ANNUAL REPORT
2013

NORDEN

Dampskibsselskabet NORDEN A/S

CONTENTS

Cover photo:
The Handysize product tanker NORD PRINCESS docked at the Fayard ship yard in Denmark, September 2013.
Photo: Jon Norddahl

COMPANY DETAILS AND GROUP STRUCTURE

The Company
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52, Strandvejen
DK-2900 Hellerup
Telephone: +45 3315 0451
Fax: +45 3315 6199

CVR no.: 67 75 89 19
Financial year: 1 January – 31 December
Municipality of domicile: Gentofte

Fax, Tanker Department: +45 3393 1599
Fax, Dry Cargo Department: +45 3271 0799
Fax, Technical Department: +45 3393 3733
Website: www.ds-norden.com
E-mail: direktion@ds-norden.com

Board of Directors
Mogens Hugo, Chairman
Klaus Nyborg, Vice Chairman
Alison J. F. Riegels
Erling Højsgaard
Karsten Knudsen
Arvid Grundekjøn
Ole Clausen (employee representative)
Anne-Katrine Nedergaard (employee representative)
Lars Enkegaard Biilmann (employee representative)

Executive Management
Carsten Mortensen, CEO
Michael Tønnes Jørgensen, CFO
Ejner Bonderup, Executive Vice President
Lars Bagge Christensen, Executive Vice President
Martin Badsted, Executive Vice President

Auditors
PricewaterhouseCoopers, Statsaut. Revisionspartnerselskab
44, Strandvejen
DK-2900 Hellerup

Annual General Meeting
The annual general meeting will be held on Wednesday, 23 April 2014 at 3.00 p.m. at Audience, Radisson Blu Falconer Hotel & Conference Center, 9, Falkoner Allé, DK-2000 Frederiksberg.

VISION, MISSION AND VALUES

Vision

The preferred partner in global tramp shipping.
Unique people.
Open minded team spirit.
Number one.

Mission

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people. With ambition, reliability, flexibility and empathy, we

- focus on customers who benefit from our constant commitment to being an independent long-term partner.
- continue our long history of building valued relationships with shipowners and shipyards.

We will maintain a large modern fleet of owned and chartered tonnage, and – in a volatile market – we manage risks to constantly be able to develop our business and create shareholder value.

Values

Flexibility
Adapt and find better solutions.

Reliability
Honest, good intentions and no cheating.

Empathy
Respect diversity in people and opinions.

Ambition
Think ambition into every activity.

GROUP STRUCTURE

Dampskibsselskabet NORDEN A/S

Norient Cyprus Ltd.	Cyprus 50%
Norient Product Pool ApS	Denmark 50%
NORDEN Shipping (Singapore) Pte. Ltd.	Singapore 100%
NORDEN Tankers & Bulkers (USA) Inc.	USA 100%
NORDEN Tankers & Bulkers do Brazil Ltda.	Brazil 100%
Svalbard Maritime Services AS	Norway 100%
NORDEN Tankers & Bulkers India Private Ltd.	India 100%
NORDEN Rep. Office	China 100%
NORD SUMMIT Pte. Ltd.	Singapore 50%
Polar Navigation Pte. Ltd.	Singapore 50%

This annual report is a translation of the Danish original version. In case of any inconsistencies, the Danish original version shall be governing.

NORDEN IN BRIEF

Dampskibsselskabet NORDEN A/S (NORDEN) operates globally in dry cargo and tankers with one of the most modern and competitive fleets in the industry. NORDEN's active fleet consists of a total of 285 owned and chartered vessels.

In addition, 58 vessels from third party are operated in pools – Norient Product Pool, NORDEN Post-Panamax Pool and NORDEN Handysize Pool.

In Dry Cargo, NORDEN is active in all major vessel types. The Company is one of the world's largest operators in Panamax and Supramax, in addition to having considerable activities in the Handysize and Post-Panamax vessel types as well as activities in Capesize.

In Tankers, NORDEN's activities comprise Handysize and MR product tankers. NORDEN's vessels are operated commercially by Norient Product Pool, which is one of the largest product tanker pools in the world.

NORDEN's core fleet consists of owned vessels and vessels on long-term charter with purchase option. The core fleet is supplemented by vessels chartered on a short-term basis or for single voyages, and this mix allows the Company to rapidly adjust the size and costs of the fleet to changing market conditions. Purchase and extension options on many chartered vessels increase flexibility of the fleet and also contribute to the value creation.

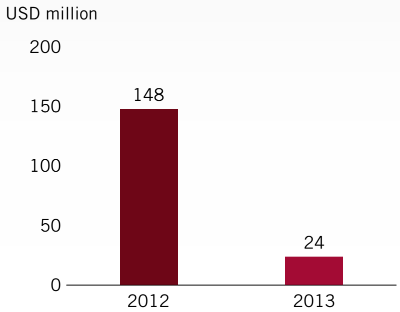
With offices in Denmark, Singapore, China, India, the USA and Brazil, a network of port captains as well as site offices at shipyards in China and Korea, NORDEN seeks to keep close contact with customers and business contacts. The Company has 280 employees on shore and 805 on board owned vessels. In addition, Norient Product Pool has 52 employees at its offices in Denmark, Cyprus, Singapore, the USA and Brazil.

NORDEN was founded and listed in 1871 and is one of the oldest listed shipping companies in the world. Management focus is long-term and rooted in the Company's vision, mission and values. The goal is for NORDEN to continuously develop for the benefit of its stakeholders and in the long-term generate returns, which are above comparable shipping companies. The share is listed on NASDAQ OMX Copenhagen A/S, and the Company has 13,382 registered shareholders.

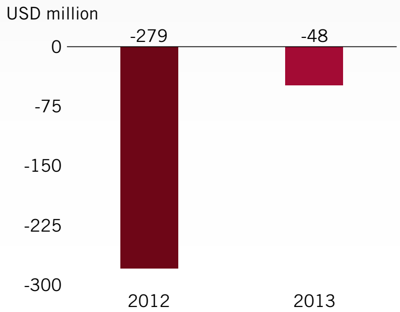
Numbers are stated at 31 December 2013.

2013 – A FINANCIALLY CHALLENGING YEAR ...

EBITDA



RESULTS FOR THE YEAR



... BUT BRIGHT SPOTS IN SEVERAL AREAS

DRY CARGO EARNINGS

+17%

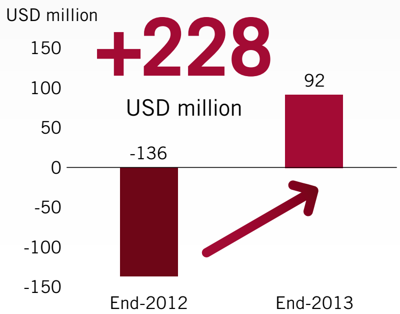
above the 1-year T/C rates

TANKER EARNINGS

+7%

above the 1-year T/C rates

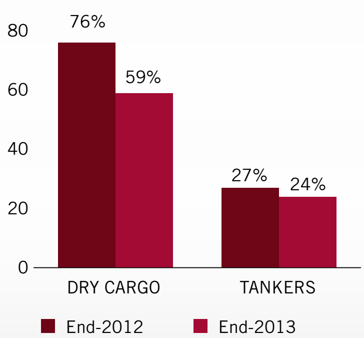
INCREASING SHIP VALUES



Change in the added value of NORDEN's fleet

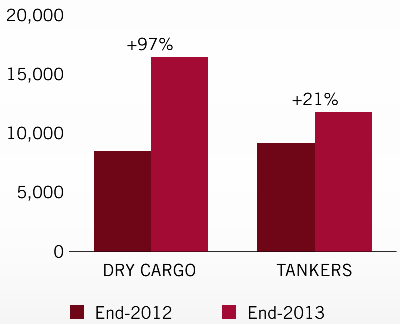
NORDEN HAS POSITIONED ITSELF FOR AN EXPECTED IMPROVEMENT OF THE MARKETS

LOWER COVERAGE IN 2014



Coverage in % for the coming year

MORE OPEN SHIP DAYS



Open ship days for the coming year

LARGE INVESTMENT PROGRAMME

37

vessels in the order book representing total investments of more than USD 1 billion

HIGHLIGHTS 2013-14

2013: A year of investment

As expected, 2013 was a challenging year, which in advance had been proclaimed a year of investment, not a year of profit making. NORDEN's EBITDA for 2013 amounted to USD 24 million (USD 148 million in 2012). This was slightly below the latest announced expectations (USD 25-45 million). Results for the year constituted a loss of USD 48 million, which is not satisfactory.

In spite of the lower EBITDA compared to the year before, 2013 marked a turn for the better in a number of areas within NORDEN's business segments Dry Cargo and Tankers; the Tanker Department delivered the best results since 2008, the year was a historically large investment year and ship values increased in both segments.

Throughout the year, the Company took advantage of the attractive newbuilding prices to invest in 18.5 vessels, of which 9 are owned and 9.5 are long-term charters with purchase option. All of them are fuel efficient eco vessels, which will provide NORDEN with long-term competitive advantages. Furthermore, NORDEN has ordered an additional 7.5 vessels at the beginning of 2014, which results in a total order book of 37 vessels representing total investments of more than USD 1 billion.

During the year, ship values increased, and at the end of the year, market valuations of NORDEN's fleet were USD 92 million above the carrying amounts, which is an increase of USD 228 million compared to the year before. Cash flows from operating activities were negative USD 9 million and were negatively affected by increased tied-up capital of USD 27 million primarily due a higher level of activity.

Difficult fourth quarter

The dry cargo market was standing still during most of the first half-year of 2013, but showed signs of improvement during the second half-year with the Baltic Dry Index increasing by 86% compared to the first half-year. The increase, which was stronger than foreseen, testifies to a market better balanced than expected, which is also backed by the fact that the quarterly averages cover large fluctuations. Along with changes in trading patterns and regional imbalances, the high coverage in Dry Cargo, which had provided protection in the first half-year, meant that the Company was not positioned to benefit from the rates in the fourth quarter. Though rate increases benefited open ship days, especially in Post-Panamax, these were more than cancelled out by higher costs for servicing a number of cargo contracts especially in Supramax and Handysize. Dry Cargo EBITDA therefore amounted to negative USD 14 million for the fourth quarter and negative USD 5 million for the whole year. Dry Cargo earnings were on average 17% above the 1-year T/C rates.

NORDEN's Tanker Department was well positioned in a tanker market, which was particularly strong in the first nine months of the year. Tankers also managed to conclude the fourth quarter positively with an EBITDA of USD 9 million. The year in Tankers provided earnings, which were on average 7% above the 1-year T/C rates, and the Tanker Department generated an EBITDA of USD 39 million. Past years' investments in the Tanker fleet are thus beginning to pay off.

The Board of Directors will propose a dividend of DKK 5 per share corresponding to USD 38 million excluding treasury shares.

Outlook for 2014

The gradual improvement of both the dry cargo and tanker markets is expected to continue in 2014, though the first quarter will be challenging within dry cargo. NORDEN has updated its strategy to reflect the opportunities offered by improving markets. The updated strategy is titled *Capture value in improving markets* and is described in more detail on pages 10-12.

The expected market improvement is also reflected in the Dry Cargo Department's coverage of ship days. At the entrance to 2014, the Company had thus only covered 59% (76%) of its 40,535 ship days in Dry Cargo. Consequently, the Company enters 2014 with twice as many open ship days as in 2013.

Also the Tanker Department enters 2014 with significantly more open ship days. At the entrance to 2014, coverage was 24% (27%) of the Tanker Departments' total 15,134 ship days, and it is expected that Tankers will continue the generally positive notes from 2013.

Also at the beginning of 2014, the Company took advantage of the fact that vessel prices are at a historically seen attractive level and will continue actively seeking investment opportunities primarily within Dry Cargo.

NORDEN expects a total EBITDA of USD 20-120 million for 2014.

Key figures for the quarters

USD million	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total 2013
EBITDA	44.3	9.6	3.9	18.5	-7.7	24.3
Profits from the sale of vessels, etc.	-22.4	2.2	0.0	0.3	0.0	2.5
Depreciation and write-downs	-20.3	-18.6	-19.3	-20.5	-20.6	-79.0
EBIT	0.5	-6.9	-15.7	-0.7	-28.0	-51.3
Profit for the period	-7.2	-11.2	-22.4	0.6	-14.7	-47.7
Cash flows from operating activities	20.8	-20.2	55.3	3.9	-47.9	-8.9

Table with segment information for the fourth quarter is available on NORDEN's website.

KEY FIGURES AND FINANCIAL RATIOS FOR THE GROUP

AMOUNTS IN USD MILLION	2013	2012	2011	2010	2009
INCOME STATEMENT					
Revenue	2,145.9	2,131.4	2,272.8	2,189.6	1,756.0
Costs	-2,121.6	-1,983.5	-2,086.4	-1,950.0	-1,630.3
Profit before depreciation, etc. (EBITDA)	24.3	147.9	186.4	239.6	125.6
Profits from the sale of vessels, etc.	2.5	-23.9	-0.2	28.1	69.6
Depreciation	-79.0	-88.5	-81.2	-49.5	-39.5
Profit from operations before write-downs	-51.3	34.6	104.5	222.5	156.7
Write-downs	0.0	-300.0	0.0	0.0	0.0
Profit from operations (EBIT)	-51.3	-265.4	104.5	222.5	156.7
Fair value adjustment of certain hedging instruments	10.6	-10.1	-14.9	30.8	62.2
Net financials	-2.5	1.7	3.7	-2.5	5.6
Profit before tax	-43.2	-273.9	93.3	250.8	224.5
Profit for the year	-47.7	-278.8	87.8	244.8	217.2
Profit for the year for the NORDEN shareholders	-47.7	-278.8	87.8	244.8	217.2
STATEMENT OF FINANCIAL POSITION					
Non-current assets	1,215.2	1,149.8	1,634.4	1,373.1	1,027.8
Total assets	2,061.2	2,033.4	2,350.3	2,250.5	2,031.7
Equity (including minority interests)	1,604.8	1,687.2	1,994.4	1,998.1	1,805.0
Liabilities	456.4	346.2	355.8	252.4	226.7
Invested capital	1,377.0	1,314.2	1,752.3	1,443.8	1,133.2
Net interest-bearing assets	227.8	373.0	242.1	554.3	671.8
Cash and securities	486.1	528.6	407.2	612.7	735.4
CASH FLOWS					
From operating activities	-8.9	122.1	120.1	298.4	160.2
From investing activities	-103.0	7.0	-355.2	-380.1	-80.0
– hereof investments in property, plant and equipment	-139.4	-165.8	-357.7	-565.7	-305.2
From financing activities	62.5	-37.9	18.4	-65.5	-112.6
Change in cash and cash equivalents for the year	-49.3	91.2	-216.7	-147.2	-32.4
FINANCIAL AND ACCOUNTING RATIOS					
Share-related key figures and financial ratios:					
No. of shares of DKK 1 each (excluding treasury shares)	40,770,988	41,277,839	41,213,922	42,075,180	42,043,505
Earnings per share (EPS) (DKK)	-1.2 (-7)	-6.8 (-39)	2.1 (11)	5.8 (33)	5.2 (28)
Diluted earnings per share (diluted EPS) (DKK)	-1.2 (-7)	-6.8 (-39)	2.1 (11)	5.8 (33)	5.2 (28)
Dividend per share, DKK	5	3	4	8	7
Book value per share (DKK)	39.4 (213)	40.9 (231)	48.4 (278)	47.5 (267)	42.9 (223)
Share price at year-end, DKK	285.0	163.1	134.5	202.5	209.5
Price/book value	1.3	0.7	0.5	0.8	0.9
Other key figures and financial ratios:					
EBITDA ratio	1.1%	6.9%	8.2%	10.9%	7.2%
ROIC	-3.8%	2.3%	6.5%	17.3%	15.1%
ROE	-2.9%	-15.1%	4.4%	12.9%	12.4%
Payout ratio (excluding treasury shares) [1)]	neg.	neg.	35.0%	24.4%	25.3%
Equity ratio	77.9%	83.0%	84.9%	88.8%	88.8%
Total no. of ship days for the Group	90,069	84,028	78,526	66,044	55,951
USD rate at year-end	541.27	565.91	574.56	561.33	519.01
Average USD rate	561.60	579.72	536.22	562.57	535.45

The ratios were computed in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Association of Financial Analysts. However, "Profits from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section “Definitions of key figures and financial ratios”. The figures are adjusted for the Company’s holding of treasury shares.

1) The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.

OUTLOOK FOR 2014

- HIGHER OPERATING EARNINGS IN IMPROVED MARKETS
- LOWER COVERAGE IN DRY CARGO AND CONTINUED LOW COVERAGE IN TANKERS
- FURTHER INVESTMENTS WITH FOCUS ON DRY CARGO

In 2014, NORDEN expects higher operating earnings (EBITDA) than in 2013. Expectations are based on an improved market outlook for both Dry Cargo and Tankers. In Dry Cargo, it is estimated that the market bottomed out in 2013 and that a gradual improvement in both the market and NORDEN's earnings will take place during 2014 following a weak start to the year. Consequently, NORDEN enters the year with significantly lower coverage than in previous years. At the same time, it is expected that recent years' general market improvements within Tankers will continue in 2014, and NORDEN will therefore maintain its low coverage.

Including profit from operator activities of USD 20 million, expected total EBITDA is USD 20-120 million (USD 24 million in 2013). The span should be seen in the light of the significantly more open ship days in 2014 combined with expected high volatility. Cash flows from operating activities are expected to follow EBITDA.

In Dry Cargo, NORDEN will also in 2014 focus on taking advantage of the attractive vessel prices by investing in newbuildings and long-term charters. In Tankers, the main objective is to continue the positive developments from 2013 by focusing on profitable operations of the current fleet. But as acquiring and selling vessels remains an integrated part of NORDEN's business, NORDEN will also within Tankers consider further acquisition and sale in 2014 based on price, timing, capacity requirements and opportunities for fleet optimisation. No great sales activities are, however, expected in the current upward market.

In 2013, NORDEN took delivery of 7 vessels of which 2 were long-term charters, and in 2014, delivery of 11 newbuildings is scheduled, 2.5 owned and 8.5 long-term charters. As a result of a larger owned fleet, depreciation for the year is expected to increase to USD 85-90 million against USD 79 million in 2013. NORDEN continues to depreciate vessels over a period of 20 years.

The cash flow effect from known investments (CAPEX) is expected to be USD 90-120 million net, which essentially includes known investments in newbuildings and investments related to dockings in 2014. Prepayments on additional newbuilding contracts would increase CAPEX expectations, just like further vessel sales would reduce it.

Global economic outlook

Like recent years, the IMF continually lowered its expectations for global growth in 2013. Based on a second half-year which was stronger than expected, global growth in 2013 was, however, adjusted upwards to 3%. In the forecast from January 2014, the IMF expects that the global economy will grow by 3.7% in 2014, which is an improvement from realised growth in 2013.

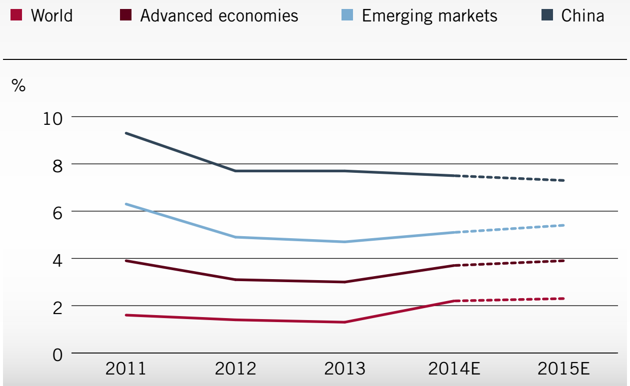
The positive development is due to the improved economic situation in the OECD countries. Especially the USA is expected to see an improved economy with an expected growth rate of 2.8% in 2014 (1.9% in 2013). This growth is expected despite the fact that a rollback of the relaxed monetary policy has been initiated.

Outlook for 2014

USD million	Dry Cargo	Tankers	Group
EBITDA	0-50	30-80	20-120
Profit from the sale of vessels			0
Ordinary depreciation			85-90
CAPEX			90-120

* Group EBITDA is including non-allocated costs of USD 10 million.

Actual and expected growth in GDP



Source: IMF, January 2014

WITH THE PROSPECT OF BETTER MARKETS IN 2014, NORDEN HAS DECIDED TO ENTER THE YEAR WITH TWICE AS MANY OPEN SHIP DAYS IN DRY CARGO AS IN 2013.

Expectations for Europe continue to be modest, but the Eurozone is expected to come out of the recession in 2014 with a growth rate of 1%.

In the emerging markets, economic growth is expected to be 5.1% in 2014 against 4.7% in 2013. China, which is an important driving force in the dry cargo market, is expected to achieve a growth rate of 7.5% in 2014, which is somewhat below the growth rate of 7.7% realised in 2013. One of the reasons for the decreasing growth rate is political initiatives to reduce growth in lending. The economies in India and Latin America are expected to grow faster in 2014 than the year before, but the expected improvement of the US economy may dampen growth as investments will in such a case flow to the USA at the expense of investments in developing countries.

The IMF expects that the volume in global trade will increase by 4.5% in 2014, which is significantly above the 2.7% in 2013, but still below the 20-year average of 6.1%.

For market specific outlook, see the sections on Dry Cargo on pages 18-25 and Tankers on pages 26-32.

Outlook for Dry Cargo
The dry cargo market is expected to be better than in 2013 based on low fleet growth and continued good growth in demand. NORDEN has therefore decided to enter 2014 with twice as many open ship days as in 2013 and coverage of 59% against 76% at the beginning of 2013.

The many open ship days and an improved market are expected to result in increased operating earnings in Dry Cargo in 2014. An increase is expected despite the fact that earnings in 2013 benefited well from very attractive coverage contracts, which have now expired, and that the costs of the Company are still negatively affected by some of the expensive vessels, which were ordered before the crisis began.

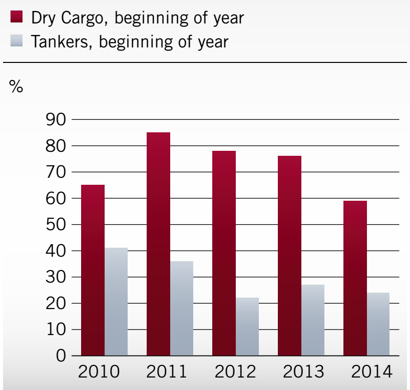
The Dry Cargo Department is expected to generate an EBITDA of USD 0-50 million. The estimate is including profit from operator activities and is based on the capacity and coverage data available by mid-February 2014.

If freight rates change by an average of 10% during the year, EBITDA in Dry Cargo will be affected by USD 35 million.

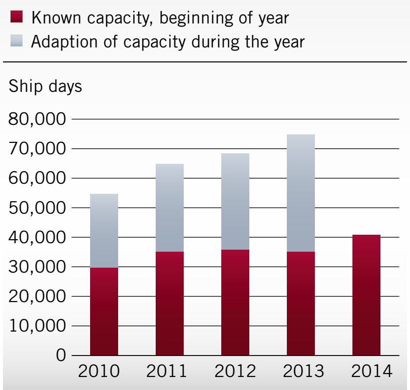
Outlook for Tankers
NORDEN expects that the product tanker market will show more positive notes in 2014 compared to 2013. This is due to manageable growth in supply combined with continued growth in demand resulting from an improved world economy and the continued restructuring of the refinery sector.

As a consequence, NORDEN has decided to maintain its high exposure to the spot market. The spot exposure will, however, be adjusted regularly according to market conditions during the year.

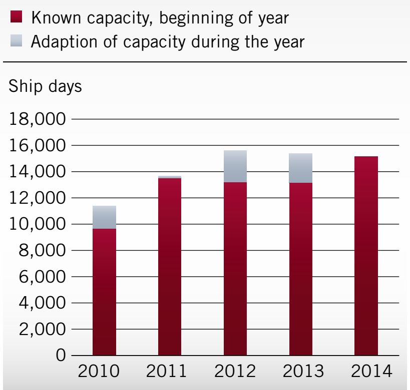
Coverage in Dry Cargo and Tankers



Development in Dry Cargo's capacity



Development in Tankers' capacity



AFTER SEVERAL YEARS WITH VERY CHALLENGING MARKET CONDITIONS NOT LEAST WITHIN DRY CARGO, THE BALANCE BETWEEN SUPPLY AND DEMAND IS IMPROVING. A MODERN FLEET, FINANCIAL STRENGTH AND AN UPDATED STRATEGY PROVIDE A GOOD BASIS FOR NORDEN TAKING ADVANTAGE OF THE UPTURN.

At the beginning of the year, NORDEN had covered 24% of its 15,134 ship days. These were covered at average T/C earnings of USD 13,353 per day.

Based on the improved market situation, the Tanker Department is expected to generate an EBITDA of USD 30-80 million in 2014. The estimate is based on the capacity and coverage data available by mid-February 2014 and that open ship days can be employed at average rates moderately above realised spot rates in 2013.

If freight rates change by an average of 10% during the year, EBITDA in Tankers will be affected by USD 16 million.

Events after the reporting date
No significant events have occurred between the reporting date and the publication of this annual report that have not already been included and adequately disclosed in the annual report and that materially affect the Company's results of operations or financial position.

FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking statements reflecting management's present judgment of future events and financial results.

Statements relating to 2014 and the years ahead are inherently subject to uncertainty, and NORDEN's realised results may therefore differ from the projections.

Factors that may cause NORDEN's realised results to differ from the projections in this annual report include, but are not limited to: Changes in macroeconomic and political conditions – particularly in the Company's principal markets; changes to NORDEN's rate assumptions and budgeted operating expenses; volatility in freight rates and tonnage prices; regulatory changes; counterparty risks; any disruptions to traffic and operations as a result of external events, etc.

Capacity and coverage at 31 December 2013

Dry Cargo	2014	2015	2016	2014	2015	2016
Owned vessels		Ship days		Capacity and coverage for the years after 2016 can be found at www.ds-norden.com/investor/reportspresentations/reportsandwebcasts/.		
Capesize	1,083	1,080	1,083			
Post-Panamax	1,435	1,440	1,444			
Panamax	1,045	1,395	1,760			
Supramax	1,445	2,012	2,736			
Handysize	4,308	4,320	4,332			
Total	**9,316**	**10,247**	**11,355**			
Chartered vessels					Costs of T/C capacity (USD per day)	
Capesize	365	365	366	18,704	18,665	18,665
Post-Panamax	1,460	1,460	1,464	18,848	18,848	18,829
Panamax	12,839	8,986	8,737	12,376	12,868	13,079
Supramax	10,388	5,968	5,502	12,262	12,981	13,299
Handysize	6,167	4,515	3,568	12,989	12,223	12,401
Total	**31,219**	**21,294**	**19,637**	**12,836**	**13,272**	**13,550**
					Costs of gross capacity (USD per day)*	
Total capacity	**40,535**	**31,541**	**30,992**	**11,134**	**10,716**	**10,563**
Coverage					Revenue from coverage (USD per day)	
Capesize	294	0	0	27,420	0	0
Post-Panamax	458	12	0	12,376	14,637	0
Panamax	9,767	3,929	2,916	13,855	14,876	15,758
Supramax	9,468	2,216	1,250	12,371	13,007	14,710
Handysize	4,043	1,146	1,135	10,612	14,635	14,683
Total	**24,030**	**7,303**	**5,301**	**12,862**	**14,271**	**15,281**
Coverage in %						
Capesize	20%	0%	0%			
Post-Panamax	16%	0%	0%			
Panamax	70%	38%	28%			
Supramax	80%	28%	15%			
Handysize	39%	13%	14%			
Total	**59%**	**23%**	**17%**			

* Including cash running costs of owned vessels.

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

Capacity and coverage at 31 December 2013

Tankers	2014	2015	2016	2014	2015	2016
Owned vessels		Ship days				
MR	2,535	3,819	3,971			
Handysize	4,488	4,680	4,693			
Total	**7,023**	**8,499**	**8,664**			
Chartered vessels					Costs of T/C capacity (USD per day)	
MR	6,663	3,842	2,490	14,090	15,431	16,279
Handysize	1,448	0	0	12,881	0	0
Total	**8,111**	**3,842**	**2,490**	**13,874**	**15,431**	**16,279**
					Costs of gross capacity (USD per day)*	
Total capacity	**15,134**	**12,341**	**11,154**	**10,648**	**9,555**	**8,984**
Coverage					Revenue from coverage (USD per day)	
MR	1,436	109	0	12,628	13,774	0
Handysize	2,148	68	0	13,837	13,098	0
Total	**3,584**	**177**	**0**	**13,353**	**13,514**	**0**
Coverage in %						
MR	16%	1%	0%			
Handysize	36%	1%	0%			
Total	**24%**	**1%**	**0%**			

* Including cash running costs of owned vessels.

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

STRATEGY UPDATE

- SUCCESSFUL END TO STRATEGY PERIOD 2011-13
- BUSINESS MODEL CONFIRMED
- ADJUSTED STRATEGY FOR IMPROVING MARKETS

Final status for the strategy plan 2011-13

2013 included the completion of the strategy period 2011-13 and the development of a new strategy for the coming period.

NORDEN's strategy plan for the period 2011-13 *Long-term Growth in Challenging Times* has been implemented satisfactorily and has positioned NORDEN well in order to create value in expected improved markets. The overall objective for NORDEN was to generate a better shareholder return than that of comparable shipping companies, which has been achieved with a total shareholder return of 56% against 13% for comparable shipping companies (see page 42).

Despite the fact that the market proved to be even more challenging than expected when formulating the strategy plan in 2010, the most significant targets have been met satisfactorily:

- **Growth in cargoes carried of 15% p.a.**
  During the period, growth has been 20% p.a., and the majority of NORDEN's business today is by far directly with the customers, who have the actual need for transportation, instead of being based on chartering out tonnage (time charter) to other operators. This has enhanced the quality of counterparties.

- **Growth in contractually secured cargo volumes of 15% p.a.**
  Halfway through the strategy period, this target was deviated from as the challenging market conditions and the consequently very low rates were estimated only to make it attractive to enter into long-term cargo contracts in a few cases. Total growth for the strategy period was 2% p.a., but with a significantly diverse development over the period with growth of 16% in 2011 and a decrease of 4% in 2012 and 2013.

- **Added value as operator in Dry Cargo and daily earnings above market rates in Tankers.**
  In both Dry Cargo and Tankers, it has been possible to create added value through commercial operation. In Dry Cargo, added value as operator has been created in all the years despite this being considerably more difficult in a market with decreasing and low rates. In 2013, the value of operator activities was USD 17 million, which was a slight decrease compared to the USD 22 million in the 2 previous years. In Tankers, NORDEN has generated better earnings than the general market through its pool cooperation in Norient Product Pool. During the period, average earnings were 7% above the 1-year T/C rates.

- **Growth in owned Tanker fleet to 25+ units.**
  NORDEN's owned Tanker fleet has increased from 11 to 24 vessels since 2009. Investments in the Tanker fleet have been made while tonnage prices have been attractive, and at present, total investments represent positive added value relative to current market levels. NORDEN's Tanker fleet has not only grown during the period, but the average age has also been reduced, and average fuel efficiency has been improved, which provides long-term competitive advantages.

In addition to the above mentioned targets, the strategy also contained a number of other targets, which were also met satisfactorily. These are e.g. **strict cost control**, **focus on fuel efficiency**, **increasing EBIT in Tankers in the period** and continued **flexible financial resources** to pursue opportunities.

New strategy – Capture value in improving markets

Based on NORDEN's unchanged overall business model and the continued ambition of generating a higher return than that of comparable shipping companies, the strategy has been adjusted in order for the Company to benefit from the changed market conditions.

Market expectations were relatively negative at the beginning of the strategy period 2011-13, which the strategy *Long-term Growth in Challenging Times* took into account. The outlook is now more positive, and the new strategy has been named *Capture value in improving markets*. On the basis of an improved outlook for the general market level within both dry cargo and tankers, NORDEN changes focus in a number of areas with its new strategy.

Each area is described on page 12 where there is also a graphical description of how NORDEN will act differently on the basis of the changed market outlook in relation to the previous strategy.

BUSINESS MODEL

In the second half-year 2013, NORDEN has completed an extensive and thorough strategy process where external market conditions and NORDEN's position, organisation and competences have been examined and analysed. The process has confirmed the advantages of the overall business model, and no changes have been made to Vision, Mission or Values.

Based on the Values, NORDEN will continue to act as a reliable, transparent and long-term business partner with focus on high quality.

NORDEN will continue to be a leading global tramp operator within dry cargo and product tankers with activities in the current vessel types in which the Company has special competences and prerequisites for creating value.

The business model is based on 2 main parts – *Exploiting the cycle* and *Value creation throughout the cycl*e (see below). The timing of changes in the exposure to the market can be crucial within tramp shipping, and in the last many years, NORDEN has managed to achieve satisfactory results in this area. At the same time, NORDEN is not only an asset player, which generates value through timing, but has over the years also been able to create added value in daily operations in both upward and downward markets on the basis of a strong organisation, a recognised brand and optimised processes and systems.

The 2 main parts of the business model are also strongly connected organisationally. Some activities are directly overlapping e.g. long-term cargo contracts, which are coverage of market exposure, but at the same time constitute an essential element of the operator business and the optimisation of this. NORDEN strives to make use of competences and knowledge across the 2 main parts.

The foundation of both parts is the daily effort of highly qualified employees, which is based on the Vision of *open minded team spirit*. Cooperation across sections and organisational divisions is vital to achieving success and creating more value than the industry average.

