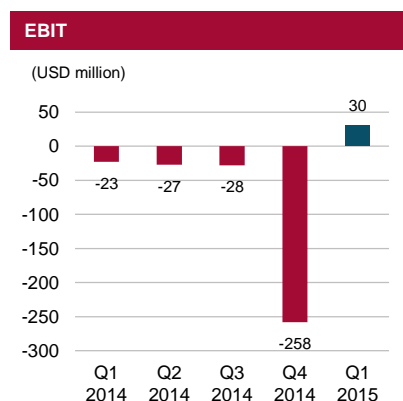


# INTERIM REPORT

## FIRST QUARTER OF 2015

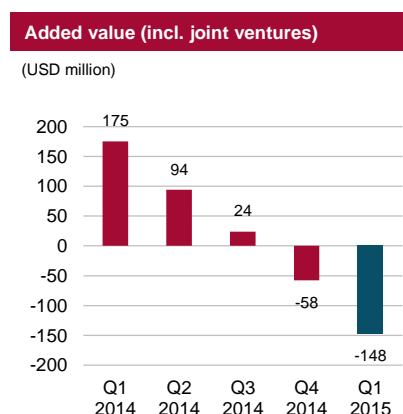
Announcement no. 9 – 12 May 2015

- Solid start to the year – Group EBIT for the first quarter of 2015 of USD 30 million (Q1 2014: USD -23 million).
- Results for the period of USD 39 million.
- Strong tanker market: EBIT USD 28 million and earnings 55% and 32%, respectively, above 1-year T/C rates in Handysize and MR.
- Historically poor dry cargo market: EBIT USD 4 million positively affected by high coverage and low capacity costs.
- Earnings 44% above average 1-year T/C rates and 113% above spot rates in the dry cargo market.
- Cash flows from operating activities USD 44 million before prepayment (USD 47 million) for T/C contracts.
- Market price of dry cargo vessels under continued pressure.
- The tanker market is expected to continue the positive notes whereas the dry cargo market is only expected to marginally improve.
- New CEO Jan Rindbo taken up position on 30 April.
- Expectations for EBIT for 2015 maintained: USD -40 to 40 million.



### President and CEO Jan Rindbo in comment:

*"A strong tanker market and a high level of coverage in a very poor dry cargo market have provided NORDEN with a solid start to 2015. The upswing in tankers has been broadly based, and with a large and modern fleet of product tankers, NORDEN is well positioned to benefit from this. However, the strong tanker market cannot balance out the historically poor dry cargo market in which especially a significant drop in Chinese imports of coal has further weakened the market. Based on this, expectations for the results for the year are maintained."*



A telephone conference will be held today at 3:30 p.m. (CET) where CEO Jan Rindbo, CFO Michael Tønnes Jørgensen and Executive Vice President Martin Badsted will comment on the report. By 3:25 p.m. (CET) at the latest, Danish participants should dial in on +45 3271 1660 while participants from abroad should dial in on +44 (0) 20 7136 6283 or +1 646 254 3363. The telephone conference can be followed live at [www.ds-norden.com](http://www.ds-norden.com) where the accompanying presentation is also available.

Further information: CFO Michael Tønnes Jørgensen and Executive Vice President Martin Badsted, tel. +45 3315 0451.

## KEY FIGURES AND RATIOS FOR THE GROUP

USD million				
	1/1-31/3 2015	1/1-31/3 2014	Change Q1 2014-2015	1/1-31/12 2014
<b>INCOME STATEMENT</b>				
Revenue	455.9	557.7	-18%	2,038.1
Costs	-408.6	-565.4	-28%	-2,299.6
Earnings before depreciation, etc. (EBITDA) <sup>1)</sup>	47.3	-7.7	-	-261.5
Profits from the sale of vessels, etc.	1.4	0.0	-	0.0
Depreciation and write-downs	-17.2	-15.4	12%	-68.2
Earnings from operations (EBIT)	30.0	-22.6	-	-335.5
Fair value adjustment of certain hedging instruments	9.9	-0.2	-	-61.9
Net financials	-0.5	-2.3	-78%	-15.2
Results before tax	39.4	-25.1	-	-412.5
Results for the period	38.6	-26.5	-	-415.6
<b>STATEMENT OF FINANCIAL POSITION</b>				
Non-current assets	1,166.2	1,226.9	-5%	1,221.0
Total assets	1,748.4	2,014.5	-13%	1,778.0
Equity (including minority interests)	1,177.2	1,576.4	-25%	1,139.3
Liabilities	571.2	438.1	30%	638.7
Invested capital	1,185.0	1,384.1	-14%	1,131.6
Net interest-bearing assets	-7.8	192.4	-	7.7
Cash and securities	219.9	447.7	-51%	238.3
<b>CASH FLOWS</b>				
From operating activities	-3.0	2.7	-	-46.0
From investing activities	-12.6	-8.6	-47%	66.2
- hereof investments in property, equipment and vessels	-49.9	-26.6	-88%	-110.4
From financing activities	-3.1	-6.7	54%	-79.4
Change in cash and cash equivalents for the period	-18.7	-12.7	-47%	-59.2
<b>FINANCIAL AND ACCOUNTING RATIOS</b>				
Share-related key figures and financial ratios:				
Number of shares of DKK 1 each (including treasury shares)	42,200,000	43,000,000	-2%	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	40,460,055	40,708,609	-1%	40,460,055
Number of treasury shares	1,739,945	2,291,391	-24%	1,739,945
Earnings per share (EPS) (DKK)	1.0 (6)	-0.7 (-4)	-	-10.3 (-58)
Diluted earnings per share (diluted EPS) (DKK)	1.0 (6)	-0.7 (-4)	-	-10.3 (-58)
Book value per share (excluding treasury shares) (DKK <sup>2)</sup> )	29.1 (202)	38.7 (210)	-25%	28.2 (172)
Share price at end of period, DKK	148.5	231.0	-36%	131.4
Price/book value (DKK <sup>2)</sup> )	0.7	1.1	-36%	0.8
Other key figures and financial ratios:				
EBITDA ratio <sup>1)</sup>	10.4%	-1.4%	-	-12.8%
ROIC	10.4%	-6.5%	-	-26.7%
ROE	13.3%	-6.7%	-	-30.3%
Equity ratio	67.3%	78.3%	-14%	64.1%
Total no. of ship days for the Group	19,295	22,353	-14%	83,866
USD/DKK rate at end of period	694.27	541.48	28%	612.14
Average USD/DKK rate	663.02	544.70	22%	561.90

<sup>1)</sup> The ratios were computed in accordance with "Recommendations and Financial Ratios 2010" published by the Danish Society of Financial Analysts. However, "Profits from the sale of vessels, etc." has not been included in EBITDA.

