NORDEN

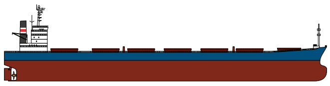
DAMPSKIBSSELSKABET NORDEN A/S

Consolidated Annual Report 2015

Contents

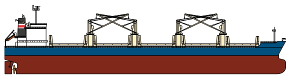
Cover photo:
The Handysize product tanker NORD HUMMOCK passes through the Great Belt, Denmark, in July 2015 on her way to Rotterdam with a cargo of 35,000 tonnes of fuel oil.
Photo: Anand Neil

Dry Cargo



Panamax

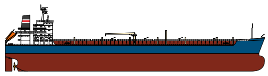
Total number of vessels	55.5
Owned vessels	4
Chartered vessels	51.5
Length	215-230 metres
Width	32 metres
Cargo capacity (deadweight)	70,000-85,000 tonnes
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, bauxite, cement and slags
Customers	Steel works, mining companies, power plants, cement producers, grain traders and trading houses
Average age – owned vessels	9.4 years
Total number of Panamax vessels in the global fleet	2,033
Average age of Panamax in the global fleet	8.9 years



Supramax

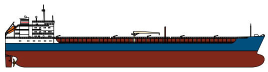
Total number of vessels	76.6
Owned vessels	4
Chartered vessels	72.6
Length	190-200 metres
Width	32 metres
Cargo capacity (deadweight)	50,000-62,000 tonnes
Areas of operation	The whole world
Cargoes	Iron ore, coal, grain, cement, sugar and fertiliser
Customers	Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
Average age – owned vessels	6.6 years
Total number of Supramax vessels in the global fleet	3,310
Average age of Supramax in the global fleet	8.1 years

Tankers



MR

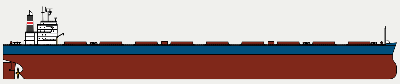
Total number of vessels	28
Owned vessels	9
Chartered vessels	19
Length	180-185 metres
Width	32 metres
Cargo capacity (deadweight)	45,000-50,000 tonnes
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Average age – owned vessels	2.8 years
Total number of MR vessels in the global fleet	1,239
Average age of MR in the global fleet	8.4 years



Handysize

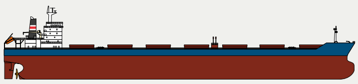
Total number of vessels	16
Owned vessels	13
Chartered vessels	3
Length	175-185 metres
Width	27-31 metres
Cargo capacity (deadweight)	37,000-40,000 tonnes
Areas of operation	The whole world
Cargoes	Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers	Oil majors and oil traders
Average age – owned vessels	7.4 years
Total number of Handysize vessels in the global fleet	511
Average age of Handysize in the global fleet	11.4 years

Dry Cargo



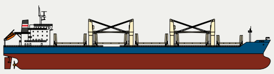
Capesize

Total number of vessels	3
Owned vessels	2
Chartered vessels	1
Length	290 metres
Width	45 metres
Cargo capacity (deadweight)	170,000-180,000 tonnes
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Average age – owned vessels	11 years
Total number of Capesize vessels in the global fleet	1,506
Average age of Capesize in the global fleet	7.9 years



Post-Panamax

Total number of vessels	8.6
Owned vessels	4
Chartered vessels	4.6
Length	240-250 metres
Width	43 metres
Cargo capacity (deadweight)	110,000-120,000 tonnes
Areas of operation	The whole world
Cargoes	Iron ore and coal
Customers	Steel works, mining companies and power plants
Average age – owned vessels	5.5 years
Total number of Post-Panamax vessels in the global fleet	533
Average age of Post-Panamax in the global fleet	5.8 years



Handysize

Total number of vessels	40.1
Owned vessels	12
Chartered vessels	28.1
Length	170-190 metres
Width	27-30 metres
Cargo capacity (deadweight)	28,000-38,000 tonnes
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
Average age – owned vessels	4.2 years
Total number of Handysize vessels in the global fleet	2,654
Average age of Handysize in the global fleet	9.7 years

Number of vessels in NORDEN's fleet:

228

184 dry cargo vessels and 44 tanker vessels

Notes: All data as per 31 December 2015.
Source - global fleet data/Dry Cargo: Clarksons.
Source - global fleet data/Tankers: SSY.

NORDEN

977
Employees

228
Vessels

1.6
billion USD in revenue

Established and listed in 1871

Global activities within
- *Dry cargo – transport of commodities such as coal, grain, iron ore, etc.*
- *Product tankers – transport of refined oil products*

Flexible business model of owned and chartered vessels

Owns 50% of Norient Product Pool, NPP, one of the world's largest operators of product tankers

Share listed on NASDAQ Copenhagen A/S

15,895 registered shareholders

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.

Vision

The preferred partner in global tramp shipping

Unique people

Open minded team spirit

Number one

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

Consolidated Annual Report
For the sake of clarity and user friendliness, NORDEN publishes a consolidated annual report which excludes the financial statements of the parent company, Dampskibsselskabet NORDEN A/S. This consolidated annual report is an extract of the Company's full annual report pursuant to section 149 of the Danish Financial Statements Act.

Key figures and financial ratios

Amounts in USD million	2015	2014	2013	2012	2011
Income statement					
Revenue	1,653.4	2,038.1	2,145.9	2,131.4	2,272.8
Costs	-1,632.9	-2,299.6	-2,121.6	-1,983.5	-2,086.4
Earnings before depreciation, etc. (EBITDA) (excl. provision)	165.5	-31.3	24.3	147.9	186.4
Provision (excl. joint ventures)	-145.0	-230.2	0.0	0.0	0.0
Earnings before depreciation, etc. (EBITDA)	20.5	-261.5	24.3	147.9	186.4
Profits from the sale of vessels, etc.	-31.0	0.0	2.5	-23.9	-0.2
Depreciation and write-downs	-248.6	-68.2	-79.0	-388.5	-81.2
Earnings from operations (EBIT)	-282.0	-335.5	-51.3	-265.4	104.5
Fair value adjustment of certain hedging instruments	9.1	-61.9	10.6	-10.1	-14.9
Net financials	-9.4	-15.2	-2.5	1.7	3.7
Earnings before tax	-282.3	-412.5	-43.2	-273.9	93.3
Results for the year	-284.9	-415.6	-47.7	-278.8	87.8
Results for the year for the NORDEN shareholders	-284.9	-415.6	-47.7	-278.8	87.8
Statement of financial position					
Non-current assets	945.7	1,221.0	1,215.2	1,149.8	1,634.4
Total assets	1,604.7	1,778.0	2,061.2	2,033.4	2,350.3
Equity (including minority interests)	856.1	1,139.3	1,604.8	1,687.2	1,994.4
Liabilities	748.6	638.7	456.4	346.2	355.8
Invested capital	788.7	1,131.6	1,377.0	1,314.2	1,752.3
Net interest-bearing assets	67.3	7.7	227.8	373.0	242.1
Cash and securities	365.7	238.3	486.1	528.6	407.2
Cash flows					
From operating activities	76.9	-46.0	-8.9	122.1	120.1
From investing activities	-112.9	66.2	-61.9	7.0	-355.2
- hereof investments in property, plant and equipment	-131.6	-110.4	-139.4	-165.8	-357.7
From financing activities	67.5	-79.4	62.5	-37.9	18.4
Change in cash and cash equivalents for the year	31.5	-59.2	-8.3	91.2	-216.7
Financial and accounting ratios					
Share-related key figures and financial ratios:					
No. of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	43,000,000	43,000,000	43,000,000
No. of shares of DKK 1 each (excluding treasury shares)	40,467,615	40,460,055	40,770,988	41,277,839	41,213,922
No. of treasury shares	1,732,385	1,739,945	2,229,012	1,722,161	1,786,078
Earnings per share (EPS) (DKK)	-7,0 (-47)	-10,3 (-58)	-1,2 (-7)	-6,8 (-39)	2,1 (11)
Diluted earnings per share (diluted EPS) (DKK)	-7,0 (-47)	-10,3 (-58)	-1,2 (-7)	-6,8 (-39)	2,1 (11)
Dividend per share, DKK	0	0	5	3	4
Book value per share (DKK)	21,2 (144)	28,2 (172)	39,4 (213)	40,9 (231)	48,4 (278)
Share price at year-end, DKK	122.1	131.4	285.0	163.1	134.5
Price/book value	0.8	0.8	1.3	0.7	0.5
Other key figures and financial ratios:					
EBITDA ratio	1.2%	-12.8%	1.1%	6.9%	8.2%
ROIC	-10.6%	-26.7%	-3.8%	2.3%	6.5%
ROE	-28.6%	-30.3%	-2.9%	-15.1%	4.4%
Payout ratio (excluding treasury shares) [1)]	neg.	neg.	neg.	neg.	35.0%
Equity ratio	53.3%	64.1%	77.9%	83.0%	84.9%
Total no. of ship days for the Group	75,763	83,866	90,069	84,028	78,526
USD rate at year-end	683.00	612.14	541.27	565.91	574.56
Average USD rate	672.69	561.90	561.60	579.72	536.22

The ratios were computed in accordance with "Recommendations and Financial Ratios 2015" 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.

2015 at a glance

2015 results

Results for the year

-285

USD million

Of which write-down and provision of USD 340 million

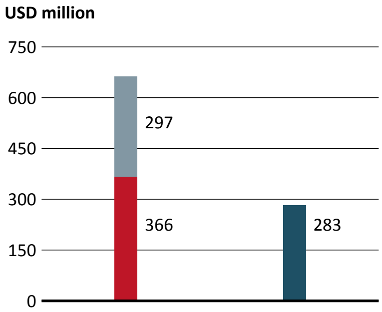
Cash flows from operations

77

USD million

Financial position

Cash and securities
Undrawn credit facilities
Outstanding yard payments



Annual cost improvement

9

USD million

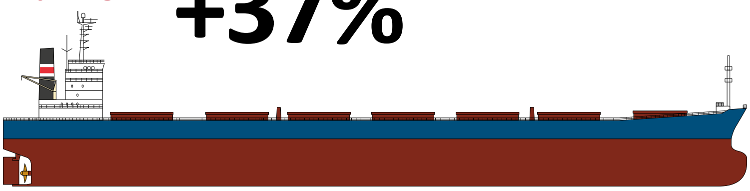
FOCUS
& SIMPLICITY

Change in exposure to the dry cargo market in 2016 and 2017

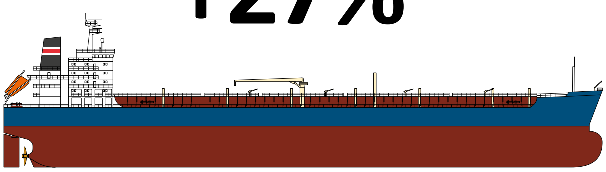
-24%

NORDEN earnings compared to the market (1-year T/C)

Dry Cargo **+37%**



Tankers **+27%**



Distribution of fleet value

Dry Cargo, USD 579 million
Tankers, USD 574 million

Historically miserable dry cargo market – record result in tanker

A historically miserable dry cargo market has had a very clear impact on the results for the year, which amounted to an unsatisfactory loss of USD 285 million, and were thus in line with the most recently announced expectations, as EBIT totalled USD -282 million.

The results were impacted by a write-down and provision of a total of USD 340 million, which NORDEN made based on heavily decreasing ship values and the prospect of a continued very weak dry cargo market. Against this background, the Board of Directors proposes that no dividend is paid out for 2015.

The dry cargo sector is undergoing structural changes with no growth in demand for seaborne transportation as a consequence of China's transformation from an industry-driven to a service-driven economy. This slowdown in the heavy industry in China is more pronounced than expected and has dealt a heavy blow to the dry cargo market – and, thereby to NORDEN – in a time, where the world fleet continues to grow due to a sizeable number of newbuilding deliveries until 2017. This has led to considerable excess tonnage capacity, which can only be expected to be reduced gradually as a result of scrapping of old vessels.

The result before write-down and provision amounted to USD 55 million, not least owing to a record result (EBIT) of USD 117 million from NORDEN's tanker activities, where the Company with low coverage was well positioned to take advantage of the strong tanker market. This was, however, not enough to offset the EBIT result from NORDEN's dry cargo activities, which including write-down and provision constituted a loss of USD 386 million. The underlying operating result for Dry Cargo came to a loss of USD 8 million before write-down, provision and vessel sales.

TCE earnings in both Tankers and Dry Cargo were considerably above the market. On average the tanker fleet generated earnings 27% above the 1-year T/C rates, while earnings from dry cargo activities with high coverage and good operation were 37% above the 1-year T/C rates. Just as important, cash flows from operations amounted to USD 77 million, which provides comfort in difficult times.

NORDEN has focused its efforts on improving the Company's position and adjusting the exposure to the very different market conditions:

- The core fleet has been adjusted. 9 vessels were sold corresponding to 15% of the owned fleet at the beginning of the year. Combined with increased coverage, the number of open ship days in dry cargo has been reduced by 24% for 2016 and 2017.

- NORDEN has reduced the charter-in costs by entering into attractive agreements with shipowners on prepayments of part of the hire in return for future hire reductions.

- The Company's total net commitments, including bank debt, lease liabilities and newbuilding payments, have been reduced by 21% compared to last year.

- Cash and securities have increased by USD 127 million to USD 366 million by the end of the year. To this should be added undrawn credit facilities of USD 297 million.

- A new strategy with increased customer focus has been initiated, business procedures have been simplified, and annual savings of USD 9 million on the vessels' operating and voyage related costs have been identified and achieved.

With the new strategy "Focus & Simplicity", NORDEN focuses its efforts within areas, where the Company already holds a strong position. This involves focus on fewer vessel types, intensified customer focus including more regional offices and offering increased flexibility and reliability to customers.

The starting point is good: NORDEN is financially sound and has a modern fleet and a very skilled organisation. NORDEN will thus weather this storm as well – the Company has, after all, experienced a few of these during its 145 years in the business.

For 2016, NORDEN expects a continued very difficult dry cargo market, and the year has indeed started out with falling rates resulting in new record lows. The tanker market is expected to remain healthy, although at a slightly lower level than in 2015.

NORDEN's future guidance will be based on the adjusted results for the year (see page 9), and the Company expects a result of USD -60 to 30 million for 2016.

Key figures for the quarters

USD million	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Total 2015
EBITDA	-235.6	47.3	51.7	41.5	-120.0	20.5
Profits/loss from the sale of vessels etc.	0.0	1.4	1.8	-3.2	-31.0	-31.0
Depreciation and write-downs	-18.0	-17.2	-17.0	-17.0	-197.4	-248.6
EBIT	-258.1	30.0	35.8	20.8	-368.6	-282.0
Results for the period	-301.9	38.6	43.4	10.1	-377.0	-284.9
Cash flows from operating activities	-29.3	-3.0	65.1	-3.4	18.2	76.9

Strategy

New strategy in place

Focus on fewer vessel types

Purchase and sales activities combined in 1 unit

FOCUS & SIMPLICITY

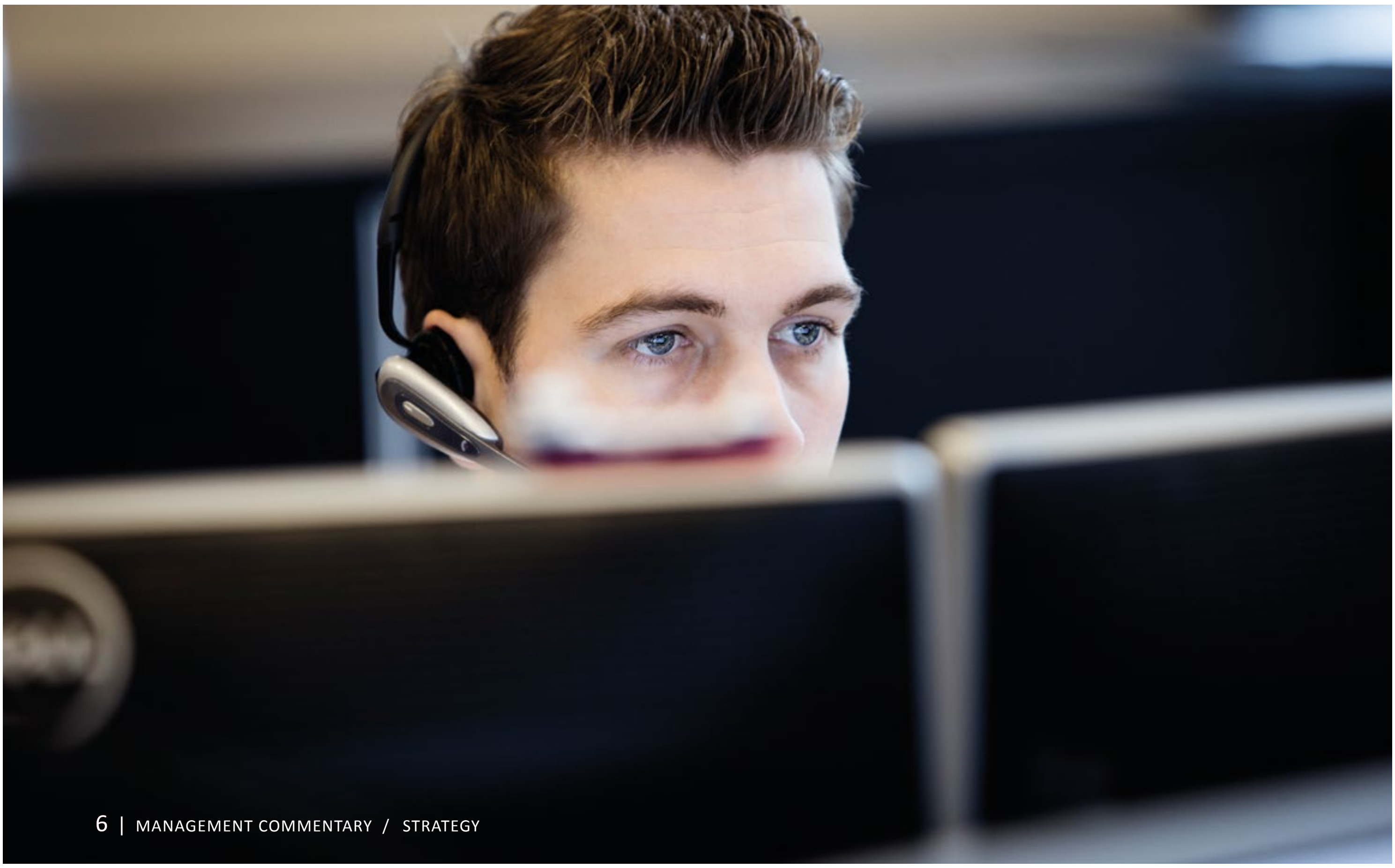
In 2015, the Company carried out a strategy process that resulted in the strategy "Focus and Simplicity". The overall business model with activities within both Dry Cargo and Tankers was confirmed. A key part of the new strategy is the focus of resources and investments in business areas where NORDEN – with a talented and global organisation close to its customers – can create the most value for its shareholders. As a consequence, the Company will focus its ownership on 4 vessel types in the future – 2 in dry cargo and 2 in the product tanker segment.

Value creation in NORDEN continues to be based on both parts of the business model "Exploiting the cycle" and "Value creation throughout the cycle" (see figure on page 7), but the choice of segments is driven by a wish to maximise the opportunities to create value beyond what is driven by the long-term market conditions.

Dry Cargo

The strategy process has uncovered that within Dry Cargo, NORDEN has the best performance compared to the market in the vessel types Supramax and Panamax. Going forward, NORDEN will focus its investments on these vessel types, where NORDEN has the greatest opportunities to utilise its organisation and competencies. Within Supramax and Panamax, and based on an extensive network of local offices on 5 continents, thorough market knowledge and a good reputation, NORDEN will be best able to develop its already strong position.

