

INTERIM REPORT

First quarter of 2016



- Adjusted result for the period Q1 2016: USD -5 million. (“Results for the period” adjusted for “Profits from the sale of vessels etc.” and “Fair value adjustment of certain hedging instruments”) (Q1 2015: USD 27 million).
- EBIT Q1 2016 USD -1 million (USD 30 million).
- Tanker market as expected: Lower than last year, but continued good rates.
- Tanker: Adjusted result for the period Q1: USD 15 million (USD 25 million) corresponding to EBIT 16 million (USD 27 million).
- Historically weak dry cargo market with minor improvements after the end of the quarter.
- Dry Cargo: Adjusted result for the period Q1: USD -20 million (USD 2 million) corresponding to EBIT USD -17 million (USD 3 million).
- Positive cash flows from operating activities: USD 7 million (USD -3 million).
- Average NORDEN TCE earnings:
Tanker: USD 17,799, which is on the same level as the market.
Dry Cargo: USD 6,418 corresponding to 37% above the market.
- Ship values have dropped in both segments with a slightly upward trend in dry cargo after the end of the quarter.
- Expectations to the adjusted results for the year are maintained at USD -60 to 30 million.

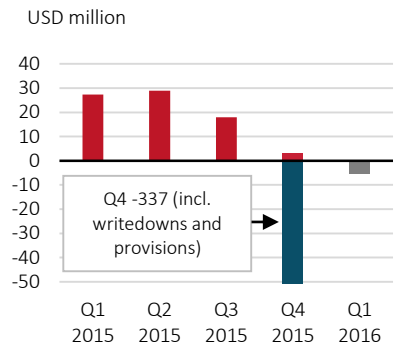
CEO Jan Rindbo in comments:

“NORDEN’s tanker business still brings home reasonable results, which contributes to cushion the effects of a historically poor quarter in the dry cargo market. The dry cargo index the Baltic Dry Index reached a new low in February, and despite a record number of scrappings of dry cargo vessels, this could not make up for the many deliveries of new vessels. Based on the increase in Chinese imports, the dry cargo market saw a slight improvement in March. NORDEN is optimising its fleet, utilising its flexible business model and chartering more vessels for single trips than before, in order to get maximum value out of the markets”.

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. It is requested that all participants have joined the meeting by latest 3:25 p.m. (CET) - Danish participants please dial in on +45 3271 1660, overseas participants please dial in on +44 (0) 20 3427 1915 or +1 646 254 3388. The telephone conference will be shown live at www.ds-norden.com, where the accompanying presentation will also be available.

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

Adjusted result for the period



Key figures and ratios for the group

USD million	1/1-31/3 2016	1/1-31/3 2015	Change Q1 2015-2016	1/1-31/12 2015
Income statement				
Revenue	296.2	455.9	-35%	1.653.4
Costs	-284.8	-408.6	-30%	-1.632.9
Earnings before depreciation, etc. (EBITDA) (excl. provision) ¹⁾	11.4	47.3	-76%	-165.5
Provision (excl. joint ventures)	0,0	0,0	-	-145.0
Earnings before depreciation, etc. (EBITDA)	11.4	47.3	-76%	20.5
Profit from the sale of vessels, etc.	0.8	1.4	-43%	-31.0
Depreciation and write-downs	-13.3	-17.2	-23%	-248.6
Earnings from operations (EBIT)	-1.3	30.0	-	-282.0
Fair value adjustment of certain hedging instruments	9.1	9.9	-8%	9.1
Net financials	-2.4	-0.5	-	-9.4
Results before tax	5.4	39.4	-86%	-282.3
Results for the period	4.6	38.6	-88%	-284.9
Adjusted result for the period *	-5.3	27.2	-	-263.00
Statement of financial position				
Non-current assets	943.3	1.166.2	-19%	945.7
Total assets	1.545.7	1.748.4	-12%	1.604.7
Equity	858.9	1.177.2	-27%	856.1
Liabilities	686.8	571.2	20%	748.6
Invested capital	777.3	1.185.0	-34%	788.7
Net interest-bearing assets	81.6	-7.8	-	67.3
Cash and securities	375.5	219.9	71%	365.7
Cash flows				
From operating activities	6.6	-3.0	-	76.9
From investing activities	8.1	-12.6	-	-112.9
- hereof investments in property, equipment and vessels	-52.0	-49.9	-4%	-131.6
From financing activities	-5.5	-3.1	-77%	67.5
Change in cash and cash equivalents for the period	9.2	-18.7	-	31.5
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	-	40,467,615
Number of treasury shares	1,732,385	1,739,945	-	1,732,385
Earnings per share (EPS)(DKK)	0.1 (1)	1.0 (6)	-90%	-7.0 (-47)
Diluted earnings per share (diluted EPS)(DKK)	0.1 (1)	1.0 (6)	-90%	-7.0 (-47)
Book value per share (excluding treasury shares)(DKK) ²⁾	21.2 (139)	29.1 (202)	-27%	21.2 (144)
Share price at end of period, DKK	95.5	148.5	-36%	122.1
Price/book value (DKK) ²⁾	0.7	0.7	-	0.8
Other key figures and financial ratios:				
EBITDA-ratio ¹⁾	3.9%	10.4%	-63%	1.2%
ROIC	-0.7%	10.4%	-	-10.6%
ROE	2.1%	13.3%	-84%	-28.6%
Equity ratio	55.6%	67.3%	-17%	53.3%
Total no. of ship days for the Group	18,217	19,295	-6%	75,763
USD/DKK rate at end of period	654.48	694.27	-6%	683.00
Average USD/DKK rate	677.30	663.02	2%	672.69

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.

* Adjusted result for the period was computed as "Results for the period" adjusted for "Profit from the sale of vessels, etc." and "Fair value adjustment of certain hedging instruments".

Comments on the development of the group for the period

- Adjusted result for the period: USD -5 million (USD 27 million)
- Cash and securities at 31 March USD 376 million (USD 220 million)
- More cargo opportunities for NORDEN completed on single trip vessels

Adjusted result for the period USD -5 million

In the first quarter, NORDEN realised an adjusted result for the period of USD -5 million. The result corresponds to an EBIT of USD -1 million (USD 30 million) and was affected by the reversal of write-downs for onerous T/C contracts of USD 25 million.