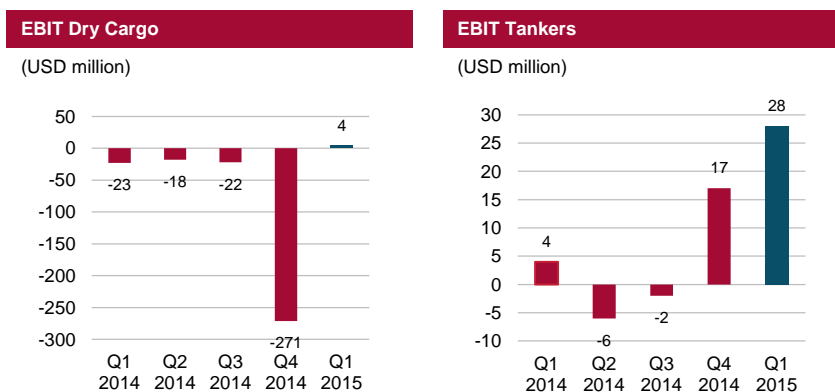
<sup>2)</sup> Converted at the USD/DKK rate at end of period.

## COMMENTS ON THE DEVELOPMENT OF THE GROUP FOR THE PERIOD

- EBIT in Dry Cargo USD 4 million and EBIT in Tankers USD 28 million
- Cash and securities USD 286 million at 30 April
- Cash flows from operating activities amounted to USD 44 million before prepayment of USD 47 million for T/C contracts

### EBIT USD 30 million

In the first quarter of 2015, NORDEN realised an EBIT of USD 30 million against USD -23 million in the same period last year. These results were generated in markets which developed very differently in dry cargo and tankers. In the very difficult dry cargo market, NORDEN generated an EBIT of USD 4 million against USD -23 million in 2014. This improvement results from i.a. lower accounting capacity costs (USD 20 million) for the chartered fleet caused by provision made in December 2014. EBIT in Tankers amounted to USD 28 million (USD 4 million) following a quarter with strong market conditions.



EBITDA for the first quarter of 2015 amounted to USD 47 million against USD -8 million in the first quarter last year.

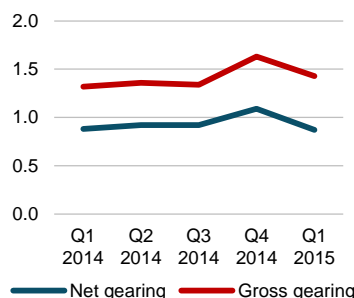
In the first quarter of 2015, NORDEN had a total change in cash and cash equivalents of USD -19 million. Cash flows from operating activities were USD 44 million, which are, however, affected by prepayment for T/C contracts of USD 47 million thus constituting USD -3 million. Cash flows from investing activities were USD -13 million related mainly to prepayments on newbuildings, investments in vessels and sale of vessels. Cash flows from financing activities consisted solely of repayments of debt and amounted to a total of USD -3 million.

### Financial position

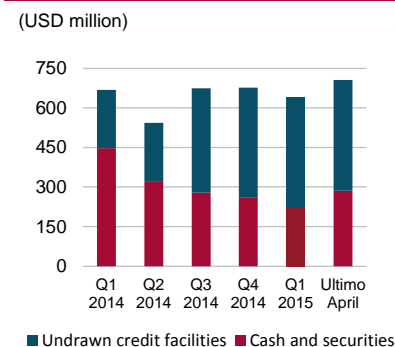
At the end of the quarter, the Company had cash and securities of USD 220 million, which have increased to USD 286 million as at 30 April primarily attributable to sale of vessels. To this can be added undrawn credit facilities of USD 420 million. In comparison, there are outstanding payments on the newbuilding programme of USD 309 million due in the period 2015-2018.

NORDEN's net commitments decreased by USD 159 million to USD 1,098 million during the quarter mainly due to lower T/C commitments and lower outstanding balances on newbuilding contracts. At the same time, the decrease in net commitments has meant lower net gearing, which was 0.87 at the end of the quarter.

**Gearing**



**Financial resources**

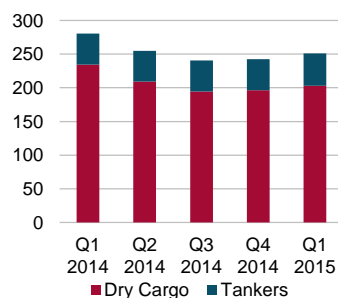


**More trip charters (vessels for single voyages) in the fleet**

At the end of the first quarter, the active fleet totalled 251 vessels, which is a minor increase compared to the 243 vessels which constituted the active fleet at the end of 2014. The increased number of vessels in Dry Cargo is mainly a result of a greater intake of vessels for single voyages with the purpose of optimising the performance of cargo contracts without increasing market exposure.

1 newbuilding in joint venture has been delivered to the core fleet in Dry Cargo and 2 vessels on long-term charter with purchase option have been redelivered. In Tankers, 3 product tankers have been sold, of which 1 was delivered at the end of the quarter.

**Active fleet**

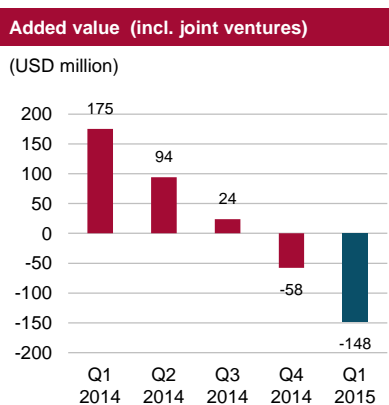


**Cost focus**

The cost-saving initiatives announced in the annual report with savings on vessel operating costs, voyage costs and fuel efficiency are proceeding as planned. A number of specific initiatives have been identified and implementation has started.

**Values in Dry Cargo under pressure**

Based on valuations from 3 independent brokers, the market value of NORDEN's owned vessels and newbuildings (including vessels in joint ventures) was estimated at USD 1,351 million at the end of the quarter, corresponding to an average drop in valuations of 8% compared to the last quarter. The market value of owned vessels is thus USD 148 million below carrying amounts and costs. The valuation is based on few transactions and is subject to significant uncertainty as the difference between the highest and the lowest valuations determined per vessel is USD 167 million (USD 147 million).



The theoretical value of NORDEN's purchase and extension options is estimated at USD 78 million at the end of the first quarter against USD 112 million at the end of 2014. The decrease is due to general decreases in T/C rates and vessel prices. A sensitivity analysis shows that a drop in T/C rates and vessel prices of 10% would result in a decrease of 9% to USD 72 million whereas an increase of 10% would result in an increase of 13% to USD 88 million.

**Impairment test**

Calculated without vessels in joint ventures and sold assets, the market value of NORDEN's owned vessels is USD 150 million below carrying amounts and costs, which amount to a total of USD 1,363 million. The difference is distributed with USD -106 million in Dry Cargo and USD -44 million in Tankers. The Company has therefore performed a routine impairment test based on value in use.