The aim is to make NORDEN Global Industry Leader within Supramax and Panamax. By concentrating efforts and investments, the Company will gain better access to cargoes and, thereby, to business opportunities. At the same time, NORDEN is improving its market insight and, in this way, improving the Company's basis for decision-making. By operating a larger fleet consisting of these 2 vessel types, NORDEN will be able to meet the customers' need for flexi-



bility and reliability to an even greater extent, and moreover NORDEN's customers are typically not asking for NORDEN to be operating all vessel types.

To supplement the Supramax and Panamax business areas, NORDEN will maintain its operation of Handysize vessels, where a considerable overlap and synergies with Supramax are present in terms of expertise and customers. No further investments will be made in Capesize, Post-Panamax and Handysize. However, the timing for phasing out these vessel types from the core fleet has not yet been pinned down: The chartered vessels will be redelivered when their contracts expire, and owned vessels will be sold when it makes commercial and financial sense. Over time, profits from sales will be reinvested in Panamax and Supramax.

Tankers

In Tankers, the vessel types Handysize and MR will continue to be in focus, and also here the ambition is to be the customers' first choice. The operation of NORDEN's product tankers continues to be managed by Norient Product Pool, which NORDEN owns 50% of. During its 10 years of existence, Norient Product Pool has grown to become one of the largest product tanker pools in the world. With an extensive fleet, a strong brand and a global network of offices staffed by talented employees, it has managed to consistently generate earnings that lie significantly above market average. Investments will be focused on Handysize and MR tonnage, and the small position that the Company holds within the vessel type LR1 will not be extended.

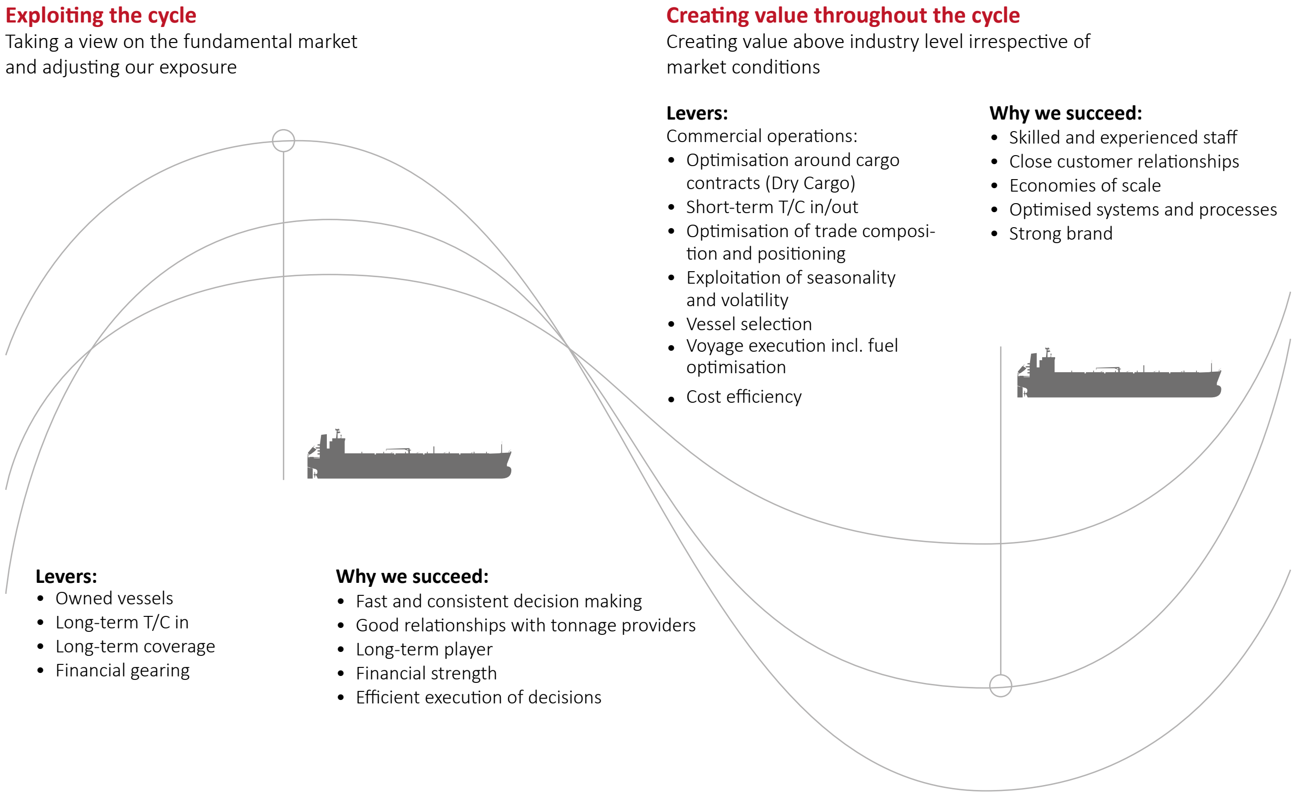
Asset Management

A considerable part of the opportunities for value creation in the shipping industry lies in adjusting the exposure to the overall market developments ("Exploiting the cycle"), and NORDEN will continue its activities within purchase and sale of vessels as well as long-term charter procurement. In 2015, management of these business functions for both dry cargo and product tankers has been combined in the function "Asset Management". The establishment of this new unit ensures a better foundation for consistent investment assessments as well as optimisation of the invested capital between the 2 segments Dry Cargo and Tankers. At the same time, the unit brings together the expertise and the relations with external partners, ensuring faster and more efficient identification and execution of opportunities.

Cost focus

As a part of the strategy, costs remain in sharp focus. During the autumn of 2014, the Company initiated a cost-saving programme that will reduce the vessels' annual operating expenses and voyage costs by USD 20 million over a 3-year period. See also "Cost focus and technical operation", pages 14-15.

NORDEN's business model



Financial position

Solid financial resources

Positive cash flows from operations

Reduced net commitments

NORDEN has solid financial resources. At year-end, the Company had cash and securities totalling USD 366 million, and to this should be added undrawn credit facilities of USD 297 million. Outstanding payments on vessels and newbuildings as of 31/12-2015 amounted to USD 283 million.

Positive cash flows from operations

On the basis of a strong tanker market, good operation of vessels and general cost consciousness within the whole organisation, NORDEN was able to generate a positive cash flow from operations of USD 77 million in a year that offered historically poor rates in dry cargo.

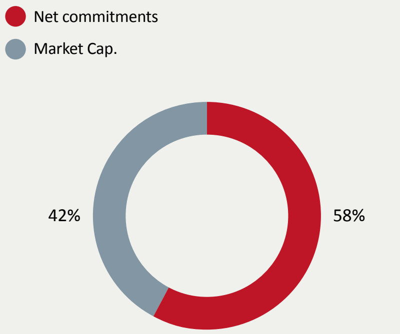
During 2015, NORDEN has reduced its T/C commitments and incurred payments for newbuildings without increasing net debt. At year-end, the Company's total liabilities amounted to USD 989 million, which is a decrease of 21% compared to the previous year. Besides the positive cash flows from Tanker operations, the improvement is also a result of active adjustment of the order book, where some newbuildings for delivery have been sold, and the time of delivery of certain owned and chartered vessels has been postponed (see Asset Management pages 11-13).

Capital structure provides opportunities

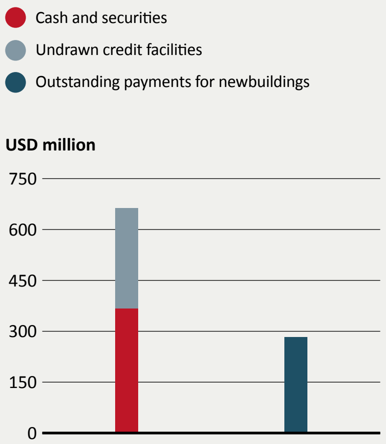
With its capital structure, NORDEN has considerable resources at its disposal not just for withstanding the current difficult dry cargo market, but also for taking advantage of the opportunities that arise – for example exploitation of the historically low vessel values to increase the size of the fleet with secondhand vessels.

The exact timing of such investments is, however, still subject to uncertainty, and NORDEN's current fleet and capital structure already contain exposure towards future improvements. In addition, NORDEN's solid financial position will be utilised actively in day-to-day operations and in obtaining new contracts.

Capital structure incl. items outside balance sheet



Outstanding payments for newbuildings covered



Liabilities relating to newbuilding programme as of 31.12.2015

Year	USD million
2016	53
2017	106
2018	74
2019	50
Total	**283**

Note: NORDEN's share of JV is included

Net commitments (at year-end), USD million

	2015	2014
Adjusted net interest-bearing assets*	-6	-6
T/C liabilities**	-1,372	-1,542
Payments for newbuildings less proceeds from vessel sales**	-185	-355
Contractually secured inflows of earnings** (T/Cs and COAs)	574	646
Net commitments	**-989**	**-1,257**

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

Outlook for 2016

Dry cargo market suffering on several fronts

Continued good tanker market

Lower capacity costs affect the result positively

2016 is expected to offer a continuingly very challenging dry cargo market and a good tanker market, which, however, may come under pressure due to increasing newbuilding deliveries particularly in the second half-year. On that background, NORDEN's adjusted results for the year are expected to amount to USD -60 to 30 (corresponding to an EBIT of USD -45 to 45 million). The result is positively affected by lower capacity costs due to the provisions for onerous contracts, which the Company made in 2014 and 2015.

As a consequence of the higher number of owned vessels and increased loan financing of these, NORDEN's future guidance will be based on "Adjusted results for the year" in the form of "Results for the year" excluding "Profits and loss from the sale of vessels etc." as well as "Fair value adjustment of certain hedging instruments".

Mid-February 2016, NORDEN had covered 57% and 24% of the remaining ship days within Dry Cargo and Tankers, respectively. The relatively high number of open ship days implies that realised results will depend on market developments to a high extent.

NORDEN's future guidance will be based on "Adjusted results for the year".

Sale and purchase of vessels continue to be an integrated part of NORDEN's business, and NORDEN expects further changes to the core fleet resulting from the implementation of the new strategy "Focus & Simplicity", which involves intensified focus on fewer vessel types within Dry Cargo.

The cash flow effect from known investments (CAPEX) is expected to amount to USD -20 to -40 million net, which essentially includes known investments in newbuildings of USD 61 million net. Added to this are investments related to dockings in 2016 of USD 15 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.

Outlook for 2016

USD million	Dry Cargo	Tankers	Group
Adjusted results for the year	-85 to -25	25 to 55	-60 to 30
Known profits from sale	0	0	0
CAPEX			-20 to -40

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 2016 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.

Value creation

Voyage optimisation creates value

New performance measure for earnings – NORDEN TCE

Core fleet and operator activities must be evaluated as one

An important part of NORDEN's value creation within dry cargo is the ability to combine cargoes with short-term chartered tonnage. In recent years, a considerable part of the Company's activities has thus not been based on the core fleet but rather on tonnage chartered for a single voyage or for less than 13 months. In each of the recent years, NORDEN has in this manner added approximately 30,000 ship days, which are not considered core fleet. In some years, this addition corresponded to a doubling of NORDEN's capacity.

Focus on value creation

Once the core fleet is purchased or chartered, costs are more or less fixed and it consequently makes sense to focus on optimisation of earnings from the vessels defined by realised TCE. This is, however, not the case for operator activities where both vessel costs and earnings continuously fluctuate according to market conditions. Low earnings are not necessarily a bad thing if vessel costs are similarly low. And vice versa, a high TCE is not necessarily a good thing since vessel costs can be even higher. As for operator activities, it consequently makes more sense to focus on the margin created when cargoes and vessels are combined.

Within NORDEN's dry cargo business, the mixture of core fleet and operator activities will typically make it difficult to measure the activities individually; long-term cargo contracts are, for instance, lifted on short-term chartered vessels, and spot cargoes are lifted on long-term chartered or owned vessels. Since vessels and cargoes are handled collectively on a portfolio basis, it does not make sense to measure core fleet TCE and the margin of operator activities seperately. For that reason, NORDEN has defined a total measure which takes account of both. The measure, which is called "NORDEN TCE", is calculated as the total of TCE earnings from the core fleet and the contribution margin from the non-core fleet divided out on the core fleet ship days.

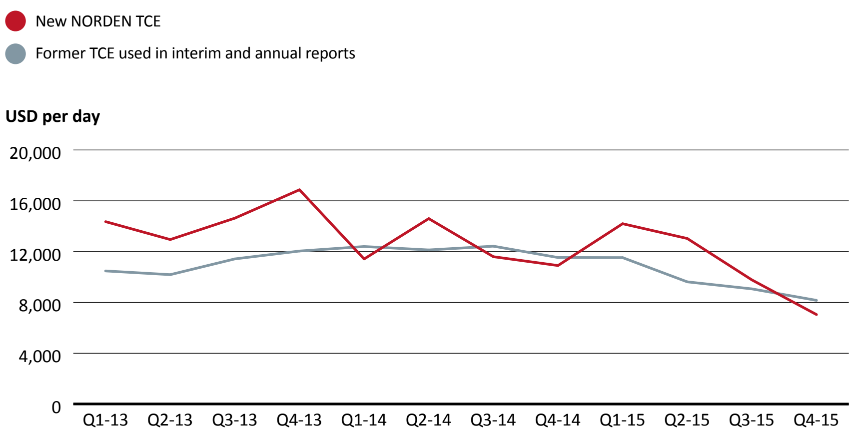
The reasoning behind this is to regard the operator activity as a mean to improve the earnings of the core fleet. The number of days in the operator business is not essential and neither is the revenue it generates. The essential aspect is how it contributes to the total result. Optimisation of core fleet earnings per day will thus take place by optimising the total of earnings from the core fleet vessels and the margin which is obtainable from the non-core fleet vessels – measured per day in the core fleet.

NORDEN has defined a total measure which takes account of both the core fleet and operator business

In use from the first quarter of 2016

Below is a graph showing the average TCE for NORDEN's Panamax fleet during the last 12 quarters. The classical TCE, as published in NORDEN's interim and annual reports, is depicted together with a TCE calculated using the new method. Beginning with the interim report for the first quarter of 2016, the Company will report on dry cargo earnings based on this new TCE definition.

TCE calculation going forward



By measuring how much the chartered fleet contributes to the core fleet TCE, a more true and fair view of the company's activities is obtained. Furthermore, the volatility in the market is more clearly presented. This is apparent in the graph to the left where the former TCE calculation for a Panamax vessel is compared to the adjusted TCE calculation, which NORDEN will use in the future.

Asset Management

Dry cargo fleet adjusted to challenging market

Opportunistic S&P of vessels in Tankers

Significant drop in the value of dry cargo vessels

Sale and purchase combined

During 2015 as part of the strategy "Focus & Simplicity", NORDEN gathered sale and purchase as well as long-term charter procurement in a new unit, Asset Management, which covers both Dry Cargo and Tankers.

The new unit has been very active adjusting the Company's exposure to the markets. During the year, 25 vessel transactions to and from the core fleet have been carried out, of which the main part have contributed to reducing NORDEN's exposure to the dry cargo market in 2016 and 2017.

New definition of core fleet

The Company has changed the definition of ”core fleet”, meaning that a vessel is now classified as part of the core fleet if it is either owned by NORDEN or if the charter period for a time charter vessel is 13 months or more, regardless of whether a purchase option on the vessel is included. The change entails a slight increase of the core fleet.

Dry Cargo

Within dry cargo, focus has been on minimising exposure to the challenging markets. Through a number of transactions, the Company has postponed the deliveries of a number of newbuildings by 2-3 years: 4 newbuildings with delivery in 2015 or 2016 have been sold, while NORDEN has also taken advantage of the attractive newbuilding prices and entered into agreements on delivery of 3 vessels in 2018/19. In addition, the delivery time for selected time charter vessels has been postponed. NORDEN has also achieved attractive savings on certain time charter vessels by prepaying parts of the hire.

In continuation of the strategy’s focus on ownership of Supramax and Panamax vessels, NORDEN has sold its Capesize vessels. The core fleet in this segment thus solely consists of 1 vessel on time charter that expires in 2017, and 1 vessel on time charter with planned delivery to NORDEN in 2019.

Tankers

In the tanker segment, trading activity has to a greater extent been driven by opportunism, where the Company has continuously explored the possibilities for selling as well as purchasing and chartering tonnage to support the commercial flexibility which the strategy promotes. During 2015, NORDEN has sold 3 MR vessels, purchased 1 Handysize product tanker and entered into attractive time charter agreements concerning 2 LR1 vessels and 5 MR vessels, as replacement for current T/C vessels which are to be redelivered.

Development of fleet values

As a consequence of the contrasting developments in market rates within dry cargo and tankers, vessel prices have also developed differently within the 2 segments. The very poor dry cargo market has entailed that the value of dry cargo vessels has dropped significantly, especially in the fourth quarter, which saw values drop by 20%. In total, the value of a 5-year old Panamax vessel decreased by about 30% during 2015 (Source: Baltic Exchange). Newbuilding prices for dry cargo vessels did not decrease quite as much and ended approximately 10% lower compared to the start of the year.

Development in NORDEN's core fleet 2015

	Dry Cargo	Tankers
Contracted NB	3 Supramax NB	
Purchases	1 Supramax (not delivered per 31/12)	1 Handy
Timecharters	4 Supramax NB (2.5 yrs)	2 LR1 NB (3.0 yrs) 5 MR NB (4.2 yrs)
Sales	2 Capesize (not delivered per 31/12) 1 Panamax NB (not delivered per 31/12) 3 Supramax NB (2 not delivered per 31/12)	3 MR

"NB" stands for New Building, numbers in parenthesis is the average duration.

NORDEN's fleet at 31 December 2015

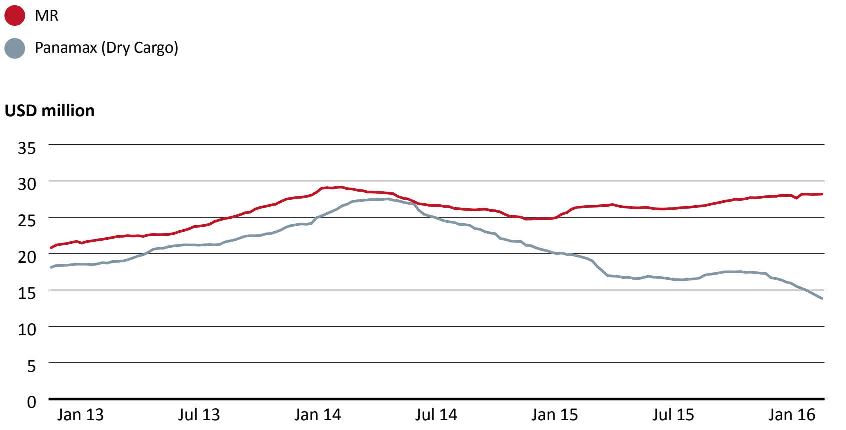
Vessels in operation	2015
Owned vessels (A)	48.0
Chartered vessels with period exceeding 13 months	71.5
Active core fleet	**119.5**
Chartered vessels with period under 13 months	108.3
Active fleet	**227.8**
Vessels to be delivered	
Owned vessels (B)	11.5
Chartered vessels with period exceeding 13 months	20.0
Total for delivery to core fleet	**31.5**
Total core fleet	**151.0**

(A) of which 2 units sold, but not delivered
(B) of which 3 units sold, but not delivered

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

Conversely, the value of product tankers has increased slightly during the year, and a 5-year-old MR vessel is thus worth 10% more at the end of 2015 compared to the beginning of the year. Considering the very strong spot market rates, this is a moderate increase, which is due to, among other things, the fact that the newbuilding prices for product tankers have not increased during the year, and this sets a limit on the values of secondhand tonnage.