NORDEN TAKES ADVANTAGE OF THE OPPORTUNITIES IN A CYCLICAL MARKET

Exploiting the cycle	**Creating value throughout the cycle**
Taking a view on the fundamental market and adjusting our exposure	Creating value above industry level irrespective of market conditions
Levers:	**Levers:**
Owned vessels	Commercial operations: - Optimisation around cargo contracts (Dry Cargo) - Short-term T/C in/out - Optimisation of trade composition and positioning - Exploitation of seasonality and volatility - Vessel selection
Long-term T/C in	
Long-term coverage	Voyage execution incl. fuel optimisation
Financial gearing	Cost efficency
WHY WE SUCCEED ▶ Fast and consistent decision making ▶ Relationships with tonnage providers ▶ Long-term player ▶ Financial strength ▶ Execution skills	▶ Skilled and experienced staff ▶ Close customer relationships ▶ Economies of scale ▶ Optimised systems and processes ▶ Strong brand

NEW STRATEGY – *CAPTURE VALUE IN IMPROVING MARKETS*

1 **NORDEN will take advantage of the expected upturns in the markets in the short term while improving the Company's long-term competitive position.**
In the previous strategy period, the challenging market conditions made it difficult to generate a profit, and focus was very much centered on protecting the Company against and reducing loss. Focus is now directed towards the opportunities of generating returns in improved markets.

2 **NORDEN will continue investing in new tonnage.**
Newbuilding prices and ship values are still at a low level in a historical perspective, and it is deemed attractive to continue investing in owned and chartered vessels increasing both short-term and long-term exposure. As at the same time, ship values are expected to increase from the current level, it will only be interesting to a limited extent to sell vessels in the short term.

3 **Investment focus to be directed primarily on Dry Cargo.**
Prior to the improvement of the product tanker market, NORDEN's investment focus was on the Tanker segment whereas investments in Dry Cargo were only initiated at the end of 2012. The potential for improvement looks more promising in Dry Cargo than in Tankers, and consequently, NORDEN will place a larger part of the investment activity within Dry Cargo in the coming year.

4 **Higher gearing.**
In markets with low rates, it has been attractive for NORDEN to have a relatively low gearing. It is still deemed appropriate to have solid capital reserves given the volatile markets and NORDEN's significant T/C fleet, but as the market outlook improves, gearing can be increased. This has already been initiated, and gearing (net) has gone from its lowest level of 0.13 in 2010 to 0.84 at mid-February 2014.

5 **Lower coverage.**
In recent years, a considerable part of the capacity of NORDEN's Dry Cargo fleet has been covered on cargo contracts. Long-term cargo contracts and close relations to customers will continue to be an integrated part of NORDEN's dry cargo business, but in an improving market, there is a higher demand for profitability, and NORDEN will thus operate with a lower level of coverage in order to benefit from the expected increasing rates. Furthermore, NORDEN wishes to benefit from the improved tanker market expected in the coming years and will therefore maintain the share of the Tanker fleet's capacity employed in the spot market.

6 **Differentiated focus on cargo contracts.**
In the previous strategy period, NORDEN focused on growth in cargo volumes and achieved a growth rate of 20% p.a. At the same time, the number of new customers has increased by more than 130 new customers in 2013 alone. In the coming strategy period, the target of growth in cargoes will be set at 5-10% p.a. with a focus on cargoes providing the greatest positioning gain. The target reflects that NORDEN wishes to maintain the strong customer and cargo focus but will, at the same time, abstain from business which has been priced low.

7 **Right steaming instead of slow steaming.**
Low rates and high oil prices have resulted in a great potential for value creation by focusing on fuel efficiency and slower sailing (slow steaming). It is estimated that there is still significant potential for value creation within fuel efficiency, and as markets improve, focus will shift from slow steaming to right steaming. It may, in other words, be profitable to sail at bit faster in order to arrive in time for a new lucrative cargo.

NORDEN has adjusted the implementation of the strategy *Long-term Growth in Challenging Times* concurrently with the changes in the market outlook. The new strategy *Capture value in improving markets* has thus overlapped the old strategy in many areas. This is the case e.g. within investments where NORDEN since the beginning of the fourth quarter 2013 has invested in new tonnage – primarily within Dry Cargo – of USD 298 million of which USD 217 million can be ascribed to contracts entered into in 2014. Gearing has simultaneously increased to 0.70 at 31 December 2013, and coverage in Dry Cargo and Tankers at the beginning of 2014 was 17 and 3 percentage points, respectively, lower than at the beginning of 2013.

The strategy is generally long-term, but strategic flexibility is a necessity in markets as volatile and unpredictable as dry cargo and product tankers, and NORDEN will continually monitor the development and outlook and act on the basis of these.

CHANGED MARKET OUTLOOK RESULTS IN CHANGED NORDEN TACTICS

2011-13 Long-term Growth in Challenging Times		2014- Capture value in improving markets
▶ Protect downside – create upside	→	1 Near-term value – long-term competitiveness
▶ Sell short – buy long	→	2 Buy short – buy long
▶ Overweight Tankers	→	3 Overweight Dry Cargo
▶ Low gearing	→	4 Increased gearing
▶ High coverage	→	5 Lower coverage
▶ Cargo is king and all cargo is good	→	6 Cargo is still king, but some cargo is better than other
▶ Eco focus – slow steaming	→	7 Fuel efficiency – right steaming

FINANCIAL POSITION

- GEARING INCREASED SIGNIFICANTLY THROUGH INVESTMENTS
- CONTINUED STRONG FINANCIAL POSITION

Liabilities relating to newbuilding programme

USD million	31/12/2013	Additions in 2014	Total mid-February
2014	85	21	106
2015	188	0	188
2016	22	168	190
Total	**295**	**189**	**484**

Increase in gearing
As a result of the extensive investment programme, NORDEN has increased its gearing in 2013 significantly. Gearing, which refers to the ratio of the Company's net commitments to book equity, has been kept low throughout the crisis, but resulting from increasing net commitments, it has gone up to 0.70 at the end of 2013 (0.26 end-2012).

Net commitments increased by USD 683 million during the year. The increase is primarily a result of investments, which have led to a drop in cash, higher future operating lease liabilities and an increase in newbuilding liabilities. The adjusted net interest-bearing assets amounted to USD 189 million (USD 362 million) at year-end. Including operating lease liabilities, future payments on newbuildings and contractually secured cash flows, the Company's total net commitments were USD 1,126 million (USD 443 million) at year-end.

After year-end, NORDEN has entered into agreements on further investments in 7.5 vessels. These increase net commitments by USD 217 million and bring up net gearing to 0.84.

Continued strong capital structure
In spite of increased gearing, NORDEN continues to have a strong balance sheet and solid financial resources. Going forward, NORDEN is thus also well positioned to take advantage of investment opportunities. At year-end, NORDEN had cash and securities totalling USD 491 million and undrawn credit facilities of USD 211 million. If the facilities are fully drawn, debt will correspond to 32% of the market value of the fleet. The figures include NORDEN's share of debt, cash and cash equivalents in joint ventures.

Cash amounts to USD 406 million (USD 454 million), and to this should be added NORDEN's share of cash and cash equivalents in joint ventures amounting to USD 5 million (USD 9 million). Pursuant to NORDEN's banking policy, cash is mainly placed as short-term deposits with a duration of up to 1 year in major, well reputed, Scandinavian banks. In addition, NORDEN has securities of USD 80 million (USD 75 million) mainly placed in short-term corporate bonds from issuers rated BBB or higher.

In 2013 either directly or through joint ventures, NORDEN entered into new agreements on attractively priced long-term credit facilities totalling USD 175 million with 2 Scandinavian banks and 1 Japanese financial institution. During the year, a total of USD 125 million was drawn from 2 facilities entered into with a Japanese and a Scandinavian financial institution, respectively. Excluding repayments of USD 23 million, interest-bearing debt increased from USD 156 million to USD 258 million. In addition, NORDEN's share of interest-bearing debt in the Company's joint ventures amounted to USD 18 million.

Initiatives in 2014
At the end of 2013, NORDEN had liabilities relating to the newbuilding programme totalling USD 295 million (present value). To this should be added additional liabilities relating to the newbuilding programme of USD 189 million entered into after year-end.

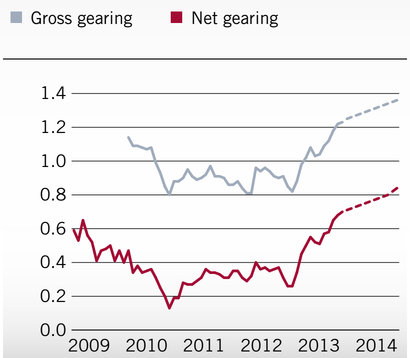
In addition to the investments already made at the beginning of 2014, NORDEN expects to make further investments in 2014, but the Company does not expect to draw on undrawn credit facilities in 2014. Combined with dividend payments, this will expectedly entail a further increase in gearing in 2014.

Net commitments (at year-end), USD million

	2013	2012	2011
Adjusted net interest-bearing assets*	189	362	240
T/C liabilities**	-1,861	-1,646	-1,748
Payments for newbuildings less proceeds from vessel sales**	-295	-95	-197
Contractually secured inflows of earnings** (T/Cs and COAs)	841	936	1,078
Net commitments	**-1,126**	**-443**	**-627**

* Adjusted for prepayments on vessel purchases and currency swaps
** Present values

Gearing



FLEET DEVELOPMENT

- 18.5 ECO NEWBUILDINGS CONTRACTED AT ATTRACTIVE PRICES
- INVESTMENT FOCUS ON THE DRY CARGO FLEET
- ACTIVE FLEET INCREASED TO 285 VESSELS

Development in NORDEN's core fleet 2013

	Dry Cargo	Tankers	Total
Core fleet, start 2013	81.0	31.0	**112.0**
Purchase of secondhand tonnage	0.0	0.0	**0.0**
Contracted newbuildings	5.0	4.0	**9.0**
Contracted long-term charters with purchase option	9.5	0.0	**9.5**
Redelivered long-term charters with purchase option	-4.0	-1.0	**-5.0**
Sale and delivery of owned vessels	0.0	-2.0	**-2.0**
Core fleet, end of 2013	91.5	32.0	**123.5**

Note: The table shows the development in NORDEN's total core fleet, which includes active vessels as well as vessels to be delivered.

NORDEN's fleet at 31 December 2013

Vessels in operation	**2013**	**2012**
Owned vessels	44.0	41.0 A
Chartered vessels with purchase option	50.0	53.0
Active core fleet	**94.0**	**94.0**
Chartered vessels without purchase option	191.4	150.0
Active fleet	**285.4**	**244.0**
Vessels to be delivered		
Owned vessels	12.0	8.0
Chartered vessels with purchase option	17.5	10.0
Total for delivery to core fleet	**29.5**	**18.0**
Vessels chartered for more than 3 years without purchase option	0.0	0.5
Total for delivery to active fleet	**29.5**	**18.5**
Total gross fleet	**314.9**	**262.5**
Total chartered with purchase option	67.5	63.0
Total core fleet	**123.5**	**112.0**

A Of which 2 units sold

Note: Vessels which are jointly owned or chartered directly by a pool are adjusted based on ownership share and pool percentage, respectively.

Big investment year

NORDEN has taken advantage of the attractive newbuilding prices and has been very active with new investments.

During 2013, the Company has thus expanded the order book with a total of 18.5 eco vessels, which will provide NORDEN with long-term competitive advantages due to their fuel efficiency. The 18.5 vessels comprise 9 owned newbuilding contracts and 9.5 long-term chartered vessels with purchase option.

After a few years with investment focus on expanding the Tanker fleet, focus has in 2013 primarily been on expanding and renewing the Dry Cargo fleet – especially within the Panamax and Supramax vessel types where NORDEN is one of the world's largest operators. 14.5 of the vessels are thus fuel efficient dry cargo vessels from Japanese yards while the Tanker fleet was expanded by a contract of 4 MR eco newbuildings from a South Korean yard.

At the beginning of 2014, NORDEN entered into agreements on further investments in 7.5 Panamax and Supramax eco newbuildings. The total order book thus counts 37 vessels corresponding to investments of more than USD 1 billion.

The active part of the core fleet remained at 94 vessels during the year. 7 vessels were delivered from the order book, which was counterbalanced by redelivery of 5 long-term chartered vessels with purchase option and delivery of 2 vessels sold in 2012.

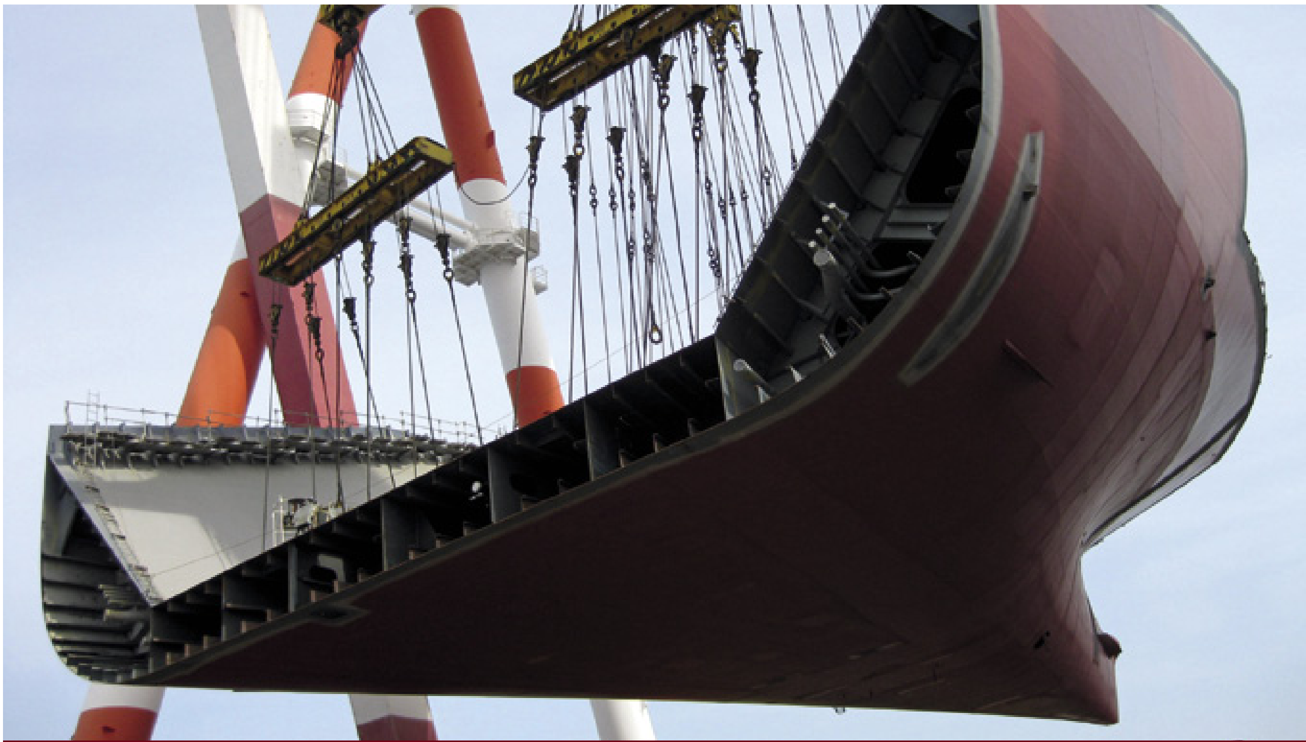
The core fleet, which in addition to active vessels comprises contracted owned and chartered vessels with purchase option, thus counted 123.5 vessels at the end of the year – an increase of 11.5 vessels compared to the end of 2012.

Eco fleet

At the end of 2013, the Company had a fleet of 34.5 eco vessels, the majority of which is for future delivery. The eco vessels which have already been delivered to NORDEN have met the expectations for fuel efficiency which NORDEN had been presented with. It is a total of 6 vessels, which can all be categorised as first generation eco vessels while the vessels ordered most recently have been further developed as both hull design and engine have been additionally improved resulting in even lower fuel consumption and CO_2 emissions.

High activity level

In addition to NORDEN's core fleet, the Company has a flexible fleet at its disposal, which counted 191 chartered vessels at the end of the year. The fleet of short-term chartered vessels ensures that NORDEN's extensive and diverse portfolio of cargo contracts can be optimally serviced for the benefit of both customers and NORDEN. The fleet of short-term chartered vessels increased by a total of 41 vessels, and consequently, the active fleet increased from 244 vessels to 285 vessels during 2013.



AFTER A FEW YEARS WITH INVESTMENT FOCUS ON EXPANDING THE TANKER FLEET, FOCUS HAS IN 2013 PRIMARILY BEEN ON EXPANDING AND RENEWING THE DRY CARGO FLEET – ESPECIALLY WITHIN THE PANAMAX AND SUPRAMAX VESSEL TYPES WHERE NORDEN IS ONE OF THE WORLD'S LARGEST OPERATORS.

Deliveries in 2014

The order book increased to a total of 29.5 vessels as a result of the high contracting activity in 2013 and comprises 23.5 dry cargo vessels and 6 tanker vessels. The vessels are delivered up until 2017. In 2014, 9 Japanese built dry cargo vessels in the Supramax and Panamax vessel types will be delivered while the Tanker Department will take delivery of 2 Chinese built Handysize product tankers.

Expected deliveries to NORDEN's core fleet at 31 December 2013

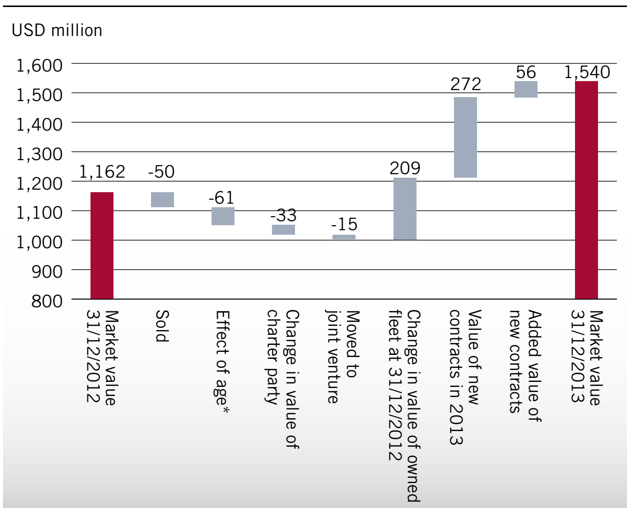
	2014				2015				2016				2017				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Dry Cargo																	
Capesize													(1.0)				1.0
Panamax			(3.0)	0.5 (3.5)	0.5				1.0 (1.0)		(1.0)	(1.0)					11.5
Supramax		(1.0)	(1.0)		1.0 (1.0)	1.0	1.0	1.0 (1.0)		(2.0)	(1.0)						11.0
Tankers																	
MR					3.0	1.0											4.0
Handysize		1.0	1.0														2.0
Total	**0.0**	**2.0**	**5.0**	**4.0**	**5.5**	**2.0**	**1.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.0**	**1.0**	**0.0**	**0.0**	**0.0**	**29.5**

Note: Figures in brackets are deliveries of chartered vessels with purchase option whereas deliveries from the Company's newbuilding programme are stated without brackets. Figures are adjusted for ownership share. Totals have been calculated for the core fleet as a whole. In addition to the above, NORDEN has at the beginning of 2014 ordered 7.5 vessels, which results in a total order book of 37 vessels.

FLEET VALUES

- MARKET VALUES USD 92 MILLION ABOVE CARRYING AMOUNTS
- FLEET MARKET VALUE ESTIMATED AT USD 1.5 BILLION
- PURCHASE AND EXTENSION OPTIONS ESTIMATED AT USD 120 MILLION

Development in market value



* Measured as the change in carrying amount/cost.

Increasing vessel prices

After several years with decreasing vessel prices, there was a change in development in 2013. Both newbuilding and second-hand prices increased within all of NORDEN's vessel types. In the dry cargo segment, newbuilding prices increased by 6-16%. The increase within 5-year-old secondhand vessels was even more significant as these went up by 23-42%. For younger vessels, the increase was less pronounced with a resale price for newbuildings going up by 8-35%. The price for a 5-year-old Handysize vessel was e.g. 23% higher at the end of the year than at the beginning of the year whereas the resale price of a newbuilding only went up by 8% (source: Clarksons).

There were also significant increases in the product tanker market. The price for a 5-year-old MR product tanker thus went up by 16%, and so did the newbuilding and resale price, though to a lesser extent (source: Clarksons).

Market values above carrying amounts

Based on valuations from 3 independent brokers, the market value of NORDEN's 44 owned vessels and 12 newbuilding orders including joint ventures was estimated at USD 1,540 million at year-end, which is USD 92 million above the carrying amounts and costs and an increase of USD 228 million compared to 1 year ago.

It was not least the development in the second half-year, which contributed to the positive value development in NORDEN's fleet. An index-based calculation of the market value of the vessels excluding charter parties shows that NORDEN's dry cargo vessels increased by a total of 16% during the year while the value of the Company's Tanker fleet grew by 11%. These figures also include the effect of the fact that the Company's fleet has aged. If this age effect is disregarded, fleet values have increased by 21%. Investments made during 2013 have also had a corresponding increase in value. A division of each effect appears from the figure on top of this page.

Calculated without vessels in joint ventures and sold assets, the market value in Dry Cargo and Tankers is USD 54 million (7%) and USD 29 million (4%), respectively, above the carrying amounts and costs, which amount to a total of USD 1,394 million. The difference between the highest and lowest valuations from the 3 brokers calculated per vessel is USD 88 million, and the broker valuations are thus subject to some uncertainty. The Company has therefore performed a routine impairment test based on value in use. On this background, no further indication of impairment of carrying amounts was found, and there is no need for revers-

Fleet values at 31 December 2013

USD million	Owned (active and newbuildings)					
Dry Cargo	Number	Average dwt.	Carrying amount/ cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Capesize	3.0	176,000	73	86		13
Post-Panamax	4.0	115,000	126	120		-6
Panamax	5.0	79,000	107	123	15	31
Supramax	8.0	59,000	190	229		39
Handysize	12.0	35,000	270	249	7	-14
Tankers						
MR	11.0	50,000	375	393		18
Handysize	13.0	39,000	307	318		11
Total	**56.0**		**1,448**	**1,518**	**22**	**92**

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

Assumptions for calculated value of purchase and extension options at year-end 2013

	Vessel prices and T/C rates		Assumed volatility	
	Secondhand prices 5-year-old vessel (USD million)	5-year T/C rate (USD/day)	Ship values (secondhand prices 5-year-old vessel)	Freight rates (1-year T/C)
Dry Cargo				
Capesize	42.3	22,225	17%	75%
Post-Panamax*	30.2	16,887	19%	52%
Panamax	24.5	16,667	19%	52%
Supramax	24.2	12,625	17%	42%
Handysize	19.1	9,875	16%	27%
Tankers				
MR	27.7	16,000	13%	12%

Note: The determination of the theoretical value of the purchase and extension options is subject to uncertainty, and the value will depend on the future development in freight rates and ship values as well as deviations in other assumptions.

* The Post-Panamax price is a re-sale price for a newbuilding with prompt delivery. The volatilities for the vessel type are assumed equal to the volatilities for Panamax as there is limited data available for Post-Panamax.

Sources: Clarksons and Baltic Exchange

ing already made write-downs. See also “Financial review” (page 46) and the section ”Impairment test” in note 11 to the financial statements (page 70) where significant accounting estimates are explained.

Net Asset Value

NORDEN wants to increase focus on the Company’s total value creation and has therefore decided no longer to publish a calculation of Net Asset Value (NAV), which only focuses on the value of the owned fleet.

However, each constituent part, which was included in the calculation of NAV, is still published. In the table on page 16, the market value of the fleet within each vessel type and the value of any attached charter parties are shown as previously.

Like last year, NORDEN also publishes a detailed list of the Company’s chartered fleet and coverage as well as an estimated value of the option element in NORDEN’s charter parties with purchase and extension option. An overall list of days, rates and coverage for the chartered vessels as well as coverage distributed on both year and vessel type can be found at www.ds-norden.com/investor/reportspresentations/reportsandwebcasts/.

Purchase and extension options

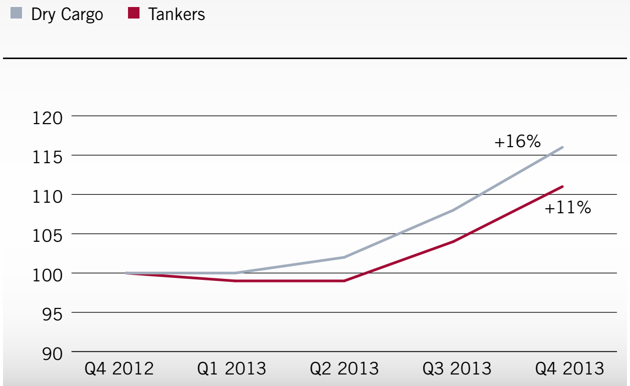
Through the Company’s purchase and extension options, NORDEN has an advantageous exposure to an increasing market. NORDEN has not exercised any purchase options in 2013, but the Company has taken advantage of the attractive prices in connection with new long-term charters and increased the number of charter parties with purchase and extension option from 63.0 to 67.5.

As a result of increasing T/C rates and vessel prices, the value of the options has developed positively from a total value of USD 100 million to USD 120 million.

With the current prices for 5-year-old secondhand vessels, it is estimated that 5 purchase options have an exercise price below ship values (are in the money). With a 20% increase in the vessel prices, 24 contracts would be in the money, while a 30% increase would mean that 33 contracts would be in the money.

A 10% or 30% increase in T/C rates and vessel prices would mean a 28% and 89% increase, respectively, in the option value whereas a corresponding 10% or 30% drop would mean a 23% and 56% drop in value, respectively. The method of calculating the option value is unchanged from last year (see description of the method on the Company’s website).

Indexed market value of fleet (excl. value of charter party)*



* Figure is based on quarterly comparison of vessels included in the previous quarter.

Value of purchase and extention options at 31 december 2013

	Average dwt.	Number of contracts	Value of purchase and extension options (USD million)
Dry Cargo			
Capesize	180,000	2.0	11
Post-Panamax	115,000	4.0	4
Panamax	80,000	19.5	42
Supramax	57,000	23.0	52
Handysize	32,000	11.0	6
Tankers			
MR	47,000	8.0	5
Total		**67.5**	**120**

DRY CARGO HEADING FOR BETTER BALANCE

AS EXPECTED, 2013 WAS A VERY CHALLENGING YEAR IN DRY CARGO. THE MARKET IN THE FIRST HALF-YEAR WAS THE WORST MARKET IN 27 YEARS, BUT NORDEN'S DRY CARGO DEPARTMENT WAS WELL PROTECTED BY HIGH COVERAGE. ON THE OTHER HAND, NORDEN DID NOT FULLY BENEFIT FROM THE INCREASING RATES AT THE END OF THE YEAR WHEN NORDEN WAS GRADUALLY ADJUSTING TO AN IMPROVED MARKET AND TOOK IN EXTRA SHORT AND LONG-TERM CAPACITY. BASED ON THE OUTLOOK, NORDEN ENTERS 2014 WITH TWICE AS MANY OPEN SHIP DAYS IN DRY CARGO AS IN 2013.

DRY CARGO

NORDEN

- INCREASED ACTIVITY WITH A RECORD-HIGH NUMBER OF SHIP DAYS
- DIFFICULT FOURTH QUARTER
- ADJUSTING TO IMPROVED MARKETS

MARKET

- FIRST HALF-YEAR: LOWEST BALTIC DRY INDEX IN 27 YEARS
- LARGE FLUCTUATIONS IN THE SECOND HALF-YEAR
- HEADING FOR BETTER BALANCE

NORDEN's results

In 2013, NORDEN's Dry Cargo Department generated an EBITDA of negative USD 5 million, which was slightly below expectations of USD 0-10 million. EBIT hereby constituted a loss of USD 46 million in 2013, which is USD 99 million lower than the year before excluding write-downs in 2012.

The decrease in earnings compared to 2012 is the result of historically poor freight markets combined with the expiration of a number of the attractive COAs which have contributed positively the past couple of years. In addition, significant changes in regional rate levels had a negative effect on especially the fourth quarter. Although the improvement in the market towards the end of the year resulted in higher earnings on open ship days, it also caused the contract performance on some contracts to become exceptionally expensive due to higher costs on chartered tonnage.

Even though the Company's earnings did not keep up with the increase in the spot market as a result of high coverage, average earnings for the entire year were 17% higher than the 1-year T/C rates.

NORDEN's business

In 2013, NORDEN continued its strong growth rate in cargo volumes, which were increased by 18%. With general growth in the market of 6%, NORDEN strengthened its market position with an increased market share and 130 new customers in 2013 as well.

Coal and grain continue to be NORDEN's 2 primary commodities. Out of a total transported volume of 76 million tonnes (excluding cargo on vessels chartered out), coal and grain constituted 34% and 20%, respectively, of NORDEN's transported cargo.

Employment and rates, Dry Cargo, 2013

Vessel type		Q1	Q2	Q3	Q4	2013	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
Capesize	Ship days	359	359	357	353	1,428	15,760	+72%
	T/C (USD per day)	29,484	31,747	30,695	16,336	27,104		
Post-Panamax	Ship days	714	697	736	727	2,874	10,787	+12%
	T/C (USD per day)	9,180	10,406	14,589	14,105	12,108		
Panamax	Ship days	6,263	7,162	6,526	7,871	27,822	10,099	+10%
	T/C (USD per day)	10,478	10,186	11,426	12,045	11,069		
Supramax	Ship days	7,170	7,786	8,467	8,560	31,983	10,034	+22%
	T/C (USD per day)	12,117	12,266	11,795	12,646	12,210		
Handysize	Ship days	2,419	2,656	2,842	2,675	10,592	8,106	+11%
	T/C (USD per day)	8,460	8,490	9,317	9,762	9,026		
Total**	Ship days	16,925	18,660	18,928	20,186	74,699	9,923	+17%
	T/C (USD per day)	11,232	11,236	11,761	12,146	11,614		

* Source: Clarksons
** Weighted average

NORDEN T/C is gross amount to make the amount comparable to market T/C. The following percentages are used as standard broker commission: Capesize, Post-Panamax and Panamax: 3.75%, Supramax and Handysize: 5%. In case the vessel type is operated in a pool, the pool management fee is added.

Key figures and financial ratios

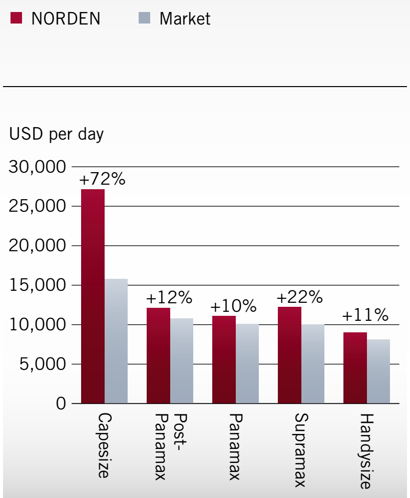
USD million	2013	2012	2011	2010	2009
Revenue	1,766	1,731	1,936	1,946	1,516
EBITDA	-5	131	171	249	139
Profits from the sale of vessel, etc.	0	-25	0	28	70
EBIT	-46	-207	127	260	188
Non-current assets	601	606	1,010	850	646
EBITDA margin, %	0%	8%	9%	13%	9%
EBIT margin, %	-3%	-12%	7%	13%	12%
Avg. number of employees	736	752	601	359	301
Total number of ship days	74,699	68,430	64,851	54,661	45,945

Compared to the market where just below 80% of dry cargo commodities are imported by the East, NORDEN has a more even geographical spread as about 50% of NORDEN's transported volume is intra-atlantic. The spread is i.a. a result of NORDEN's 10-year contract to carry coal from Svalbard as well as a number of contracts from Murmansk to Northern Europe and Indonesian and Russian coal to Southern and Northern Europe, respectively.

China and India remain the largest single destinations for NORDEN's cargoes. In total, NORDEN delivered 22 million tonnes to China and India in 2013 of which the largest share was discharged in China. It is primarily NORDEN's large vessel types, which call at these countries with coal and iron ore from Australia and coal from Indonesia. In addition, NORDEN transports large volumes of grain from South America to Asia.

NORDEN HAS ALSO IN 2013 STRENGTHENED ITS MARKET POSITION WITH AN INCREASED MARKET SHARE AND 130 NEW CUSTOMERS.

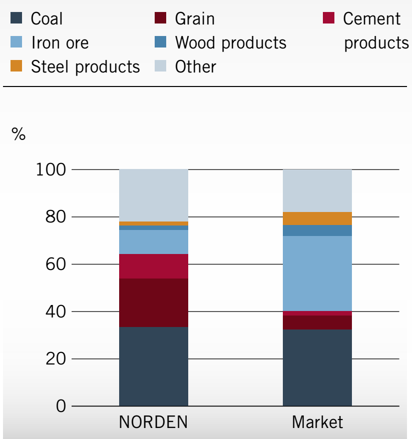
NORDEN T/C compared to 1-year T/C



Source: Clarksons

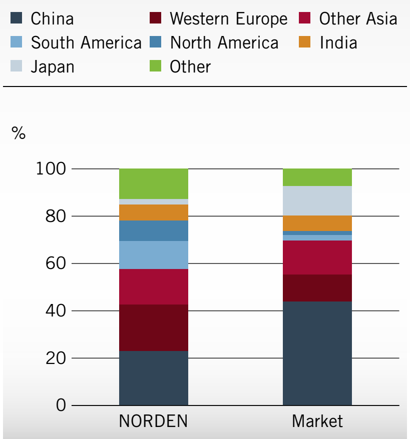
Once again, NORDEN outperformed the market within all the vessel types that the Company operates.