The long-term FFA rates in dry cargo have decreased significantly since the turn of the year, and at the end of April, they are below the long-term T/C rates which NORDEN applies in the impairment test. The drop has been very rapid, and it is the Company's immediate assessment that the long-term FFA forward curve underestimates the future earnings potential in Dry Cargo. NORDEN follows the situation closely and assesses on an ongoing basis whether there is a need to adjust the long-term T/C rate assumptions on which the impairment test is based. On this background, at the present time, there is no need for further write-downs or provisions for onerous time charter contracts.

## SEGMENT INFORMATION

USD million	Q1 2015				Q1 2014			
	Dry Cargo	Tankers	Un-allocated	Total	Dry Cargo	Tankers	Un-allocated	Total
Revenue – services rendered	329.1	126.8	0	455.9	463.7	94.0	0	557.7
Voyage costs	-156.5	-42.3	0	-198.8	-238.0	-34.7	0	-272.7
<b>Contribution margin</b>	<b>172.6</b>	<b>84.5</b>	<b>0</b>	<b>257.1</b>	<b>225.7</b>	<b>59.3</b>	<b>0</b>	<b>285.0</b>
Other operating income, net	1.4	0	0	1.4	2.3	0	0	2.3
Vessel operating costs	-150.4	-48.9	0	-199.3	-233.5	-47.3	0	-280.8
Costs	-8.4	-1.5	-2.0	-11.9	-9.4	-1.7	-3.1	-14.2
<b>Earnings before depreciation, etc. (EBITDA)</b>	<b>15.2</b>	<b>34.1</b>	<b>-2.0</b>	<b>47.3</b>	<b>-14.9</b>	<b>10.3</b>	<b>-3.1</b>	<b>-7.7</b>
Profits from the sale of vessels, etc.	0	1.4	0	1.4	0.0	0.0	0.0	0.0
Depreciation and write-downs	-9.0	-7.6	-0.6	-17.2	-7.9	-6.9	-0.5	-15.3
Share of results of joint ventures	-1.7	0.2	0	-1.5	0.3	0.2	0	0.5
<b>Earnings from operations (EBIT)</b>	<b>4.5</b>	<b>28.1</b>	<b>-2.6</b>	<b>30.0</b>	<b>-22.5</b>	<b>3.6</b>	<b>-3.6</b>	<b>-22.5</b>
Fair value adjustment of certain hedging instruments	9.9	0	0	9.9	-0.2	0	0	-0.2
Financial income	0	0	4.2	4.2	0	0	2.0	2.0
Financial expenses	0	0	-4.7	-4.7	0	0	-4.3	-4.3
Tax for the period	-0.8	0	0	-0.8	-1.3	-0.2	0	-1.5
<b>Results for the period</b>	<b>13.6</b>	<b>28.1</b>	<b>-3.1</b>	<b>38.6</b>	<b>-24.0</b>	<b>3.4</b>	<b>-5.9</b>	<b>-26.5</b>

USD million	Q1 2015				Q1 2014			
	Dry Cargo	Tankers	Un-allocated	Total	Dry Cargo	Tankers	Un-allocated	Total
Vessels	535.6	504.0	0	1,039.6	568.8	493.9	0	1,062.7
Other tangible assets	9.6	0	43.9	53.5	0.0	0	54.3	54.3
Prepayments on vessels and newbuildings	27.3	26.4	0	53.7	32.7	57.7	0	90.4
Investments in joint ventures	15.7	3.7	0	19.4	15.8	3.6	0	19.4
<b>Non-current assets</b>	<b>588.2</b>	<b>534.1</b>	<b>43.9</b>	<b>1,166.2</b>	<b>617.3</b>	<b>555.2</b>	<b>54.3</b>	<b>1,226.8</b>
<b>Current assets</b>	<b>261.5</b>	<b>100.8</b>	<b>219.9</b>	<b>582.2</b>	<b>282.7</b>	<b>57.3</b>	<b>447.7</b>	<b>787.7</b>
- Of which tangible assets held for sale	0	66.6	0	66.6	0	0	0	0
<b>Total assets</b>	<b>849.7</b>	<b>634.9</b>	<b>263.8</b>	<b>1,748.4</b>	<b>900.0</b>	<b>612.5</b>	<b>502.0</b>	<b>2,014.5</b>

## DRY CARGO

- EBIT USD 4 million (USD -23 million)
- Historically poor market conditions driven by a lacking Chinese coal imports
- Significant increase in scrapping

### **NORDEN's earnings outperformed the market**

In the first quarter, the Dry Cargo Department realised an EBIT of USD 4 million, which despite worsened market conditions was up from the first quarter of 2014 when EBIT was USD -23 million. This improvement includes the effect of the lower accounting capacity costs (USD 20 million) for the chartered fleet. Earnings have been supported by the coverage taken in the second half-year of 2014 at considerably higher rates than the current ones. T/C earnings in Dry Cargo were 44% above the average 1-year T/C rates and 113% above the average spot rates from the Baltic Exchange.

### **Very low rates in all vessel types**

The market is still influenced by the structural oversupply of ships and the freight rates continued the negative development from last year into the first quarter of 2015. In February 2015, the Baltic Dry Index fell to the lowest levels in its history. All vessel types have suffered significantly, but Supramax and Panamax, which are the vessel types that NORDEN operates most of, have performed slightly better than the Capesize vessels where spot rates have been around USD 3,000-5,000 per day throughout the first quarter.

### **Weak Chinese coal imports and lower growth in iron ore imports impacting demand**

The continuously declining Chinese coal imports contributed considerably to the downward pressure in the first quarter. During the first three months of the year, Chinese coal imports were around 49 million tonnes – a decline of 42% compared to the first quarter of 2014. This decline is a result of several factors such as a general slowdown in the industrial production and thereby coal consumption, an increase in non-fossil power supply and protectionism of the domestic coal production through a new tax on coal imports which was introduced on 15 October 2014.

In the first quarter, iron ore trade was characterised by the traditional seasonal slowdown. In addition, growth in Chinese iron ore imports also slowed as a result of a slowdown in the Chinese economy. In consequence, import growth came to just 2% compared to same quarter last year, which is somewhat lower than the growth rate seen in recent years.

On a positive note, India's importance to the seaborne trade continues to increase and India has overtaken China as the largest importer of coal in the first quarter. However, the increase in Indian imports has not been sufficient to compensate for the lost Chinese volumes.

### **Solid grain season unable to impact rates**

The grain season out of South America had a slow start, but volumes picked up during the quarter. The increased volumes did not, however, have any noticeable effect on general market rates due to lower coal volumes being transported and, in addition, the continued lack of nickel out of Indonesia in the wake of the export ban introduced in January 2014. In addition, congestion in the South American grain loading ports has not been significant.

