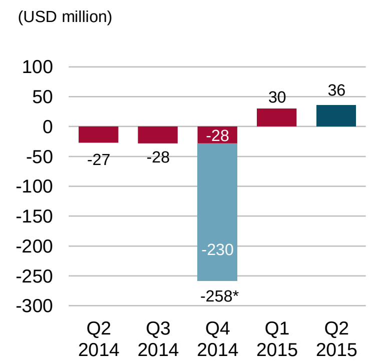
NORDEN

INTERIM REPORT
SECOND QUARTER AND FIRST HALF-YEAR OF 2015

Announcement no. 16 – 12 August 2015

- **Group EBIT for the second quarter of 2015 of USD 36 million – best result in 14 quarters (Q2 2014: USD -27 million).**
- **Results for the period first half-year of 2015: USD 82 million (USD -68 million).**
- **Strong tanker market: EBIT for the second quarter of USD 33 million, which is the best EBIT result for Tankers in the history of NORDEN.**
- **Tanker earnings 24% and 38%, respectively, above 1-year T/C rates in Handysize and MR.**
- **Continued weak dry cargo market: Better earnings, however, than expected at the start of the year: EBIT for the second quarter of USD 6 million.**
- **Dry Cargo earnings 45% above average 1-year T/C rates and 84% above spot rates.**
- **Cash flows from operating activities further strengthened: Second quarter USD 65 million.**
- **Fall in ship values levelled off. Upward trend since the end of the quarter for both Dry Cargo and Tankers.**
- **New Executive Management in place: Martin Badsted appointed new CFO**
- **Expectations for the 2015 EBIT result raised to USD 70-100 million based on continued high tanker market rates.**

EBIT



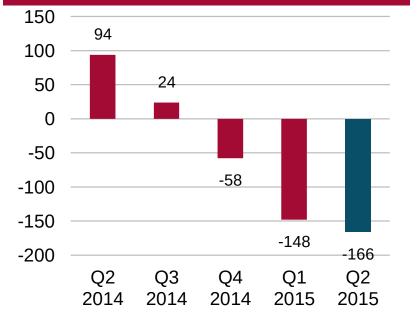
*Including provision of USD 230 million for onerous contracts

President and CEO Jan Rindbo in comment:

"NORDEN has performed well during the first half of 2015. Our Tanker business has utilised the particularly strong markets to generate its best quarterly operating result ever. At the same time, as a result of good coverage and sound business acumen, our Dry Cargo business has made it decently through an otherwise historically poor first half-year for the dry cargo market.

The Tanker market is expected to continue with high rates for the rest of the year, and on that background we raise the expectations for this year's result."

Added value (incl. joint ventures)



A telephone conference will be held today at 3:30 p.m. (CET), where CEO Jan Rindbo and CFO Martin Badsted will comment on the report. By 3:25 p.m. (CET) at the latest, Danish participants are to dial in on +45 3271 1660, while participants from abroad are to dial in on +44 (0) 20 3427 1918 or +1 646 254 3362. The telephone conference can be followed live at www.ds-norden.com, where the accompanying presentation is also available.

Further information: CEO Jan Rindbo, tel. +45 3315 0451.

KEY FIGURES AND RATIOS FOR THE GROUP

USD million	1/1-30/6 2015	1/1-30/6 2014	Change H1 2014-2015	1/1-31/12 2014
INCOME STATEMENT				
Revenue	879.5	1,062.9	-17%	2,038.1
Costs	-780.5	-1,078.0	-28%	-2,299.6
Earnings before depreciation, etc. (EBITDA)[1)]	99.0	-15.1	-	-261.5
Profits from the sale of vessels, etc.	3.2	0.0	-	0.0
Depreciation and write-downs	-34.2	-31.4	9%	-68.2
Earnings from operations (EBIT)	65.8	-49.7	-	-335.5
Fair value adjustment of certain hedging instruments	22.6	-11.0	-	-61.9
Net financials	-3.9	-4.5	-13%	-15.2
Results before tax	84.5	-65.2	-	-412.5
Results for the period	82.0	-68.2	-	-415.6
STATEMENT OF FINANCIAL POSITION				
Non-current assets	1,170.6	1,238.3	-5%	1,221.0
Total assets	1,754.2	1,870.3	-6%	1,778.0
Equity	1,221.9	1,487.1	-18%	1,139.3
Liabilities	532.2	383.2	39%	638.7
Invested capital	1,098.2	1,408.3	-22%	1,131.6
Net interest-bearing assets	123.7	78.8	57%	7.7
Cash and securities	340.4	323.2	5%	238.3
CASH FLOWS				
From operating actitivies	62.1	-26.2	-	-46.0
From investing activities	-51.6	74.4	-	66.2
- hereof investments in property, equipment and vessels	-76.7	-57.8	-33%	-110.4
From financing activities	-14.3	-65.0	78%	-79.4
Change in cash and cash equivalents for the period	-3.8	-16.8	77%	-59.2
FINANCIAL AND ACCOUNTING RATIOS				
Share-related key figures and financial ratios:				
Number of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	-	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	40,467,615	40,460,055	-	40,460,055
Number of treasury shares	1,732,385	1,739,945	-	1,739,945
Earnings per share (EPS) (DKK)	2.0 (14)	-1.7 (-9)	-	-10.3 (-58)
Diluted earnings per share (diluted EPS) (DKK)	2.0 (14)	-1.7 (-9)	-	-10.3 (-58)
Book value per share (excluding treasury shares) (DKK[2)])	30.2 (201)	36.8 (201)	-18%	28.2 (172)
Share price at end of period, DKK	168.5	182.7	-8%	131.4
Price/book value (DKK[2)])	0.8	0.9	-11%	0.8
Other key figures and financial ratios:				
EBITDA ratio[1)]	11.3%	-1.4%	-	-12.8%
ROIC	11.8%	-7.1%	-	-26.7%
ROE	13.9%	-8.8%	-	-30.3%
Equity ratio	69.7%	79.5%	-12%	64.1%
Total no. of ship days for the Group	38,753	44,278	-12%	83,866
USD/DKK rate at end of period	666.76	545.89	22%	612.14
Average USD/DKK rate	669.22	544.47	23%	561.90

1) The ratios were computed in accordance with ”Recommendations and Financial Ratios 2015” published by the Danish Society of Financial Analysts. However, ”Profits from the sale of vessels, etc.” has not been included in EBITDA.

2) Converted at the USD/DKK rate at end of period.

COMMENTS ON THE DEVELOPMENT OF THE GROUP FOR THE PERIOD

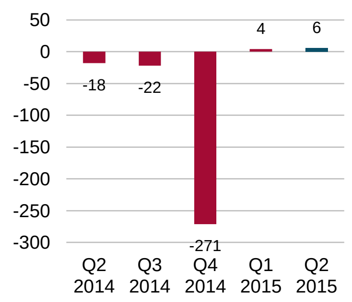
- EBIT in Dry Cargo USD 6 million and EBIT in Tankers USD 33 million
- Cash and securities USD 340 million at 30 June
- Cash flows from operating activities amounted to USD 65 million

EBIT USD 36 million

In the second quarter of 2015, NORDEN realised an EBIT of USD 36 million against USD -27 million in the same period last year. The significant improvement is primarily due to a particularly strong tanker market in 2015. NORDEN's Tanker Department thus achieved an EBIT of USD 33 million against USD -6 million for the same quarter of 2014. The dry cargo market, however, continues to be very weak, and NORDEN's Dry Cargo Department generated an EBIT for the second quarter of USD 6 million (USD -18 million). The result from the Dry Cargo Department contains a positive one-off effect of USD 6 million received from a settlement of a dispute from 2010.

