

INTERIM REPORT

Third quarter of 2016



- Adjusted result for the period* Q3 2016: USD -12 million (Q3 2015: USD 18 million).
- EBIT Q3 2016: USD -13 million (USD 21 million), of which vessel sales make up USD -6 million.
- Dry Cargo: Increasing imports to China sustain a generally weak market. Adjusted result for the period Q3: USD -8 million (USD -14 million). Earnings 31% above market benchmark.
- Tankers: Continued deterioration of the market. Adjusted result for the period Q3: USD -4 million (USD 32 million). Earnings 7% above benchmark.
- Cash flows from operating activities Q3: USD -29 million (USD -3 million).
- Cash and securities: USD 294 million (USD 359 million). Undrawn credit facilities of USD 285 million (USD 345 million).
- Total net commitments decreased by USD 156 million to USD 752 million.
- Ship values: Slightly upward trend in Dry Cargo over the quarter – drop in the Tanker segment. Total decrease of 2%.
- In line with the strategy, operating activities will be increased significantly over the coming years.
- Expectations for the Group’s adjusted results for the year are maintained at USD -60 to -20 million.

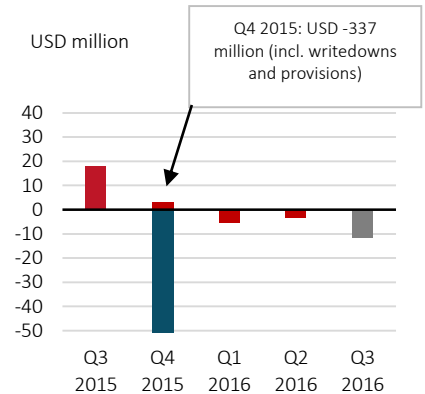
CEO Jan Rindbo in comment:

“Overall, the third quarter developed as expected and finishes, despite our efforts, with an unsatisfactory result as a consequence of market developments. Our early focus on increasing coverage in Tankers combined with the sale of tanker vessels have reduced our exposure to a severely hit tanker market, while in Dry Cargo we are preoccupied with getting the best out of the very poor market. In this connection, the ability to combine vessels with cargoes is a crucial element, and in line with the strategy Focus & Simplicity the Company will utilise its position in the market over the coming years to significantly increase its operating activities in Dry Cargo through increased use of short-term chartered vessels.”

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 3848 7513, overseas participants please dial in on +44 (0) 20 3427 1911 or +1 212 444 0412. 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



* “Results for the period” adjusted for “Profits from the sale of vessels etc.” and “Fair value adjustment of certain hedging instruments”

Key figures and ratios for the group

USD million	1/1-30/9 2016	1/1-30/9 2015	Change Q1-Q3 2015-2016	1/1-31/12 2015
Income statement				
Revenue	922.1	1,279.6	-28%	1,653.4
Costs	-894.3	-1,139.1	-21%	-1,632.9
Earnings before depreciation, etc. (EBITDA)	27.8	140.5	-80%	20.5
Profit from the sale of vessels, etc.	-38.8	0.1	-	-31.0
Depreciation and write-downs	-38.9	-51.2	-24%	-248.6
Earnings from operations (EBIT)	-48.2	86.7	-156%	-282.0
Fair value adjustment of certain hedging instruments	25.9	17.9	45%	9.1
Net financials	-9.0	-8.8	2%	-9.4
Results before tax	-31.3	95.8	-133%	-282.3
Results for the period	-33.6	92.1	-137%	-284.9
Adjusted result for the period *	-20.7	74.1	-128%	-263.0
Statement of financial position				
Non-current assets	800.7	1,181.0	-32%	945.7
Total assets	1,373.2	1,809.4	-24%	1,604.7
Equity	813.6	1,230.9	-34%	856.1
Liabilities	559.7	578.5	-3%	748.6
Invested capital	744.2	1,140.5	-35%	788.7
Net interest-bearing assets	69.4	90.4	-23%	67.3
Cash and securities	294.2	358.8	-18%	365.7
Cash flows				
From operating activities	-38.4	58.7	-165%	76.9
From investing activities	58.0	-100.1	-158%	-112.9
- hereof investments in property, equipment and vessels	-70.4	-115.1	-39%	-131.6
From financing activities	-76.7	37.6	-304%	67.5
Change in cash and cash equivalents for the period	-57.1	-3.8	-	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	0%	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	40,467,615	40,467,615	0%	40,467,615
Number of treasury shares	1,732,385	1,732,385	0%	1,732,385
Earnings per share (EPS)(DKK)	-0.8 (-6)	2.3 (15)	-137%	-7.0 (-47)
Diluted earnings per share (diluted EPS)(DKK)	-0.8 (-6)	2.3 (15)	-137%	-7.0 (-47)
Book value per share (excluding treasury shares)(DKK) ²⁾	20.1 (134)	30.4 (203)	-34%	21.2 (144)
Share price at end of period, DKK	94.7	147.2	-36%	122.1
Price/book value (DKK) ²⁾	0.7	0.7	0%	0.8
Other key figures and financial ratios:				
EBITDA-ratio ¹⁾	3.0%	11.0%	-73%	1.2%
ROIC	-8.4%	10.2%	-182%	-10.6%
ROE	-5.4%	10.4%	-152%	-28.6%
Equity ratio	59.2%	68.0%	-13%	53.3%
Total no. of ship days for the Group	57,108	57,736	-1%	75,763
USD/DKK rate at end of period	667.62	665.88	0%	683.00
Average USD/DKK rate	667.63	670.03	0%	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 -12 million (USD 18 million)
- Cash and securities at 30 September: USD 294 million (USD 359 million)
- Net commitments decreased by USD 156 million

Adjusted result for the period USD -12 million

In the third quarter, NORDEN realised an adjusted result for the period of USD -12 million (third quarter 2015: USD 18 million). The result corresponds to an EBIT of USD -13 million (USD 21 million), of which losses from the sale of vessels with delivery in the third quarter of 2016 make up USD 6 million.