### **Employment and rates, Dry Cargo, Q1 2015**

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total**
NORDEN ship days	275	664	6,845	4,874	2,328	14,985
NORDEN T/C (USD per day, net)	13,548	9,475	11,527	11,360	8,753	10,988
1-year T/C (USD per day)*	10,225	7,639	7,620	7,874	6,906	7,640
NORDEN vs. 1-year T/C	+33%	+24%	+51%	+44%	+27%	+44%

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

**High scrapping activity limiting supply growth**

Very low freight rates and the still negative outlook have resulted in a sharp increase in scrapping. During the first quarter, scrapping amounted to a total of USD 9.1 million dwt, which corresponds to an annualised scrap rate just below 5% of the world fleet. This makes net fleet growth likely to be around 2-3% in 2015, which is lower than the previously expected 4-5%. At the same time, the order book has declined to the lowest level since the fourth quarter of 2013 due to cancellations, conversions and lack of new orders.

Despite a more positive development in fleet supply, NORDEN maintains the view that this will be insufficient to create a sustainable improvement in the market in 2015.

NORDEN's Dry Cargo fleet and values at 31 March 2015						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	2.0	4.0	3.5	4.0	12.0	25.5
Chartered vessels with purchase option	1.0	4.0	15.5	16.0	11.0	47.5
<b>Total active core fleet</b>	<b>3.0</b>	<b>8.0</b>	<b>19.0</b>	<b>20.0</b>	<b>23.0</b>	<b>73.0</b>
Chartered vessels without purchase option	0.0	0.0	70.5	42.0	17.1	129.6
<b>Total active fleet</b>	<b>3.0</b>	<b>8.0</b>	<b>89.5</b>	<b>62.0</b>	<b>40.1</b>	<b>202.6</b>
<b>Vessels to be delivered</b>						
Owned vessels	0.0	0.0	3.5	6.5	0.0	10.0
Chartered vessels with purchase option	1.0	0.0	4.0	5.0	0.0	10.0
<b>Total for delivery to core fleet</b>	<b>1.0</b>	<b>0.0</b>	<b>7.5</b>	<b>11.5</b>	<b>0.0</b>	<b>20.0</b>
Chartered vessels over 3 years without purchase option	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total to be delivered</b>	<b>1.0</b>	<b>0.0</b>	<b>7.5</b>	<b>11.5</b>	<b>0.0</b>	<b>20.0</b>
<b>Total gross fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>97.0</b>	<b>73.5</b>	<b>40.1</b>	<b>222.6</b>
<b>Dry Cargo fleet values at 31 March 2015 (USD million)</b>						
Market value of owned vessels and newbuildings*	42	85	178	241	208	754
Theoretical value of purchase and extension options	21	7	23	20	4	75

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



**67% coverage for the rest of the year**

At the end of the first quarter, the Dry Cargo Department's coverage for the rest of 2015 was at 67%, which corresponds to 9,349 open ship days. The coverage for the second quarter is at 85%, coming down during the course of the period to 41% in the fourth quarter. During the course of the quarter, forward rates have dropped to levels unattractive for further coverage.

Coverage and capacity, Dry Cargo, at 31 March 2015										
	2015			2016	2017	2015			2016	2017
	Q2	Q3	Q4			Q2	Q3	Q4		
<b>Owned vessels</b>						<b>Ship days</b>				
Capesize	152	183	183	726	688					
Post-Panamax	364	355	367	1,452	1,408					
Panamax	353	365	365	1,698	2,046					
Supramax	364	362	533	2,245	2,571					
Handysize	1,092	1,074	1,100	4,264	4,313					
<b>Total</b>	<b>2,325</b>	<b>2,339</b>	<b>2,548</b>	<b>10,385</b>	<b>11,026</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
Capesize	91	92	92	366	272	14,137	14,137	14,137	14,470	14,740
Post-Panamax	364	368	368	1,464	1,460	9,529	9,520	9,520	9,767	9,985
Panamax	5,420	2,831	2,460	8,199	5,230	8,137	8,609	10,188	10,136	11,814
Supramax	2,631	1,505	1,390	5,838	4,955	9,103	9,546	9,677	10,409	11,020
Handysize	1,171	1,104	1,044	3,630	2,706	7,993	8,005	8,040	8,571	8,613
<b>Total</b>	<b>9,677</b>	<b>5,900</b>	<b>5,354</b>	<b>19,497</b>	<b>14,623</b>	<b>8,491</b>	<b>8,878</b>	<b>9,659</b>	<b>9,980</b>	<b>10,824</b>
<b>Total capacity</b>						<b>Costs for gross capacity (USD per day)*</b>				
<b>Total capacity</b>	<b>12,002</b>	<b>8,239</b>	<b>7,902</b>	<b>29,882</b>	<b>25,649</b>	<b>7,886</b>	<b>7,897</b>	<b>8,183</b>	<b>8,403</b>	<b>8,524</b>
<b>Coverage</b>						<b>Revenue from coverage (USD per day)</b>				
Capesize	107	0	0	0	0	400	0	0	0	0
Post-Panamax	254	7	0	0	0	4,374	7,010	0	0	0
Panamax	4,941	2,862	1,103	2,812	2,156	9,871	10,559	14,093	16,613	17,569
Supramax	3,296	1,857	1,457	2,696	1,055	10,264	10,877	9,327	12,140	13,903
Handysize	1,630	634	646	1,458	1,251	7,143	10,851	11,066	12,949	13,840
<b>Total</b>	<b>10,228</b>	<b>5,360</b>	<b>3,206</b>	<b>6,966</b>	<b>4,462</b>	<b>9,327</b>	<b>10,699</b>	<b>11,317</b>	<b>14,115</b>	<b>15,656</b>
<b>Coverage in %</b>										
Capesize	44%	0%	0%	0%	0%					
Post-Panamax	35%	1%	0%	0%	0%					
Panamax	86%	90%	39%	28%	30%					
Supramax	110%	99%	76%	33%	14%					
Handysize	72%	29%	30%	18%	18%					
<b>Total</b>	<b>85%</b>	<b>65%</b>	<b>41%</b>	<b>23%</b>	<b>17%</b>					

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

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

## TANKERS

- EBIT USD 28 million (USD 4 million)
- High rates throughout the first quarter and a good start to the second quarter
- High refinery activity leading to increased transportation demand

### Strong first quarter

The greatly improved market conditions for product tankers continued into 2015 and were clearly reflected in the first quarter, where NORDEN's Tanker Department markedly improved its interim results compared to last year, attaining an EBIT of USD 28 million (USD 4 million). Earnings for NORDEN's 2 product tanker vessel types Handysize and MR amounted to USD 20,904 per day and USD 19,412 per day, respectively. Compared to the 1-year T/C rates, Handysize came out 55% higher, while MR was 32% higher.

### Strong market in the Atlantic

In the first quarter, rates for the product tanker fleet have been highly attractive. Similarly to the fourth quarter of 2014, the strong rates have been broadly founded in terms of geography and across all vessel types, and particularly the important Atlantic market has been strong in the first quarter. There have, thus, been good possibilities for combination voyages with high rates on both the westbound and the eastbound route across the Atlantic Ocean.