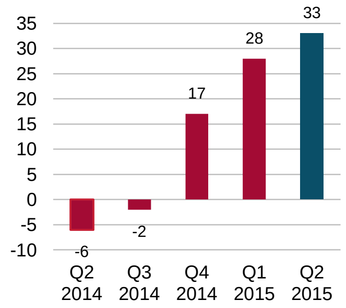
EBIT Dry Cargo

(USD million)



EBIT Tankers

(USD million)



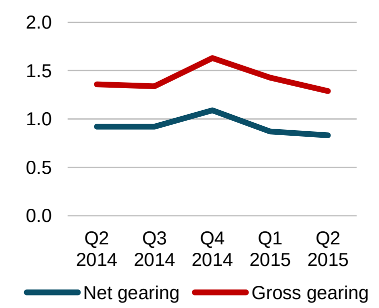
In the second quarter of 2015, NORDEN had a total change in short-term and long-term cash and cash equivalents of USD 110 million, of which USD 95 million are included in "Cash and cash equivalents with rate agreements of more than 3 months". Cash flows from operating activities amounted to USD 65 million, and in the quarter the Company obtained proceeds from sale of vessels of USD 87 million. Cash flows from financing activities consisted solely of repayments of debt and amounted to a total of USD -11 million.

Financial position

At the end of the quarter, the Company had cash and securities of USD 340 million, and to this can be added undrawn credit facilities of USD 402 million. In comparison, there are outstanding net commitments related to the newbuilding programme after the sale of 2 Supramax newbuildings of USD 273 million due in the period 2015-2018.

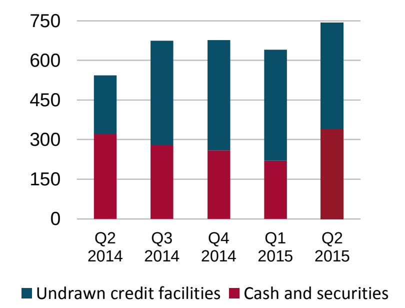
NORDEN's net commitments decreased by USD 91 million to USD 1,007 million during the quarter mainly due to lower T/C commitments and increased cash and securities. At the same time, the decrease in net commitments has meant lower net gearing, which was 0.83 at the end of the quarter.

Gearing



Financial resources

(USD million)

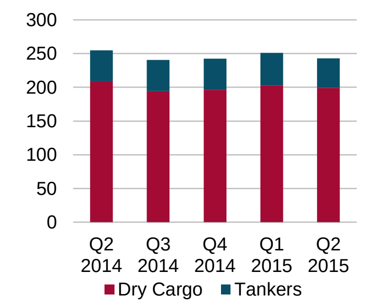


Active fleet of 243 vessels

At the end of the first half-year, the active fleet totalled 243 vessels, which is a minor decrease compared to the 251 vessels which constituted the active fleet at the end of the first quarter.

1 newbuilding in joint venture has been delivered to the core fleet in Dry Cargo and 7 long-term chartered vessels with purchase option have been redelivered. In addition, 1 Supramax newbuilding has been contracted and 2 newbuildings have been sold during the second quarter, and further 1 Supramax newbuilding has been contracted and 1 sold after the end of the quarter, which will result in an accounting loss of USD 3 million. Further similar fleet adjustments are being contemplated. In Tankers, an agreement has been entered into on 2 MR and 2 LR1 long-term chartered vessels, of which one is part of the core fleet due to the accompanying purchase option. Furthermore, 2 MR product tankers have been sold.

Active fleet

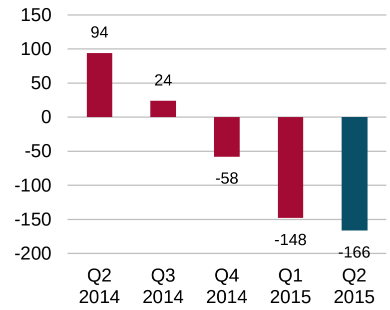


Development in ship values

Based on valuations from 3 independent brokers, the market value of NORDEN's owned vessels and newbuildings (including vessels in joint ventures) was estimated at USD 1,271 million at the end of the quarter, corresponding to an average drop in valuations of 3% compared to the last quarter. The market value of owned vessels is thus USD 166 million below carrying amounts and costs.

Added value (incl. joint ventures)

(USD million)



The theoretical value of NORDEN's purchase and extension options is estimated at USD 43 million at the end of the second quarter against USD 78 million at the end of the first quarter. In particular, the decrease is due to decreases in both T/C rates and vessel prices for the Capesize and Panamax vessel types. A sensitivity analysis shows that a drop in T/C rates and vessel prices of 10% would result in a decrease of 17% to USD 36 million whereas an increase of 10% would result in an increase of 23% to USD 52 million.

Impairment test

Calculated without vessels in joint ventures and sold assets, the market value of NORDEN's owned vessels is USD 161 million below carrying amounts and costs, which amount to a total of USD 1,319 million. The difference is distributed with USD -137 million in Dry Cargo and USD -24 million in Tankers. The Company has therefore performed a routine impairment test based on value in use.

The pressure on the values in the dry cargo fleet was most significant at the beginning of the quarter to then level off. Towards the end of the quarter, the values of the large vessel types have shown a slightly upward trend. The values in the tanker fleet have been stable throughout the quarter with an upward trend towards the end of the quarter. On the basis of the impairment test, no further indication of impairment of carrying amounts was found nor a requirement to reverse previous write-downs. See note 6 for further description of the impairment test.

Streamlined management structure

To streamline and simplify the Company, NORDEN has decided to combine a number of management functions and as a consequence the Executive Management team is reduced from 5 to 3 members. Responsibility for the Finance Department, Investor Relations and Corporate Secretariat will be combined under Executive Vice President Martin Badsted, who will be appointed CFO. Responsibility for sale & purchase as well as long-term charter procurement of both dry cargo and tanker tonnage will be combined in a new unit, Asset Management, under Henrik Lykkegaard Madsen, who will be appointed Senior Vice President. As a consequence, CFO Michael Tønnes Jørgensen and Executive Vice President Lars Bagge Christensen resign.

STRATEGY UPDATE

- Cost-saving programme running according to plan
- Fleet adjustments reduce capacity costs

Focus on optimisation and costs

In 2015, NORDEN has focused on optimising day-to-day commercial operations including improved fuel efficiency and cost-effective technical operations.

A programme has been launched to ensure annual savings of USD 20 million within 3 years, and so far this has resulted in future annual savings of more than USD 5 million. At the same time, work continues to optimise fuel efficiency on board the vessels. At the start of the year, an objective was established to improve fuel efficiency by 3%, and this objective is still considered achievable.

In addition, NORDEN has been active within the purchase and sale of tonnage. NORDEN's exposure to the challenging dry cargo market conditions has thus regularly been adjusted. At the beginning of August, 3 newbuilding contracts with early delivery were sold, while 2 newbuildings with delivery in 2018/19 were contracted, which together with other initiatives have reduced the cost level of the newbuilding portfolio. At the same time, the Company has been able to lower long-term costs on chartered vessels by paying parts of the hire in advance.