NORDEN's transports compared to the market



Source: R.S. Platou

Geographic distribution of imports



Source: R.S. Platou

Compared to the market, NORDEN has a more even geographical spread. Coal and grain continue to be NORDEN's primary commodities.

DRY CARGO MARKET

AFTER GENERALLY DIFFICULT MARKET CONDITIONS IN THE WAKE OF LEHMAN BROTHERS' COLLAPSE IN 2008, THE DRY CARGO MARKET TOUCHED BOTTOM IN 2013. THE FIRST HALF-YEAR WAS THE WORST HALF-YEAR SINCE 1986.

Market development in 2013

After generally difficult market conditions in the wake of Lehman Brothers' collapse in 2008, the dry cargo market touched bottom in 2013. The first half-year was the worst half-year since 1986 whereas the second half-year showed signs of improvement. This was also reflected in the Baltic Dry Index, which in the second half-year was 86% above the level of the first half-year on average (source: Baltic Exchange). Rate volatility and the Baltic Dry Index level for the second half-year seem to indicate a more balanced market.

Also in 2013, growth in the volume of dry cargo commodities transported by sea was reasonable and amounted to 6.3% while total tonnage demand increased by more than 8% (source: R.S. Platou). Especially the global supply of iron ore and Chinese demand for same have been major factors in the development of the dry cargo market in 2013.

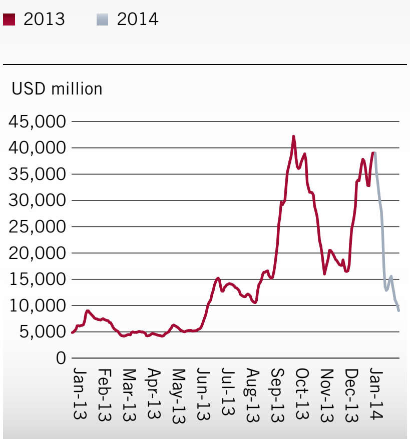
The weak beginning of 2013 was caused, among other things, by weather conditions in Australia and Brazil limiting the supply of iron ore at the end of 2012 and the beginning of 2013 while China reduced their iron ore stocks. Towards the end of the second quarter, the long-awaited mine expansions in Australia and Brazil did, however, contribute to an increased iron ore supply, and at the same time, China's demand increased as a result of increased steel production and stockbuilding. As a result, China, yet again, set record for iron ore imports with a 10% rise compared to 2012 amounting to a total of 820 million tonnes (source: China Customs General Administration), which resulted in a substantial improvement of the markets.

Coal cargoes went up by 6% (source: R.S. Platou), and China was again one of the most important players with an increase in coal imports of 13.7% totalling 267 million tonnes. The increase was partly due to the increase in steel production, which required more coal, but also to a lack of rain, which led to the coal-fired power stations having to produce the electricity that the hydro-electric power stations were not able to produce. On the other hand, American coal exports dropped by 7% compared to 2012 after several years of substantial increases.

The grain season in both the northern and southern hemisphere was a little better than anticipated. The export of corn, soy beans and soy flour out of South America was strong and caused waiting times of up to 75 days in the ports, which withdrew active vessel capacity from the market. Likewise, the wheat harvest in the north Atlantic was good as it started one month earlier than expected, and European exports of wheat experienced an increase due to lack of competition from the Black Sea and Argentina.

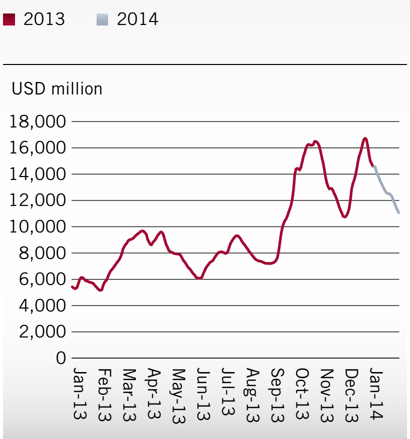
Other minor dry cargo commodities also contributed to growth, and in total, the transport of these went up by 8% (source: R.S. Platou). The import of nickel ore was pushed forward by China while other Asian countries, such as Japan and South Korea, were

Capesize spot rates



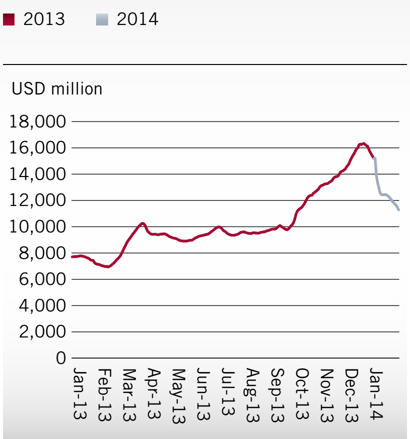
Source: Baltic Exchange

Panamax spot rates



Source: Baltic Exchange

Supramax spot rates



Source: Baltic Exchange

The second half-year was influenced by large fluctuations, however, in a generally positive direction.

the driving forces behind the great demand for bauxite and mangan ore together with China. Owing to uncertainty as to whether an Indonesian ban on the export of unprocessed Indonesian raw material would be carried into effect from the middle of January 2014, the market saw a sharp rise in Chinese import of bauxite and nickel ore from Indonesia in the second half-year of 2013 as a result of stock building.

Net fleet growth decreased throughout 2013 and amounted to approximately 6%, which is the lowest level in 4 years. The first half-year's scrapping constituted 13 million dwt., but as a consequence of better market conditions in the second half-year, scrapping fell to 8 million dwt. The 2013 scrapping total of 21 million tonnes remained, however, at a high level, but nonetheless 35% below the 2012 level (source: Clarksons).

Delivery of newbuildings decreased by 37% but was still at a high level in a historical perspective. There are still large differences in fleet growth in the individual vessel types. Accordingly, fleet growth is still generally most significant in the large vessel types, whereas Handysize, which is NORDEN's most numerous vessel type, experienced a decrease of 1% in 2013.

Market development in 2014
In light of better balance between supply and demand, the dry cargo market in 2014 is expected to gradually improve from 2013.

NORDEN expects low net fleet growth of 4-6% in 2014 as well as a rise in demand of 7-9%. The increase in demand is subject to uncertainty as it depends i.a. on Brazil's ability to increase iron ore production and price sensitivity on Chinese coal imports.

Demand growth is once again expected to be driven by Chinese imports. The completion of a number of large mine expansions in Australia and Brazil will support a higher level of export of iron ore to China.

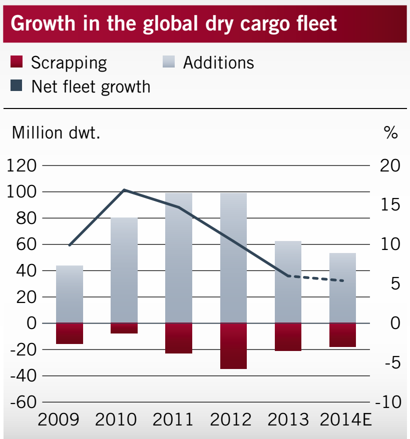
The import of coal to China is expected to also develop positively although growth will probably stay below recent years' very high levels. Growth is driven by the fact that it generally continues to be cheaper to import coal than to use locally produced coal.

Where growth in transportation of iron ore and coal is primarily driven by China, demand for other minor dry cargo commodities is to a greater extent influenced by general economic growth. Consequently, the expected improvement in the global economy in 2014 will positively influence other minor dry cargo commodities.

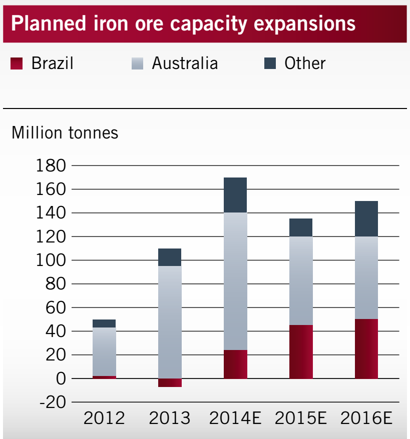
Also in 2014, political trade barriers will play a pivotal role for the demand for transportation by sea. Some examples are the Indonesian ban on export of unprocessed raw materials, which took effect in January 2014, and a potential Chinese ban on imports of low quality coal. Both bans may have a negative impact on the freight market in the short term when large transport volumes disappear. It is, however, subsequently counterbalanced by the fact that the raw materials would need to be supplied by more distant mines, which thereby requires more transport by sea.

The improvement of the dry cargo market is a result of continued growth in demand combined with a fleet growth rate expected to remain at a relatively low level in 2014. A contributory reason for this is the fact that Capesize as well as Panamax are expected to have a lower fleet growth rate in 2014 than in 2013. Even when factoring in the extra capacity which can be freed through increased speed as a consequence of improving markets, fleet growth is estimated to be at a manageable level.

Source: China Customs General Administration



Sources: Historic: Clarksons. Forecast: NORDEN



Sources: Barclays and Deutsche Bank

Manageable fleet growth combined with i.a. a continued increase in China's need for imports and mine expansions will ensure a better balance between supply and demand.

Long-term market development

The dry cargo market is expected to continue the positive development in the long term as well.

China will still have considerable positive influence on growth in the dry cargo market, and even though the Chinese economy is expected to generally grow a little slower, the increase in imports of raw materials is likely to remain at a high level. This is due to the fact that it is increasingly more financially attractive to use imported raw materials in the production rather than locally produced raw materials.

China's coal imports are expected to continue increasing in the coming years though with a lower growth rate than in recent years.

As previously, the main threat to NORDEN's positive market expectation, after 2014 as well, comes from the supply side. Fleet growth in 2015 is expected to stay low, but in 2016, there is a risk that it will be higher than in both 2014 and 2015. The reason for this is that the increased optimism in 2013 increased the order book. In 2013, a total of just below 80 million dwt. was ordered, which corresponds to 11% of the global fleet, and thereby almost twice as much as what was ordered in 2011 and 2012 combined. So far, the order books do not give cause for significant worries, however, the influx of orders should not continue at the current high level.

THE DRY CARGO MARKET IS HEADING FOR BETTER TIMES. NORDEN EXPECTS LOW FLEET GROWTH OF 4-6% IN 2014 AND GROWTH IN DEMAND OF 7-9% DRIVEN BY CHINESE IMPORTS.

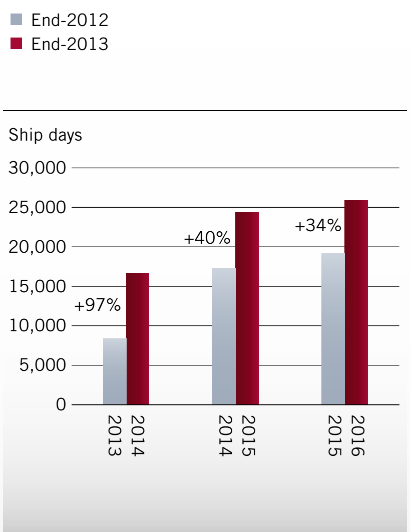
NORDEN'S POSITIONING

With prospects of better market conditions, NORDEN has had its focus during 2013 on increasing exposure for the years to come. At the beginning of 2014, NORDEN had 16,505 open ship days in Dry Cargo for the year ahead, which are approximately twice as many as NORDEN had for 2013 at the beginning of the year. Furthermore, the exposure for the following 2 years has also increased considerably partly by taking in new capacity and partly by means of lower coverage of future capacity.

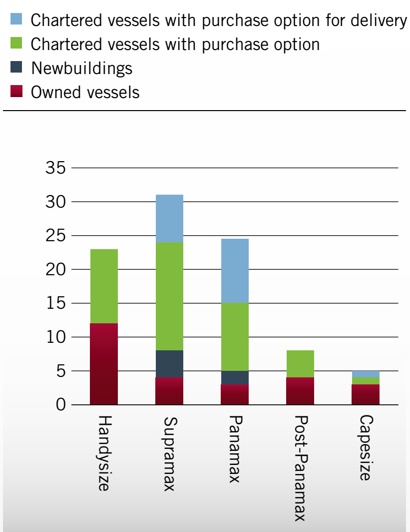
At the same time in the course of 2013, NORDEN has also increased its exposure in the slightly longer term. Over the year, the total number of ship days in the core fleet in the period after the first three years went up by 43%, and at mid-February 2014, the Company had a total of 259,475 ship days at its disposal from 2017 and onwards. These ship days are the result of chartered and owned vessels being operated until their 20th year. The expansion of the core fleet consists entirely of new fuel efficient vessels, which strengthen NORDEN's long-term competitiveness.

The continued focus on creating value as an operator is reflected in the division of investments between the 5 vessel types within which the Company operates in dry cargo. The investments have been particularly concentrated on the Supramax and Panamax vessel types where NORDEN has the best chance of creating extra value through commercial optimisation in view of the existing competences and reputation of the organisation.

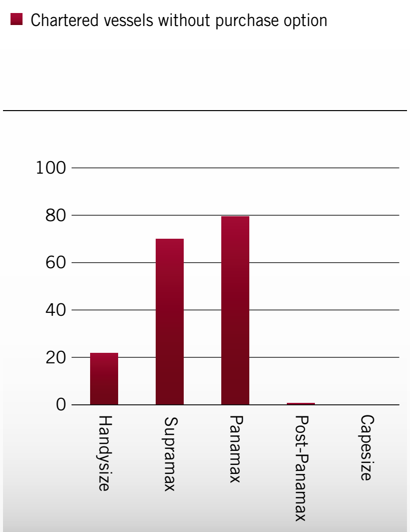
Open ship days for the coming years



Core fleet



Non-core fleet



NORDEN has increased the number of open ship days in both the short and long term. The increase is a result of NORDEN's newbuilding programme and chartering of additional tonnage.

BEST TANKER RESULTS SINCE 2008

MODERATE FLEET GROWTH COMBINED WITH A GOOD INCREASE IN DEMAND RESULTED IN A TANKER MARKET SHOWING POSITIVE NOTES DURING THE YEAR. NORDEN WAS WELL POSITIONED FOR THE CHANGED TRANSPORT PATTERNS, MAINLY CAUSED BY INCREASED US EXPORTS, AND GENERATED THE BEST OPERATING EARNINGS SINCE THE BEGINNING OF THE FINANCIAL CRISIS IN 2008. NORDEN HAS INVESTED IN NEW ECO VESSELS IN PREVIOUS YEARS, AND THESE INVESTMENTS ARE ALSO EXPECTED TO PAY OFF IN A MARKET WHICH IS EXPECTED TO CONTINUE THE GRADUAL IMPROVEMENT IN 2014.

TANKERS

NORDEN

- BEST OPERATING EARNINGS SINCE 2008
- INVESTMENTS IN NEW ECO VESSELS PAYING OFF
- MORE OPEN SHIP DAYS

MARKET

- INCREASED US EXPORTS CHANGED TRANSATLANTIC TRADE
- WARM WEATHER IN THE FOURTH QUARTER RESULTED IN WEAKER FUEL OIL DEMAND
- CONTINUED LOW FLEET GROWTH

NORDEN's results

NORDEN's Tanker Department generated an EBITDA of USD 39 million in 2013, which was in the high end of the expectations of USD 25-45 million. Results are significantly better than last year when an EBITDA of USD 28 million was generated, and they emphasise the gradual improvement of the product tanker market.

The Tanker Department generated a positive EBIT of USD 8 million, which were the best results since the financial crisis. Excluding the write-downs made in 2012, EBIT in 2013 was USD 4 million higher than in 2012.

The Tanker Department entered the year with a relatively low coverage of 27% in anticipation of a continued improved market situation. NORDEN's earnings in the first and third quarters exceeded expectations, and total earnings for the year were the best in the last 5 years. NORDEN's earnings for the year were 7% above the 1-year T/C rates in NORDEN's 2 vessel types, Handysize og MR.

NORDEN's business

NORDEN employes its product tankers in the pool partnership, Norient Product Pool (NPP), which is 50% owned by NORDEN and is among the world's three largest product tanker pools. At year-end, NPP employed 80 vessels, including 46 vessels from NORDEN. NPP transports both clean petroleum products (CPP), which include products such as gasoline, diesel, naphta, jet fuel, etc. and dirty petroleum products (DPP), which is primarily fuel oil.

Employment and rates, Tankers, 2013

Vessel type		Q1	Q2	Q3	Q4	2013	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
MR	Ship days	2,115	2,182	2,414	2,471	9,182	14,351	+8%
	T/C (USD per day)	15,900	14,519	15,291	16,146	15,478		
Handysize	Ship days	1,530	1,486	1,516	1,656	6,188	13,063	+5%
	T/C (USD per day)	15,508	13,358	14,023	12,052	13,703		
Total**	Ship days	3,645	3,668	3,930	4,127	15,370	13,833	+7%
	T/C (USD per day)	15,736	14,048	14,802	14,503	14,763		

* Source: Clarksons
** Weighted average

NORDEN T/C is gross amount to make the amount comparable to market T/C. A standard broker commission of 2.5% is used in the Tanker segment. In addition, the pool management fee is added.

Key figures and financial ratios

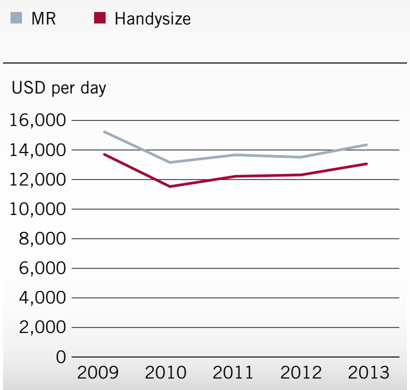
USD million	2013	2012	2011	2010	2009
Revenue	380	400	336	243	240
EBITDA	39	28	26	0	-4
Profits from the sale of vessels, etc.	2	2	0	0	0
EBIT	8	-44	-8	-25	-18
Non-current assets	560	490	570	469	327
EBITDA margin, %	10%	7%	8%	0%	-2%
EBIT margin, %	2%	-11%	-2%	-10%	-8%
Avg. number of employees	417	449	441	340	241
Number of ship days	15,370	15,598	13,675	11,383	10,006

In 2013, the cargo volume in NPP dropped by 10% to a total of 25.1 million tonnes. The drop is due to i.a. fewer ship days and longer voyages. The cargo volume was distributed with approximately 2/3 CPP and 1/3 DPP, and fuel oil is still the largest cargo type accounting for 28% of total cargo. The main part of the fuel oil was loaded in the Baltic Sea and the Black Sea and transported to Northern and Southern Europe, respectively.

Gasoline, diesel/gas oil and naphtha, which together accounted for 52% of total cargo, were mainly transported on traditional routes such as diesel from North America to South America and Europe and gasoline from Europe to North America.

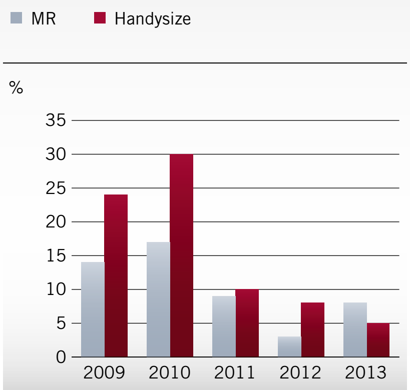
NORDEN'S EARNINGS IN THE FIRST AND THIRD QUARTERS EXCEEDED EXPECTATIONS, AND TOTAL OPERATING EARNINGS FOR THE YEAR WERE THE BEST IN 5 YEARS.

Development in 1-year T/C rates



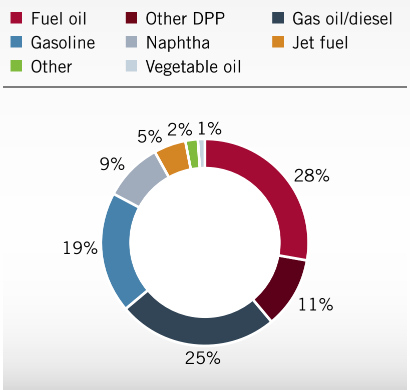
Source: Clarksons

NORDEN T/C compared to 1-year T/C



Source: Clarksons

NPP transports



NORDEN's Tanker Department benefited from the generally improved market conditions and outperformed the market once again by means of good craftmanship and good positioning of the vessels.

TANKER MARKET

Market development in 2013
As expected, the market was better in 2013 than in 2012, which reflected an improved balance between supply and demand. The first nine months of the year saw improved markets, and NPP's MR spot earnings were around 30% higher than the previous year due to the cold European weather, increasing Australian imports in the first quarter and steadily growing American exports. Conversely, the fourth quarter was approximately 7% lower than in 2012, which is primarily due to warm weather in Europe in the quarter resulting in weaker demand for fuel oil and lacking ice premiums on the small vessel types.

In 2013, the USA remained one of the main driving forces in the product tanker market. This was particularly a result of the USA's increasing production of shale oil, which led to the USA breaking new records for export of refined oil products again in 2013. Close to 3.9 million barrels per day were e.g. exported in the month of October, which was 26% more than in October 2012.

The main consumers of American refined oil products – especially diesel oil – are South America and Europe. This is due to the fact that both regions have to import refined oil products in order to meet local demand as they lack refinery capacity.

The above has led to a change in the transatlantic trade in refined oil products where the tonne-mile effect of the various routes is positively affecting the market balance. In 2013, this resulted in the route from Europe to the USA functioning at times as a back-haul trip, which has never happened before.

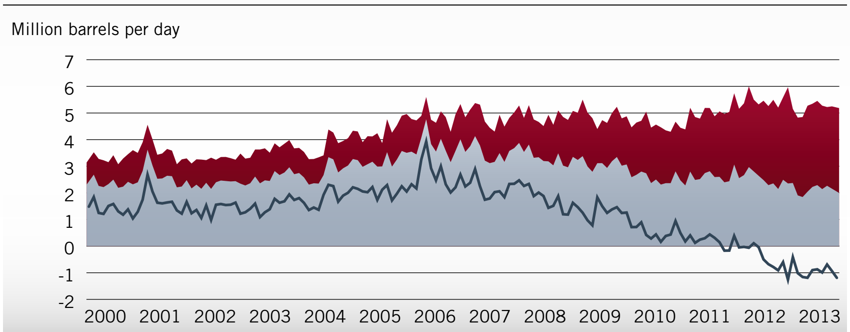
IN 2013, THE PRODUCT TANKER MARKET WAS STRENGTHENED BY LOW FLEET GROWTH OF JUST UNDER 3%, WHICH WAS SIGNIFICANTLY LOWER THAN THE AVERAGE OF 9% FOR THE LAST 10 YEARS.

Asia also helped lifting the market at the beginning of the year and had a positive impact on especially the first quarter. Australian and Japanese refinery shutdowns contributed to increased product tanker demand, and consequently, Australia in particular experienced congestion in several ports, which also increased the pressure on the market. The intra-regional Asian trade also showed positive notes and employed a large part of the global fleet. Indonesia has e.g. become the world's largest importer of gasoline, which is currently carried out primarily as intra-regional trade. As a shortage of gasoline is expected to arise in Asia in the long term, it opens the opportunity for increased European gasoline exports to Asia.

In addition to the basic factors of product tanker demand, the increased need for transportation of vegetable oil has also helped the market in a positive direction in 2013.

In 2013, the product tanker market was strengthened by low fleet growth of just under 3%, which was on par with 2012 but significantly lower than historical fleet growth, which has been 9% on average for the last 10 years. Growth in the product tanker fleet

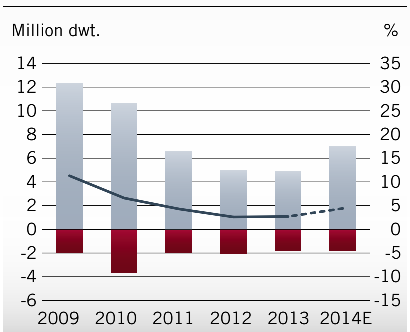
US trade in refined oil products



Source: IEA

The USA's new role as net exporter of refined oil products has employed a part of the global fleet with exports out of the US Gulf.

Growth in the global product tanker fleet



Sources: Historic: SSY. Forecast: NORDEN

Growth in the global product tanker fleet has levelled off.

in 2013 was primarily driven by the MR vessel type, which grew by approximately 7%. In recent years, MR has been the preferred vessel type when owners contracted newbuildings, and this has resulted in limited growth within the closest competing vessel types. Fleet growth in Handysize and LR1 was e.g. negative 2.5% and positive 1.2%, respectively, in 2013 (source: SSY).

Market development in 2014

In 2014, the market is expected to continue the positive trend from 2013 with manageable supply growth and demand growth higher than supply growth. This is partly due to an improved world economy and continued restructuring of the refinery sector.

The Middle East is currently developing into a large export area for refined oil products. The first step on the way is the Jubail refinery in Saudi Arabia, which started up in September 2013. The refinery is expected to reach full capacity during the first quarter of 2014. In addition, the Ruwais refinery in the United Arab Emirates and Saudi Arabia's other major refinery project, Yanbu, are expected to start up in the second half-year of 2014. Particularly the refineries in Saudi Arabia are expected to export a large part of their refined oil products to Europe where the shortage of diesel is very likely to increase.

The USA, which has repeatedly set new export records in recent years, is still expected to increase exports in some periods of 2014 due to better utilisation of existing refinery capacity and continued expansion of capacity.

The European refinery sector will remain under pressure, and further capacity shutdowns are expected.

In contrast to the Middle East, Asian refinery capacity growth is expected to be more moderate in 2014. This is due to Japan and Australia anticipating more refinery shutdowns in 2014, which results in overall lower capacity in these countries. However, China and India continue to increase capacity in the coming years, but the timing of many of the projects is, however, subject to uncertainty.

Low fleet growth in product tankers is likely to continue, however, on a slightly higher level than in 2013. Total fleet growth in product tankers is expected at 4-5%, which is primarily due to growth in the LR2 and MR vessel types whereas hardly any newbuildings have been contracted in the Handysize and LR1 vessel types in recent years.

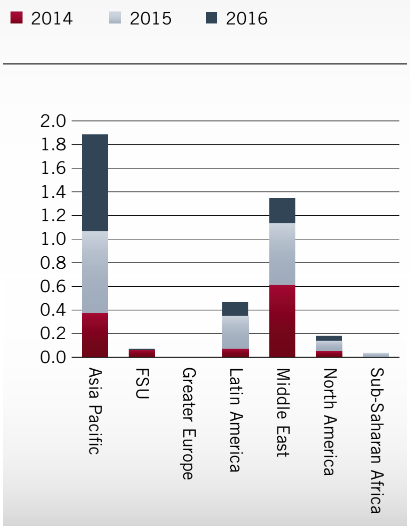
Long-term market development

The product tanker market is also expected to continue improving in the long term. This is mainly a result of continuously increasing demand for product tankers due to the earlier mentioned restructuring of the global refinery industry while fleet growth is expected to be below the level of the last 10 years.

The positive development in demand is supported by the current restructuring of the European refinery industry where shutdown of refineries will lead to an increased need for imports of oil products.

The Middle East is significantly expanding the refinery capacity in these years, and despite continued growth in Middle Eastern demand, the region is expected to become one of the world's largest exporters of refined oil products in the coming years. The export

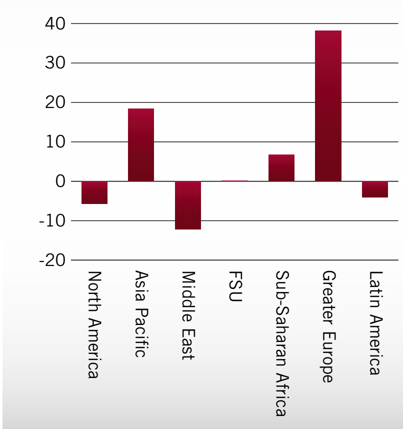
Development in refinery capacity



Source: Wood Mackenzie

Changes in CPP imports 2012-16

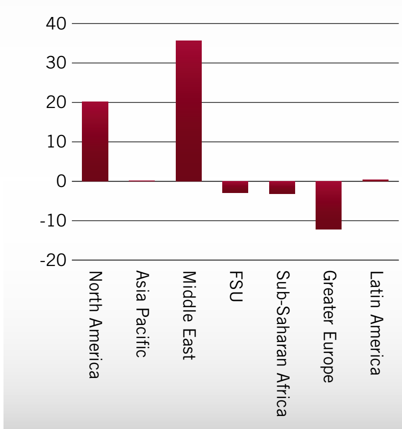
Million tonnes per year



Source: Wood Mackenzie

Changes in CPP exports 2012-16

Million tonnes per year



Source: Wood Mackenzie

Changes in the refinery sector lead to an increased need for transportation of refined oil products but with different effect on the various regions.

of refined oil products will replace parts of the current export of crude oil and create growth in the demand for product tankers.

Another important factor in the product tanker market is South America where recent years' import growth is expected to continue, however, at a lower growth rate. A number of scheduled refineries may lead to lower growth in imports, but the time frame of these projects is still uncertain.

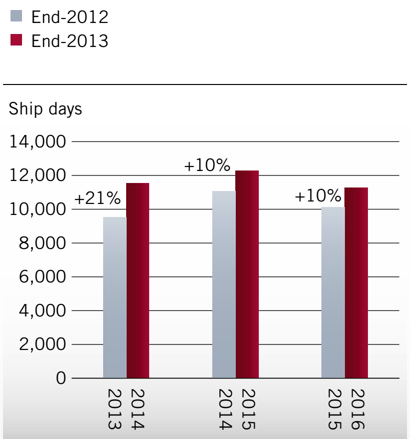
Fleet growth continues to be one of the main risks as owners have contracted many new vessels during the last years. Contracting has been concentrated around the MR and LR2 vessel types where 8.4 million dwt. and 6.7 million dwt., respectively, were contracted in 2013 alone. A total of nearly 17 million dwt. was contracted in 2013, corresponding to 14% of the global fleet. If this level of contracting continues into 2014, the long-term consequence may be higher fleet growth than what can be absorbed by demand (sources: Clarksons and SSY).

NORDEN'S POSITIONING

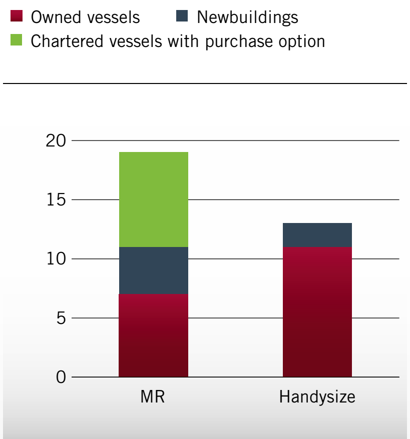
Based on the expectations of improved markets, NORDEN has decided to enter the year with more open ship days than in 2013 in Tankers as well. At the beginning of 2014, NORDEN thus had 11,551 open ship days in Tankers for the coming year, which is 21% more than that at the beginning of 2013. Exposure for the following 2 years has also been significantly increased by taking in new capacity and the Company holding back on coverage of future capacity.

At the same time, NORDEN has also increased long-term exposure during 2013. The total number of ship days in the core fleet in the period after the first three years has thus increased by as much as 21%, and at mid-February 2014, the Company had a total of 122,414 ship days at its disposal from 2017 and onwards. These ship days are the result of chartered and owned vessels being operated until their 20th year. The increase in the core fleet exclusively comprises new fuel efficient vessels, which improve NORDEN's long-term competitiveness.

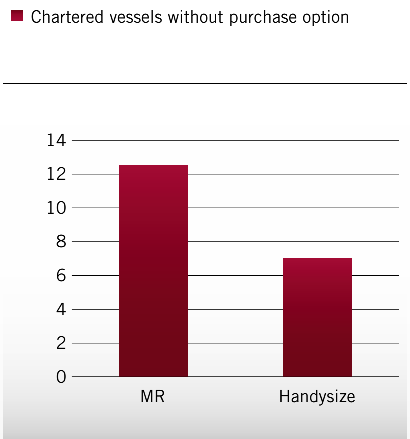
Open ship days for the coming years



Core fleet



Non-core fleet



The Tanker Department has also increased the number of open ship days in order to benefit from the gradual improvement of the market.

FUEL EFFICIENCY

- FUEL SINGLE LARGEST VOYAGE COST
- IMPROVING EFFICIENCY OF EXISTING FLEET
- OPTIMISATION OF CLEANING AND TRIM

Again in 2013, the single largest cost in connection with the vessels' voyages was fuel, which accounts for approximately 63% of total costs. The Company thus spent a total of USD 671 million on bunker in 2013. It is therefore attractive to continue the modernisation of NORDEN's fleet with more fuel efficient vessels contracted at attractive prices. In addition to savings on fuel, average costs of repairs and maintenance are also reduced.

NORDEN took delivery of 4 eco MR product tankers from the STX yard during the year and has established that the vessels meet the promised improvement of fuel efficiency. The 4 vessels will be supplemented by additional and, in many cases, even more fuel efficient eco vessels in the coming years (see "Fleet development" on page 14). At the end of 2013, the Company had a total fleet of 34.5 eco vessels of which the main part is for future delivery. NORDEN thus ensures that the fleet will consist of modern and competitive vessels in the future as well.

