

Interim Report First quarter 2018



INTERIM REPORT

First quarter 2018



Results

Adjusted result* for Q1 2018:
USD 9 million (Q1 2017: USD 1 million)

- Dry Operator: USD 3 million
- Dry Owner: USD 5 million
- Tankers: USD 0 million (USD 10 million)

EBIT Q1 2018:
USD 18 million (USD 0 million)

* "Profit/loss for the period" adjusted for "Profit from sale of vessels etc."



Markets

- Dry Cargo: Normal seasonal weakening of dry cargo market at rate levels higher than recent years
- Tankers: Disappointing winter market



Performance

- Dry Operator: Positive result and investment in positioning of vessels
- Dry Owner: 2 vessels sold, 3 newbuildings delivered and T/C portfolio further expanded
- Tankers: TCE earnings 7% above benchmark – short-term capacity further increased



Vessel values

- Dry Cargo: +1%
- Tankers: -2%



Guidance

Expectations for the adjusted result for the year maintained at USD 10 to 50 million.

GOOD START TO THE YEAR

"The Dry Operator business unit continued to deliver a profitable performance in a first quarter market characterised by seasonal weakening. In addition to profit taking in regional markets, Dry Operator invested in positioning of vessels into the Atlantic, which we will benefit from in the second quarter. The Tanker business once again outperformed the market generating a break-even result, and NORDEN maintains the full-year expectations despite increased uncertainty for demand growth due to rising global trade tensions. With low fleet growth and agile business units, NORDEN is well positioned to make the most of the markets regardless of this."

CEO Jan Rindbo

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 interim report. It is requested that all participants have joined the meeting by latest 3:25 p.m. (CET) – international participants please dial in on +44 (0)330 336 9411 or +1 929 477 0448, Danish participants please dial in on +45 3515 8121. The telephone conference will be shown live at www.ds-norden.com, where the accompanying presentation also will be available. For further information: CEO Jan Rindbo, tel. +45 3315 0451.

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Key figures and ratios for NORDEN

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
INCOME STATEMENT			
Revenue	591.2	440.2	1,808.6
Contribution margin	31.8	20.7	116.7
EBITDA	17.1	10.3	68.1
Profit/loss from the sale of vessels, etc., net	9.2	-0.2	0.9
Depreciation, amortisation and impairment loss, net	-10.5	-10.6	-42.2
Profit from operations (EBIT)	18.4	0.1	23.3
Profit for the period	18.0	0.7	24.6
Adjusted result for the period*	8.8	0.9	28.4
	2018 31/3	2017 31/3	2017 31/12
STATEMENT OF FINANCIAL POSITION			
Total assets	1,310.8	1,280.8	1,326.5
Equity	849.6	792.6	834.4
Liabilities	461.2	488.2	492.1
Invested capital	891.4	739.7	836.7
Net interest-bearing assets	-41.8	52.8	-2.3
Cash and securities	203.1	264.0	219.5
CASH FLOWS			
From operating activities	-25.3	-9.4	6.3
From investing activities	-19.5	33.0	-0.2
– hereof investments in property equipment and vessels	-65.1	-4.2	-106.9
From financing activities	22.5	-5.1	3.0
Change in liquidity for the period	-22.3	18.5	9.1

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
SHARE RELATED KEY FIGURES AND FINANCIAL RATIOS:			
Number of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	40,467,615	40,467,615	40,467,615
Number of treasury shares	1,732,385	1,732,385	1,732,385
Earnings per share (EPS)(DKK)	0.44 (3)	0.00 (0)	0.61 (4)
Diluted earnings per share (diluted EPS) (DKK)	0.44 (3)	0.00 (0)	0.61 (4)
Book value per share (excluding treasury shares) (DKK) ¹⁾	21.0 (126)	19.6 (136)	19.8 (123)
Share price at end of period, DKK	108.3	141.2	116.5
Price/book value (DKK) ¹⁾	0.86	1.04	0.90
OTHER KEY FIGURES AND FINANCIAL RATIOS:			
EBITDA-ratio ²⁾	2.9%	2.4%	3.8%
ROIC	2.8%	0.0%	2.9%
ROE	2.8%	0.1%	3.0%
Equity ratio	64.8%	61.9%	62.9%
Total no. of ship days for NORDEN	28,804	22,093	93,738
USD/DKK rate at end of the period	601.01	696.55	620.77
Average USD/DKK rate	605.90	698.27	659.53

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

2) 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." have not been included in EBITDA.

* Adjusted result for the period was computed as "Profit/loss for the period" adjusted for "Profit from the sale of vessels, etc." including vessels in joint ventures.

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Comments on the development of NORDEN for the period 1 January – 31 March 2018

- Adjusted result for the period: USD 9 million
- Expansion of both Dry Cargo and Tankers T/C portfolio
- Significantly less effect of provisions

First quarter results

In the first quarter of 2018, NORDEN realised an Adjusted result for the period of USD 9 million (Q1 2017: USD 1 million) in a dry cargo market which continued its gradual improvement and in an unusually weak tanker winter market. The result is positively impacted by utilisation of provisions for onerous time charter contracts of USD 10 million, which is much lower than the USD 22 million in Q1 2017. The result corresponds to an EBIT of USD 18 million (USD 0 million) which includes USD 9 million from vessel sales.

Compared to Q1 2017 the overall activity level increased by 30% to 28,800 vessel days. Group Contribution margin improved to USD 32 million (USD 21 million). Overhead and administrative costs for the Group increased by USD 4 million as a result of a higher activity level and a declining USD/DKK exchange rate.

Share of profit from joint ventures increased to USD 3 million (USD 1 million) as a result of the improving dry cargo market.

The Group realised a negative cash flow from operating activities of USD 26 million for the first quarter of 2018 due to payments related to the early termination and redelivery of Post Panamax vessels.

The equity of the Group has improved with USD 15 million within the first quarter of 2018 which primarily relates to the profit for the period.