NORDEN's tanker activities generated an adjusted result for the period of USD -4 million (USD 32 million), corresponding to an EBIT of USD -8 million (USD 34 million). The tanker result reflects the significant deterioration of the market rates in the second half of 2016. In the dry cargo market, the slight increase in rates from the second quarter continued, however, rates are still at the level of operating expenses (OPEX), and the adjusted result for the period ended at USD -8 million (USD -14 million), corresponding to an EBIT of USD -5 million (USD -13 million).

Increase of operating activities

NORDEN's business model for Dry Cargo consists of 2 business units; Shipowner and Operator. The shipowner activities are handled by the Asset Management Department and the Technical Department and cover purchase and sale, technical operation as well as long-term chartering of tonnage. The function optimises the composition and capacity of the core fleet and thus has considerable exposure towards the market.

The operating activities cover global transportation at sea, where earnings are made up of the difference between what the customer pays for the transport and what it costs NORDEN to charter a vessel for a shorter period of time or just a single trip. These activities are handled by the Dry Cargo Department, which has good access to both cargo and tonnage in the global market owing to its global network of offices. Because the operator business combines cargoes and vessels within a relatively short time frame, the exposure to the market is limited, and to a lesser extent earnings are affected by the market conditions.

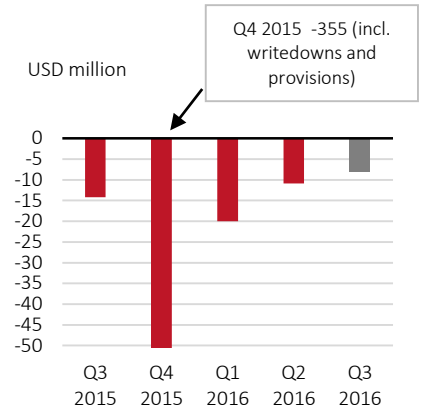
In line with the strategy Focus & Simplicity and based on the Company's expertise, brand and position in the market, NORDEN will strengthen its operating activities significantly. Focus is on "asset light" growth within the dry cargo business to utilise NORDEN's strong global network and to make earnings less dependent on market conditions.

Financial position

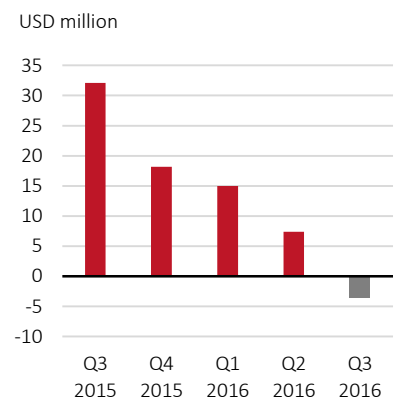
At the end of the quarter, NORDEN's cash and securities amounted to USD 294 million. To this should be added NORDEN's share of cash in joint ventures of USD 5 million and undrawn credit facilities which totalled USD 285 million at the end of the quarter. In comparison, outstanding net commitments (after income from the sale of vessels) concerning the Company's newbuilding programme including joint ventures constitute USD 179 million and are due for payment in the period 2016-2020.

NORDEN's net commitments are calculated as total bank debt, TC commitments and outstanding payments on newbuildings deducted cash and future earnings from coverage. The net commitments went down by USD 156 million this quarter to USD 752 million. Among other things, the significant drop is a result of the signing of the 2 contracts for transportation of biomass that were concluded at the beginning of the third quarter as well as the sale of 2 tanker vessels. In total, the Company has lowered its net commitments by USD 505 million since the end of 2014.

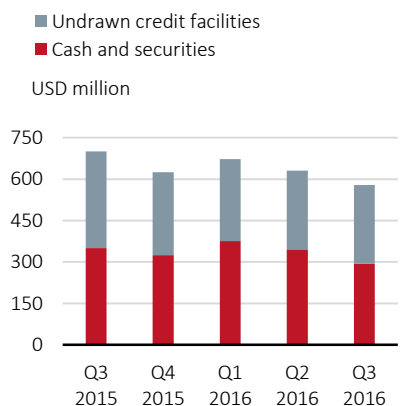
Adjusted result for the period Dry Cargo



Adjusted result for the period Tankers



Financial resources



The sale of 2 tanker vessels

In the third quarter, the Company sold 2 Handysize tanker vessels, of which one was delivered in August while the second was delivered in October. The vessel sales were carried out for the purpose of reducing the exposure to the tanker market over the coming period, and the realised sales prices are above what is achievable in the current market.

Furthermore, the 4 Handysize dry cargo vessels as well as 2 of the 4 Post-Panamax vessels which were sold in the second quarter have been delivered to their new owners. The last 2 Post-Panamax vessels were delivered in October.

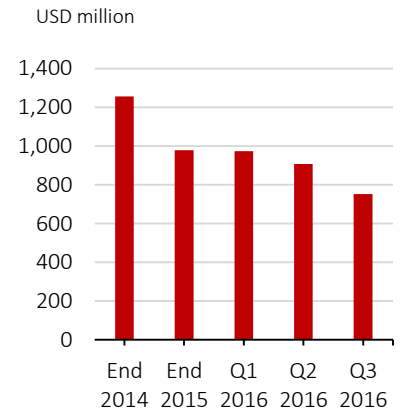
Development of vessel values

The value of the vessels that NORDEN owned throughout the quarter dropped by 2%. In Dry Cargo, the vessel values increased by 4% during the third quarter, whereas tanker vessels on average dropped by 8%. Based on the valuations of 3 independent brokers, the market value of NORDEN's owned vessels and newbuildings (including vessels in joint ventures) is estimated at USD 902 million at the end of the quarter. The theoretical value of NORDEN's purchase and extension options is estimated at USD 56 million at the end of the third quarter.