### Large exports of gasoline from Europe

Contrary to the past few years' development, there has been increased activity in gasoline exports from Europe. In north-eastern USA, the cold winter resulted in partial downtime for the region's refineries, and in order to compensate for the lack of own production, considerable quantities of refined oil products were imported in particular from Europe. European refineries have generally benefitted from exceptionally high margins as a result of the lower crude oil prices and have with a high capacity utilisation produced large quantities of gasoline for the export market.

The low price on crude oil has not negatively affected the American own production, where growth continued in the first quarter. This incited a – the time of year considered – record-high capacity utilisation in the refineries in the US Gulf and parts of the planned maintenance work were postponed in order to keep momentum in the production for the benefit of exports. Furthermore, the USA has an extraordinarily large stock of crude oil, and, in combination with further additions to capacity among the refineries, conditions for continued growth in the export of refined oil products are good. One potential risk factor is whether the high growth in American crude oil production can be maintained, as especially the production of shale oil has typically been performed at a higher level of cost than that of the current crude oil price, and in the first quarter, a decrease in the number of new American drillings has been registered. However, it is expected that the level of cost of shale oil extraction will be adjusted to the current oil price in order to stay competitive.

### Employment and rates, Tankers, Q1 2015

Vessel type	MR	Handysize	Total**
NORDEN ship days	2,576	1,734	4,310
NORDEN T/C (USD per day, net)	19,412	20,904	20,012
1-year T/C (USD per day)*	14,719	13,443	14,206
NORDEN vs. 1-year T/C	+32%	+55%	+41%

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

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

**Structural changes in the refinery sector went as expected**

The structural changes in the refinery sector went as expected in the first quarter, introducing considerable additions to capacity in the Middle East. The newly opened Yanbu refinery in Saudi Arabia (400,000 barrels per day) also contributed to covering the previously mentioned north-east American product shortfall and a generally increasing number of product cargoes to Asia lifted the product tanker rates for the East. At the same time, the first shipments from the newly expanded Ruwais refinery in United Arab Emirates (UAE) (400,000 barrels per day) were reported in January, and Brazil, for instance, took delivery of a considerable quantity of the Middle Eastern products to compensate for unexpected downtime in domestic refinery activity.

**Unchanged expectations for fleet growth**

Fleet growth for product tankers has been as anticipated during the first quarter, which, traditionally, shows higher delivery rates for newbuildings. Growth has been largest within the MR and the LR2 vessel types. Due to attractive rates, there has been slightly less scrapping than usual, but despite the lower level of scrapping, a net fleet growth rate of about 5-6% for the year is still expected. New ordering has been limited within MR, whereas LR1 and LR2 have seen some order activity.

**NORDEN's Tanker fleet and values at 31 March 2015**

Vessel type	MR	Handysize	Total
<b>Vessels in operation</b>			
Owned vessels	9.0	12.0	21.0
Chartered vessels with purchase option	7.0	0.0	7.0
<b>Total active core fleet</b>	<b>16.0</b>	<b>12.0</b>	<b>28.0</b>
Chartered vessels without purchase option	12.0	8.0	20.0
<b>Total active fleet</b>	<b>28.0</b>	<b>20.0</b>	<b>48.0</b>
<b>Vessels to be delivered</b>			
Owned vessels	2.0	0.0	2.0
Chartered vessels with purchase option	1.0	0.0	1.0
<b>Total for delivery to core fleet</b>	<b>3.0</b>	<b>0.0</b>	<b>3.0</b>
Chartered vessels over 3 years without purchase option		-	0.0
<b>Total to be delivered</b>	<b>3.0</b>	<b>0.0</b>	<b>3.0</b>
<b>Total gross fleet</b>	<b>31.0</b>	<b>20.0</b>	<b>51.0</b>
<b>Tanker fleet values at 31 March 2015 (USD million)</b>			
Market value of owned vessels and newbuildings*	360	237	597
Theoretical value of purchase and extension options	3	0	3

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

### Continued high spot exposure

At the end of the first quarter, NORDEN had covered 19% of the ship days in Tankers for the rest of 2015. It has been a goal to increase coverage for 2015 during the first quarter, but the 1-year T/C rate did not follow the upward trend of the spot rates. The Company has estimated the higher earnings available in the spot market at the turn of the year to be more attractive than long-term employment at considerably lower rates.

Capacity and coverage, Tankers, at 31 March 2015										
	2015			2016	2017	2015			2016	2017
	Q2	Q3	Q4			Q2	Q3	Q4		
<b>Owned vessels</b>	<b>Ship days</b>									
MR	759	777	821	3,231	3,237					
Handysize	1,092	1,081	1,083	4,302	4,323					
<b>Total</b>	<b>1,851</b>	<b>1,858</b>	<b>1,904</b>	<b>7,533</b>	<b>7,560</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
MR	1,694	1,513	1,440	3,981	1,869	14,932	15,024	15,063	15,615	16,551
Handysize	584	297	92	97	0	13,972	13,886	14,108	14,108	0
<b>Total</b>	<b>2,278</b>	<b>1,810</b>	<b>1,532</b>	<b>4,078</b>	<b>1,869</b>	<b>14,686</b>	<b>14,837</b>	<b>15,006</b>	<b>15,579</b>	<b>16,551</b>
<b>Total capacity</b>	<b>4,129</b>	<b>3,668</b>	<b>3,436</b>	<b>11,611</b>	<b>9,429</b>	<b>Costs for gross capacity (USD per day)*</b>				
						<b>11,213</b>	<b>10,896</b>	<b>10,591</b>	<b>10,109</b>	<b>9,032</b>
<b>Coverage</b>						<b>Revenue from coverage (USD per day)</b>				
MR	622	284	199	250	202	17,312	15,475	15,464	16,667	16,736
Handysize	639	205	141	0	0	15,234	15,061	15,532	0	0
<b>Total</b>	<b>1,261</b>	<b>489</b>	<b>340</b>	<b>250</b>	<b>202</b>	<b>16,259</b>	<b>15,302</b>	<b>15,492</b>	<b>16,667</b>	<b>16,736</b>
<b>Coverage in %</b>										
MR	25%	12%	9%	3%	4%					
Handysize	38%	15%	12%	0%	0%					
<b>Total</b>	<b>31%</b>	<b>13%</b>	<b>10%</b>	<b>2%</b>	<b>2%</b>					

\* Including cash running costs of owned vessels.

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

## OUTLOOK FOR 2015

### **NORDEN maintains its full-year estimate**

NORDEN maintains its expectations for an EBIT of USD -40 to 40 million.

After solid spot earnings in Tankers in the first quarter and slightly increasing forward rates, expectations for Tankers are increased to USD 35-65 million (USD 5-45 million).