Financial position

At the end of the quarter, NORDEN’s cash and securities amounted to USD 203 million. To this should be added NORDEN’s share of cash in joint ventures of USD 10 million and undrawn credit facilities which totalled USD 192 million. In comparison, outstanding payments in connection with newbuildings and secondhand purchases constitute USD 125 million and are due for payment in the period 2018-2020. Future payments to NORDEN for vessel sales amount to USD 12 million.

NORDEN’s net commitments, calculated as total bank debt, T/C commitments and outstanding payments on newbuildings less cash and future earnings from coverage,

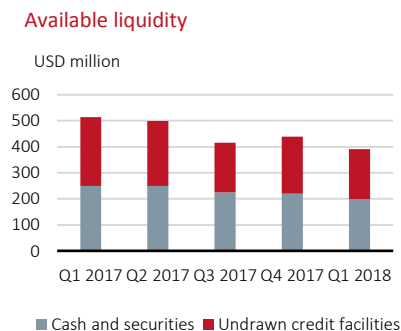
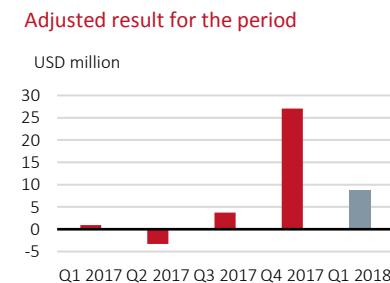
increased by USD 26 million (4%) during the quarter to USD 784 million. The increase in net commitments is attributed to an expansion in both the Tanker and Dry Cargo T/C portfolio.

Change in the Board of Directors

As of 5 April 2018, Hans Feringa has left the Board of Directors to avoid conflict of interest after the company where he serves as CEO announced the acquisition of a company that is a potential competitor to NORDEN’s tanker business. At the Annual General Meeting 12 April 2018, Arvid Grundekjøn did not seek re-election and consequently left the Board of Directors. The Board of Directors has initiated a search for suitable candidates.

Impairment assessment

NORDEN has carried out a routine assessment of indicators of impairment. Management has concluded that no impairment test had to be performed for the cash generating units, Dry Cargo nor Tankers. It is Management’s assessment, that at end of the first quarter 2018 there is no need for impairment of vessels, prepayments on vessels and newbuildings or reversal of previous impairment, and that there is no need for further provisions for onerous time charter contracts or reversal hereof.



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Selected segment figures

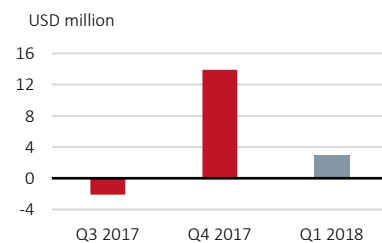
USD million	Dry Operator	Dry Owner	Tankers	Total
Contribution margin	13	8	11	32
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	4	6	8	17
Profit from operations (EBIT)	4	14	0	18
Profit for the period	3	15	0	18
Adjusted result for the period	3	5	0	9

Fleet values

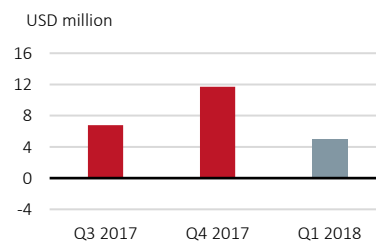
USD million	Dry Owner	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	464	412	875
Broker estimated value of certain charter parties attached to owned vessels	17	1	18
Carrying amount / costs	452	503	955
Value added	28	-91	-62
Theoretical value of purchase and extension options	23	20	43

Adjusted result for the period

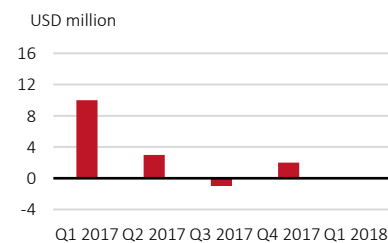
Dry Operator



Dry Owner



Tankers



Adjusted result for the period

USD 9 million

Market value of owned vessels and newbuildings

USD 875 million

For further information on the segments see note 2.

DRY OPERATOR

Positive result and investment in positioning voyages

- Adjusted result for the period: USD 3 million
- Increased activity
- Vessels positioned into promising Atlantic market

Results for the first quarter of 2018

In the first quarter of 2018, the Dry Operator generated a Contribution margin of USD 13 million, which resulted in an Adjusted result of USD 3 million for the period.

During the quarter, Dry Operator generated profit in regional markets while investing in positioning of vessels into a stronger seasonal second quarter market in the Atlantic. The positioning voyages were conducted towards the end of the first quarter and will generate profit in the second quarter of 2018.

Average number of vessels operated in Q1

272

Other operating income which mainly consists of pool management fees declined to USD 1 million as a result of NORDEN’s previous decision to terminate the pool activities in Dry Operator. The lack of this income going forward is expected to be more than offset by Dry Operator’s ability to generate a positive margin on its own activities.

New office and increased activity

During the quarter, a new NORDEN office in Vancouver was opened and got off to a good start. The increase in the activity continued with a total of 24,442 vessels days – equivalent to an average fleet size of 272 vessels – handled by the Dry Operator in the first quarter. This is an increase in the number of vessel days by 5% compared to the average of second half of 2017.

Average earnings per vessel day

Since the establishment of the Dry Operator at mid-year 2017, the business unit has generated a Contribution margin of USD 40 million and an Adjusted result of USD 15 million. The average Contribution margin per vessel day has been USD 557 per day, while the margin after inclusion of all costs has been USD 210 per day. The margin is generated among others through continuous logistical optimisation of trading patterns and increased number of clip deals where voyages are performed on third party vessels with a minimum of market risk.