Development of vessel values (5 year old vessel)



The markets were also reflected in the value of secondhand vessels. The value of a 5-year Panamax vessel dropped by 30% during 2015, whereas a secondhand MR product tanker increased by 10%.

Market value of NORDEN's fleet and impairment

As announced in Company announcement No 2/2016 of 20 January 2016, at the end of 2015 the Company conducted a write-down of USD 180 million of owned dry cargo vessels and further provision of USD 160 million for onerous time charter contracts. For a more detailed description, see note 12 to the financial statements "Tangible assets".

Based on the average of 3 independent broker valuations, the market value of NORDEN's 48 owned vessels and 11.5 newbuilding orders including joint ventures and assets held for sale at year-end was estimated at USD 1,203 million. The difference between the lowest and the highest valuations from the 3 brokers calculated per vessel is USD 179 million. Following the write-down of the book values, the estimated market value is USD 23 million lower than the carrying amounts and costs. The Company has therefore carried out a routine impairment test. On that basis, NORDEN has found that there is no need to write down the carrying amounts or make further provisions for onerous time charter contracts.

Purchase and extension options

NORDEN has 64 charter agreements with purchase and extension options and thus an advantageous exposure to increasing markets. However, due to the historically poor market conditions in the dry cargo market, the options hold a relatively low value at present. The value is calculated to USD 14 million at the end of 2015 (the method and assumptions for calculating the value is described on the Company's website). A 10% increase in T/C rates and vessel prices would mean a 36% increase in the option value, whereas a corresponding 10% drop would mean a 29% drop in value.

Fleet values at 31 December 2015

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	2.0	178,000	24	24	0	0
Post-Panamax	4.0	114,000	63	54	0	-9
Panamax	7.0	79,000	145	123	30	8
Supramax	12.5	60,000	265	254	0	-11
Handysize	12.0	35,000	161	124	21	-16
Total Dry Cargo	**37.5**		**658**	**579**	**51**	**-28**
Tankers						
LR1	-	-	0	0	0	0
MR	9.0	50,000	292	300	0	9
Handysize	13.0	39,000	276	273	-1	-4
Total Tankers	**22**		**567**	**574**	**-1**	**5**
Total	**59.5**		**1,226**	**1,153**	**50**	**-23**

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

NORDEN has actively adjusted the order book to the challenging markets in dry cargo, and only 2.5 owned dry cargo newbuildings will be delivered in the coming 2 years.

Expected deliveries to NORDEN's core fleet at 31 December 2015

	2016				2017				2018				2019				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Dry Cargo																	
Capesize														(1)			1.0
Panamax	**1** (1)	(1)		(2)			2										7.0
Supramax	**1** (2)	0.5		(1)			**1**		2 (4)	1 (1)	1				2		16.5
Tankers																	
LR1						(2)											2.0
MR			(1)					(1)	(1)	(1)	(1)						5.0
Handysize																	0.0
Total	**5.0**	**1.5**	**1.0**	**3.0**	**0.0**	**2.0**	**3.0**	**1.0**	**7.0**	**3.0**	**2.0**	**0.0**	**0.0**	**1.0**	**2.0**	**0.0**	**31.5**

Note: Figures in brackets are deliveries of chartered vessels to the core fleet, whereas deliveries from the Company's newbuilding programme are stated without brackets. Figures are adjusted for ownership share. 3 of the above included vessel have been **sold per delivery from the yard**: Panamax Q1 2016, Supramax Q1 2016, Supramax Q3 2017.

Cost focus and technical operation

Annual savings of USD 8.7 million achieved

OPEX decreased by 3.8% per day

Focus on fuel consumption

With an up-to-date organisation and a clear focus on costs and procedures, NORDEN has implemented a number of initiatives which have lowered operating costs and increased efficiency.

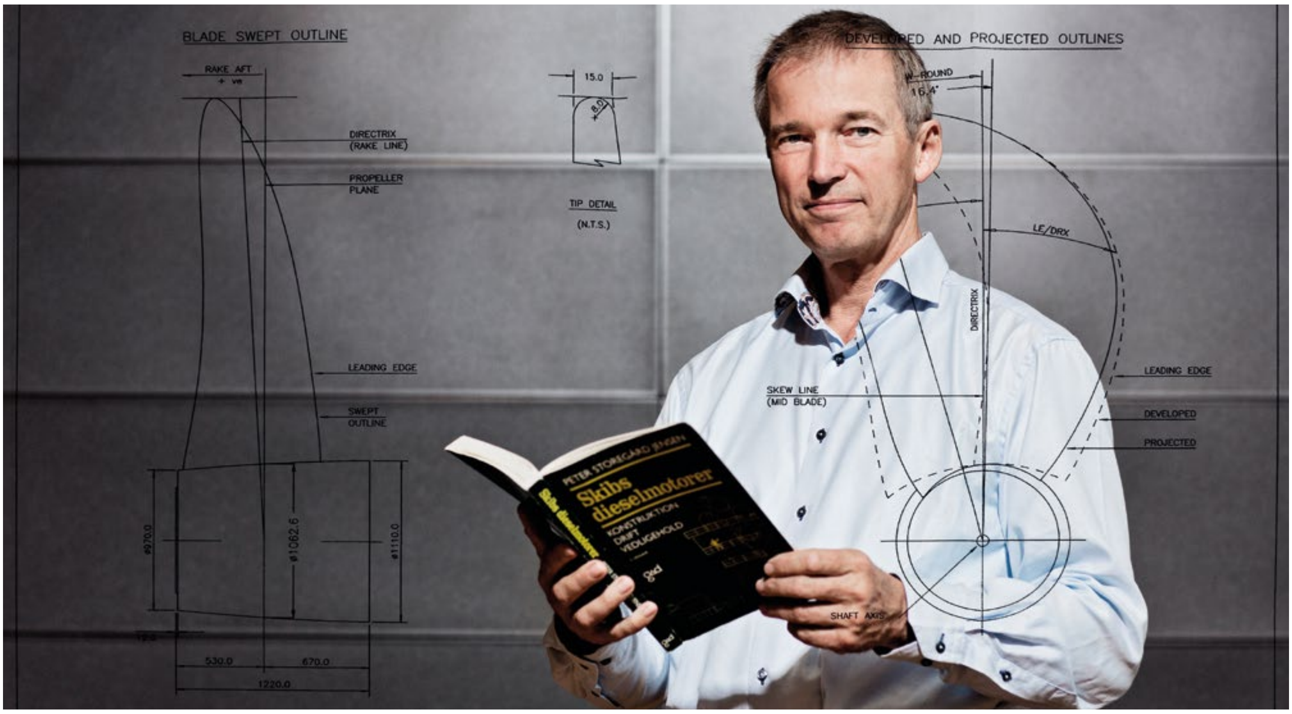
In the autumn of 2014, NORDEN launched a cost saving programme to improve the Company's position in the continued difficult dry cargo markets. In 2015, the Company has identified and achieved a number of savings on vessel operating costs and voyage related costs such as port charges, charges for pilot and tugboat services etc. The initiatives will produce yearly savings of more than USD 8.7 million. The cost-saving programme continues, and the goal is to have reduced vessel costs by USD 20 million a year within a 3-year period.

OPEX

NORDEN's average operational expenditure on owned vessels (OPEX) can be seen in the table on page 15. The figures cover expenses for crewing, education and training, repair and maintenance costs, costs of insurance as well as other operating costs. Compared to 2014, the figures show a decrease of approximately 3.8%, which is a result of the above-mentioned initiatives as well as USD exchange rate movements. NORDEN strives to further reduce OPEX over the coming years.

Fuel costs

Another significant expense item is vessel fuel. The price of bunkers has followed the general fall in oil prices, however, bunkers continue to make up the largest single expense item in connection with vessel voyages. In 2015, bunker costs amounted to USD 365 million, and considerable savings are thus attainable through a more fuel efficient employment of the fleet. A number of initiatives including design and maintenance changes have been carried out to reduce fuel consumption.



Daily consumption report

In 2013, NORDEN set up a Fuel Efficiency team. The team has developed new systems making it possible to monitor a vessel's daily fuel consumption and compare this to the expected consumption level taking into consideration current weather conditions, cargo and other circumstances. The operators thus have a tool for quickly detecting and correcting any discrepancies between actual and expected consumption and for ensuring that the speed of a vessel is correct at any given time taking into account the market, the weather and the condition of the vessel. The vessels continuously receive instructions based on this data.

Systematised cleaning

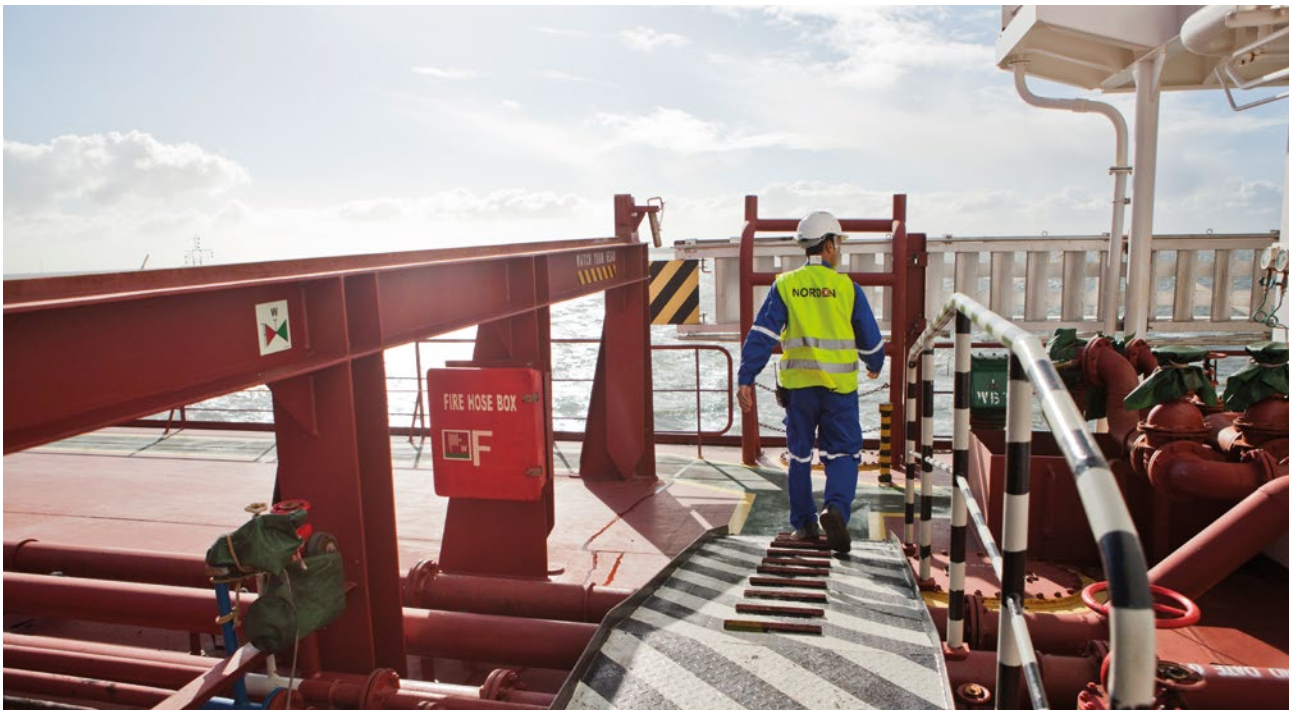
Based on the daily consumption curves, it is possible for NORDEN to monitor the development as well as ensure well-organised cleaning of hull and propeller. Fouling of the hull and propeller increases bunker consumption significantly, and the Company has consequently compiled a list of relevant cleaning companies worldwide for the purpose of optimising timing and lowering the costs of hull and propeller cleaning.

Modern fleet

Owing to the ongoing optimisation of the order book as well as the sale and purchase of vessels, NORDEN's fleet is among the most modern in the industry. The Company focuses on reaping the benefits of this through, among other things, continued minimisation and process optimisation of the ongoing operating and maintenance costs without compromising safety. In cooperation with the commercial departments and Asset Management, the Technical Department organises and carries out complete assessments twice a year of all the vessels in NORDEN's fleet. This ensures overview of current and future tasks, which makes it possible to optimise planning and completion of maintenance work in the best way possible.

Daily OPEX by vessel type 2015

	USD
Dry Cargo Panamax	5,490
Dry Cargo Supramax	4,726
Tankers MR	6,341
Tankers Handysize-T	6,641



Risk management

Active risk management through hedging and diversification

Credit rating of counterparties

Bunker hedging

Active risk management plays a central role in NORDEN. An important element is NORDEN's diversification of its business by being active in 2 segments: Dry Cargo and Tankers.

It is NORDEN's policy to only assume material risks within the commercial aspects of its shipping operations. Other risk factors should be avoided or limited by hedging the exposure, through diversification or guarantees. 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.

Below follows a review of the material commercial risks. For a review of the financial risks, please see note 2 on page 51 as well as the section "Financial position" on page 8.

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.

NORDEN is continuously focusing on how to optimise the portfolio of owned vessels

NORDEN is continuously focusing on how to optimise the portfolio of owned vessels; be it in relation to ongoing replacement of older vessels with newer vessels or newbuildings, or fuel efficiency improvement of the current fleet.

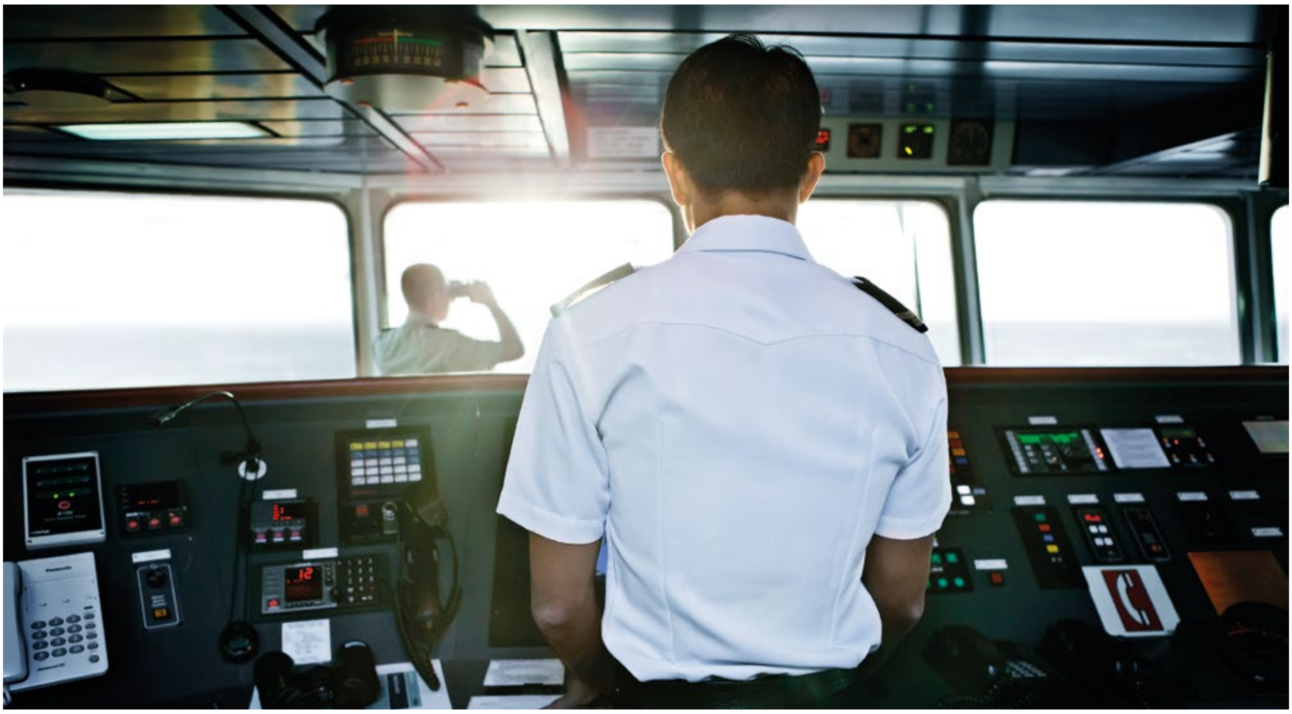
Fluctuations in freight rates

Purchasing and chartering vessels imply a risk as the Company assumes financial liability in expectation of generating earnings which are dependent on the freight market. To control the uncertainty relating to earnings, future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent it is possible and Management finds it attractive.

At the end of 2015, coverage for 2016 constituted 51% (55%) and 16% (18%) for Dry Cargo and Tankers, respectively, corresponding to a total value of USD 216 million (USD 272 million) (see also the market sections for Dry Cargo and Tankers).

Piracy, oil spills and total loss

The operation of vessels exposes a number of risks. The safety of the crew is ensured by means of updated procedures, heightened focus and repeated drills. The Company follows Best Management Practices (BMP) with regard to the threat of piracy. In terms of value, the most material events are oil spills and total loss



(lost value of owned vessels, purchase options and charter parties). In addition to operations of a high quality and high level of safety, the Company covers these risks by taking out insurances with recognised international insurance companies.

The Company further minimises the 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. cause some ship owners to economise on maintenance. Therefore, NORDEN has increased focus on the condition of the vessels in connection with short-term charters.

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.

In connection with newbuilding contracting, it is assessed whether the credit risk in relation to prepayments to the yard should be 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 bunkers, and the total costs of the Company will therefore depend on the market price for bunkers. The Company uses bunker swaps to hedge future consumption of bunkers when entering into COAs in case there is no bunker adjustment clause in the agreement.

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

Other operational risks

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.

Dry Cargo

Historically poor dry cargo market

NORDEN's earnings 37% above the market

51% of ship days in 2016 covered

EBIT

USD million

-386

Of which write-down and provision: USD 340 million

Employment and rates, Dry Cargo, 2015

Vessel type		Q1	Q2	Q3	Q4	2015	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
Capesize	Ship days	275	230	276	276	1,057	9,672	-19%
	TCE (USD per day)	13,548	2,951	5,458	8,691	7,862		
Post-Panamax	Ship days	664	696	718	728	2,806	7,228	11%
	TCE (USD per day)	9,475	6,194	8,385	8,047	8,013		
Panamax	Ship days	6,845	7,549	6,925	5,460	26,779	7,211	34%
	TCE (USD per day)	11,527	9,620	9,066	8,164	9,669		
Supramax	Ship days	4,874	4,582	5,032	5,598	20,086	7,239	48%
	TCE (USD per day)	11,360	11,405	10,324	10,047	10,743		
Handysize	Ship days	2,328	2,309	2,203	2,160	9,000	6,357	37%
	TCE (USD per day)	8,753	9,397	8,929	7,785	8,724		
Total**	Ship days	14,986	15,366	15,154	14,222	59,728	7,136	37%
	TCE (USD per day)	10,988	9,864	9,366	8,852	9,778		

* Source: Clarksons
** Weighted average

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

In 2015, NORDEN entered a new business area with wind turbine transports. This is the Supramax vessel NORD SUMMIT headed for its US destination with a cargo of 43 wind turbines.

Key figures and financial ratios, Dry Cargo, 2015

USD millon	2013 Total	2014 Total	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Total
Revenue	1,766	1,601	329	302	299	244	1,174
EBITDA	-5	-294	15	19	4	-149	-111
Profit/loss from the sale of vessels, etc.	0	0	0	-4	-3	-31	-38
EBIT	-46	-334	5	6	-9	-388	-386
Non-current assets	601	579	588	567	568	324	324
EBITDA margin, %	0%	-18%	5%	6%	1%	-61%	-9%
EBIT margin, %	-3%	-21%	2%	2%	-3%	-	-33%
Total number of ship days	74,699	66,919	14,985	15,366	15,154	14,222	59,728

Dry Cargo – earnings above the market, but decreasing values

NORDEN's results

In 2015, NORDEN's dry cargo activities generated an unsatisfactory EBIT of USD -386 million, of which USD -340 million is a result of write-downs of ship values as well as provision for onerous contracts. The underlying operating earnings before write-down and provision consequently constituted a loss of USD 46 million, of which vessel sales constituted USD -38 million.