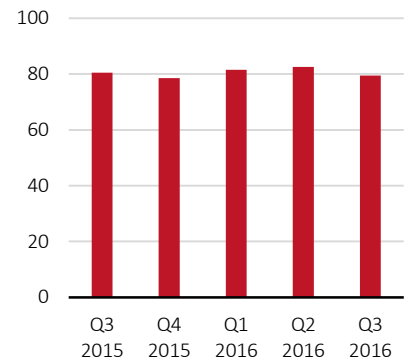
As usual, the Company has carried out an assessment of the most significant assumptions used when determining the value in use at 31 December 2015, including the long-term rate expectations. Based on this, it is the Company's assessment of the dry cargo segment (CGU) that there are no changes in the assumptions which indicate a need for a write-down.

As for the tanker segment, the continued negative development in vessel values and freight rates in the third quarter has entailed that Management has decided to carry out an impairment test. The test is performed by calculating the value in use of the fleet. For a more detailed description of the impairment test, please see note 12 in the Annual Report 2015. Based on this calculation, Management has assessed that the long-term values of the tanker fleet still support the carrying amounts.

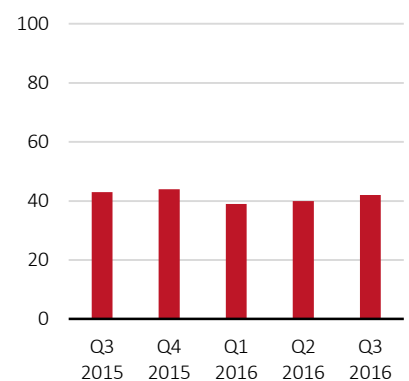
Total net commitments



Active core fleet* Dry Cargo



Active fleet Tankers



*Core fleet is defined as owned vessels and vessels chartered for more than 13 months.

Segment information

USD million	Q3 2016			Q3 2015		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Revenue – services rendered	240.3	73.8	314.1	298.8	101.3	400.1
Voyage costs	-117.1	-26.5	-143.6	-147.6	-12.2	-159.8
Contribution margin	123.2	47.3	170.5	151.2	89.1	240.3
Other operating income, net	2.5	0.0	2.5	1.9	0.0	1.9
Vessel operating costs	-118.5	-39.2	-157.7	-141.9	-43.1	-185.0
Costs	-9.1	-2.1	-11.2	-11.6	-4.1	-15.7
Earnings before depreciation, etc. (EBITDA)	-1.9	6.0	4.1	-0.4	41.9	41.5
Profits from the sale of vessels, etc.	0.0	-5.8	-5.8	-3.2	0.1	-3.1
Depreciation and write-downs	-3.6	-8.0	-11.6	-8.7	-8.3	-17.0
Share of results of joint ventures	0.3	0.1	0.4	-1.1	0.6	-0.5
Earnings from operations (EBIT)	-5.2	-7.7	-12.9	-13.4	34.3	20.9
Fair value adjustment of certain hedging instruments	3.4	0.0	3.4	-4.6	0.0	-4.6
Financial income	1.3	0.8	2.1	0.2	0.1	0.3
Financial expenses	-3.6	-2.4	-6.0	-3.1	-2.1	-5.2
Tax for the period	-0.6	-0.1	-0.7	-1.2	-0.1	-1.3
Results for the period	-4.7	-9.4	-14.1	-22.1	32.2	10.1
Adjusted result for the period	-8.1	-3.6	-11.7	-14.3	32.1	17.8

USD million	Q1-Q3 2016			Q1-Q3 2015		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Revenue – services rendered	668.3	253.8	922.1	930.3	349.3	1,279.6
Voyage costs	-345.5	-80.1	-425.6	-447.7	-92.1	-539.8
Contribution margin	322.8	173.7	496.5	482.6	257.2	739.8
Other operating income, net	9.2	0.1	9.3	4.7	0.0	4.7
Vessel operating costs	-324.0	-121.0	-445.0	-426.1	-138.9	-565.0
Costs	-26.8	-6.2	-33.0	-30.3	-8.7	-39.0
Profit before depreciation, etc. (EBITDA)	-18.8	46.6	27.8	30.9	109.6	140.5
Profits from the sale of vessels, etc.	-33.0	-5.8	-38.8	-7.0	7.1	0.1
Depreciation	-13.6	-25.3	-38.9	-26.3	-24.9	-51.2
Share of results of joint ventures	0.8	0.9	1.7	-4.0	1.3	-2.7
Profit before operations (EBIT)	-64.6	16.4	-48.2	-6.4	93.1	86.7
Fair value adjustment of certain hedging instruments	25.9	0.0	25.9	17.9	0.0	17.9
Financial income	2.8	1.6	4.4	2.4	1.6	4.0
Financial expenses	-8.0	-5.4	-13.4	-7.6	-5.2	-12.8
Tax for the period	-2.0	-0.3	-2.3	-3.5	-0.2	-3.7
Results for the period	-45.9	12.3	-33.6	2.8	89.3	92.1
Adjusted result for the period	-38.8	18.1	-20.7	-8.1	82.2	74.1

USD million	Q1-Q3 2016			Q1-Q3 2015		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Vessels	227.1	490.4	717.5	522.7	553.7	1,076.4
Prepayments on vessels and newbuildings	14.7	0	14.7	24.2	0	24.2
Other tangible assets	30.8	20.6	51.4	33.3	22.2	55.5
Investments in joint ventures	15.9	1.2	17.1	20.7	4.2	24.9
Non-current assets	288.5	512.2	800.7	600.9	580.1	1,181.0
Current assets (operating)	201.7	76.6	278.3	219.6	50.0	269.6
Cash and securities	0	0	294.2	0	0	358.8
- Of which tangible assets held for sale	22.6	13.6	36.2	4.8	0	4.8
Total assets	490.2	588.8	1,373.2	820.5	630.1	1,809.4

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 -8 million (USD -14 million)
- Earnings 31% above market benchmark
- Continued challenging market conditions

In the third quarter of 2016, the Dry Cargo Department realised an adjusted result for the period of USD -8 million. This was an improvement compared to the third quarter last year, when the adjusted result for the period was USD -14 million. Among other things, the improvement was a result of an increased number of non-core fleet vessels, which contributed to TCE earnings in Dry Cargo of 31% above the benchmark in the third quarter. Over the last 4 quarters, NORDEN has on average generated extra earnings of USD 1,604 and USD 2,183 per core fleet day within Panamax and Supramax, respectively.