NORDEN's tanker activities reached an adjusted result for the period of USD 15 million corresponding to an EBIT of USD 16 million (USD 27 million). The result in tankers was affected partly by lower rates, partly by fewer available ship days. In the dry cargo market, rates were historically weak, and the adjusted result for the period was USD -20 million corresponding to an EBIT of USD -17 million (USD 3 million).

Improved financial position

At the end of the quarter, NORDEN's cash and securities amounted to USD 376 million. To this should be added NORDEN's share of cash in joint ventures of USD 20 million and undrawn credit facilities, which totalled USD 297 million at the end of the quarter. In comparison, outstanding net commitments concerning the Company's newbuilding programme including joint ventures constitute USD 224 million and are due for payment in the period 2016-2019.

NORDEN's net commitments went down by USD 15 million this quarter to USD 974 million, as a result of higher coverage as well as an increase in cash and cash equivalents.

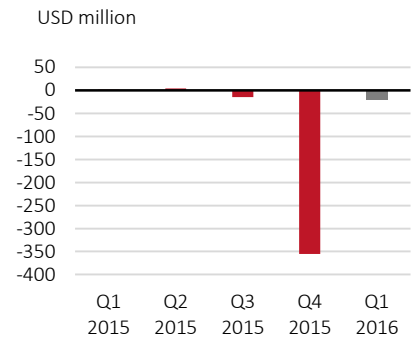
In the first quarter of 2016, NORDEN has also used its financial position to enter into agreements about pre-payment of hire on chartered vessels against a reduction of future hire payments for these vessels.

More cargo opportunities

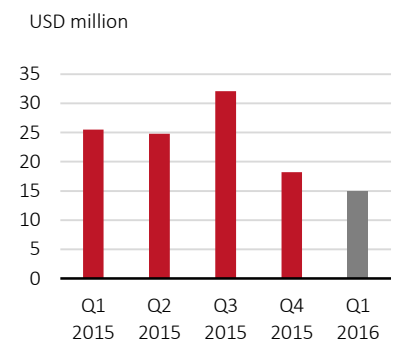
At the end of the first quarter, the active fleet totalled 275 vessels, which is 47 vessels more than at the end of 2015. During the quarter, NORDEN has had more cargo opportunities, which has made it possible for the Company to create value through operator activity without increasing exposure to the market significantly, as NORDEN has increased the use of vessels for single trips.

Similarly, Dry Cargo has optimised the core fleet by entering into agreement about cancelling a 10-year Capesize long-term charter against adding 3 new long-term chartered Supramaxes (5 years) with delivery in 2019. In addition, the 2 Capesizes that were sold in the fourth quarter of 2015 were delivered to their new owners. With that, NORDEN will be out of the Capesize exposure in the third quarter of 2017, where the last long-term chartered Capesize will be redelivered.

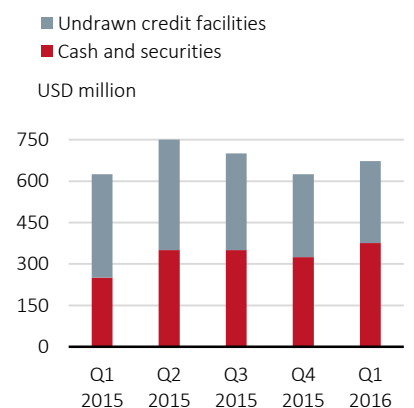
Adjusted result for the period Dry Cargo



Adjusted result for the period Tankers



Financial resources



Development of vessel values

The value of the vessels that NORDEN owned throughout the quarter dropped in both segments, however, dry cargo values have increased a little since the end of the quarter. In dry cargo, vessel values went down by 15%, whereas tanker vessels dropped by an average of 6%. Based on the valuations from 3 independent brokers, the market value of NORDEN’s owned vessels and newbuildings (including vessels in joint ventures) is estimated at USD 1,028 million at the end of the quarter. Based on these further drops in vessel values since 31 December 2015, the Company has carried out a reassessment of the most significant assumptions used when determining the value in use at 31 December 2015, including the long-term rate expectations. Based on this, the Company has assessed that there are no changes in the assumptions, which indicate a need for a write-down.

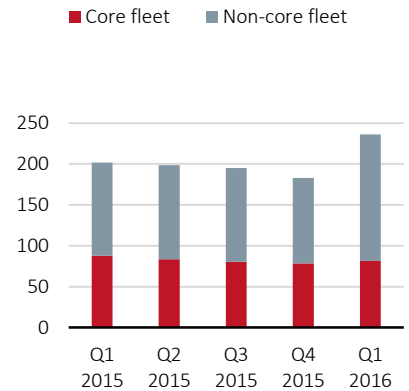
The theoretical value of NORDEN’s purchase and extension options is estimated at USD 12 million at the end of the first quarter against USD 14 million at the end of 2015. The drop is due to a general decrease in T/C rates. A sensitivity analysis shows that a 10% decrease in T/C rates and vessel prices will cause a drop of 24% to USD 9 million, while an increase of 10% will result in a 57% rise to USD 19 million.

Higher level of information

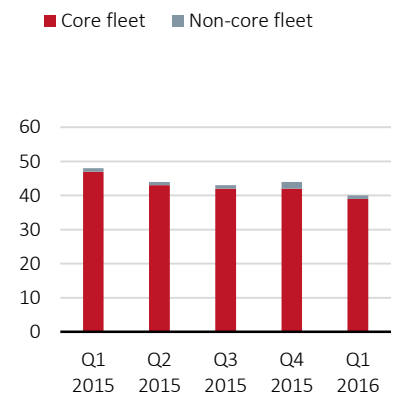
NORDEN wishes to publish numbers and data that give a true and fair view of the development of the business. In line with this, the Company has chosen to adjust a number of selected key figures. Some of the adjustments are also mentioned in the Annual Report for 2015.