Outlook

Looking forward to the second quarter of 2018, the result of the Dry Operator is expected to be higher than in the first quarter of 2018 as the positive effect of the positioning of vessels into the Atlantic is realised through securing fronthaul voyages. The overall activity levels in the Dry Operator are expected to increase slightly from the levels in the first quarter.

Focus continues to be on both improving the profitability of each vessel day handled by the Dry Operator as well as positioning the organisation for further growth.

“Adjusted result since mid-2017 amounts to USD 15 million.”

Dry Operator key figures (USD million)

USD million	2017	2018	
	H2	Q1	Total
Contribution margin	26.7	12.9	39.6
O/A costs	-17.2	-8.8	-26.0
EBITDA	9.5	4.1	13.6
Adjusted result	11.8	3.1	14.9
Vessel days	46,674	24,442	71,116
CM per vessel day (USD/day)	572	530	557
Adj. result per vessel day (USD/day)	253	124	210

Contribution margin (CM) is defined as “Revenue” less “Vessel operating costs” plus “Other operating income, net”

DRY OWNER

Optimising the position

- Adjusted result for the period: USD 5 million
- Continued improvement in market

Results for the first quarter of 2018

In the first quarter, NORDEN realised an Adjusted result for the period of USD 5 million. This corresponds to an EBIT of USD 14 million including USD 9 million from vessel sales.

Dry Cargo market

The Dry Cargo market in the first quarter of 2018 developed as expected with rates going through the usual seasonal developments although at levels higher than in 2017. The average Baltic earnings for Supramax vessels were 1,863 USD/day higher than in Q1 2017 and Panamax rates were 2,553 USD/day higher. The improvements were driven by stronger global economic activity combined with lower fleet growth.

For the rest of 2018, low fleet growth should enable gradual improvements in rates compared to last year, despite expected lower growth rates in Chinese imports. However, the uncertainty for demand growth has grown in recent months with increased

risk of a trade war. While, the currently published tariffs from both the USA and China are not considered as highly detrimental for dry cargo volumes, there could be an overall negative influence on global activity levels because of increased uncertainty. This uncertainty may also have been a contributing factor to the drop in ordering activity.

Dry Owner fleet and activity

During the first quarter, NORDEN continued to optimise the position of Dry Owner, concentrating its ownership on Panamax and Supramax vessels. Two vessels were agreed sold during the quarter (1 older Supramax, NORD MARU, and 1 Handysize, NORD SEOUL), and 1 vessel was agreed sold after the quarter (Handysize, NORD AUCKLAND). In addition, 1 vessel which was sold during the last quarter of 2017 were delivered to its new owners (Handysize, NORD SHANGHAI).

NORDEN also took delivery of 3 newbuildings of which 1 Panamax vessel was previously agreed sold and delivered directly to its new owners.

The T/C portfolio was further expanded in the first quarter by 5 2-3-year contracts with purchase options and period optionality.

Cover increased

With the Dry Operator set-up in place, Dry Owner has begun to gradually relet its open fleet capacity on fixed market rates to Dry Operator as opposed to pure spot rates. This allows more of NORDEN’s 1-year exposure to be managed by Dry Operator. As a result, Dry Owner coverage has increased to 67% by the end of the first quarter.

Fleet value

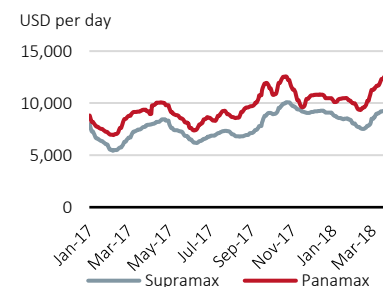
Based on the average of 3 independent broker valuations, the market value of NORDEN’s owned vessels and newbuilding orders in the dry cargo segment was estimated at USD 480 million. This is an increase of 1% compared to the end of 2017 for the vessels owned throughout the quarter. Additionally, the market forward rates increased during the quarter, adding to the value of T/C-in contracts.

Dry Owner maintains a significantly open position in the coming years and is therefore well positioned to benefit from an improving market in the medium term.

Market value of vessels (USD)

480 million

Spot rates



Source: Baltic Exchange

Dry Owner TCE

	Days	USD/day
Post-Panamax	272	8,852
Panamax	1,823	12,104
Supramax	1,865	10,517
Handysize	895	10,101

Dry Owner key figures (USD million)

USD million	2017	2018	Total
	H2	Q1	
Contribution margin	29.2	7.7	36.9
O/A costs	-4.3	-2.2	-6.5
EBITDA	24.9	5.5	30.4
Adjusted result	18.5	5.4	23.9

Contribution margin (CM) is defined as "Revenue" less "Vessel operating costs" plus "Other operating income, net"

DRY OWNER

Capacity and coverage

At 31 March 2018

	2018			ROY			2018			ROY		
	Q2	Q3	Q4	2018	2019	2020	Q2	Q3	Q4	2018	2019	2020
Own vessels	Ship days											
Panamax	352	366	363	1,081	1,376	1,444						
Supramax	623	684	734	2,041	3,699	4,390						
Handysize	528	517	456	1,501	1,810	1,815						
Total	1,503	1,566	1,553	4,622	6,885	7,648						
Chartered vessels							Cash costs for T/C capacity (USD per day)					
Post-Panamax	64	-	-	64	-	-	14,229	-	-	14,229	-	-
Panamax	1,462	1,517	1,517	4,496	5,996	5,673	12,586	12,557	12,543	12,562	13,510	13,669
Supramax	981	1,004	919	2,904	4,160	5,949	11,524	11,407	10,845	11,269	11,555	11,345
Handysize	264	315	400	978	1,199	639	12,185	11,830	11,360	11,734	11,329	11,585
Total	2,770	2,836	2,836	8,442	11,354	12,261	12,210	12,069	11,826	12,034	12,564	12,433
Total capacity	4,274	4,402	4,389	13,064	18,239	19,919	Cash costs for total capacity (USD per day)*					
							9,709	9,602	9,454	9,587	9,959	9,639
Coverage							Revenue from coverage (USD per day)					
Post-Panamax	-	-	-	-	-	-	-	-	-	-	-	-
Panamax	1,546	1,619	1,560	4,725	3,810	2,655	12,915	12,936	12,996	12,949	14,028	14,765
Supramax	969	1,005	902	2,876	2,197	2,234	11,549	11,559	11,685	11,595	12,261	12,576
Handysize	378	393	393	1,164	1,568	1,570	11,831	11,820	11,820	11,824	11,809	11,813
Total	2,892	3,018	2,856	8,765	7,575	6,459	12,316	12,332	12,420	12,355	13,056	13,290
Coverage in %												
Post-Panamax	-	-	-	-	-	-						
Panamax	85%	86%	83%	85%	52%	37%						
Supramax	60%	60%	55%	58%	28%	22%						
Handysize	48%	47%	46%	47%	52%	64%						
Total	68%	69%	65%	67%	42%	32%						
Accounting effect of provision (USD million)	5	5	5	15	21	12						