In the Tanker segment, besides the sale of 2 MR vessels at attractive prices, NORDEN has ensured attractive charters of 2 MR vessels with delivery in 2018 and 2 LR1 vessels with delivery in 2017. The charter of 2 LR1 vessels is a utilisation of an opportunistic opportunity, which was made possible due to the Company's strong relations with Japanese shipping companies.

Strategy process initiated

Based on NORDEN's operations within Dry Cargo and Tankers, a competent organisation, a modern fleet as well as a financial position that presents significant opportunities, NORDEN has launched the annual strategy process under the leadership of CEO Jan Rindbo.

A recurring feature of the coming strategy will be that NORDEN focuses on the areas, where the Company already has a strong foothold. Under the headline "Focus and Simplicity", the objective is to create the preconditions for allowing NORDEN to continue to develop and thereby supporting NORDEN's vision to be "The preferred partner in global tramp shipping."

As part of "Focus and Simplicity", a number of management functions have been combined. Responsibility for sale & purchase as well as long-term charter procurement of both dry cargo vessels and product tankers will be combined in a new unit, Asset Management, while responsibility for the Finance Department, Investor Relations and Corporate Secretariat will be combined under the management of Martin Badsted, who will be appointed CFO (see also page 5).

The strategy process will be completed before the end of the year.

SEGMENT INFORMATION

USD '000	Q2 2015				Q2 2014			
	Dry Cargo	Tankers	Un-allocated	Total	Dry Cargo	Tankers	Un-allocated	Total
Revenue – services rendered	302.4	121.2	0	423.6	417.8	87.4	0	505.2
Voyage costs	-143.6	-37.6	0	-181.2	-197.2	-35.5	0	-232.7
Contribution margin	**158.8**	**83.6**	**0**	**242.4**	**220.6**	**51.9**	**0**	**272.5**
Other operating income, net	1.4	0	0	1.4	2.0	0.1	0	2.1
Vessel operating costs	-133.8	-46.9	0	-180.7	-218.6	-49.4	0	-268.0
Costs	-7.8	-1.4	-2.2	-11.4	-9.7	-1.7	-2.6	-14.0
Profit before depreciation, etc. (EBITDA)	**18.6**	**35.3**	**-2.2**	**51.7**	**-5.7**	**0.9**	**-2.6**	**-7.4**
Profits from the sale of vessels, etc.	-3.8	5.6	0	1.8	0	0	0	0
Depreciation	-8.0	-8.5	-0.5	-17.0	-8.2	-7.3	-0.5	-16.0
Share of results of joint ventures	-1.2	0.5	0	-0.7	-3.9	0.1	0	-3.8
Profit before operations (EBIT)	**5.6**	**32.9**	**-2.7**	**35.8**	**-17.8**	**-6.3**	**-3.1**	**-27.2**
Fair value adjustment of certain hedging instruments	12.6	0	0	12.6	-10.8	0	0	-10.8
Financial income	0	0	-0.5	-0.5	0	0	1.6	1.6
Financial expenses	0	0	-2.9	-2.9	0	0	-3.7	-3.7
Tax for the period	-1.5	-0.1	0	-1.6	-1.3	-0.1	-0.1	-1.5
Results for the period	**16.7**	**32.8**	**-6.1**	**43.4**	**-29.9**	**-6.4**	**-5.3**	**-41.6**

USD '000	H1 2015				H1 2014			
	Dry Cargo	Tankers	Un-allocated	Total	Dry Cargo	Tankers	Un-allocated	Total
Revenue – services rendered	631.5	248.0	0	879.5	881.5	181.4	0	1,062.9
Voyage costs	-300.3	-79.9	0	-380.2	-435.2	-70.2	0	-505.4
Contribution margin	**331.2**	**168.1**	**0**	**499.3**	**446.3**	**111.2**	**0**	**557.5**
Other operating income, net	2.8	0	0	2.8	4.4	0	0	4.4
Vessel operating costs	-284.1	-95.7	0	-379.8	-452.1	-96.7	0	-548.8
Costs	-16.2	-2.8	-4.3	-23.3	-19.1	-3.4	-5.7	-28.2
Profit before depreciation, etc. (EBITDA)	**33.7**	**69.6**	**-4.3**	**99.0**	**-20.5**	**11.1**	**-5.7**	**-15.1**
Profits from the sale of vessels, etc.	-3.8	7.0	0	3.2	0	0	0	0
Depreciation	-17.0	-16.1	-1.1	-34.2	-16.1	-14.2	-1.0	-31.3
Share of results of joint ventures	-2.9	0.7	0	-2.2	-3.6	0.3	0	-3.3
Profit before operations (EBIT)	**10.0**	**61.2**	**-5.4**	**65.8**	**-40.2**	**-2.8**	**-6.7**	**-49.7**
Fair value adjustment of certain hedging instruments	22.6	0	0	22.6	-11.0	0	0	-11.0
Financial income	0	0	3.8	3.8	0	0	3.5	3.5
Financial expenses	0	0	-7.7	-7.7	0	0	-8.0	-8.0
Tax for the period	-2.2	-0.2	-0.1	-2.5	-2.6	-0.3	-0.1	-3.0
Results for the period	**30.4**	**61.0**	**-9.4**	**82.0**	**-53.8**	**-3.1**	**-11.3**	**-68.2**

USD '000	H1 2015				H1 2014			
	Dry Cargo	Tankers	Un-allocated	Total	Dry Cargo	Tankers	Un-allocated	Total
Vessels	529.1	529.6	0	1,058.7	563.7	518.6	0	1,082.3
Other tangible assets	0	0	53.5	53.5	0	0	53.3	53.3
Prepayments on vessels and newbuildings	21.6	16.8	0	38.4	32.7	52.9	0	85.6
Investments in joint ventures	16.4	3.6	0	20.0	13.4	3.7	0	17.1
Non-current assets	**567.1**	**550.0**	**53.5**	**1,170.6**	**609.8**	**575.2**	**53.3**	**1,238.3**
Current assets	**174.7**	**68.5**	**340.4**	**583.6**	**256.2**	**52.7**	**323.1**	**632.0**
- hereof tangible assets held for sale	2.0	0	0	2.0	0	0	0	0
Total assets	**741.8**	**618.5**	**393.9**	**1,754.2**	**866.0**	**627.9**	**376.4**	**1,870.3**

DRY CARGO

- EBIT USD 6 million (USD -18 million)
- USD 6 million received in settlement
- Continued poor market conditions with disappointing development in demand

NORDEN's earnings significantly above market level

In the second quarter, the Dry Cargo Department realised an EBIT of USD 6 million, which is an improvement from the second quarter of 2014 when EBIT constituted a loss of USD 18 million. The improvement results i.a. from lower carrying capacity costs (USD 20 million) of the chartered fleet due to the provision made in December 2014. In addition, EBIT for the second quarter of 2015 is positively impacted by a settlement of USD 6 million received for a COA claim from 2010. EBIT also includes a loss of USD 4 million relating to the sale of vessels. T/C earnings in Dry Cargo were 45% above average 1-year T/C rates and 84% above average spot rates from the Baltic Exchange. This performance is partly driven by relatively high levels of coverage at the beginning of the quarter.