The dry cargo market hit new record lows in 2015 when volumes transported decreased for only the second time since 1989. Thus, not even high scrapping activity was able to prevent the oversupply of vessels from increasing due to delivery of newbuildings which led to decreasing rates and ship values throughout the year. The average Baltic Dry Index for the year ended at the lowest level in more than 25 years.

NORDEN's earnings were considerably above market rates as average earnings were 37% above the 1-year T/C rates and 62% above spot rates. The result was obtainable due to value creating operator activity, focus on costs and a deliberate choice made at the end of 2014 to increase coverage for 2015.

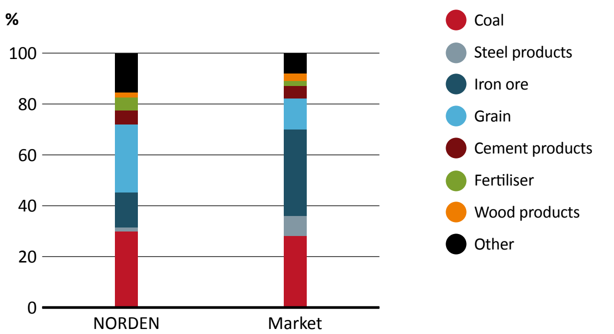
NORDEN's business

NORDEN's activities within dry cargo concentrates on the vessel types Handysize, Supramax and Panamax, which provides customers and NORDEN with increased flexibility when it comes to trade patterns than the larger vessel types. The focus on these vessel types also means that NORDEN's cargo composition stands apart from the general dry cargo market. Since grain products are mainly carried on Supramax and Panamax vessels, these cargoes make up a much larger share of NORDEN's transports than seen in the total market, and in 2015, NORDEN transported the same volume of grain as coal for the first time ever. In contrast, iron ore constitutes a smaller share of the Company's cargoes since iron ore is mainly carried on the larger Capesize vessels. Moreover, NORDEN's fleet composition entails a different geographical distribution of activities than seen in the general market where China, Japan and Korea make up a considerably larger share.

With the strategic decision to focus on Supramax and Panamax to a higher extent, NORDEN will increase the geographical spread of the business and reduce the share of iron ore in the transported volumes in the future.

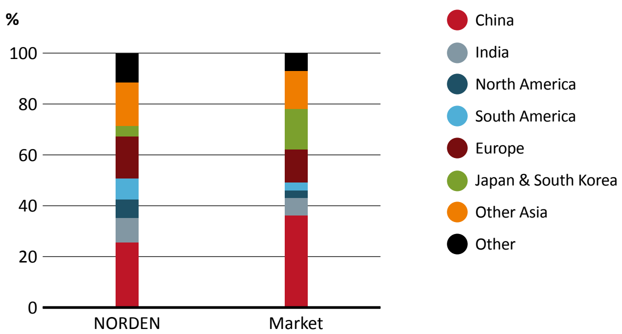
At the end of 2015, the 20 largest counterparties in Dry Cargo included 5 (5) mining companies, 1 (1) energy company, 7 (6) industrial enterprises, 1 (0) shipping company, 4 (6) commodity distributors and 2 (2) financial institutions. The Company's commercial credit exposure in Dry Cargo totalled USD 556 million (USD 709 million) at the end of 2015.

NORDEN's transports compared to the market



Sources: GTT and NORDEN

Geographic distribution of imports



Sources: GTT and NORDEN

Dry Cargo market 2015

The downward pressure on rates continued in the first half of 2015 before a short-lived upswing materialised in the third quarter. Towards the end of the year, the Baltic Dry Index, BDI, hit the lowest level ever registered in the 30-year history of the index, and the market went from challenging to very difficult. Within NORDEN's primary dry cargo vessel types, Supramax and Panamax, rates in 2015 were 29% and 28%, respectively, below the levels from 2014.

The weak market development was primarily driven by lacking growth in demand for seaborne transport, which was further worsened due to the steadily growing global fleet. The lacking demand growth was driven by a slowdown in China's iron ore imports as well as continued heavily reduced Chinese coal imports for the second consecutive year. The negative development in iron ore imports resulted from a Chinese steel production under pressure combined with continued large domestic iron ore production.

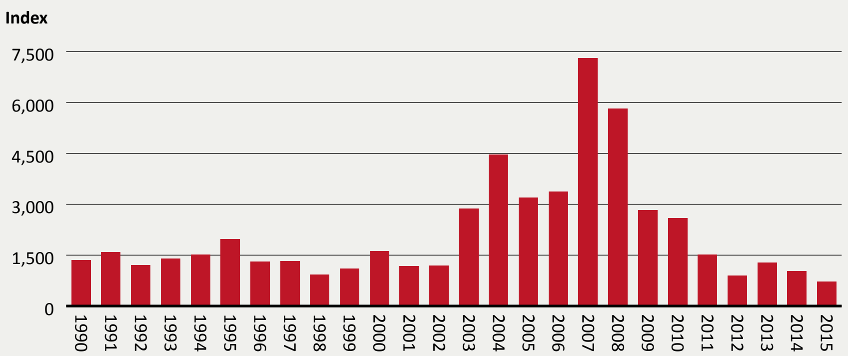
As in 2014, Chinese coal imports decreased as a result of generally lower economic activity and increased consumption of non-fossil fuels such as hydropower. Chinese coal imports has consequently dropped from the record high 287 million tonnes in 2013 to 246 million tonnes in 2014, and was further reduced by 31% in 2015 to 170 million tonnes. The drop of more than 117 million tonnes over the last 2 years corresponds to 2-3% of the total demand for dry cargo vessels.

The drop in Chinese coal imports over the last 2 years has led to India now being the largest coal importer in the world. The increasing Indian coal imports are driven by higher energy consumption as well as building of record stockpiles. Imports did, however, level out in the second half of 2015 as a result of surprisingly high Indian domestic production.

While total transported dry cargo volumes was on par with the previous year, certain commodities experienced significant growth. Following a slow start to the South American soybean season, export volumes reached record levels in 2015, and Chinese steel exports continued its strong growth from 2014. Furthermore, China increased its bauxite imports following a considerable drop the previous year.

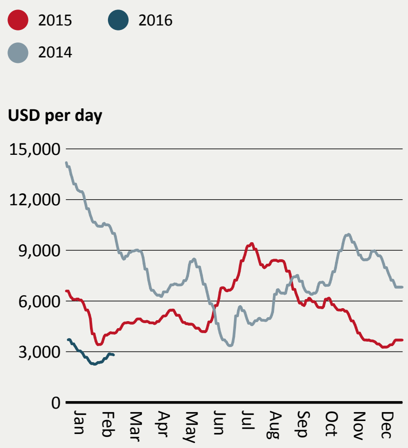
Fleet growth ended at 2.5% in 2015 despite high scrapping activity. The weak markets boosted the scrapping activity, and with 30 million dwt. scrapped during the year, scrapping reached 4% of the global fleet. As in recent years, a large share of the order book was not delivered. Cancellations and postponement of deliveries thus constituted 42% of the order book.

Average BDI last 25 years



Source: Baltic Exchange

Panamax spot rates 2014-16



Source: Baltic Exchange

Dry Cargo market 2016

NORDEN expects the very difficult dry cargo markets to continue in 2016 due to lack of significant growth potential in the demand for seaborne transport and due to continued oversupply in the global fleet. China, which was previously the engine behind growth in the dry cargo market, is expected to continue its slowdown in demand for commodities in 2016.

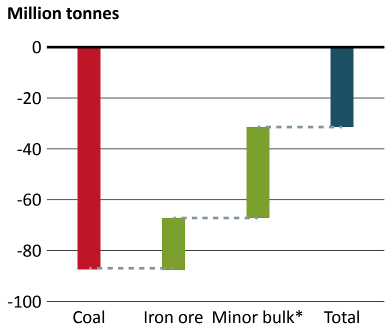
IMF expects global growth of 3.4%, primarily driven by increased growth in the advanced economies. China's growth rate is expected to be 6.3%. It is expected that the development in the Chinese economy combined with the focus on renewable energy in the energy supply as well as protectionism of the domestic coal industry will continue to put pressure on the dry cargo market in 2016. Overall, NORDEN expects demand to increase by 0-2% in 2016. This modest growth rate is, among other things, caused by the lower global steel production and the continued decline in Chinese coal imports. Despite the possible decline in Chinese coal trade, NORDEN expects that it is possible for global coal trade to increase again in 2016 following the decrease of 8% in 2015. This is primarily due to the growing number of power plants in India and other Asian countries such as Vietnam and Malaysia. Furthermore, the drop in Chinese coal imports is expected to level out compared to the previous 2 years.

Iron ore exports from Australia and Brazil are expected to increase in 2016 as China has closed a number of loss-making iron ore mines, which produced iron ore of poor quality and with considerable pollution as a result. The slowdown in industrial production growth in China as well as the anti-dumping tariffs imposed by several countries may start to have a negative impact on Chinese steel exports and, consequently, also on the country's need for iron ore imports.

NORDEN expects the number of actual deliveries to be lower than the order book for 2016, which is at 10% of the global fleet. The expectation is based on a continued high number of cancellations of ordered vessels and postponements of deliveries, which collectively meant that less than 60% of the order book for 2015 was actually delivered. The unfavourable market conditions are expected to lead to continued high scrapping activity of 4-6%. In total, net fleet growth is expected to be 1-3%.

After 2016, NORDEN expects growth in demand to continue on a lower level, as the Chinese economy slows down and is rebalanced. An improvement of the market conditions will thus to a high extent depend on the adjustment of the global dry cargo fleet. A limited number of newbuilding orders are expected, and the adjustment of rates to a historical average has to be driven by continued high scrapping levels.

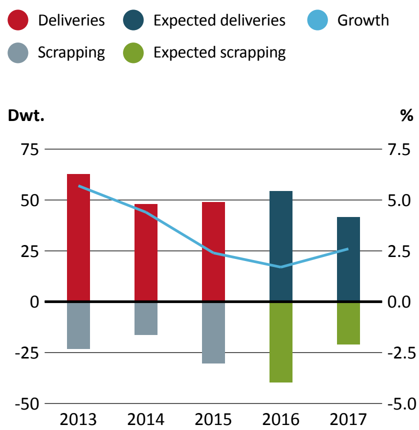
Changes in China's imports (2015 vs. 2014)



* Minor bulk is among others bauxite, nickel, grain etc.

Source: China Customs

Growth in the global dry cargo fleet



Source: Historic: Clarksons Forecast: NORDEN

NORDEN's positioning

At the beginning of 2016, 51% of the ship days in dry cargo were covered, which is on par with the coverage at the beginning of both 2014 and 2015. The rate level for coverage has, however, decreased in line with the markets throughout the years. With the prospect of another very difficult year for the dry cargo market in 2016, the Company has sought to increase the coverage even though forward rates for 2016 decreased in the second half of 2015.

The coverage percentage has increased partly as the Company has lowered the capacity, i.a. because the possibilities for taking coverage through physical COAs have decreased concurrently with the uncertainties in the commodity markets.

Capacity and coverage, Dry Cargo, at 31 December 2015

	2016	2017	2018	2016	2017	2018
Own vessels		Ship days				
Capesize	100	-	-			
Post-Panamax	1,455	1,360	1,448			
Panamax	1,379	1,684	2,172			
Supramax	1,538	1,604	2,572			
Handysize	4,277	4,286	4,327			
Total	**8,749**	**8,934**	**10,519**			
Chartered vessels					Costs for T/C capacity (USD per day)*	
Capesize	366	212	0	12,220	11,373	0
Post-Panamax	1,490	1,460	1,460	5,361	6,711	8,750
Panamax	12,622	6,325	5,806	7,906	8,363	9,944
Supramax	7,664	4,609	4,543	8,218	7,888	8,899
Handysize	3,826	2,429	1,243	8,176	7,821	9,501
Total	**25,968**	**15,035**	**13,052**	**7,953**	**8,012**	**9,405**
					Costs for total capacity (USD per day)*	
Total capacity	**34,717**	**23,969**	**23,571**	**7,319**	**6,997**	**7,557**
Coverage					Revenue from coverage (USD per day)*	
Capesize	42	0	0	-1,077	0	0
Post-Panamax	332	0	0	5,856	0	0
Panamax	8,431	2,679	2,787	10,325	15,386	15,140
Supramax	6,258	1,287	835	9,891	12,497	15,402
Handysize	2,805	1,240	1,047	10,606	12,997	14,456
Total	**17,868**	**5,206**	**4,669**	**10,107**	**14,103**	**15,034**
Coverage in %						
Capesize	9%	0%	0%			
Post-Panamax	11%	0%	0%			
Panamax	60%	33%	35%			
Supramax	68%	21%	12%			
Handysize	35%	18%	19%			
Total	**51%**	**22%**	**20%**			

* Costs include the effect of the provisions for onerous contracts made in 2014 and 2015 and cash running costs for owned vessels. A statement excluding the provision can be found on NORDEN's website. Costs are excluding O/A. For vessel types which are operated in a pool, the TCE is after management fee. With respect to the Dry Cargo pools, NORDEN receives the management fee as "Other operating income".

Tankers

Strong tanker market and record result for NORDEN

NORDEN's earnings 27% above the market

16% of ship days in 2016 covered

EBIT
USD million

117

↑800%

Employment and rates, Tankers, 2015

Vessel type		Q1	Q2	Q3	Q4	2015	1-year T/C (USD per day)*	NORDEN vs. 1-year T/C
MR	Ship days	2,576	2,335	2,355	2,354	9,620	17,325	28%
	TCE (USD per day)	19,412	22,899	25,045	21,340	22,111		
Handysize	Ship days	1,734	1,757	1,474	1,450	6,415	15,483	26%
	TCE (USD per day)	20,904	18,154	21,566	17,681	19,571		
Total**	Ship days	4,310	4,092	3,829	3,804	16,035	16,588	27%
	TCE (USD per day)	20,012	20,862	23,706	19,946	21,095		

* Source: Clarksons
** Weighted average

1-year T/C is less standard broker commission of 2.5%. NORDEN T/C is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fee.

The Handysize tanker NORD BELL took part in generating a record result.

Key figures and financial ratios, Tankers, 2015

USD millon	2013 Total	2014 Total	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Total
Revenue	380	437	127	121	101	130	479
EBITDA	39	44	34	35	45	28	142
Profits from the sale of vessels, etc.	2	0	1	6	0	0	7
EBIT	8	13	28	33	37	19	117
Non-current assets	560	589	534	550	558	570	570
EBITDA margin, %	10%	10%	27%	3%	44%	22%	30%
EBIT margin, %	2%	3%	22%	27%	37%	15%	24%
Total number of ship days	15,370	16,947	4,310	4,092	3,829	3,804	16,035

Tankers – best EBIT result ever

NORDEN's results

NORDEN's Tanker business took advantage of the strong rates to generate the best EBIT result for tankers in the history of NORDEN. EBIT for 2015 was USD 117 million, thus meeting the latest expectations that the Tanker business' results for the year would be in the range of USD 100-120 million. EBIT for the year was more than 9 times higher than in 2014, when the Tanker business generated an EBIT of USD 13 million. The results reflect the favourable market conditions prevailing in 2015.

The Tanker business started the year with coverage of 18%, which was lower than the opening coverage of 24% in 2014. The lower coverage is partly attributable to the fact that the T/C rates at the beginning of the year did not reflect the market's extremely strong spot rates, for which reason the Company assessed that the spot market would offer higher earnings potential. This assessment proved to be in line with actual market developments. In 2015, NORDEN's earnings in the Tanker Department were generally 27% higher than the 1-year T/C rate and specifically 26% and 28% higher for the Handysize and MR vessel types, respectively. The percentage earnings increase thus continues the trend of previous years, and on average NORDEN has recorded earnings in its Tanker activity over the past 10 years at a level of 10% higher than the 1-year T/C rate, corresponding to approx. USD 1,650 per day.

NORDEN's business

At the end of the year, NORDEN's owned product tanker fleet consisted of 44 owned and chartered product tankers – 16 Handysize and 28 MR vessels. The vessels are commercially operated by the product tanker pool Norient Product Pool (NPP), established by NORDEN in 2005 in collaboration with the Cypriot shipping company Interorient Navigation Company (INC). INC and NORDEN each own 50% of NPP. NORDEN handles the technical operation of NORDEN's product tanker fleet.

In 2015, NPP celebrated its 10th anniversary, and for the first time in the pool's history, gained a new business partner when the American shipping company Diamond S added extra tonnage to the pool in the form of 8 MR product tankers. At the end of the year, the pool structure was adjusted and made more flexible, thus enabling the pool participants to adjust their individual coverage and thereby increase their commercial agility. With a total of 91 vessels at its disposal, NPP continues to rank among the world's largest commercial operators in product tankers.

The fleet primarily transports clean petroleum products (CPP) such as diesel, gasoline, naphtha and jet fuel, but also handles dirty petroleum products (DPP), mainly in the form of fuel oil. In 2015, the cargo volume was distributed with almost two-thirds CPP and one-third DPP. The majority of CPP cargoes were transported between North America, South America and Europe, and 2015 also saw a small increase in shipments to and from the Middle East. DPP cargo volumes consisted mainly of fuel oil, which was transported internally in Europe.

In Tankers, the 5 largest counterparties in 2015 included 3 (2) oil and gas companies and 2 (3) shipping companies.

The Company's commercial credit exposure in Tankers totalled USD 108 million (USD 103 million) at the end of 2015.

Tanker Market 2015

2015 proved to be a highly favourable year for the global tanker fleet. The significant drop in oil prices stimulated higher oil consumption and thus a greater need for freight transportation.

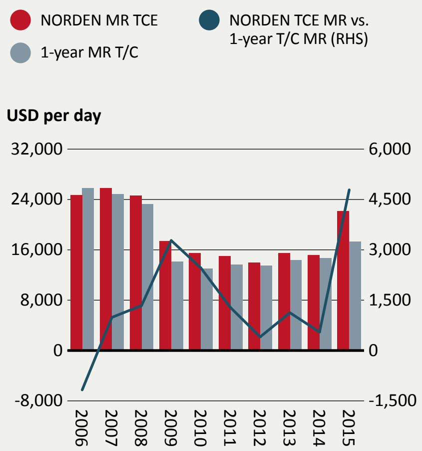
The expectations for oil demand in 2015 grew gradually more positive in the course of the year, and in December, the International Energy Agency (IEA) estimated growth in oil demand of 1.9%, against an estimated 0.6% in January. Low oil prices, coupled with growing optimism regarding oil consumption, spurred net crude oil importers to replenish both their commercial and their strategic crude oil stocks, the main effects being higher employment and better rates for the large crude oil tankers.

Product tanker rates across all vessel types and regions rose to levels last seen in 2008, with daily spot rates exceeding USD 20,000. The low price of crude oil and increasing oil consumption resulted in high product margins in the refinery sector, which was thus motivated to maintain a record activity level for the remainder of the year and maximise exports of surplus products. Capacity utilisation in Europe and China rose by 5-6% and 3%, respectively, compared with the previous year, and up to end-October, the export-oriented refineries in the US Gulf recorded a utilisation rate of 92% – the highest level in a decade (source: Wood Mackenzie & EIA).