Rates close to operating costs

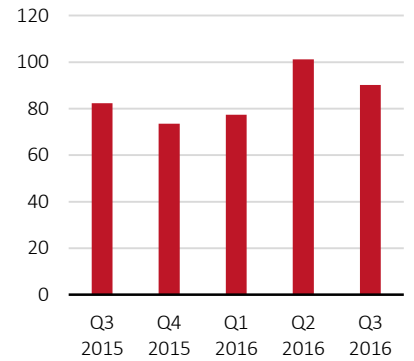
Even though the dry cargo market continued its trend of slight improvements, the rate levels for most vessel types were still close to operating costs. Improvements have, however, picked up somewhat for the smaller vessel types at the end of the quarter and into the fourth quarter. A key driver of the rate improvements has been continued high Chinese imports of iron ore as a result of financial stimuli initiated by the Chinese government at the beginning of the year.

Increase in Chinese coal imports

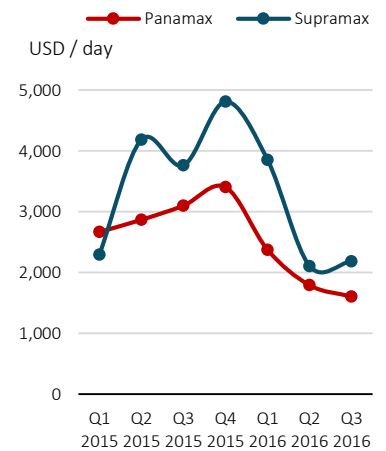
Political interventions also played a significant role in creating a somewhat unexpected rebound in Chinese coal imports. Following many quarters of declining volumes, imports started to grow slightly in the second quarter and the growth has accelerated in the third quarter. New policies of capping domestic mining output combined with a brief surge in thermal power consumption contributed to the higher import levels.

In other parts of the world, coal trade continued its decline. The high domestic coal stockpiles of the leading coal importer, India, and the closedown of thermal power plants in Europe keep having a negative impact on global trade. Generally, the quantity of the cargo types traditionally shipped on Handysize and Supramax has developed positively and driven an upward pressure on activities. In North America, the good grain season also led to strong activity levels, but the impact on rates was limited as many vessels had already been positioned into the region.

Average number of vessels (non-core)



4 quarter rolling NORDEN TCE over benchmark



Employment and rates, Dry Cargo, Q3 2016

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total**
NORDEN total days	92	658	7,398	6,088	1,965	16,200
NORDEN core days	92	658	2,515	2,458	1,899	7,622
New NORDEN TCE (USD per day)	6,774	8,446	7,602	7,214	7,493	7,513
Benchmark*	7,429	5,787	5,553	6,278	5,164	5,733
NORDEN vs. Benchmark	-9%	46%	37%	15%	45%	31%

* 50% spot and 50% FFA from the previous 12 months deducted for commissions ** Weighted average

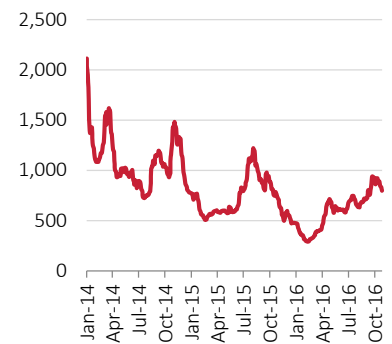
NORDEN TCE is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fees in cases where the vessel type is operated in a pool, see also page 4.

Still no orders

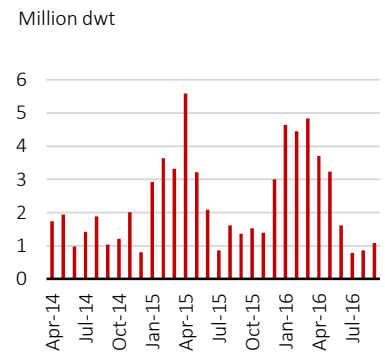
The improvement of especially Capesize rates during the third quarter led to a strong reduction in scrapping, since it was predominantly scrapping of Capesize vessels that drove the very high scrapping levels in the beginning of 2016. The full-year 2016 scrapping level is now expected to be around 4%, which will lead to fleet growth of 2-3%. Looking ahead, it is still noteworthy that almost no new orders have been placed this year besides the 30 vessels ordered by the Vale group earlier this year for transportation of own iron ore.

The relatively poor market conditions are expected to continue for some time still. However, the overall growth in demand has surprised positively in 2016, and in 2017 fleet growth is expected to move closer to the zero level, which may form the basis of market improvements.

Baltic Exchange Dry Index



Dry Cargo Demolition



NORDEN's Dry Cargo fleet and values at 30 September 2016

Vessel Type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation						
Owned vessels	0.0	2.0	4.0	5.5	8.0	19.5
Chartered vessels with a duration of more than 13 months	1.0	4.0	21.5	22.5	11.0	60.0
Total active core fleet	1.0	6.0	25.5	28.0	19.0	79.5
Vessels to be delivered						
Owned vessels	0.0	0.0	2.0	7.0	0.0	9.0
Chartered vessels with a duration of more than 13 months	0.0	0.0	2.0	7.0	1.0	10.0
Total delivery to core fleet	0.0	0.0	4.0	14.0	1.0	19.0
Dry Cargo fleet values at 30 September 2016 (USD million)						
Market value of owned vessels and newbuildings*	0	23	113	227	100	463
Theoretical value of purchase and extension options	1	1	22	32	0	56

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

Positioning

At the end of the third quarter, the Dry Cargo Department's coverage for the rest of 2016 was at 81%, which corresponds to 2,188 open ship days. For 2017, 42% of ship days have been covered at an average level of USD 10,378.