Very low rates in all vessel types

During the second quarter, the dry cargo market continued to be under pressure in all vessel types. Despite an increase at the end of the quarter, the Panamax and Supramax spot rates in the second quarter were 17% and 24%, respectively, lower in 2015 compared to the same quarter in 2014, while the rates in Capesize were 61% below the second quarter level in 2014.

Continued decline in Chinese coal imports

The decline in Chinese coal imports continues to be the main cause of the weak markets. The downward pressure on Chinese coal imports has continued in the second quarter, and imports were 33% down from the same period last year. The decline has meant that China is no longer the world's largest importer of coal. Now India holds this position, and in the month of May, China was down to a fourth place behind India, Korea and Japan.

Indian coal imports continue to grow driven by an increase in coal consumption as well as insufficient domestic production. Part of the increased imports in the first half-year of 2015 also comes from stockpiling prior to monsoon season to avoid a situation similar to that in 2014 when the stockpiles at many power plants were at a critical low.

Significant reduction in Chinese stockpiling of iron ore

The market in the second quarter was also negatively impacted by missing iron ore imports to China. The slowdown in Chinese economy and increased use of stockpile have reduced iron ore imports to a level 4% down from the second quarter of 2014. Stockpiling of iron ore at Chinese ports decreased by 18 million tons during the quarter and is currently at the lowest level since the middle of 2013. If imports had been sufficiently large to maintain stockpiling at a stable level during the quarter, this would have had a significant impact on demand and the total global demand for dry cargo vessels would have increased by 1% rather than the realised drop of 1% compared to the same quarter last year. If the Chinese stockpiles are restocked in the second half-year, it will provide a very positive impact on the market.

Employment and rates, Dry Cargo, Q2 2015

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total**
NORDEN ship days	230	696	7,549	4,582	2,309	15,366
NORDEN T/C (USD per day, net)	2,951	6,194	9,620	11,405	9,397	9,864
1-year T/C (USD per day)*	8,318	6,555	6,765	7,107	6,193	6,795
NORDEN vs. 1-year T/C	-65%	-6%	+42%	+60%	+52%	+45%

* Source: Clarksons, less standard broker commission of 3.75% (Capesize, Post-Panamax and Panamax) and 5% (Supramax and Handysize). ** Weighted average NORDEN T/C is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fees in cases where the vessel type is operated in a pool.

Whereas Chinese imports of coal and iron ore were disappointing in the second quarter, the development in the volumes of nickel, bauxite and soybean was positive. Especially bauxite imports have increased compared to 2014 as new exporters have surfaced and replaced the missing volumes from Indonesia.

Strong soybean season following slow start

The South American soybean season started out slow but export volumes have subsequently gone up reaching a record high level in recent months. As in 2014, improved infrastructure has reduced waiting times at the loading ports, and congestion has therefore only had limited impact on the current market.

Very limited fleet growth

In the second quarter, dry cargo fleet growth was very limited. The high scrapping levels from the first quarter continued into the second quarter, and the annual scrapping level is at approximately 5%. There is, however, a risk that scrapping activities will be lower in the second half of 2015 i.a. due to falling scrapping prices and spot market improvements.

Despite positive market developments during the last weeks of the second quarter and the beginning of the third quarter, NORDEN maintains the assessment that the structural improvement of the dry cargo market remains insufficient to create a significant boost in rates. Temporary influences such as the usual seasonal factors and potential Chinese stockpiling of iron ore are, however, expected to lead to higher rates in the second half-year of 2015 than in the first half-year.

NORDEN's Dry Cargo fleet and values at 30 June 2015

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation						
Owned vessels	2.0	4.0	4.0	4.0	12.0	26.0
Chartered vessels with purchase option	1.0	4.0	10.5	14.0	11.0	40.5
Total active core fleet	**3.0**	**8.0**	**14.5**	**18.0**	**23.0**	**66.5**
Chartered vessels without purchase option	0.0	0.0	67.5	52.9	12.4	132.8
Total active fleet	**3.0**	**8.0**	**82.0**	**70.9**	**35.4**	**199.3**
Vessels to be delivered						
Owned vessels	0.0	0.0	3.0	5.5	0.0	8.5
Chartered vessels with purchase option	1.0	0.0	4.0	5.0	0.0	10.0
Total for delivery to core fleet	**1.0**	**0.0**	**7.0**	**10.5**	**0.0**	**18.5**
Chartered vessels over 3 years without purchase option	0.0	0.0	0.0	0.0	0.0	0.0
Total to be delivered	**1.0**	**0.0**	**7.0**	**10.5**	**0.0**	**18.5**
Total gross fleet	**4.0**	**8.0**	**89.0**	**81.4**	**35.4**	**217.8**
Dry Cargo fleet values at 30 June 2015 (USD million)						
Market value of owned vessels and newbuildings*	34	78	172	255	193	**732**
Theoretical value of purchase and extension options	8	8	4	18	1	**40**

* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.

83% coverage for the rest of the year

At the end of the second quarter, the Dry Cargo Department's coverage for the rest of 2015 was at 83%, which corresponds to 3,287 open ship days. The coverage is at 95% for the third quarter, decreasing during the course of the period to 66% in the fourth quarter.

Coverage and capacity, Dry Cargo, at 30 June 2015

	2015		2016	2017	2015		2016	2017
	Q3	Q4			Q3	Q4		
Owned vessels		**Ship days**						
Capesize	184	183	726	688				
Post-Panamax	368	367	1,452	1,395				
Panamax	368	365	1,698	2,046				
Supramax	368	351	1,519	1,847				
Handysize	1,104	1,099	4,264	4,313				
Total	**2,392**	**2,365**	**9,659**	**10,289**				
Chartered vessels					**Costs for T/C capacity (USD per day)**			
Capesize	92	92	366	212	14,137	14,137	14,470	13,623
Post-Panamax	368	368	1,464	1,460	9,520	9,520	9,757	9,985
Panamax	4,501	2,750	8,142	5,230	8,538	10,216	10,293	11,674
Supramax	2,580	1,504	5,861	4,955	9,028	9,511	10,398	11,020
Handysize	1,196	1,091	3,553	2,429	7,295	7,485	8,535	8,275
Total	**8,737**	**5,805**	**19,386**	**14,286**	**8,613**	**9,538**	**10,041**	**10,726**
					Costs for gross capacity (USD per day)*			
Total capacity	**11,129**	**8,170**	**29,045**	**24,575**	**7,902**	**8,329**	**8,546**	**8,586**
Coverage					**Revenue from coverage (USD per day)**			
Capesize	150	90	0	0	6,948	12,100	0	0
Post-Panamax	429	337	226	0	7,943	10,033	7,850	0
Panamax	4,572	2,069	2,809	2,156	9,479	10,615	16,567	17,568
Supramax	3,733	2,167	2,693	1,054	10,009	9,368	12,197	13,903
Handysize	1,705	760	1,471	1,226	8,217	10,247	12,745	13,827
Total	**10,589**	**5,423**	**7,199**	**4,436**	**9,365**	**10,054**	**13,878**	**15,663**
Coverage in %								
Capesize	54%	33%	0%	0%				
Post-Panamax	58%	46%	8%	0%				
Panamax	94%	66%	29%	30%				
Supramax	127%	117%	36%	15%				
Handysize	74%	35%	19%	18%				
Total	**95%**	**66%**	**25%**	**18%**				

* Costs include the impact of provision for onerous contracts made in 2014 as well as cash running costs of owned vessels. On NORDEN´s website, a statement excluding provisions can be found.