* Including cash running costs of owned vessels. Costs are excluding O/A.

Dry Cargo ROY 2018 capacity (ship days)

13,064

Dry Cargo coverage ROY 2018

67%

A considerably part of NORDEN's exposure consists of vessel days from long-term chartered capacity which should be included when the Company's capital structure is evaluated. The full annual details of the portfolio as well as a "ready to use" calculator to estimate the value of the portfolio based on expectations for the long-term rates in dry cargo markets can be found on NORDEN's website www.ds-norden.com.

TANKERS

Break-even in unusually weak winter market

- Adjusted result USD 0 million
- Benchmark outperformed by USD 828 per day

Results for the first quarter of 2018

In the first quarter NORDEN's tanker business generated an Adjusted result of 0 million (Q1 2017: USD 10 million) and outperformed a disappointing market. The result corresponds to an EBIT of USD 0 million (USD 10 million).

NORDEN's Handysize tankers generated average daily earnings of USD 12,183, while average daily earnings for the MRs amounted to USD 13,700. Compared to the average 1-year T/C rate during the last 12 months, NORDEN continued its operational outperformance of the market by 7%, which corresponds to extra earnings of USD 828 per day compared to the market.

Tanker market

The tanker market was unusually weak during the first quarter. High refinery maintenance and stock draws resulted in less oil products being exported. The crude tanker market was under even

more pressure, and as a consequence most LR1/LR2 newbuildings opted for the clean trade. On the positive side, the challenging market led to a significant uptick in tanker scrapping compared to the last few years and during the first 3 months of 2018 the total tanker fleet growth was 0.5% (Clarkson).

Due to the current low rates, it is expected that scrapping will continue at a high level and result in annual fleet growth of approximately 3% – significantly below previous years.

According to the IEA, oil demand is expected to grow by 1.5% in 2018. As stocks return to a normal level, transport demand will increase as more exports will be needed resulting in a gradual increase in tanker rates.

Tanker fleet and activity

At the end of the first quarter 2018, NORDEN owned a total of 21 tanker vessels of which 11 were MRs and the remaining Handysize. Based on the average of 3 independent broker valuations, the market

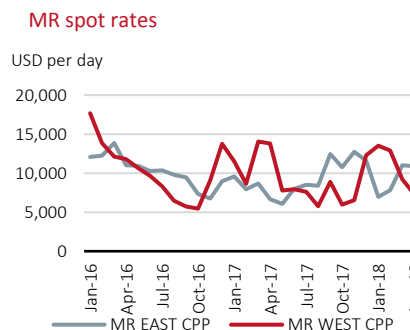
value of NORDEN's owned vessels and newbuilding orders in the tanker segment was estimated at USD 412 million. This is a reduction of 2% compared to the end of 2017 for vessels owned throughout the quarter. After the quarter, NORDEN has purchased 2 2009-built secondhand MR product tankers.

The NORDEN Tanker business continued the gradual build-up of T/C capacity from last year and 1,965 days in forward capacity were added to the tanker T/C portfolio during the quarter.

In total, NORDEN has 13,754 and 12,730 open days in 2019 and 2020, respectively. To this should be added 4,492 optional days and NORDEN is therefore well positioned to benefit from the improvement in rates which is expected towards the end of 2018. The theoretical value of the Tanker business' purchase and extension options is estimated at USD 20 million at the end of the quarter.

Forward T/C capacity added in Q1

1,965 days



Source: Braeumer ACM



Source: IEA

Tankers key figures (USD million)

USD million	2017	2018
	Q1	Q1
Contribution margin	18.6	11.2
O/A costs	-2.0	-3.7
EBITDA	16.6	7.5
Adjusted result	10.3	0.3

Contribution margin (CM) is defined as "Revenue" less "Vessel operating costs" plus "Other operating income, net"

TANKERS

Position and rates

Capacity and coverage at 31 March 2018

	2018			ROY			2018			ROY		
	Q2	Q3	Q4	2018	2019	2020	Q2	Q3	Q4	2018	2019	2020
Owned vessels	Ship days											
MR	1,059	1,025	1,008	3,091	3,923	3,955						
Handysize	880	902	916	2,697	3,591	3,593						
Total	1,939	1,926	1,923	5,788	7,514	7,548						
Chartered vessels							Cash costs for T/C capacity (USD per day)					
LR1	176	184	184	544	730	397	18,655	18,655	18,655	18,655	18,655	18,655
MR	2,135	1,907	1,605	5,647	4,420	4,234	13,779	14,002	14,188	14,847	14,847	14,868
Handysize	313	276	276	865	1,095	552	11,093	12,729	12,729	12,729	12,729	12,729
Total	2,623	2,367	2,065	7,056	6,245	5,182	13,786	14,215	14,391	14,107	14,921	14,930
Total capacity	4,562	4,293	3,988	12,844	13,759	12,730	Cash costs for total capacity (USD per day)*					
							10,628	10,660	10,438	10,580	10,206	9,799
Coverage							Revenue from coverage (USD per day)					
LR1	-	-	-	-	-	-	-	-	-	-	-	-
MR	947	365	138	1,450	5	-	12,574	14,093	14,117	13,103	12,888	-
Handysize	201	55	-	256	-	-	10,827	14,982	-	11,719	-	-
Total	1,148	420	138	1,706	5	-	12,268	14,209	14,117	12,896	12,888	-
Coverage in %												
LR1	-	-	-	-	-	-						
MR	30%	12%	5%	17%	0%	-						
Handysize	17%	5%	-	7%	-	-						
Total	25%	10%	3%	13%	0%	-						

* Including cash running costs of owned vessels. Costs are excluding O/A.