Due to a continuously weak dry cargo market and declining coverage, it must be expected that the Dry Cargo Department's results will be somewhat weaker in the coming quarters. Consequently, despite a solid start to the year, also in this segment, NORDEN reduces its expectations for EBIT in Dry Cargo to USD -60 to 0 million (USD -40 to 20 million).

Expectations for CAPEX are changed to USD 20-40 million (USD 80-120 million) primarily as a result of sale of vessels.

Expectations for 2015			
(USD million)	Dry Cargo	Tankers	Group
<b>EBIT</b>	-60 to 0	35 to 65	-40 to 40
Of which profit from the sale of vessels			7
<b>CAPEX</b>			20 to 40

### **Sale of vessels**

During the first quarter, NORDEN entered into sales agreements on 3 MR tankers, of which one was purchased at the end of 2014 with a view to resale. This vessel has been handed over and profits recognised in the first quarter, whereas the 2 remaining vessels are delivered and profits recognised during the second quarter of 2015. In total, the above EBIT expectations hereafter include profit from the sale of vessels of USD 7 million.

### **Risks and uncertainties**

At the beginning of May, there were approximately 8,200 open ship days in Dry Cargo, and a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 8 million. Earnings in Dry Cargo are also sensitive to possible counterparty risks and changes in the rate level between regions and vessel types.

Earnings expectations in Tankers primarily depend on the development in the spot market. Based on 7,200 open ship days in Tankers at 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 million.

### **Forward-looking statements**

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

## MANAGEMENT'S STATEMENT

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

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

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

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

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

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

Hellerup, 12 May 2015

### Executive Management

Jan Rindbo  
Chief Executive Officer

Michael Tønnes Jørgensen  
Executive Vice President & CFO

Lars Bagge Christensen  
Executive Vice President

Martin Badsted  
Executive Vice President

Ejner Bonderup  
Executive Vice President

### Board of Directors

Klaus Nyborg  
Chairman

Erling Højsgaard  
Vice Chairman

Alison J. F. Riegels

Karsten Knudsen

Arvid Grundekjøn

Lars Enkegaard Biilmann

Christian Ingerslev

Thorbjørn Joensen

## INCOME STATEMENT

Note	USD '000	2015	2014	2014
		Q1	Q1	Q1-Q4
	Revenue	455,903	557,702	2,038,107
	Costs	-408,646	-565,393	-2,299,563
	<b>Earnings before depreciation, etc. (EBITDA)</b>	<b>47,257</b>	<b>-7,691</b>	<b>-261,456</b>
	Profits from the sale of vessels, etc.	1,423	32	-4
	Depreciation and write-downs	-17,189	-15,424	-68,189
	Share of results of joint ventures	-1,458	508	-5,848
	<b>Earnings from operations (EBIT)</b>	<b>30,033</b>	<b>-22,575</b>	<b>-335,497</b>
2	Fair value adjustment of certain hedging instruments	9,932	-168	-61,864
	Net financials	-544	-2,345	-15,152
	<b>Results before tax</b>	<b>39,421</b>	<b>-25,088</b>	<b>-412,513</b>
	Tax for the period	-860	-1,461	-3,121
	<b>Results for the period</b>	<b>38,561</b>	<b>-26,549</b>	<b>-415,634</b>
	<b>Attributable to:</b>			
	Shareholders of NORDEN	38,561	-26,549	-415,634
	<b>Earnings per share (EPS), USD</b>	<b>1.0</b>	<b>-0.7</b>	<b>-10.3</b>
	<b>Diluted earnings per share, USD</b>	<b>1.0</b>	<b>-0.7</b>	<b>-10.3</b>

## STATEMENT OF COMPREHENSIVE INCOME

Note	USD '000	2015	2014	2014
		Q1	Q1	Q1-Q4
	Results for the period, after tax	38,561	-26,549	-415,634
	Items which will be reclassified to the income statement:			
	Value adjustment of hedging instruments	-933	656	294
	Fair value adjustment of securities	-123	589	-597
	Tax on fair value adjustment of securities	0	0	-320
	Other comprehensive income, total	-1,056	1,245	-623
	<b>Total comprehensive income for the period, after tax</b>	<b>37,505</b>	<b>-25,304</b>	<b>-416,257</b>
	<b>Attributable to:</b>			
	Shareholders of NORDEN	37,505	-25,304	-416,257

## INCOME STATEMENT BY QUARTER

Note	USD '000	2015	2014	2014	2014	2014
		Q1	Q4	Q3	Q2	Q1
	Revenue	455,903	523,623	451,594	505,188	557,702
	Costs	-408,646	-759,225	-462,330	-512,615	-565,393
	<b>Earnings before depreciation, etc. (EBITDA)</b>	<b>47,257</b>	<b>-235,602</b>	<b>-10,736</b>	<b>-7,427</b>	<b>-7,691</b>
	Profits from the sale of vessels, etc.	1,423	-8	6	-34	32
	Depreciation and write-downs	-17,189	-18,026	-18,794	-15,945	-15,424
	Share of results of joint ventures	-1,458	-4,483	1,892	-3,765	508
	<b>Earnings from operations (EBIT)</b>	<b>30,033</b>	<b>-258,119</b>	<b>-27,632</b>	<b>-27,171</b>	<b>-22,575</b>
2	Fair value adjustment of certain hedging instruments	9,932	-40,055	-10,834	-10,807	-168
	Net financials	-544	-5,042	-5,656	-2,109	-2,345
	<b>Results before tax</b>	<b>39,421</b>	<b>-303,216</b>	<b>-44,122</b>	<b>-40,087</b>	<b>-25,088</b>
	Tax for the period	-860	1,327	-1,471	-1,516	-1,461
	<b>Results for the period</b>	<b>38,561</b>	<b>-301,889</b>	<b>-45,593</b>	<b>-41,603</b>	<b>-26,549</b>
	<b>Attributable to:</b>					
	Shareholders of NORDEN	38,561	-301,889	-45,593	-41,603	-26,549
	<b>Earnings per share (EPS), USD</b>	<b>1.0</b>	<b>-7.5</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-0.7</b>
	<b>Diluted earnings per share, USD</b>	<b>1.0</b>	<b>-7.5</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-0.7</b>

## STATEMENT OF COMPREHENSIVE INCOME BY QUARTER

Note	USD '000	2015	2014	2014	2014	2014
		Q1	Q4	Q3	Q2	Q1
	Results for the period, after tax	38,561	-301,889	-45,593	-41,603	-26,549
	Items which will be reclassified to the income statement:					
	Value adjustment of hedging instruments	-933	-832	1,569	-1,099	656
	Fair value adjustment of securities	-123	-1,348	-144	306	589
	Tax on fair value adjustment of securities	0	-320	0	0	0
	Other comprehensive income, total	-1,056	-2,500	1,425	-793	1,245
	<b>Total comprehensive income for the period, after tax</b>	<b>37,505</b>	<b>-304,389</b>	<b>-44,168</b>	<b>-42,396</b>	<b>-25,304</b>
	<b>Attributable to:</b>					
	Shareholders of NORDEN	37,505	-304,389	-44,168	-42,396	-25,304