The escalation in refinery activity is primarily due to a surprisingly steep increase in demand for gasoline. American consumers took particular advantage of the lower fuel prices, thus forcing up demand. This coincided with demand for gasoline in China for its growing car fleet. American gasoline consumption thus rose by approximately 3% in 2015 against barely 1% growth in the previous year, and in China demand for gasoline rose by no less than 9% (source: EIA & Wood Mackenzie). As refineries cannot refine gasoline without also producing diesel, the increase in gasoline production also resulted in an extraordinary production of diesel. However, demand for diesel was insufficient to absorb the additional production, and the surplus diesel was stockpiled. Latest estimates indicate that diesel stockpiles were 10% higher (approximately 77 million barrels) at the end of 2015 than at the end of 2014. Europe, a net importer of diesel, accounted for over half of the increase in stockpiles (source: Wood Mackenzie).

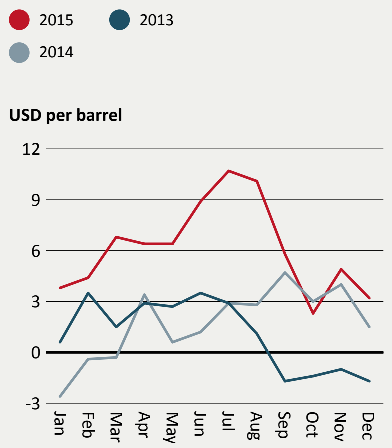
The product tanker fleet saw net growth of almost 7%, which is high compared with recent years. The steady delivery of newbuilt MR and LR2 vessels accounted for a large share of growth, but scrapping activities also fell steadily as rates increased. However, the crude oil tanker fleet had low net growth of approximately 1.8%, and a considerable number of LR vessels switched to transporting crude oil because of the high rates. This switch helped reduce the supply of product tankers. The total tanker fleet had a net growth rate of 3%.

Yearly Market Average MR Clean earnings & 1-year T/C rate



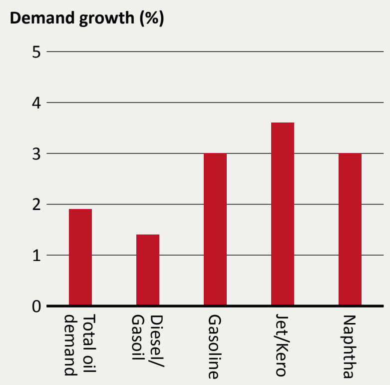
Source: Clarksons

Brent FCC Refinery margin Northwestern Europe



Source: Wood Mackenzie

2015 global oil demand growth for selected oil products



Source: IEA, Wood Mackenzie

Tanker Market 2016

The tanker market in 2016 is expected to be predominantly positive, and the year as a whole is expected to continue offering attractive market conditions for NORDEN's product tanker fleet - though at a lower rate level than last year.

Several of the factors contributing to the rapid acceleration in oil demand in 2015 were temporary and are unlikely to help similarly sustain the market in 2016. In particular, the drop in oil prices that buoyed the tanker market last year is expected to be unable to stimulate equally high growth in demand this year owing to the current price level. This is one of the reasons that IEA expects annual growth in global oil demand of 1.3% in 2016 – against 1.9% in 2015.

The increasingly fragmented demand for individual oil products is expected to repeat itself this year, and demand for product tanker transport in 2016 is expected to depend once again on global gasoline demand. Initial IEA forecasts indicate that gasoline consumption in the USA will remain unchanged relative to last year's high level, while demand for gasoline in China and India is expected to rise. Diesel production will therefore continue to be high, and a steady increase in global stockpiles of diesel is thus also expected this year.

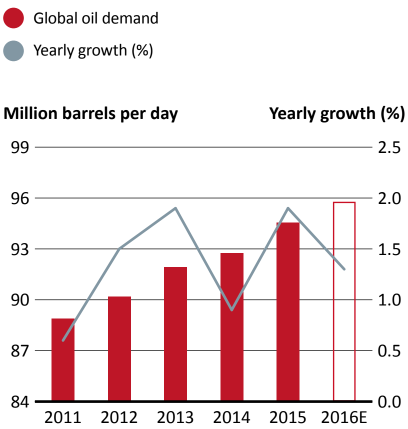
Risks for the year include slowed growth in oil demand – growth that also depends heavily on continued high demand for gasoline – and the large stockpiles. Price hikes can result in increased drawing on stockpiles. However, it is generally expected that the low oil price will continue well into 2016. Another uncertainty factor for the year is refinery maintenance, which is expected to be high as a result of the intensive production in 2015.

Assuming that oil prices change only gradually, the present level of oil production and demand for oil is expected to be sustained. As in 2015, oil production in 2016 is again expected to exceed global demand. As onshore stockpile capacity becomes depleted, it may therefore become necessary to use vessels as stockpiles. This will boost demand for both crude oil and product tankers.

Net fleet growth for product tankers for 2016 is anticipated to be around 6%, with most vessels expected for delivery in the first half-year. According to the order books, the MR and LR2 vessel types will continue to drive this growth. However, the order book for crude oil tankers has grown significantly, particularly for the largest crude oil tankers (VLCC), whose order book has grown by 50% during 2015. Net fleet growth of approximately 6% can therefore be expected for the crude oil tanker fleet – 3 times the average growth of the past 3 years.

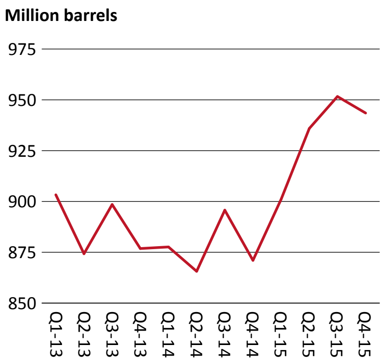
At the same time, the prospect of generally lower growth in oil consumption over the coming years as well as reduced possibilities for and incentive to stockpiling are expected to weaken tanker demand compared to 2015/2016. The high fleet growth expected this year within both crude oil and product tankers combined with lower demand will entail a risk that rates will experience downward pressure.

IEA historical global oil demand and forecast for 2016



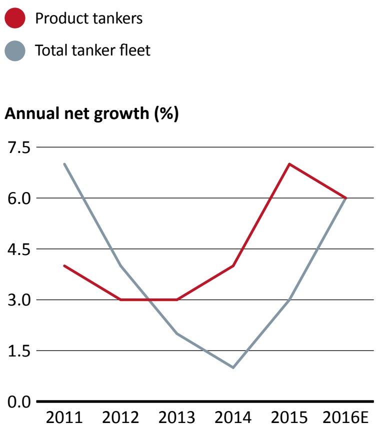
Source: IEA

Estimate of global diesel inventories



Source: IEA, Wood Mackenzie

Historial Tanker Net fleet growth and forecast



Source: Clarksons, SSY, NORDEN

NORDEN's positioning

At the beginning of 2016, NORDEN had 11,371 open ship days and coverage of 16%, which is on a par with coverage at the beginning of 2015. The spot market is estimated to be attractive in the short and long terms, and the Company will continuously investigate the options for achieving sufficiently attractive coverage running for terms of longer than 12 months.

Capacity and coverage, Tankers, at 31 December 2015

	2016	2017	2018	2016	2017	2018
Own vessels		Ship days				
LR1	-	-	-			
MR	3,258	3,230	3,229			
Handysize	4,684	4,674	4,671			
Total	**7,942**	**7,904**	**7,900**			
Chartered vessels					Costs for T/C capacity (USD per day)	
LR1	-	489	730	-	18,600	18,600
MR	5,440	2,181	2,106	15,782	16,405	16,564
Handysize	154	-	-	14,652	0	0
Total	**5,594**	**2,670**	**2,836**	**15,751**	**16,807**	**17,088**
					Costs for total capacity (USD per day)*	
Total capacity	**13,536**	**10,574**	**10,736**	**10,495**	**9,212**	**9,500**
Coverage					Revenue from coverage (USD per day)	
LR1	-	-	-	-	-	-
MR	1,452	785	312	15,978	16,332	16,529
Handysize	713	479	165	17,269	16,317	14,849
Total	**2,165**	**1,264**	**477**	**16,403**	**16,326**	**15,948**
Coverage in %						
LR1	0%	0%	0%			
MR	17%	15%	6%			
Handysize	15%	10%	4%			
Total	**16%**	**12%**	**4%**			

* Including cash running costs of owned vessels.
Costs are excluding O/A. For vessel types which are operated in a pool, the TCE equivalent is after pool management fee. With regard to dry cargo pools, NORDEN receives the management fee as "Other operating income".

Organisation

Organisation streamlined

New offices in Australia and Chile

Leadership training initiated

In line with the strategy "Focus & Simplicity", NORDEN has adjusted the organisation and launched a number of initiatives which strengthen the Company's customer focus and streamline business procedures.

The organisation in the head office was streamlined in 2015 when the Company's Executive Management was reduced from 5 to 3 members, who each assumed more areas of responsibility. The Asset Management unit, which is responsible for sale and purchase as well as long-term charter procurement, was established. With the new function, the Company gains a joint and more simple and streamlined approach to acquisition and disposal of both dry cargo and tanker tonnage in relation to business associates such as yards, shipping companies, trading houses and brokers as well as internally in NORDEN.

The Company has also established a new unit, Business Application and Process Excellence, which will be responsible for gaining a cross-organisational overview of NORDEN's business procedures and processes with a view to optimising these and ensuring that NORDEN has optimal systems at its disposal to support flexible and reliable performance of tasks.

Focus on fewer vessel types

The Dry Cargo Department implemented an organisational restructuring, which takes advantage of the flexibility and synergies resulting from the strategy's focus on fewer vessel types. The former 5 chartering sections were reduced to 2 with responsibility for the smaller vessels with mounted cranes, "geared" (typically Handysize and Supramax) and the larger vessels without cranes, "non-geared" as for instance Panamax.

During 2015, NORDEN established offices in Melbourne, Australia and Santiago, Chile. The office openings are in line with the Company's objective to increase its focus on customers' wishes and needs and will also enable NORDEN to participate in tenders for more cargo contracts. Both the Melbourne and the Santiago offices are headed by employees who started their shipping career as trainees in NORDEN. 6 of NORDEN's 7 overseas offices have country managers who were once shipping trainees in the Company.

People make the difference

The Technical Department continued the implementation of the new organisation, which was established in 2014. In January 2016, a "one-point stop" was created with the purpose of coordinating safety, environment, vessel inspections and prevention of accidents. Furthermore, the department has arranged for even larger involvement of the vessels' crews in the execution of tasks – including administrative tasks. 2 Officer Seminars were held in Denmark, 2 in the Philippines and 2 in India. At these seminars, the fleet's officers are gathered physically for further training and competence development. In 2015, the main focus was management and NORDEN's values.

New leadership programme

People make the difference. All companies can in principle buy the same vessels which makes it difficult to stand apart from other shipping companies when it comes to hardware, and it is consequently important for NORDEN not just to recruit and retain the right employees but also to provide them with the possibility to develop and to fulfil their full potential for the benefit of themselves and NORDEN.

To support this aim and to strengthen the management force and good leadership in NORDEN, the Company has initiated a business-oriented leadership development programme. The first group started in 2015, and the next 2 groups will follow in 2016. The programme is based on NORDEN's 4 values – flexibility, reliability, empathy and ambition. Officers will participate in a variation of the programme which is adapted to the challenges and circumstances they face on board the vessels.

HR closer to the employees

At the end of the year, NORDEN had 288 (2014: 305) employees at the Company's offices distributed on 5 continents – 207 at the head office in Hellerup, 81 at the overseas offices. The retention rate among the onshore employees was 84%, which is below the Company's target of 90%. In 2016, NORDEN will increase its focus on the reasons behind the lacking target fulfilment. This will be achieved by means of the before-mentioned leadership programme and by moving the HR Department closer to the business by physically placing HR employees in the various departments. HR will thereby play a more visible role and will to a higher extent act as a sounding board for employees and managers. Like last year, the product tanker pool Norient Product Pool employed 57 people.

High retention rate among employees at sea

The number of officers and seafarers was 689 – 16 more than the year before. 131 of these were directly employed by the Company (Danish officers and cadets), 13 more than in 2014, while the remaining were vessel-employed on a non-permanent basis.

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 to a vessel in accordance with local collective agreements. The hiring of these seafarers are managed by dedicated NORDEN teams at manning offices in Manila and Mumbai. The retention rate for this group according to INTERTANKO's standard was a satisfactory 94% in 2015.

Training

In August, 4 young people began their training as shipping trainees, bringing the total number of trainees at the Company to 18. During the year, 6 trainees completed their training, and 4 of them were subsequently employed by the Company. In addition, the Company hired 13 cadets from Svendborg International Maritime Academy (SIMAC), Marstal Navigationsskole (MARNAV) and Danish schools of marine engineering during the year. Thus at year-end, NORDEN had a total of 34 cadets from Danish educational institutions and 30 Philippine cadets enrolled in training.

Corporate Governance

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 earnings within the risk framework set out by the Board of Directors (see the section "Risk Management" on pages 16-17 and note 2 to the financial statements "Financial 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. 5 of the 8 board members are elected by the shareholders and 3 are elected by the employees, who held an election for the board of directors in 2015.

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 a 1-year authority to authorise the Company's acquisition of treasury shares at a nominal value not exceeding 10% of the share capital.

The Board of Directors appoints the Executive Management and sets out its responsibilities and conditions. The 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 primarily handled by the Chairman and the CEO. The Executive Management participates in board meetings and is supplemented by other executives in the strategy meetings and when relevant.

Board work

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. During 2015, a total of 12 board meetings have been held, of which 5 were teleconferences, hereof 4 in connection with financial reporting. Attendance was 98% for the shareholder-elected board members and 57% for the employee-elected board members. To this should be added that the employee-elected board members are composed of seafaring staff, who might be otherwise occupied at sea and therefore cannot attend.

Committee work

The Board of Directors has an audit committee made up of Karsten Knudsen (committee chairman), Arvid Grundekjøn and Alison Riegels. The committee supervises financial reporting, transactions with closely related parties, control and risk management systems, auditing, etc. The terms of reference can be found on NORDEN's website where a statement of control and risk management in connection with the financial reporting is also available. During the year, the committee held 4 meetings.

The Board of Directors has a remuneration committee responsible for supervising the implementation of the Company's remuneration policy (see page 36). Its terms of reference are available on the website. The committee is made up of Klaus Nyborg (committee chairman), Karsten Knudsen and Arvid Grundekjøn, and the committee held 2 meetings in 2015.

Annual calendar of the Board of Directors and the Audit Committee

	Jan	Feb	Mar	Apr	May	Jun
Board of Directors			• Annual report/ CSR report • Market • Results • Share option programme • Preparation for annual general meeting	• General meeting	• Strategy follow-up • Market • Results • Insurance policy • Bank policy	
Audit Committee		• Review of the auditor's records and draft of annual report	• Auditor's independence • Appointment of auditor		• Audit plan for the year, incl. special focus areas	

The Board of Directors' nomination committee is made up of Klaus Nyborg (committee chairman) and Erling Højsgaard. The committee is responsible for describing the qualifications required in i.a. the Board of Directors and the Executive Management, and the committee is also in charge of an annual assessment of the competences, knowledge and experience present in the 2 management bodies. 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 sounding board to the Executive Management, the following skills are deemed particularly relevant: Insight into shipping (specifically dry cargo and tankers), general management, strategic development, risk management, investment, finance/accounting as well as international experience. The Board of Directors is considered to possess these skills.

The Board of Directors has 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% (1 out of 6) and aim at increasing this share to 33% before 2017. In 2015, the share of women in the Board of Directors increased to 20% (1 out of 5) as a result of a reduction in shareholder-elected members. The nomination committee has the target figure in mind when considering potential candidates for the Board of Directors.

Board composition and remuneration

At the annual general meeting in 2015, Klaus Nyborg was re-elected for the Board of Directors and took over the chairmanship from Mogens Hugo who retired due to age requirements.

The fee structure was changed in 2015 for it to better reflect efforts made in connection with committee work. In addition, the Chairman and Vice Chairman receive a supplement fee. Total remuneration of the Board of Directors fell as a result of the change and due to a reduction in the number of board members from 9 to 8 from USD 0.8 million to USD 0.7 million. The Board of Directors proposes unchanged remuneration in 2016.

Corporate governance

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 at https://cms.norden.com/sites/cms.norden.com/files/2020-05/CG2015_UK.pdf.

The statutory statement of control and risk management in connection with the financial reporting can be found on https://cms.norden.com/sites/cms.norden.com/files/2020-05/CFRUK2015_0.pdf.

2016

The Board of Directors has planned 12 meetings, 4 of which are teleconferences in connection with the annual and interim reports. To this should be added 4 chairmanship meetings as well as meetings in the committees. As previously, the Board of Directors will discuss strategy and budget at 2 meetings at the end of the year. At the Annual General Meeting on 7 April 2016, Alison J. F. Riegels will step down at her own wish and after 31 years on the Board, while it is suggested that Karsten Knudsen is re-elected for the Board. It is suggested that Alison J. F. Riegel's place on the Board is refilled by Johanne Riegels Østergård. CV for the candidates will be included in the AGM convening notice.

Jul	Aug	Sep	Oct	Nov	Dec
	• Strategy follow-up • Market • Results • Rules of procedure • Internal rules • Financial calendar • Board calendar		• Strategy	• Market • Results • Framework for next year's remuneration • Items for discussion: Share option programmes Corporate Governance	• Final strategy • Budget
	• Special issues			• Reporting – ongoing audit	

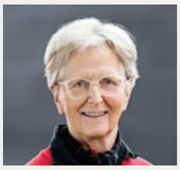
Board of Directors

Klaus Nyborg

Managing Director, born in 1963, 52 years, m. Board member since 2012 and Chairman since 2015. Term expires in 2018. Other directorships: A/S United Shipping & Trading Company (CB), Bawat A/S (CB), Tysk Ejendomsselskab A/S (CB), Bunker Holding A/S (VCB), Uni-Tankers A/S (VCB), Odfjell SE (BM), Karen og Poul F. Hansens Familiefond (BM) and Return ApS (MD). Relevant skills: experience with management of global, listed shipping companies, strategy, investment, sale and purchase, financial issues and risk management. Independent. No. of shares: 1,700 (unchanged).

Erling Højsgaard

Managing Director, born in 1945, 70 years, m. Board member since 1989 and Vice Chairman since 2015. Most recently re-elected in 2014. Term expires in 2017. Other directorships: Dubai Commercial Investment A/S (CB), A/S Motortramp (VCB), A/S Dampskibsselskabet Orients Fond (BM), A/S Bolig Snekkersten (BM), Marinvest ApS (MD) and Højsgaards Rederi 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).

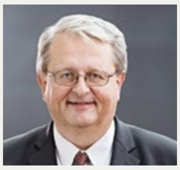


Alison J. F. Riegels

Managing Director, born in 1947, 68 years, f. Board member since 1985. Most recently re-elected in 2013. Term expires in 2016. 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 longstanding 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).

Karsten Knudsen

Managing Director, born in 1953, 62 years, m. Board member since 2008. Most recently re-elected in 2013. Term expires in 2016. Other directorships: Neas Energy A/S (CB), Polaris IV Invest Fonden (CB), Nordic Trustee A/S (CB), Nordsøenheden (VCB), K/S Tammerfors Butikcenter (BM) and K/S Vanta (BM). Relevant skills: general management and strategy, broad financial experience, comprising accounting, investment banking and management of financial risks, including credit risks. Independent. No. of shares: 800 (unchanged).



Arvid Grundekjøn

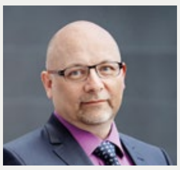
Investor/Lawyer, born in 1955, 60 years, m. Board member since 2009. Most recently re-elected in 2014. Term expires in 2017. Other directorships: Creati Estate AS (Owner, CB), Cardid AS (Owner, CB), Telsarro AS (Owner, BM), Gildhall AS (Owner, BM), Stiftelsen Fullriggeren Sørlandet (CB), Citi Bank (Nordic Advisory BM) and Trygve Tellefsens legat (BM). Relevant skills: general management, strategic and operational management of international shipping groups, strategy, financial and legal issues. Independent. No. of shares: 5,000 (unchanged).

