Interim report – first half-year 2012

Announcement no. 14
15 August 2012

Key figures and ratios (USD million)	Q2 2012	H1 2012
EBITDA		
Group	31	81
EBITDA		
Dry Cargo	30	70
Tankers	4	16
EBIT (before write-downs)		
Group	10	35
Write-downs		
Vessels, etc.		-300
EBIT		
Group	10	-265
Theoretical NAV		
DKK per share		228
Coverage	**2012**	**2013**
Dry Cargo	89%	44%
Tankers	28%	9%
Outlook 2012		
EBITDA		110-150

Highlights:

Despite continued challenging market conditions in both dry cargo and product tankers, NORDEN generated solid operating earnings (EBITDA) of USD 81 million in the first half-year 2012 as expected. Adjusted for non-recurring income, operating earnings are 5% up from the first half-year 2011.

It is especially the Dry Cargo Department's focus on long-term coverage and growth in cargo volumes which has contributed to earnings in the second quarter. Dry Cargo generated an EBITDA of USD 30 million, whereas the Tanker Department contributed with an EBITDA of USD 4 million in a weak market.

Cash flows from operations were USD 72 million and are thus 9% up from the first half-year 2011.

The operating profit (EBIT) before write-downs was USD 10 million in the second quarter and USD 35 million in the first half-year of 2012, which is 13% down from the same period last year. The drop is primarily due to increased depreciation as a result of a larger fleet of owned vessels.

The market values of vessels dropped by another 5% in the second quarter. At the end of the quarter, broker valuations of the Company's vessels including joint ventures were USD 105 million below the carrying amounts and costs of newbuildings. The Company has performed an impairment test and has found that there is no need for further write-downs.

After the end of the quarter, NORDEN has contracted 2 Handysize product tanker newbuildings from the GSI yard. The vessels have a significantly lower fuel consumption than comparable vessels in the market and thus support the Company's strategic focus on fuel efficiency. Furthermore, the Company – also after the end of the quarter – has sold 2 Handysize dry cargo vessels with a positive cash flow effect of USD 42 million.

The total theoretical Net Asset Value (NAV) decreased to DKK 228 per share in the second quarter against DKK 237 at the beginning of the quarter. The decrease is primarily due to lower vessel values.

Coverage in Dry Cargo remains high – 89% for the rest of 2012 – whereas the Tanker Department has covered 28% of the capacity.

NORDEN maintains its expectations for an EBITDA of USD 110-150 million, whereas expectations for CAPEX are adjusted to USD 80-100 million.

President and CEO Carsten Mortensen in comment: *"As expected, 2012 proves to be a challenging year for the shipping industry. In light of this, I am pleased that we live up to expectations and deliver solid operating earnings and cash flow. I am also pleased that we are able to take advantage of the low vessel prices to invest in new and more fuel efficient vessels thanks to a strong financial position."*

A telephone conference will be held today at 15:30 hours (CET) where CEO Carsten Mortensen, CFO Michael Tønnes Jørgensen and Executive Vice President Martin Badsted will comment on the report. By 15:25 hours (CET) at the latest, Danish participants should dial +45 3271 4767 while participants from abroad should dial +44 (0) 207 509 5139 or +1 718 354 1226. The telephone conference can be followed live at www.ds-norden.com where the accompanying presentation is also available.

Further information:
CEO Carsten Mortensen, tel. +45 3315 0451.

Key figures and ratios for the Group

Key figures in USD '000	2012 1/1-30/6	2011 1/1-30/6	Change first half 2011-2012	2011 1/1-31/12
INCOME STATEMENT				
Revenue	1,056,067	1,109,209	-5%	2,272,819
Costs	-975,102	-1,021,093	-5%	-2,086,373
Profit before depreciation, etc. (EBITDA)[1)]	80,965	88,116	-8%	186,446
Profits from the sale of vessels, etc.	-46	-358	-87%	-242
Depreciation	-46,846	-36,653	28%	-81,185
Profit from operations (EBIT before write-downs)	34,723	51,122	-32%	104,489
Write-downs	-300,000	0	-	0
Profit from operations (EBIT)	-265,277	51,122	-	104,489
Fair value adjustment of certain hedging instruments	-20,119	21,263	-	-14,897
Net financials	600	9,910	-94%	3,742
Profit before tax	-284,796	82,295	-	93,334
Profit for the period	-287,687	79,146	-	87,793
STATEMENT OF FINANCIAL POSITION				
Non-current assets	1,340,344	1,529,453	-12%	1,634,426
Total assets	1,967,595	2,295,872	-14%	2,350,255
Equity (including minority interests)	1,677,648	1,987,512	-16%	1,994,419
Liabilities	289,947	308,360	-6%	355,836
Invested capital	1,434,481	1,605,884	-11%	1,752,287
Net interest-bearing assets	243,167	381,628	-36%	242,132
Cash and securities	385,652	498,403	-23%	407,192
CASH FLOWS				
From operating activities	72,190	66,323	9%	120,123
From investing activities	-50,994	-183,734	-72%	-355,211
- hereof investments in property, equipment and vessels	-50,144	-193,938	-74%	-357,669
From financing activities	-51,899	-36,910	-41%	18,381
Change in cash and cash equivalents for the period	-30,703	-154,321	80%	-216,707
FINANCIAL AND ACCOUNTING RATIOS				
Share-related key figures and financial ratios:				
Number of shares of DKK 1 each (excluding treasury shares)	41,271,077	41,209,774	-	41,213,922
Earnings per share (EPS) (DKK[2)])	-7.0 (-40)	1.9 (10)	-	2.1 (11)
Diluted earnings per share (diluted EPS) (DKK[2)])	-7.0 (-40)	1.9 (10)	-	2.1 (11)
Book value per share (excluding treasury shares) (DKK[2)])	40.6 (240)	48.2 (249)	-16%	48.4 (278)
Share price at end of period, DKK	155.4	177.1	-12%	134.5
Price/book value (DKK[2)])	0.7	0.7	-9%	0.5
Net Asset Value per share excl. purchase options for vessels (DKK[2)])	38.1 (225)	45.2 (233)	-16%	43.1 (248)
Theoretical Net Asset Value per share[3)] (DKK[2)])	38.6 (228)	47.8 (246)	-19%	44.9 (258)
Other key figures and financial ratios:				
EBITDA ratio[1)]	7.7%	7.9%	-3%	8.2%
ROIC	4.4%	6.7%	-34%	6.5%
ROE	-31.3%	7.9%	-	4.4%
Equity ratio	85.3%	86.6%	-2%	84.9%
Total no. of ship days for the Group	40,650	35,774	14%	78,526
USD/DKK rate at end of period	590.42	516.07	14%	574.56
Average USD/DKK rate	573.20	531.98	8%	536.22

1) The ratios were computed in accordance with the "Recommendations and Financial Ratios 2010" published by the Danish Society of Financial Analysts except from Theoretical Net Asset Value which is not defined in the guidelines. Furthermore, "Profits from the sale of vessels, etc." has not been included in EBITDA.
2) Translated at the USD/DKK rate at end of period.
3) Please note that the calculation is subject to significant uncertainty. See "Fleet values – Valuation methods for calculating theoretical NAV" on page 15 in the consolidated annual report for 2011 for supplementary information.