2,188 open ship days

Capacity and coverage, Dry Cargo, at 30 September 2016

	Q4 2016	2017	2018	Q4 2016	2017	2018
Own Vessels	Ship days					
Capesize	-	-	-			
Post-Panamax	60	-	-			
Panamax	368	1,498	1,811			
Supramax	506	1,983	2,893			
Handysize	766	2,838	2,879			
Total	1,700	6,319	7,583			
Chartered vessels (core fleet)				Costs for T/C core capacity (USD per day)		
Capesize	92	212	-	12,234	11,377	-
Post-Panamax	368	1,460	1,460	5,864	6,750	8,776
Panamax	1,861	6,780	5,969	7,097	8,448	10,086
Supramax	1,803	5,781	4,826	7,688	7,525	8,938
Handysize	835	2,429	1,243	8,607	8,319	10,462
Total	4,960	16,662	13,498	7,570	7,998	9,568
Chartered Vessels (non-core fleet)				Costs for T/C non-core capacity (USD per day)		
Panamax	3,570	1,615	-	7,328	5,985	-
Supramax	1,442	574	55	7,400	5,855	6,079
Handysize	-	-	-	-	-	-
Total	5,012	2,189	55	7,349	5,951	6,079
Total capacity	11,672	25,170	21,136	7,138	7,145	8,035
Coverage				Revenue from coverage (USD per day)		
Capesize	-	-	-	-	-	-
Post-Panamax	106	-	-	6,980	-	-
Panamax	5,010	5,595	2,879	8,265	10,237	14,801
Supramax	3,280	3,339	1,702	7,639	9,349	12,728
Handysize	1,088	1,612	1,091	8,494	12,997	14,456
Total	9,484	10,546	5,673	8,060	10,378	14,113
Coverage in %						
Capesize	-	-	-			
Post-Panamax	25%	-	-			
Panamax	86%	57%	37%			
Supramax	87%	40%	22%			
Handysize	68%	31%	26%			
Total	81%	42%	27%			

*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 -4 million (USD 32 million)
- Disappointing oil demand and an increasing number of tankers meant continued declining tanker rates
- 24% of ship days in 2017 covered

Adjusted result for the period USD -4 million

The market conditions in the third quarter meant renewed hardship for NORDEN's fleet of product tankers. Decreasing growth in oil demand and continued increase in the global tanker fleet put additional pressure on the already depressed rates. These developments also marked the results of NORDEN's tanker business, which in the third quarter realised an adjusted result for the period of USD -4 million (USD 32 million) corresponding to an EBIT of USD -8 million (USD 34 million).

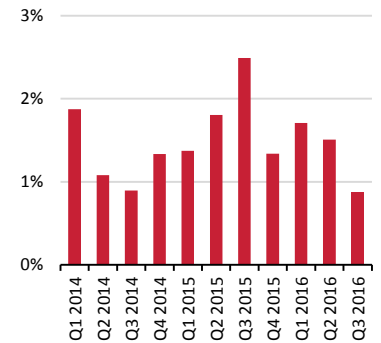
NORDEN's TCE earnings for MR and Handysize in the third quarter were USD 13,897 per day and 11,158 per day, respectively. The Company's average earnings for the past 4 quarters are thus above the market average by 9% for MR whereas earnings in Handysize have been marginally better than the market average by 1%. Expectations for a worsened tanker market made NORDEN secure coverage on an ongoing basis throughout the first half-year, and earnings from this coverage have helped limit the effect of the dropping spot rates. In addition, the Company has actively reduced market exposure during the third quarter by disposal of two Handysize vessels.

Third quarter oil demand disappointing

Oil demand in the third quarter was disappointing. According to preliminary figures from the IEA, it is estimated that third quarter growth was just under 0.9% compared to the same quarter in 2015 – the lowest growth rate for a quarter in 2 years. The demand for vessels is driven by the overall oil consumption, but is assessed, however, to grow a little more. Low demand also affected trade in refined products with export volumes in the third quarter only growing less than half of that of the growth rates in the past 6 quarters (Wood Mackenzie). The missing cargoes therefore reduced average market earnings in product tankers by roughly 30% compared to the second quarter (Clarksons).

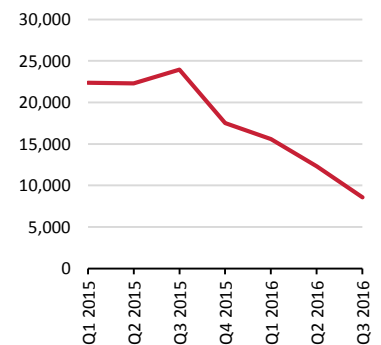
The lower growth in oil demand is partly due to the fact that demand in Europe has been lower than expected – where the outcome of the Brexit vote created increased uncertainty about the future. China, which has been a central driving force behind growth in oil consumption for the past year, also reduced its demand in the third quarter and is increasingly using its own refined products instead of importing. In addition to disappointing demand figures, product inventories have remained high. This also applies to crude oil inventories, which have, however, dropped somewhat compared to those at the end of the second quarter. This may have lowered the demand for import which has then been covered by drawing from inventories. In addition, the oil price has been stable over the past months, and demand stimuli from past price decreases is not as distinct today as it was last year.

IEA – YoY growth in global oil demand (%)



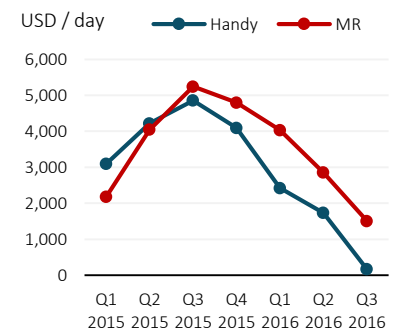
Source: IEA

Average CPP earnings (>10,000 dwt CPP) (USD/day)



Source: Clarksons research

4 quarter rolling NORDEN TCE over benchmark



Employment and rates, Tankers, Q3 2016

Vessel type	MR	Handysize	Total *
NORDEN's ship days	2,516	1,251	3,767
NORDEN spot TCE (USD per day, net)	12,971	10,193	11,978
NORDEN TCE (USD per day, net)	13,897	11,158	12,987
NORDEN TCE 12 months average (USD per day, net)	17,849	15,129	16,908
Benchmark 12 months average (USD per day, net)	16,340	14,961	15,863
NORDEN vs. Benchmark (12 months average)	9%	1%	7%

* 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.