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

TANKERS

- EBIT USD 33 million (USD -6 million)
- Best operating profit for a quarter in Tankers in NORDEN's history
- Demand driven by increased oil consumption

Strong performance in the second quarter

The second quarter provided continued favourable market conditions and high demand. On this basis, NORDEN's Tanker Department generated a strong EBIT for the quarter of USD 33 million (USD -6 million). NORDEN had average earnings of USD 18,204 per day for the Handysize fleet and USD 22,906 per day for the MR fleet, which were 24% and 38%, respectively, higher than the 1-year T-C rates.

Significant improvement in oil demand

The upward pressure on the rates for oil transportation was maintained throughout the second quarter in pace with increasing oil demand, which according to the IEA went up by 1.6% during the second quarter compared to the same quarter last year. Looking ahead, there are also increasing expectations for future growth in oil demand, and i.a. the IEA's growth expectations for 2015 as a whole have been adjusted upwards from 0.8% in January to 1.5% in June. These more positive expectations can in particular be attributed to the continued low oil prices but is also supported by a weak improvement of the global economy. The increasing oil demand and the high rates for transportation of crude oil also had a positive spillover effect on the rates for product tankers. The positive rate developments covered widely and were not isolated to certain regions, vessel types or cargo types – overall transatlantic trade has, however, been more lucrative than in the Pacific.

High refinery activities continued in the second quarter

The American refineries kept momentum in production with capacity utilisation of an impressive 95% in the second quarter (source: EIA). The high capacity utilisation resulted from increased domestic demand as well as increased exports of American refined products. The European refineries also benefited from the growing margins, and gasoline exports continued unchanged throughout the second quarter – supported by high demand for gasoline in the USA. There are increasing expectations that with the current market terms Europe will maintain the export level throughout the year, but that the level will decrease in 2016.

Stockpiling and refinery maintenance may affect the second half-year

Initial figures from the IEA suggest significant stockpiling of crude oil especially in China, the USA and Europe and that stockpiling of refined products is also beginning to indicate an upward trend. In addition, the low oil prices have reduced growth in the extraction of crude oil, as the number of active oil rigs in the USA have more than halved since the beginning of 2015. However, the lower extraction of oil only presents a long-term risk so far for the American production due to the large crude oil stocks. The short-term risk is potential high refinery maintenance in the USA and the Middle East in the coming months.

Employment and rates, Tankers, Q2 2015

Vessel type	MR	Handysize	Total**
NORDEN ship days	2,335	1,757	4,092
NORDEN T/C (USD per day, net)	22,899	18,154	20,862
1-year T/C (USD per day)*	16,594	14,625	15,748
NORDEN vs. 1-year T/C	+38%	+24%	+32%

* Source: Clarksons, less standard broker commission of 2.5%. ** Weighted average

NORDEN T/C is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fee.

New Middle Eastern refinery expansions close to full capacity

The newly opened refineries in the Middle East – Jubail, Yanbu and Ruwais (1.2 million barrels per day) – were close to being fully operational at the end of the second quarter. In addition to exports of especially jet fuel to Europe and diesel to Brazil, products from these new refineries are also beginning to find their way to other parts of South America, which otherwise have been dominated by supplies of American oil products in recent years.

Fleet growth exceeds previous expectations

During the first half-year, the product tanker fleet has seen higher growth than expected. The attractive tanker market has reduced scrapping activities significantly, and scrapping in the first half-year was therefore 60% down from the same periods in the last two years. In contrast, the number of delivered newbuildings have been above expectations. Provided that the trend will continue throughout the year, net fleet growth for the whole of 2015 is expected to surpass the previous estimate of 5-6%. MR and LR2 are the vessel types which so far this year have seen the greatest growth rates of 5% and 8.5%, respectively, however, this is being counterbalanced by low fleet growth in the crude oil tanker fleet.

NORDEN's Tanker fleet and values at 30 June 2015

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	8.0	12.0	**20.0**
Chartered vessels with purchase option	0.0	7.0	0.0	**7.0**
Total active core fleet	**0.0**	**15.0**	**12.0**	**27.0**
Chartered vessels without purchase option	0.0	12.0	5.0	**17.0**
Total active fleet	**0.0**	**27.0**	**17.0**	**44.0**
Vessels to be delivered				
Owned vessels	0.0	1.0	0.0	**1.0**
Chartered vessels with purchase option	1.0	3.0	0.0	**4.0**
Total for delivery to core fleet	**1.0**	**4.0**	**0.0**	**5.0**
Chartered vessels over 3 years without purchase option	1.0	-	0.0	**1.0**
Total to be delivered	**2.0**	**4.0**	**0.0**	**6.0**
Total gross fleet	**2.0**	**31.0**	**17.0**	**50.0**
Tanker fleet values at 31 March 2015 (USD million)				
Market value of owned vessels and newbuildings*	0	296	243	**539**
Theoretical value of purchase and extension options	1	2	0	**3**

* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.

NORDEN

Continued high spot exposure

At the end of the second quarter, NORDEN had covered 25% of the ship days in Tankers for the rest of 2015. The Company continues to estimate that the higher earnings attainable in the spot market are more attractive than coverage to be made in the 1-year market.

Capacity and coverage, Tankers, at 30 June 2015

	2015		2016	2017	2015		2016	2017
	Q3	Q4			Q3	Q4		
Owned vessels		**Ship days**						
LR1	0	0	0	0				
MR	747	821	3,231	3,237				
Handysize	1,104	1,083	4,302	4,323				
Total	**1,851**	**1,904**	**7,533**	**7,560**				
Chartered vessels					**Costs for T/C capacity (USD per day)**			
LR1	0	0	0	489	0	0	0	18,600
MR	1,617	1,410	4,210	1,786	15,020	15,248	15,705	16,574
Handysize	239	92	37	0	13,698	14,108	14,108	0
Total	**1,856**	**1,502**	**4,247**	**2,275**	**14,850**	**15,178**	**15,691**	**17,009**
					Costs for gross capacity (USD per day)*			
Total capacity	**3,707**	**3,406**	**11,780**	**9,835**	**10,906**	**10,628**	**10,274**	**10,058**
Coverage					**Revenue from coverage (USD per day)**			
LR1	0	0	0	0	0	0	0	0
MR	771	380	648	392	16,150	15,716	16,345	15,546
Handysize	425	235	131	131	17,404	15,258	15,008	15,002
Total	**1,196**	**615**	**779**	**523**	**16,596**	**15,541**	**16,120**	**15,410**
Coverage in %								
LR1	0	0	0	0				
MR	33%	17%	9%	8%				
Handysize	32%	20%	3%	3%				
Total	**32%**	**18%**	**7%**	**5%**				

* 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 management fee.

OUTLOOK FOR 2015

NORDEN raises its full-year estimate

NORDEN raises its expectations for EBIT to USD 70 to 100 million against previously expected USD 50 to 90 million.

After solid spot earnings in Tankers in the second quarter and expectations of a continued high market level for the remainder of the year, expectations for Tankers are increased to USD 90 to 120 million (USD 75 to 100 million).

Expectations for the Dry Cargo result is maintained at USD -25 to 0 million.

Expectations for CAPEX are unchanged USD 0 to 20 million.