Improving fuel efficiency of existing fleet
NORDEN's continuous rejuvenation of the tonnage composition with focus on fuel efficient newbuildings is supplemented with fuel saving initiatives on existing vessels. This includes e.g. friction-optimised bottom paint, frequency controlled cooling pumps, performance monitoring and derating of main engines, which collectively and separately contribute to an increasingly more fuel efficient and thus competitive NORDEN fleet. The initiatives not only reduce costs but also reduce the environmental impact of shipping.

Dedicated Fuel Efficiency team
The Company has established a Fuel Efficiency team consisting of maritime engineers whose tasks are to share best practices and ensure that the Company's chartering, operations and technical departments always have the necessary basis for decision in order to optimise the vessels' fuel consumption and to quickly detect any negative development, which requires action. This could e.g. be a vessel which has to be cleaned because of increasing fouling or pointing out vessels where extra efforts have to be made in order to ensure guaranteed performance.

For this purpose, daily consumption reports from all NORDEN operated vessels are collected. The team has drawn up models which enable a quick calculation of expected consumption on a voyage or a charter when taking i.a. draught and weather into account. This way, not only the vessels' consumption is optimised, but the charterers also get a more precise picture of costs before an offer is made.

At the same time, the Company has maintained focus on right steaming, which means that the vessels are always sailing with the optimal speed in relation to circumstances – i.e. time in relation to market level and costs. In a time with increasing markets, this may mean that the vessels are sailing a bit faster and thus consume more bunker but that this is counterbalanced by the opportunity of arriving in time for a new profitable cargo.

Initiatives in 2014
In 2014, the Company will increase efforts to optimise cleaning of hull and propeller as this reduces friction significantly. In addition, focus on the vessels' energy consumption is directed towards other factors than propulsion. This specifically concerns appropriate use of auxiliary engines, which can be helped along by increased awareness onboard. During the year, a campaign will be completed ensuring that the vessels are trimmed best possibly by means of correct placement of cargo and use of ballast tanks.

THE COMPANY WILL INCREASE EFFORTS TO OPTIMISE CLEANING OF HULL AND PROPELLER AS THIS REDUCES FRICTION SIGNIFICANTLY.

ORGANISATION, COMPETENCES AND SYSTEMS

- 90% OF THE EMPLOYEES RECOMMEND NORDEN AS A WORKPLACE
- STRONG DEDICATION TO TRAINING
- NEW SHIPPING SYSTEM INTEGRATED

There are people behind every single voyage carried out by a NORDEN vessel. It is therefore crucial that NORDEN continues to be able to attract and retain competent employees. During the year, an employee survey was conducted, which showed that more than 90% of the employees would highly recommend the Company as a workplace, which is a satisfactory result.

The number of NORDEN employees on shore increased by 2% to 280, while activities measured by the number of ship days increased by 7% to 90,069. The retention rate for NORDEN employees on shore decreased from 90% to 85%, which is below the Company's target of a retention rate of 90%. Even though the decrease is essentially due to deliberate changes in the administration in Singapore and at the Shanghai office, it is also an indication of increasing competition for talented employees on shore. In the product tanker pool Norient Product Pool, the number of employees increased by 8 to 52 in 2013.

Lower administrative expenses

The challenging market conditions call for great cost consciousness. In addition to specific initiatives, this general consciousness has meant that administrative expenses per ship day on owned and operated vessels have decreased by more than 20% in the strategy period 2011-13.

Development at sea

The organisation at sea is characterised by the difficult recruitment conditions, which generally characterises the industry along with increasing competition with e.g. the offshore sector for the best employees. At the end of the year, the Company had 823 officers and employees at sea against 884 the year before. 121 of these were directly employed by the Company (Danish officers and cadets), while the remaining were vessel-employed on a non-permanent basis. The drop in the number of officers and employees at sea has made it more difficult to meet the crew matrix towards oil majors, but NORDEN's group of officers has demonstrated great flexibility, and together with increased use of well-reputed, external bureaus, this challenge has been handled. In 2014, the Company has launched initiatives in order to remedy the situation.

In addition to the employees on board hired on a contractual basis, there are seafarers in India and the Philippines, who only sign on to NORDEN's vessels and who only receive a service contract when they sign on a vessel in accordance with local collective agreements. The hiring of these seafarers are managed by dedicated NORDEN teams at recruitment offices in Manila and Mumbai. The retention rate according to INTERTANKO's standard was 96% in 2013.

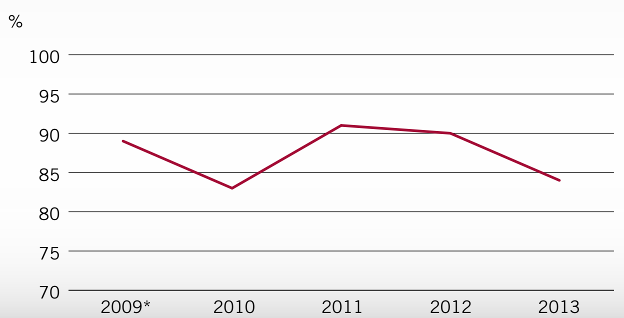
Training

In 2013, NORDEN continued to take part of the responsibility of getting more young people into shipping. In August, 7 young trainees thus began their training, bringing the total number of trainees at NORDEN to 16. During the year, 8 trainees completed their training and were all subsequently employed by the Company – 7 of whom were stationed at NORDEN's overseas offices.

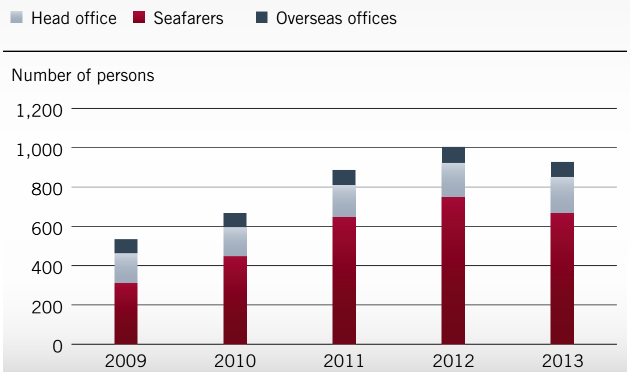
In addition, the Company hired 13 apprentices from Svendborg International Maritime Academy (SIMAC), Marstal Navigations-

Retention rate on shore

* Excluding collective redundancies in 2009



Average workforce



MORE THAN 90% OF THE EMPLOYEES WOULD HIGHLY RECOMMEND NORDEN AS A WORKPLACE, AND THE COMPANY IS THEREFORE WELL EQUIPPED TO RETAIN AND ATTRACT COMPETENT EMPLOYEES IN THE FUTURE AS WELL.

skole (MARNAV) and Danish schools of marine engineering as well as 5 apprentices from Holy Cross of Davao College in Manila, the Philippines, during the year. Thus at year-end, NORDEN had a total of 42 apprentices from Danish educational institutions and 44 Philippine apprentices enrolled in education.

Further training
The Company assigns great importance to further training of employees to ensure that competences are maintained and developed according to need. NORDEN Officer Career Program (NOCaP), with which a development plan for each fleet officer is formulated, has been introduced making it simpler to train newly employed officers, to offer existing officers career development and to document progress. In addition, there were held 2 officer seminars in Denmark, 1 in the Philippines and 3 in India. At these seminars, the fleet officers are gathered physically for further training and competence development.

New shipping system
To ensure efficient and scalable exchange of information, NORDEN has upgraded its shipping system to the latest version of IMOS, Integrated Maritime Operations System. IMOS supports all processes in connection with chartering and operation of the vessels, delivers data for invoicing of voyages and settlements as well as collects business critical information on e.g. capacity and coverage.

The Company has also upgraded the system which collects data on planned maintenance, vetting, inspections, performance and purchases for and on board the vessels. The system Consultas compiles this data in one single system which automatically exchanges and synchronises information between vessels and shore.

All NORDEN's owned vessels have had internet and, to a great extent, telephone connections upgraded with a view to improving the crews' possibilities of communicating with family and friends. In addition, internal communication in NORDEN has been strengthened with the implementation of a new intranet promoting internal knowledge sharing.

Initiatives in 2014
The growth strategy will increase the need for even more efficient working procedures and, in some cases, more employees to support business growth. The Company's Technical Department has e.g. had to handle a larger amount of and more complex tasks along with a growing owned fleet and increasing regulatory demands. To ensure that the department has the right set-up and still provides a stimulating working environment, the department's organisation and tasks have been examined and analysed with the help of external consultants. The analysis has resulted in a number of recommendations regarding structures and workflows, which will be implemented during the first half-year.

At the beginning of the year, the IT Department has set up a dedicated Vessel IT support team.

The Company focuses on performance and has adjusted the biannual appraisals so that they for 2014 include clear objectives and criteria, which show how each employee's performance supports the overall business strategy.

The recruitment process for new trainees was launched in January 2014. The Company will strengthen the intake of trainees and will also actively participate in Copenhagen Business School's (CBS) new bachelor's degree in international shipping and trade.

CORPORATE GOVERNANCE

Principles
NORDEN's Vision, Mission and Values are the cornerstone of the Company's management. The management focus is long-term, and the goal is for the Company to develop for the benefit of its stakeholders and – also in fluctuating markets – to achieve reasonable and fairly predictable earnings within the risk framework set out by the Board of Directors (i.a. see note 2 to the financial statements "Risk Management").

NORDEN has a two-tier management structure consisting of the Board of Directors and the Executive Management. There is no duality between the 2 bodies. 6 of the 9 board members are elected by the shareholders while the remaining 3 are elected by the employees.

The Board of Directors determines strategies, policies, goals and budgets. In addition, it sets out the risk management framework and supervises the work, procedures, etc. carried out by the daily management. The Board of Directors has the authority to distribute extraordinary dividends and a 1-year authority to authorise the Company's acquisition of treasury shares. The Board of Directors is, however, not authorised to increase NORDEN's share capital.

The Board of Directors appoints the Executive Management and sets out its responsibilities and conditions. The 5 members of the Executive Management are responsible for the daily management, organisation and development of NORDEN, for managing assets, liabilities and equity, accounting and reporting, and it also prepares and implements the strategies. The ongoing contact between the Board of Directors and the Executive Management is chiefly handled by the Chairman and the CEO. The Executive Management participates in the board meetings and is supplemented by other selected executives in the strategy meetings.

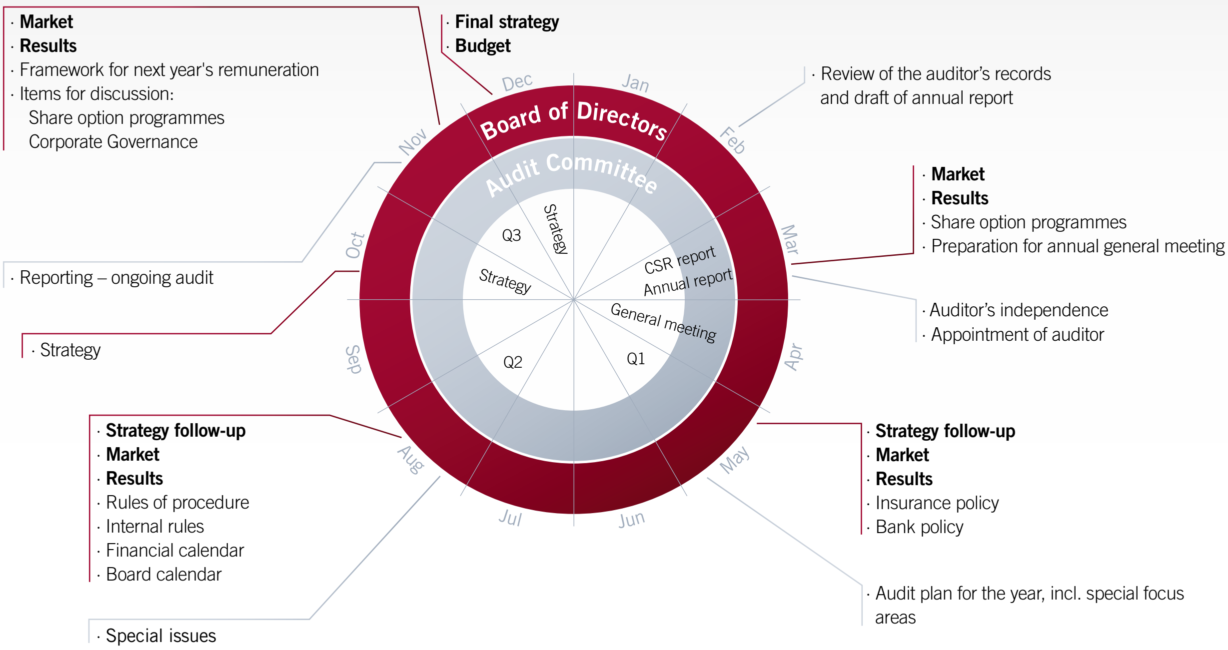
Board work
During 2013, a total of 11 board meetings have been held, of which 4 were teleconferences. Attendance was 97% for the shareholder-elected board members and 88% for the employee-elected board members. To this should be added that the employee-elected board members include seafaring staff, who might be otherwise occupied at sea and therefore cannot attend.

The Board of Directors sets out a work schedule to ensure that all relevant issues are discussed during the year and that important policies, rules of procedure, internal rules, etc. are discussed at least once a year. The strategy and budget process is initiated at a seminar in October/November while final adoption takes place at a meeting in December.

4 of the meetings in 2013 included the tasks which the Board of Directors undertakes as audit committee. These responsibilities include supervision of control and risk management systems, auditing, financial reporting, etc. Its terms of reference are available on the website where a statement of control and risk management in connection with the financial reporting can also be found.

The Board of Directors evaluates its composition, performance and interaction with the Executive Management on an ongoing basis.

Annual calendar of the Board of Directors and the audit committee



The Board of Directors has a remuneration committee responsible for supervising the implementation of the Company's remuneration policy (see page 39). Its terms of reference are available on the website. The committee is made up of Mogens Hugo (Chairman), Karsten Knudsen and Arvid Grundekjøn, and the committee held 3 meetings in 2013.

In 2013, the Board of Directors set target figures for the share of the underrepresented gender on the Board and formulated a policy to increase the share of the underrepresented gender on the other management levels. The target for the share of shareholder-elected women on the Board of Directors is to retain representation of at least 16% and aim at increasing this share to 33% before 2017.

Board composition

Due to changes among the employee-elected board members, the composition of the Board of Directors was changed 2 times during 2013. On 1 April, Crew Rotation Manager Anne-Katrine Nedergaard joined the Board while Captain Lars Enkegaard Biilmann joined on 1 October. At the general meeting, Alison J. F. Riegels and Karsten Knudsen were re-elected for the Board while Klaus Nyborg was elected Vice Chairman at the board meeting following the general meeting – a new appointment made as Alison J. F. Riegels had announced that she wished to continue on the Board of Directors as an ordinary member.

In order for the Board of Directors to be able to perform its managerial and strategic tasks and at the same time act as a good sparring partner to the Executive Management, the following skills are deemed particularly relevant: insight into shipping (specifically within dry cargo and tankers), general management, strategic development, risk management, investment, finance/accounting as well as international experience. The current Board of Directors is considered to possess these skills.

Each board member receives a base fee, and the Chairman and Vice Chairman also receive a supplement fee. The total annual remuneration for the 9 board members is unchanged in DKK corresponding to USD 1.1 million.

Corporate governance

In 2013, the Board of Directors has discussed the updated recommendations from the Danish Committee on Corporate Governance. A systematic summary of the 47 recommendations, which NORDEN follows by and large, can be found on www.ds-norden.com/investor/corporategovernance/corporategovernance/. Though in some areas, the Company has chosen a different and for NORDEN more suitable practice.

- It is recommended that the board members elected by the shareholders should stand for re-election every year at the annual general meeting. In NORDEN, 2 of the shareholder-elected board members stand for election every year. NORDEN attaches great significance to ensuring the necessary continuity.
- It is recommended that the majority of the members of a board committee are independent. However, NORDEN's audit committee is made up of the entire Board of Directors as the modest size of the Board of Directors allows for an efficient handling of matters. The Chairman of the Board is also Chairman of the audit committee.
- It is recommended that the Board of Directors appoints a nomination committee. Currently, NORDEN does not have a nomination committee. The tasks are undertaken by the chairmanship, who ensures that ongoing discussions are held and decisions are made by the entire Board of Directors.
- It is recommended that there is clarity on performance criteria and measurability for award of variable parts of variable components in the remuneration policy. At NORDEN, the general meeting has adopted a remuneration policy which for members of the Executive Management both includes bonus agreements with performance criteria and discretionary award of cash bonuses based on i.a. performance, competitive environment, market situation and outlook as well as personal performance. The members of the Executive Management have the opportunity to earn discretionary bonuses based on achievement of pre-determined targets or criteria for success in relation to their specific management function. The work and performance of the Executive Management are assessed on an ongoing basis and always in connection with the annual negotiations on remuneration.
- It is recommended that the qualifying period for a variable part of a remuneration agreement is longer than one calendar year. At NORDEN, any discretionary bonus is on an annual basis. Long-term focus and value creation are ensured partly through continuous dialogue on priorities, focus areas and results and partly by determining relevant performance criteria in the bonus agreement.
- It is recommended that total remuneration received by each member of the Board of Directors and Executive Management from the company and other companies in the group is disclosed in the annual report. NORDEN does not disclose remuneration of each separate member of the Board of Directors or the Executive Management as NORDEN finds that the important thing must be for the shareholders to be able to consider the total amount of remuneration and its development.

Initiatives in 2014

The Board of Directors has planned 11 meetings, 4 of which are teleconferences in connection with the annual and interim reports. To this should be added 4 planned chairmanship meetings as well as meetings in the remuneration committee. As previously, the Board of Directors will discuss strategy and budget at 2 meetings at the end of the year. At the general meeting, it will be proposed that Erling Højsgaard and Arvid Grundekjøn be re-elected to the Board of Directors.

BOARD OF DIRECTORS

1 **Mogens Hugo**
Managing Director, born in 1943, 70 years, m.
Board member and Chairman since 1995. Most recently re-elected in 2012. Term expires in 2015. Other directorships: Nordea-Fonden (CB), Nordea Bankfonden (CB), Capidea Management ApS (CB), Aagaard Kranz & Ziegler Holding A/S (CB), Dan Technologies A/S (CB), Fonden Tietgenkollegiet (CB), H.C. Ørsteds Fond (BM), Twins ApS (BM), Ejendomsselskabet BROGADE 19, Køge (MD) and HUGO INVEST 2 ApS (MD). Relevant skills: experience in operational and strategic management of several listed international groups, strategic development, finance, risk management and considerable shipping knowledge. Not independent due to long-serving seat on the Board of Directors. No. of shares: 11,000 (unchanged).

2 **Klaus Nyborg**
Managing Director, born in 1963, 50 years, m.
Board member since 2012 and Vice Chairman since 2013. Term expires in 2015. Other directorships: Omni Fondsmæglerselskab A/S (CB), Bawat A/S (CB), Ipsa Maritime Ltd. (CB), A/S United Shipping & Trading Company incl. 9 subsidiaries (VCB), Sixt Danmark A/S (BM) and Karen og Poul F. Hansens Familiefond (BM). Relevant skills: experience with management of global, listed shipping companies, strategy, investment, sale and purchase, financial issues and risk management. No. of shares: 1,700 (unchanged).

3 **Alison J. F. Riegels**
Managing Director, born in 1947, 66 years, f.
Board member since 1985. Most recently re-elected in 2013. Term expires in 2015. Other directorships: A/S Motortramp (MD, BM), Stensbygaard Holding A/S (MD, BM), Aktieselskabet af 18. maj 1956 (BM), Ejendomsselskabet Amaliegade 49 A/S (BM) and A/S Dampskibsselskabet Orients Fond (BM). Relevant skills: general management and considerable shipping knowledge from her long-standing engagement in NORDEN and other companies. Not independent due to association with major shareholder and long-serving seat on the Board of Directors. No. of shares: 3,100 (unchanged).

4 **Erling Højsgaard**
Managing Director, born in 1945, 68 years, m.
Board member since 1989. Most recently re-elected in 2011. Term expires in 2014. Other directorships: Dubai Commercial Investment A/S (CB), A/S Motortramp (VCB), K/S Danskib 46 (BM), A/S Dampskibsselskabet Orients Fond (BM), Marinvest ApS (MD), Højsgaards Rederi ApS (MD) and Højsgaards Rederi II ApS (MD). Relevant skills: general management and long-standing experience in shipping, especially dry cargo, from management of own companies and his position as member of NORDEN's Board of Directors. Not independent due to association with major shareholder and long-serving seat on the Board of Directors. No. of shares: 45,770 (unchanged).

5 **Karsten Knudsen**
Group Managing Director, born in 1953, 60 years, m.
Board member since 2008. Most recently re-elected in 2013. Term expires in 2015. Other directorships: Nykredit Bank A/S (CB), Ejendomsselskabet Kalvebod A/S (CB), Nykredit Realkredit A/S (MD) and Nykredit Holding A/S (MD). Relevant skills: general management and strategy, broad financial experience, comprising accounting, investment banking and management of financial risks, including credit risks. No. of shares: 800 (unchanged).

6 **Arvid Grundekjøn**
Mayor, Managing Director, born in 1955, 58 years, m.
Board member since 2009. Most recently re-elected in 2012. Term expires in 2014. Other directorships: Creati Estate AS (CB), Cardid AS (MD, CB), Citi Bank (Nordic Advisory BM), Sørlandets Kompetansefond (BM) and Trygve Tellefsens Legat (BM). Relevant skills: general management, strategic and operational management of international shipping groups, strategy, financial and legal issues. No. of shares: 5,000 (unchanged).

7 **Ole Clausen**
Senior Claims Manager, born in 1956, 57 years, m.
Board member since 2012. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 1,149 (+426).

8 **Anne-Katrine Nedergaard**
Crew Rotation Manager, born in 1976, 37 years, f.
Board member since 2013. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 1,303 (unchanged).

9 **Lars Enkegaard Biilmann**
Captain, born in 1964, 49 years, m.
Board member since 2013. Term expires in 2015. Elected by the employees, thus not independent. No. of shares: 723 (unchanged).

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Age, directorships and shareholdings are stated at 31 December 2013. The directorships do not include positions within the NORDEN Group.

In addition to the shares held personally by Alison J. F. Riegels and Erling Højsgaard or through their related parties, both are associated with A/S Motortramp, which holds 11,851,240 shares in NORDEN.

MANAGEMENT

Daily management of the Company is divided into 3 management levels: Executive Management, Senior Management and Group Management.

The Executive Management is unchanged consisting of CEO Carsten Mortensen, CFO Michael Tønnes Jørgensen, Executive Vice President and head of the Dry Cargo Department Ejner Bonderup, Executive Vice President and head of the Tanker Department Lars Bagge Christensen and Executive Vice President and head of the Corporate Secretariat Martin Badsted.

The Executive Management and the Company's 4 Senior Vice Presidents form the Senior Management. No changes in the composition of the Senior Management have been made during the year. The Group Management, which consists of the Company's 9 Vice Presidents in addition to the Senior Management, was expanded by 1 member as the task of business development in Dry Cargo was developed into a full-time position.

Remuneration policy

The purpose of NORDEN's remuneration policy is to attract and retain qualified managers, thus securing the basis for long-term value creation for the shareholders. The current remuneration policy was most recently revised and approved at the general meeting in April 2013.

The Board of Directors decides on the implementation of the remuneration policy upon recommendation from a remuneration committee under the Board of Directors, which ensures that remuneration matches NORDEN's needs, results and challenges. Again in 2013, the challenging market conditions necessitated a sharp focus on costs.

In addition to a competitive fixed salary, the policy offers the possibility of cash bonuses and share options. The share-based programmes are particularly designed to promote the long-term conduct of managers and employees and ensure the community of interests between shareholders and employees.

Implementation of policy

The Executive Management's remuneration is a combination of fixed salary, variable bonus and share-based payment. The Executive Management has no pension plan paid by the Company, but receives the usual benefits such as company phone and car.

The Executive Management's remuneration including bonuses and options totalled USD 5.2 million in 2013 against USD 3.4 million in 2012 when the Executive Management was midway extended from 2 to the current 5 members. Fixed salary for the Executive Management amounted to a total of USD 3.6 million in 2013.

4 members of the Executive Management have been granted discretionary bonuses for 2013. Total bonuses granted for 2013 amounted to USD 0.6 million corresponding to 17% of the Executive Management's fixed salary.

The Board of Directors granted 400,000 share options to selected managers and employees in March 2013. In determining the exercise price, a 10% margin was added to the market price at the grant date so that the recipients of share options only profit once the shareholders have received a 10% return. The theoretical market value of the options has been calculated at USD 1.8 million according to the Black-Scholes model. Senior Management is required to reinvest 25% of any gain on their options in NORDEN shares and to keep these shares for 2 years. For a more detailed description of the share option programmes, see note 28 to the financial statements.

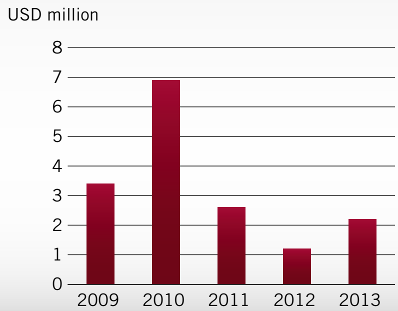
The Executive Management received 162,541 of the granted share options at a value of USD 0.7 million (USD 0.7 million in 2012). At the grant date, the theoretical value of the options corresponded to 27% of the Executive Management's fixed salary. The limit according to NORDEN's remuneration policy is 150%.

Option programmes

Year of grant	No. of people	No. of options	Exercise period	Executive Management's share
2014	60	400,000	2017-2020	40%
2013	62	400,000	2016-2019	41%*
2012	68	350,000	2015-2018	23%
2011	65	350,000	2014-2017	23%
2010	59	350,000	2013-2016	25%

** In 2012, the Executive Management was extended from 2 to 5 members.*

Bonus allotted



Resignation and retention
The collective terms for the Executive Management and executives, including remuneration and resignation and retention schemes, serve to motivate and retain NORDEN's management group.

The Executive Management's term of notice to the Company is 6 months, while NORDEN's term of notice to the members of the Executive Management is 12 months. NORDEN's terms of notice to the Senior Management (excluding the Executive Management) are 6-9 months while their terms of notice to the Company are 1-4 months.

If members of the Executive Management step down following a change of control (merger, takeover, etc.), they will receive a special severance payment in addition to their normal salary, and in some cases bonus, in the notice period. This severance payment equals between 12 and 24 months' salary. For parts of the Senior Management, there are similar change of control rights in the form of severance payment equalling 12 months' salary in addition to their normal salary in the notice period.

Selected members of the Executive Management and Senior Management have previously made agreements on stay-on bonuses which may entail payment of a total of USD 0.3 million in 2014. In addition, parts of Senior Management have made agreements on stay-on bonuses during the year under which a stay-on bonus of USD 0.1 million will be paid out subject to continued employment with NORDEN in the period until the beginning of 2016.

The Executive Management, parts of the Senior Management and selected Vice Presidents are subject to non-competition clauses of 6-12 months. The Company will pay out compensation corresponding to the full base salary of the person in question, in some cases with certain supplements, during the period in which the clauses apply.

Initiatives in 2014
In March 2014, the Board of Directors will grant 400,000 share options to selected executives and employees. In determining the exercise price, a 10% margin is added to the market price at the grant date so that the employees only profit once the shareholders have received a 10% return. The theoretical market value of the options has been calculated at USD 2.4 million according to the Black-Scholes model.

The Board of Directors has agreed on a performance-based bonus agreement with CEO Carsten Mortensen for 2014. This bonus agreement, which is conditional on a new remuneration policy being adopted by the general meeting, includes 4 concrete targets for 2014 (EBIT, profit before tax, operator profit and a quality target for technical operations), which may each result in a bonus for Carsten Mortensen if they are reached. Total bonus payment under this agreement amounts to USD 0.7 million if all 4 targets are reached.

Bonus granted Executive Management for 2013

USD million	
Carsten Mortensen	0.0
Michael Tønnes Jørgensen	0.1
Ejner Kiel Bonderup	0.2
Lars Bagge Christensen	0.2
Martin Badsted	0.1

Senior Management's shareholdings

	Shares		Outstanding share options						
	At 31/12/ 2013	Change in 2013	Granted in 2014	At 31/12/ 2013	Granted in 2013	Granted in 2012	Granted in 2011	Granted in 2010	Granted in 2009
Carsten Mortensen	49,769	+6	68,387	238,733	70,562	57,376	53,582	57,213	-
Michael Tønnes Jørgensen	1,200	+347	25,969	128,771	26,398	24,328	26,214	31,831	20,000
Ejner Bonderup	-	-	27,355	28,225	28,225	-	-	-	-
Lars Bagge Christensen	2,843	-	20,114	74,141	20,753	16,249	17,167	19,972	-
Martin Badsted	4,223	+2,500	18,505	49,508	16,603	10,282	10,764	11,859	-
Lars Lundegaard	723	-	11,586	60,598	11,705	10,466	11,169	12,857	14,401
Kristian Wærness	4,223	-	11,098	41,922	9,617	10,034	10,600	11,671	-
Vibeke Schneidermann	723	-	9,172	40,114	9,015	8,262	8,790	9,986	4,061
Mikkel Fruergaard	723	-	13,179	38,499	12,950	8,304	7,860	4,525	4,860
Total	**64,427**	**+2,853**	**205,365**	**700,511**	**205,828**	**145,301**	**146,146**	**159,914**	**43,322**

The Senior Management is subject to a duty of notification, and pursuant to section 28a of the Danish Securities Act, NORDEN shall report transactions in the Company's shares conducted by the members of the Senior Management and their closely related parties.

SENIOR MANAGEMENT

Senior Management

1 **Carsten Mortensen**, President and CEO. Born in 1966. Employed in NORDEN since 1997. Trained in shipping, holds a graduate diploma in International Business and has completed executive training programmes at INSEAD and Wharton Business School. Directorships: the Danish Shipowners' Association (CB), A/S Dampskibsselskabet Orients Fond (BM), CAMO Shipping ApS (MD) and Tietgen Fonden (BM).

2 **Michael Tønnes Jørgensen**, Executive Vice President and CFO. Born in 1966. Employed in NORDEN since 2009. Trained in shipping, holds a graduate diploma in Financial and Management Accounting and an M.Sc. in accounting. Has completed executive training programmes at INSEAD and IMD and holds an Executive MBA from IMD.

3 **Ejner Bonderup**, Executive Vice President and head of the Dry Cargo Department. Born in 1966. Employed in NORDEN since 2012. Trained in shipping, holds an academy profession degree in Financial Management from Niels Brock Copenhagen Business College and has completed executive training programmes at IESE Business School and IMD.

4 **Lars Bagge Christensen**, Executive Vice President and head of the Tanker Department. Born in 1963. Employed in NORDEN since 1993. Trained in shipping and has completed executive training programmes at INSEAD and Wharton Business School. Directorships: the Business Committee of the Danish Shipowners' Association (CB), North of England P&I Association (VCB) and INTERTANKO Council (BM).

5 **Martin Badsted**, Executive Vice President and head of the Corporate Secretariat and IR. Born in 1973. Employed in NORDEN since 2005. Holds an M.Sc. in International Business.

6 **Lars Lundegaard**, Senior Vice President and head of the Technical Department. Born in 1957. Employed in NORDEN since 2002. Holds a master's certificate, an MBA from Henley and is expert assessor in the Danish Maritime and Commercial Court. Directorships: INTERTANKO's Council (BM), INTERTANKO's technical committee (VCB), SeaMall ApS (BM) and the Negotiation Committee of the Danish Shipowners' Association.

7 **Kristian Wærness**, Senior Vice President and head of the Finance and Accounting Department. Born in 1968. Employed in NORDEN since 2002. Holds an M.Sc. in accounting. Directorships: Accounting Committee of the Danish Shipowners' Association.

8 **Vibeke Schneidermann**, Senior Vice President and head of Human Resources. Born in 1962. Employed in NORDEN since 2005. Holds a graduate diploma in Organisation and Management. Directorships: the Relief Foundation of the Danish Shipowners' Association and the Foundation for the Benefit of Mariners and the Maritime Industry.

9 **Mikkel Fruergaard**, Senior Vice President and head of the Panamax chartering section. Born in 1978. Employed in NORDEN since 2004. Trained in shipping and has completed executive training programmes at IMD.

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Directorships, etc. are stated at 31 December 2013 and do not include positions within the NORDEN Group.

Vice Presidents
Jakob Bergholdt, CEO at NORDEN Shipping (Singapore) Pte. Ltd.
Michael Boetius, head of NORDEN's Post-Panamax Pool and the Capesize chartering section.
Mikkel Borresen, head of NORDEN's Handysize Pool.
Jens Christensen, head of the Dry Cargo operations section.
Christian Danmark, finance manager.
Christian Ingerslev, head of Dry Cargo Business Development.
Thomas Jarde, head of the Supramax chartering section.
Morten Ligaard, head of the Legal Department.
Henrik Lykkegaard Madsen, head of the Projects Department.

Senior employees in Norient Product Pool ApS:
Søren Huscher, CEO.
Jens Christophersen, Vice President.