Employment and rates, Tankers, Q1 2018

Vessel type	LR1	MR	Handysize	Total*
NORDEN's ship days	180	3,196	1,272	4,648
NORDEN spot TCE (USD per day, net)	12,714	13,333	12,207	12,966
NORDEN TCE (USD per day, net)	12,714	13,700	12,183	13,247
NORDEN TCE 12 months average (USD per day, net)	12,063	14,439	11,376	13,464
Benchmark 12 months average (USD per day, net)	12,854	13,180	11,352	12,636
NORDEN vs. Benchmark (12 months average)	-6%	10%	0%	7%

Tankers ROY 2018 capacity (ship days)

12,844

Tankers coverage ROY 2018

13%

* 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

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Outlook for 2018

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 2018 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 Group’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.

NORDEN maintains expectations

NORDEN maintains its expectations for the Adjusted results for the year at USD 10 to 50 million.

Both the dry cargo and tanker markets have developed in line with expectations, and the Dry Operator performance in the first quarter and the forward position also support the announced expectations.

Risk and uncertainties

The Dry Operator results are sensitive to both market conditions as well as NORDEN’s ability to identify and execute business opportunities.

Earnings expectations in Dry Owner primarily depend on the development in the spot market. At the end of April, Dry Owner had about 3,300 open vessel days, which gives rise to a change in earnings of about USD 3.3 million at a change of USD 1,000 per day in expected T/C equivalents.

Earnings expectations in Tankers primarily depend on the development in the spot market. Based on about 10,200 open vessel days in Tankers at the end of April, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 10.2 million.

All business units are furthermore sensitive to counterparty risks as well as operational risks.

Events after the reporting date

No events have occurred after 31 March 2018 which significantly affect the interim report for the period 1 January – 31 March 2018, other than the developments disclosed in the Management Review.

“NORDEN expects adjusted results for the year of USD 10 to 50 million.”

Expectations for 2018

USD million	Adjusted result for the year
Dry Operator	10 to 20
Dry Owner	15 to 25
Tankers	-15 to 5
Group	10 to 50

THE GROUP

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today reviewed and approved the Interim Report for the period 1 January to 31 March 2018 of Dampskibsselskabet NORDEN A/S.

The interim consolidated financial statements of Dampskibsselskabet NORDEN A/S have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim consolidated financial statements have not been subject to audit or review by the Independent Auditors of Dampskibsselskabet NORDEN A/S.

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 Group's risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2017.

In our opinion, the interim consolidated financial statements give a true and fair view of Dampskibsselskabet NORDEN A/S' consolidated assets, equity and liabilities and the financial position at 31 March 2018 as well as the result of Dampskibsselskabet

NORDEN A/S' consolidated activities and cash flows for the period 1 January to 31 March 2018.

Furthermore, in our opinion the Management Review 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, 2 May 2018

Executive Management

Jan Rindbo
Chief Executive Officer

Martin Badsted
Chief Financial Officer

Board of Directors

Klaus Nyborg
Chairman

Johanne Riegels Østergård
Vice Chairman

Karsten Knudsen

Thomas Intrator

Susanne Fauerskov
(employee-elected)

Jesper Svenstrup
(employee-elected)

Lars Enkegaard Biilmann
(employee-elected)

Consolidated income statement

Note	USD million	2018 Q1	2017 Q1	2017 Q1-Q4
2	Revenue	591.2	440.2	1,808.6
2	Other operating income	0.7	2.9	11.1
2	Vessel operating costs	-560.1	-422.3	-1.703
2	Contribution margin	31.8	20.7	116.7
2, 3	Overhead and administration costs	-14.7	-10.4	-48.6
	Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	17.1	10.3	68.1
	Profit/loss from the sale of vessels, etc.	9.2	-0.2	0.9
5	Depreciation, amortisation and impairment losses	-10.5	-10.6	-42.2
	Share of profit/loss of joint ventures	2.6	0.6	-3.5
	Profit from operations (EBIT)	18.4	0.1	23.3
	Financial income	4.1	5.0	14.0
	Financial expenses	-3.2	-3.4	-14.9
	Profit before tax	19.3	1.7	22.4
	Tax	-1.3	-1.0	2.2
	PROFIT FOR THE PERIOD	18.0	0.7	24.6
	Attributable to:			
	Shareholders of NORDEN	18.0	0.7	24.6
	Earnings per share (EPS), USD	0.44	0.00	0.61
	Diluted earnings per share, USD	0.44	0.00	0.61
	Adjusted result for the period	8.8	0.9	28.4

Consolidated statement of comprehensive income

Note	USD million	2018 Q1	2017 Q1	2017 Q1-Q4
	Results for the period	18.0	0.7	24.6
	Items which will be reclassified to the income statement:			
4	Fair value adjustment for the period, cash flow hedges	-2.9	-10.0	6.8
	Fair value adjustment for the period, securities	-0.1	0.2	0.7
	Tax on fair value adjustment of securities	0.0	0.0	0.0
	Other comprehensive income, total after tax	-3.0	-9.8	7.5
	Total comprehensive income for the period, after tax	15.0	-9.1	32.1
	Attributable to:			
	Shareholders of NORDEN	15.0	-9.1	32.1

