thousand (USD 127 thousand).

In 2013, the Company acquired 718,857 treasury shares equal to a purchase prise of DKK 146,359 thousand (USD 26,122 thousand) and sold 212,006 treasury shares equalling a value of DKK 37,382 thousand (USD 6,757 thousand), including distribution of 483 employee shares.

At 1 January 2014, the Company had a total of 40,770,988 outstanding shares of DKK 1 each, and at 31 December 2014, a total of 40,460,055 outstanding shares of DKK 1 each.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2014	2013
9	**Provisions**		
	Provisions at 1 January	0	0
	Provisions made during the year	124,460	0
	Reversed provisions during the year	0	0
	Provisions at 31 December	**124,460**	**0**
	Provisions are distributed as follows:		
	Within 1 year	47,107	0
	Between 1 and 5 years	76,296	0
	More than 5 years	1,057	0
	Total	**124,460**	**0**
	See note 21 in the consolidated financial statements for more on provisions.		
10	**Bank debt**		
	Repayment within 1 year	27,647	27,647
	Repayment between 1 to 5 years	110,587	110,587
	Repayment over 5 years	92,321	119,981
	Total	**230,555**	**258,215**
11	**Operating lease liabilities**		
	Operating lease liabilities	1,244,340	1,289,224
	- hereof provisions*	124,460	0
	Total	**1,119,880**	**1,289,224**
	* Provision for onerous time charter contracts. Please see note 9.		
12	**COAs and operating lease income**		
	COAs	404,393	493,821
	Operating lease income	205,587	322,584
	Total	**609,980**	**816,405**

Note	Amounts in USD'000	2014	2013
13	**Unrecognised contingent assets and liabilities**		
	Contingent assets		
	The Group has raised claims against third party regarding non-performance of cargo contracts, etc. The Group and its legal advisors consider the claims to be justified and probable.		
	There is uncertainty as to when the claims will be settled as well as the financial outcome hereof. No recognition hereof has been made as the existence of the assets is dependent on several uncertain future events, which are beyond the control of the Group, and therefore, it is not virtually certain that it is an asset.	6,250	7,275
	Unrecognised liabilities		
	Guarantee commitments do not exceed	25	137
	Guarantee provided to subsidiaries	550,928	622,150
	Claims have been made against the Group primarily concerning responsibility of redelivery and broker fees, etc. The Group and its legal advisors consider the claims unjustified and do not estimate that the Company will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	4,300	3,300
14	**Mortgages and security**		
	As security for bank debt	230,555	258,215
	a total number of vessels of	2	2
	with a carrying amount of	75,050	77,708
	have been mortgaged at	66,546	66,546

In addition to the above, the subsidiary NORDEN Shipping (Singapore) Pte. Ltd. has granted a mortgage on 11 (11) vessels with a carrying amount of USD 310,745 thousand (USD 325,680 thousand). Furthermore, the subsidiary guarantees debt in the parent company amounting to USD 237,579 thousand (USD 266,293 thousand) at the reporting date.

15 Financial instruments

See note 26 to the consolidated financial statements.

16 Share-based payment

See note 28 to the consolidated financial statements.

17 Related party disclosures and transactions with related parties

See note 27 to the consolidated financial statements.

18 Risk management

See note 2 to the consolidated financial statements.

DEFINITIONS OF KEY FIGURES AND FINANCIAL RATIOS

Key figures and financial ratios are computed in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts. However, NORDEN deviates from the recommendation in the calculation of EBITDA as the Company does not recognise gains and losses from sale of vessels in EBITDA. This item is included in the operating profit (EBIT).