- NORDEN’s guidance is on the adjusted results for the year, and consequently the Company also discloses its adjusted result for the period for each quarter. The adjusted results for the year and for the period are equal to Results for the period without the effect from Sale of vessels etc. and Fair value adjustments of certain hedging instruments.
- Full allocation of costs: In the future, all costs will be divided between Dry Cargo and Tankers, and so the category “Unallocated items” will be discontinued.
- Core fleet: All owned vessels and vessels that are chartered for a minimum of 13 months are considered as core fleet vessels.
- NORDEN TCE for Dry Cargo: In order to present the added value created by NORDEN’s business model and operator activity, a NORDEN TCE from the first quarter of 2016 is calculated as TCE earnings from NORDEN’s core fleet added the margin that the Company has achieved through employment of short-term chartered vessels (non-core fleet).
- Dry Cargo Benchmark: To better reflect the results of NORDEN’s business model and the new NORDEN TCE, the new Benchmark consists of a combination of the quarter’s spot rates (Baltic Dry Index) and of the level at which FFA contracts for the respective quarter have been traded during the preceding 12 months. Spot and FFA are weighted equally in the benchmark.
- Tanker Benchmark: The new Benchmark is generated by calculating the average of the 1-year T/C rate (Clarksons) for the respective quarter and the 9 preceding months. The benchmark thus gives a better reflection of the earnings the Company could have achieved by taking coverage.

Active fleet Dry Cargo



Active fleet Tankers



Segment information

USD million	Q1 2016			Q1 2015		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Revenue – services rendered	192.5	103.7	296.2	329.1	126.8	455.9
Voyage costs	-105.4	-33.8	-139.2	-156.5	-42.3	-198.8
Contribution margin	87.1	69.9	157.0	172.6	84.5	257.1
Other operating income, net	1.8	0.0	1.8	1.4	0.0	1.4
Vessel operating costs	-92.7	-43.8	-136.5	-150.4	-48.9	-199.3
Costs	-8.7	-2.2	-10.9	-9.6	-2.3	-11.9
Earnings before depreciation, etc. (EBITDA)	-12.5	23.9	11.4	14.0	33.3	47.3
Profits from the sale of vessels, etc.	0.8	0.0	0.8	0.0	1.4	1.4
Depreciation and write-downs	-5.1	-8.2	-13.3	-9.4	-7.8	-17.2
Share of results of joint ventures	-0.2	0.0	-0.2	-1.7	0.2	-1.5
Earnings from operations (EBIT)	-17.0	15.7	-1.3	2.9	27.1	30.0
Fair value adjustment of certain hedging instruments	9.1	0.0	9.1	9.9	0.0	9.9
Financial income	0.8	0.4	1.2	2.5	1.7	4.2
Financial expenses	-2.1	-1.5	-3.6	-2.8	-1.9	-4.7
Tax for the period	-0.7	-0.1	-0.8	-0.8	0.0	-0.8
Results for the period	-9.9	14.5	4.6	11.7	26.9	38.6
Adjusted result for the period	-19.8	14.5	-5.3	1.8	25.4	27.2

USD million	Q1 2016			Q1 2015		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Vessels	302.4	560.9	863.3	535.6	504.0	1,039.6
Other tangible assets	31.2	20.9	52.1	35.9	17.6	53.5
Prepayments on vessels and newbuildings	12.1	0,0	12.1	27.3	26.4	53.7
Investments in joint ventures	14.5	1.3	15.8	15.7	3.7	19.4
Non-current assets	360.2	583.1	943.3	614.5	551.7	1,166.2
Current assets (operating)	147.5	79.4	226.9	261.5	100.8	362.3
Cash and securities	-	-	375.5	-	-	219.9
- Of which tangible assets held for sale	0,0	0,0	0,0	0,0	66.6	66.6
Total assets	507.7	662.5	1,545.7	876,0	652.5	1,748.4

NORDEN has changed its accounting policies and does no longer have "Unallocated items". Please also see note 1 Significant accounting policies.

Dry Cargo

- Adjusted result for the period USD -20 million corresponding to EBIT USD -17 million (USD 3 million)
- Earnings: 37% above the market benchmark
- Continued challenging market conditions

In the first quarter of 2016, the Dry Cargo Department realised an adjusted result for the period of USD -20 million corresponding to an EBIT of USD -17 million, which was down from the first quarter last year when EBIT was USD 3 million. NORDEN TCE earnings in Dry Cargo were 37% above the market benchmark.

The historically poor market conditions from 2015 continued into the first quarter of 2016. The dry cargo rates fell to an all-time low in February due to the usual seasonal slowdown in both iron ore and grain volumes as well as disappointing developments in the Chinese and Indian coal imports. Towards the end of the quarter, rates improved slightly as the South American grain season started and iron ore and coal volumes recovered.

In February, China reported the lowest coal import volumes since the beginning of 2011. Volumes recovered significantly in March, however, reaching a total of almost 20 million tons – a level not seen since July 2015. The improvement in March was mainly driven by an increase in power generation as well as higher consumption of coal for steel production.

Meanwhile, India, which is among the biggest coal importers, continued its negative developments compared to last year. Record high stockpiles combined with high domestic coal production have lowered the demand for coal imports. Poor finances at the importing coal fired power plants also contributes to limiting imports.

Growth in Chinese imports of iron ore

The Chinese iron ore imports have had a relatively strong start to the year due to the slowdown in the domestic extraction and higher restocking of inventories at the ports. The positive development resulted in an increase of 6.5 % over the first three months compared to same period last year. Steel production was surprisingly strong in March and reached the second highest levels recorded. This was on the back of government led infrastructure projects as well as slight improvements in the property market.

The increase in the Chinese iron ore imports continued to benefit Brazilian exports. The Brazilian exports increased by 7.5% in the first quarter compared to the first quarter last year. Likewise, Brazilian soybean exports has had a strong start to what looks like a record-breaking grain season in South America. Although Chinas imports of bauxite from Malaysia have decreased due to temporary mining restrictions, total bauxite imports have risen by 35% compared to Q1 2015.