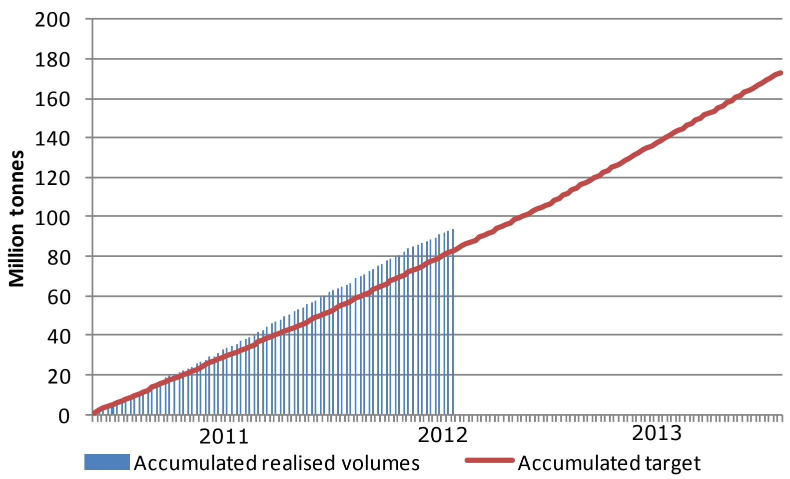
Strategic update: continued implementation of the strategy plan 2011-2013

In the strategy plan *Long-term Growth in Challenging Times*, NORDEN aims to increase cargo volumes in Dry Cargo by 15% p.a. on average over the period, create added value as operator in Dry Cargo, outperform market rates in Tankers and increase the number of owned tanker vessels to 25 units. In 2012, a special focus on tight cost control on shore and at sea has been added.

7% growth in long-term contracted cargo volumes

After high growth in cargo volumes in Dry Cargo in 2011, the development in transported cargo volumes and long-term contracted cargo volumes has been weaker in the first half-year 2012. Since the beginning of the strategy period, average annual growth can thus now be determined at 32% and 7%, respectively, for cargo volumes and contracted cargo volumes. In the first half-year 2012, growth rates have been lower than in the same period last year. This is mainly due to the market development, which has resulted in a lower supply of cargo contracts at acceptable rate levels. Also in 2012, the Dry Cargo Department is expected to realise the goal of creating a positive operator result.

Realised cargo volumes increased by 32% in the strategy period



The Tanker Department close to goal

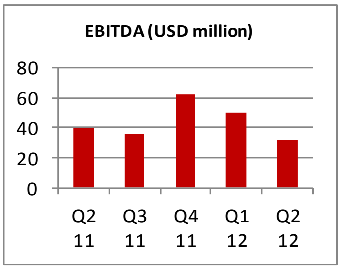
The Tanker Department is close to the strategic goal of increased ownership as NORDEN's owned fleet now consists of 17 active vessels and 6 newbuildings. In the first quarter, NORDEN's earnings in Tankers were 13% above the 1-year T/C market, whereas it was 3% below in the second quarter. For the half-year, earnings were on average 5% above the 1-year T/C market.

Reduced administrative expenses

As part of tighter cost control on shore, administrative expenses have been reduced by 9% from USD 27.7 million in the first half-year 2011 to USD 25.1 million in the first half-year 2012.

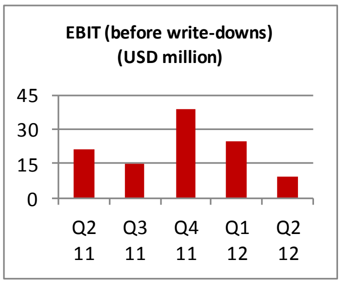
Despite historically challenging markets, the Company has come a long way in achieving the goals in the strategy plan 2011-2013. There is continued focus on long-term profitable growth and higher returns to the shareholders than our peers.

Comments on the development of the Group for the period



In the second quarter of 2012, NORDEN achieved operating earnings before depreciation and profits from sale of vessels (EBITDA) of USD 31 million. The result is 37% down from the first quarter of 2012 due to lower earnings in both segments.

For the half-year, NORDEN achieved an EBITDA of USD 81 million, which is 8% down from the same period last year. Adjusted for non-recurring income of USD 11 million in the first half-year of 2011, EBITDA increased by 5%.

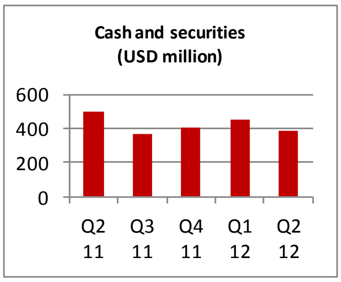


The operating profit before write-downs (EBIT) amounted to USD 10 million in the second quarter, which is a drop of 62% compared to the first quarter.

Net results in the second quarter are USD -32 million and are affected by negative fair value adjustment of hedging instruments of USD 40 million. See note 2 to the financial statements for further specification.

Net results for the first half-year of 2012 are USD -288 million as a result of write-downs of vessels and newbuildings of USD 300 million in the first quarter of 2012.

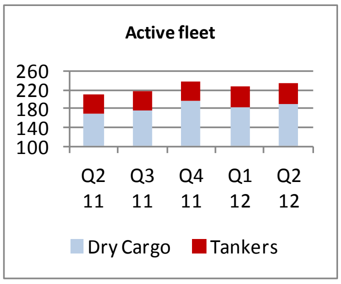
Strong financial position



Cash flows from operations amounted to USD 72 million in the first 6 months of the year. Cash flows from investments and financing were USD -51 million and USD -52 million, respectively. In total, this results in a change in cash and cash equivalents of USD -31 million.

With cash and securities of USD 386 million and undrawn credit facilities of USD 150 million, NORDEN still has a strong financial position.

Equity decreased by USD 317 million to USD 1,677 million in the first half-year primarily as a result of the write-downs in the first quarter and payout of dividends of USD 29 million in the second quarter of 2012.



During the second quarter, NORDEN's active core fleet increased by 2 vessels to 99 vessels. In addition, NORDEN has 135 chartered vessels at its disposal at the end of the second quarter. The order book counted 18 vessels at the end of the first quarter (see note 8 to the financial statements for an overview of deliveries to the core fleet). This is a decrease of 4 vessels from the end of the first quarter and is due to the delivery of 4 vessels to the core fleet during the quarter. In addition, a long-term chartered vessel with purchase option has both been contracted and delivered in the quarter.

The active core fleet in Dry Cargo increased by 4 vessels during the quarter, which is due to delivery of 1 owned Handysize vessel, delivery of 4 long-term charters and redelivery of 1 long-term chartered Handysize vessel. The one long-term charter with purchase option is a Panamax vessel where the contract was entered into during the quarter. It is a newbuilding contracted on attractive terms as the original charterer was unable to fulfil the contract. The total active Dry Cargo fleet counted 189 vessels at the end of the quarter as a result of an increase in the core fleet and a larger number of short-term charters.