Lars Enkegaard Biilmann

Captain, born in 1964, 51 years, m. Board member since 2013. Term expires in 2018. Elected by the employees, thus not independent. No. of shares: 723 (unchanged).

Jonas Visbech Berg Nissen

Chief Officer, born in 1985, 30 years, m. Board member since 2015. Term expires in 2018. Elected by the employees, thus not independent. No. of shares: 723.



Thorbjørn Joensen

Chief Engineer, born in 1959, 56 years, m. Board member since 2015. Term expires in 2018. Elected by the employees, thus not independent. No. of shares: 379.

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 2015. 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.

Senior Management

Jan Rindbo
CEO. Born in 1974. Employed in NORDEN since 2015. Trained in shipping and has completed executive training programmes at INSEAD. Directorships: the Danish Shipowners' Association (BM) and A/S Dampskibsselskabet Orients Fond (BM).

Martin Badsted
Executive Vice President and CFO. Born in 1973. Employed in NORDEN since 2005. Holds an M.Sc. in International Business.

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.

Asger Lauritsen
Senior Vice President and head of the Technical Department. Born in 1966. Employed in NORDEN since 2014. Trained in shipping, holds an M.Sc. in Economics, an MBA from IMD and has completed executive training programmes at INSEAD and Harvard. Directorships: INTERTANKO's Council (BM) and ISTEC, the Negotiation Committee of the Danish Shipowners' Association and Lloyd's Nordic Committee.

Henrik Lykkegaard Madsen
Senior Vice President and head of the Asset Management Department. Born in 1962. Employed in NORDEN in 2010. Trained in shipping, holds a graduate diploma in Marketing Economics and has completed executive training programmes at INSEAD and IMD.

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.

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: the Accounting Committee and Tax Committee of the Danish Shipowners' Association.

Vice Presidents

Jakob Bergholdt, CEO at NORDEN Shipping (Singapore) Pte. Ltd.

Michael Boetius, head of Strategy and Business Performance in Dry Cargo.

Mikkel Borresen, deputy in Geared Tonnage chartering section in Dry Cargo.

Jens Christensen, head of the Dry Cargo operations section.

Christian Danmark, finance manager.

Thomas Jarde, head of Geared Tonnage chartering section in Dry Cargo.

Thomas Kobbel, head of Gearless Tonnage chartering section in Dry Cargo.

Morten Ligaard, head of the Legal Department.

Management in Norient Product Pool ApS

Søren Huscher, CEO.

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Directorships, etc. are stated at 31 December 2015 and do not include positions within the NORDEN Group.

Management

Jan Rindbo appointed new CEO

Executive Management reduced

New Senior Vice President

Executive Management consists of Jan Rindbo who took up the position as CEO on 30 April 2015, Martin Badsted who was appointed CFO in connection with the restructuring of the Executive Management in August 2015 and Ejner Bonderup, Executive Vice President and head of the Dry Cargo Department. The restructuring meant that Michael Tønnes Jørgensen and Lars Bagge Christensen stepped down from their positions as CFO and Executive Vice President, respectively.

The Executive Management and 4 Senior Vice Presidents form NORDEN's Senior Management. Senior Management changed during the year as Henrik Lykkegaard Madsen, in August 2015, was appointed Senior Vice President and head of the newly established Asset Management function, which is responsible for the Company's sale and purchase as well as long-term charter procurement. However, the number of members in Senior Management remained unchanged since Senior Vice President Mikkel Fruergaard stepped down from his position in the beginning of 2015.

Group Management consists of Senior Management as well as the Company's Vice Presidents, which was reduced to 8 people as a result of Henrik Lykkegaard Madsen's promotion and Christian Ingerslev's resignation in June.

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 2014.

Upon recommendation from the remuneration committee under the Board of Directors, the Board of Directors decides on the implementation of the remuneration policy in order for it to match the Company's needs, results and challenges. In addition to a competitive fixed salary, the policy offers the possibility of cash bonus 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. The award of incentives is balanced with regard for the Company's results and objectives, competitive environment, market situation and outlook, the purpose of the individual instruments as well as personal performance.

Implementation of policy

In 2015, the Executive Management's remuneration was a combination of fixed salary, variable bonus and share-based payment. The Executive Management has no pension plan paid by the Company, but receives benefits such as company phone and car.

Option programmes

Year of grant	No. of people	No. of options	Exercise period	Executive Management's share	Number of people in Executive Management
2015	63	400,000	2018-2021	40%	5/3
2014	60	414,000	2017-2020	40%	5
2013	62	400,000	2016-2019	41%	2/5
2012	68	350,000	2015-2018	23%	2
2011	65	350,000	2014-2017	23%	2

Executive Management is made up of (left to right) head of the Dry Cargo Department Ejner Bonderup, CEO Jan Rindbo and CFO Martin Badsted.

Fixed salary for the Executive Management totalled USD 2.3 million in 2015, whereas total remuneration including bonuses and options amounted to USD 5.8 million in 2015 against USD 3.7 million in 2014. The amount in 2015 is affected by severance payments amounting to USD 2.3 million paid out to Michael Tønnes Jørgensen and Lars Bagge Christensen. The value of share options amounted to USD 0.4 million (USD 0.9 million in 2014). The options are not of value to the receivers until the shareholders have received a 10% return. At the grant date, the theoretical value of the options corresponded to 15% of the Executive Management's fixed salary. The limit according to NORDEN's remuneration policy is 150%. The Executive Management is required to reinvest 25% of any gain on their options in NORDEN shares and to keep these shares for a number of years. For a more detailed description of the share option programmes, see note 32 to the financial statements.

Resignation and retention

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 Company's Senior Vice Presidents are 3-9 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 12 months' salary.

Jan Rindbo's employment contract includes a retention bonus in each of the years 2015-17 in the form of shares in NORDEN at an annual value of DKK 1 million. Retention bonuses in addition to these do not exist for Executive Management or Senior Management.

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.

2016

In March 2016, the Board of Directors will grant 389,159 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 options are not of value to the receivers until the shareholders have received a 10% return. The theoretical market value of the options has been calculated at USD 0.7 million according to the Black-Scholes model.

Senior Management's shareholdings

	Shares		Share options						
	At 31/12/ 2015	Change in 2015	Granted in 2016	At 31/12/ 2015	Granted in 2015	Granted in 2014	Granted in 2013	Granted in 2012	Granted in 2011
Jan Rindbo	7,560	+7,560	50,000	50,000	50,000	-	-	-	-
Martin Badsted	4,223	-	28,000	90,493	22,480	18,505	16,603	10,282	10,764
Ejner Bonderup	3,596	-1,346	28,000	82,512	26,932	27,355	28,225	-	-
Asger Lauritsen	-	-	14,349	28,349	14,349	14,000	-	-	-
Kristian Wærness	4,823	+150	11,500	64,499	11,479	11,098	9,617	10,034	10,600
Vibeke Schneidermann	723	-	11,500	54,312	9,087	9,172	9,015	8,262	8,790
Henrik Lykkegaard Madsen	-	-	11,500	41,610	8,227	8,110	8,129	6,646	5,193
Total	**20,925**	**+6,364**	**154,849**	**411,775**	**142,554**	**88,240**	**71,589**	**35,224**	**35,347**

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.

Shareholder issues

Master data

Share capital	DKK 42.2 million
Number of shares	42,200,000 of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	Nasdaq Copenhagen
Ticker symbol	DNORD
ISIN code	DK00600083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Financial calendar for 2016

25 February	Final deadline for any shareholder requests to the agenda for the annual general meeting
2 March	Annual report 2015
7 April	Annual general meeting
4 May	Interim report for the first quarter of 2016
17 August	Interim report for the first half of 2016
2 November	Interim report for the third quarter of 2016

Return to the shareholders

A strong tanker market could not outweigh the effects of the historically poor dry cargo market of 2015. This was reflected in NORDEN's share price which increased from DKK 131.4 to DKK 184 during the first 7 months of the year, whereupon it decreased in line with the continued poor outlook for the dry cargo market. The share price ended on DKK 122.1, which is a decrease of 7% during 2015. Based on the increasing USD exchange rate, the return in USD, measured as the total value of dividend payments and share price increases, has been -18.5% in 2015.

Despite the negative result, NORDEN performed considerably better than the comparable dry cargo and product tanker companies, which produced a return of -30.8%. The return of comparable dry cargo companies was -56.1%, while the return was 7% for the product tanker companies in the same period.

Trading volume

On average, 158,010 shares were traded on a daily basis on Nasdaq Copenhagen in 2015, which is a decrease of 14% compared to 2014. The average daily trading volume on Nasdaq Copenhagen was DKK 23.4 million against DKK 36.3 million in 2014. In addition to this, average trading on other market places amounted to DKK 5.6 million.

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.

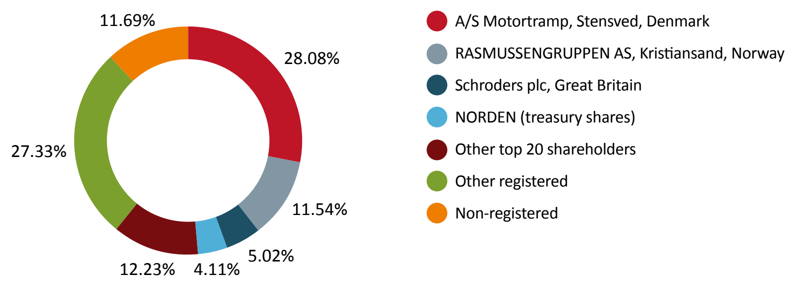
NORDEN strives to maintain an open, external communication, and during the course of the year, NORDEN has had an ongoing dialogue with analysts and investors and participated in a number of investor conferences and seminars. The share is monitored by 15 share analysts, which is the same number as in 2014. Coverage remains largest in Denmark and Norway.

In 2015, the Company issued 23 company announcements, 5 of which concerned insiders' transactions with NORDEN shares.

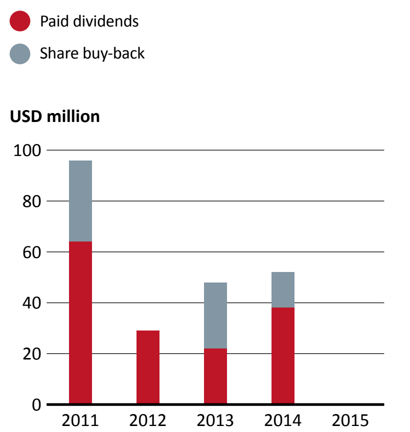
Capital and shareholders

The share capital is DKK 42.2 million. All shares remain listed, and no changes have been made to their rights and transferability.

Composition of shareholders



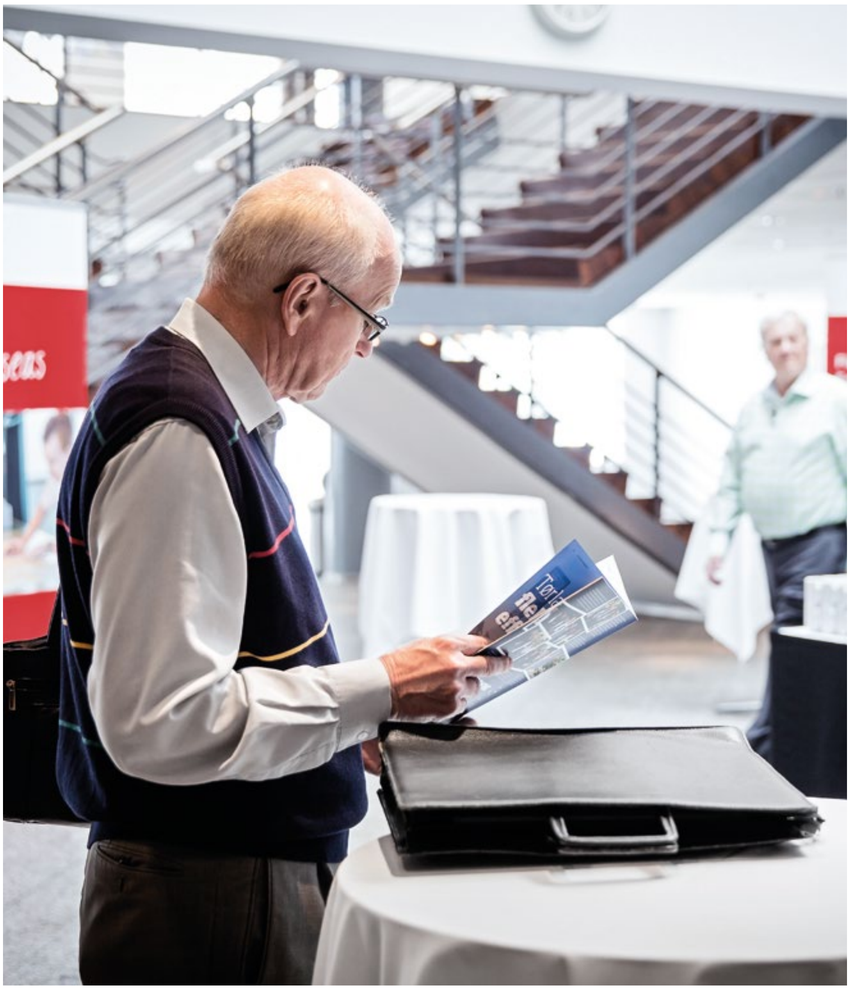
Distribution to shareholders 2011-15



The number of registered shareholders decreased by approximately 2% during the year to a total of 15,895 registered shareholders at year-end, in aggregate owning 88.3% of the share capital (90.5% in 2014).

3 shareholders have announced that they own 5% or more of the Company's shares. They are A/S Motortramp, RASMUSSENGRUPPEN AS and Schroders plc. The shareholder agreement between A/S Motortramp and RASMUSSENGRUPPEN AS ended on 13 October 2015 after having been terminated in 2014 (see Company announcement no. 17/2015). NORDEN owns 1,732,385 treasury shares (4.1%), which corresponds to the level of 2014.

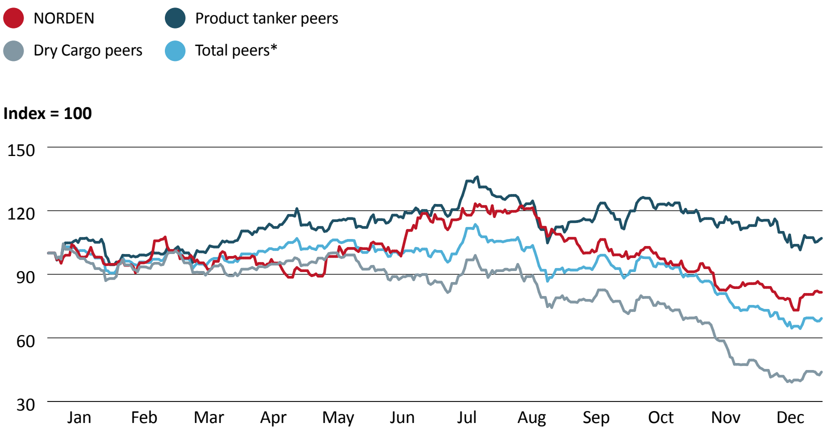
Other large shareholders are especially investors from Denmark, Norway, Luxembourg, the USA and Great Britain. At the end of the year, the international ownership share counted 753 registered shareholders, in aggregate owning 30.5% of the share capital.



Recommendation from the Board of Directors

The Board of Directors recommends for approval by the general meeting that NORDEN does not pay a dividend for 2015. Based on the very challenging market conditions in dry cargo, it is estimated to be of great value that the Company maintains its financial strength.

Total Shareholder Return 1 year (1/1 2015 = 100)



- The total return of the peer group is calculated based on 8 dry cargo companies (Pacific Basin, Golden Ocean, Diana Shipping, Safe Bulkers, Scorpio Bulkers, Eagle Bulk, Navios Maritime Holdings, and Western Bulk) – each weighted by their market capitalisation – and 6 product tanker companies (Scorpio Tankers, d'Amico, Teekay Tankers, Ardmore Shipping, Torm and Navios Maritime Acquisition Corp.) – each weighted by their market capitalisation – the average return of which is weighted on a 60/40 basis in favour of the dry cargo companies.

Despite the negative result, NORDEN has performed considerably better compared to the peer group of dry cargo and product tanker companies, which had a return of -30.8%. The peer group of dry cargo companies had a return of -56.1%, whereas the return was 7% for the product tanker companies in the same period.

Corporate Social Responsibility

NORDEN publishes an annual Corporate Social Responsibility (CSR) report that describes the Company's efforts and performance within 7 chosen focus areas. The report also serves as Communication on Progress to the UN Global Compact and thus lives up to the requirements of section 99a, subsection 8 of the Danish Financial Statements Act. It also meets the requirements of section 99b of the Act regarding regulations on the underrepresented gender, described in the section "Employee Conditions" of the report.

This section provides a general overview of the main CSR efforts and results achieved in 2015 and introduces NORDEN's new CSR focus. For a more thorough account of NORDEN's CSR efforts, please visit our CSR report which is published at www.CSRatNORDEN2015.com.

On the Right Course

NORDEN's CSR strategy "On the Right Course" has shaped and guided the Company's CSR work during the last 3 years.

The strategy ran from 2013 to 2015, and during those 3 years NORDEN has achieved a number of results and launched significant initiatives to ensure that the objectives of the strategy, which are that NORDEN differentiates itself on certain areas and ensures compliance with the regulations on others, have been achieved.

Important initiatives include:

In cooperation with, among others, the shipping company J. Lauritzen, NORDEN has developed an industry standard within Responsible Supply Chain Management called IMPA ACT.

NORDEN has developed and implemented an Anti-Corruption Compliance Programme – including 12 anti-corruption e-learning courses and system for registration of facilitation payments.

NORDEN has also participated in the development of the Maritime Anti-Corruption Network and been an active member of the steering committee.

In accordance with the requirements of the UN Guiding Principles on Business and Human Rights, the Company has completed an assessment of NORDEN's impact on 48 human rights within 2 areas: one for NORDEN's seafarers and one for land-based employees.

In addition, NORDEN was awarded a place in the CDP Leadership Index for the Company's reporting on environmental and climate change issues to CDP all 3 years.

New CSR focus

During 2015, NORDEN has further developed its CSR efforts, so that they support NORDEN's new business strategy "Focus & Simplicity" in the best way possible. Based on the foundation of the previous strategy, NORDEN now takes the next step and updates its method for the continued work with CSR.

The new CSR efforts are based on the concept of "Shared Value", which concerns identifying projects and focus areas that will be of benefit for society, customers and NORDEN. To find out what creates value for NORDEN's customers, a number of key customers as well as a number of NORDEN's employees were interviewed. Through these interviews, key issues were identified and with the assistance of external specialists, a socio-economic impact study was conducted to identify areas where there is potential for creating shared value for society, customers and NORDEN. The work resulted in 3 focus areas that are described on page 41.

3 issues were identified as beneficial to society, customers and NORDEN and in line with the strategy "Focus & Simplicity". Therefore, NORDEN has made these the focus of the CSR direction.

Three focus areas

1
Reliability

Improving crew and vessel quality

Reliability and flexibility are 2 of the 3 most value creating factors that a carrier like NORDEN can offer its customers. It is also an essential part of NORDEN's "Focus & Simplicity" strategy to offer its customers reliability and flexibility. However, in recent years, financial pressure and harsh competition have resulted in declining global crew and vessel quality in the industry. NORDEN seeks to provide a value-added carrier service that provides high quality crews and vessels, and the Company will therefore focus on initiatives that will ensure that the standard is maintained for the benefit of safety, reliability and price.