The historically poor market conditions from 2015 continued into the first quarter of 2016

Baltic Exchange Dry Index



Chinese imports of iron ore increased by 6.5% compared to the same period last year

Employment and rates, Dry Cargo, Q1 2016

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total**
NORDEN core fleet days	167	763	2,287	1,888	2,078	7,183
New NORDEN TCE (USD per day)	(694)	6,242	5,616	7,367	7,073	6,418
Benchmark*	4,195	4,526	4,609	5,239	4,524	4,731
NORDEN vs. Benchmark	-117%	38%	22%	41%	56%	37%

* 50% spot and 50% FFA preceding 12 months ** Weighted average

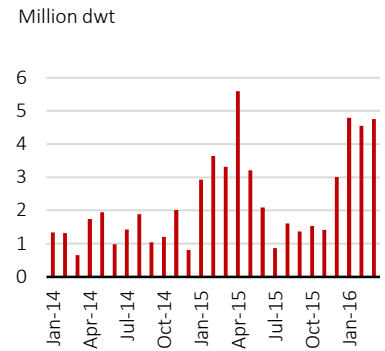
NORDEN TCE is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fees in cases where the vessel type is operated in a pool, see also page 4.

Continued high scrapping activity

The scrapping level for the first quarter would correspond to 7% of the world fleet being scrapped if this level continued for the rest of the year. With the current increasing spot rates, it is likely, however, that scrapping activities will ease off, and it is expected that scrapping for 2016 will end at about 5% of the fleet. World net fleet growth in 2016 is therefore still expected to be 1-3%.

While Q1 has been historically bad, there are signs of improvement in the coming quarters as construction activity and steel production in China are showing positive signs. However, while rates are expected to be higher than during Q1, the sizeable overcapacity in the dry cargo market will likely persist throughout 2016.

Dry Cargo Demolition



NORDEN's Dry Cargo fleet and values at 31 March 2016

Active fleet	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Owned vessels	-	4.0	4.0	5.0	12.0	25.0
Chartered vessels with a duration of more than 13 months	1.0	4.0	21.5	18.0	12.0	56.5
Total active core fleet	1.0	8.0	25.5	23.0	24.0	81.5
Chartered vessels with a duration of less than 13 months	-	0.6	68.0	69.2	16.7	154.5
Total active fleet	1.0	8.6	93.5	92.2	40.7	236.0
Vessels to be delivered						
Owned vessels	-	-	2.0	6.5	-	8.5
Chartered vessels with a duration of more than 13 months	-	-	3.0	9.0	-	12.0
Total delivery to core fleet	-	-	5.0	15.5	-	20.5
Chartered vessels with a duration of less than 13 months	-	-	-	-	-	-
Total to be delivered	-	-	5.0	15.5	-	20.5
Total gross fleet	1.0	8.6	98.5	107.7	40.7	256.5
Dry Cargo fleet values at 31 March 2016 (USD million)						
Market value of owned vessels and newbuildings*	0	46	114	208	122	490
Theoretical value of purchase and extension options	1	6	1	1	0	9

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

65% coverage for the rest of the year

At the end of the first quarter, the Dry Cargo Department's coverage for the rest of 2016 was at 65%, which corresponds to 10,364 open ship days.



10,364 open ship days

Coverage and capacity, Dry Cargo, at 31 March 2016

	2016 Q2	2016 Q3	2016 Q4	2017	2018	2016 Q2	2016 Q3	2016 Q4	2017	2018
Owned vessels	Ship days									
Capesize	-	-	-	-	-					
Post-Panamax	364	365	365	1,360	1,448					
Panamax	364	272	367	1,515	2,172					
Supramax	473	492	502	1,966	2,947					
Handysize	1,092	1,019	1,099	4,286	4,327					
Total	2,293	2,148	2,333	9,127	10,894					
Chartered vessels						Costs for T/C capacity (USD per day)				
Capesize	91	92	92	212	-	12,234	12,234	12,234	11,387	-
Post-Panamax	364	368	368	1,460	1,460	5,277	5,305	5,830	6,737	8,776
Panamax	5,845	3,471	3,017	6,732	5,806	6,769	7,199	7,586	8,295	9,969
Supramax	3,266	1,742	1,475	4,609	4,635	6,913	7,741	8,016	7,855	9,045
Handysize	1,141	1,004	806	2,429	1,243	7,790	8,507	8,661	8,319	10,462
Total	10,707	6,677	5,758	15,442	13,144	6,917	7,502	7,809	8,063	9,557
Total capacity	13,000	8,825	8,091	24,569	24,038	6,634	7,086	7,095	7,037	7,616
Coverage						Revenue from coverage (USD per day)				
Capesize	33	-	-	-	-	2,300	-	-	-	-
Post-Panamax	309	93	31	-	-	4,330	5,408	6,723	6,611	-
Panamax	4,872	2,888	1,373	2,970	2,787	8,247	8,898	11,899	14,478	15,124
Supramax	3,881	2,238	1,227	2,106	936	7,749	7,975	8,264	9,488	14,620
Handysize	1,443	633	531	1,332	1,047	7,159	9,717	10,760	12,997	14,456
Total	10,538	5,852	3,162	6,408	4,770	7,781	8,578	10,246	12,530	14,879
Coverage in %										
Capesize	36%	-	-	-	-					
Post-Panamax	42%	13%	4%	-	-					
Panamax	78%	77%	41%	36%	35%					
Supramax	104%	100%	62%	32%	12%					
Handysize	65%	31%	28%	20%	19%					
Total	81%	66%	39%	26%	20%					

*Costs include the effect of the provisions for onerous contracts made in 2014 and 2015 and cash running costs for owned vessels. A statement excluding the provision can be found on NORDEN's website.

Costs are excluding O/A. For segments which are operated in a pool the TCE is after management fee. With respect to the Dry Cargo pools NORDEN receives the management fee as "Other operating income".

Tankers

- Adjusted result for the period USD 15 million corresponding to EBIT USD 16 million (USD 27 million)
- Reasonable result for the first quarter despite a weak winter market
- The market is expected to remain good in the second quarter

Reasonable result for the Tanker Department

The year so far has offered continued good earnings potentials for NORDEN's tanker fleet. Despite a slight decrease in rates compared to the end of last year, the Tanker Department generated an adjusted result for the period of USD 15 million corresponding to an EBIT of USD 16 million (USD 27 million). The result is impacted partly by lower rates and partly by fewer available ship days. NORDEN TCE earnings for NORDEN's Handysize and MR fleet ended at USD 16,553 per day and USD 18,478 per day, which was on par with the new 1-year T/C benchmark (see page 4). NORDEN's spot earnings ended at USD 16,113 per day in Handy and USD 19,202 per day in MR.