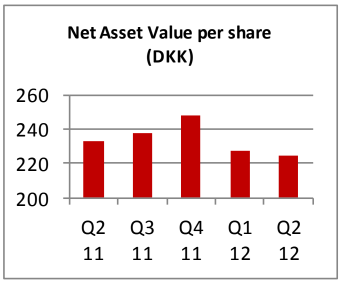
Sale of 2 Handysize dry cargo vessels

After the end of the quarter, NORDEN has sold 2 Chinese built Handysize vessels with a cash flow effect of USD 42 million. As part of the agreement, the vessels have been taken back on 5-year charter agreements with purchase option for NORDEN.

Contracting of 2 Handysize newbuildings in Tankers

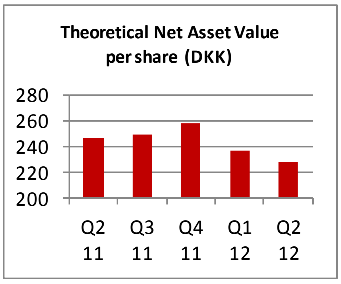
The Tanker Department redelivered 2 long-term charters with purchase option during the quarter. As a result, the active core fleet decreased by 2 vessels. However, these vessels have been taken back on short-term T/C agreements at attractive rate levels. In total, the active core fleet increased by 1 vessel. Vessels for delivery also increased by 1 vessel as a result of the entering into a charter agreement for more than 3 years of an MR tanker vessel with delivery in the third quarter this year. After the end of the quarter, NORDEN has entered into agreement on 2 Handysize tanker newbuildings from the ship yard GSI for delivery in 2014 at attractive terms. In future, Handysize is expected to be an attractive vessel type as the global order book only comprised 4% of the fleet at the end of the second quarter. Furthermore, scrapping of old vessels has resulted in negative fleet growth in 2010 and 2011 of 6% and 2%, respectively (source: SSY). As part of the agreement, NORDEN has option on additionally 4 vessels of the same type. The vessels have significantly lower fuel consumption than comparable vessels in the market and are thus in line with NORDEN's strategic focus on fuel efficiency. Furthermore, the vessels have been built to DIS specifications and are expected to sail under Danish flag.

Net Asset Value of DKK 225 per share



Based on valuations from 3 independent brokers, the market value of NORDEN's owned vessels and newbuildings (including vessels in joint ventures and vessels held for sale) was estimated at USD 1,332 million at the end of the quarter. The value of owned vessels decreased by 4% during the quarter as a consequence of a 5% drop in the value of NORDEN's dry cargo vessels and a 4% drop in the value of the Company's tanker vessels. The theoretical value of NORDEN's charter parties with purchase and extension option is estimated at USD 23 million at the end of the second quarter against USD 79 million at the end of the first quarter. The decrease is due to a continued drop in T/C rates and vessel prices.

Theoretical Net Asset Value of DKK 228 per share



NORDEN's total theoretical NAV is calculated at DKK 228 per share at the end of the second quarter against DKK 237 per share at the end of the first quarter, corresponding to a decrease of 4%. The decrease is a result of a continued drop in the value of the fleet and NORDEN's charter parties with purchase and extension option and the equity changes in the period regarding net results and distributed dividends, which is, however, partly offset by a higher USD/DKK exchange rate.

The theoretical NAV is composed of book equity of DKK 240 per share, added value of owned vessels and newbuildings of DKK -15 per share (based on valuations from 3 independent brokers) as well as the value of NORDEN's 62 charter parties with purchase and extension option of DKK 3 per share.

The value of the theoretical NAV is sensitive to changes in freight rates and vessel prices. In a sensitivity analysis of +/- 10% in freight rates and vessel prices, the theoretical NAV changes to DKK 270 and DKK 187 per share corresponding to a percentage-wise change of +/- 18%.

At the end of the second quarter, brokers estimated the net selling price of NORDEN's fleet (excluding 2 joint venture vessels and vessels held for sale) to be USD 104 million lower than the carrying amounts and costs of newbuildings. The difference is divided with USD -47 million in Dry Cargo and USD -57 million in Tankers. Therefore, an impairment test has been conducted where the carrying amounts and costs are compared to estimated cash flows for the remaining useful lives of the vessels. On this background, no indication of long-term impairment was found, and there is thus no need for additional write-downs (see note 1 "Significant accounting policies" to the financial statements in the consolidated annual report 2011 for additional information).

Segment information

	Second quarter 2012				Second quarter 2011			
USD '000	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**
Revenue – services rendered	447,050	76,410	0	523,460	458,516	102,637	0	561,153
Voyage costs	-220,413	-28,470	0	-248,883	-185,142	-48,269	0	-233,411
Contribution margin I	**226,637**	**47,940**	**0**	**274,577**	**273,374**	**54,368**	**0**	**327,742**
Other operating income, net	1,591	21	0	1,612	1,038	47	0	1,085
Vessel operating costs	-190,569	-42,540	0	-233,109	-233,399	-41,078	0	-274,477
Costs	-7,728	-1,476	-2,541	-11,745	-9,405	-1,625	-3,039	-14,069
Profit before depreciation, etc. (EBITDA)	**29,931**	**3,945**	**-2,541**	**31,335**	**31,608**	**11,712**	**-3,039**	**40,281**
Profits from the sale of vessels, etc.	-177	0	-83	-260	19	-1	0	18
Depreciation	-12,159	-8,344	-1,185	-21,688	-10,421	-8,263	-891	-19,575
Share of results of joint ventures	193	38	0	231	-17	408	0	391
Profit from operations (EBIT)	**17,788**	**-4,361**	**-3,809**	**9,618**	**21,189**	**3,856**	**-3,930**	**21,115**
Fair value adjustment of certain hedging instruments	-39,850	0	0	-39,850	-11,429	0	0	-11,429
Financial income	0	0	1,945	1,945	0	0	4,222	4,222
Financial expenses	0	0	-2,082	-2,082	0	0	-2,367	-2,367
Tax for the period	-1,197	-170	-43	-1,410	-1,369	-176	-1	-1,546
Profit for the period	**-23,259**	**-4,531**	**-3,989**	**-31,779**	**8,391**	**3,680**	**-2,076**	**9,995**

	First half-year 2012				First half-year 2011			
USD '000	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**
Revenue – services rendered	873,451	182,616	0	1,056,067	940,543	168,666	0	1,109,209
Voyage costs	-406,911	-76,651	0	-483,562	-358,312	-62,780	0	-421,092
Contribution margin I	**466,540**	**105,965**	**0**	**572,505**	**582,231**	**105,886**	**0**	**688,117**
Other operating income, net	2,858	55	0	2,913	2,227	88	0	2,315
Vessel operating costs	-382,528	-86,810	0	-469,338	-490,564	-84,097	0	-574,661
Costs	-16,896	-3,119	-5,100	-25,115	-18,455	-3,222	-5,978	-27,655
Profit before depreciation, etc. (EBITDA)	**69,974**	**16,091**	**-5,100**	**80,965**	**75,439**	**18,655**	**-5,978**	**88,116**
Profits from the sale of vessels, etc.	41	0	-87	-46	79	-450	13	-358
Depreciation	-27,255	-17,217	-2,374	-46,846	-19,565	-15,532	-1,556	-36,653
Share of results of joint ventures	168	482	0	650	-41	58	0	17
Profit from operations before write-downs	**42,928**	**-644**	**-7,561**	**34,723**	**55,912**	**2,731**	**-7,521**	**51,122**
Write-downs of vessels and newbuildings	-250,000	-40,000	0	-290,000	0	0	0	0
Write-downs of joint ventures	-10,000	0	0	-10,000	0	0	0	0
Profit from operations (EBIT)	**-217,072**	**-40,644**	**-7,561**	**-265,277**	**55,912**	**2,731**	**-7,521**	**51,122**
Fair value adjustment of certain hedging instruments	-20,119	0	0	-20,119	21,263	0	0	21,263
Financial income	0	0	5,182	5,182	0	0	13,464	13,464