The ratios listed in the key figures and financial ratios section were calculated as follows:

Book value per DKK 1 share	=	$\frac{\text{Year-end equity, excluding minority interests}}{\text{Number of shares at year-end, excluding treasury shares}}$
Dividend yield	=	$\frac{\text{Dividend per share x 100}}{\text{Share price}}$
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation
EBITDA ratio	=	$\frac{\text{EBITDA x 100}}{\text{Net revenues}}$
Equity ratio	=	$\frac{\text{Equity at year-end, excluding minority interests x 100}}{\text{Total assets}}$
Invested capital	=	Equity, including minority interests + net interest-bearing debt at year-end
Net interest-bearing debt	=	Interest-bearing debt less cash and securities, at year-end
Net profit or loss per DKK 1 share	=	$\frac{\text{Profit or loss for the year}}{\text{Number of shares at year-end, excluding treasury shares}}$
Payout ratio	=	$\frac{\text{Dividend, excluding treasury shares x 100}}{\text{Profit or loss for the year, excluding minority interests}}$
Price/book value	=	$\frac{\text{Share price at year-end per DKK 1 share}}{\text{Book value per DKK 1 share}}$
Profit margin (EBIT margin)	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Net revenue}}$
Return on assets	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Total assets at year-end}}$
Return on equity in % (ROE)	=	$\frac{\text{Profit or loss for the year, excluding minority interests x 100}}{\text{Average equity, excluding minority interests}}$
Return on invested capital (ROIC)	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Average invested capital}}$
Share price at year-end per DKK 1	=	The last-quoted average price on NASDAQ OMX Copenhagen A/S for all trade in the Company share at the reporting date
Total shareholder return	=	The total return of a share to an investor based on share price performance and dividends. Dividends are assumed to have been reinvested in the share. Return is based on USD
USD exchange rate at year-end	=	The USD exchange rate quoted by the National Bank of Denmark at year-end

TECHNICAL TERMS AND ABBREVIATIONS

A

ACM Shipbroking company.

Active core fleet Owned vessels and chartered vessels with purchase option.

Active fleet Owned vessels, chartered vessels with purchase option and vessels chartered without purchase option or only for single voyages.

B

Baltic Clean Tanker Index (BCTI) Index of the product tanker rate development on selected routes for Handysize, MR and LR1.

Baltic Dry Index (BDI) Index of the dry cargo rate development on selected routes for Handysize, Supramax, Panamax and Capesize.

Bareboat charter Agreement to charter only the vessel.

Bloomberg Provider of financial news and data.

Bunker Fuel used by the vessels.

Bunker hedging Forward agreement to purchase or sell bunker oil at a predetermined price.

C

Capesize Bulk carrier of more than 120,000 dwt. capacity.

CDP The world's only global supplier of company data regarding environmental impact to investors.

Cargo contract See COA.

Charter party Lease or freight agreement between shipowner and charterer for a long period of time or for a single voyage.

Clarksons Shipbroking company.

CO_2 Carbon dioxide.

COA (Contract of Affreightment/cargo contract) Agreement to transport one or more cargoes at a predetermined price per tonne.

Commercial management Agreement on operating a vessel for the account and risk of the shipowner.

Consultas Shipping system used by the Technical Department in connection with maintenance of the vessels, purchase, voyage reporting, etc.

Contract of Affreightment See COA.

Coverage Percentage indicating the part of ship days which has secured employment.

CSR (Corporate Social Responsibility) Companies' social responsibility.

D

Dry cargo vessel (bulk carrier) Vessel used for bulk transport of grain, coal, ore, sugar and cement, etc.

Dwt. Deadweight tonne. A measure of a vessel's carrying capacity.

E

EBIT Earnings Before Interest and Tax.

Eco vessel Vessel with improved fuel efficiency

EEOI (Energy Efficiency Operational Indicator) Calculation and analysis system used when measuring CO_2 emissions from the vessels.

F

FFA (Forward Freight Agreement) Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

Forward rate Market expectations for future rate levels

G

Gross gearing The ratio of the Company's net commitments to equity before deduction of contractually secured cash flows.

H

Handysize Bulk carrier of 25,000-40,000 dwt. capacity or product tanker of 27,000-42,000 dwt. capacity.