The good market conditions continued into 2016

For the tanker market, the first quarter turned out to be consistent with the expectations of the Company. The good market conditions from the end of 2015 have more or less continued into 2016 with spot rates decently above the 5-year average for the period. Compared to the end of 2015, rates have, as expected, stabilised over quarter. The decrease in rates is attributable to refinery maintenance after last year's intensive oil production and the high stocks of both refined oil products and crude oil.

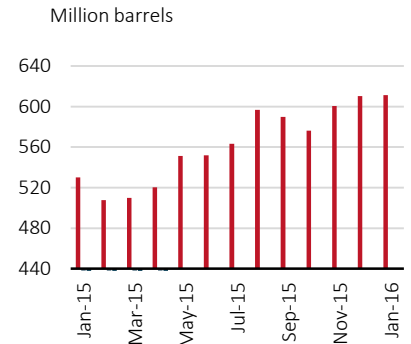
A mild winter weakened Handysize earnings

The Company's Handysize vessels – which historically have benefitted from the winter market – experienced fewer cargoes and decreasing rates this season. High temperatures reduced this season's freight demand for especially fuel oil, and ice sailing was also limited, which resulted in fewer ice class premiums for NORDEN's iceclassed vessels. Russia – the world's largest exporter of fuel oil – reduced its exports significantly during the first quarter. The decreasing exports are partly a consequence of decreasing demand, partly local tax changes on export and decreasing product prices that have made fuel oil production/export unprofitable. The export of fuel oil has been replaced by a larger export of crude oil, and this is one of the reasons why the amount of crude oil refined in Russia fell by approximately 6% in February in comparison to the previous year (Source: Wood Mackenzie).

Europe still buys surplus products

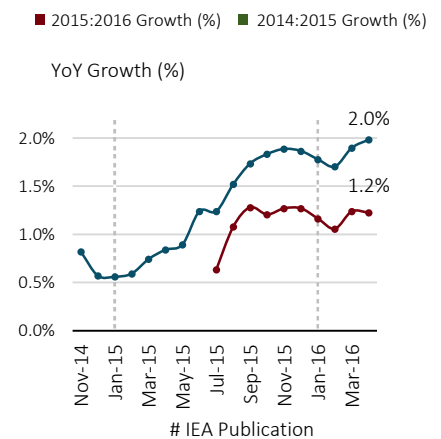
The MR fleet, on the other hand, benefitted from broadly based stable rate levels throughout the quarter. Continued low oil prices and generally higher oil consumption contributed to maintaining a reasonable demand for transportation. In the Atlantic, the American diesel export to Europe was replaced by increasing exports from especially the Middle East, India and China, which still have Europe as buyer of diesel. This has contributed to maintain the record high European product stocks.

OECD – Total Industry – Middle Distillates Stocks



Source: International Energy Agency

IEA – Global oil demand growth estimates



Source: International Energy Agency

Employment and rates, Tankers, Q1 2016

Vessel type	MR	Handysize	Total **
NORDEN's ship days	2,537	1,383	3,920
NORDEN spot TCE (USD per day, net)	19,202	16,113	18,112
NORDEN TCE (USD per day, net)	18,478	16,553	17,799
Benchmark*	18,382	16,523	17,726
NORDEN vs. Benchmark	1%	0%	0%

* Preceding 12 months average ** Weighted average

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

Expectations of a good market for the rest of the year – driven by gasoline

IEA's latest estimates indicate a reasonable growth in oil demand of 1.2% for 2016. Even though growth this year looks like it will be lower than the 2.0% growth of 2015, the starting point is, however, an already strong demand for oil. Growth is still expected to be driven by the demand for transportation of gasoline and less so by the demand for transportation of diesel, which has not shown the same positive growth rates. This past year, China has experienced strong growth in diesel exports, and similar developments in the rest of Asia have kept the fleet employed. Despite the many diesel cargoes to Europe, the return trips to Asia with gasoline has contributed to maintain a constant distribution of tonnage between the Pacific and the Atlantic – for the benefit of NORDEN's fleets in the Atlantic.

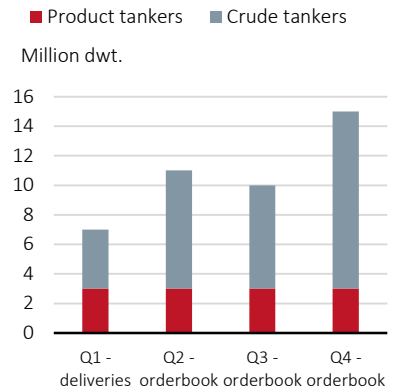
Continued high level of newbuilding deliveries and few scrappings in the first quarter

The expectations for fleet growth remain unchanged, and a net growth of about 6% this year is still expected. The reasonable market conditions have kept scrapping activity at a low rate, and until the end of March only 5 product tankers have been scrapped. At the same time, the delivery of newbuildings has continued to be high – especially within MR and LR2. For crude oil tankers, the order book still indicates a high increase in tonnage for the second half of the year – especially of VLCC tonnage.

Unchanged expectations for the market in the second quarter

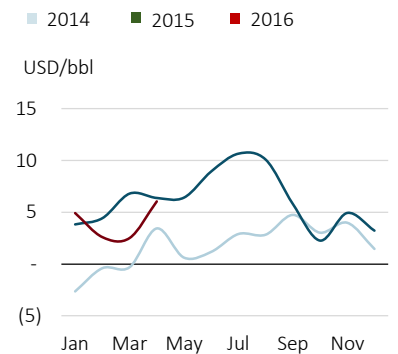
The Company still has positive expectations for the market in the short-term. The refineries' product margins – which have been under pressure by high stocks and a declining demand for diesel – are expected to get a welcomed boost by the coming seasonal demand for gasoline. Increasing margins will improve export opportunities, and this should result in an increase in trade for the benefit of the tanker fleet. This year, the refinery sector has sought to adjust production towards higher gasoline yield in order to adapt to demand. It is, however, limited how much of the production that can be adjusted in such a short time, and therefore it is still expected that more diesel will be produced than what is required. The future gasoline production is therefore also expected to contribute to additional stockpiling of diesel.