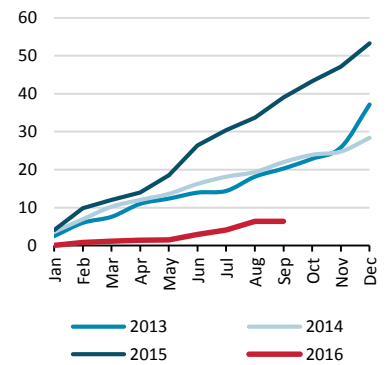
Fleet growth expected to remain high throughout the year

While growth in oil demand disappointed, the global fleet of product tankers continued growing. Fleet development in the third quarter was much alike the development in the first half-year with many additions of newbuildings and only little scrapping. With the current fleet development, net growth for 2016 of 6-7% in product tankers is therefore expected. Deliveries to the crude oil fleet have accelerated during the year, and fleet growth in these vessel types is also expected to approach 6-7% for 2016, which too has a negative impact on the market outlook in product tankers.

In spite of low scrapping activities, lower fleet growth can be expected from next year. Orders for new tanker vessels in 2016 are substantially below the level of the past 3 years, and given the recent development in rates, only few new orders are expected for the remainder of 2016. Net growth for 2017 can therefore drop to 2-3% in the product tanker fleet and around 5% in the crude oil tanker fleet – which is considerably lower than this year.

A cold winter market may contribute to an improvement in rates, but the market is also challenged by the high inventory levels, reduced refinery activities and an order book indicating considerable newbuilding additions for the rest of the year.

Accumulated tanker contracting (million dwt.)



Source: Clarksons Research

NORDEN's Tanker fleet and values at 30 June 2016

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0	9	12	21
Chartered vessels with a duration of more than 13 months	0	15	0	15
Total active core fleet	0	24	12	36
Chartered vessels with a duration of less than 13 months	0	2	4	6
Total active fleet	0	26	16	42
Vessels to be delivered				
Owned vessels	0	0	0	0
Chartered vessels with a duration of more than 13 months	2	4	0	6
Total delivery to core fleet	2	4	0	6
Tanker fleet values at 30 June 2016 (USD million)				
Market value of owned vessels and newbuildings*	0	239	200	439
Theoretical value of purchase and extension options	0	1	0	1

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

Positioning

At the end of the third quarter, 34% of ship days for the rest of 2016 had been covered corresponding to 2,363 open ship days. For 2017, 24% of ship days have already been covered at an average level of USD 17,633.



2,363 open ship days

Capacity and coverage, Tank, at 30 September 2016

	Q4 2016	2017	2018	Q4 2016	2017	2018
Ship days						
Own vessels						
LR1	-	-	-			
MR	828	3,237	3,229			
Handysize	1,014	3,950	3,947			
Total	1,842	7,187	7,176			
Chartered vessels						
Costs for T/C capacity (USD per day)						
LR1	-	489	730	-	18,600	18,600
MR	1,353	2,541	2,167	15,423	15,918	16,565
Handysize	361	-	-	7,362	-	-
Total	1,714	3,030	2,897	13,726	16,351	17,078
Total capacity	3,556	10,217	10,073	10,094	9,539	9,517
Revenue from coverage (USD per day)						
Coverage						
LR1	-	-	-	-	-	-
MR	875	1,755	655	15,538	18,130	16,166
Handysize	318	729	219	13,457	16,436	15,636
Total	1,193	2,484	874	14,983	17,633	16,033
Coverage in %						
LR1	-	-	-			
MR	40%	30%	12%			
Handysize	23%	18%	6%			
Total	34%	24%	9%			

* 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

NORDEN maintains its expectations for the adjusted results for the year at USD -60 to -20 million.

In Dry Cargo, the slight increase in rates has continued, and expectations for NORDEN's Dry Cargo segment are increased marginally to USD -60 to -40 million. In the tanker market, spot rates have been a little weaker than previously expected, and expectations for the Tanker segment are lowered to USD 0 to 20 million.

Expectations for 2016

USD million	Dry Cargo	Tankers	Group
Adjusted results for the year	-60 to -40	0 to 20	-60 to -20

Risks and uncertainties

At the beginning of November, Dry Cargo has about 1,000 open ship days, which gives rise to a change in earnings of about USD 1 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 1,500 open ship days in Tankers at the beginning of November, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 1.5 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 third 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, 9 November 2016

Executive Management

Jan Rindbo
Chief Executive Officer

Martin Badsted
Executive Vice President & CFO

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-Q3	Q1-Q3	Q1-Q4
	Revenue	922,147	1,279,590	1,653,432
	Costs	-894,331	-1,139,107	-1,632,937
	Earnings before depreciation, etc. (EBITDA)	27,816	140,483	20,495
	Profits from the sale of vessels, etc.	-38,818	65	-31,013
	Depreciation and write-downs	-38,850	-51,186	-248,553
	Share of results of joint ventures	1,667	-2,704	-22,883
	Earnings from operations (EBIT)	-48,185	86,658	-281,954
2	Fair value adjustment of certain hedging instruments	25,948	17,877	9,108
	Net financials	-9,021	-8,776	-9,431
	Results before tax	-31,258	95,759	-282,277
	Tax for the period	-2,361	-3,705	-2,641
	Results for the period	-33,619	92,054	-284,918
	Attributable to:			
	Shareholders of NORDEN	-33,619	92,054	-284,918
	Adjusted result for the period	-20,749	74,112	-263,013
	Earnings per share (EPS), USD	-0.8	2.3	-7.0
	Diluted earnings per share, USD	-0.8	2.3	-7.0