Expectations for 2015

(USD million)	Dry Cargo	Tankers	Group
EBIT	-25 to 0	90 to 120	70 to 100
Of which profit from the sale of vessels	-7	7	0
CAPEX			0 to 20

Sale of vessels

During the second quarter, NORDEN entered into a sales agreement on 2 Supramax newbuildings resulting in a loss of USD 4 million in the second quarter. After the closing of the quarter, 1 additional Supramax newbuilding has been sold, which will result in a loss of USD 3 million in the third quarter. In total, the above EBIT expectations hereafter include profit from the sale of vessels of USD 0 million.

Risks and uncertainties

At the beginning of August, there were approximately 2,900 open ship days in Dry Cargo, and a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 2.9 million. Earnings in Dry Cargo are also sensitive to possible counterparty risks and changes in the rate level between regions and vessel types.

Earnings expectations in Tankers primarily depend on the development in the spot market. Based on 4,000 open ship days in Tankers at the beginning of August, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 4 million.

Forward-looking statements

This report includes forward-looking statements reflecting management's current perception of future trends and financial performance. The statements for the rest of 2015 and the years to come naturally carry some uncertainty, and NORDEN's actual results may therefore differ from expectations. Factors that may cause the results achieved to differ from the expectations are, among other things, but not exclusively, changes in the macroeconomic and political conditions – especially in the Company's key markets – changes in NORDEN's assumptions of rate development and operating costs, volatility in rates and vessel prices, changes in legislation, possible interruptions in traffic and operations as a result of external events, etc.

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Management today reviewed and approved the interim report for the second quarter and first half-year of 2015 of Dampskibsselskabet NORDEN A/S.

The interim report is prepared in accordance with the International Financial Reporting Standard IAS 34 on interim reports and the general Danish financial disclosure requirements for listed companies. In line with previous policies, the interim report is not audited or reviewed by the auditors.

We consider the accounting policies applied to be appropriate and the accounting estimates made to be adequate. Furthermore, we find the overall presentation of the interim report to present a true and fair view.

Besides what has been disclosed in the interim report, no other significant changes in the Company's risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2014.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities, the financial position as well as the result of the Group's activities and cash flows for the interim period.

Furthermore, the management commentary gives a fair representation of the Group's activities and financial position as well as a description of the material risks and uncertainties which the Group is facing.

Hellerup, 12 August 2015

Executive Management

Jan Rindbo Chief Executive Officer	Martin Badsted Executive Vice President & CFO	Ejner Bonderup Executive Vice President

Board of Directors

Klaus Nyborg Chairman	Erling Højsgaard Vice Chairman	Alison J. F. Riegels
Karsten Knudsen	Arvid Grundekjøn	Lars Enkegaard Biilmann
Thorbjørn Joensen	Jonas Visbech Berg Nissen	

INCOME STATEMENT

Note	USD '000	2015 H1	2014 H1	2014 Q1-Q4
	Revenue	879,475	1,062,890	2,038,107
	Costs	-780,522	-1,078,008	-2,299,563
	Earnings before depreciation, etc. (EBITDA)	**98,953**	**-15,118**	**-261,456**
	Profits from the sale of vessels, etc.	3,247	-2	-4
	Depreciation and write-downs	-34,218	-31,369	-68,189
	Share of results of joint ventures	-2,136	-3,257	-5,848
	Earnings from operations (EBIT)	**65,846**	**-49,746**	**-335,497**
2	Fair value adjustment of certain hedging instruments	22,568	-10,975	-61,864
	Net financials	-3,916	-4,454	-15,152
	Results before tax	**84,498**	**-65,175**	**-412,513**
	Tax for the period	-2,502	-2,977	-3,121
	Results for the period	**81,996**	**-68,152**	**-415,634**
	Attributable to:			
	Shareholders of NORDEN	81,996	-68,152	-415,634
	Earnings per share (EPS), USD	**2.0**	**-1.7**	**-10.3**
	Diluted earnings per share, USD	**2.0**	**-1.7**	**-10.3**

STATEMENT OF COMPREHENSIVE INCOME

Note	USD '000	2015 H1	2014 H1	2014 Q1-Q4
	Results for the period, after tax	81,996	-68,152	-415,634
	Items which will be reclassified to the income statement:			
	Value adjustment of hedging instruments	191	-443	294
	Fair value adjustment of securities	-317	895	-597
	Tax on fair value adjustment of securities	0	0	-320
	Other comprehensive income, total	-126	452	-623
	Total comprehensive income for the period, after tax	**81,870**	**-67,700**	**-416,257**
	Attributable to:			
	Shareholders of NORDEN	81,870	-67,700	-416,257

INCOME STATEMENT BY QUARTER

Note	USD '000	2015	2015	2014	2014	2014
		Q2	**Q1**	**Q4**	**Q3**	**Q2**
	Revenue	423,572	455,903	523,623	451,594	505,188
	Costs	-371,876	-408,646	-759,225	-462,330	-512,615
	Earnings before depreciation, etc. (EBITDA)	**51,696**	**47,257**	**-235,602**	**-10,736**	**-7,427**
	Profits from the sale of vessels, etc.	1,824	1,423	-8	6	-34
	Depreciation and write-downs	-17,029	-17,189	-18,026	-18,794	-15,945
	Share of results of joint ventures	-678	-1,458	-4,483	1,892	-3,765
	Earnings from operations (EBIT)	**35,813**	**30,033**	**-258,119**	**-27,632**	**-27,171**
2	Fair value adjustment of certain hedging instruments	12,636	9,932	-40,055	-10,834	-10,807
	Net financials	-3,372	-544	-5,042	-5,656	-2,109
	Results before tax	**45,077**	**39,421**	**-303,216**	**-44,122**	**-40,087**
	Tax for the period	-1,642	-860	1,327	-1,471	-1,516
	Results for the period	**43,435**	**38,561**	**-301,889**	**-45,593**	**-41,603**
	Attributable to:					
	Shareholders of NORDEN	43,435	38,561	-301,889	-45,593	-41,603
	Earnings per share (EPS), USD	**1.1**	**1.0**	**-7.5**	**-1.1**	**-1.0**
	Diluted earnings per share, USD	**1.1**	**1.0**	**-7.5**	**-1.1**	**-1.0**

STATEMENT OF COMPREHENSIVE INCOME BY QUARTER

Note	USD '000	2015	2015	2014	2014	2014
		Q2	**Q1**	**Q4**	**Q3**	**Q2**
	Results for the period, after tax	43,435	38,561	-301,889	-45,593	-41,603
	Items which will be reclassified to the income statement:					
	Value adjustment of hedging instruments	1,124	-933	-832	1,569	-1,099
	Fair value adjustment of securities	-194	-123	-1,348	-144	306
	Tax on fair value adjustment of securities	0	0	-320	0	0
	Other comprehensive income, total	930	-1,056	-2,500	1,425	-793
	Total comprehensive income for the period, after tax	**44,365**	**37,505**	**-304,389**	**-44,168**	**-42,396**
	Attributable to:					
	Shareholders of NORDEN	44,365	37,505	-304,389	-44,168	-42,396