Global tanker fleet - deliveries and order book - 2016



Source: Simpson, Spence and Young & Clarksons Platou

NWE – Refinery margin (Brent Cracking)



Source: Wood Mackenzie

NORDEN's Tanker fleet and values at 31 March 2016

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	-	9	13	22
Chartered vessels with a duration of more than 13 months	-	16	-	16
Total active core fleet	-	25	13	38
Chartered vessels with a duration of less than 13 months	-	1	-	1
Total active fleet	-	26	13	39
Vessels to be delivered				
Owned vessels	-	-	-	-
Chartered vessels with a duration of more than 13 months	2	5	-	7
Total delivery to core fleet	2	5	-	7
Chartered vessels with a duration of less than 13 months	-	-	-	-
Total to be delivered	2	5	-	7
Total gross fleet	2	31	13	46
Tanker fleet values at 31 March 2016 (USD million)				
Market value of owned vessels and newbuildings*	0	281	257	538
Theoretical value of purchase and extension options	0	3	0	3

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

Continued spot exposure

The Tanker Department has covered 25% of the ship days for the rest of 2016, corresponding to 7,581 open ship days. The Company examines on an ongoing basis the possibilities for taking long-term coverage at attractive rates.



7,581 open ship days

Capacity and coverage, Tankers, at 31 March 2016

	2016 Q2	2016 Q3	2016 Q4	2017	2018	2016 Q2	2016 Q3	2016 Q4	2017	2018
Owned vessels	Ship days									
LR1	-	-	-	-	-					
MR	819	824	824	3,230	3,229					
Handysize	1,183	1,140	1,192	4,674	4,671					
Total	2,002	1,964	2,016	7,904	7,900					
Chartered vessels						Costs for T/C capacity (USD per day)				
LR1	-	-	-	489	730	-	-	-	18,600	18,600
MR	1,543	1,408	1,154	2,323	2,106	15,689	16,015	16,111	16,389	16,564
Handysize	-	-	-	-	-	-	-	-	-	-
Total	1,543	1,408	1,154	2,812	2,836	15,689	16,015	16,111	16,773	17,088
Total capacity	3,545	3,372	3,170	10,716	10,736	Costs for gross capacity (USD per day)*				
						10,439	10,522	9,947	9,075	9,268
Coverage						Revenue from coverage (USD per day)				
LR1	-	-	-	-	-	-	-	-	-	-
MR	776	550	550	1,339	322	17,588	17,320	17,320	17,188	17,174
Handysize	264	183	183	652	219	15,315	16,478	16,478	16,406	15,639
Total	1,040	733	733	1,991	541	17,011	17,110	17,110	16,932	16,552
Coverage in %										
LR1	0%	0%	0%	0%	0%					
MR	33%	25%	28%	24%	6%					
Handysize	22%	16%	15%	14%	5%					
Total	29%	22%	23%	19%	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 2016

NORDEN maintains expectations for the adjusted results for the year

NORDEN maintains its expectations for the adjusted results for the year at USD -60 to 30 million.

In both segments, NORDEN’s earnings in the first quarter have been as expected, and the expectations for the markets for the rest of the year remain unchanged. The expectations for the adjusted results for the year are therefore maintained in both segments with USD -85 to -25 million in Dry Cargo and USD 25 to 55 million in Tankers.

The expectations for CAPEX are changed to USD -30 to -50 million (-20 to -40 million).

Expectations for 2016

USD million	Dry Cargo	Tankers	Group
Adjusted results for the year	-85 to -25	25 to 55	-60 to 30
Full-year known profits from sales			1
CAPEX			-30 to -50

Sale of vessels

NORDEN is still investigating the possibilities for making further adjustments to the owned fleet and the newbuilding programme. Such transactions could affect expectations for CAPEX.

Risks and uncertainties

At the beginning of May, there are about 10,400 open ship days in Dry Cargo, which gives rise to a change in earnings of about USD 10,4 million at a change of USD 1,000 per day in expected T/C equivalents. Dry Cargo earnings are furthermore sensitive to any 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 about 7,500 open ship days in Tankers in the beginning of May, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 7,5 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 2016 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 first quarter of 2016 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 2015

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, 4 May 2016

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

Johanne Riegels Østergård

Karsten Knudsen

Arvid Grundekjøn

Lars Enkegaard Biilmann

Thorbjørn Joensen

Jonas Visbech Berg Nissen

Income statement

Note	USD '000	2016	2015	2015
		Q1	Q1	Q1-Q4
	Revenue	296,220	455,903	1,653,432
	Costs	-284,784	-408,646	-1,632,937
	Earnings before depreciation, etc. (EBITDA)	11,436	47,257	20,495
	Profits from the sale of vessels, etc.	790	1,423	-31,013
	Depreciation and write-downs	-13,315	-17,189	-248,553
	Share of results of joint ventures	-196	-1,458	-22,883
	Earnings from operations (EBIT)	-1,285	30,033	-281,954
2	Fair value adjustment of certain hedging instruments	9,146	9,932	9,108
	Net financials	-2,492	-544	-9,431
	Results before tax	5,369	39,421	-282,277
	Tax for the period	-779	-860	-2,641
	Results for the period	4,590	38,561	-284,918
	Attributable to:			
	Shareholders of NORDEN	4,590	38,561	-284,918
	Adjusted result for the period	-5,346	27,206	-263,013
	Earnings per share (EPS), USD	0.1	1.0	-7.0
	Diluted earnings per share, USD	0.1	1.0	-7.0

Statement of comprehensive income

Note	USD '000	2016	2015	2015
		Q1	Q1	Q1-Q4
	Results for the period, after tax	4,590	38,561	-284,918
	Items which will be reclassified to the income statement:			
	Value adjustment of hedging instruments	-651	-933	713
	Fair value adjustment of securities	73	-123	-1,031
	Tax on fair value adjustment of securities	0	0	150
	Other comprehensive income, total	-578	-1,056	-168
	Total comprehensive income for the period, after tax	4,012	37,505	-285,086
	Attributable to:			
	Shareholders of NORDEN	4,012	37,505	-285,086