	First half-year 2012				First half-year 2011			
USD '000	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**
Financial expenses	0	0	-4,582	-4,582	0	0	-3,554	-3,554
Tax for the period	-2,457	-347	-87	-2,891	-2,680	-358	-111	-3,149
Profit for the period	**-239,648**	**-40,991**	**-7,048**	**-287,687**	**74,495**	**2,373**	**2,278**	**79,146**

	First half-year 2012				First half-year 2011			
USD'000	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**	**Dry Cargo**	**Tankers**	**Un-allocated**	**Total**
Vessels	732,941	462,396	0	1,195,337	669,294	471,533	0	1,140,827
Prepayments on vessels and newbuildings	24,372	50,575	0	74,947	239,416	59,221	0	298,637
Other tangible assets	1,039	0	54,615	55,654	1,436	0	54,078	55,514
Investments in joint ventures	11,149	3,257	0	14,406	31,264	3,211	0	34,475
Non-current assets	**769,501**	**516,228**	**54,615**	**1,340,344**	**941,410**	**533,965**	**54,078**	**1,529,453**
Current assets	**199,821**	**41,778**	**385,652**	**627,251**	**227,262**	**40,754**	**498,403**	**766,419**
Total assets	**969,322**	**558,006**	**440,267**	**1,967,595**	**1,168,672**	**574,719**	**552,481**	**2,295,872**

Dry Cargo

T/C earnings above the market

In the second quarter, the Dry Cargo Department realised an EBITDA of USD 30 million, which was in line with expectations. Earnings were a result of high coverage, especially in Panamax and Handymax, which provided sound protection in a depressed spot market. Dry Cargo generated T/C earnings 21% above the average 1-year T/C rates.

Employment and rates, Dry Cargo, second quarter 2012

Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total**
NORDEN ship days	364	646	6,727	6,580	2,285	16,602
NORDEN T/C (USD per day)	29,898	10,255	12,808	12,777	10,881	12,806
1-year T/C (USD per day)*	14,135	10,558	10,529	11,019	8,777	10,562
NORDEN vs. 1-year T/C	+112%	-3%	+22%	+16%	+24%	+21%

* Source: Clarksons

** T/C rates calculated as weighted average

Stabilisation of rates at low levels

After a sharp drop in market rates during the first quarter, the market stabilised with the Baltic Dry Index (BDI) increasing by 7% in the second quarter, bringing the decrease in BDI to 42% for the first half of the year. Capesize vessels continued trading at very weak levels, while smaller vessel types benefitted from the seasonal South American grain trade as well as increased US east coast coal exports towards the end of the quarter.

Continued high influx of newbuildings

As expected, the continued strong influx of new vessels to the dry cargo fleet was a major contributor to the weak market in the first half of the year. During the second quarter, around 30 million dwt. were delivered, which brought total deliveries for the first six months of the year to approximately 60 million dwt. This is about 70% of scheduled deliveries for the period according to the order book at the beginning of the year.

Scrapping on a continued high level

Scrapping continued at a strong pace in the second quarter with around 8 million dwt. scrapped and was close to the same level as in the first quarter. Scrapping is expected to continue at a high level as long as freight rates remain depressed. After accounting for scrapping, the fleet grew by 7.1% in the first half of the year. The Handysize fleet grew by 2.5%, while other vessel types grew by 6-8%. The supply of dry cargo vessels is expected to increase the fleet by 13-14% net in 2012, while dry cargo ton-mile (volumes x average distance) demand is expected to increase by 8% of which 1% is from Chinese coastal trade (source: Clarksons, R.S. Platou).

High growth in Chinese commodity imports

Despite mixed economic signals from China in recent months, demand for seaborne commodities has been strong. Coal imports increased by 60% compared to the same period last year, while iron ore imports grew by 10%. Steel production was, however, weak, increasing 1% during the first half-year (source: China Customs, National Bureau of Statistics of China). Going forward, iron ore imports are expected to grow considerably faster than steel production as a larger share of China's iron ore consumption will be imported. This is mainly due to the poor quality of Chinese domestic iron ore and high production costs facing many Chinese iron ore producers.

US drought affects the dry cargo market negatively

An important factor for the dry cargo market in the coming quarters is how the worst drought in decades in the USA will impact exports of e.g. corn and soybeans. The outlook for the upcoming US harvest has deteriorated significantly in recent weeks as warm and dry weather conditions persist. Further deterioration of the situation is expected to have a negative impact on the dry cargo market as US export volumes are expected to be badly affected and may create disruptions in transports.

Dry Cargo fleet and values

NORDEN's Dry Cargo fleet and values at 30 June 2012						
Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total
Vessels in operation						
Owned vessels	3	4	5	4 A	14	**30**
Chartered vessels with purchase option	1	4	12	19	7	**43**
Total active core fleet	**4**	**8**	**17**	**23**	**21**	**73**
Chartered vessels without purchase option	0	0	52	50	14	**116**
Total active fleet	**4**	**8**	**69**	**73**	**35**	**189**
Vessels to be delivered						
Newbuildings (owned)	0	0	0	1 A	3	**4**
Chartered vessels with purchase option	0	0	7	1	2	**10**
Total for delivery to core fleet	**0**	**0**	**7**	**2**	**5**	**14**
Chartered vessels over 3 years without purchase option	0	0	2	0	0	**2**
Total to be delivered	**0**	**0**	**9**	**2**	**5**	**16**
Total gross fleet	**4**	**8**	**78**	**75**	**40**	**205**
A) Of which 1 unit in 50%-owned joint venture						
Dry Cargo fleet values at 30 June 2012 (USD million)						
Market value of owned vessels and newbuildings*	96	117	122	94	355	**784**
Value of charter parties with purchase and extension option	0	-38	55	26	-16	**27**

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

Capacity and coverage

At the end of the second quarter, the Dry Cargo Department had covered 89% of the capacity for the rest of 2012 and 44% for 2013 at reasonable rates in both years. Coverage has increased by 8 percentage points during the quarter, and sensitivity towards market fluctuations has thus been reduced in Dry Cargo. Until 2014, average cash costs of the known fleet will decrease to USD 10,325 per day, whereas average known earnings for 2012-2014 will stay at a level of approximately USD 15,000 per day.