## STATEMENT OF FINANCIAL POSITION

Note	USD '000	2015	2014	2014
		31/3	31/3	31/12
<b>ASSETS</b>				
3	Vessels	1,039,618	1,062,724	1,050,064
	Property and equipment	53,457	54,372	53,822
4	Prepayments on vessels and newbuildings	53,688	90,423	97,845
	Investments in joint ventures	19,456	19,356	19,250
	<b>Non-current assets</b>	<b>1,166,219</b>	<b>1,226,875</b>	<b>1,220,981</b>
	Inventories	70,751	111,312	72,499
	Receivables from joint ventures	6,537	1,054	5,831
	Receivables and accruals	218,386	227,583	223,485
	Securities	37,380	61,771	39,872
	Cash and cash equivalents	182,555	385,942	198,394
		<b>515,609</b>	<b>787,662</b>	<b>540,081</b>
5	Tangible assets held for sale	66,570	0	16,954
	<b>Current assets</b>	<b>582,179</b>	<b>787,662</b>	<b>557,035</b>
	<b>Total assets</b>	<b>1,748,398</b>	<b>2,014,537</b>	<b>1,778,016</b>
<b>EQUITY AND LIABILITIES</b>				
	Share capital	6,706	6,833	6,706
	Reserves	6,455	9,379	7,511
	Retained earnings	1,164,047	1,560,210	1,125,074
	<b>Equity</b>	<b>1,177,208</b>	<b>1,576,422</b>	<b>1,139,291</b>
	Bank debt	200,040	227,699	202,908
	Provisions	125,122	746	149,986
	<b>Non-current liabilities</b>	<b>325,162</b>	<b>228,445</b>	<b>352,894</b>
	Bank debt	27,647	27,647	27,647
	Provisions	75,720	0	80,474
	Trade payables	65,220	135,396	85,394
	Liabilities in joint ventures	0	0	20
	Other payables, deferred income and company tax	77,441	46,627	92,296
	<b>Current liabilities</b>	<b>246,028</b>	<b>209,670</b>	<b>285,831</b>
	<b>Liabilities</b>	<b>571,190</b>	<b>438,115</b>	<b>638,725</b>
	<b>Total equity and liabilities</b>	<b>1,748,398</b>	<b>2,014,537</b>	<b>1,778,016</b>

## STATEMENT OF CASH FLOWS

Note	USD '000	2015	2014	2014
		Q1	Q1	Q1-Q4
Results for the period		38,561	-26,549	-415,634
Change in provisions		-19,968	0	230,169
Reversal of items without effect on cash flow		-1,386	14,799	138,609
Cash flows before change in working capital		17,207	-11,750	-46,856
Change in working capital *		-20,169	14,414	825
<b>Cash flows from operating activities</b>		<b>-2,962</b>	<b>2,664</b>	<b>-46,031</b>
Investments in vessels, etc.		-30,061	-756	-19,997
Additions in prepayments on newbuildings		-19,816	-25,864	-90,415
Investments in associates		0	0	-5,550
Proceeds from the sale of vessels, etc.		39,463	50	19,875
Sale of securities		0	17,981	35,839
Change in cash and cash equivalents with rate agreements of more than 3 months etc.		-2,232	0	126,445
<b>Cash flows from investing activities</b>		<b>-12,646</b>	<b>-8,589</b>	<b>66,197</b>
Dividend paid to shareholders		0	0	-37,719
Acquisition of treasury shares		0	-4,318	-14,203
Sale of treasury shares		0	720	1,260
Installments on/payment of non-current debt		-3,136	-3,136	-28,714
<b>Cash flows from financing activities</b>		<b>-3,136</b>	<b>-6,734</b>	<b>-79,376</b>
<b>Change in cash and cash equivalents for the period</b>		<b>-18,744</b>	<b>-12,659</b>	<b>-59,210</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>137,379</b>	<b>218,775</b>	<b>218,775</b>
Exchange rate adjustments		673	-7,634	-22,186
Change in cash and cash equivalents for the period		-18,744	-12,659	-59,210
<b>Cash and cash equivalents at the end of the period</b>		<b>119,308</b>	<b>198,482</b>	<b>137,379</b>
Cash and cash equivalents with rate agreements of more than 3 months etc.		63,247	187,460	61,015
<b>Cash and cash equivalents according to the statement of financial position</b>		<b>182,555</b>	<b>385,942</b>	<b>198,394</b>

\* Including prepayments on T/C contracts (USD 47 million)

## STATEMENT OF CHANGES IN EQUITY

Note	USD '000			
	Share capital	Reserves	Retained earnings	Group equity
<b>Equity at 1 January 2015</b>	<b>6,706</b>	<b>7,511</b>	<b>1,125,074</b>	<b>1,139,291</b>
Total comprehensive income for the period	0	-1,056	38,561	37,505
Share-based payment	0	0	412	412
<b>Changes in equity</b>	<b>0</b>	<b>-1,056</b>	<b>38,973</b>	<b>37,917</b>
<b>Equity at 31 March 2015</b>	<b>6,706</b>	<b>6,455</b>	<b>1,164,047</b>	<b>1,177,208</b>
<b>Equity at 1 January 2014</b>	<b>6,833</b>	<b>8,134</b>	<b>1,589,850</b>	<b>1,604,817</b>
Total comprehensive income for the period	0	1,245	-26,549	-25,304
Acquisition of treasury shares	0	0	-4,318	-4,318
Sale of treasury shares	0	0	720	720
Share-based payment	0	0	507	507
<b>Changes in equity</b>	<b>0</b>	<b>1,245</b>	<b>-29,640</b>	<b>-28,395</b>
<b>Equity at 31 March 2014</b>	<b>6,833</b>	<b>9,379</b>	<b>1,560,210</b>	<b>1,576,422</b>
<b>Equity at 1 January 2014</b>	<b>6,833</b>	<b>8,134</b>	<b>1,589,850</b>	<b>1,604,817</b>
Total comprehensive income for the period	0	-623	-415,634	-416,257
Acquisition of treasury shares	0	0	-14,203	-14,203
Sale of treasury shares	0	0	1,260	1,260
Capital reduction	-127	0	127	0
Distributed dividends	0	0	-39,833	-39,833
Dividends, treasury shares	0	0	2,114	2,114
Share-based payment	0	0	1,393	1,393
<b>Changes in equity</b>	<b>-127</b>	<b>-623</b>	<b>-464,776</b>	<b>-465,526</b>
<b>Equity at 31 December 2014</b>	<b>6,706</b>	<b>7,511</b>	<b>1,125,074</b>	<b>1,139,291</b>

## NOTES

### 1. Significant accounting policies

#### *Basis of accounting*

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

#### *Accounting policies*

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

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

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

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

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

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

- IFRS 15 regarding revenue recognition – New common standard regarding revenue recognition. Revenue is recognised as control is transferred to the buyer.
- IFRS 9 regarding financial instruments – The number of categories of financial assets is reduced to three; amortised cost category, fair value through other comprehensive income category or fair value through income statement category. Simplified rules on hedge accounting will be introduced, and writing down of receivables must be based on expected loss.
- IASB's annual minor improvements regarding the years 2013-2014.
- Amendments to IAS 1 including minor amendments relating to the presentation of the annual accounts.