SHAREHOLDER ISSUES

Master data

Share capital	DKK 43 million
Number of shares	43,000,000 of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Share buy-back programme

Phase	Period	Number of shares	Total price (DKK million)	Average price (DKK per share)
1	8/4 to 29/4	110,652	20	180.7
2	15/5 to 13/8	262,546	50	190.4
3	14/8 to 12/11	230,896	50	216.5
4	13/11 to 31/12	114,763	28	242.3
Total		**718,857**	**148**	**205.6**

Financial calendar for 2014

11 March	Annual report 2013
12 March	Final deadline for any shareholder requests to the agenda for the annual general meeting
23 April	Annual general meeting
29 April	Payment of dividends
13 May	Interim report for the first quarter of 2014
13 August	Interim report for the first half of 2014
12 November	Interim report for the third quarter of 2014

Return to the shareholders

NORDEN's share price increased by 75% from DKK 163.10 to DKK 285.00 during 2013. The increase supported the overall strategic goal of the 3-year strategy period 2011-13 of ensuring the shareholders a higher return than that of comparable shipping companies. The return is measured by the total value in USD of dividend payments and share price increases and was 56% in the period 2011-13. The return is above the 7 comparable dry cargo and product tanker companies, which generated a return of approximately 13%.

The Board of Directors regularly assesses how cash flows are best distributed for the benefit of the shareholders. This assessment is based on actual and expected earnings, cash, market outlook, risks, investment opportunities and the Company's liabilities on and off the balance sheet. In April 2013, the general meeting adopted a dividend of DKK 3 per share corresponding to USD 22 million, and furthermore, a share buy-back programme of up to USD 30 million (approximately DKK 170 million) was completed. The share buy-back programme was finalised in the beginning of March 2014. The average buying prices of the share buy-back programme until 31 December 2013 are stated in the table on this page.

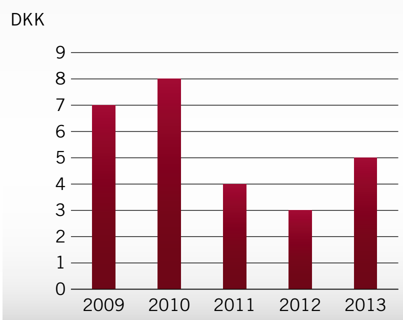
Trading volume

On average, 110,731 shares were traded on a daily basis in 2013, which is an increase of 68% compared to 2012. The average daily trading volume on OMX was DKK 23.5 million against DKK 10.2 million in 2012. In addition to this, average trading on other market places amounted to DKK 11.8 million (DKK 8.6 million).

At the end of November 2013, NORDEN was the 21st most traded share on NASDAQ OMX Copenhagen A/S based on the trading volume in the previous 6 months and was thus very close

Total Shareholder Return 3 years (1/1 2011 = 100)

Dividend per share



* The total return of the peer group is calculated based on 4 dry cargo companies (Pacific Basin, Golden Ocean, Diana Shipping and Safe Bulkers) and 3 product tanker companies (Scorpio, Teekay Tankers and d'Amico), the average return of which is weighted on a 60/40 basis in favour of the dry cargo companies.

to entering the OMXC20 Index of the 20 most traded shares in Denmark.

Investor Relations
It is NORDEN's goal that the share price reflects the Company's actual and expected ability to create value for its shareholders. NORDEN regularly provides relevant information on strategy, operations, results, expectations, markets and other matters affecting the assessment of the expected value creation in the Company.

NORDEN strives to maintain open, external communication, and in the course of the year, NORDEN has had an ongoing dialogue with analysts and investors and participated in a number of investor conferences and seminars. There has been a great interest in participating in investor meetings with NORDEN in 2013 i.a. in New York, Oslo and London where the activity level has been higher than in previous years. The share is monitored by 14 share analysts, which is 1 up from 2012. Coverage remains largest in Denmark and Norway.

In 2013, the Company issued 63 company announcements, 40 of which concerned the buy-back of shares and 11 concerned insiders' transactions with the NORDEN share.

Capital and shareholders
The share capital is DKK 43 million. All shares remain listed, and no changes have been made to their rights and transferability.

The number of registered shareholders decreased by approximately 18% during the year to a total of 13,382 registered shareholders at year-end, in aggregate owning 92.1% of the share capital (91.4% in 2012).

2 shareholders have announced that they own 5% or more of the Company's shares. They are A/S Motortramp and RASMUSSENGRUPPEN AS. The 2 shareholders have entered into a shareholder agreement, which was most recently updated in 2010 (see Company announcement no. 10/2010).

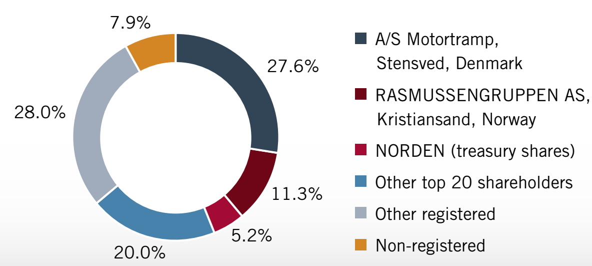
The third largest shareholder is NORDEN with 2,229,012 treasury shares (5.2%), which is an increase of 506,851 shares compared to last year as a result of the above mentioned share buy-back programme.

Other large shareholders are especially investors from Denmark, Norway, the USA and Great Britain. At the end of the year, the international ownership share counted 688 registered shareholders, in aggregate owning 42.8% of the share capital.

Initiatives in 2014
The Board of Directors recommends for approval by the general meeting that NORDEN for 2013 pays a dividend of DKK 5 per share, or an expected distribution of DKK 204 million (USD 38 million) (excluding treasury shares). The dividend will provide the shareholders with a reasonable dividend yield while NORDEN at the same time maintains its financial strength in order to continue the current investment focus. The dividend corresponds to a dividend yield of 2% based on the share price at the end of 2013.

THERE HAS BEEN AN INCREASING INTEREST FOR NORDEN'S INVESTOR MEETINGS IN I.A. NEW YORK, OSLO AND LONDON.

Composition of shareholders



CORPORATE SOCIAL RESPONSIBILITY

- ANCHORING OF THE CSR STRATEGY AT NORDEN
- CREATION OF ANTI-CORRUPTION TRAINING
- IMPLEMENTATION OF RESPONSIBLE SUPPLY CHAIN MANAGEMENT PROCESS

This section provides a brief overview of NORDEN's 7 focus areas within Corporate Social Responsibility (CSR). NORDEN has joined the UN's Global Compact initiative and publishes a separate progress report on CSR and thus meets the requirements of section 99 a, subsection 8 of the Danish Financial Statements Act. The report, which also functions as NORDEN's CSR report, provides a detailed outline of the Company's CSR efforts, results and future targets. The CSR report also covers the regulations on targets and policies regarding the underrepresented gender in section 99 b of the Danish Financial Statements Act. This information is available on page 13 in the report. The report is available at www.ds-norden.com/profile/csr/csrreports/.

NORDEN's CSR strategy *On the right course* divides the efforts into 2 categories: differentiate and comply. In the first mentioned category, NORDEN aims to go beyond what is required by existing laws and regulations and be a frontrunner. In the second category, NORDEN focuses on living up to relevant legislation.

Transparency
NORDEN sees transparency as a fundamental aspect of any responsible enterprise, and the Company therefore communicates openly about both achievements and challenges. In 2013, the CSR strategy was introduced and anchored throughout the organisation for the purpose of ensuring that its contents and message is understood by all employees. The anchoring was successfully completed at all offices and on board all vessels owned and technically managed by NORDEN.

Additionally, NORDEN continued to report to the Carbon Disclosure Project (CDP) and achieved a fifth position for its reporting in the CDP's 2013 Nordic 260 Climate Disclosure Leadership Index. This was the fourth consecutive year that the Company improved its ranking in this internationally recognised list of climate reporting.

Again in 2013, no incidents were reported to NORDEN's whistleblower system SafeLine.

CO_2 efficiency
Through technical improvements[1], speed optimisation and maintenance of a young, modern and fuel efficient fleet, NORDEN seeks to reduce CO_2 emissions from owned vessels, exclusive of vessels on contract to third parties, by 25% by 2020 compared to the 2007 level. Part of these reductions is achieved by sailing at the right speed (right steaming) while NORDEN's investments in fuel efficient eco vessels will also contribute significantly to lower CO_2 emissions.

Reductions are calculated according to the International Maritime Organisation's (IMO) Energy Efficiency Operational Indicator (EEOI)[2]. In addition, NORDEN discloses Cargo EEOI, which is directly impacted by the quality and operation of the vessels and therefore the most representative of NORDEN's efforts to decrease CO_2 emissions. Since 2007, these efforts have resulted in a 25.2% decrease in the Cargo EEOI from owned dry cargo vessels and a 21.6% decrease in the Cargo EEOI from owned tanker vessels.

THE STRATEGY'S FOCUS AREAS

[1] The technical improvements are described in NORDEN's Climate Action Plan in the CSR report.
[2] For more information about EEOI reporting, please see NORDEN's CSR report.

Vessel safety
NORDEN has a strong focus on safety on board the vessels. The Company's efforts in relation to vetting inspections have had an impact, and in 2013, NORDEN had an average of 4.51 remarks per inspection compared to an industry average of 5.57[3]. NORDEN had an average of 1.43 deficiencies per owned vessel technically managed by NORDEN per Port State Control (PSC), which was an improvement from its 2012 performance (1.61 deficiencies). It was, however, not enough to reach the target of no more than 1.10 deficiencies. The Company experienced 2 detentions in connection with the 99 PSCs, which took place during the year.

Tragically, NORDEN experienced a fatality on board a dry cargo vessel when a seaman was hit by a mooring rope and later died from his injuries. NORDEN has taken steps endeavouring to prevent a recurrence of such an accident.

NORDEN has continued its initiatives against piracy, and there were no incidents of piracy on NORDEN's vessels in 2013, just like no incidents leading to environmental pollution occurred during the year.

Employee conditions
NORDEN wants to remain an attractive, safe and healthy workplace. The Company therefore uses a range of indicators to ensure high standards for employee conditions. At sea, these include rest hours, lost-time injury, incidents and near-misses. NORDEN also tracks its retention rate both at sea and on shore. In 2013, NORDEN established a policy and an action plan on gender diversity at management level and in the Board of Directors.

Environmental management
NORDEN tracks its environmental impact through a variety of indicators in order to reduce it. At sea, NORDEN aims to limit its SO_x emissions through the purchase of bunker with reduced sulphur content, and the Company therefore reports on the bunker's weighted average sulphur content. NORDEN reached its target of a weighted average sulphur content of maximum 2.35% for total bunkers purchased for its operated vessels by achieving an average content of 2.23%.

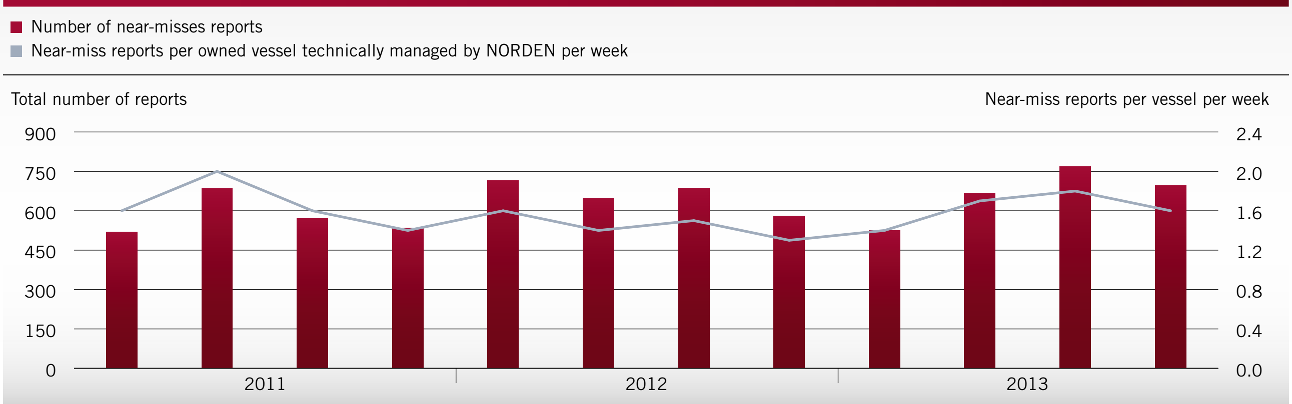
Anti-corruption
In 2013, NORDEN continued participating in the Maritime Anti-Corruption Network (MACN) and, through this forum, initiated the development of a computer-based anti-corruption training program aimed at the shipping industry.

The CSR Department has also created a facilitation payment reporting system. Facilitation payments – small payments made for services to which a party is entitled legally or otherwise – are customary in certain parts of the world, but represent a challenge for the shipping industry. The reporting enables NORDEN to monitor and assess the extent of the challenge and therefore contributes to the Company's efforts to reduce facilitation payments as far as possible.

Responsible supply chain management
In accordance with the UN Guiding Principles on Business and Human Rights (UNGP), NORDEN has developed a Responsible Supply Chain Management (RSCM) system together with the International Marine Purchasing Association (IMPA). As part of this process, NORDEN has so far selected 5 suppliers and has entered into cooperation with them to ensure that they live up to the standards set out in the Supplier Code of Conduct. NORDEN has also launched an internal process which will document the Company's compliance with the UNGP.

Initiatives in 2014
The CSR anchoring will continue in 2014. NORDEN also expects to launch the anti-corruption training package and to include another 5 suppliers in the RSCM process as well as continue the in-house process in relation to complying with the UNGP.

Near-miss reporting



Near-misses refer to situations, which could have led to an accident if they had further developed. NORDEN encourages the submission of as many reports as possible as they reflect the employees' focus on safety.

[3] The Tanker Safety Forum's benchmark is used as industry benchmark (end-October 2012).

FINANCIAL REVIEW

The Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements relating to the presentation of financial statements by listed companies. The Group's accounting policies are unchanged from last year except from the change of presentation in the notes to the financial statements. To improve reader-friendliness, NORDEN has this year decided to move the description of significant accounting policies to the notes to the financial statements so that they can be read in connection with the items in the financial statements which they relate to. See also note 1 to the financial statements.

The financial statements of the parent company, Dampskibsselskabet NORDEN A/S, are presented in accordance with the Danish Financial Statements Act.

Results for the year and equity

The Group's EBIT amounted to a loss of USD 51 million (loss of USD 265 million), including profits from the sale of vessels of USD 3 million (loss of USD 24 million). The fleet and joint ventures were written down by USD 300 million in 2012.

Results for the year after tax was a loss of USD 48 million (loss of USD 279 million), including a positive fair value adjustment of certain hedging instruments of USD 11 million (negative by USD 10 million). These results provide earnings per share (EPS) of a negative USD 1.2 (a negative USD 6.8).

Equity decreased to USD 1,605 million (USD 1,687 million). The composition of the change in equity can be seen in the table below.

The distributed dividend amounted to DKK 3 per share, corresponding to a total of DKK 122 million or USD 22 million, excluding treasury shares.

Significant accounting choices

Vessels chartered by NORDEN, but in relation to which the risks and rewards of ownership based on an overall assessment of the individual lease have not been transferred to the Group, are accounted for as operating leases and recognised in the income statement on a straight-line basis over the term of the lease. As shown in note 21 to the financial statements, the Group had operating lease liabilities (undiscounted) at 31 December 2013 in the amount of USD 2,011 million (USD 1,878 million) which are to be recognised in the income statement over the period 2014-26.

The lease liabilities do not represent the Group's net exposure since liabilities are hedged on an ongoing basis in accordance with the Group's risk management policy, see note 2 to the financial statements.

The Group's vessels are recognised in the statement of financial position at cost less accumulated depreciation and write-downs.

Other accounting choices are described in note 1 to the financial statements "Significant accounting policies".

Significant accounting estimates

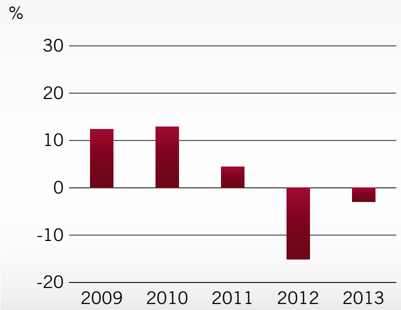
The carrying amount of the vessels is continually compared with earnings opportunities and value indicators of the vessels. If there is indication of impairment exceeding the annual depreciation, the vessels are written down to the lower recoverable amount.

Receivables are measured at amortised cost less provisions for impairment losses. Estimates of provisions for bad debt are determined on the basis of an evaluation of the customers' ability and willingness to pay, including credit rating and received collateral. For further specification of receivables, see note 13 to the financial statements.

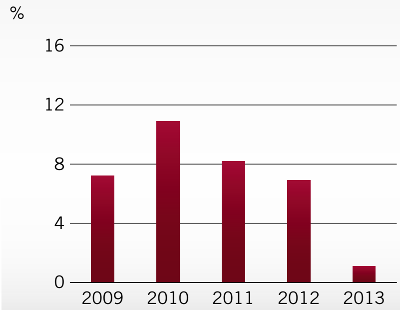
Changes in equity, USD million

Equity at January 2013	**1,687**
Results for the year	-43
Distributed dividends	-22
Net purchase of treasury shares	-19
Share-based payment	2
Equity at 31 December 2013	**1,605**

Return on equity



EBITDA ratio



Revenue

In 2013, NORDEN's revenue (freight income) was USD 2,146 million, which is somewhat higher than in 2012. The activity in terms of ship days increased by 7%.

Dry Cargo

In Dry Cargo, the activity level in terms of ship days was up 9% in 2013. Freight income amounted to USD 1,766 million (USD 1,731 million), corresponding to an increase of 2%.

EBIT constituted a loss of USD 46 million (a loss of USD 207 million). Last year, EBIT included write-downs of USD 260 million. Depreciation decreased to USD 42 million (USD 50 million).

Tankers

The Tanker activity in terms of ship days was on the same level as last year. Freight income amounted to USD 380 million (USD 400 million). EBIT constituted USD 8 million (negative USD 44 million). Last year, EBIT included write-downs of USD 40 million.

Financials

Financial income amounted to USD 10 million (USD 10 million) and primarily related to interest income on demand deposits with banks and foreign exchange gains mainly relating from cash in DKK.

Financial expenses amounted to USD 12 million (USD 8 million), consisting of interest on and other expenses relating to loans. The increase is a result of further borrowing of USD 125 million. For further specification of interest rate risks, see note 2 to the financial statements.

Fair value adjustment of certain hedging instruments

Fair value adjustment of derivative financial instruments which did not qualify for hedge accounting under IFRS relates to Forward Freight Agreements (FFAs) and bunker hedging contracts. The income of USD 11 million (cost of USD 10 million) mainly related to FFAs of USD 10 million. The unrealised contracts relate to coverage of bunker prices and freight rates in the period 2014-18. For further specification, see note 6 to the financial statements.

Tax on results for the year

The Company's taxable income comprises income related to shipping activities as computed in accordance with the Danish Tonnage Tax Act and other activities, including net financial income, computed in accordance with the general tax rules. Tax on the results for the year amounted to USD 5 million (USD 5 million), of which tonnage tax constitutes USD 4 million and tax on other activities constitutes USD 1 million. Other activities primarily relate to subsidiaries as well as technical and commercial management.

STATEMENT OF FINANCIAL POSITION

Impairment test

Expressed as the average of 3 independent broker valuations, the net selling price of the Group's fleet and newbuildings, excluding vessels in joint ventures and assets held for sale, totalled USD 1,477 million at the end of 2013, which was USD 83 million above the carrying amounts. The cash generating units (CGUs) Dry Cargo and Tankers were USD 54 million and USD 29 million, respectively, above the carrying amounts. Management estimates that the broker valuations are subject to some degree of uncertainty. The difference between the highest and lowest valuations calculated per vessel is USD 88 million, and combined with the relatively modest added values (7% and 4%, respectively), impairment tests for both CGUs based on value in use have therefore been performed.

Impairment tests are conducted by comparing the recoverable amounts obtainable from continued operation of the fleets of the 2 CGUs, calculated as the present value of total estimated cash flows over the remaining useful lives of the vessels, including COAs entered into, T/C coverage and estimated rates for uncovered capacity.

As part of the basis for the evaluation of long-term values, value in use of the 2 CGUs is estimated by applying 20-year historical average rates with the 3 and 4, respectively, highest/lowest observations removed.

The carrying amounts of Dry Cargo and Tankers excluding joint ventures and assets held for sale are USD 712 million and USD 682 million, respectively. Applying 20-year average rates – with the 3 and 4, respectively, highest/lowest observations removed – to uncovered days and a discount factor of 8%, value in use for Dry Cargo is USD 81 million and USD 20 million, respectively, and for Tankers negative USD 8 million and negative USD 36 million, respectively, compared to the carrying amounts. Value in use is sensitive towards changes in freight rates, see note 11 to the financial statements.

In the long term, the dry cargo market is expected to improve due to increased scrapping of old tonnage as well as increasing demand, i.a. as a result of a recovering world economy. Fleet growth in 2014 is expected to be approximately 5% against 6% in 2013. See also page 24 for long-term market risks.

In the long term, the tanker market is expected to improve from the current levels, and the rates are expected to outperform the adjusted 20- year average rates. The order book is relatively small, and demand is expected to grow partly due to increasing consumption and partly due to longer transport distances as new refineries are typically being established in areas further away from the countries with the largest oil consumption. See also page 31 for long-term market risks.

Against this background, management assesses that value in use of both the Dry Cargo as well as the Tanker fleet supports the carrying amounts, and, accordingly, there is no need for further write-downs or reversing the already made write-downs.

Financial assets

Financial assets comprising investments in joint ventures amounted to USD 19 million (USD 13 million). The increase is due to a capital increase of USD 5 million for investments in vessels and earnings for the period.

Freight receivables and trade payables

Total finance contribution from freight receivables and trade payables decreased by USD 27 million. The change comprises an increase in freight receivables of USD 31 million and an increase in trade payables of USD 4 million.

The Group's freight receivables increased to USD 157 million (USD 126 million), which is due to more cross over voyages, higher rate levels at year-end and the fact that customers to a great extent withhold cash flows to hedge NORDEN's payment of bunker inventories on redelivery from the customers of time charter vessels. Freight receivables totalling USD 9 million (USD 6 million) are subject to uncertainty, and write-downs of USD 5 million (USD 5 million) has therefore been made in this respect.

Securities

The portfolio of securities amounts to USD 80 million (USD 75 million). Investing in securities is part of NORDEN's optimisation of the return on liquidity at low risk. All bonds have high credit ratings.

CASH FLOWS

The Group's cash represents total liquidity at 31 December 2013. All cash is at the Company's disposal within 3 months.

The Group's cash decreased by USD 48 million in 2013 to USD 406 million. Cash consists mainly of USD and DKK bank deposits.

Operating activities contributed with negative USD 9 million (positive USD 122 million). Compared to 2012, profit from operations dropped by USD 86 million, and net funds tied up in working capital (bunker inventories, freight receivables, trade payables) have increased by USD 27 million.

In 2013, USD 145 million (USD 168 million) was invested in vessels and newbuildings, etc., and proceeds from the sale of vessels amounted to USD 44 million (USD 174 million). Cash flows from investing activities were a net outflow of USD 103 million (inflow of USD 7 million).

Cash flows from financing activities amounted to an inflow of USD 62 million (an outflow of USD 38 million). Of this, shareholder dividends represented an outflow of USD 22 million, repayments of debt represented an outflow of USD 21 million, net purchase of treasury shares represented an outflow of USD 20 million and incurrence of ship financing represented an inflow of USD 125 million.

SIGNATURES

Statement by the Board of Directors and Executive Management
The Executive Management and the Board of Directors have today considered and adopted the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2013.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act. Moreover, the consolidated financial statements and the financial statements of the parent company are prepared in accordance with additional Danish disclosure requirements for listed companies. The management commentary is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the financial position at 31 December 2013 of the Group and the parent company and of the results of the Group's and the parent company's operations and the Group's consolidated cash flows for the financial year 2013.

In our opinion, the management commentary provides a fair review of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty, which the Group and the parent company are facing.

We recommend that the annual report be adopted at the annual general meeting.

Copenhagen, 11 March 2014

Executive Management

Carsten Mortensen
President & CEO

Michael Tønnes Jørgensen
Executive Vice President & CFO

Ejner Bonderup
Executive Vice President

Lars Bagge Christensen
Executive Vice President

Martin Badsted
Executive Vice President

Board of Directors

Mogens Hugo
Chairman

Klaus Nyborg
Vice Chairman

Alison J. F. Riegels

Erling Højsgaard

Karsten Knudsen

Arvid Grundekjøn

Ole Clausen

Anne-Katrine Nedergaard

Lars Enkegaard Biilmann

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dampskibsselskabet NORDEN A/S

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the parent company financial statements of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes. The financial statements of the parent company comprise income statement, balance sheet, statement of changes in equity and notes. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared under the Danish Financial Statements Act. Moreover, the consolidated financial statements and the parent company financial statements are prepared in accordance with Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for preparing parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2013 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2013 and of the results of the parent company's operations for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT COMMENTARY

We have read the management commentary in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in the management commentary is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 11 March 2014

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Jens Otto Damgaard State Authorised Public Accountant	Rasmus Friis Jørgensen State Authorised Public Accountant

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2013	2012
3	**Revenue**	**2,145,899**	**2,131,439**
3	Other operating income, net	8,055	6,380
	Vessel operating costs	-2,077,359	-1,940,213
3/4	Other external costs	-15,283	-13,031
5	Staff costs, onshore employees	-37,032	-36,644
	Profit before depreciation, etc. (EBITDA)	**24,280**	**147,931**
3	Profits and loss from the sale of vessels, etc.	2,453	-23,944
11	Depreciation	-79,045	-88,535
12	Share of results of joint ventures	1,034	-841
	Profit from operations before write-downs	**-51,278**	**34,611**
12	Write-downs on joint ventures	0	-10,000
11	Write-downs on vessels and newbuildings	0	-290,000
	Profit from operations (EBIT)	**-51,278**	**-265,389**
6	Fair value adjustment of certain hedging instruments	10,580	-10,132
7	Financial income	10,024	9,570
8	Financial expenses	-12,483	-7,908
	Profit before tax	**-43,157**	**-273,859**
9	Tax for the year	-4,591	-4,990
	PROFIT FOR THE YEAR	**-47,748**	**-278,849**
	Attributable to:		
	Shareholders of NORDEN	-47,746	-278,847
	Minority interests	-2	-2
		-47,748	**-278,849**
10	**Earnings per share (EPS), USD**		
	Basic earnings per share	-1.17	-6.76
	Diluted earnings per share	-1.17	-6.76

STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2013	2012
	Profit for the year, after tax	-47,748	-278,849
	Items which will be reclassified to the income statement:		
17	Value adjustment of hedging instruments	4,294	-5,285
17	Fair value adjustment of securities	85	2,607
17	Tax on fair value adjustment of securities	208	-473
	Other comprehensive income, total	4,587	-3,151
	Total comprehensive income for the year, after tax	**-43,161**	**-282,000**
	Attributable to:		
	Shareholders of NORDEN	-43,159	-281,998
	Minority interests	-2	-2
		-43,161	**-282,000**

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER – ASSETS

Note	Amounts in USD'000	2013	2012
11	Vessels	1,077,953	967,219
11	Property and equipment	53,829	55,801
11	Prepayments on vessels and newbuildings	64,559	113,817
	Tangible assets	**1,196,341**	**1,136,837**
12	Investments in joint ventures	18,848	12,915
	Financial assets	**18,848**	**12,915**
	Non-current assets	**1,215,189**	**1,149,752**
	Inventories	111,349	110,783
13	Freight receivables	156,618	125,517
13	Receivables from joint ventures	4,119	4,953
	Company tax	673	0
13	Other receivables	26,650	21,197
	Prepayments	60,583	46,697
14	Securities	79,826	74,876
15	Cash and cash equivalents	406,235	453,738
		846,053	837,761
16	Tangible assets held for sale	0	45,879
	Current assets	**846,053**	**883,640**
	ASSETS	**2,061,242**	**2,033,392**

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER – EQUITY AND LIABILITIES

Note	Amounts in USD'000	2013	2012
	Share capital	6,833	6,833
17	Reserves	8,134	3,547
	Retained earnings	1,589,850	1,676,787
	Equity (NORDEN's shareholders)	1,604,817	1,687,167
	Minority interests	0	64
18	**Equity**	**1,604,817**	**1,687,231**
19	Bank debt	230,568	138,240
	Non-current liabilities	**230,568**	**138,240**
19	Bank debt	27,647	17,385
	Trade payables	121,648	117,536
	Debt to joint ventures	186	0
	Company tax	0	857
	Other payables	39,683	46,676
	Deferred income	36,693	20,620
		225,857	203,074
20	Liabilities relating to tangible assets held for sale	0	4,847
	Current liabilities	**225,857**	**207,921**
	Liabilities	**456,425**	**346,161**
	EQUITY AND LIABILITIES	**2,061,242**	**2,033,392**

STATEMENT OF CASH FLOWS
1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2013	2012
	Profit from operations before write-downs	-51,278	34,611
11	Reversed depreciation	79,045	88,535
	Reversed profits from the sale of vessels, etc.	-2,453	23,944
12	Reversed share of results of joint ventures	-1,034	841
	Other adjustments	1,809	6,897
30	Change in working capital	-26,796	-21,470
	Financial payments received	8,843	1,889
	Financial payments made	-11,082	-8,627
	Company tax paid for the year	-5,912	-4,543
	Cash flows from operating activities	**-8,858**	**122,077**
11/16	Investments in vessels and vessels held for sale	-15,094	-11,134
11	Investments in other tangible assets	-1,977	-4,877
12	Investments in joint ventures	-5,000	-2,500
11	Additions in prepayments on newbuildings	-122,508	-149,791
	Additions in prepayments received on sold vessels	-4,847	4,847
	Proceeds from the sale of vessels and newbuildings	48,468	168,863
	Proceeds from the sale of other tangible assets	894	321
	Acquisition of securities	-13,457	-46,922
	Sale of securities	10,566	48,173
	Cash flows from investing activities	**-102,955**	**6,980**
31	Dividend paid to shareholders	-21,919	-29,146
	Liquidation of minority interests	-62	0
18	Acquisition of treasury shares	-26,122	0
18	Sale of treasury shares	6,757	0
	Net distribution to shareholders	-41,346	-29,146
	Incurrence of bank debt	125,240	25,240
	Instalments on/repayment of bank debt	-21,414	-33,956
	Loan financing	103,826	-8,716
	Cash flows from financing activities	**62,480**	**-37,862**
	Change in cash and cash equivalents for the year	**-49,333**	**91,195**
	Cash and cash equivalents at 1 January, non-restricted	453,738	335,868
	Exchange rate adjustments	1,830	26,675
	Change in cash and cash equivalents for the year	-49,333	91,195
15	**Cash and cash equivalents at 31 December, non-restricted**	**406,235**	**453,738**

STATEMENT OF CHANGES IN EQUITY

Note	Amounts in USD'000	Shareholders of NORDEN: Share capital	Shareholders of NORDEN: Reserves	Shareholders of NORDEN: Retained earnings	Shareholders of NORDEN: Total	Minority interests	Total
	Equity at 1 January 2013	**6,833**	**3,547**	**1,676,787**	**1,687,167**	**64**	**1,687,231**
	Total comprehensive income for the year	-	4,587	-47,746	-43,159	-2	-43,161
18	Acquisition of treasury shares	-	-	-26,122	-26,122	-	-26,122
18	Sale of treasury shares	-	-	6,757	6,757	-	6,757
31	Distributed dividends	-	-	-22,883	-22,883	-	-22,833
	Dividends, treasury shares	-	-	964	964	-	964
	Loss due to liquidation	-	-	-	-	-62	-62
5/28	Share-based payment	-	-	2,093	2,093	-	2,093
	Changes in equity	**0**	**4,587**	**-86,937**	**-82,350**	**-64**	**-82,414**
	Equity at 31 December 2013	**6,833**	**8,134**	**1,589,850**	**1,604,817**	**0**	**1,604,817**

Note	Amounts in USD'000	Shareholders of NORDEN: Share capital	Shareholders of NORDEN: Reserves	Shareholders of NORDEN: Retained earnings	Shareholders of NORDEN: Total	Minority interests	Total
	Equity at 1 January 2012	**6,833**	**6,698**	**1,980,822**	**1,994,353**	**66**	**1,994,419**
	Total comprehensive income for the year	-	-3,151	-278,847	-281,998	-2	-282,000
31	Distributed dividends	-	-	-30,368	-30,368	-	-30,368
	Dividends, treasury shares	-	-	1,222	1,222	-	1,222
5/28	Share-based payment	-	-	3,958	3,958	-	3,958
	Changes in equity	**0**	**-3,151**	**-304,035**	**-307,186**	**-2**	**-307,188**
	Equity at 31 December 2012	**6,833**	**3,547**	**1,676,787**	**1,687,167**	**64**	**1,687,231**

See note 31 for a specification of reserves available for distribution as dividends and note 17 for specification of distribution of reserves on securities and cash flow hedging, respectively.

NOTES TO THE FINANCIAL STATEMENTS – CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

Dampskibsselskabet NORDEN A/S with its subsidiaries is one of Denmark's oldest internationally operating shipping companies. NORDEN operates in dry cargo and tankers worldwide.

Dampskibsselskabet NORDEN A/S is a public limited company incorporated in Denmark and is listed on NASDAQ OMX Copenhagen A/S.

The consolidated financial statements of Dampskibsselskabet NORDEN A/S for 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The additional Danish disclosure requirements are set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act and NASDAQ OMX Copenhagen A/S regulations. The consolidated financial statements and this additional information comprise the consolidated annual report.

The annual report for the period 1 January – 31 December 2013 with comparative figures comprises the consolidated financial statements of Dampskibsselskabet NORDEN A/S and its subsidiaries (the Group) and the financial statements of the parent company.