Consolidated statement of financial position

Note	USD million	2018 31/3	2017 31/3	2017 31/12
	ASSETS			
5	Vessels	717.5	671.9	691.7
	Property and equipment	49.5	50.6	49.6
6	Prepayments on vessels and newbuildings	23.9	22.7	33.9
	Tangible assets	790.9	745.2	775.2
	Investments in joint ventures	11.5	16.6	11.3
	Financial assets	11.5	16.6	11.3
	Non-current assets	802.4	761.8	786.5
	Inventories	68.4	52.1	67.7
	Freight receivables	119.6	59.4	124.0
	Receivables from joint ventures	1.8	13.3	0.0
	Other receivables	32.7	58.6	33.9
	Prepayments	71.9	66.0	79.0
	Securities	4.6	14.1	8.1
	Cash and cash equivalents	198.5	249.9	211.4
		497.5	513.4	524.1
7	Vessels held for sale	10.9	5.6	15.9
	Current assets	508.4	519.0	540.0
	TOTAL ASSETS	1,310.8	1,280.8	1,326.5

Note	USD million	2018 31/3	2017 31/3	2017 31/12
	EQUITY AND LIABILITIES			
	Share capital	6.7	6.7	6.7
	Reserves	4.0	-10.3	7.0
	Retained earnings	838.9	796.2	820.7
	Equity	849.6	792.6	834.4
	Loans	159.8	184.2	195.5
	Provisions	37.2	78.8	42.5
	Non-current liabilities	197.0	263.0	238.0
	Loans	85.0	27.0	26.3
	Provisions	25.2	83.9	36.1
	Trade payables	60.4	52.2	62.6
	Debt to joint ventures	0.0	0.0	1.9
	Other payables	57.6	39.7	74.6
	Deferred income	34.8	15.4	51.3
		263.0	218.2	252.8
	Liabilities relating to vessels held for sale	1.2	7.0	1.3
	Current liabilities	264.2	225.2	254.1
	Liabilities	461.2	488.2	492.1
	TOTAL EQUITY AND LIABILITIES	1,310.8	1,280.8	1,326.5

Consolidated statement of cash flows

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
Profit for the period	18.0	0.7	24.6
Reversed depreciation, amortisation and impairment losses, etc.	10.5	10.6	42.2
Reversed financial items, net	-0.9	-1.6	0.9
Reversed change in provision	-12.7	-30.3	-83.8
Reversed profit/loss from sale of vessels etc., net	-9.2	0.2	-0.9
Reversed share of profit/loss of joint ventures	-2.6	-0.6	3.5
Other reversed non-cash operating items	-0.9	8.7	1.8
Change in working capital	-29.3	4.8	25.0
Financial payments, received	4.9	1.3	7.0
Financial payments, made	-3.1	-3.2	-14.0
Cash flows from operating activities	-25.3	-9.4	6.3
Investments in vessels and vessels held for sale	-21.3	-1.8	-93.0
Investments in other tangible assets	-0.2	0.0	-0.4
Additions in prepayments on newbuildings	-43.6	-2.4	-13.5
Additions in prepayments received on sold vessels	0.0	1.9	-3.8
Investments in joint ventures	-1.1	0.0	0.0
Proceeds from sale of vessels and newbuildings	52.9	13.2	47.8
Sale of securities	4.0	5.4	14.0
Change in cash and cash equivalents with rate agreements of more than 3 months	-10.2	16.7	48.7
Cash flows from investing activities	-19.5	33.0	-0.2
Insurance of new loans	28.0	0.0	30.0
Instalments on/repayment of loans	-5.5	-5.1	-27.0
Cash flows from financing activities	22.5	-5.1	3.0
Change in liquidity for the period	-22.3	18.5	9.1
Liquidity at 1 January	115.6	100.6	100.6
Exchange rate adjustments	-0.9	2.9	5.9
Change in liquidity for the period	-22.3	18.5	9.1
Liquidity at end period	92.4	122.0	115.6
Cash and cash equivalents with rate agreements of more than 3 months	106.1	127.9	95.8
Cash and cash equivalents at end period acc. to the statement of financial position	198.5	249.9	211.4

Consolidated statement of changes in equity

USD million	Shareholders of NORDEN			
	Share capital	Reserves	Retained earnings	Total equity
Equity at 1 January 2018	6.7	7.0	820.7	834.4
Total comprehensive income for the period	-	-3.0	18.0	15.0
Share-based payment	-	-	0.2	0.2
Changes in equity	0.0	-3.0	18.2	15.2
Equity at 31 March 2018	6.7	4.0	838.9	849.6
Equity at 1 January 2017	6.7	-0.5	795.3	801.5
Total comprehensive income for the period	-	-9.8	0.9	-8.9
Share-based payment	-	-	0.2	0.2
Changes in equity	0.0	-9.8	1.0	-8.7
Equity at 31 March 2017	6.7	-10.3	796.2	792.6

Notes to the interim consolidated financial statements

1. Significant accounting policies, judgements and estimates

Accounting policies

The interim consolidated financial statements have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the EU and additional Danish disclosure requirements for the interim financial reporting of listed companies.

The accounting policies, judgements and estimates are consistent with those applied in the consolidated annual report for 2017, apart from changes described below.

Changes in accounting policies

As from 1 January 2018, NORDEN has implemented IFRS 15, Revenue from contracts with customers.

According to IFRS 15, revenue is recognised as the customer receives the agreed-upon service. Under IAS 18, freight income was recognised under the discharge-to-discharge method. Under IFRS 15, revenue is recognised over the period of time when the cargo is being transported. At the same time, costs directly attributable to transportation of the vessel to the loading port are capitalised and amortised over the course of the transportation period. The transition to IFRS 15 has had no significant impact on NORDEN.