Capacity and coverage, Dry Cargo, at 30 June 2012								
	2012	2013	2014	+2015	2012	2013	2014	+2015
Gross capacity	Ship days				Costs for gross capacity (USD per day)			
Capesize	736	1,460	1,460	10,547	8,974	8,974	8,974	6,878
Post-Panamax	1,472	2,920	2,920	31,902	11,841	11,841	11,841	9,056
Panamax	5,533	6,212	6,548	43,489	10,800	11,391	12,181	10,590
Handymax	7,180	8,540	6,915	34,741	12,324	11,807	11,214	8,627
Handysize	5,483	11,252	10,303	114,618	9,375	9,103	8,312	5,339
Total	**20,404**	**30,384**	**28,146**	**235,297**	**10,963**	**10,588**	**10,325**	**7,368**
Coverage	Ship days				Revenue from coverage (USD per day)			
Capesize	465	553	0	0	37,514	45,246	0	0
Post-Panamax	230	0	0	0	8,066	0	0	0
Panamax	7,484	5,982	4,063	11,953	14,624	16,116	16,600	18,876
Handymax	7,657	5,070	3,016	7,215	13,901	13,428	13,793	16,022
Handysize	2,410	1,643	793	9,064	10,547	12,900	13,849	13,144
Total	**18,246**	**13,248**	**7,872**	**28,232**	**14,283**	**15,904**	**15,247**	**16,306**
Coverage in %								
Capesize	63%	38%	0%	0%				
Post-Panamax	16%	0%	0%	0%				
Panamax	135%	96%	62%	27%				
Handymax	107%	59%	44%	21%				
Handysize	44%	15%	8%	8%				
Total	**89%**	**44%**	**28%**	**12%**				

Tankers

Lower earnings in the spot market

In the second quarter of 2012, the Tanker Department generated an EBITDA of USD 4 million, 68% lower than in the first quarter. The lower result was primarily due to lower spot market earnings. Average T/C earnings dropped by approximately 15% to USD 12,768 per day, which is slightly below the average 1-year T/C market.

Employment and rates, Tankers, second quarter 2012

Vessel type	LR-1	MR	Handysize	Total**
NORDEN ship days	182	1,900	1,718	3,800
NORDEN T/C (USD per day)	14,901	13,019	12,264	12,768
1-year T/C (USD per day)*	12,500	13,942	12,481	13,212
NORDEN vs. 1-year T/C	+19%	-7%	-2%	-3%

* Source: Clarksons
** T/C rates calculated as weighted average

Global oil demand affected by weak economy

The generally weak economy also has an impact on global oil demand, which affects earnings in all vessel types in product tankers. After a good first quarter, the market has thus decreased steadily in the second quarter. The Baltic Clean Tanker Index (BCTI) dropped by 12% to 565, reaching a level not seen since the collapse of the Lehman Brothers in 2008 where it dropped to as low as 345.

Continued low fleet growth

Deliveries to the global fleet continue to decrease in MR and Handysize where only 450,000 dwt. were delivered in the second quarter compared to 800,000 dwt. in the first quarter of 2012. Scrapping of tonnage was unchanged at around 200,000 dwt., and a net fleet growth of 2.4% is expected in the 2 vessel types combined for 2012 (source: SSY).

Drop in oil demand in Europe

The economic situation in the Eurozone negatively affected demand for oil products, and as a result, diesel imports into OECD Europe declined by 20% in April compared to the previous year (source: IEA). In addition, the increase in Russian export taxes on fuel oil resulted in decreased export volumes out of the Black Sea and the Baltic Sea.

Increased US gasoline consumption – but major drop in imports

Decreasing gasoline imports to the USA also had a negative impact on freight rates in the Atlantic. In April and May, gasoline consumption in the USA increased by 1.5% on average compared to the same period last year (source: EIA), which was a significant improvement compared to a very weak first quarter. But despite increasing consumption, gasoline imports dropped by 28% in the second quarter compared to the same period last year (source: American Petroleum Institute) as a result of high refinery production and drawing on product stocks.

Reduced imports of gasoline and naphtha in Latin America

In Latin America, weather factors played a key role in oil demand as the good sugar cane harvest in Brazil supported local ethanol production and consequently led to reduced gasoline and naphtha imports.

The effect of closed refineries less significant than expected

The impact of US and European refinery closures has so far been less significant than expected as several closure-threatened refineries have been sold to buyers with intentions of continuing the refining operations.

Tanker fleet and values

NORDEN's Tanker fleet and values at 30 June 2012

Vessel type	LR-1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0	6	11	**17**
Chartered vessels with purchase option	0	9	0	**9**
Total active core fleet	**0**	**15**	**11**	**26**
Chartered vessels without purchase option	2	8	9	**19**
Total active fleet	**2**	**23**	**20**	**45**
Vessels to be delivered				
Newbuildings (owned)	0	4	0	**4**
Chartered vessels with purchase option	0	0	0	**0**
Total for delivery to core fleet	**0**	**4**	**0**	**4**
Chartered vessels over 3 years without purchase option	0	1	0	**1**
Total to be delivered	**0**	**5**	**0**	**5**
Total gross fleet	**2**	**28**	**20**	**50**
Tanker fleet values at30 June 2012 (USD million)				
Market value of owned vessels and newbuildings*	0	302	246	**548**
Value of charter parties with purchase and extension option	0	-4	0	**-4**

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

Capacity and coverage

At the end of the second quarter, NORDEN had covered 28% of the ship days in Tankers for the rest of 2012. This is an increase of 8 percentage points compared to the previous quarter. In the present weak forward market, the Tanker Department is still of the belief that there is more upside than downside potential. Therefore, coverage will only be locked in with solid customers at sufficiently attractive rates.

Capacity and coverage, Tankers, at 30 June 2012

	2012	2013	2014	+2015	2012	2013	2014	+2015
Gross capacity	Ship days				Costs for gross capacity (USD per day)			
LR-1	228	0	0	0	11,900	0	0	0
MR	4,377	8,614	7,523	64,421	12,643	11,764	11,261	7,794
Handysize	3,239	4,668	4,015	50,216	8,827	7,577	6,842	6,843
Total	**7,844**	**13,282**	**11,538**	**114,637**	**11,046**	**10,292**	**9,723**	**7,377**
Coverage	Ship days				Revenue from coverage (USD per day)			
LR-1	74	0	0	0	13,130	0	0	0
MR	673	615	124	0	13,022	13,636	14,677	0
Handysize	1,441	638	138	0	11,307	12,178	13,035	0
Total	**2,188**	**1,253**	**262**	**0**	**11,897**	**12,894**	**13,809**	**0**
Coverage in %								
LR-1	32%	0%	0%	0%				
MR	15%	7%	2%	0%				
Handysize	44%	14%	3%	0%				
Total	**28%**	**9%**	**2%**	**0%**				

Expectations for 2012

NORDEN maintains its full-year estimate

NORDEN maintains is expectations for operating earnings (EBITDA) of USD 110-150 million.

After a good first half-year earnings-wise, EBITDA is expected to be at a somewhat lower level in the second half-year, primarily due to lower earnings in Dry Cargo. The expected operating earnings in Dry Cargo are based on 89% coverage of current capacity for the rest of the year, whereas expectations for Tankers are based on an expected improvement of market rates in the fourth quarter.

The sale of the 2 Handysize dry cargo vessels after the end of the second quarter does not affect the result for 2012, but as a consequence of the positive cash flow effect, expectations for CAPEX are adjusted to USD 80-100 million.