2
Assistance

Value chain optimisation

NORDEN's customers' biggest logistical challenges often occur either before or after NORDEN has provided maritime transport services to them. Assisting NORDEN's customers with their logistical challenges will benefit both customers and NORDEN, but also society, as it can reduce the costs for some of the world's most important raw materials.

3
Anti-Corruption

Fighting corruption, bribery and facilitation payment

NORDEN's customers and carriers like NORDEN are occasionally confronted with demands for facilitation payment, bribery or other forms of corruption. NORDEN has a zero-tolerance policy towards bribery and endeavours to reduce facilitation payments. NORDEN wants to provide a value-added carrier service that reduces or preferably eliminates the burden of corruption on local society and companies.

In 2016, NORDEN will embed the new CSR focus throughout NORDEN's business units and develop criteria to measure the efforts.

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 2015.

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 2015 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 2015.

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, 2 March 2016

Executive Management

Jan Rindbo *CEO*	Martin Badsted *Executive Vice President & CFO*	Ejner Bonderup *Executive Vice President*

Board of Directors

Klaus Nyborg *Chairman*	Erling Højsgaard *Vice Chairman*	Alison J. F. Riegels
Karsten Knudsen	Arvid Grundekjøn	
Lars Enkegaard Biilmann	Jonas Visbech Berg Nissen	Thorbjørn Joensen

Consolidated annual report

This consolidated annual report is an extract of the Company’s annual report pursuant to section 149 of the Danish Financial Statements Act. For the sake of clarity and user friendliness, NORDEN has chosen to issue a consolidated annual report that excludes the financial statements of the parent company, Dampskibsselskabet NORDEN A/S.

The financial statements of the parent company are an integral part of the full annual report, which is available from the Company on request, and the complete annual report is also available at and can be downloaded from www.ds-norden.com/investor/. After approval at the annual general meeting, the full annual report is also available on request from the Danish Business Authority.

The appropriation of the profit for the year and the proposed dividend in the parent company are disclosed in note 35 to the consolidated financial statements.

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 2015. 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 2015 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2015 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 2015 and of the results of the parent company's operations for the financial year 1 January – 31 December 2015 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, 2 March 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab (CVR no. 33 77 12 31)

Bo Schou-Jacobsen
State Authorised Public Accountant

Rasmus Friis Jørgensen
State Authorised Public Accountant

Consolidated financial statements 2015

Income statement
1 January – 31 December

Note	Amounts in USD'000	2015	2014
3	**Revenue**	**1,653,432**	**2,038,107**
3	Other operating income, net	6,404	7,948
3	Vessel operating costs	-1,588,932	-2,251,696
3/4	Other external costs	-14,984	-18,057
5	Staff costs, onshore employees	-35,425	-37,758
	Earnings before depreciation, etc. (EBITDA)	**20,495**	**-261,456**
6	Profits and loss from the sale of vessels, etc.	-31,013	-3,483
12	Depreciation	-68,553	-64,710
13	Share of results of joint ventures	-22,883	-5,848
	Profit from operations before write-downs	**-101,954**	**-335,497**
12	Write-downs on vessels and newbuildings	-180,000	0
	Earnings from operations (EBIT)	**-281,954**	**-335,497**
7	Fair value adjustment of certain hedging instruments	9,108	-61,864
8	Financial income	5,281	7,980
9	Financial expenses	-14,712	-23,132
	Earnings before tax	**-282,277**	**-412,513**
10	Tax for the year	-2,641	-3,121
	RESULTS FOR THE YEAR	**-284,918**	**-415,634**
	Attributable to:		
	Shareholders of NORDEN	**-284,918**	**-415,634**
11	**Earnings per share (EPS), USD**		
	Basic earnings per share	-7.04	-10.27
	Diluted earnings per share	-7.04	-10.27

Statement of comprehensive income
1 January – 31 December

Note	Amounts in USD'000	2015	2014
	Results for the year, after tax	-284,918	-415,634
	Items which will be reclassified to the income statement:		
20	Value adjustment of hedging instruments	713	294
20	Fair value adjustment of securities	-1,031	-597
20	Tax on fair value adjustment of securities	150	-320
	Other comprehensive income, total	-168	-623
	Total comprehensive income for the year, after tax	**-285,086**	**-416,257**
	Attributable to:		
	Shareholders of NORDEN	**-285,086**	**-416,257**

Statement of financial position at 31 December

Note	Amounts in USD'000	2015	2014
	ASSETS		
12	Vessels	864,251	1,050,064
12	Property and equipment	51,910	53,822
12	Prepayments on vessels and newbuildings	12,075	97,845
	Tangible assets	**928,236**	**1,201,731**
13	Investments in joint ventures	17,469	19,250
	Financial assets	**17,469**	**19,250**
	Non-current assets	**945,705**	**1,220,981**
14	Inventories	43,607	72,499
15	Freight receivables	96,517	117,054
15	Receivables from joint ventures	3,111	5,831
15	Other receivables	26,814	45,278
16	Prepayments	89,588	61,153
17	Securities	36,778	39,872
18	Cash and cash equivalents	328,919	198,394
		625,334	540,081
19	Tangible assets held for sale	33,644	16,954
	Current assets	**658,978**	**557,035**
	ASSETS	**1,604,683**	**1,778,016**
	EQUITY AND LIABILITIES		
	Share capital	6,706	6,706
20	Reserves	7,343	7,511
	Retained earnings	842,014	1,125,074
21	**Equity**	**856,063**	**1,139,291**
22	Loans	262,036	202,908
23	Provisions	191,745	149,986
24	Prepayments received on vessels for sale	5,100	0
	Non-current liabilities	**458,881**	**352,894**
22	Loans	36,319	27,647
23	Provisions	116,867	80,474
	Trade payables	48,780	85,394
	Other payables	42,970	59,688
	Deferred income	29,747	32,628
		274,683	285,831
25	Liabilities relating to tangible assets held for sale	15,056	0
	Current liabilities	**289,739**	**285,831**
	Liabilities	**748,620**	**638,725**
	EQUITY AND LIABILITIES	**1,604,683**	**1,778,016**

Statement of cash flows 1 January – 31 December

Note	Amounts in USD'000	2015	2014
	Profit for the year	-284,918	-415,634
12	Reversed depreciation	68,553	64,710
12	Reversed write-downs	180,000	0
7	Reversed value adjustments	-9,108	61,864
	Reversed financial expenses	9,431	15,152
23	Reversed provisions	64,499	224,317
6	Reversed profits and loss from the sale of vessels, etc.	31,013	3,483
13	Reversed share of joint ventures	22,883	5,848
	Other reversed non-cash operating items	-5,141	10,657
34	Change in working capital	9,931	825
	Financial payments received	3,747	2,507
	Financial payments made	-11,258	-16,734
	Company tax paid for the year	-2,742	-3,026
	Cash flows from operating activities	**76,890**	**-46,031**
12/19	Investments in vessels and vessels held for sale	-87,268	-17,791
12	Investments in other tangible assets	-237	-2,206
13	Investments in joint ventures	-9,909	-5,550
12	Additions in prepayments on newbuildings	-72,011	-90,415
	Additions in prepayments received on sold vessels	20,156	0
	Proceeds from the sale of vessels and newbuildings	136,466	19,803
	Proceeds from the sale of other tangible assets	29	72
	Sale of securities	0	35,839
	Change in cash and cash equivalents with rate agreements of more than 3 months, etc.	-100,130	126,445
	Cash flows from investing activities	**-112,904**	**66,197**
35	Dividend paid to shareholders	0	-37,719
21	Acquisition of treasury shares	0	-14,203
21	Sale of treasury shares	0	1,260
	Net distribution to shareholders	0	-50,662
	Incurrence of loans	99,764	0
	Instalments on/repayment of loans	-32,287	-28,714
	Loan financing	67,477	-28,714
	Cash flows from financing activities	**67,477**	**-79,376**
	Change in cash and cash equivalents for the year	**31,463**	**-59,210**
	Liquidity at 1 January	137,379	218,775
	Exchange rate adjustments	-1,068	-22,186
	Change in liquidity for the year	31,463	-59,210
18	**Liquidity at 31 December**	**167,774**	**137,379**
	Change in cash and cash equivalents with rate agreements of more than 3 months, etc.	161,145	61,015
	Cash and cash equivalents at 31 December according to the statement of financial position	**328,919**	**198,394**

Statement of changes in equity at 31 December

Note	Amounts in USD'000	Shareholders of NORDEN			
		Share capital	Reserves	Retained earnings	Total
	Equity at 1 January 2015	**6,706**	**7,511**	**1,125,074**	**1,139,291**
	Total comprehensive income for the year	-	-168	-284,918	-285,086
5/32	Share-based payment	-	-	1,858	1,858
	Changes in equity	**0**	**-168**	**-283,060**	**-283,228**
	Equity at 31 December 2015	**6,706**	**7,343**	**842,014**	**856,063**

Note		Shareholders of NORDEN			
		Share capital	Reserves	Retained earnings	Total
	Equity at 1 January 2014	**6,833**	**8,134**	**1,589,850**	**1,604,817**
	Total comprehensive income for the year	-	-623	-415,634	-416,257
21	Acquisition of treasury shares	-	-	-14,203	-14,203
21	Sale of treasury shares	-	-	1,260	1,260
	Capital reduction	-127	-	127	0
35	Distributed dividends	-	-	-39,833	-39,833
	Dividends, treasury shares	-	-	2,114	2,114
5/32	Share-based payment	-	-	1,393	1,393
	Changes in equity	**-127**	**-623**	**-464,776**	**-465,526**
	Equity at 31 December 2014	**6,706**	**7,511**	**1,125,074**	**1,139,291**

See note 35 for a specification of reserves available for distribution as dividends and note 20 for a specification of distribution of reserves on securities and cash flow hedging, respectively.

Notes to the financial statements – contents

Notes to the financial statements

Note

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 annual report for the period 1 January – 31 December 2015 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 consolidated financial statements of Dampskibsselskabet NORDEN A/S for 2015 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 financial statements of the parent company, Dampskibsselskabet NORDEN A/S, for 2015 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

The accounting policies for NORDEN, including presentation, are unchanged compared to last year.

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 2015. This includes:

- IASB's annual minor improvements regarding the years 2010-2012, 2011-2013.

Implementation of the changes in standards has not had any impact on NORDEN.

Most recently approved financial reporting standards (IFRS) and interpretations (IFRIC)

At the end of January 2016, IASB issued the following new financial reporting standards and interpretations, which are not adopted by the EU, but which are estimated to be of relevance to NORDEN:

- IFRS 15 on revenue recognition – New common standard on revenue recognition. Revenue is recognised as control is passed to the buyer. The standard comes into force in 2018.
- IFRS 16 Leases – For the lessee, the distinction between finance and operating leases will be removed. In the future, operating leases must be recognised on the balance sheet with an asset and a corresponding lease commitment. The standard takes effect in 2019.
- IFRS 9 on financial instruments – The number of categories of financial assets is reduced to 3: amortised cost category, fair value through other comprehensive income category or fair value through the income statement category. Simplified rules regarding hedge accounting are introduced, and impairment of receivables must be based on expected loss. The standard comes into force in 2018.
- IASB's annual minor improvements regarding the years 2013-2014.
- Minor changes to IAS 1 regarding presentation of the annual report.

NORDEN is currently assessing the potential effect of these standards.

It is expected that in particular IFRS 16 can have an effect on NORDEN's financial reporting.

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

Other amended non-EU approved financial reporting standards, new financial reporting standards and interpretations issued by the IASB, but which are either irrelevant or insignificant to NORDEN, comprise:

- Amendment of IFRS 10 and IAS 28 – Guidelines for accounting treatment of transition from subsidiary to associate or joint venture.
- Amendment of IFRS 10, IFRS 12 and IAS 28 regarding investment companies.
- Amendment of IFRS 11 – Joint arrangements – guidelines for accounting treatment of acquisition of shares of joint operations.
- IFRS 14 – New standard on regulatory assets.
- Amendment of IAS 16 and IAS 38 – Tangible and intangible assets – clarification of methods of depreciation.
- Amendment of IAS 27 – Separate financial statements.

Significant accounting choices in accounting policies, assessments and estimates, respectively

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

The applied 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 the management commentary and 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, assessments and estimates which management deems to be significant to the preparation of the consolidated financial statements:

- Tangible assests, including vessels and prepayments on vessels and newbuildings (note 12) (Choice).
- Impairment test (note 12) (Estimate).
- Onerous contracts (note 23) (Estimate).
- Receivables (note 15) (Estimate).

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

Notes to the financial statements

Note

Consolidating principles
The consolidated financial statements comprise the parent company, Dampskibsselskabet NORDEN A/S and subsidiaries. An investment is classified as a subsidiary when below conditions are met:
- Dampskibsselskabet NORDEN A/S has control over the company.
- Dampskibsselskabet NORDEN A/S is exposed to variability in return on the investment.
- The control over the company can be used to affect the return on the investment.

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 other comprehensive income 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 for the year adjusted for non-cash operating items such as depreciation and write-downs, profits and loss from the sale of vessels etc., fair value adjustments of certain hedging instruments, 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 payments to and from shareholders.

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

2 Financial risk management

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. NORDEN seeks to reduce financial risks the best way possible through diversification, guarantees or by hedging the exposure, when future risks are known.

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

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

Notes to the financial statements

Note

comprises counterparties with attractive ownership structures, production based business models, good reputations and strong financial ratios.

At the end of 2015, the 20 largest counterparties in Dry Cargo included 5 (5) mining companies, 1 (1) energy company, 7 (6) industrial enterprises, 1 (0) shipping company, 4 (6) commodity distributors and 2 (2) financial institutions. In Tankers, the 5 largest counterparties included 3 (2) oil and gas companies and 2 (3) shipping companies. The Company's commercial credit exposure totalled USD 664 million (USD 812 million) at the end of 2015 with USD 556 million (USD 709 million) in Dry Cargo and USD 108 million (USD 103 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 171 (190) counterparties, of which the 20 largest accounted for 91% (87%) of the covered revenue in the segment whereas the 5 largest counterparties accounted for 66% (60%). In Tankers, coverage was distributed on 53 (48) counterparties, of which the 5 largest accounted for 62% (63%) of the covered revenue in the segment. It is assessed that the main part of the 171 and 53 counterparties, respectively, are solid, and NORDEN keeps updated on the performance and activities of these companies on a regular basis.

Based on the Company's assessment of the credit risk connected with prepayments to yards, repayment guarantees from banks have not been obtained.

Besides the regular credit risk on customers, the Company has a credit risk on tonnage suppliers who have received prepaid T/C hire. At the end of 2015, the total prepaid hire amounted to USD 49 million. It is assessed that the credit risk is limited, as the counterparties continue to have a financial self-interest in maintaining the charter party, just as the counterparties' banks as a general rule have confirmed that they will respect the agreements.

Freight rate risk
Purchasing and chartering vessels imply a risk, as the Company assumes financial liability in expectation of generating earnings which are dependent on the freight market. To control the uncertainty relating to earnings, future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent it is possible and Management finds it attractive. FFAs are also 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).

Bunker price risk
The Company's largest variable cost is fuel in the form of bunkers, and the total costs of the Company will therefore depend on the market price for bunkers. The Company uses bunker swaps to hedge future consumption of bunkers when entering into COAs in case there is no bunker adjustment clause in the agreement. In connection with charter agreements, the Company has a bunker price risk in relation to the quantity of bunkers with which the vessel must be redelivered. Due to the uncertainty of the size of this quantity, this exposure is not hedged.

Interest rate risk
A part of the Company's floating-rate loan obligations which have been entered into at floating interest rates and have been drawn as of end-2015 is converted into fixed interest rates in the whole or parts of the term of the loan by means of interest rate swaps. Interest rates on the part of the Company's debt with floating interest rates which havee not yet been drawn has only been swapped into fixed interest rates to a limited extent. As a result of the Company's considerable cash balance, increasing interest rates will have a positive effect on the Company's results in the short term whereas increasing rates from 2017 and onwards will have a limited negative effect on results. Excess liquidity is placed in short-term deposits with fixed interest rates and to a smaller extent in securities. The interest rate risk of the Company does not have a significant effect on the results of the Company.

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, CNY or KRW, there is also a currency risk. This is hedged by forward contracts in connection with newbuilding orders. At the end of 2015, 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
The Company maintains sufficient cash resources in order to manage the short-term fluctuations in cash flows. The uncertainty in connection with the development in liquidity is primarily due to fluctuations in bunker prices and freight rates. The Company's internal limits to the medium-term cash reserves ensure a considerable buffer in relation to the loan portfolio's cash covenants. Liquidity prognoses are made on a daily basis to support liquidity planning just as exposure to oil and freight derivatives with an effect on liquidity is reported continuously.

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 was 53% (64%) at the end of 2015. 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 for newbuildings not recognised in the statement of financial position.

As part of the management of NORDEN's capital structure, the Company's gearing is monitored on a monthly basis. Gearing is defined as possible loss at a decrease in the forward rates and in the market value of owned vessels based on different scenarios using historical lows as well as volatility. The estimated market value of the equity following such a loss may not decrease below a specified minimum limit, which is assessed regularly.

For a detailed account of risks, see page 16 in the management commentary.

Notes to the financial statements

Note

Overview of financial risks

Credit	Nominal value 2015	Nominal value 2014	Comments on NORDENs policy
Freight receivables	USD 97 million	USD 117 million	The credit rating of counterparties is assessed on an ongoing basis.
Bank deposits	USD 325 million	USD 188 million	The Company's liquidity is strictly placed with financial institutions with a Moody's rating of at least AB or classified as systemic important financial institutions (SIFI).
Bonds	USD 22 million	USD 25 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 12 million	USD 98 million	When entering into newbuilding contracts, it is assessed whether the credit risk concerning prepayments to the shipyard should be minimised through repayment guarantees issued by banks with good credit ratings. Of prepayments to yards of USD 12 million (USD 98 million), guarantees of USD 0 million (USD 53 million) have been obtained.
FFAs	Purchased net USD 33 million	Purchased net USD 54 million	To limit credit risk, the Company's FFAs are only entered into through banks of high standing and established clearing houses as they have daily margin settlement.
Bunker swaps	USD 57 million	USD 118 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.

Market	Nominal value 2015	Nominal value 2014	Sensitivity	Comments on NORDEN's policy
Freight rate risks (FFAs)	Purchased net USD 33 million	Purchased net USD 54 million	A 10% drop in freight rates at year-end would negatively impact net results by USD -2 million (USD -4 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 57 million	USD 118 million	A 10% drop in bunker prices at year-end would impact net results by USD -3 million (USD -8 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 41 million	USD 7 million	A 10% change in the DKK and JPY exchange rates at year-end 2015 would impact net results by USD 3 million (USD 1 million) and USD 0 million (USD 0 million), respectively, and equity by USD 5 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 2015, a 1% increase in interest rates would, all other things being equal, impact earnings before tax by USD 2 million (USD 2 million) and equity by USD 6 million (USD 6 million).	The Company's interest rate risks relate to interest-bearing assets and non-current debt. At the end of 2015, the majority of the Company's excess liquidity was placed in short-term fixed-interest deposits. A share of the Company's loans have 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.

Notes to the financial statements

Note

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 operative management function assesses performance and carries out allocation of resources on the basis of EBIT.

The Dry Cargo segment offers transport of bulk commodities such as grain, coal, iron 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 "T/C equivalent revenue". The Group has chosen to disclose profit/loss from sales, depreciation, share of results of joint ventures even though these are not reported to NORDEN's operative management function by segment, as well as financials and tax even though these items are not included in EBIT. 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, assets and liabilities are not broken down by segments, however, the Company has still decided to show the breakdown of assets between segments. In addition, investments of the year in non-current assets, number of employees and financial ratios which are also not part of the ongoing internal reporting are shown.