Due to the implementation of IFRS 15, the accounting policy regarding revenue recognition has amended as follows:

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

All freight income and voyage costs are recognized as the freight services are rendered (percentage of completion). The percentage of completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. According to this method, freight income and related costs are recognised in the income statement according to the entered charter parties from the vessel's load date to the delivery of the cargo (discharge). The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the next discharge (load to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs). Costs directly attributable to relocating the vessel to the load port under the contract are capitalized to the extent that they are recoverable.

Demurrage is recognised if the claim is considered probable.

In addition to IFRS 15, NORDEN has implemented the following standards and interpretations:

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Part of annual improvements 2014-2016
- IFRIC 22 - Foreign currency transactions and advance consideration

Implementation of these standards and interpretations has not had any impact on recognition and measurement.

For a complete description of accounting policies other than the accounting policy regarding IFRS 15 above, see the notes to the consolidated financial statements for 2017, pages 71 - 104 in the consolidated annual report for 2017.

Notes to the interim consolidated financial statements

1. Significant accounting policies, judgements and estimates (cont.)

Standards not yet in force

At the end of April 2018, IASB has issued and the EU has endorsed the following new financial reporting standards and interpretations which are estimated to be of relevance to NORDEN and which are expected to have a material impact on the financial statements:

- IFRS 16 Leasing – For the lessee, the distinction between finance and operating leases will be removed. In the future, operating leases must be recognised in the balance sheet as an asset and a corresponding lease commitment. The standard comes into force in 2019.

Please see the annual report 2017 page 73 for an assessment of the potential effect from adoption of IFRS 16.

Significant accounting estimates and judgements

The accounting estimates and judgments, which Management deems to be significant to the preparation of the consolidated financial statements, are; impairment test, onerous contracts and assessment of control in shared ownership – pool arrangements. Reference is made to note 1.1 on page 72 for a further description in the consolidated annual report for 2017.

Notes to the interim consolidated financial statements

2. Segment Information

USD million	Q1 2018						Q1 2017		
	Dry Operator	Dry Owner	Eliminations	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Revenue - services rendered, external	480.5	9.2	0.0	489.7	101.5	591.2	331.0	109.1	440.1
Revenue, services rendered, internal	0.0	39.3	-39.3	0.0	0.0	0.0	-	-	_*
Voyage costs	-209.0	-0.2	0.0	-209.2	-41.3	-250.5	-173.0	-56.0	-229.0
T/C equivalent revenue	271.5	48.3	-39.3	280.5	60.2	340.7	158.0	53.1	211.1
Other operating income	0.6	0.1	0.0	0.7	0.0	0.7	2.9	0.0	2.9
Charter hire	-259.2	-33.9	39.3	-253.8	-37.5	-291.3	-150.7	-25.9	-176.6
Operating costs owned vessels	-	-6.8	0.0	-6.8	-11.5	-18.3	-8.1	-8.6	-16.7
Contribution margin	12.9	7.7	0.0	20.6	11.2	31.8	2.1	18.6	20.7
Overhead and administration costs	-8.8	-2.2	0.0	-11.0	-3.7	-14.7	-8.4	-2.0	-10.4
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	4.1	5.5	0.0	9.6	7.5	17.1	-6.3	16.6	10.3
Profit/loss from sale of vessels, etc.	0.0	9.2	0.0	9.2	0.0	9.2	0.0	-0.2	-0.2
Depreciation, amortisation and impairment losses	-0.1	-3.2	0.0	-3.3	-7.2	-10.5	-3.4	-7.2	-10.6
Share of profit/loss of joint ventures	0.0	2.7	0.0	2.7	-0.1	2.6	0.2	0.4	0.6
Profit/loss from operations (EBIT)	4.0	14.2	0.0	18.2	0.2	18.4	-9.5	9.6	0.1
Financial income	0.0	2.5	0.0	2.5	1.6	4.1	3.0	2.0	5.0
Financial expenses	0.0	-1.9	0.0	-1.9	-1.3	-3.2	-2.0	-1.4	-3.4
Profit/loss before tax	4.0	14.8	0.0	18.8	0.5	19.3	-8.5	10.2	1.7
Tax	-0.9	-0.2	0.0	-1.1	-0.2	-1.3	-0.9	-0.1	-1.0
Profit/loss for the period	3.1	14.6	0.0	17.7	0.3	18.0	-9.4	10.1	0.7
Adjusted for:									
Profit/loss from sale of vessels, etc.	0.0	9.2	0.0	9.2	0.0	9.2	0.0	-0.2	-0.2
Adjusted result for the period**	3.1	5.4	0.0	8.5	0.3	8.8	-9.4	10.3	0.9

* Information is provided on the Group's 3 business segments, Dry Owner, Dry Operator, together the Dry Cargo and Tankers. Previously NORDEN operated two business segments, Dry Cargo and Tankers. In July 2017, Dry Cargo has been split into a Dry Operator and a Dry Owner. Comparative information for Q1 2017 is not provided, as it has not been possible to establish this information. Therefore, segment information for Dry Cargo is presented for both Q1 2017 and Q1 2018. Certain changes to the line items presented have been made in Q1 2018 compared to the previously presented line items due to alignment with the internal financial reporting.

** Adjusted result for the period was computed as "Profit/loss for the period" adjusted for "Profit/loss from sale of vessels, etc." including vessels in joint ventures.