Expectations for the full year

Expectations for 2012 USD million	**Dry Cargo**	**Tankers**	**Total**
EBITDA	85-125	25-45	110-150
Ordinary depreciation			90-95
Realised profits from the sale of vessels			0
CAPEX			80-100

No sale of vessels

The expectations do not include profits from additional sale of vessels. The Company assesses the market on an ongoing basis for opportunities for purchase and sale of vessels based on price, timing, adjustment of capacity and optimisation of fleet and order book.

Risks and uncertainties

Expectations for earnings on open ship days are based on current forward rates in Dry Cargo and on budget rates (USD 15,600 per day in MR and USD 14,000 per day in Handysize) above current market rates in Tankers.

Due to high coverage in Dry Cargo, there are only approximately 2,100 open ship days in Dry Cargo, and thus, a change of USD 1,000 per day would mean a change in earnings of approximately USD 2 million. Earnings in Dry Cargo are thus more sensitive to fluctuation in rate levels within the vessel types and possible counterparty risks.

Earnings expectations in Tankers are primarily dependent on the development in the spot market. Based on 5,600 open ship days in Tankers, a change of USD 1,000 per day in relation to budget rates would mean a change in earnings of approximately USD 5-6 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 2012 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.

INTERIM REPORT FOR THE FIRST HALF-YEAR OF 2012 – THE GROUP

Statement

The Board of Directors and the Executive Management today reviewed and approved the interim report for the first half-year of 2012 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 2011.

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 faithful 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, 15 August 2012

Executive Management

Carsten Mortensen
President & CEO

Michael Tønnes Jørgensen
Executive Vice President & CFO

Martin Badsted
Executive Vice President

Lars Bagge Christensen
Executive Vice President

Board of Directors

Mogens Hugo
Chairman

Alison J. F. Riegels
Vice Chairman

Erling Højsgaard

Karsten Knudsen

Arvid Grundekjøn

Klaus Nyborg

Benn Pyrmont Johansen

Ole Clausen

Jacob Koch Nielsen

Income statement

USD '000	2012 First half-year	2011 First half-year	2012 Second quarter	2011 Second quarter	2011 31/12
Revenue	1,056,067	1,109,209	523,460	561,153	2,272,819
Costs	-975,102	-1,021,093	-492,125	-520,872	-2,086,373
Profit before depreciation, etc. (EBITDA)	**80,965**	**88,116**	**31,335**	**40,281**	**186,446**
Profits from the sale of vessels, etc.	-46	-358	-260	18	-242
Depreciation	-46,846	-36,653	-21,688	-19,575	-81,185
Share of results of joint ventures	650	17	231	391	-530
Profit from operations before write-downs	**34,723**	**51,122**	**9,618**	**21,115**	**104,489**
Write-down of vessels and newbuildings note 5)	-290,000	0	0	0	0
Write-down of joint ventures note 5)	-10,000	0	0	0	0
Operating profit (EBIT)	**-265,277**	**51,122**	**9,618**	**21,115**	**104,489**
Fair value adjustment of certain hedging instruments note 2)	-20,119	21,263	-39,850	-11,429	-14,897
Net financials	600	9,910	-137	1,855	3,742
Profit before tax	**-284,796**	**82,295**	**-30,369**	**11,541**	**93,334**
Tax on the profit for the period	-2,891	-3,149	-1,410	-1,546	-5,541
Profit for the period	**-287,687**	**79,146**	**-31,779**	**9,995**	**87,793**
Attributable to:					
Shareholders of NORDEN	-287,687	79,147	-31,779	9,996	87,795
Minority interests	0	-1	0	-1	-2
Total	**-287,687**	**79,146**	**-31,779**	**9,995**	**87,793**
Earnings per share (EPS), USD	**-7.0**	**1.9**	**-0.8**	**0.2**	**2.1**
Diluted earnings per share, USD	**-7.0**	**1.9**	**-0.8**	**0.2**	**2.1**

Statement of comprehensive income

	2012 First half-year	2011 First half-year	2012 Second quarter	2011 Second quarter	2011 31/12
Profit for the period, after tax	-287,687	79,146	-31,779	9,995	87,793
Value adjustment of hedging instruments	-3,503	-9,212	-2,955	-1,948	-12,026
Fair value adjustment of securities	1,689	12,853	85	11,877	11,720
Total	-1,814	3,641	-2,870	9,929	-306
Total comprehensive income for the period, after tax	**-289,501**	**82,787**	**-34,649**	**19,924**	**87,487**
Attributable to:					
Shareholders of NORDEN	-289,501	82,788	-34,649	19,925	87,489
Minority interests	0	-1	0	-1	-2
Total	**-289,501**	**82,787**	**-34,649**	**19,924**	**87,487**

Income statement by quarter

USD '000	2012 Second quarter	2012 First quarter	2011 Fourth quarter	2011 Third quarter	2011 Second quarter
Revenue	523,460	532,607	626,374	537,236	561,153
Costs	-492,125	-482,977	-564,035	-501,245	-520,872
Profit before depreciation, etc, (EBITDA)	**31,335**	**49,630**	**62,339**	**35,991**	**40,281**
Profits from the sale of vessels, etc,	-260	214	7	109	18
Depreciation	-21,688	-25,158	-23,511	-21,021	-19,575
Share of results of joint ventures	231	419	-361	-186	391
Profit from operations before write-downs	**9,618**	**25,105**	**38,474**	**14,893**	**21,115**
Write-down of vessels and newbuildings note 5)	0	-290,000	0	0	0
Write-down of joint ventures note 5)	0	-10,000	0	0	0
Operating profit (EBIT)	**9,618**	**-274,895**	**38,474**	**14,893**	**21,115**
Fair value adjustment of certain hedging instruments note 2)	-39,850	19,731	-6,977	-29,183	-11,429
Net financials	-137	737	-841	-5,327	1,855
Profit before tax	**-30,369**	**-254,427**	**30,656**	**-19,617**	**11,541**
Tax on the profit for the period	-1,410	-1,481	-908	-1,484	-1,546
Profit for the period	**-31,779**	**-255,908**	**29,748**	**-21,101**	**9,995**
Attributable to:					
Shareholders of NORDEN	-31,779	-255,908	29,749	-21,101	9,996
Minority interests	0	0	-1	0	-1
Total	**-31,779**	**-255,908**	**29,748**	**-21,101**	**9,995**
Earnings per share (EPS), USD	**-0.8**	**-6.2**	**0.7**	**-0.5**	**0.2**
Diluted earnings per share, USD	**-0.8**	**-6.2**	**0.7**	**-0.5**	**0.2**

Statement of comprehensive income by quarter

Profit for the period, after tax	-31,779	-255,908	29,748	-21,101	9,995
Value adjustment of hedging instruments	-2,955	-548	-392	-2,422	-1,948
Fair value adjustment of securities	85	1,604	578	-1,711	11,877
Total	-2,870	1,056	186	-4,133	9,929
Total comprehensive income for the period, after tax	**-34,649**	**-254,852**	**29,934**	**-25,234**	**19,924**
Attributable to:					
Shareholders of NORDEN	-34,649	-254,852	29,935	-25,234	19,925
Minority interests	0	0	-1	0	-1
Total	**-34,649**	**-254,852**	**29,934**	**-25,234**	**19,924**