The financial statements of the parent company, Dampskibsselskabet NORDEN A/S, for 2013 have been prepared in accordance with the Danish Financial Statements Act.

In general

The annual report is prepared on the basis of the historical cost principle, with the exception of the following assets and liabilities:

- Derivative financial instruments and financial instruments classified as available for sale, which are measured at fair value.
- Non-current assets and groups of assets held for sale are measured at the lower of carrying amount before the changed classification and fair value less selling costs.

USD is the functional currency of all enterprises in the Group as well as the parent company. In the annual report, the presentation currency is USD, and amounts are presented rounded off to the nearest USD 1,000.

Changes in accounting policies, including presentation and implementation of financial reporting standards

Except for the changes stated below, the accounting policies for NORDEN, including presentation, are unchanged compared to last year.

NORDEN has changed its presentation of the notes so that the description of accounting policies as well as significant choices herein and accounting estimates is provided in connection with the relevant items instead of being compiled in note 1 as previously.

NORDEN has implemented all new and amended financial reporting standards adopted by IASB and the EU as well as the interpretations that are effective for the financial year 2013. This includes:

- IFRS 10 – Specification of the definition of control of another enterprise. Control exists when the following circumstances are present:
  - o Power of the enterprise
  - o Risk exposure or rights to variable returns
  - o The ability to use power over the enterprise to affect the amount of returns
- IFRS 11 – Joint arrangements require agreement between the parties and can be divided into two types: joint operations and joint ventures. Joint operations provide the parties (joint operators) with direct rights to the assets and direct obligations for the liabilities. Each joint operator recognises its share of assets, liabilities, income and costs. In joint ventures, the parties (joint venturers) do not have direct share in assets and liabilities, etc., but solely share in the net profit or loss and equity. Each joint venturer is recognised under the equity method, see IAS 28. NORDEN's activities as ship owner are partly undertaken in pool arrangements, which are accounted for as joint operations.
- IFRS 12 – Disclosure requirements of interests in other entities, including subsidiaries, joint operations, joint ventures and associates.
- Amendment of IFRS 10, 11 and 12 – Specification of implementation (transition rules).
- IFRS 13 – General standard specifying the principles for fair value measurement.
- Amendment of IFRS 7 and IAS 32 – The amendment provides further guidance on netting and information in this regard.
- Amendment of IAS 27 – The consolidation rules are replaced by IFRS 10 and the standard hereafter includes the rules for the financial statements of the parent company from the current IAS 27.
- Amendment of IAS 28 – Joint arrangements classified as joint ventures according to IFRS 11 are recognised under the standard's equity method. SIC 13 on non-monetary contributions from enterprises is written into the standard.
- Annual minor amendments of current IFRS comprising:
  - o IAS 1 – Specification of comparable information when balance sheets for 3 years are presented.
  - o IAS 16 – Spare parts and servicing equipment for land, buildings, vessels and equipment are no longer to be carried as inventory, but as land, building and equipment when the definition hereof is met.
  - o IAS 32 – Specification of tax in the income statement and equity, respectively.
  - o IAS 34 – Specification with regard to assets in the segment information in interim financial statements.

Implementation of the changes in standards and interpretations, including changes to IAS 19 and IFRIC 20, has not had any impact on NORDEN except for some additional information.

NOTES TO THE FINANCIAL STATEMENTS

Most recently approved financial reporting standards (IFRS) and interpretations (IFRIC)
At the end of January 2014, IASB issued the following new financial reporting standards and interpretations, which are estimated to be of relevance to NORDEN:

- IFRS 9 – The number of categories of financial assets is reduced to two; amortised cost category or fair value.

Other financial reporting standards and interpretations issued by the IASB, but which are insignificant to NORDEN, comprise IFRIC 21. The quoted standards and interpretations have been adopted by the EU, except for IFRS 9 and IFRIC 21.

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

Significant accounting choices in accounting policies and significant accounting estimates
In preparing the financial statements, NORDEN's management makes a number of accounting choices and estimates. These are the basis for recognition and measurement of the Group's assets, liabilities, income and expenses.

The applied choices and estimates are based on historical data and other factors that management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Risk factors specific to the NORDEN Group are described in note 2.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Estimates and underlying assumptions are reassessed on a regular basis. Changes to accounting estimates are recognised in the period when the estimate is changed if the change affects this period only, or in the current and future periods if the change affects the current as well as future periods.

Below are the accounting choices and estimates which management deems to be significant to the preparation of the consolidated financial statements:

- Tangible assets, including vessels and prepayments on vessels and newbuildings (note 11)
- Leases (notes 3, 21 and 25)
- Recognition of revenue and voyage costs (note 3)
- Impairment test (note 11)
- Onerous contracts (note 13)
- Receivables (note 13)
- Deferred tax (note 9)
- Contingent assets and liabilities (note 23)

Please see the specific notes for additional description of the most significant accounting choices and estimates.

Consolidation principles
The consolidated financial statements comprise the parent company, Dampskibsselskabet NORDEN A/S, and enterprises in which the parent company controls the operational and financial decisions, usually by directly or indirectly holding the majority of the voting rights (subsidiaries).

At consolidation, intra-group income and expenses, shareholdings, dividends and accounts as well as unrealised intra-group gains and losses on transactions between the consolidated enterprises are eliminated.

The financial statements used in the consolidation are prepared in accordance with the Group's accounting policies. The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries by aggregating items of a uniform nature.

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition using the purchase method. Enterprises divested or wound up are included in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Assessment of control in shared ownership – pool arrangements and joint ventures
The classification of activities and enterprises which are in part jointly owned with other companies and thus how these activities and enterprises are treated in the consolidated financial statements is to a certain extent based on estimates of formal and actual conditions.

In connection with the assessment of control, an analysis of the operator role in NORDEN's agreements on pool arrangements has been made. The operator is responsible for the daily management of activities carried out within a jointly established framework. Since the operators are not exposed to, and are not entitled to, a return apart from the participating share and the fact that they can be replaced upon agreement, the operators are considered to be agents as defined in IFRS 10.

In the assessment of joint control, an analysis has been made as to which decisions require unanimity and whether these relate to relevant activities, which are activities that significantly affect the return of the pool arrangement. It is assessed that joint control by default exists when business plans and budgets must be adopted unanimously.

For NORDEN's pool arrangements, unanimity is required on decisions relating to relevant activities. It has also been established that the pool partners have rights and obligations directly and unlimited with regard to the assets and liabilities of the arrangements, and as the pool arrangements have not been structured into separate legal units, these are treated and classified as joint operations.

Foreign currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as “Financial income” or “Financial expenses”.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the reporting date are translated at the exchange rates at the reporting date. Differences between the exchange rates at the transaction date and the exchange rates at the reporting date are recognised in the income statement as “Financial income” or “Financial expenses”.

Exchange rate adjustments of shares denominated in foreign currencies held for sale are recognised in equity together with unrealised fair value adjustments of shares. Exchange rate adjustments of bonds denominated in foreign currencies held for sale are recognised in the income statement under net financials.

Consolidated statement of cash flows

The statement of cash flows shows the Group’s cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and end of the year.

Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit/loss adjusted for non-cash operating items such as depreciation and write-downs, profits from the sale of vessels, fair value adjustments of certain hedging instruments and changes in working capital, interest received and paid and plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payment of dividends to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise marketable securities with a term of less than 3 months and cash not subject to significant limits to its availability.

2 Risk management

Active risk management plays a central role in NORDEN’s strategy to ensure stable earnings. It is NORDEN’s policy to only assume material risks in relation to the freight markets and related risks (commercial risks). Other risks are reduced either through diversification, guarantees or by hedging the exposure when future risks are known.

The Executive Management is responsible for identifying material risks and developing the Company’s risk management. Exposures and the utilisation of the framework are reported to the Board of Directors on a monthly basis.

NORDEN’s overall risk management policies are unchanged from last year.

Overall risk profile

NORDEN’s activities expose the Company to a number of risk factors, the most significant of which are assessed to be:

- Freight rate volatility, affecting ship values and earnings from vessel capacity
- Credit risk on customers in relation to cargo and T/C contracts as well as banks and yards in relation to deposits and prepayments on newbuildings, respectively

The shipping markets in which NORDEN operates improved particularly during the second half-year of 2013. Even though markets are very volatile, it is generally estimated that rates will be at a higher level in the coming years than in the past years. As a result of this estimate, the Company has chosen to increase its market risk partly by means of lower coverage of open ship days for the coming years and partly by means of contracting newbuildings and chartering tonnage. With regard to the Company’s credit risk, it is estimated that the Company’s counterparties are creditworthy. This has been ensured by NORDEN’s focus on cargo owners as counterparties in a number of years.

Overall, it is estimated that the markets in which NORDEN operates have not become more risky. This is counterbalanced by NORDEN actively increasing market risk and financial gearing. The increase in risk has similarly enhanced the possible upside to future increases in freight rates and vessel prices.

NOTES TO THE FINANCIAL STATEMENTS

Commercial risks

Fluctuations in freight rates

Purchasing and chartering vessels imply a risk as the Company assumes a financial liability in expectation of an inflow of income, which is dependent on the freight market. To control the uncertainty relating to earnings, the future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent attractive to management. FFAs are furthermore used in certain cases to increase exposure towards the market and to freeze the hire of physical vessels where the hire is determined on the basis of the development in the freight market (index vessels).

At the end of 2013, coverage for 2014 constituted a total value of USD 357 million (USD 373 million) for Dry Cargo and Tankers, corresponding to 59% (76%) and 24% (27%) coverage of capacity, respectively. Earnings from the remaining 41% and 76% of capacity in Dry Cargo and Tankers, respectively, are directly exposed to future freight rate levels. If realised earnings on open ship days are 10% lower than the forward rates at the beginning of 2014, EBITDA in 2014 would, all other things being equal, decrease by USD 33 million (USD 20 million).

For further information, see the section on capacity and coverage in the management commentary.

Fluctuations in ship values

Changes in ship values have a significant impact on the value of the Company both directly on the value of the owned fleet and indirectly through the value of purchase options. After several years with decreasing market prices, the development turned in 2013, and throughout the year, market prices on vessels have increased.

NORDEN is continuously focusing on how to optimise the portfolio of owned vessels; be it in relation to fuel efficiency improvement of the current fleet or the possibility of replacing older vessels with newbuildings. It is still estimated that newbuildings are significantly more fuel efficient than the current fleet. By contracting fuel efficient newbuildings in recent years, NORDEN has secured a long-term competitive fleet.

At the end of 2013, the Company had 56 (49) owned vessels and newbuildings with a total market value of USD 1,540 million (USD 1,162 million). A drop in vessel prices of 10% would, all other things being equal, have a negative effect of USD 154 million (USD 116 million) on the value. Furthermore, the Company has 67.5 (63) charter parties with purchase and extension option. These options have an estimated value of USD 120 million. A drop of 10% in T/C rates and second hand tonnage prices would decrease this value by USD 28 million (USD 19 million).

Credit risks

NORDEN reduces its credit risks through systematic credit assessment of counterparties and through regular monitoring of their creditworthiness. For this purpose, own analyses are applied based on external credit rating agencies and publicly available information. Each analysis results in an internal rating, which is subsequently used for determining the allowed scope of the commitment.

The internal ratings are based both on a financial and a non-financial assessment of the counterparty's profile. Each category receives a rating from A to D, A being the highest achievable score. The highest total score is an AA rating, which typically comprises counterparties with attractive ownership structures, production based business models, good reputations and strong financial ratios.

At the end of 2013, the 20 largest counterparties in Dry Cargo included 5 (6) mining companies, 1 (1) energy company, 5 (6) industrial enterprises, 3 (3) shipping companies, 4 (2) commodity distributors and 2 (2) financial institutions. In Tankers, the 5 largest counterparties included 4 (4) oil and gas companies and 1 (1) shipping company. The Company's commercial credit exposure totalled USD 1,008 million (USD 1,096 million) at the end of 2013 with USD 916 million (USD 988 million) in Dry Cargo and USD 92 million (USD 108 million) in Tankers.

As a large part of the exposure is related to a few counterparties, a concentration risk arises. In Dry Cargo, coverage of known ship days involved 196 (192) counterparties, of which the 20 largest accounted for 82% (85%) of the covered revenue in the segment whereas the 5 largest counterparties accounted for 54% (53%). In Tankers, coverage was distributed on 34 (33) counterparties, of which the 5 largest accounted for 92% (82%) of the covered revenue in the segment. It is assessed that the main part of the 196 and 34 counterparties, respectively, are solid, and NORDEN keeps updated on the performance and activities of these companies on a regular basis.

In connection with contracting newbuildings, the credit risk in relation to prepayments to the yard is in general reduced through repayment guarantees issued by banks with good credit ratings.

Bunker price risk

The Company's largest variable cost is fuel in the form of bunker, and the total costs of the Company will therefore depend on the market price for bunker.

The Company uses bunker swaps to hedge future consumption of bunker when entering into COAs in case there is no bunker adjustment clause in the agreement. As the value of these is adjusted on an ongoing basis through the income statement, a timing mismatch between the hedging and the earnings impact of the underlying asset will occur. All bunker swaps are entered into with bunker of the IFO type as the underlying asset. Parts of the actual consumption are, however, of different types, e.g. low sulphur bunker. There is therefore a risk should the price differential between the different bunker types change.

The consumption of bunker in connection with future open ship days is not hedged. It is estimated that changes in expected bunker costs over time will be reflected in the freight rates as a result of a gradual adjustment in the market. In addition, there is significant uncertainty as to volume and type of bunker to be hedged on future open ship days.

In connection with charter agreements, the Company has a bunker price risk in relation to the volume of bunker with which the vessel must be redelivered. Due to the uncertainty of the size of this volume, this exposure is not hedged.

Operational risks

Operational risk is defined as the risk of loss due to insufficient or failed internal procedures, human error or faulty systems or caused by external events.

The operation of vessels is exposed to a number of risks. In terms of value, the most material events covered by insurance are oil spills and total loss (lost value of owned vessels, purchase options and charter parties). The Company covers these risks by taking out insurances with recognised international insurance companies. The Company further minimises these risks by operating a modern fleet and by investing in the maintenance of the vessels and in staff awareness of both external and internal environments. In general, an increased operational risk is seen in the market due to recent years' poor market conditions, which e.g. causes many ship owners to economise on maintenance. Therefore, NORDEN has great focus on the condition of the vessels in connection with short-term charters.

In a global company like NORDEN, it is crucial that the Company's IT systems are always available. The IT Department has established a technical emergency capacity with an IT environment distributed on 2 locations with mirrored critical systems. Also, the Company has established an IT Disaster Recovery Plan involving the entire organisation and supporting the IT Department in setting up emergency operations as soon as possible after a disaster.

Financial risks

The financial risk of the Company is the risk of lacking financing or liquidity as well as the risk of adverse movements in the Company's portfolio of financial instruments.

Interest rate risk

The part of the Company's loan obligations which has been entered into at floating interest rates has been converted into fixed interest rates in the whole or parts of the term of the loan by means of interest rate swaps. The Company's interest rate risk is therefore limited. In addition, the cash balance exceeds the interest-bearing debt, and the Company will therefore be positively affected net by increasing interest rates. Excess liquidity is placed in short-term deposits with fixed interest rates and to a smaller extent in securities. Overall, the interest rate risk of the Company is assessed as being minimal.

Currency risk

The Company's functional currency is USD. Since administrative expenses and dividends are paid in DKK, there is a currency risk in this connection. The Company hedges expected administrative expenses payable in DKK for a period of 6-24 months. In connection with newbuilding payments, typically in JPY, a currency risk occurs. This is hedged by forward contracts in connection with entering into newbuilding contracts. At the end of 2013, all newbuilding payments were, however, in USD. The strike price in some of the Company's purchase options is determined in JPY, and it is the Company's policy only to hedge these if the option is exercised and only upon exercise.

Liquidity risks

In order to ensure sufficient cash reserves, liquidity is calculated and reported in a stressed scenario on a monthly basis. In the scenario, the Company's liquidity is calculated after a year with large drops in freight rates, bunker prices and vessel prices while costs and investments are maintained at the expected level.

When entering into financial contracts, including bunker swaps, FFAs and interest rate swaps, margin is paid on an ongoing basis in proportion to the market value of the instrument. This is to ensure that the Company's credit risk in connection with these is kept small. As there is a timing mismatch between the underlying exposure and the market value of the financial contract, changes in liquidity may arise as a result of demands for further margins. In order to monitor this risk, monthly calculations are made as to how much NORDEN risks having to place as margin after a week with great stress in the financial markets.

Capital management risks

The Company's formal external capital requirement is limited to the contributed capital of the parent company and the subsidiaries, which is significantly lower than the Group's equity.

The Group's equity ratio (excluding minority interests) was 78% (83%) at the end of 2013. This significant equity ratio should be considered relative to the Company's future payment obligations in the form of operating lease liabilities (T/C contracts) and payments on newbuildings not recognised in the statement of financial position.

As part of the management of NORDEN's capital structure, the Company's gearing, defined as net commitments relative to equity, is monitored on a monthly basis. The Board of Directors sets out a limit for this ratio, and in 2013, the ratio was not to exceed 1.50. At year-end 2013, the ratio of net commitments to equity was 0.70 (0.26). Please see page 13 in the management commentary.

Net commitments are measured as the difference between the present value of total future T/C liabilities, payments to shipyards, instalments on loans less expected contractual freight and T/C payments received together with cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

Overview of financial risks

	Nominal value		
Credit	**2013**	**2012**	**Comments on NORDEN's policy**
Freight receivables	USD 157 million	USD 126 million	The credit rating of counterparties is assessed on an ongoing basis.
Bank deposits	USD 394 million	USD 445 million	The Company's liquidity is strictly placed with financial institutions with a Moody's rating of at least A or classified as systemic important financial institutions (SIFI).
Bonds	USD 63 million	USD 59 million	A minor part of the Company's free capital is invested in securities, which as a minimum have a BBB rating in accordance with S&P ("investment grade"), a Moody's rating of Baa3 or corresponding creditworthiness without official rating.
Prepayments to yards	USD 65 million	USD 127 million	Newbuilding contracts with shipyards are mainly entered into with repayment guarantees issued by banks with good credit ratings. Of prepayments to yards of USD 65 million (USD 127 million), guarantees of USD 43 million (USD 118 million) have been obtained.
FFAs	Purchased net USD 57 million	Sold net USD 20 million	To limit credit risk, the Company's FFAs are only entered into through established clearing houses as these have daily margin settlement.
Bunker swaps	USD 164 million	USD 211 million	The Company's bunker swaps are entered into with financial institutions and with major, recognised business partners with good credit ratings. ISDA agreements are also entered into, ensuring continuous collateral.

	Nominal value			
Market	**2013**	**2012**	**Sensitivity**	**Comments on NORDEN's policy**
Freight rate risks (FFAs)	Purchased net USD 57 million	Sold net USD 20 million	A 10% drop in freight rates at year-end would impact net profit by negative USD 9 million (USD 2 million).	The Company primarily uses FFAs to cover physical ship days and in some cases to increase exposure to the market. Regardless that they usually provide effective financial hedging, FFAs do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Bunker price risks	USD 164 million	USD 211 million	A 10% drop in bunker prices at year-end would negatively impact net profit by USD 17 million (negative impact of USD 21 million).	The Company only uses bunker swaps to cover its future known bunker consumption when entering into COAs. Regardless that they provide effective financial hedging, the swaps do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Currency risks	USD 11 million	USD 33 million	A 10% change in the DKK and JPY exchange rates at year-end 2013 would impact net profit by USD 1 million (USD 4 million) and USD 0 million (USD 0 million), respectively, and equity by USD 0 million (USD 0 million) and USD 0 million (USD 0 million), respectively.	The Group's functional currency is USD. Currency risks therefore arise in connection with transactions in currencies other than USD, including administrative expenses in DKK, dividends in DKK, consideration paid for vessels purchased, typically in JPY, and investment of excess liquidity in DKK. The Company's exposure to other currencies than DKK and JPY is insignificant.
Interest rate risks			Based on the Group's liquidity and debt at year-end 2013, a 1% increase in interest rates would, all other things being equal, impact profit before tax by USD 4 million (USD 5 million), and equity by USD 10 million (USD 9 million).	The Company's interest rate risks relate to interest-bearing assets and non-current debt. At the end of 2013, the majority of the Company's excess liquidity was placed in short-term fixed-interest deposits. The part of the Company's loans which has been entered into at floating rates has been converted into fixed rates for the entire or part of the term of the loan by means of interest rate swaps, and the Company's interest rate risks are therefore limited. A minor share of the Company's liquidity is mainly placed in floating-rate bonds.

Note Amounts in USD'000

3 Segment information

Accounting policies

Information is provided on the Group's 2 business segments, Dry Cargo and Tankers. The information is based on the Group's organisation, business management and management control, including internal financial reporting to NORDEN's operative management.

NORDEN's operative management function comprises the Executive Management and the Board of Directors in union. The Executive Management is responsible for the day-to-day management. The Board of Directors approves strategy, action plans, targets and budgets and limits for financial and market risks, and it supervises the Executive Management. The Executive Management's and Board of Directors' functions and responsibilities are described in further detail in the section "Corporate governance" in the management commentary.

The Dry Cargo segment offers transport of bulk commodities such as grain, coal, ore and sugar, and the services offered by NORDEN's Tanker segment comprise transport of crude oil or refined oil products. NORDEN's segments generate revenue consisting of freight and T/C income from owned and chartered vessels and management income. Information is not provided by geographical segment as the global market is a unit, and the activities of the individual vessels are not limited to specific parts of the world. Nor does the internal financial reporting for the operative management provide such information. It is therefore not possible to provide geographical segment information on revenue from external customers or non-current assets.

The accounting policies for segment information for the financial year under review are consistent with those for the previous financial year.

Presentation of the segment income statement items and their order are consistent with NORDEN's consolidated income statement, except for voyage costs, which are not included in the item "Vessel operating costs" but presented as a separate item, and the segment income statement therefore comprises the subtotal "Contribution margin I". The names and contents of segment assets are consistent with the consolidated statement of financial position. In the internal financial reporting to the operative management, liabilities are not allocated to segments.

There are no significant inter-segment transactions.

The methods of allocating related assets, liabilities and equity and income statement items to segments are consistent.

The allocation between Dry Cargo and Tankers is as follows:

- The items included in the segment profit, including the share of results of joint ventures, are allocated to the extent that the items are directly or indirectly attributable to the segments. Items that are allocated to both direct and indirect calculation comprise "Staff costs" and "Other external costs". Parts of these items are not attributable, either directly or indirectly, to a segment and are therefore unallocated. For the items allocated by indirect calculation, the allocation keys are defined on the basis of each segment's drawing on key resources. Financial income and expenses are unallocated as they are considered to relate to NORDEN in general. Tax relating to financials is unallocated. Other unallocated tax relates to unallocated non-current assets.
- Non-current segment assets consist of assets used directly in segment operations, including "Vessels" and "Prepayments on vessels and newbuildings" and "Investments in joint ventures".
- Current assets are allocated to segments to the extent that they are directly attributable to these, e.g. "Inventories" and "Freight receivables". Some of the freight receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Unallocated items are primarily income and expenses and assets relating to the Group's administrative functions, investment activity and similar activities.

Revenue

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 recognised as the freight services are rendered (percentage of completion). The percentage of completion is determined using the discharge-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 departure date to the delivery of the cargo (discharge). The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge (discharge to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs).

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

3 Segment information – continued

Demurrage is recognised if the claim is considered probable.

For vessels on time charters, that is operating leases, charter hire is recognised on a straight-line basis over the term of the lease.

Other operating income
Management income, mainly income in connection with administration of pool arrangements, is recognised upon receipt of the services in accordance with the management agreements concluded.

Vessel operating costs
Vessel operating costs comprise the expenses, excluding depreciation, incurred to generate the revenue for the year. Vessel operating costs therefore include charter hire for chartered vessels (operating leases), bunker consumption, other voyage costs such as commissions and port charges, repair and maintenance costs, insurance costs, crew wages and other operating expenses. Like revenue, vessel operating costs are recognised upon receipt of services in accordance with the charter parties concluded.

Provisions for onerous contracts are recognised when it is inevitable that a loss will be incurred on performance of the contract. In each of the two CGUs, Dry Cargo and Tankers, the vessels are operated collectively. The CGUs are identical to the reporting segments. Contract performance can usually be achieved by substitution of vessels in the fleet within the two CGUs. The inevitable loss is assessed in consideration of this possibility. The provision is measured at the lower of the net cost of contract performance and damages payable on termination of the contract. Provisions for onerous contracts are recognised in the income statement in the item "Vessel operating costs".

Other external costs
Other external costs comprise costs of properties, travel, office expenses, external assistance etc.

Profits and loss from the sale of vessels, etc.
Profits and loss from the sale of vessels are stated as the difference between the sales price for the vessel less selling costs and the carrying amount of the vessel in question at the time of delivery. Furthermore, any gains and losses upon repayment of related loans are included.

Profit and loss from the sale of other tangible assets is also included.

Note	Amounts in USD'000	Dry Cargo	Tankers	Unallocated	Total
3	**Segment information – continued**				
	2013				
	Revenue – services rendered, external	1,766,194	379,705	0	2,145,899
	Voyage costs	-897,587	-160,475	0	-1,058,062
	Contribution margin I	**868,607**	**219,230**	**0**	**1,087,837**
	Other operating income, net	7,916	139	0	8,055
	Charter hire for vessels	-795,085	-132,231	0	-927,316
	Other vessel operating costs	-50,234	-41,747	0	-91,981
	Other external costs	-10,616	-1,745	-2,922	-15,283
	Staff costs, onshore employees	-25,722	-4,229	-7,081	-37,032
	Profit before depreciation, etc. (EBITDA)	**-5,134**	**39,417**	**-10,003**	**24,280**
	Profits and loss from the sale of vessels, etc.	188	2,230	35	2,453
	Depreciation	-42,421	-33,675	-2,949	-79,045
	Share of results of joint ventures	1,109	-75	0	1,034
	Profit from operations (EBIT)	**-46,258**	**7,897**	**-12,917**	**-51,278**
	Fair value adjustment of certain hedging instruments	10,580	0	0	10,580
	Financial income	0	0	10,024	10,024
	Financial expenses	0	0	-12,483	-12,483
	Tax for the year	-4,087	-425	-79	-4,591
	Results for the year	**-39,765**	**7,472**	**-15,455**	**-47,748**
	Vessels	576,991	500,962	0	1,077,953
	Property and equipment	90	0	53,739	53,829
	Prepayments on vessels and newbuildings	8,616	55,943	0	64,559
	Investments in joint ventures	15,458	3,390	0	18,848
	Non-current assets	**601,155**	**560,295**	**53,739**	**1,215,189**
	Current assets	**292,665**	**47,764**	**505,624**	**846,053**
	– hereof tangible assets held for sale	0	0	0	0
	Assets	**893,820**	**608,059**	**559,363**	**2,061,242**
	Investments in non-current assets for the year	43,522	99,080	1,977	144,579
	Average number of employees, excluding employees on T/C vessels	736	417	22	1,175
	EBIT margin	-3%	2%	-	-2%
	Return on assets	-5%	1%	-	-2%

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue.

USD 8 million resulting from compensation received from counterparties regarding terminated T/C agreements and COAs is included in the revenue.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	Dry Cargo	Tankers	Unallocated	Total
3	**Segment information – continued**				
	2012				
	Revenue – services rendered, external	1,731,318	400,121	0	2,131,439
	Voyage costs	-805,553	-191,642	0	-997,195
	Contribution margin I	**925,765**	**208,479**	**0**	**1,134,244**
	Other operating income, net	6,279	101	0	6,380
	Charter hire for vessels	-716,176	-132,891	0	-849,067
	Other vessel operating costs	-51,859	-42,092	0	-93,951
	Other external costs	-8,778	-1,574	-2,679	-13,031
	Staff costs, onshore employees	-24,683	-4,427	-7,534	-36,644
	Profit before depreciation, etc. (EBITDA)	**130,548**	**27,596**	**-10,213**	**147,931**
	Profits from the sale of vessels, etc.	-25,489	1,664	-119	-23,944
	Depreciation	-50,478	-33,689	-4,368	-88,535
	Write-downs, including joint ventures	-260,000	-40,000	0	-300,000
	Share of results of joint ventures	-1,530	689	0	-841
	Profit from operations (EBIT)	**-206,949**	**-43,740**	**-14,700**	**-265,389**
	Fair value adjustment of certain hedging instruments	-10,132	0	0	-10,132
	Financial income	0	0	9,570	9,570
	Financial expenses	0	0	-7,908	-7,908
	Tax for the year	-3,602	-459	-929	-4,990
	Results for the year	**-220,683**	**-44,199**	**-13,967**	**-278,849**
	Vessels	586,872	380,347	0	967,219
	Property and equipment	1,439	0	54,362	55,801
	Prepayments on vessels and newbuildings	8,008	105,809	0	113,817
	Investments in joint ventures	9,450	3,465	0	12,915
	Non-current assets	**605,769**	**489,621**	**54,362**	**1,149,752**
	Current assets	**231,457**	**112,167**	**540,016**	**883,640**
	– hereof tangible assets held for sale	0	45,879	0	45,879
	Assets	**837,226**	**601,788**	**594,378**	**2,033,392**
	Investments in non-current assets for the year	101,721	61,704	4,877	168,302
	Average number of employees, excluding employees on T/C vessels	752	449	20	1,221
	EBIT margin	-12%	-11%	-	-12%
	Return on assets	-25%	-7%	-	-13%

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue.

USD 8 million resulting from compensation received from counterparties regarding terminated T/C agreements and COAs is included in the revenue.

Note	Amounts in USD'000	2013	2012
4	**Fees to auditor appointed at the general meeting**		
	"Other external costs" include the following fees to PricewaterhouseCoopers:		
	Audit	294	292
	Other assurance services	32	21
	Tax consultancy	58	111
	Other services	179	214
	Total	**563**	**638**
5	**Staff costs**		
	Onshore employees:		
	Wages and salaries	32,349	30,025
	Pensions – defined contribution plans	1,657	1,533
	Other social security costs	933	1,128
	Share-based payment	2,093	3,958
		37,032	**36,644**
	Seafarers – the amount is included in "Vessel operating costs":		
	Wages and salaries	36,958	38,562
	Pensions – defined contribution plans	1,471	1,892
	Other social security costs	1,396	1,247
		39,825	**41,701**
	Total	**76,857**	**78,345**
	Average number of employees:		
	Onshore employees	260	255
	Seafarers	915	966
	Total	**1,175**	**1,221**

Staff costs and average number of employees excludes employees on T/C vessels.

	2013		**2012**	
	Parent company Board of Directors	Parent company Executive Management	Parent company Board of Directors	Parent company Executive Management
Wages and salaries	1,010	4,345	936	2,571
Other social security costs	0	2	0	1
Share-based payment	0	850	0	862
Total	**1,010**	**5,197**	**936**	**3,434**

See the section "Remuneration" in the management commentary for a more detailed description of bonus and severance schemes for the Executive Management and a number of ececutives.

See also note 28 for a description of share-based payment.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

6 Fair value adjustment of certain hedging instruments

Accounting policies

Fair value adjustment of certain hedging instruments comprises changes in the fair values of derivative financial instruments that are used to hedge future bunker purchases and freight income but do not qualify as hedge accounting. As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same income statement item as the hedged transaction.

Fair value adjustment of derivative financial instruments which do not qualify as hedge accounting amounts to:

	2013	2012
Bunker hedging:		
2012	0	8,314
2013	709	-870
2014	904	1,264
2015	252	22
2016 - 2018	-12	182
	1,853	8,912
Realised fair value adjustment reclassified to "Vessel operating costs"	-1,048	-18,952
	805	**-10,040**
Forward Freight Agreements:		
2012	0	9,731
2013	-4,370	2,642
2014	1,938	526
2015	6,408	0
2016	4,545	0
	8,521	12,899
Realised fair value adjustment reclassified to "Revenue"	1,254	-12,991
	9,775	**-92**
Total	**10,580**	**-10,132**

7 Financial income

	2013	2012
Dividends	288	225
Interest income	4,992	5,838
Hedging instruments	110	1,463
Securities, capital gains	0	78
Exchange rate adjustments	4,634	1,966
Total	**10,024**	**9,570**

8 Financial expenses

	2013	2012
Interest costs, non-current debt, etc.	9,507	7,908
Securities, capital losses	219	0
Hedging instruments	2,757	0
Total	**12,483**	**7,908**

Note Amounts in USD'000

9 Taxation

Accounting policies

The Company's current tax consists of tax paid according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for net financial income and other activities. Other activities comprise of letting of the Company's domicile and management income. Shipping activities are taxed on the basis of the net tonnage (vessels) which the parent company has at its disposal.

As from 2011, the parent company has entered the Danish tonnage tax regime for a binding 10-year period.

Based on the parent company's planned use of vessels and recovery of reversed depreciation, respectively, the tonnage tax regime does not result in a liability, hence it does not result in any deferred tax in the statement of financial position. The liability is merely a contingent liability. Other activities of the Group and the parent company are not subject to deferred tax either.