Notes to the interim consolidated financial statements

3. Overhead and administrative costs

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
Staff costs, onshore employees	11.0	8.3	35.5
Other external costs	3.7	2.1	13.1
Total	-14.7	-10.4	-48.6

4. Fair value adjustment - hedging Instruments

As of 31 March 2018, outstanding hedging contains:

Bunker hedging

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
Movements in the hedging reserve:			
Beginning, 1 January	7.9	0.0	0.0
Fair value adjustments	-9.2	1.5	10.3
Realised contracts, reclassified to vessel operating costs (gain)	3.4	2.5	-2.4
End	2.1	4.0	7.9

FFA hedging

USD million	2018 Q1	2017 Q1	2017 Q1-Q4
Movements in the hedging reserve:			
Beginning, 1 January	0.9	0.0	0.0
Fair value adjustments	2.7	2.6	-7.1
Realised contracts, reclassified to vessel operating costs (gain)	-0.4	3.5	8.0
End	3.2	6.1	0.9

5. Vessels

USD million	2018 31/3	2017 31/3	2017 31/12
Cost at 1 January	1,198.5	1,165.8	1,165.8
Additions	53.2	1.8	61.5
Transferred to tangible assets held for sale	-66.5	0.0	-28.8
Cost	1,185.2	1,167.6	1,198.5
Depreciation at 1 January	-323.1	-287.0	-287.0
Depreciation	-9.5	-10.1	-40.4
Transferred to tangible assets held for sale	20.3	0.0	4.3
Depreciation	-312.3	-297.1	-323.1
Impairment at 1 January	-183.7	-198.6	-198.6
Transferred from prepayments on on vessels and newbuildings	-0.7	0.0	0.0
Transferred to tangible assets held for sale	29.0	0.0	14.9
Impairment	-155.4	-198.6	-183.7
Carrying amount	717.5	671.9	691.7

Notes to the interim consolidated financial statements

6. Prepayments on vessels and newbuildings

USD million	2018 31/3	2017 31/3	2017 31/12
Cost at 1 January	41.4	31.2	31.2
Additions	43.6	2.4	13.6
Transferred to vessels	-54.2	0.0	0.0
Transferred to tangible assets held for sale	0.0	-3.4	-3.4
Transferred to other items	-0.1	0.0	0.0
Cost	30.7	30.2	41.4
Impairment at 1 January	-7.5	-11.3	-11.3
Transferred	0.7	3.8	3.8
Impairment	-6.8	-7.5	-7.5
Carrying amount	23.9	22.7	33.9

7. Vessels held for sale

USD million	2018 31/3	2017 31/3	2017 31/12
Cost at 1 January	15.9	22.2	22.2
Additions to tangible assets held for sale	0.0	0.0	31.5
Additions from prepayments on vessels and newbuildings	17.2	3.4	-0.5
Additions from vessels	21.3	-3.9	9.6
Disposals	-43.5	-16.1	-46.9
Carrying amount	10.9	5.6	15.9
Which can be specified as follows:			
Vessels	10.9	9.2	9.6
Newbuildings	0.0	-3.6	15.9
Total	10.9	5.6	15.9

8. Related party disclosure

No significant changes have occurred to related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated annual report for 2017.

9. Contingent assets and liabilities

Since the end of 2017, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.

Notes to the interim consolidated financial statements

10. Overview of deliveries of owned vessels and fleet values

NORDEN's Tanker fleet at 31 March 2018

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	11.0	10.0	21.0
Chartered vessels	2.0	27.0	6.0	35.0
Total active fleet	2.0	38.0	16.0	56.0
Vessels to be delivered				
Owned vessels	0.0	0.0	0.0	0.0
Chartered vessels	0.0	11.0	0.0	11.0
Total vessels to be delivered	0.0	11.0	0.0	11.0
Total gross fleet	2.0	49.0	16.0	67.0

NORDEN's Tanker fleet values at 31 March 2018 (USD million)

Vessel type	LR1	MR	Handysize	Total
Average age of owned vessels		0	5	9
Market value of owned vessels and newbuildings*	0	263	148	412
Broker estimated value of certain charter parties attached to owned vessels	0	0	0	1
Carrying amount/cost	0	299	204	503
Value added	0	-36	-55	-91
Value of purchase and extension options on chartered tonnage	0	2	18	20

* Charter free and including joint ventures and assets held for sale, if any.

NORDEN's Dry Owner fleet at 31 March 2018

Vessel type	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation					
Owned vessels	0.0	4.0	6.5	6.0	16.5
Chartered vessels	2.0	12.5	13.0	4.0	31.5
Total active fleet	2.0	16.5	19.5	10.0	48.0
Vessels to be delivered					
Owned vessels	0.0	0.0	6.0	0.0	6.0
Chartered vessels	0.0	2.0	8.0	2.0	12.0
Total vessels to be delivered	0.0	2.0	14.0	2.0	18.0
Total gross fleet	2.0	18.5	33.5	12.0	66.0

NORDEN's Dry Owner fleet values at 31 March 2018 (USD million)

Vessel type	Post-Panamax	Panamax	Supramax	Handysize	Total
Average age of owned vessels		11.6	4.8	6.3	7.0
Market value of owned vessels and newbuildings*	0	60	323	80	464
Broker estimated value of certain charter parties attached to owned vessels	0	9	0	8	17
Carrying amount/cost	0	60	302	89	452
Value added	0	8	21	-1	28
Value of purchase and extension options on chartered tonnage	0	11	12	0	23

* Charter free and including joint ventures and assets held for sale, if any.

Notes to the interim consolidated financial statements

10. Overview of deliveries of owned vessels and fleet values (cont.)

Overview of deliveries of owned vessels and fleet values

Name	Vessel type	Delivery quarter
Hull 10816	Supramax	Q2 2018
Hull 10867	Supramax	Q4 2018
Hull 10883	Supramax	Q1 2019
Hull 10815	Supramax	Q1 2019
Hull 10887	Supramax	Q1 2020
Hull 10895	Supramax	Q2 2020

11. Events after the reporting date

See page 11 in Management Review.

CAPEX

	2018	2019	2020	Total
Newbuilding payments and secondhand purchases	71	38	16	125
Estimated dockings, BWT etc.	8	25	17	49

Future payments to NORDEN from sold vessels: USD 12 million, all of which will be received end-July 2018.