Statement of financial position

USD '000	2012	2011	2011
	30/6	30/6	31/12
ASSETS			
Property and equipment	55,654	55,514	55,937
Vessels note 3)	1,195,337	1,140,827	1,387,189
Prepayments on vessels and newbuildings note 4)	74,947	298,637	170,025
Investments in joint ventures	14,406	34,475	21,275
Non-current assets	**1,340,344**	**1,529,453**	**1,634,426**
Inventories	82,788	71,839	89,280
Receivables and prepayments	153,476	196,177	213,040
Receivables from joint ventures	5,335	0	6,317
Securities	71,296	76,867	71,324
Cash and cash equivalents	314,356	421,536	335,868
Current assets	**627,251**	**766,419**	**715,829**
Total assets	**1,967,595**	**2,295,872**	**2,350,255**
EQUITY AND LIABILITIES			
Share capital	6,833	6,833	6,833
Reserves	4,884	10,645	6,698
Retained earnings	1,665,865	1,969,967	1,980,822
Equity (NORDEN's shareholders)	1,677,582	1,987,445	1,994,353
Minority interests	66	67	66
Equity	**1,677,648**	**1,987,512**	**1,994,419**
Bank debt	127,109	78,097	135,017
Non-current liabilities	**127,109**	**78,097**	**135,017**
Current portion of non-current debt within 1 year	15,376	38,678	30,043
Trade payables	100,673	102,095	135,672
Liabilities with joint ventures	0	37,940	0
Other payables and deferred income	46,789	51,550	55,104
Current liabilities	**162,838**	**230,263**	**220,819**
Liabilities	**289,947**	**308,360**	**355,836**
Total equity and liabilities	**1,967,595**	**2,295,872**	**2,350,255**

Statement of cash flows

USD '000	2012 First half-year	2011 First half-year	2012 Second quarter	2011 Second quarter	2011 31/12
Profit for the period	-287,687	79,146	-31,779	9,995	87,793
Reversal of items without effect on cash flow	366,636	15,651	63,309	36,599	95,969
Cash flows before change in working capital	78,949	94,797	31,530	46,594	183,762
Change in working capital	-6,759	-28,474	232	21,728	-63,639
Cash flows from operating activities	**72,190**	**66,323**	**31,762**	**68,322**	**120,123**
Investments in vessels, etc.	-7,885	-53,657	-4,812	-24,002	-64,327
Additions in prepayments on newbuildings	-42,259	-140,308	-32,600	-70,817	-293,354
Additions in prepayments received on sold vessels	0	0	0	0	-7,324
Investments in associates	-2,500	0	0	0	0
Acquisition of securities	-34,252	-29,631	-15,295	-29,631	-35,010
Sale of securities	35,630	4,815	29,542	4,815	9,595
Proceeds from the sale of vessels, etc.	272	35,047	-150	47	35,209
Cash flows from investing activities	**-50,994**	**-183,734**	**-23,315**	**-119,588**	**-355,211**
Dividend paid to shareholders	-29,146	-63,706	-29,146	-63,706	-63,706
Acquisition of treasury shares	0	-31,556	0	-867	-31,556
Instalments on/payment of non-current debt	-22,753	-28,423	-17,747	-13,230	-48,095
Additions of non-current debt	0	86,775	0	86,775	161,738
Cash flows from financing activities	**-51,899**	**-36,910**	**-46,893**	**8,972**	**18,381**
Change in cash and cash equivalents for the period	**-30,703**	**-154,321**	**-38,446**	**-42,294**	**-216,707**
Cash and cash equivalents at beginning of period	**335,868**	**574,571**	**362,282**	**469,945**	**574,571**
Exchange rate adjustments	9,191	1,286	-9,480	-6,115	-21,996
Change in cash and cash equivalents for the period	-30,703	-154,321	-38,446	-42,294	-216,707
Cash and cash equivalents according to the statement of financial position	**314,356**	**421,536**	**314,356**	**421,536**	**335,868**

Statement of changes in equity

USD '000	Share capital	Reserves	Retained earnings	Equity (NORDEN's shareholders)	Minority interests	Group equity
Equity at 1 January 2012	**6,833**	**6,698**	**1,980,822**	**1,994,353**	**66**	**1,994,419**
Total comprehensive income for the period	0	-1,814	-287,687	-289,501	0	-289,501
Distributed dividends	0	0	-30,368	-30,368	0	-30,368
Dividends, treasury shares	0	0	1,222	1,222	0	1,222
Share-based payment	0	0	1,876	1,876	0	1,876
Changes in equity	**0**	**-1,814**	**-314,957**	**-316,771**	**0**	**-316,771**
Equity at 30 June 2012	**6,833**	**4,884**	**1,665,865**	**1,677,582**	**66**	**1,677,648**

Equity at 1 January 2011	**7,087**	**7,004**	**1,983,894**	**1,997,985**	**68**	**1,998,053**
Total comprehensive income for the period	0	3,641	79,147	82,788	-1	82,787
Acquisition of treasury shares	0	0	-31,556	-31,556	0	-31,556
Distributed dividends	0	0	-68,946	-68,946	0	-68,946
Dividends, treasury shares	0	0	5,240	5,240	0	5,240
Capital reduction	-254	0	254	0	0	0
Share-based payment	0	0	1,934	1,934	0	1,934
Changes in equity	**-254**	**3,641**	**-13,927**	**-10,540**	**-1**	**-10,541**
Equity at 30 June 2011	**6,833**	**10,645**	**1,969,967**	**1,987,445**	**67**	**1,987,512**

Equity at 1 January 2011	**7,087**	**7,004**	**1,983,894**	**1,997,985**	**68**	**1,998,053**
Total comprehensive income for the period	0	-306	87,795	87,489	-2	87,487
Acquisition of treasury shares	0	0	-31,556	-31,556	0	-31,556
Capital reduction	-254	0	254	0	0	0
Distributed dividends	0	0	-68,946	-68,946	0	-68,946
Dividends, treasury shares	0	0	5,240	5,240	0	5,240
Share-based payment	0	0	4,141	4,141	0	4,141
Changes in equity	**-254**	**-306**	**-3,072**	**-3,632**	**-2**	**-3,634**
Equity at 31 December 2011	**6,833**	**6,698**	**1,980,822**	**1,994,353**	**66**	**1,994,419**

Notes to the financial statements

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 2011 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 55-63 in the consolidated annual report for 2011.

New IAS/IFRSs

NORDEN has implemented the new financial reporting standards or interpretations which were effective from 1 January 2012. The changes relate to some of IFRS 7's information requirements and are of no importance to NORDEN's results or equity in the interim report.

New financial reporting standards

For a description of the IFRS and IFRIC which became effective on 1 January 2012 or later, see page 55 of the consolidated annual report for 2011. No new or changed standards have been issued besides those mentioned in the consolidated annual report for 2011. The standards have still yet to be adopted by the EU. NORDEN will assess the effect on the financial statements but has at the time of writing not completed this assessment.

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 pages 56-57 of the consolidated annual report for 2011.