Income statement by quarter

Note	USD '000	2016	2015	2015	2015	2015
		Q1	Q4	Q3	Q2	Q1
	Revenue	296,220	373,842	400,115	423,572	455,903
	Costs	-284,784	-493,830	-358,585	-371,876	-408,646
	Earnings before depreciation, etc. (EBITDA)	11,436	-119,988	41,530	51,696	47,257
	Profits from the sale of vessels, etc.	790	-31,078	-3,182	1,824	1,423
	Depreciation and write-downs	-13,315	-197,367	-16,968	-17,029	-17,189
	Share of results of joint ventures	-196	-20,179	-568	-678	-1,458
	Earnings from operations (EBIT)	-1,285	-368,612	20,812	35,813	30,033
2	Fair value adjustment of certain hedging instruments	9,146	-8,769	-4,691	12,636	9,932
	Net financials	-2,492	-655	-4,860	-3,372	-544
	Results before tax	5,369	-378,036	11,261	45,077	39,421
	Tax for the period	-779	1,064	-1,203	-1,642	-860
	Results for the period	4,590	-376,972	10,058	43,435	38,561
	Attributable to:					
	Shareholders of NORDEN	4,590	-376,972	10,058	43,435	38,561
	Adjusted result for the period	-5,346	-337,125	17,931	28,975	27,206
	Earnings per share (EPS), USD	0,1	-9,3	0,2	1,1	1,0
	Diluted earnings per share, USD	0,1	-9,3	0,2	1,1	1,0

Statement of comprehensive income by quarter

Note	USD '000	2016	2015	2015	2015	2015
		Q1	Q4	Q3	Q2	Q1
	Results for the period, after tax	4,590	-376,972	10,058	43,435	38,561
	Items which will be reclassified to the income statement:					
	Value adjustment of hedging instruments	-651	1,768	-1,246	1,124	-933
	Fair value adjustment of securities	73	-575	-139	-194	-123
	Tax on fair value adjustment of securities	0	150	0	0	0
	Other comprehensive income, total	-578	1,343	-1,385	930	-1,056
	Total comprehensive income for the period, after tax	4,012	-375,629	8,673	44,365	37,505
	Attributable to:					
	Shareholders of NORDEN	4,012	-375,629	8,673	44,365	37,505

Statement of financial position

Note	USD '000	2016	2015	2015
		31/3	31/3	31/12
ASSETS				
3	Vessels	863,360	1,039,618	864,251
	Property and equipment	52,061	53,457	51,910
4	Prepayments on vessels and newbuildings	12,079	53,688	12,075
	Investments in joint ventures	15,765	19,456	17,469
	Non-current assets	943,265	1,166,219	945,705
	Inventories	34,071	70,751	43,607
	Receivables from joint ventures	0	6,537	3,111
	Receivables and accruals	192,831	218,386	212,919
	Securities	33,950	37,380	36,778
	Cash and cash equivalents	341,558	182,555	328,919
		602,410	515,609	625,334
5	Tangible assets held for sale	0	66,570	33,644
	Current assets	602,410	582,179	658,978
	Total assets	1,545,675	1,748,398	1,604,683
EQUITY AND LIABILITIES				
	Share capital	6,706	6,706	6,706
	Reserves	6,765	6,455	7,343
	Retained earnings	845,410	1,164,047	842,014
	Equity	858,881	1,177,208	856,063
	Bank debt	257,511	200,040	262,036
	Provisions	168,483	125,122	191,745
	Prepayments received on vessels for resale	5,100	0	5,100
	Non-current liabilities	431,094	325,162	458,881
	Bank debt	36,421	27,647	36,319
	Provisions	115,501	75,720	116,867
	Trade payables	45,999	65,220	48,780
	Liabilities in joint ventures	8,512	0	509
	Other payables, deferred income and company tax	49,267	77,441	72,208
		255,700	246,028	274,683
	Liabilities relating to tangible assets held for sale	0	0	15,056
	Current liabilities	255,700	246,028	289,739
	Liabilities	686,794	571,190	748,620
	Total equity and liabilities	1,545,675	1,748,398	1,604,683

Statement of cash flows

Note	USD '000	2016	2015	2015
		Q1	Q1	Q1-Q4
	Results for the period	4,590	38,561	-284,918
	Change in provisions	-25,357	-19,968	64,499
	Reversal of items without effect on cash flow	4,791	-1,386	287,378
	Cash flows before change in working capital	-15,976	17,207	66,959
	Change in working capital	22,593	-20,169	9,931
	Cash flows from operating activities	6,617	-2,962	76,890
	Investments in vessels, etc.	-51,953	-30,061	-87,505
	Additions in prepayments on newbuildings	-4	-19,816	-72,011
	Additions in prepayments received on sold vessels	-15,056	0	20,156
	Investments in joint ventures	0	0	-9,909
	Proceeds from the sale of vessels, etc.	73,812	39,463	136,495
	Sale of securities	3,612	0	0
	Change in cash and cash equivalents with rate agreements of more than 3 months etc.	-2,316	-2,232	-100,130
	Cash flows from investing activities	8,095	-12,646	-112,904
	Raising of non-current debt	0	0	99,764
	Instalments on/payment of debt	-5,469	-3,136	-32,287
	Cash flows from financing activities	-5,469	-3,136	67,477
	Change in cash and cash equivalents for the period	9,243	-18,744	31,463
	Cash and cash equivalents at beginning of period	167,774	137,379	137,379
	Exchange rate adjustments	1,080	673	-1,068
	Change in cash and cash equivalents for the period	9,243	-18,744	31,463
	Cash and cash equivalents at the end of the period	178,097	119,308	167,774
	Cash and cash equivalents with rate agreements of more than 3 months etc.	163,461	63,247	161,145
	Cash and cash equivalents according to the statement of financial position	341,558	182,555	328,919