	2013	2012
Tax on the results for the year	4,780	5,544
Adjustment of tax regarding previous years	-189	-554
Total	**4,591**	**4,990**
Tax on the results for the year is broken down as follows:		
Results before tax	-43,157	-273,859
of which results from Danish tonnage activity	33,058	20,395
	-10,099	-253,464
Calculated tax of this, 25%	-2,525	-63,366
Tax effect from:		
– Higher/lower tax rate in subsidiaries	2,532	64,712
– Other	822	768
	829	**2,114**
Tonnage tax	3,951	3,430
Total	**4,780**	**5,544**
If the Company's net investments in vessels decrease significantly or if the Company is liquidated, the contingent tax from before the Company joined the tonnage tax scheme will be released.		
Contingent tax under the tonnage tax scheme	16,318	18,544
Contingent tax is calculated at 22% (25%) equalling the tax rate for 2016 and going forward.		

10 Earnings per share (EPS)

	2013	2012
Basic:		
Results for the year for NORDEN's shareholders	-47,746	-278,847
Weighted average number of shares (thousand)	40,770	41,278
Earnings per share (USD per share)	**-1.17**	**-6.76**
Diluted:		
Weighted average number of shares (thousand)	40,770	41,278
Adjusted for share options (thousand)	0	0
Weighted average number of shares for diluted earnings per share (thousand)	40,770	41,278
Diluted earnings per share (USD per share)	**-1.17**	**-6.76**

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

11 Tangible assets

Accounting policies

Significant accounting estimates include i.a. estimates of useful lives, scrap values and impairment on tangible assets.

The Group's choice of historical cost rather than fair value as the basis for measuring tangible assets – vessels – has a material impact on the calculation of the Group's and the parent company's results and equity.

Cost comprises the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use.

Borrowing costs concerning either specific or general borrowing directly related to assets with an extended production period are included in cost over the period of construction.

The basis of depreciation is calculated as the excess of cost over the estimated scrap value. The scrap value of vessels is determined based on the market price per lightweight ton for scrapping of the vessel.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Vessels, including vessels acquired under finance leases	20 years
Fixtures, fittings and equipment	3-10 years

Land is not depreciated.

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period does not exceed 20 years from delivery from the shipyard.

Docking costs relating to vessels recognised in the statement of financial position are added to the carrying amounts of the vessels when incurred. Docking costs are allocated on a straight-line basis over the estimated useful lives of the improvements.

Useful lives and scrap values are reassessed annually.

Prepayments on newbuildings are recognised in assets as vessels under construction as payments are made. At the delivery of the vessel, it is reclassified to the item "Vessels".

Impairment test

Accounting policies

The carrying amounts of tangible assets are analysed annually to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciation. An impairment test is conducted if there is an indication that the carrying amount of an asset may exceed the expected future cash flows from the asset. If there is such an indication, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount (cash-generating unit) is analysed for impairment.

Management's assessment of indication of impairment on vessels and prepayments on newbuildings is based on the cash-generating units (CGUs) in which vessels, etc. are included. This is usually the total fleet within NORDEN's 2 segments, Dry Cargo and Tankers.

If the net selling price of the Company's vessels and newbuildings, expressed by the average of 3 broker valuations, is lower than the carrying amounts and cost of newbuildings, a further impairment test must be carried out based on value in use. The impairment test is carried out within NORDEN's 2 CGUs, Dry Cargo and Tankers, as the vessels within these 2 segments can usually be handled on a portfolio basis. The impairment test is done by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives including entered COAs, time charters with a WACC of 8% and by using estimated rates on the basis of historical data for uncovered capacity. If the value in use is lower than the carrying amounts, the asset is written down for impairment.

Note Amounts in USD'000

11 Tangible assets – continued

2013	**Vessels**	**Property and equipment**	**Prepayment on vessels and new-buildings**	**Total**
Cost at 1 January	1,415,146	76,733	126,717	1,618,596
Additions for the year	14,904	1,977	122,508	139,389
Disposals for the year	0	-1,650	0	-1,650
Transferred during the year	184,666	0	-184,666	0
Cost at 31 December	1,614,716	77,060	64,559	1,756,335
Depreciation at 1 January	-237,217	-20,932	0	-258,149
Depreciation for the year	-75,936	-3,109	0	-79,045
Reversed depreciation on vessels disposed of	0	810	0	810
Depreciation at 31 December	-313,153	-23,231	0	-336,384
Write-downs at 1 January	-210,710	0	-12,900	-223,610
Transferred during the year	-12,900	0	12,900	0
Write-downs at 31 December	-223,610	0	0	-223,610
Carrying amount at 31 December	**1,077,953**	**53,829**	**64,559**	**1,196,341**

Amount insured on vessels USD 1,404 million.

2012	**Vessels**	**Property and equipment**	**Prepayment on vessels and new-buildings**	**Total**
Cost at 1 January	1,566,925	73,556	170,025	1,810,506
Additions for the year	11,134	4,877	149,791	165,802
Disposals for the year	-275,669	-1,700	0	-277,369
Transferred during the year	168,525	0	-168,525	0
Transferred during the year to other items	-55,769	0	-24,574	-80,343
Cost at 31 December	1,415,146	76,733	126,717	1,618,596
Depreciation at 1 January	-179,736	-17,619	0	-197,355
Depreciation for the year	-83,916	-4,619	0	-88,535
Reversed depreciation on vessels disposed of	16,545	1,306	0	17,851
Transferred during the year to tangible assets held for sale	9,890	0	0	9,890
Depreciation at 31 December	-237,217	-20,932	0	-258,149
Write-downs 1 January	0	0	0	0
Write-downs for the year	-258,371	0	-31,629	-290,000
Transferred during the year	-18,729	0	18,729	0
Reversed write-downs on vessels disposed of	66,390	0	0	66,390
Write-downs at 31 December	-210,710	0	-12,900	-223,610
Carrying amount at 31 December	**967,219**	**55,801**	**113,817**	**1,136,837**

Amount insured on vessels USD 1,253 million.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2013	2012
11	**Tangible assets – continued**		
	Contractual liabilities		
	The Company has entered into agreements for future delivery of newbuildings and purchase options, etc. The remaining contract amount is payable as follows:		
	Within 1 year	96,700	90,300
	Between 2 and 3 years	160,318	50,550
	Total	**257,018**	**140,850**

See note 24 for security provided for vessels.

At the end of the financial year, the market value of the fleet (excluding joint ventures and assets held for sale) was USD 83 million (negative USD 138 million) below the carrying amounts, and the difference was divided between the 2 CGUs, Dry Cargo and Tankers, with USD 54 million (negative USD 61 million) and USD 29 million (negative USD 77 million), respectively.

An impairment test was conducted for the CGUs by determining the value in use, where the long-term values are assessed.

Due to the large number of open ship days at the end of the financial year, the value in use calculation was very sensitive even to minor 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 149 million (USD 193 million) in Dry Cargo and USD 91 million (USD 135 million) in Tankers.

For at more detailed description of the impairment test at the end of the financial year, see the section "Financial review" in the management commentary.

Management assesses that the long-term values at the close of the financial year of both the Dry Cargo and Tanker fleet matches the carrying amounts, and accordingly, there is not indication of further impairment or a need for reversing the already made write-downs.

12 Investments in joint ventures

NORDEN engages in jointly controlled arrangements which include joint ventures and joint operations. In joint ventures, the parties do not have direct share in assets and liabilities, etc., but solely a share in the net profit or loss and equity. On the other hand, joint operations provide the parties with direct rights to the assets and direct obligations for the liabilities. Each joint operator recognises its part of assets, liabilities, income and costs.

Joint ventures

Accounting policies

In the Group's income statement, the Group's shares of the joint ventures' results after tax are included in the item "Share of results of joint ventures".

Enterprises which are contractually operated jointly with one or more other enterprises and which are thus jointly controlled are recognised in the consolidated financial statements according to the equity method.

In the Group's statement of financial position, the Group's share of the net asset value of joint ventures is thus included in the item "Investments in joint ventures", calculated on the basis of the Group's accounting policies and after deduction or addition of the Group's share of any unrealised intra-group gains or losses.

Joint ventures with negative net asset values are valued at USD 0 million. If the Group has a legal or constructive obligation to cover the enterprises' negative balance, such obligation is recognised under liabilities.

Note	Amounts in USD'000	2013	2012
12	**Investments in joint ventures – continued**		
	Cost at 1 January	19,176	16,676
	Additions for the year	5,000	2,500
	Disposals for the year	-161	0
	Cost at 31 December	24,015	19,176
	Value adjustments at 1 January	3,739	4,599
	Share of results for the year	1,034	-841
	Reversed value adjustment on disposals for the year	75	0
	Dividends paid	-15	-19
	Value adjustments at 31 December	4,833	3,739
	Write-downs at 1 January	-10,000	0
	Write-downs for the year	0	-10,000
	Write-downs at 31 December	-10,000	-10,000
	Carrying amount at 31 December	**18,848**	**12,915**

Investments comprise:	Ownership	Share of results of joint ventures		Carrying amount	
		2013	2012	2013	2012
Norient Product Pool ApS	50%	-100	660	3,343	3,443
Norient Cyprus Ltd.	50%	25	29	47	22
ANL MARITIME Services Pte. Ltd.	50%	6	-21	0	95
NORD SUMMIT Pte. Ltd.	50%	170	-735	12,799	7,629
Polar Navigation Pte. Ltd.	50%	933	-774	2,659	1,726
Total		**1,034**	**-841**	**18,848**	**12,915**
Hereof profits from the sale of vessels		0	0		

	2013	2012
Guarantees regarding joint ventures	51,540	0
Liabilities regarding joint ventures	25,770	0
Key figures (100%)		
Revenue and other income	41,685	22,486
Costs	39,617	24,168
Write-downs	0	20,000
Non-current assets (including write-downs)	55,126	55,753
Current assets	31,159	23,069
- hereof cash and cash equivalents	10,357	17,661
Non-current liabilities, debt	36,150	40,350
Current liabilities	14,096	14,298
Total results	2,068	-1,682
Share of results of NORDEN	**1,034**	**-841**
Total carrying amount	36,039	24,174
Adjustment	1,657	1,657
Carrying amount of NORDEN	**18,848**	**12,915**

No significant restrictions apply to distributions from joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

12 Investments in joint ventures – continued

Joint operations

Accounting policies

NORDEN's shipping activities are to some extent conducted through pool arrangements. In pools, revenue and related costs are recognised according to criteria corresponding to those applied by NORDEN.

For vessels operating in pools, the pool's profit is allocated to the pool participants on the basis of an agreed principle. The agreed principle may differ from pool to pool. Generally, the pool profit is allocated to the participants according to the number of days the vessels have been at the pool's disposal, but weighted for the capacity and characteristics of the individual vessels.

Pool arrangements are considered joint operations. Accordingly for vessels operating in pools, the proportionate share of income and costs is presented as gross amounts in the income statement. For example, the share of revenue in pools is recognised in "Revenue", while the proportionate share of costs in pools, such as direct voyage costs (e.g. bunker, commissions and port charges) and charter hire for chartered pool tonnage, is recognised in "Vessel operating costs". Similarly, NORDEN's share of assets and liabilities in pools is recognised, and NORDEN's share of other liabilities, etc. is included in the notes to the financial statements.

NORDEN operates a few pools. As pool operator, NORDEN receives management income to cover its costs in this respect. Management income is calculated as a fixed percentage of charter/freight income for each individual agreement. The management income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

Joint operations comprise the following pools:
Norient Product Pool ApS
Norient Short Term Tank Pool
Norient LR1 Pool
NORDEN Post-Panamax Pool
NORDEN Handysize Pool

NORDEN acts as manager of the 2 latter pools.

The following is an overview of NORDEN's total liabilities and coverage in respect of jointly controlled operations in the event that other pool partners are unable to meet their obligations.

	2013	2012
Share of unrecognised liabilities for which the partners are jointly and severally liable	**16,584**	**10,814**
Future operating lease liabilities:		
Within 1 year	13,318	8,101
Total *	**13,318**	**8,101**
Future COAs:		
Within 1 year	40,116	23,789
Between 1 and 5 years	40,812	33,423
More than 5 years	67,132	52,777
Total *	**148,060**	**109,989**
Future operating lease income:		
Within 1 year	111,913	109,578
Between 1 and 5 years	2,679	19,296
Total *	**114,592**	**128,874**

There are no other contribution requirements or significant contingent liabilities in relation to joint operations.

* Note 21 and 25 "Operating lease liabilities" and "COAs and operating lease income" include NORDEN's expected share hereof.

In addition, the Group participates in normal profit sharing agreements concerning 4 (4) vessels where profit sharing for the vessels is 50%. No contribution requirements or significant contingent liabilities are related to the agreements.

Note Amounts in USD'000

13 Receivables

Accounting policies

Receivables are measured at amortised cost less provisions for impairment losses. Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

It is estimated that the provisions made are sufficient to cover any bad debts.

	2013	2012
Freight receivables	162,029	130,822
Provisions for bad debts	-5,411	-5,305
Freight receivables, net	156,618	125,517
Receivables from joint ventures	4,119	4,953
Other receivables	26,650	21,197
Total	**187,387**	**151,667**
The fair value of receivables amount to:		
Freight receivables	156,618	125,517
Receivables from joint ventures	4,119	4,953
Other receivables	26,650	21,197
Total	**187,387**	**151,667**
Development in write-downs on freight receivables:		
Write-downs at 1 January	-5,305	-4,220
Applied write-downs during the year	900	350
Reversed write-downs	3,900	1,925
Write-downs for the year	-4,906	-3,360
Write-downs at 31 December	**-5,411**	**-5,305**
Freight receivables which have been written down in provision for bad debts amount to:	8,897	5,743
Freight receivables due which have not been written down in provision for bad debts amount to:		
– due in less than 3 months	3,396	1,424
Total	**3,396**	**1,424**

Loss on other receivables and receivables from joint ventures is not expected, and thus, no write-downs have been made.

Regarding freight receivables, the Company usually has the opportunity to use the cargo as security. See also note 2.

The carrying amount of receivables is distributed on the following currencies:

	2013	2012
USD	186,378	151,667
DKK	287	0
Other currencies	722	0
Total	**187,387**	**151,667**

See note 33 for fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

14 Securities

Accounting policies

Shares and bonds available for sale are recognised under current assets at fair value at the trade date and are subsequently measured at market price in respect of listed securities and at fair value applying a valuation method in respect of unlisted securities.

If securities are impaired, they are written down. Value adjustments of shares and bonds are recognised in net financials when realised. Until realisation, value adjustments of listed shares and bonds are recognised through other comprehensive income in the reserve for securities, except exchange rate adjustments of bonds denominated in foreign currencies, which are recognised in the income statement under net financials.

	2013	**2012**
Shares	16,809	15,891
Bonds	63,017	58,985
Total	**79,826**	**74,876**

See note 33 for fair value hierarchy.
See also the management commentary page 13 for ratings.

15 Cash and cash equivalents

Accounting policies

Cash and cash equivalents are measured in the statement of financial position at nominal value.

	2013	2012
Demand deposits and cash balance	29,590	42,942
Money market investments	364,694	402,114
Other cash and cash equivalents	11,951	8,682
Cash and cash equivalents according to the statement of financial position	**406,235**	**453,738**
– hereof restricted cash	0	0
Cash and cash equivalents according to the statement of cash flows	**406,235**	**453,738**

Money market investments at year-end have maturities of up to	245 days	266 days

There are money deposits related to vessel loans with BNP Paribas of USD 8 million (USD 8 million), which mature in 2021.

In connection with trading in derivative financial instruments, NORDEN has established margin accounts with NOS Clearing ASA and UBS Limited in the form of cash. At 31 December, cash held in margin accounts placed as security amounted to	11,930	3,813

Note Amounts in USD'000

16 Tangible assets held for sale

Accounting policies

Tangible assets held for sale comprise vessels which will be sold within 12 months of the reporting date and prepayments on newbuildings under construction which will be sold on delivery within 12 months of the reporting date.

Vessels and prepayments on vessels held for sale are measured at the lower of carrying amount and fair value less selling costs and are recognised under current assets.

Depreciation is not provided for vessels held for sale if the scrap value (the selling price) of the vessels equals or exceeds their carrying amounts.

Assets and directly related liabilities in relation to tangible assets held for sale are recognised in separate items in the statement of financial position.

Gains and losses are included in the income statement under the item "Profits from the sale of vessels, etc." and are recognised on delivery for gains and by classification as "held for sale" for losses.

	2013	2012
Tangible assets held for sale – vessels:		
Carrying amount at 1 January	45,879	0
Additions for the year to tangible assets held for sale	190	0
Additions for the year from vessels	0	45,879
Disposals for the year	-46,069	0
Carrying amount at 31 December	**0**	**45,879**

17 Reserves

	2013	2012
Securities:		
Fair value adjustment at 1 January	13,578	11,444
Fair value adjustment for the year, net	512	2,056
Transferred to net financials	-219	78
Fair value adjustment at 31 December	13,871	13,578
Cash flow hedges:		
Fair value adjustment at 1 January	-10,031	-4,746
Fair value adjustment for the year, net	4,294	-5,285
Fair value adjustment at 31 December	-5,737	-10,031
Total	**8,134**	**3,547**

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

18 Equity

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption by the shareholders in general meeting. Dividend proposed by management in respect of the year is stated under equity. Dividend is not paid in respect of treasury shares.

Treasury shares

The acquisition and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Share-based incentive programme

The value of services rendered by employees as consideration for share-based incentive payments is measured at the fair value of the granted options and employee shares. For options, this fair value is recognised in the income statement over the vesting period. The fair value of employee shares is recognised at the grant date. A corresponding increase is recognised in equity.

The fair value of the options is determined using the Black-Scholes valuation model, taking into account the terms of the grant and the actual number of vested options. On recognition, the number of options expected to vest is estimated. The estimate is adjusted over the vesting period to the actual number of vested options. The fair value of the employee shares is the quoted price (all trades at 5 p.m.) at the grant date.

The share capital consists of 43,000,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

Treasury shares	Number of shares		Nominal value (DKK'000)		% of share capital	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
1 January	1,722,161	1,786,078	1,722	1,786	4.00	4.15
Acquired	718,857	0	719	0	1.67	0.00
Distributed	-483	-63,917	0	-64	0.00	-0.15
Sold	-211,523	0	-212	0	-0.49	0.00
31 December	**2,229,012**	**1,722,161**	**2,229**	**1,722**	**5.18**	**4.00**

The Company is authorised by the general meeting to acquire a maximum of 4,300,000 treasury shares, equal to 10% of the share capital.

Treasury shares are i.a. acquired for the purpose of hedging liabilities in connection with sharebased payment, see note 28.

In 2013, the Company acquired 718,857 treasury shares equal to a purchase prise of DKK 146,359 thousand (USD 26,122 thousand) and sold 212,006 treasury shares equalling a value of DKK 37,382 thousand (USD 6,757 thousand), including distribution of 483 employee shares.

In 2012, the Company distributed 63,917 employee shares from the holding of treasury shares with an average value of DKK 16,938 thousand (USD 3,040 thousand).

At 1 January 2013, the Company had a total of 41,277,839 outstanding shares of DKK 1 each, and at 31 December 2013, a total of 40,770,988 outstanding shares of DKK 1 each.

Note Amounts in USD'000

19 Bank debt

Accounting policies

Bank debt is recognised at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan, to the effect that the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan. Commission paid to set up a credit facility is recognised as transaction costs to the extent that it is probable that the facility will be utilised. To the extent that it is not probable that the facility will be partially or fully utilised, commission is recognised as a prepayment for making the facility available and amortised over the term of the credit facility.

Interest-bearing liabilities include bank debt, which includes the following items:

	2013	2012
Current portion of non-current debt within 1 year	27,647	17,385
Non-current liabilities between 1 and 5 years	110,587	70,833
Non-current liabilities over 5 years	119,981	67,407
Total	**258,215**	**155,625**

Interest-bearing liabilities amount to:

	2013	2012
Carrying amount:		
Fixed-rate loans	25,240	12,620
Floating-rate loans *	241,053	149,844
Borrowing costs	-8,078	-6,839
Total	**258,215**	**155,625**
Fair value:		
Fixed-rate loans	25,088	13,363
Floating-rate loans *	241,053	149,844
Total	**266,141**	**163,207**

* Floating-rate loans are partly hedged by interest rate swaps, see note 26.

Mortgages and security provided in relation to liabilities are disclosed in note 24.

See note 33 for fair value hierarchy.

20 Liabilities relating to tangible assets held for sale

	2013	2012
Prepayments received on sold vessels and newbuildings	0	4,847
Total	**0**	**4,847**

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

21 Operating lease liabilities

Accounting policies

Agreements to charter vessels and to lease other tangible assets where all substantial risks and rewards of ownership have been transferred to the Group (finance leases) are recognised in the statement of financial position. Vessels and other tangible assets are recognised at the delivery date at a value corresponding to the present value of the finance charges set out in the agreements, including any purchase options expected to be exercised. For the purpose of calculating the present value, the 0-coupon rate with the addition of the company's interest margin is used as discount factor. Vessels and other tangible assets acquired under finance leases are depreciated and written down according to the same accounting policies as assets owned by the Group.

The capitalised residual lease liability is recognised in the statement of financial position as a liability, and the interest element of the lease payment is charged to the income statement when incurred.

Other agreements to charter vessels and other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

Operating lease payments in the form of charter hire including daily operating costs recognised in the income statement are disclosed in note 3.

Leases have originally been entered into with a mutually interminable lease period of up to 10 years. Some leases include an option to renew for 1 additional year at a time for up to 3 years. Leases may also include purchase options, typically exercisable as from the end of the third year to the expiry of the period of renewal. Exercise of the purchase option on the individual vessel is based on an individual assessment. None of the leases comprise contingent lease payments.

	2013			2012		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	391,709	119,055	510,764	338,835	105,454	444,289
Between 1 to 5 years	866,078	142,481	1,008,559	857,210	189,469	1,046,679
More than 5 years	484,340	7,285	491,625	374,008	12,689	386,697
Total	**1,742,127**	**268,821**	**2,010,948**	**1,570,053**	**307,612**	**1,877,665**

For information on ship days distributed on years, see capacity and coverage in the management commentary. For information on the Company's charter parties with purchase option, see the sections "Fleet development" and "Fleet values" in the management commentary.

The above includes NORDEN's expected share of jointly controlled operating lease liabilities. See note 12.

22 Provisions

Accounting policies

Provisions are recognised when, as a consequence of an event that has occurred before or on the reporting date, the Group has a legal or constructive obligation, and it is likely that economic benefits will flow from the Company to meet the obligation.

Note Amounts in USD'000

23 Unrecognised contingent assets and liabilities

Accounting policies

Information on contingent assets and liabilities and when recognition should be made as asset and liability, respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in considerable claims also include assessments obtained from external advisors including lawyers, among others.

Assets are recognised when it is practically certain that the claim will have a positive outcome for the Group. A liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. If this is not the case, the matter is stated below. Rulings in connection with such matters may in coming accounting periods produce realised gains or losses which may differ considerably from the recognised amounts or information.

	2013	2012
Contingent assets		
The Group has raised claims against third party regarding non-performance of cargo contracts, etc. The Group and its legal advisors consider the claims to be justified and probable.		
There is uncertainty as to when the claims will be settled as well as the financial result hereof. No recognition hereof has been made as the existence of the assets is dependent on several uncertain future events that are beyond the control of the Group, and therefore, it is virtually not certain that it is an asset.	7,275	13,900
Contingent liabilities		
Guarantee commitments do not exceed	137	145
Claims have been made against the Group, primarily concerning discharge responsibility and broker fees, etc. The Group and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	3,300	3,800

24 Mortgages and security

	2013	2012
As security for bank debt	258,215	155,625
a total number of vessels of	13	8
with a carrying amount of	403,338	249,263
have been mortgaged at	417,026	291,796

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

25 COAs and operating lease income

Accounting policies

Agreements to charter out vessels on time charters where all significant risks and rewards of ownership have been transferred to the lessee (finance leases) are recognised as a receivable in the statement of financial position. The receivable is measured in the same way as the lease liability in cases where the Group is the lessee, see note 21.

Other agreements to charter out vessels are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

At 31 December, the Group had entered into COAs with customers amounting to:

	2013			2012		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	179,453	0	179,453	164,982	0	164,982
Between 1 to 5 years	170,548	0	170,548	207,086	0	207,086
More than 5 years	143,820	0	143,820	146,501	0	146,501
Total	**493,821**	**0**	**493,821**	**518,569**	**0**	**518,569**

The Group has operating lease income amounting to:

	2013			2012		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	130,464	47,846	178,310	152,891	46,051	198,942
Between 1 to 5 years	168,025	2,395	170,420	162,934	9,445	172,379
More than 5 years	127,251	0	127,251	119,931	0	119,931
Total	**425,740**	**50,241**	**475,981**	**435,756**	**55,496**	**491,252**

The above includes NORDEN's expected share of COAs and operating lease income. See note 12.

26 Financial instruments

Accounting policies

Derivative financial instruments are recognised in the statement of financial position at fair value at the date of transaction. Positive and negative fair values of derivative financial instruments are recognised as assets under "Other receivables" or as liabilities under "Other payables", respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement in the same item as any changes in the carrying amount of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future transactions are recognised in equity under "Cash flow hedges". Where the expected future transaction results in the acquisition of non-financial assets, any amounts deferred under equity are transferred from equity to the cost of the asset. Where the expected future transaction results in income or expense, amounts deferred under equity are transferred from equity to the income statement in the same item as the hedged transaction.

The majority of the Group's derivative financial instruments provide effective financial hedging in accordance with the Group's risk management policy. Certain of the derivative financial instruments (FFAs and bunker hedging contracts) are not considered to qualify for hedge accounting according to accounting regulations. Changes in the fair value of derivative financial instruments not considered to qualify for hedge accounting are recognised in the income statement in a separate item under financials called "Fair value adjustment of certain hedging instruments". As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same item as the hedged transaction.

Note Amounts in USD'000

26 Financial instruments – continued

Fair value measurement

In measuring the fair value of unlisted derivative financial instruments and other financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques. Market-based parameters such as market-based yield curves and forward exchange prices are used for the valuation. For bunker contracts the price is based on observable stock markets, e.g. Rotterdam and Singapore. The value of FFAs is assessed on the basis of daily recorded prices from the Baltic Exchange. For non-current liabilities and other interest rate based financial instruments, the fair value is based on a discounted value of future cash flows. A 0-coupon rate with the addition of the company's interest margin is used as discount factor.

The fair value of financial assets and financial liabilities with a maturity of less than 1 year is assumed to approximate their face values less any estimated credit adjustments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

Hedge accounting

For more information on the Company's overall risk management, see the description in note 2.

	2013	2012
Interest rate swap – cash flow hedging:		
Contractual value (outstanding debt)	241,052	263,464
Market value:		
Contracts with an unrealised loss (liability)	-5,737	-10,031
Recognised in equity at 31 December	**-5,737**	**-10,031**

All contracts have been entered into with a remaining term of up to 12 years on the reporting date.

Gains and losses on hedging transactions taken to the fair value reserve are recognised in the income statement at the same time as payment of interest on the underlying loans.

Financial hedging:

At 31 December, the Group had entered into hedging transactions, which do not qualify for hedge accounting and are recognised as assets and liabilities with the following amounts:

	2013			2012		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Bunker hedging	3,396	-549	2,847	5,875	-3,832	2,043
Forward Freight Agreements	16,694	0	16,694	3,643	0	3,643
Credit default swaps	0	0	0	0	-110	-110
Cross currency swaps	0	-4,379	-4,379	0	-2,290	-2,290
Forward exchange contracts	0	-11,909	-11,909	170	-9,094	-8,924

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

27 Related party disclosures and transactions with related parties

Accounting policies

Related parties include the Board of Directors and Executive Management as well as their close relatives. Related parties also include companies in which the above persons have significant interests as well as companies and foundations which have direct or indirect considerable influence through shareholdings.

The Group has no related parties controlling NORDEN.

Subsidiaries are shown in note 32.

In addition, related parties include joint ventures, see note 12.

Trading and accounts with related parties comprise:

	2013	2012
Sale of goods and services		
– joint ventures	10,264	7,902
Purchases of goods and services		
– joint ventures	9,201	5,014
Dividends from		
– joint ventures	15	19
Interest expenses		
– joint ventures	0	9
Receivables from related parties		
– joint ventures	4,119	4,953
Debt to related parties		
– joint ventures	186	0
– Board of Directors and Executive Management	0	415
Dividends paid to related parties		
– Board of Directors and Executive Management	70	88
– A/S Motortramp	6,304	8,429
– POLYSHIPPING AS	2,590	3,463
– A/S Dampskibsselskabet Orients Fond	236	315

Guarantees to joint ventures are mentioned in note 12.

Accounts with joint ventures are related to operations, unsecured and with usual interest rates.

Remuneration and share-based payment of the Board of Directors and the Executive Management are disclosed in notes 5 and 28.

No other transactions took place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

Note Amounts in USD'000

28 Share-based payment

Share option programme – 2009

On 9 March 2009, the Board of Directors granted share options comprising a total of 379,175 shares to a number of executives. The options are exercisable from 9 March 2012 to 9 March 2015, and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise. Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

Share option programme – 2010

On 9 March 2010, the Board of Directors granted share options comprising a total of 350,000 shares to a number of executives. The options are exercisable from 9 March 2013 to 9 March 2016, and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise. Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

Share option programme – 2011

On 2 March 2011, the Board of Directors granted share options comprising a total of 350,000 shares to a number of executives. The options are exercisable from 2 March 2014 to 2 March 2017, and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus a fee of 20% in proportion to the market price at the date of grant. Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares , this can be included in the determination of the investment amount.

Share option programme – 2012

On 7 March 2012, the Board of Directors granted share options comprising a total of 350,000 shares to a number of executives. The options are exercisable from 7 March 2015 to 7 March 2018, and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus a fee of 20% in proportion to the market price at the date of grant. Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares , this can be included in the determination of the investment amount.

Share option programme – 2013

On 6 March 2013, the Board of Directors granted share options comprising a total of 400,000 shares to a number of executives. The options are exercisable from 6 March 2016 to 6 March 2019, and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus a fee of 10% in proportion to the market price at the date of grant. Upon exercise, the Executive Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares , this can be included in the determination of the investment amount.

It applies to all the programmes that the share options may be exercised after at least 3 years and no more than 6 years from the respective grant dates. Exercise of the share options of the Executive Management and executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of death and illness.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2013	2012
28	**Share-based payment – continued**		
	The change in the number of outstanding share options is as follows:		
		Number of options	Number of options
	Outstanding at 1 January	1,211,325	1,406,545
	Granted during the period	400,000	350,000
	Lapsed during the period	-41,108	-185,340
	Exercised during the period*	-211,523	0
	Expired during the period	0	-359,880
	Outstanding at 31 December	**1,358,694**	**1,211,325**

* Weighted average share price at the exercise dates of DKK 235.

Outstanding share options are composed as follows:

	Number of share options			
	Executive Management	Other executives	Others	Total
Granted 9 March 2009	20,000	35,870	37,428	93,298
Granted 9 March 2010	89,044	133,765	62,057	284,866
Granted 2 March 2011	79,796	136,003	74,439	290,238
Granted 7 March 2012	81,704	132,846	81,171	295,721
Granted 6 March 2013	162,541	146,388	85,642	394,571
Outstanding at 31 December	**433,085**	**584,872**	**340,737**	**1,358,694**

The division into employee categories is based on the title of the employee at the grant date. For a more detailed specification of the share options distributed within the Senior Management at the end of the year, see the section "Management" in the management commentary.

	Per option, DKK			
	Exercise price at 31 December 2013	Allotment price	Number of options	Exercise period
Granted 9 March 2009	178.97	155.03	93,298	9/3 2012 - 9/3 2015
Granted 9 March 2010	296.56	241.13	284,866	9/3 2013 - 9/3 2016
Granted 2 March 2011	207.39	222.39	290,238	2/3 2014 - 2/3 2017
Granted 7 March 2012	187.70	194.70	295,721	7/3 2015 - 7/3 2018
Granted 6 March 2013	198.95	201.95	394,571	6/3 2016 - 6/3 2019
Outstanding at 31 December	**217.40**		**1,358,694**	

The fair value of granted share options in 2009, 2010, 2011, 2012 and 2013 amounts to USD 2.9 million, USD 3.3 million, USD 3.4 million, USD 2.4 million and USD 1.8 million, respectively, and is recognised in the income statement over the vesting period and set off against equity. The expense for the year is USD 2,093 thousand (USD 2,269 thousand excluding employee shares).

The calculated fair value at the grant date is based on the Black-Scholes option value model. The calculation of the fair values of options at the grant date was based on the following assumptions:

	2013	**2012**	**2011**	**2010**	**2009**
Volatility	29.4%	54.8%	58.4%	50.4%	59.4%
Rate of yield	200%	400%	500%	500%	500%
Risk-free interest rate	0.24%	0.69%	2.38%	1.67%	2.21%
Revaluation of exercise price	10%	20%.	20%	8% p.a.	8% p.a.

All options are granted and exercised at the earliest opportunity, however, 3.25 years for the grant in 2011, 2012 and 2013.

The expected volatility is based on the historical volatility (calculated as the weighted average remaining term of granted share options) adjusted for expected changes hereto as a result of publicly available information.

The expected term is based on the historical term of previously granted share options.
The assumed dividend per share is based on historical dividends.
The risk-free interest rate is based on Danish government bonds.

Note Amounts in USD'000

29 Liquidity risk

The terms to maturity of financial assets and liabilities are disclosed by category and class distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined based on a 0-coupon interest structure adjusted with the company's interest margin. All cash flows are undiscounted.