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

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

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

#### *Risks*

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

## 2. Fair value adjustment of certain hedging instruments

USD '000	2015	2014	2014
	Q1	Q1	Q1-Q4
<b>Bunker hedging:</b>			
Fair value adjustment for:			
2014	0	-2,260	-6,081
2015	774	-417	-27,540
2016	-201	-36	-4,026
2017	-105	-42	-2,936
2018-2019	-79	-41	-1,978
	389	-2,796	-42,561
Realised fair value adjustment reclassified to "Vessel operating costs"	13,459	-774	3,512
<b>Total</b>	<b>13,848</b>	<b>-3,570</b>	<b>-39,049</b>
<b>Forward Freight Agreements:</b>			
Fair value adjustment for:			
2014	0	-1,338	-3,927
2015	-4,284	2,388	-11,656
2016	-2,363	2,490	-8,694
	-6,647	3,540	-24,277
Realised fair value adjustment reclassified to "Revenue"	2,731	-138	1,462
<b>Total</b>	<b>-3,916</b>	<b>3,402</b>	<b>-22,815</b>
<b>Total</b>	<b>9,932</b>	<b>-168</b>	<b>-61,864</b>

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

### 3. Vessels

USD '000	2015	2014	2014
	31/3	31/3	31/12
Cost at 1 January	1,618,544	1,614,716	1,614,716
Additions for the period	29,833	-394	17,791
Disposals for the period	-21,086	0	0
Transferred during the period from prepayments on vessels and newbuildings	63,973	0	57,129
Transferred during the period to tangible assets held for sale	-76,634	0	-71,092
<b>Cost</b>	<b>1,614,630</b>	<b>1,614,322</b>	<b>1,618,544</b>
Depreciation at 1 January	-344,870	-313,153	-313,153
Depreciation for the period	-16,596	-14,835	-62,573
Transferred depreciation of tangible assets held for sale	5,924	0	30,856
<b>Depreciation</b>	<b>-355,542</b>	<b>-327,988</b>	<b>-344,870</b>
Write-downs at 1 January	-223,610	-223,610	-223,610
Reversed write-downs of tangible assets held for sale	4,140	0	0
<b>Write-downs</b>	<b>-219,470</b>	<b>-223,610</b>	<b>-223,610</b>
<b>Carrying amount</b>	<b>1,039,618</b>	<b>1,062,724</b>	<b>1,050,064</b>

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

### 4. Prepayments on vessels and newbuildings

USD '000	2015	2014	2014
	31/3	31/3	31/12
Cost at 1 January	97,845	64,559	64,559
Additions for the period	19,816	25,864	90,415
Transferred during the period to vessels	-63,973	0	-57,129
<b>Cost</b>	<b>53,688</b>	<b>90,423</b>	<b>97,845</b>
<b>Carrying amount</b>	<b>53,688</b>	<b>90,423</b>	<b>97,845</b>

### 5. Tangible assets held for sale

USD '000	2015	2014	2014
	31/3	31/3	31/12
Carrying amount at 1 January	16,954	0	0
Additions for the period from vessels	66,570	0	40,236
Disposals for the period	-16,954	0	-19,803
Write-downs for the period	0	0	-3,479
<b>Carrying amount</b>	<b>66,570</b>	<b>0</b>	<b>16,954</b>

## 6. Write-down of vessels, etc.

Expressed as the average of 3 independent broker valuations, the net selling price of the Group's fleet and newbuildings, excluding vessels in joint ventures and assets held for sale, totaled USD 1,213 million at the end of the first quarter, which was USD 150 million below the carrying amounts. The cash generating units (CGUs) Dry Cargo and Tankers were USD 106 million and USD 44 million, respectively, below the carrying amounts. The difference between the highest and the lowest valuations calculated per vessel is USD 164 million, and the valuations are thus subject to a higher degree of uncertainty than previously.

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

VIU for both CGUs is calculated by comparing the recoverable amounts obtainable from continued operation of the fleets of the 2 CGUs, calculated as the present value of total estimated cash flows over the remaining useful lives of owned and chartered vessels, including COAs entered into, T/C coverage and expected rate levels for uncovered capacity.

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

Due to the large number of open ship days, the VIU calculation is very sensitive to even small fluctuations in freight rates. As an indication of this sensitivity, a fluctuation of USD 1,000 per day in freight rates would change the CGU values by USD 177 million in Dry Cargo and USD 100 million in Tankers.

In the long term, the dry cargo market is expected to improve due to increased scrapping of old tonnage as well as increasing demand, i.a. as a result of a recovering world economy. Net fleet growth in 2015 is expected to be 2-3% and consequently lower than in 2014.

In the long term, the tanker market is expected to improve compared to current levels following the improvements in the global refinery sector. It is, however, possible that large fluctuations in the market will take place.

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

## 7. Related party transactions

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

## 8. Contingent assets and liabilities

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

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

### Expected delivery of the Company's core fleet at 31 March 2015

USD '000	2015			2016				2017				2018				Total
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Dry Cargo</b>																
Capesize																0.0
Panamax	0.5			1.0 (1.0)	(1.0)		(2.0)			2.0						7.5
Supramax		(1.0)	1.0	1.0 (2.0)	0.5		(1.0)	(1.0)		2.0		2.0				11.5
<b>Tankers</b>																
MR	1.0	1.0				(1.0)										3.0
Handysize																0.0
<b>Total</b>	<b>1.5</b>	<b>2.0</b>	<b>1.0</b>	<b>5.0</b>	<b>1.5</b>	<b>1.0</b>	<b>3.0</b>	<b>1.0</b>	<b>0.0</b>	<b>4.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>22.0</b>

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

### Fleet values at 31 March 2015

USD million						
Dry Cargo	Number	Average dwt,	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
				Capesize	2.0	
Post-Panamax	4.0	114,000	122	85	-37	
Panamax	7.0	79,000	170	144	8	
Supramax	10.5	71,000	262	241	-21	
Handysize	12.0	35,000	257	189	-49	
<b>Tankers</b>						
MR	11.0	41,000	368	360	-8	
Handysize	12.0	39,000	267	237	-30	
<b>Total</b>	<b>58.5</b>		<b>1,499</b>	<b>1,298</b>	<b>53</b>	<b>-148</b>

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

## 10. Significant events after the reporting date

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