Statement of comprehensive income

Note	USD '000	2016	2015	2015
		Q1-Q3	Q1-Q3	Q1-Q4
	Results for the period, after tax	-33,619	92,054	-284,918
	Items which will be reclassified to the income statement:			
	Value adjustment of hedging instruments	173	-1,055	713
	Fair value adjustment of securities	-9,492	-456	-1,031
	Tax on fair value adjustment of securities	0	0	150
	Other comprehensive income, total	-9,319	-1,511	-168
	Total comprehensive income for the period, after tax	-42,938	90,543	-285,086
	Attributable to:			
	Shareholders of NORDEN	-42,938	90,543	-285,086

Income statement by quarter

Note	USD '000	2016	2016	2016	2015	2015
		Q3	Q2	Q1	Q4	Q3
	Revenue	314,122	311,805	296,220	373,842	400,115
	Costs	-309,976	-299,571	-284,784	-493,830	-358,585
	Earnings before depreciation, etc. (EBITDA)	4,146	12,234	11,436	-119,988	41,530
	Profits from the sale of vessels, etc.	-5,780	-33,828	790	-31,078	-3,182
	Depreciation and write-downs	-11,689	-13,846	-13,315	-197,367	-16,968
	Share of results of joint ventures	388	1,475	-196	-20,179	-568
	Earnings from operations (EBIT)	-12,935	-33,965	-1,285	-368,612	20,812
2	Fair value adjustment of certain hedging instruments	3,407	13,395	9,146	-8,769	-4,691
	Net financials	-3,907	-2,622	-2,492	-655	-4,860
	Results before tax	-13,435	-23,192	5,369	-378,036	11,261
	Tax for the period	-784	-798	-779	1,064	-1,203
	Results for the period	-14,219	-23,990	4,590	-376,972	10,058
	Attributable to:					
	Shareholders of NORDEN	-14,219	-23,990	4,590	-376,972	10,058
	Adjusted result for the period	-11,846	-3,557	-5,346	-337,125	17,931
	Earnings per share (EPS), USD	-0.4	-0.6	0.1	-9.3	0.2
	Diluted earnings per share, USD	-0.4	-0.6	0.1	-9.3	0.2

Statement of comprehensive income by quarter

Note	USD '000	2016	2016	2016	2015	2015
		Q3	Q2	Q1	Q4	Q3
	Results for the period, after tax	-14,219	-23,990	4,590	-376,972	10,058
	Items which will be reclassified to the income statement:					
	Value adjustment of hedging instruments	1,035	-211	-651	1,768	-1,246
	Fair value adjustment of securities	-7,922	-1,643	73	-575	-139
	Tax on fair value adjustment of securities	0	0	0	150	0
	Other comprehensive income, total	-6,887	-1,854	-578	1,343	-1,385
	Total comprehensive income for the period, after tax	-21,106	-25,844	4,012	-375,629	8,673
	Attributable to:					
	Shareholders of NORDEN	-21,106	-25,844	4,012	-375,629	8,673

Statement of financial position

Note	USD '000	2016	2015	2015
		30/9	30/9	31/12
	ASSETS			
3	Vessels	717,416	1,076,366	864,251
	Property and equipment	51,441	55,465	51,910
4	Prepayments on vessels and newbuildings	14,682	24,180	12,075
	Investments in joint ventures	17,118	24,949	17,469
	Non-current assets	800,657	1,180,960	945,705
	Inventories	44,477	55,017	43,607
	Receivables from joint ventures	16,671	3,592	3,111
	Receivables and accruals	180,993	206,177	212,919
	Securities	25,674	37,786	36,778
	Cash and cash equivalents	268,510	321,025	328,919
		536,325	623,597	625,334
5	Tangible assets held for sale	36,191	4,835	33,644
	Current assets	572,516	628,432	658,978
	Total assets	1,373,173	1,809,392	1,604,683
	EQUITY AND LIABILITIES			
	Share capital	6,706	6,706	6,706
	Reserves	-1,976	6,000	7,343
	Retained earnings	808,785	1,218,184	842,014
	Equity	813,515	1,230,890	856,063
	Bank debt	197,783	236,474	262,036
	Provisions	122,604	89,457	191,745
	Prepayments received on vessels for resale	0	5,100	5,100
	Non-current liabilities	320,387	331,031	458,881
	Bank debt	27,011	31,909	36,319
	Provisions	102,709	69,309	116,867
	Trade payables	39,868	59,992	48,780
	Liabilities in joint ventures	0	0	509
	Other payables, deferred income and company tax	57,683	71,261	72,208
		227,271	232,471	274,683
	Liabilities relating to tangible assets held for sale	12,000	15,000	15,056
	Current liabilities	239,271	247,471	289,739
	Liabilities	559,658	578,502	748,620
	Total equity and liabilities	1,373,173	1,809,392	1,604,683