2. Fair value adjustment of certain hedging instruments

USD '000	2012 First half-year	2011 First half-year	2012 Second quarter	2011 Second quarter	2011 31/12
Bunker hedging:					
Fair value adjustment for:					
2011	0	28,281	0	-471	31,440
2012	263	7,495	-22,237	812	6,746
2013	-2,501	1,187	-7,664	164	370
2014	-960	338	-2,869	22	41
2015	-138	0	-208	0	-32
2016	-41	0	-89	0	-41
2017	-12	0	-60	0	-44
2018	-12	0	-60	0	-48
	-3,401	37,301	-33,187	527	38,432
Realised fair value adjustment reclassified to "Vessel operating costs"*	-15,365	-19,897	-6,516	-13,183	-39,636
Total	**-18,766**	**17,404**	**-39,703**	**-12,656**	**-1,204**
Forward Freight Agreements:					
Fair value adjustment for:					
2011	0	38,580	0	7,170	32,193
2012	7,550	1,775	4,157	1,350	1,979
2013	813	104	405	105	474
	8,363	40,459	4,562	8,625	34,646
Realised fair value adjustment reclassified to "Revenue"*	-9,716	-36,600	-4,709	-7,398	-48,339
Total	**-1,353**	**3,859**	**-147**	**1,227**	**-13,693**
Total	**-20,119**	**21,263**	**-39,850**	**-11,429**	**-14,897**

* 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 2011.

3. Vessels

USD '000	2012 30/6	2011 30/6	2011 31/12
Cost at 1 January	1,566,925	982,875	982,875
Transferred during the period from prepayments on vessels and newbuildings	105,518	243,412	524,102
Transferred during the period to tangible assets held for sale	0	0	0
Additions for the period	5,361	51,980	59,948
Disposals for the period	0	0	0
Cost	1,677,804	1,278,267	1,566,925
Depreciation at 1 January	-179,736	-102,545	-102,545
Depreciation for the period	-44,357	-34,895	-77,191
Reversed depreciation of disposed vessels	0	0	0
Reversed depreciation of tangible assets held for sale	0	0	0
Depreciation	-224,093	-137,440	-179,736
Write-downs at 1 January	0	0	0
Write-downs for the period	-258,374	0	0
Write-downs	-258,374	0	0
Carrying amount	**1,195,337**	**1,140,827**	**1,387,189**

For the development of the fleet and added value, see the interim review.

4. Prepayments on vessels and newbuildings

USD '000	2012 30/6	2011 30/6	2011 31/12
Cost at 1 January	170,025	401,884	401,884
Additions for the period	42,259	140,308	293,354
Disposals for the period	0	0	0
Transferred during the period to vessels	-105,518	-243,412	-524,102
Transferred during the period to other items	-193	-143	-1,111
Transferred during the period to tangible assets held for sale	0	0	0
Costs	106,573	298,637	170,025
Write-downs at 1 January	0	0	0
Write-downs for the period	-31,626	0	0
Write-downs	-31,626	0	0
Carrying amount	**74,947**	**298,637**	**170,025**

5. Write-down of vessels, etc.

Management's assessment of the need for write-downs of vessels and prepayments on newbuildings is based on the cash-generating units (CGU), which include vessels, etc. NORDEN has divided its fleet into 3 CGUs (Dry Cargo, Tankers and a joint venture). An impairment test must be performed if there is indication that the carrying amounts of vessels, etc. exceeds the recoverable amounts. The recoverable amount is the highest of the net selling price of the vessels, etc. (the market value of the fleet) and the value in use of future cash flows from the vessels, etc.

Based on estimates from 3 independent brokers, the market value of NORDEN's fleet (net selling price excluding COAs) including vessels in joint venture is estimated at USD 105 million below the carrying amounts at the end of the quarter. The difference is divided between NORDEN's 3 CGUs, Dry Cargo, Tankers and a joint venture, with negative USD 47 million, negative USD 57 million and negative USD 1 million, respectively.

Accordingly, an impairment test has been conducted for all 3 CGUs by estimating the value in use.

The impairment test is conducted by comparing the carrying amounts with the value in use of the fleet of the 3 CGUs. Value in use is calculated as the present value of total expected cash flows over the remaining useful lives of the vessels, including time charter fleet, coverage and estimated rates for uncovered capacity.

As part of the basis for estimation of the long-term values, the value in use of the 3 CGUs has been estimated by applying "normalised" 20-year average rates, where the 3 and 4 best and worst years have been excluded. The normalisation of rates is new in relation to the consolidated annual report 2011 (see note 5 to the financial statements in the interim report for the first quarter of 2012 for additional information).

Except from the updated freight rate scenarios, other assumptions in the impairment test for the period, including the discount factor of 8%, are unchanged in relation to the consolidated annual report for 2011.

Based on the impairment test at the end of the first quarter, management estimated that there was need for write-downs of the total fleet of USD 300 million. The write-downs totalling USD 300 million based on value in use were distributed with USD 250 million in Dry Cargo, USD 40 million in Tankers and USD 10 million in a joint venture. In company announcement no. 11 of 15 May 2012 regarding the interim report for the first quarter of 2012, reasons for the write-downs etc. have been further accounted for.

On the basis of the impairment test conducted at the end of the second quarter, management estimates that there is no need for further write-downs.

Due to the large number of open ship days, the value in use 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 long-term freight rates would change the CGU values by USD 140 million in Dry Cargo and USD 86 million in Tankers.

6. Related party transactions

No significant changes have occurred to closely related parties or types and scale of transactions with these parties other than those disclosed in the consolidated annual report for 2011.

7. Contingent assets and liabilities

Since the end of 2011, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.

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

Expected delivery of the Company's core fleet at 30 June 2012

			2013				2014				Total
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Dry Cargo											
Post-Panamax											**0**
Panamax		(1)				(1)		(2)	(2)	(1)	**7**
Handymax	1							(1)			**2**
Handysize	1 (1)	1		1 (1)							**5**
Tanker											
MR			4								**4**
Handysize											**0**
Total	**3**	**2**	**4**	**2**	**0**	**1**	**0**	**3**	**2**	**1**	**18**

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

Fleet values at 30 June 2012

USD million	Owned (active and newbuildings)				Calculated value of charter parties with purchase and extension option			
Dry Cargo	Number	Carrying amount/ cost	Market value*	Added value	Number	Charter party	Purchase and extension option	Value of charter party and purchase option
Capesize	3	83	96	13	1	-2	2	0
Post-Panamax	4	136	117	-19	4	-40	2	-38
Panamax	5	118	122	4	19	13	42	55
Handymax	5	93	94	1	20	-25	51	26
Handysize	17	402	355	-47	9	-21	5	-16
Tankers								
MR	10	334	302	-32	9	-10	6	-4
Handysize	11	271	246	-25	0	0	0	0
Total	**55**	**1,437**	**1,332**	**-105**	**62**	**-85**	**108**	**23**

Net Asset Value (NAV) at 30 June 2012	**USD million**	**DKK per share**	**Sensitivity +10%**	**Sensitivity -10%**
Equity excl. minority interests per share	1,677	240	240	240
Added value own fleet	-105	-15	4	-34
NAV	**1,572**	**225**	**244**	**206**
Calculated value of charter parties with purchase and extension option	23	3	26	-19
Total theoretical NAV	**1,595**	**228**	**270**	**187**

Note: *Including joint ventures, assets held for sale and charter party, if any.

9. Significant events after the reporting date

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