I

IAS International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organisation – shipping organisation under the UN.

IMOS Shipping system which supports chartering, operations and accounting related functions for NORDEN and Norient Product Pool's fleet of dry cargo and product tanker vessels.

INTERTANKO International association of independent tanker owners.

L

Liner shipping Voyages with fixed routes.

Long-term charter Agreement to charter a vessel for a period of more than 3 years.

M

MACN Maritime Anti-Corruption Network.

MARPOL IMO's international regulations for the prevention of pollution by garbage from ships.

MR (medium range) tanker Product tanker of 42,000-60,000 dwt. capacity.

MSI Maritime Strategies International Ltd.

N

Net Asset Value (NAV) Booked equity adjusted for the market value of the fleet.

Net gearing The ratio of the Company's net commitments to equity after deduction of contractually secured cash flows.

O

OECD Organisation for Economic Co-operation and Development.

P

Panamax Bulk carrier of 65,000-85,000 dwt. capacity – largest vessel type to pass the Panama Canal.

Pool Group of vessels with different owners but commercially operated together.

Port State Control The countries' technical inspection of foreign vessels calling into their ports.

Post-Panamax Bulk carrier of 85,000-120,000 dwt. capacity.

Product tank Transport of refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel.

Profit from operator activities Added value compared to earnings through employment at forward rates at the beginning of the year.

Purchase option A right, but not an obligation, to purchase a vessel at an agreed price.

R

ROE Return on equity.

ROIC Return on invested capital.

R.S. Platou Shipbroking company.

S

Ship days Total number of days with available vessel capacity.

Short-term charter Agreement to charter a vessel for a period of less than 3 years.

SO_x The sulphur oxides SO and SO_2.

Spot market Market in which vessels are contracted for a single voyage for immediate delivery.

SSY Shipbroking company.

Supramax Bulk carrier of 40,000-65,000 dwt. capacity.

T

Tanker Vessel transporting liquid cargo such as crude oil and refined oil products.

T/C (time charter) Lease of a vessel whereby the vessel is hired out for a short or long period.

T/C (time charter) equivalent Freight revenues minus bunker consumption and port charges.

Technical management Agreement to manage a vessel's technical operations and crew for the account and risk of the shipowner.

Tonne-mile A measure of demand for capacity. Calculated as the amount of freight times the transport distance in nautical miles.

Tramp shipping Voyages without fixed routes – NORDEN's business area.

U

UN Global Compact The UN's social charter for enterprises, etc.

USDA United States Department of Agriculture.

V

Vetting An audit of the safety and performance status of a tanker vessel made by all oil majors prior to entry into a charter party.

Design and graphic production: MeyerBukdahl

NORDISK MILJØMÆRKNING
Svanemærket tryksag 541-751

GROUP STRUCTURE

COMPANY DETAILS

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CVR no.: 67 75 89 19
Financial year: 1 January – 31 December
Municipality of domicile: Gentofte

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Mogens Hugo, Chairman
Klaus Nyborg, Vice Chairman
Alison J. F. Riegels
Erling Højsgaard
Karsten Knudsen
Arvid Grundekjøn
Ole Clausen (employee representative)
Anne-Katrine Nedergaard (employee representative)
Lars Enkegaard Biilmann (employee representative)

Executive Management
Michael Tønnes Jørgensen, CFO
Ejner Bonderup, Executive Vice President
Lars Bagge Christensen, Executive Vice President
Martin Badsted, Executive Vice President

Auditor
PricewaterhouseCoopers, Statsaut. Revisionspartnerselskab
44, Strandvejen
DK-2900 Hellerup
Denmark

Annual general meeting
The annual general meeting will be held on Thursday 23 April 2015 at 3.00 p.m. in Audience, Radisson Blu Falconer Hotel & Conference Center, 9, Falkoner Allé, DK-2000 Frederiksberg.

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