	2013				
	Maturities				
	Within 1 year	Between 1-3 years	More than 3 years	Total	Carrying amount
Derivative financial instruments					
Derivative financial instruments with a positive market value	5,527	14,814	19	20,360	20,360
Derivative financial instruments with a negative market value	-15,867	-1,250	-934	-18,051	-16,837
Cash flow hedging with a negative market value	-3,641	-3,976	1,930	-5,687	-5,736
Loans and receivables measured at amortised cost					
Cash and cash equivalents	406,235	0	0	406,235	406,235
Freight receivables	156,618	0	0	156,618	156,618
Receivables from joint ventures	4,119	0	0	4,119	4,119
Other receivables	16,589	0	0	16,589	16,589
Total	583,561	0	0	583,561	583,561
Financial liabilities measured at amortised cost					
Bank debt *	-29,510	-59,023	-184,547	-273,080	-258,215
Trade and other payables	-138,758	0	0	-138,758	-138,758
Total	-168,268	-59,023	-184,547	-411,838	-396,973
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Shares	16,809	0	0	16,809	16,809
Bonds	35,018	4,145	21,965	61,128	63,017
Total	51,827	4,145	21,965	77,937	79,826

NOTES TO THE FINANCIAL STATEMENTS

Note Amounts in USD'000

29 Liquidity risk – continued

2012	Maturities Within 1 year	Between 1-3 years	More than 3 years	Total	Carrying amount
Derivative financial instruments					
Derivative financial instruments with a positive market value	7,237	2,368	81	9,686	9,686
Derivative financial instruments with a negative market value	-13,789	-2,303	-269	-16,361	-16,026
Cash flow hedging with a negative market value	-2,373	-6,027	-2,041	-10,441	-10,031
Loans and receivables measured at amortised cost					
Cash and cash equivalents	453,738	0	0	453,738	453,738
Freight receivables	125,517	0	0	125,517	125,517
Receivables from joint ventures	4,953	0	0	4,953	4,953
Other receivables	15,152	0	0	15,152	15,152
Total	599,360	0	0	599,360	599,360
Financial liabilities measured at amortised cost					
Bank debt *	-18,517	-37,310	-109,997	-165,824	-155,625
Trade and other payables	-138,155	0	0	-138,155	-138,155
Total	-156,672	-37,310	-109,997	-303,979	-293,780
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Shares	15,891	0	0	15,891	15,891
Bonds	13,324	41,149	13,523	67,996	58,985
Total	29,215	41,149	13,523	83,887	74,876

*The fair value of bank debt calculated as the present value of expected future repayments and interest payments amounts to USD 273,080 thousand (USD 163,207 thousand). As discount rate at the calculation of present value, a 0-coupon interest with similar maturities adjusted with the company's interest margin has been used. The fair value of other items corresponds to the carrying amount.

Bank debt relates to loans from BNP Paribas, which are repayable over 10 years from the time of drawdown with an interest rate of LIBOR plus 1.75%, loans from SMBC/JBIC, which are repayable over 12 years from the time of drawdown with an interest rate of LIBOR plus 0.75% and CIRR plus 0.25%, respectively and loans from Danish Ship Finance, which are repayable over 12 years from the time of drawdown with an interest rate of LIBOR plus 1.9%.

See note 33 for fair value hierarchy.

30 Change in working capital

	2013	2012
Inventories onboard vessels	-566	-21,161
Freight and other receivables, etc.	-39,026	19,674
Trade and other payables, etc.	8,502	-14,698
Fair value adjustments of cash flow hedging instruments taken to equity	4,294	-5,285
Total	**-26,796**	**-21,470**

Note	Amounts in USD'000	2013	2012
31	**Dividends**		
	The amount available for distribution as dividends comprises:	739,558	813,326

Dividends paid in 2013 and 2012 amount to USD 22,883 thousand (DKK 3 per share) and USD 30,368 thousand (DKK 4 per share), respectively. The proposed dividend for 2013 is USD 39,721 thousand (DKK 5 per share). The proposed dividend for 2013 will be considered on the annual general meeting on 23 April 2014. The proposed dividend has not been recognised in the financial statements.

Note		2013	2012
32	**Subsidiaries**		
	Consolidated subsidiaries comprise:	Ownership	Ownership
	NORDEN Shipping (Singapore) Pte. Ltd., Singapore	100%	100%
	NORDEN Tankers & Bulkers (USA) Inc., USA	100%	100%
	NORDEN Tankers & Bulkers do Brazil Ltda., Brazil	100%	100%
	NORDEN Tankers & Bulkers India Pvt. Ltd., India	100%	100%
	Svalbard Maritime Services AS, Norway	100%	100%
	Normit Shipping S.A., Panama (liquidated)	-	51%

33 Fair value hierarchy

Financial instruments measured at fair value are shown in accordance with the following accounting hierarchy:

Level 1: Observable market prices of identical instruments.
Level 2: Valuation models primarily based on observable prices or trading prices of comparable instruments.
Level 3: Valuation models primarily based on non-observable prices.

	Level 1	Level 2	Level 3
Derivative financial instruments		x	
Listed shares	x		
Unlisted shares			x
Bonds	x		
Receivables		x	
Bank debt		x	
Deferred income		x	

Derivative financial instruments: Fair value of NORDEN's forward exchange contracts and other derivative financial instruments (commodity instruments) are considered for fair value measurement at level 2 as the fair value can be determined directly on the basis of the published exchange rates and forward interest rates and prices at the reporting date.

Listed shares and bonds: Fair value measurement of shares and bonds is at level 1 as the fair value is determined on the basis of share prices.

Unlisted shares: Fair value is based on published financial statements and is thus level 3. The fair value adjustment for the year amounts to USD 668 thousand (USD 984 thousand).

Other financial instruments: Fair value of NORDEN's other financial instruments is considered for fair value measurement at level 2 as the fair value can be determined on the basis of trade prices.

34 Events after the reporting date

See page 8 in the management commentary.

INCOME STATEMENT 1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	2013	2012
	Revenue	**1,915,980**	**1,885,588**
	Other operating income, net	8,027	6,352
	Vessel operating costs	-1,871,154	-1,780,299
	Other external costs	-16,775	-15,745
2	Staff costs	-47,338	-44,541
	Profit before depreciation, etc. (EBITDA)	**-11,260**	**51,355**
	Profits and loss from the sale of vessels, etc.	-38	-290
5	Depreciation	-31,922	-33,793
	Profit from operations before write-downs	**-43,220**	**17,272**
	Write-downs on vessels and newbuildings	0	-27,535
	Profit from operations (EBIT)	**-43,220**	**-10,263**
6	Earnings from investments in subsidiaries	-8,505	-257,107
7	Earnings from investments in joint ventures	-75	689
3	Fair value adjustment of certain hedging instruments	10,580	-10,132
	Financial income	5,438	13,077
	Financial costs	-7,804	-7,907
	Profit before tax	**-43,586**	**-271,643**
4	Tax for the year	-3,866	-4,734
	PROFIT FOR THE YEAR	**-47,452**	**-276,377**
	Proposal for the distribution of net profit:		
	Proposed dividend	39,721	22,795
	Reserve for net revaluation according to the equity method	-8,580	-261,230
	Retained earnings	-78,593	-37,942
	Total	**-47,452**	**-276,377**
	Proposed dividend per share, DKK	5.00	3.00

BALANCE SHEET AT 31 DECEMBER – ASSETS

Note	Amounts in USD'000	2013	2012
5	Vessels	334,498	356,648
5	Property and equipment	53,487	55,209
5	Prepayments on vessels and newbuildings	55,943	16,406
	Tangible assets	**443,928**	**428,263**
6	Investments in subsidiaries	878,417	886,720
7	Investments in joint ventures	3,390	3,465
	Financial assets	**881,807**	**890,185**
	Non-current assets	**1,325,735**	**1,318,448**
	Inventories	96,493	98,236
	Freight receivables	136,967	106,648
	Receivables from subsidiaries	95	1,560
	Receivables from joint ventures	3,908	4,271
	Company tax	861	0
	Other receivables	25,816	20,153
	Prepayments	42,757	44,956
	Receivables	210,404	177,588
	Securities	79,826	74,876
	Cash and cash equivalents	403,641	437,863
	Current assets	**790,364**	**788,563**
	ASSETS	**2,116,099**	**2,107,011**

BALANCE SHEET AT 31 DECEMBER – EQUITY AND LIABILITIES

Note	Amounts in USD'000	2013	2012
8	Share capital	6,833	6,833
	Reserve for net revaluation according to the equity method	858,426	867,006
	Retained earnings	699,837	790,531
	Proposed dividend for the financial year	39,721	22,795
	Equity	**1,604,817**	**1,687,165**
9	Bank debt	230,568	138,240
	Non-current liabilities	**230,568**	**138,240**
9	Bank debt	27,647	17,385
	Trade payables	109,296	111,825
	Debt to subsidiaries	74,981	85,944
	Debt to joint ventures	186	0
	Company tax	0	613
	Other payables	38,305	44,799
	Deferred income	30,299	21,040
	Current liabilities	**280,714**	**281,606**
	Liabilities	**511,282**	**419,846**
	EQUITY AND LIABILITIES	**2,116,099**	**2,107,011**

Other notes:

1 Accounting policies
10 Operating lease liabilities
11 COAs and operating lease income
12 Unrecognised contingent assets and liabilities
13 Mortgages and security
14 Financial instruments
15 Share-based payment
16 Related party disclosures and transactions with related parties
17 Risk management

STATEMENT OF CHANGES IN EQUITY 1 JANUARY – 31 DECEMBER

Note	Amounts in USD'000	Share capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2013	**6,833**	**867,006**	**790,531**	**22,795**	**1,687,165**
	Results for the year	-	-8,580	-78,593	39,721	-47,452
	Fair value adjustments taken to equity, hedging instruments	-	-	4,295	-	4,295
8	Acquisition of treasury shares	-	-	-26,122	-	-26,122
8	Sale of treasury shares	-	-	6,757	-	6,757
	Distributed dividends	-	-	-	-22,883	-22,883
	Dividends, treasury shares	-	-	-	964	964
	Market value adjustment, dividends paid	-	-	876	-876	0
15	Share-based payment	-	-	2,093	-	2,093
	Changes in equity	**0**	**-8,580**	**-90,694**	**16,926**	**-82,348**
	Equity at 31 December 2013	**6,833**	**858,426**	**699,837**	**39,721**	**1,604,817**

Note		Share capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2012	**6,833**	**1,128,236**	**829,347**	**29,936**	**1,994,352**
	Profit for the year	-	-261,230	-37,942	22,795	-276,377
	Fair value adjustments taken to equity, hedging instruments	-	-	-5,622	-	-5,622
	Distributed dividends	-	-	-	-30,368	-30,368
	Dividends, treasury shares	-	-	-	1,222	1,222
	Market value adjustment, dividends paid	-	-	790	-790	0
15	Share-based payment	-	-	3,958	-	3,958
	Changes in equity	**0**	**-261,230**	**-38,816**	**-7,141**	**-307,187**
	Equity at 31 December 2012	**6,833**	**867,006**	**790,531**	**22,795**	**1,687,165**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

NORDEN prepares the parent company financial statements for Dampskibsselskabet NORDEN A/S pursuant to the provisions for class D enterprises of the Danish Financial Statements Act and in accordance with NASDAQ OMX Copenhagen A/S' requirements for annual reports of listed companies.

The accounting policies of the parent company financial statements, including presentation, are unchanged compared to last year.

Income statement and balance sheet

Earnings from investments in subsidiaries and joint ventures
In the parent company's income statement, the proportional share of earnings is recognised under the items "Earnings from investments in subsidiaries" and "Earnings from investments in joint ventures".

Investments in subsidiaries and joint ventures
Investments in subsidiaries and joint ventures are recognised and measured according to the equity method.

In the balance sheet under the items "Investments in subsidiaries" and "Investments in joint ventures", the proportional ownership share of the companies' net asset value is recognised.

The total net revaluation of investments in subsidiaries and joint ventures is transferred through the distribution of profits to "Reserve for net revaluation according to equity method" under equity. The reserve is reduced by dividend payments to the parent company and is adjusted with other changes in equity in subsidiaries and joint ventures.

Subsidiaries and joint ventures with negative net asset value are recognised at USD 0 million, and a provision to cover the negative balance is recognised.

Securities
Shares and bonds available for sale are recognised under current assets at fair value at the trade date and are subsequently measured at market price in respect of listed securities and at fair value applying a valuation method in respect of unlisted securities. Value adjustments are recognised in net financials in the income statement.

Other accounting policies
With reference to the provisions of the Danish Financial Statements Act, the Company has refrained from both preparing a cash flow statement and presenting segment information as well as disclosure on fee to auditor appointed at the annual general meeting in the parent company financial statements. For this information, see the consolidated financial statements for Dampskibsselskabet NORDEN A/S. Please see note 1 "Significant accounting policies" in the consolidated financial statements for other accounting policies.

Note	Amounts in USD'000	2013	2012
2	**Staff costs**		
	Wages and salaries	41,774	36,960
	Pensions – defined contribution plans	2,884	3,046
	Other social security costs	731	648
	Share-based payment	1,949	3,887
	Total	**47,338**	**44,541**
	Average number of employees	595	596

Staff costs and average number of employees exclude employees on T/C vessels.

For remuneration of the Executive Management and the Board of Directors, see note 5 to the consolidated financial statements.

See also note 28 to the consolidated financial statements, which comprises a description of share-based payment.

3 Fair value adjustment of certain hedging instruments

Fair value adjustment of derivative financial instruments that do not qualify for hedge accounting amounts to:

	2013	2012
Bunker hedging:		
2012	0	8,314
2013	709	-870
2014	904	1,264
2015	252	22
2016 - 2018	-12	182
	1,853	8,912
Realised fair value adjustment reclassified to "Vessel operating costs"	-1,048	-18,952
	805	**-10,040**
Forward Freight Agreements:		
2012	0	9,731
2013	-4,370	2,642
2014	1,938	526
2015	6,408	0
2016	4,545	0
	8,521	12,899
Realised fair value adjustment reclassified to "Revenue"	1,254	-12,991
	9,775	**-92**
Total	**10,580**	**-10,132**

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2013	2012
4	**Taxation**		
	Tax on the profit for the year	4,055	5,288
	Adjustment of tax regarding previous years	-189	-554
	Total	**3,866**	**4,734**

The Company decided to continue under the tonnage tax scheme as of 1 January 2011 for a binding 10-year period.

If the Company's net investments in vessels decrease noticeably or if the Company is liquidated, the contingent tax from before the Company joined the tonnage tax scheme will be released.

	2013	2012
Contingent tax under the tonnage tax scheme	16,318	18,544

Contingent tax is calculated at 22% (25%) equalling the tax rate for 2016 and going forward.

5 Tangible assets

2013	**Vessels**	**Property and equipment**	**Prepayment on vessels and new-buildings**	**Total**
Cost at 1 January	512,015	74,850	16,406	603,271
Additions for the year	6,846	1,887	39,658	48,391
Disposals for the year	0	-1,169	0	-1,169
Transferred during the year to vessels, related party	0	0	-121	-121
Cost at 31 December	518,861	75,568	55,943	650,372
Depreciation at 1 January	-127,832	-19,641	0	-147,473
Depreciation for the year	-28,996	-2,926	0	-31,922
Reversed depreciation on vessels disposed of	0	486	0	486
Depreciation at 31 December	-156,828	-22,081	0	-178,909
Write-downs at 1 January	-27,535	0	0	-27,535
Write-downs for the year	0	0	0	0
Write-downs at 31 December	-27,535	0	0	-27,535
Carrying amount at 31 December	**334,498**	**53,487**	**55,943**	**443,928**

Amount insured on vessels USD 442 million.

Note Amounts in USD'000

5 Tangible assets – continued

2012	**Vessels**	**Property and equipment**	**Prepayment on vessels and new-buildings**	**Total**
Cost at 1 January	508,083	71,107	1,362	580,552
Additions for the year	3,932	4,684	40,683	49,299
Disposals for the year	0	-941	0	-941
Transferred during the year, other items	0	0	-24,445	-24,445
Transferred during the year to vessels, related party	0	0	-1,194	-1,194
Cost at 31 December	512,015	74,850	16,406	603,271
Depreciation at 1 January	-98,385	-15,941	0	-114,326
Depreciation for the year	-29,447	-4,346	0	-33,793
Reversed depreciation on vessels disposed of	0	646	0	646
Depreciation at 31 December	-127,832	-19,641	0	-147,473
Write-downs at 1 January	0	0		0
Write-downs for the year	-27,535	0		-27,535
Write-downs at 31 December	-27,535	0	0	-27,535
Carrying amount at 31 December	**356,648**	**55,209**	**16,406**	**428,263**

Amount insured on vessels USD 438 million.

See note 13 for security provided for vessels.

	2013	**2012**
Contractual liabilities		
The Company has entered into agreements for future delivery of newbuildings and declared purchase options, etc.		
The remaining contract amount is payable as follows:		
Within 1 year	96,700	10,820
Between 2 and 3 years	82,828	27,050
Total	**179,528**	**37,870**

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2013	2012
6	**Investments in subsidiaries**		
	Cost at 1 January	17,836	17,836
	Additions for the year	202	0
	Cost at 31 December	18,038	17,836
	Value adjustments at 1 January	868,884	1,130,784
	Share of results for the year	-8,505	-347,107
	Group adjustment	0	90,000
	Distributed dividends	0	-4,793
	Value adjustments at 31 December	860,379	868,884
	Carrying amount at 31 December	**878,417**	**886,720**
	Subsidiaries comprise:	Ownership	Ownership
	NORDEN Shipping (Singapore) Pte. Ltd., Singapore	100%	100%
	NORDEN Tankers & Bulkers (USA) Inc., USA	100%	100%
	NORDEN Tankers & Bulkers do Brazil Ltda., Brazil	100%	100%
	NORDEN Tankers & Bulkers India Pvt. Ltd., India	100%	100%
	Svalbard Maritime Services AS, Norway	100%	100%
	Normit Shipping S.A., Panama (liquidated)	-	51%

For guarantees relating to subsidiaries, see note 12.
No significant restrictions apply to distributions from subsidiaries.

Note	Amounts in USD'000	2013	2012
7	**Investments in joint ventures**		
	Cost at 1 January	5,343	5,343
	Cost at 31 December	5,343	5,343
	Value adjustment at 1 January	-1,878	-2,548
	Share of result for the year	-75	689
	Distributed dividends	0	-19
	Value adjustments at 31 December	-1,953	-1,878
	Carrying amount at 31 December	**3,390**	**3,465**
	Guarantees regarding joint ventures	51,540	0
	Liabilities regarding joint ventures	25,770	0

Guarantees and liabilities relate to joint ventures in NORDEN Shipping (Singapore) Pte. Ltd.

Note	Amounts in USD'000	2013	2012
7	**Investments in joint ventures – continued**		
	Investments in joint ventures comprise:	Ownership	Ownership
	Norient Product Pool ApS, Denmark	50%	50%
	Norient Cyprus Ltd., Cyprus	50%	50%
	Key figures (100%) for joint ventures are:		
	Revenue and other income	11,262	11,589
	Costs	11,412	10,213
	Non-current assets	6,183	3,245
	Current assets	4,599	10,415
	Current liabilities	5,656	8,390

No significant restrictions apply to distributions from joint ventures.

As in 2012, the parent company has not participated in profit sharing agreements in 2013.

8 Share capital

The share capital consists of 43,000,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions. No changes have been made in the share capital in the recent 4 financial years, except from cancelled treasury shares in 2011 (tDKK 1,600).

Treasury shares

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
1 January	1,722,161	1,786,078	1,722	1,786	4.00	4.15
Acquired	718,857	0	719	0	1.67	0.00
Distributed	-483	-63,917	0	-64	0.00	-0.15
Sold	-211,523	0	-212	0	-0.49	0.00
31 December	**2,229,012**	**1,722,161**	**2,229**	**1,722**	**5.18**	**4.00**

The Company is authorised by the general meeting to acquire a maximum of 4,300,000 treasury shares, equal to 10% of the share capital.

Treasury shares are i.a. acquired for the purpose of hedging liabilities in connection with sharebased payment, see note 28 to the consolidated financial statements.

In 2013, the Company acquired 718,857 treasury shares equal to a purchase prise of DKK 146,359 thousand (USD 26,122 thousand) and sold 212,006 treasury shares equalling a value of DKK 37,382 thousand (USD 6,757 thousand), including distribution of 483 employee shares.

In 2012, the Company distributed 63,917 employee shares from the holding of treasury shares with an average value of DKK 16,938 thousand (USD 3,040 thousand).

At 1 January 2013, the Company had a total of 41,277,839 outstanding shares of DKK 1 each, and at 31 December 2013, a total of 40,770,988 outstanding shares of DKK 1 each.

NOTES TO THE FINANCIAL STATEMENTS

Note	Amounts in USD'000	2013	2012
9	**Bank debt**		
	Repayment within 1 year	27,647	17,385
	Repayment between 1 to 5 years	110,587	70,833
	Repayment over 5 years	119,981	67,407
	Total	**258,215**	**155,625**
10	**Operating lease liabilities**		
	Operating lease liabilities	1,289,224	1,171,415
	Total	**1,289,224**	**1,171,415**
11	**COAs and operating lease income**		
	COAs	493,821	518,569
	Operating lease income	322,584	307,062
	Total	**816,405**	**825,631**
12	**Unrecognised contingent assets and liabilities**		
	Contingent assets The Group has raised claims against third party regarding non-performance of cargo contracts, etc. The Group and its legal advisors consider the claims to be justified and probable. There is uncertainty as to when the claims will be settled as well as the financial outcome hereof. No recognition hereof has been made as the existence of the assets is dependent on several uncertain future events, which are beyond the control of the Group, and therefore, it is not virtually certain that it is an asset.	7,275	13,900
	Unrecognised liabilities Guarantee commitments do not exceed	137	145
	Guarantee provided to subsidiaries	622,150	1,030,695
	Claims have been made against the Group concerning responsibility of redelivery and broker fees, etc. The Group and its legal advisors consider the claims unjustified and do not estimate that the Company will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	3,300	3,800

Note	Amounts in USD'000	2013	2012
13	**Mortgages and security**		
	As security for bank debt	258,215	155,625
	a total number of vessels of	2	2
	with a carrying amount of	77,708	81,643
	have been mortgaged at	66,546	66,546

In addition to the above, the subsidiary NORDEN Shipping (Singapore) Pte. Ltd. has granted a mortgage on 11 (6) vessels with a carrying amount of USD 325,680 thousand (USD 167,620 thousand). Furthermore, the subsidiary guarantees debt in the parent company amounting to USD 266,293 thousand (USD 162,465 thousand) at the reporting date.

14 Financial instruments

See note 26 to the consolidated financial statements.

15 Share-based payment

See note 28 to the consolidated financial statements.

16 Related party disclosures and transactions with related parties

See note 27 to the consolidated financial statements.

17 Risk management

See note 2 to the consolidated financial statements.

DEFINITIONS OF KEY FIGURES AND FINANCIAL RATIOS

Key figures and financial ratios are computed in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts. However, NORDEN deviates from the recommendation in the calculation of EBITDA as the Company does not recognise gains and losses from sale of vessels in EBITDA. This item is included in the operating profit (EBIT).

The ratios listed in the key figures and financial ratios section were calculated as follows:

Book value per DKK 1 share	=	Year-end equity, excluding minority interests / Number of shares at year-end, excluding treasury shares
Dividend yield	=	Dividend per share x 100 / Share price
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation
EBITDA ratio	=	EBITDA x 100 / Net revenues
Equity ratio	=	Equity at year-end, excluding minority interests x 100 / Total assets
Invested capital	=	Equity, including minority interests + net interest-bearing debt at year-end
Net interest-bearing debt	=	Interest-bearing debt less cash and securities, at year-end
Net profit or loss per DKK 1 share	=	Profit or loss for the year / Number of shares at year-end, excluding treasury shares
Payout ratio	=	Dividend, excluding treasury shares x 100 / Profit or loss for the year, excluding minority interests
Price/book value	=	Share price at year-end per DKK 1 share / Book value per DKK 1 share
Profit margin (EBIT margin)	=	Profit or loss from operations x 100 / Net revenue
Return on assets	=	Profit or loss from operations x 100 / Total assets at year-end
Return on equity in % (ROE)	=	Profit or loss for the year, excluding minority interests x 100 / Average equity, excluding minority interests
Return on invested capital (ROIC)	=	Profit or loss from operations x 100 / Average invested capital
Share price at year-end per DKK 1	=	The last-quoted average price on NASDAQ OMX Copenhagen A/S for all trade in the Company share at the reporting date
Total shareholder return	=	The total return of a share to an investor based on share price performance and dividends. Dividends are assumed to have been reinvested in the share. Return is based on USD
USD exchange rate at year-end	=	The USD exchange rate quoted by the National Bank of Denmark at year-end

TECHNICAL TERMS AND ABBREVIATIONS

A

ACM Shipbroking company.

Active core fleet Owned vessels and chartered vessels with purchase option.

Active fleet Owned vessels, chartered vessels with purchase option and vessels chartered without purchase option or only for single voyages.

B

Baltic Clean Tanker Index (BCTI) Index of the product tanker rate development on selected routes for Handysize, MR and LR1.

Baltic Dry Index (BDI) Index of the dry cargo rate development on selected routes for Handysize, Supramax, Panamax and Capesize.

Bareboat charter Agreement to charter only the vessel.

Bloomberg Provider of financial news and data.

Bunker Fuel used by the vessels.

Bunker hedging Forward agreement to purchase or sell bunker oil at a predetermined price.

C

Capesize Bulk carrier of more than 120,000 dwt. capacity.

Carbon Disclosure Project The world's only global supplier of company data regarding environmental impact to investors.

Cargo contract See COA.

Charter party Lease or freight agreement between shipowner and charterer for a long period of time or for a single voyage.

Clarksons Shipbroking company.

CO_2 Carbon dioxide.

COA (Contract of Affreightment/cargo contract) Agreement to transport one or more cargoes at a predetermined price per tonne.

Commercial management Agreement on operating a vessel for the account and risk of the shipowner.

Consultas Shipping system used by the Technical Department in connection with maintenance of the vessels, purchase, voyage reporting, etc.

Contract of Affreightment See COA.

Coverage Percentage indicating the part of ship days which has secured employment.

CSR (Corporate Social Responsibility) Companies' social responsibility.

D

Dry cargo vessel (bulk carrier) Vessel used for bulk transport of grain, coal, ore, sugar and cement, etc.

Dwt. Deadweight tonne. A measure of a vessel's carrying capacity.

E

EBIT Earnings Before Interest and Tax.

EBITDA Earnings Before Interest, Tax, Depreciation and Amortisation.

ECO vessel Vessel with improved fuel efficiency

EEOI (Energy Efficiency Operational Indicator) Calculation and analysis system used when measuring CO2 emissions from the vessels.

F

FFA (Forward Freight Agreement) Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

Forward rate Market expectations for future rate levels

G

Gross gearing The ratio of the Company's net commitments to equity before deduction of contractually secured cash flows.

H

Handysize Bulk carrier of 25,000-40,000 dwt. capacity or product tanker of 27,000-42,000 dwt. capacity.

I

IAS International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organisation – shipping organisation under the UN.

IMOS Shipping system which supports chartering, operations and accounting related functions for NORDEN and Norient Product Pool's fleet of dry cargo and product tanker vessels.

INTERTANKO International association of independent tanker owners.

L

Liner shipping Voyages with fixed routes.

Long-term charter Agreement to charter a vessel for a period of more than 3 years.

M

MACN Maritime Anti-Corruption Network.

MARPOL IMO's international regulations for the prevention of pollution by garbage from ships.

MR (medium range) tanker Product tanker of 42,000-60,000 dwt. capacity.

MSI Maritime Strategies International Ltd.

N

Net Asset Value (NAV) Booked equity adjusted for the market value of the fleet.

Net gearing The ratio of the Company's net commitments to equity after deduction of contractually secured cash flows.

O

OECD Organisation for Economic Co-operation and Development.

P

Panamax Bulk carrier of 65,000-85,000 dwt. capacity – largest vessel type to pass the Panama Canal.

Pool Group of vessels with different owners but commercially operated together.

Port State Control The countries' technical inspection of foreign vessels calling into their ports.

Post-Panamax Bulk carrier of 85,000-120,000 dwt. capacity.

Product tank Transport of refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel.

Profit from operator activities Added value compared to earnings through employment at forward rates at the beginning of the year.

Purchase option A right, but not an obligation, to purchase a vessel at an agreed price.

R

ROE Return on equity.

ROIC Return on invested capital.

R.S. Platou Shipbroking company.

S

Ship days Total number of days with available vessel capacity.

Short-term charter Agreement to charter a vessel for a period of less than 3 years.

SO_x The sulphur oxides SO and SO_2.

Spot market Market in which vessels are contracted for a single voyage for immediate delivery.

SSY Shipbroking company.

Supramax Bulk carrier of 40,000-65,000 dwt. capacity.

T

Tanker Vessel transporting liquid cargo such as crude oil and refined oil products.

T/C (time charter) Lease of a vessel whereby the vessel is hired out for a short or long period.

T/C (time charter) equivalent Freight revenues minus bunker consumption and port charges.

Technical management Agreement to manage a vessel's technical operations and crew for the account and risk of the shipowner.

Tonne-mile A measure of demand for capacity. Calculated as the amount of freight times the transport distance in nautical miles.

Tramp shipping Voyages without fixed routes – NORDEN's business area.

U

UN Global Compact The UN's social charter for enterprises, etc.

USDA United States Department of Agriculture.

V

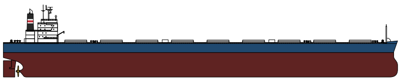
Vetting An audit of the safety and performance status of a tanker vessel made by all oil majors prior to entry into a charter party.

Design and graphic production: Meyer & Bukdahl as

NORDISK MILJØMÆRKNING Svanemærket tryksag 541-751

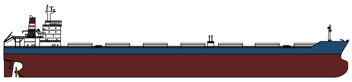
NORDEN'S ACTIVE CORE FLEET

Dry Cargo



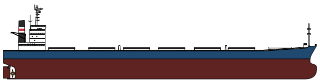
Capesize

Number of vessels	4
Owned vessels	3
Chartered vessels with purchase option	1
Year of construction	2001-2007
Average age	9.3 years
Length	289 metres
Width	45 metres
Cargo carrying capacity (deadweight)	171,000-180,000 tons
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Total number of Capesize vessels in the global fleet	1,462
Average age of Capesize in the global fleet	8,1 years



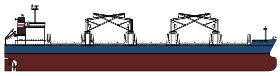
Post-Panamax

Number of vessels	8
Owned vessels	4
Chartered vessels with purchase option	4
Year of construction	2010-2012
Average age	2.9 years
Length	240-250 metres
Width	43 metres
Cargo carrying capacity (deadweight)	111,000-120,000 tons
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Total number of Post-Panamax vessels in the global fleet	505
Average age of Post-Panamax in the global fleet	5 years



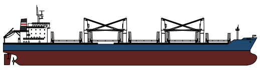
Panamax

Number of vessels	13
Owned vessels	3
Chartered vessels with purchase option	10
Year of construction	2002-2013
Average age	5.8 years
Length	218-229 metres
Width	32 metres
Cargo carrying capacity (deadweight)	75,000-84,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, bauxite, cement and slags
Customers	Steel works, mining companies, power plants, cement producers, grain traders and trading houses
Total number of Panamax vessels in the global fleet	1,953
Average age of Panamax in the global fleet	9.3 years



Supramax

Number of vessels	20
Owned vessels	4
Chartered vessels with purchase option	16
Year of construction	2006-2012
Average age	4.2 years
Length	190-200 metres
Width	32 metres
Cargo carrying capacity (deadweight)	54,000-62,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, cement, sugar and fertiliser
Customers	Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
Total number of Supramax vessels in the global fleet	3,028
Average age of Supramax in the global fleet	8.9 years



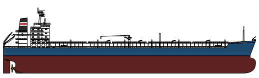
Handysize

Number of vessels	23
Owned vessels	12
Chartered vessels with purchase option	11
Year of construction	2009-2013
Average age	2.4 years
Length	169-186 metres
Width	27-30 metres
Cargo carrying capacity (deadweight)	28,000-38,000 tons
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, steel, cement, sugar and fertiliser
Customers	Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
Total number of Handysize vessels in the global fleet	3,077
Average age of Handysize in the global fleet	12.3 years

Notes:

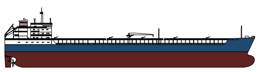
- Data on this page includes NORDEN's active core fleet. These are 44 owned vessels and 50 vessels chartered with purchase option. NORDEN has a total of 285 vessels at its disposal as the core fleet is supplemented by 191 chartered vessels.
- Global fleet data/Tankers: SSY – at 31 December 2013.
- Global fleet data/Dry Cargo: Clarksons – at 31 December 2013.
- The fleet list is at 31 December 2013.

Tankers



MR

Number of vessels	15
Owned vessels	7
Chartered vessels with purchase option	8
Year of construction	2008-2013
Average age	2.8 years
Length	180-183 metres
Width	32 metres
Cargo carrying capacity (deadweight)	45,800-50,500 tons
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Total number of MR vessels in the global fleet	1,057
Average age of MR in the global fleet	9 years



Handysize

Number of vessels	11
Owned vessels	11
Chartered vessels with purchase option	0
Year of construction	2005-2009
Average age	6.4 years
Length	176-183 metres
Width	27-31 metres
Cargo carrying capacity (deadweight)	37,000-40,000 tons
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Total number of Handysize vessels in the global fleet	524
Average age of Handysize in the global fleet	12 years

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