STATEMENT OF FINANCIAL POSITION

Note	USD '000	2015	2014	2014
		30/6	**30/6**	**31/12**
	ASSETS			
3	Vessels	1,058,703	1,082,233	1,050,064
	Property and equipment	53,507	53,370	53,822
4	Prepayments on vessels and newbuildings	38,404	85,572	97,845
	Investments in joint ventures	20,017	17,120	19,250
	Non-current assets	**1,170,631**	**1,238,295**	**1,220,981**
	Inventories	65,792	98,135	72,499
	Receivables from joint ventures	6,933	454	5,831
	Receivables and accruals	168,416	210,295	223,485
	Securities	37,956	54,071	39,872
	Cash and cash equivalents	302,460	269,079	198,394
		581,557	**632,034**	**540,081**
5	Tangible assets held for sale	1,974	0	16,954
	Current assets	**583,531**	**632,034**	**557,035**
	Total assets	**1,754,162**	**1,870,329**	**1,778,016**
	EQUITY AND LIABILITIES			
	Share capital	6,706	6,706	6,706
	Reserves	7,385	8,586	7,511
	Retained earnings	1,207,856	1,471,788	1,125,074
	Equity	**1,221,947**	**1,487,080**	**1,139,291**
	Bank debt	189,053	216,744	202,908
	Provisions	106,039	845	149,986
	Non-current liabilities	**295,092**	**217,589**	**352,894**
	Bank debt	27,647	27,647	27,647
	Provisions	76,307	0	80,474
	Trade payables	65,507	108,514	85,394
	Liabilities in joint ventures	0	0	20
	Other payables, deferred income and company tax	52,662	29,499	92,296
		222,123	**165,660**	**285,831**
	Liabilities relating to tangible assets held for sale	15,000	0	0
	Current liabilities	**237,123**	**165,660**	**285,831**
	Liabilities	**532,215**	**383,249**	**638,725**
	Total equity and liabilities	**1,754,162**	**1,870,329**	**1,778,016**

STATEMENT OF CASH FLOWS

Note	USD ’000	2015	2014	2015	2014	2014
		H1	H1	Q2	Q2	Q1-Q4
	Results for the period	81,996	-68,152	43,435	-41,603	-415,634
	Change in provisions	-40,155	0	-20,187	0	230,169
	Reversal of items without effect on cash flow	4,443	49,505	5,829	34,706	138,609
	Cash flows before change in working capital	46,284	-18,647	29,077	-6,897	-46,856
	Change in working capital *	15,800	-7,551	35,969	-21,965	825
	Cash flows from operating activities	**62,084**	**-26,198**	**65,046**	**-28,862**	**-46,031**
	Investments in vessels, etc.	-34,618	-19,938	-4,557	-19,182	-19,997
	Additions in prepayments on newbuildings	-42,130	-36,319	-22,314	-10,455	-90,415
	Additions in prepayments received on sold vessels	15,000	0	15,000	0	0
	Investments in associates	-4,342	-1,550	-4,342	-1,550	-5,550
	Proceeds from the sale of vessels, etc.	111,699	52	72,236	2	19,875
	Sale of securities	0	25,329	0	7,348	35,839
	Change in cash and cash equivalents with rate agreements of more than 3 months etc.	-97,161	106,805	-94,929	106,805	126,445
	Cash flows from investing activities	**-51,552**	**74,379**	**-38,906**	**82,968**	**66,197**
	Dividend paid to shareholders	0	-37,719	0	-37,719	-37,719
	Acquisition of treasury shares	0	-14,202	0	-9,884	-14,203
	Sale of treasury shares	0	1,258	0	538	1,260
	Installments on/payment of bank debt	-14,359	-14,357	-11,223	-11,221	-28,714
	Cash flows from financing activities	**-14,359**	**-65,020**	**-11,223**	**-58,286**	**-79,376**
	Change in cash and cash equivalents for the period	**-3,827**	**-16,839**	**14,917**	**-4,180**	**-59,210**
	Cash and cash equivalents at beginning of period	**137,379**	**218,775**	**119,308**	**198,482**	**218,775**
	Exchange rate adjustments	10,732	-13,512	10,059	-5,878	-22,186
	Change in cash and cash equivalents for the period	-3,827	-16,839	14,917	-4,180	-59,210
	Cash and cash equivalents at the end of the period	**144,284**	**188,424**	**144,284**	**188,424**	**137,379**
	Cash and cash equivalents with rate agreements of more than 3 months etc.	158,176	80,655	158,176	80,655	61,015
	Cash and cash equivalents according to the statement of financial position	**302,460**	**269,079**	**302,460**	**269,079**	**198,394**

* Including prepayments on T/C contracts (USD 41 million) in the first half-year.

NORDEN

STATEMENT OF CHANGES IN EQUITY

Note	USD '000	Share capital	Reserves	Retained earnings	Group equity
	Equity at 1 January 2015	**6,706**	**7,511**	**1,125,074**	**1,139,291**
	Total comprehensive income for the period	0	-126	81,996	81,870
	Share-based payment	0	0	786	786
	Changes in equity	**0**	**-126**	**82,782**	**82,656**
	Equity at 30 June 2015	**6,706**	**7,385**	**1,207,856**	**1,221,947**
	Equity at 1 January 2014	**6,833**	**8,134**	**1,589,850**	**1,604,817**
	Total comprehensive income for the period	0	452	-68,152	-67,700
	Acquisition of treasury shares	0	0	-14,202	-14,202
	Sale of treasury shares	0	0	1,258	1,258
	Distributed dividends	0	0	-39,833	-39,833
	Dividends, treasury shares	0	0	2,114	2,114
	Capital reduction	-127	0	127	0
	Share-based payment	0	0	626	626
	Changes in equity	**-127**	**452**	**-118,062**	**-117,737**
	Equity at 30 June 2014	**6,706**	**8,586**	**1,471,788**	**1,487,080**
	Equity at 1 January 2014	**6,833**	**8,134**	**1,589,850**	**1,604,817**
	Total comprehensive income for the period	0	-623	-415,634	-416,257
	Acquisition of treasury shares	0	0	-14,203	-14,203
	Sale of treasury shares	0	0	1,260	1,260
	Capital reduction	-127	0	127	0
	Distributed dividends	0	0	-39,833	-39,833
	Dividends, treasury shares	0	0	2,114	2,114
	Share-based payment	0	0	1,393	1,393
	Changes in equity	**-127**	**-623**	**-464,776**	**-465,526**
	Equity at 31 December 2014	**6,706**	**7,511**	**1,125,074**	**1,139,291**

NOTES

1. Significant accounting policies

Basis of accounting

The interim report comprises the summarised consolidated financial statements of Dampskibsselskabet NORDEN A/S.

Accounting policies

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports and additional Danish disclosure requirements for the financial statements of listed companies.

The consolidated annual report for 2014 has been prepared in accordance with the International Financial Reporting Standards (IFRS). Accounting policies have not changed in relation to this.

For a complete description of accounting policies, see also pages 57-59 in the consolidated annual report for 2014.

New financial reporting standards (IFRS) and interpretations (IFRIC)

NORDEN has implemented the new standards and interpretations which are in force for financial years starting on 1 January 2015 or later. The changes are of no importance to NORDEN's results or equity in the interim report and disclosure in the notes.

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

- IFRS 15 regarding revenue recognition – New common standard regarding revenue recognition. Revenue is recognised as control is transferred to the buyer.
- IFRS 9 regarding 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 income statement category. Simplified rules on hedge accounting will be introduced, and writing down of receivables must be based on expected loss.
- IASB's annual minor improvements prepared 2012-2014.
- Amendments to IAS 1 including minor amendments relating to the presentation of the annual accounts.