Statement of cash flows

Note	USD '000	2016	2015	2016	2015	2015
		Q1-Q3	Q1-Q3	Q3	Q3	Q1-Q4
	Results for the period	-33,619	92,054	-14,219	10,058	-284,918
	Change in provisions	-77,724	-60,078	-26,531	-19,923	64,499
	Reversal of items without effect on cash flow	54,411	30,540	14,705	26,097	287,378
	Cash flows before change in working capital	-56,932	62,516	-26,045	16,232	66,959
	Change in working capital	18,521	-3,863	-2,999	-19,663	9,931
	Cash flows from operating activities	-38,411	58,653	-29,044	-3,431	76,890
	Investments in vessels, etc.	-67,787	-41,869	-3,452	-7,251	-87,505
	Additions in prepayments on newbuildings	-2,607	-63,370	-225	-21,240	-72,011
	Additions in prepayments received on sold vessels	-8,156	20,100	-10,750	5,100	20,156
	Investments in joint ventures	-5,247	-9,842	-3,000	-5,500	-9,909
	Net proceeds from the sale of vessels, etc.	134,884	111,697	60,977	-2	136,495
	Sale of securities	3,594	0	-18	0	0
	Change in cash and cash equivalents with rate agreements of more than 3 months etc.	3,317	-116,774	19,772	-19,613	-100,130
	Cash flows from investing activities	57,998	-100,058	63,304	-48,506	-112,904
	Raising of non-current debt	0	56,366	0	56,366	99,764
	Instalments on/payment of debt	-76,722	-18,733	-57,694	-4,374	-32,287
	Cash flows from financing activities	-76,722	37,633	-57,694	51,992	67,477
	Change in cash and cash equivalents for the period	-57,135	-3,772	-23,434	55	31,463
	Cash and cash equivalents at beginning of period	167,774	137,379	134,338	144,284	137,379
	Exchange rate adjustments	43	9,629	-222	-1,103	-1,068
	Change in cash and cash equivalents for the period	-57,135	-3,772	-23,434	55	31,463
	Cash and cash equivalents at the end of the period	110,682	143,236	110,682	143,236	167,774
	Cash and cash equivalents with rate agreements of more than 3 months etc.	157,827	177,789	157,827	177,789	161,145
	Cash and cash equivalents according to the statement of financial position	268,509	321,025	268,509	321,025	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	-9,319	-33,619	-42,938
Adjustment of treasury shares in joint ventures	0	0	0	0
Share-based payment	0	0	390	390
Changes in equity	0	-9,319	-33,229	-42,548
Equity at 30 September 2016	6,706	-1,976	808,785	-813,515
Equity at 1 January 2015	6,706	7,511	1,125,074	1,139,291
Total comprehensive income for the period	0	-1,511	92,054	90,543
Share-based payment	0	0	1,056	1,056
Changes in equity	0	-1,511	93,110	91,599
Equity at 30 September 2015	6,706	6,000	1,218,184	1,230,890
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 IFRS 9 from 2017 and the remaining 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	2016	2015	2015
	Q1-Q3	Q1-Q3	Q3	Q3	Q1-Q4
Bunker hedging					
Fair value adjustment for:					
2015	0	-1,884	0	-8,414	-2,313
2016	8,349	-4,016	1,084	-4,709	-11,306
2017	1,813	-1,294	150	-1,388	-2,338
2018	317	-918	-150	-910	-1,940
2019	27	-195	-42	-216	0
2020-2024	-1,322	0	-1,322	0	0
	9,184	-8,307	-280	-15,637	-17,897
Realised fair value adjustment reclassified to "Vessel operating costs"*	8,216	25,631	-132	7,814	29,611
Total	17,400	17,324	-412	-7,823	11,714
Forward Freight Agreements:					
Fair value adjustment for:					
2015	0	-3,180	0	1,738	-4,343
2016	-541	-3,381	-379	598	-8,677
	-541	-6,561	-379	2,336	-13,020
Realised fair value adjustment reclassified to "Revenue"	10,395	7,114	5,503	796	10,414
Total	9,854	553	5,124	3,132	-2,606
Total	27,254	17,877	4,712	-4,691	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
	30/9	30/9	31/12
Cost at 1 January	1,618,772	1,618,544	1,618,544
Additions for the period	27,504	35,614	59,354
Disposals for the period	-30,875	-21,086	-21,086
Transferred during the period from prepayments on vessels and newbuildings	0	127,888	128,237
Transferred during the period to tangible assets held for sale	-375,887	-76,634	-166,277
Cost	1,239,514	1,684,326	1,618,772
Depreciation at 1 January	-377,642	-344,870	-344,870
Depreciation for the period	-70,735	-49,544	-66,415
Reversed depreciation of disposed vessels	14,918	0	0
Transferred during the year to tangible assets held for sale	124,890	5,924	33,643
Depreciation	-308,569	-388,490	-377,642
Write-downs at 1 January	-376,879	-223,610	-223,610
Write-downs for the period	0	0	-168,683
Transferred during the year to tangible assets held for sale	163,350	4,140	15,414
Write-downs	-213,529	-219,470	-376,879
Carrying amount	717,416	1,076,366	864,251

4. Prepayments on vessels and newbuildings

USD '000	2016	2015	2015
	30/9	30/9	31/12
Cost at 1 January	23,392	97,845	97,845
Additions for the period	2,607	63,370	72,011
Transferred during the period to vessels	0	-127,888	-128,237
Transferred during the period to tangible assets held for sale	0	-5,707	-17,967
Transferred during the period to other items	0	-260	-260
Cost	25,999	27,360	23,392
Write-downs at 1 January	-11,317	0	0
Write-downs for the period	0	-3,180	-11,317
Write-downs	-11,317	-3,180	-11,317
Carrying amount	14,682	24,180	12,075

Notes

5. Tangible assets held for sale

USD '000	2016	2015	2015
	30/9	30/9	31/12
Carrying amount at 1 January	33,644	16,954	16,954
Additions for the period to tangible assets held for sale	83,703	2,969	27,914
Additions for the period from prepayments on vessels and newbuildings	0	5,707	17,967
Additions for the period from vessels	39,373	66,570	117,220
Disposals for the period	-120,529	-83,525	-111,397
Write-downs for the period	0	-3,840	-35,014
Carrying amount	36,191	4,835	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 of owned vessels and fleet values

Expected delivery of NORDEN's newbuildings at 30 September 2016

	2016		2017		2018	2019	
	Q4	Q1	Q2	Q3	Q4		Total
Dry Cargo							
Capesize							
Panamax					1	1	2
Supramax				1		4	7
Tank							
LR1							
MR							
Handysize							
I alt				1	1	5	9

Note: The figures are adjusted for ownership share. The overview includes 1 Supramax sold with delivery from yard in 2017.

Payments related to own vessels at 30 September 2016

USD mill.	2016	2017	2018	2019	Total
Newbuilding payments	5	61	138	22	226

Future payments to NORDEN from assets held for sale: USD 48 million, of which USD 29 million will be received during the fourth quarter 2016.

Fleet values at 30 September 2016

USD mill.	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Dry Cargo						
Post-Panamax	2.0	114,000	23	23	0	0
Panamax	6.0	79,000	127	90	24	-14
Supramax	12.5	60,000	256	227	0	-29
Handysize	8.0	37,000	116	81	19	-16
Tankers						
MR	9.0	50,000	284	238	1	-45
Handysize	12.0	39,000	251	199	1	-51
Total	49.5		1,057	858	45	-155

* 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.