Statement of changes in equity

Note USD '000

	Shareholders of NORDEN			
	Share capital	Reserves	Retained earnings	Group equity
Equity at 1 January 2016	6,706	7,343	842,014	856,063
Total comprehensive income for the period	0	-578	4,590	4,012
Adjustment of treasury shares in joint ventures	0	0	-1,545	-1,545
Share-based payment	0	0	351	351
Changes in equity	0	-578	3,396	2,818
Equity at 31 March 2016	6,706	6,765	845,410	858,881
Equity at 1 January 2015	6,706	7,511	1,125,074	1,139,291
Total comprehensive income for the period	0	-1,056	38,561	37,505
Share-based payment	0	0	412	412
Changes in equity	0	-1,056	38,973	37,917
Equity at 31 March 2015	6,706	6,455	1,164,047	1,177,208
Equity at 1 January 2015	6,706	7,511	1,125,074	1,139,291
Total comprehensive income for the period	0	-168	-284,918	-285,086
Share-based payment	0	0	1,858	1,858
Changes in equity	0	-168	-283,060	-283,228
Equity at 31 December 2015	6,706	7,343	842,014	856,063

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 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS). Accounting policies have not changed in relation to this except that NORDEN from 1 January 2016 has changed the presentation of the income statement under segment information, and now distributes all revenue and costs to one of the 2 segments Dry Cargo and Tankers. It concerns certain administration costs and depreciation, financials and tax. The distribution is based on an estimate of the resource consumption within the 2 segments. The change is of no significance to the Group's results and equity. The comparative figures have been adjusted accordingly. The distribution of items in the balance sheet remains unchanged.

For a complete description of accounting policies, see also pages 50-51 in the consolidated annual report for 2015.

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 2016 or later. The changes relevant to NORDEN comprise IASB's yearly minor improvements drawn up 2012-2014 and changes to IAS 1 comprising minor changes to the presentation of the financial statements.

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 April 2016, 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 16 Leasing – For the lessee, the distinction between financial and operating leases is raised. In the future, operating leases must be recognised in the balance sheet with an asset and a corresponding lease commitment. The standard takes effect in 2019.
- 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.

It is expected that IFRS 16 in particular can have an effect on NORDEN's financial reporting.

NORDEN is currently assessing the potential effect of these standards. NORDEN expects to implement the changed and new standards as well as interpretations, when they become compulsory.

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 50 of the consolidated annual report for 2015.

Risks

For a description of NORDEN's risks, see note 2 "Risk management" in the consolidated annual report for 2015 pages 51-53.

Notes

2. Fair value adjustment of certain hedging instruments

USD '000	2016	2015	2015
	Q1	Q1	Q1-Q4
Bunker hedging			
Fair value adjustment for:			
2015	0	774	-2,313
2016	267	-201	-11,306
2017	-520	-105	-2,338
2018-2019	-540	-79	-1,940
	-793	389	-17,897
Realised fair value adjustment reclassified to "Vessel operating costs"	7,879	13,459	29,611
Total	7,086	13,848	11,714
Forward Freight Agreements:			
Fair value adjustment for:			
2015	0	-4,284	-4,343
2016	1,312	-2,363	-8,677
	1,312	-6,647	-13,020
Realised fair value adjustment reclassified to "Revenue"	748	2,731	10,414
Total	2,060	-3,916	-2,606
Total	9,146	9,932	9,108

* 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 2015.

Notes

3. Vessels

USD '000	2016	2015	2015
	31/3	31/3	31/12
Cost at 1 January	1,618,772	1,618,544	1,618,544
Additions for the period	11,945	29,833	59,354
Disposals for the period	0	-21,086	-21,086
Transferred during the period from prepayments on vessels and newbuildings	0	63,973	128,237
Transferred during the period to tangible assets held for sale	0	-76,634	-166,277
Cost	1,630,717	1,614,630	1,618,772
Depreciation at 1 January	-377,642	-344,870	-344,870
Depreciation for the period	-12,836	-16,596	-66,415
Transferred depreciation of tangible assets held for sale	0	5,924	33,643
Depreciation	-390,478	-355,542	-377,642
Write-downs at 1 January	-376,879	-223,610	-223,610
Write-downs for the period	0	0	-168,683
Reversed write-downs of tangible assets held for sale	0	4,140	15,414
Write-downs	-376,879	-219,470	-376,879
Carrying amount	863,360	1,039,618	864,251

4. Prepayments on vessels

USD '000	2016	2015	2015
	31/3	31/3	31/12
Cost at 1 January	23,392	97,845	97,845
Additions for the period	4	19,816	72,011
Transferred during the period to vessels	0	-63,973	-128,237
Transferred during the period to tangible assets held for sale	0	0	-17,967
Transferred during the period to other items	0	0	-260
Cost	23,396	53,688	23,392
Write-downs at 1 January	-11,317	0	0
Write-downs for the period	0	0	-11,317
Write-downs	-11,317	0	-11,317
Carrying amount	12,079	53,688	12,075

Notes

5. Tangible assets held for sale

USD '000	2016	2015	2015
	31/3	31/3	31/12
Carrying amount at 1 January	33,644	16,954	16,954
Additions for the period to tangible assets held for sale	39,371	0	27,914
Additions for the period from prepayments on vessels and newbuildings	0	0	17,967
Additions for the period from vessels	0	66,570	117,220
Disposals for the period	-73,015	-16,954	-111,397
Write-downs for the period	0	0	-35,014
Carrying amount	0	66,570	33,644

6. 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 2015.

7. Contingent assets and liabilities

Since the end of 2015, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.

Notes

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

Expected delivery of the Company's core fleet at 31 March 2016

USD '000	2016			2017			2018	2019	Total	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Dry Cargo										
Capesize				(2)			2		0.0	
Panamax	(0.5)	(0.5)							5.0	
Supramax	0.5		(1)				4 (5)	2 (3)	15.5	
Tankers										
LR1					(2)				2.0	
MR		(1)					(1)	(3)	5.0	
Handysize									0.0	
Total	1.0	1.5	1.0	2.0	2.0	0.0	3.0	12,0	5,0	27.5

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 (all owned vessels and vessels that are chartered for a minimum of 13 months) as a whole.

Fleet values at 31 March 2016

USD '000	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Dry Cargo						
Post-Panamax	4.0	114,000	62	46	-	-16
Panamax	6.0	79,000	127	84	30	-13
Supramax	11.5	65,000	259	208	-	-51
Handysize	12.0	35,000	160	102	20	-38
Tankers						
MR	9.0	50,000	288	281	-	-7
Handysize	13.0	39,000	273	257	-	-16
Total	55.5		1,169	978	50	-141

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

9. 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.