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

Significant choices and assessments in the accounting policies and significant accounting estimates

Management's choices and assessments in the accounting policies in respect of vessel leases, recognition of revenue and voyage costs, impairment test and onerous contracts are significant. Management's accounting estimates of receivables, contingent assets and liabilities and useful lives and residual values of tangible assets are also significant. For a description of these, see page 58 of the consolidated annual report for 2014.

Risks

For a description of NORDEN's risks, see note 2 "Risk management" in the consolidated annual report for 2014 pages 59-62.

2. Fair value adjustment of certain hedging instruments

USD '000	2015	2014	2015	2014	2014
	H1	**H1**	**Q2**	**Q2**	**Q1-Q4**
Bunker hedging:					
Fair value adjustment for:					
2014	0	-652	0	1,608	-6,081
2015	6,530	131	5,756	548	-27,540
2016	693	181	894	217	-4,026
2017	94	160	199	202	-2,936
2018-2019	13	127	92	168	-1,978
	7,330	-53	6,941	2,743	-42,561
Realised fair value adjustment reclassified to "Vessel operating costs"*	17,817	-485	4,358	289	3,512
Total	**25,147**	**-538**	**11,299**	**3,032**	**-39,049**
Forward Freight Agreements:					
Fair value adjustment for:					
2014	0	-4,000	0	-2,662	-3,927
2015	-4,918	-4,652	-634	-7,040	-11,656
2016	-3,979	-2,666	-1,616	-5,156	-8,694
	-8,897	-11,318	-2,250	-14,858	-24,277
Realised fair value adjustment reclassified to "Revenue"*	6,318	881	3,587	1,019	1,462
Total	**-2,579**	**-10,437**	**1,337**	**-13,839**	**-22,815**
Total	**22,568**	**-10,975**	**12,636**	**-10,807**	**-61,864**

* As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to operations in the same item as the hedged transaction. For further information, see the section "Significant accounting policies" in the consolidated annual report for 2014.

3. Vessels

USD '000	2015	2014	2014
	30/6	**30/6**	**31/12**
Cost at 1 January	1,618,544	1,614,716	1,614,716
Additions for the period	33,703	19,268	17,791
Disposals for the period	-21,086	0	0
Transferred during the period from prepayments on vessels and newbuildings	95,689	15,306	57,129
Transferred during the period to tangible assets held for sale	-76,634	0	-71,092
Cost	1,650,216	1,649,290	1,618,544
Depreciation at 1 January	-344,870	-313,153	-313,153
Depreciation for the period	-33,097	-30,294	-62,573
Transferred depreciation of tangible assets held for sale	5,924	0	30,856
Depreciation	-372,043	-343,447	-344,870
Write-downs at 1 January	-223,610	-223,610	-223,610
Reversed write-downs of tangible assets held for sale	4,140	0	0
Write-downs	-219,470	-223,610	-223,610
Carrying amount	**1,058,703**	**1,082,233**	**1,050,064**

For the development of the fleet and added value, see the management commentary.

4. Prepayments on vessels and newbuildings

USD '000	2015	2014	2014
	30/6	**30/6**	**31/12**
Cost at 1 January	97,845	64,559	64,559
Additions for the period	42,130	36,319	90,415
Transferred during the period to vessels	-95,689	-15,306	-57,129
Transferred during the period to other items	-175	0	0
Transferred during the period to tangible assets held for sale	-5,707	0	0
Cost	38,404	85,572	97,845
Carrying amount	**38,404**	**85,572**	**97,845**

5. Tangible assets held for sale

USD '000	2015	2014	2014
	30/6	**30/6**	**31/12**
Carrying amount at 1 January	16,954	0	0
Additions for the period from vessels	66,570	0	40,236
Additions for the period from prepayments on vessels and newbuildings	5,707	0	0
Additions for the period	108	0	0
Disposals for the period	-83,525	0	-19,803
Write-downs for the period	-3,840	0	-3,479
Carrying amount	**1,974**	**0**	**16,954**

6. Write-down of vessels, etc.

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 1,158 million at the end of the second quarter, which was USD 161 million below the carrying amounts. The cash generating units (CGUs) Dry Cargo and Tankers were USD 137 million and USD 24 million, respectively, below the carrying amounts. The difference between the highest and the lowest valuations calculated per vessel is USD 127 million, and the valuations are thus subject to considerable uncertainty.

Consequently, the usual calculation of value in use (VIU) has been made in order to assess whether there is a need for write-downs of the Group's fleet and newbuildings and/or for further provisions for onerous T/C contracts.

VIU for both CGUs is calculated 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 are based on expected short- and long-term rates. In the short term, i.e. 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. As the Company has taken delivery of new vessels and consequently has obtained a higher degree of operational experience with newer vessel designs, i.a. increased fuel efficiency, this value has been included.

Due to the large number of open ship days, the VIU calculation is very sensitive to even small fluctuations in freight rates. As an indication of this sensitivity, a fluctuation of USD 1,000 per day in freight rates would change the CGU values by USD 190 million in Dry Cargo and USD 108 million in Tankers.

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 the recovering world economy. Net fleet growth in 2015 is expected to be 2-3% and consequently lower than in 2014. Since the end of the first quarter, the spot rates (BDI index) has increased. At the same time, the decline in vessel values has levelled off, and at the end of the first half-year, vessel values for the larger vessel types in particular show an increasing trend.

In Tankers, the 1 to 3-year period rates have increased in the second quarter, but long-term we expect rate levels in line with the historic average levels described above. It is, however, possible that large fluctuations in the market will take place.

Against this background, management assesses that VIU of both CGUs supports the carrying amounts, and there is consequently no need for further write-downs or provisions for onerous time charter contracts.

7. Related party transactions

No significant changes have occurred to closely related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated annual report for 2014.

8. Contingent assets and liabilities

Since the end of 2014, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.

9. Overview of deliveries to the core fleet and fleet values

Expected delivery of the Company's core fleet at 30 June 2015

USD '000	2015		2016				2017				2018	2019	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			Total
Dry Cargo													
Capesize												(1.0)	1,0
Panamax			1.0 (1.0)	(1.0)		(2.0)			2.0				7,0
Supramax	(1.0)		(2.0)	0.5		(1.0)	(1.0)		2.0		3.0		10,5
Tankers													
LR1								(1.0)					1,0
MR	1.0				(1.0)					(1.0)	(1.0)		4,0
Handysize													0,0
Total	**2.0**	**0.0**	**4.0**	**1.5**	**1.0**	**3.0**	**1.0**	**1.0**	**4.0**	**1.0**	**4.0**	**1.0**	**23.5**

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 at 30 June 2015

USD million						
Dry Cargo	Number	Average dwt,	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Capesize	2.0	178,000	52	34		-18
Post-Panamax	4.0	114,000	122	78		-44
Panamax	7.0	79,000	168	142	30	4
Supramax	9.5	61,000	279	255		-24
Handysize	12.0	35,000	254	171	22	-61
Tankers						
MR	9.0	50,000	298	296		-2
Handysize	12.0	39,000	264	243		-22
Total	**55.5**		**1,437**	**1,219**	**52**	**-166**

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

10. Significant events after the reporting date

Between the end of the quarter and the publication of this interim report, other than the developments disclosed in the interim review, no significant events have occurred which have not been recognised and adequately disclosed and which materially affect the results for the period or the statement of financial position.