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 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.

Notes to the financial statements

Note

3 Segment information – continued

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).

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), provisions for/reversal of provisions for onerous time charter contracts, bunker oil 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.

Other external costs

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

! Accounting choices and estimates

In recognition of freight income and voyage costs, including net income from pool arrangements, management decides on closing dates, voyages, etc.

Notes to the financial statements

Note **Amounts in USD'000**

3 **Segment information – continued**

2015	**Dry Cargo**	**Tankers**	**Unallocated**	**Total**
Revenue – services rendered, external	1,174,473	478,959	0	1,653,432
Voyage costs*	-557,945	-146,762	0	-704,707
T/C equivalent revenue	**616,528**	**332,197**	**0**	**948,725**
Other operating income, net	6,295	109	0	6,404
Charter hire for vessels*	-649,869	-131,573	0	-781,442
Other vessel operating costs*	-51,497	-51,286	0	-102,783
Other external costs	-9,695	-2,091	-3,198	-14,984
Staff costs, onshore employees	-22,921	-4,944	-7,560	-35,425
Earnings before depreciation, etc. (EBITDA)	**-111,159**	**142,412**	**-10,758**	**20,495**
Profits and loss from the sale of vessels, etc.	-38,079	7,066	0	-31,013
Depreciation	-33,738	-32,751	-2,064	-68,553
Write-downs	-180,000	0	0	-180,000
Share of results of joint ventures	-22,795	-88	0	-22,883
Earnings from operations (EBIT)	**-385,771**	**116,639**	**-12,822**	**-281,954**
Fair value adjustment of certain hedging instruments	9,108	0	0	9,108
Financial income	0	0	5,281	5,281
Financial expenses	0	0	-14,712	-14,712
Tax for the year	-2,874	-371	604	-2,641
Results for the year	**-379,537**	**116,268**	**-21,649**	**-284,918**
Vessels	296,808	567,443	0	864,251
Property and equipment	7	0	51,903	51,910
Prepayments on vessels and newbuildings	12,075	0	0	12,075
Investments in joint ventures	14,679	2,790	0	17,469
Non-current assets	**323,569**	**570,233**	**51,903**	**945,705**
Current assets	**187,078**	**71,074**	**400,826**	**658,978**
- hereof tangible assets held for sale	33,644	0	0	33,644
Assets	**510,647**	**641,307**	**452,729**	**1,604,683**
Investments in non-current assets for the year	37,883	103,391	237	141,511
Average number of employees, excluding employees on T/C vessels	729	528	22	1,279
EBIT margin	-33%	24%	-	-17%
Return on assets	-76%	18%	-	-18%

*Included in the item "Vessel operating costs" in the income statement.

Notes to the financial statements

Note **Amounts in USD'000**

3 Segment information – continued

2014	**Dry Cargo**	**Tankers**	**Unallocated**	**Total**
Revenue – services rendered, external	1,600,758	437,349	0	2,038,107
Voyage costs*	-798,462	-191,625	0	-990,087
T/C equivalent revenue	**802,296**	**245,724**	**0**	**1,048,020**
Other operating income, net	7,807	141	0	7,948
Charter hire for vessels*	-1,012,922	-146,322	0	-1,159,244
Other vessel operating costs*	-53,538	-48,827	0	-102,365
Other external costs	-12,168	-2,094	-3,795	-18,057
Staff costs, onshore employees	-25,444	-4,379	-7,935	-37,758
Earnings before depreciation, etc, (EBITDA)	**-293,969**	**44,243**	**-11,730**	**-261,456**
Profits and loss from the sale of vessels, etc.	-3,458	-25	0	-3,483
Depreciation	-30,873	-31,787	-2,050	-64,710
Share of results of joint ventures	-5,974	126	0	-5,848
Earnings from operations (EBIT)	**-334,274**	**12,557**	**-13,780**	**-335,497**
Fair value adjustment of certain hedging instruments	-61,864	0	0	-61,864
Financial income	0	0	7,980	7,980
Financial expenses	0	0	-23,132	-23,132
Tax for the year	-3,713	-451	1,043	-3,121
Results for the year	**-399,851**	**12,106**	**-27,889**	**-415,634**
Vessels	535,644	514,420	0	1,050,064
Property and equipment	12	0	53,810	53,822
Prepayments on vessels and newbuildings	27,166	70,679	0	97,845
Investments in joint ventures	15,756	3,494	0	19,250
Non-current assets	**578,578**	**588,593**	**53,810**	**1,220,981**
Current assets	**221,425**	**69,082**	**266,528**	**557,035**
- hereof tangible assets held for sale	16,954	0	0	16,954
Assets	**800,003**	**657,675**	**320,338**	**1,778,016**
Investments in non-current assets for the year	33,970	79,786	2,206	115,962
Average number of employees, excluding employees on T/C vessels	762	465	22	1,249
EBIT margin	-21%	3%	-	-16%
Return on assets	-42%	2%	-	-19%

*Included in the item "Vessel operating costs" in the income statement.

Financial comments

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

Significant non-cash income and expenses other than depreciation include provision for onerous time charter contracts of USD 145 million (USD 230 million), fair value adjustments of certain hedging instruments of USD 9 million (USD -62 million) and share of results of joint ventures of USD -23 million (USD -6 million). The figures are included under the segment Dry Cargo, however, income relating to shares of results of joint ventures of USD 0.1 million (USD 0.1 million) relates to the segment Tankers.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
4	**Fees to auditor appointed at the general meeting**		
	"Other external costs" include the following fees to PricewaterhouseCoopers:		
	Audit	267	294
	Other assurance services	15	29
	Tax consultancy	50	55
	Other services	237	198
	Total	**569**	**576**
5	**Staff costs**		
	Onshore employees:		
	Wages and salaries	30,877	33,378
	Pensions – defined contribution plans	1,612	1,814
	Other social security costs	1,078	1,173
	Share-based payment	1,858	1,393
		35,425	**37,758**
	Seafarers – the amount is included in "Vessel operating costs":		
	Wages and salaries	41,729	39,678
	Pensions – defined contribution plans	1,394	1,429
	Other social security costs	1,441	1,495
		44,564	**42,602**
	Total	**79,989**	**80,360**
	Average number of employees:		
	Onshore employees	281	283
	Seafarers	998	966
	Total	**1,279**	**1,249**

Staff costs and average number of employees excludes employees on T/C vessels but include employees and staff costs related to these paid by external technical managers.

	2015			**2014**		
	Parent Company Board of Directors	Parent Company Executive Management	Total	Parent Company Board of Directors	Parent Company Executive Management	Total
Wages and salaries	803	2,791	3,594	1,021	3,216	4,237
Other social security costs	0	1	1	0	2	2
Share-based payment	0	660	660	0	462	462
Severance payment	0	2.327	2,327	0	0	0
Total	**803**	**5,779**	**6,582**	**1,021**	**3,680**	**4,701**

Notes to the financial statements

Note **Amounts in USD'000**

5 Staff costs – continued

Financial comments

In 2015, the Executive Management was reduced from 5 to 3 members. Remuneration for the Executive Management includes salary for the 2 former members. 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 executives. See also note 32 for a description of share-based payment.

6 Profits and loss from the sale of vessels, etc.

§ Accounting policies

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 as well as write-downs of assets held for sale are also included.

	2015	2014
Profit and loss from the sale of vessels	3,983	0
Profit and loss from the sale of fixtures, fittings and equipment	18	-4
Write-downs in connection with the sale of vessels and newbuildings held for sale, see note 19	-35,014	-3,479
Total	**-31,013**	**-3,483**

7 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:

	2015	2014
Bunker hedging:		
2014	0	-6,081
2015	-2,313	-27,540
2016	-11,306	-4,026
2017 - 2019	-4,278	-4,914
	-17,897	-42,561
Realised fair value adjustment reclassified to ""Vessel operating costs"	29,611	3,512
	11,714	-39,049
Forward Freight Agreements:		
2014	0	-3,927
2015	-4,343	-11,656
2016	-8,677	-8,694
	-13,020	-24,277
Realised fair value adjustment reclassified to "Revenue"	10,414	1,462
	-2,606	-22,815
Total	**9,108**	**-61,864**

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
8	**Financial income**		
	Dividends	1,630	604
	Interest income	1,442	3,002
	Fair value adjustment, Cross Currency Swaps	2,209	4,374
	Total	**5,281**	**7,980**

Note	Amounts in USD'000	2015	2014
9	**Financial expenses**		
	Interest costs, non-current debt, etc.	13,526	12,716
	Securities, capital losses	0	1,679
	Exchange rate adjustments	1,186	8,737
	Total	**14,712**	**23,132**

10 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.

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.

! Accounting choices and estimates

Based on NORDEN's business plans, the parent company has entered the Danish tonnage tax regime for a binding 10-year period from 2011.

Contingent tax, disclosed under this note, may become a current tax if the tonnage tax regime is dissolved, if the Company's net investments in vessels decrease significantly or if the Company is liquidated. NORDEN's business plans therefore constitute an important basis for this estimate.

In addition, the tax rules are complicated when a company has activities that are partly covered by the tonnage tax regime and partly by regular taxation. In calculation of the taxable income, estimates are made which in a later assessment by the Danish tax authorities may result in corrections to previous estimates of recognised tax assets and liabilities in the statement of financial position.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
10	**Taxation – continued**		
	Tax on the results for the year	3,192	3,630
	Adjustment of tax regarding previous years	-551	-509
	Total	**2,641**	**3,121**
	Tax on the results for the year is broken down as follows:		
	Results before tax	-282,277	-412,513
	of which results from Danish tonnage activity	26,288	272,492
		-255,989	-140,021
	Calculated tax of this, 23.5% (24.5%)	-60,157	-34,305
	Tax effect from:		
	- Higher/lower tax rate in subsidiaries	58,654	31,138
	- Other	1,972	3,021
		469	**-146**
	Tonnage tax	2,723	3,776
	Total	**3,192**	**3,630**

Financial comments

Contingent tax under the tonnage tax scheme is USD 16 million (USD 16 million). Contingent tax is calculated at 22% (22%) equalling the tax rate for 2016 and going forward.

		2015	2014
11	**Earnings per share (EPS)**		
	Basic:		
	Results for the year for NORDEN's shareholders	-284,918	-415,634
	Weighted average number of shares (thousand)	40,467	40,459
	Earnings per share (USD per share)	**-7.04**	**-10.27**
	Diluted:		
	Weighted average number of shares (thousand)	40,467	40,459
	Adjusted for share options (thousand)	0	0
	Weighted average number of shares for diluted earnings per share (thousand)	40,467	40,459
	Diluted earnings per share (USD per share)	**-7.04**	**-10.27**

Notes to the financial statements

Note **Amounts in USD'000**

12 Tangible assets

§ Accounting policies

Tangible assets are measured at cost less accumulated depreciation and write-downs.

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	25 years
Fixtures, fittings and equipment	3-10 years

Land is not depreciated. Useful lives and residual values are reassessed annually.
Docking costs of the vessels are activated and depreciated over the period until the next docking.

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 25 years from delivery from the shipyard.

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".

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.

Notes to the financial statements

Note Amounts in USD'000

12 Tangible assets – continued

If the net selling price of the Company's vessels and newbuildings, expressed by the average of 3 broker valuations, is considerably 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. This is calculated as the present value of the discounted total expected cash flows of owned and chartered vessels including cash costs of owned vessels, T/C costs, expenses directly attributable to administration, income from COAs, T/C coverage and coverage of not covered capacity (open ship days). A WACC of 8% is applied. If value in use is negative and the recoverable amount for owned vessels is estimated to support the carrying amounts at the same time, a provision for onerous T/C contracts is made.

See note 23 in relation to provision for onerous time charter contracts.

! Accounting choices and estimates

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.

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

2015	Vessels	Property and equipment	Prepayments on vessels and new-buildings	Total
Cost at 1 January	1,618,544	78,932	97,845	1,795,321
Additions for the year	59,354	237	72,011	131,602
Disposals for the year	-21,086	-753	0	-21,839
Transferred during the year	128,237	0	-128,237	0
Transferred during the year to tangible assets held for sale	-166,277	0	-17,967	-184,244
Transferred during the year to other items	0	0	-260	-260
Cost at 31 December	1,618,772	78,416	23,392	1,720,580
Depreciation at 1 January	-344,870	-25,110	0	-369,980
Depreciation for the year	-66,415	-2,138	0	-68,553
Reversed depreciation on vessels disposed of	0	742	0	742
Transferred during the year to tangible assets held for sale	33,643	0	0	33,643
Depreciation at 31 December	-377,642	-26,506	0	-404,148
Write-downs at 1 January	-223,610	0	0	-223,610
Write-downs for the year	-168,683	0	-11,317	-180,000
Transferred during the year to tangible assets held for sale	15,414	0	0	15,414
Write-downs at 31 December	-376,879	0	-11,317	-388,196
Carrying amount at 31 December	**864,251**	**51,910**	**12,075**	**928,236**

Notes to the financial statements

Note **Amounts in USD'000**

12 Tangible assets – continued

2014	**Vessels**	**Property and equipment**	**Prepayments on vessels and new-buildings**	**Total**
Cost at 1 January	1,614,716	77,060	64,559	1,756,335
Additions for the year	17,791	2,206	90,415	110,412
Disposals for the year	0	-334	0	-334
Transferred during the year	57,129	0	-57,129	0
Transferred during the year to tangible assets held for sale	-71,092	0	0	-71,092
Cost at 31 December	1,618,544	78,932	97,845	1,795,321
Depreciation at 1 January	-313,153	-23,231	0	-336,384
Depreciation for the year	-62,573	-2,137	0	-64,710
Reversed depreciation on vessels disposed of	0	258	0	258
Transferred during the year to tangible assets held for sale	30,856	0	0	30,856
Depreciation at 31 December	-344,870	-25,110	0	-369,980
Write-downs 1 January	-223,610	0	0	-223,610
Write-downs at 31 December	-223,610	0	0	-223,610
Carrying amount at 31 December	**1,050,064**	**53,822**	**97,845**	**1,201,731**

Financial comments

Amount insured on vessels is USD 1,199 million (USD 1,241 million).

Dry Cargo – Write-down of owned vessels and newbuildings and provision for onerous timecharter-contracts

As announced in company announcement No 2/2016 of 20 January 2016, at the end of 2015, NORDEN has recognised a write-down of USD 180 million on vessels in the Dry Cargo segment and a further provision of USD 160 million for losses on long-term chartered dry cargo vessels (time charter contracts).

Based on the average of 3 independent broker valuations, the net selling price of the Group's dry cargo fleet and newbuildings (excluding vessels in joint ventures and assets held for sale) at the end of the financial year 2015 amounted to USD 477 million incl. newbuilding liabilities, which was USD 196 million (USD 62 million) below the carrying amounts at the end of 2015.

NORDEN therefore conducted a calculation of the discounted cash flow (value in use, VIU) for Dry Cargo, where the long-term values were assessed. The CGU Dry Cargo is defined as NORDEN's total dry cargo fleet including chartered vessels and agreed coverage (revenue) in the form of COAs and vessels chartered out (portfolio basis). A discount rate (WACC) of 8% (8%) was used for the impairment test.

The result of the VIU calculations for the Dry Cargo segment showed that the carrying amount of vessels and newbuildings less the carrying amount of onerous time charter contracts exceeded VIU by USD 340 million. This entailed a write-down at the end of 2015 of the Group's owned dry cargo vessels and newbuildings of USD 180 million as well as a provision for onerous long-term chartered vessels of USD 160 million, of which USD 15 million in a 50% owned joint venture. See note 13 and note 23.

Notes to the financial statements

Note **Amounts in USD'000**

12 Tangible assets – continued

The write-down and the provision are a consequence of the fact that management for the Dry Cargo segment has reduced its expectations for the future freight rate levels compared to previous assumptions. On that basis, continued weak rates on a level with the current FFA rates are expected for the coming 2 years. After this period, the rates are expected to improve gradually. Management's long-term rate expectation is based on the 25-year historical average cleared of the unusually strong period 2004-2008. Besides the changed rate assumptions, the method is unchanged compared to previously.

Tankers – Impairment test

At the end of 2015, the carrying amount of the fleet and newbuildings (excluding joint ventures and assets held for sale) in the Tanker segment essentially corresponded to the net selling price expressed according to the same principles as described above under Dry Cargo.

Due to the considerable variation in the broker valuations, Management has chosen to conduct a VIU calculation at the end of 2015. On the basis of this calculation, which is based on a discount rate (WACC) of 8% identical to that of the Dry Cargo segment, it is Management's assessment that the long-term values of the tanker fleet at the end of the financial year support the carrying amounts. Accordingly, there is no cause for impairment of the Group's tanker fleet, just as there is no basis for provision for onerous time charter contracts for the Tanker segment.

Sensitivity to fluctuations in freight rates

Due to the large number of open ship days in both CGUs at the end of the year, the VIU calculations are particularly sensitive to even minor fluctuations in freight rates. As an example of this sensitivity, fluctuation in the assumed freight rates of USD 1,000 will affect the VIU for Dry Cargo and Tankers including time charter contracts by USD 185 million and USD 100 million respectively. Regarding the isolated effect of freight rate fluctuation on onerous time charter contracts, see note 23.

Contractual liabilities	**2015**	**2014**
The Company has entered into agreements for future delivery of vessels and purchase options, etc.		
The remaining contract amount is payable as follows:		
Within 1 year	49,458	158,973
Between 2 and 3 years	180,603	163,539
More than 3 years	49,690	47,322
Total	**279,751**	**369,834**

Financial comments

In the contractual liabilities, payment obligations relating to the purchase of 1 second-hand Supramax vessel are included.

See note 28 for security provided for vessels.

Notes to the financial statements

Note **Amounts in USD'000**

13 Investments in joint ventures and recognition of joint operations

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 by writing down any receivable from the joint venture or under provisions.

	2015	**2014**
Cost at 1 January	29,565	24,015
Additions for the year	9,909	5,550
Cost at 31 December	39,474	29,565
Value adjustments at 1 January	-10,315	-5,167
Share of results for the year	-22,883	-5,848
Offsetting against receivables	-722	722
Transferred to provisions	12,634	0
Dividends paid	-719	-22
Value adjustments at 31 December	-22,005	-10,315
Carrying amount at 31 December	**17,469**	**19,250**

		2015	**2014**	**2015**	**2014**
Investments comprise:	**Ownership**	**Share of results of joint ventures**		**Carrying amount**	
Norient Product Pool ApS, Denmark	50%	-6	107	2,744	3,450
Norient Cyprus Ltd., Cyprus	50%	21	19	46	44
Nord Summit Pte. Ltd., Singapore	50%	-1,108	-593	14,648	15,756
Polar Navigation Pte. Ltd., Singapore	50%	-21,687	-5,381	0	0
Norden Alrayn Maritime Co Ltd (Norabic), Saudi Arabia	50%	-103	0	31	0
Total		**-22,883**	**-5,848**	**17,469**	**19,250**

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
13	**Investments in joint ventures and recognition of joint operations – continued**		
	Guarantees regarding joint ventures	41,592	45,480
	Loan commitments regarding joint ventures	0	53,745
	Key figures (100%)		
	Revenue and other income	40,963	33,502
	Costs	86,728	45,198
	Non-current assets	112,176	69,523
	Current assets	34,842	48,835
	- hereof cash and cash equivalents	27,115	41,059
	Non-current liabilities, debt	101,911	54,750
	Current liabilities	35,437	25,108
	Total results	-45,765	-11,696
	Share of results of NORDEN	**-22,883**	**-5,848**
	Total carrying amount	9,670	38,500
	Transferred to provisions (NORDEN's share)	12,634	0
	Carrying amount of NORDEN	**17,469**	**19,250**

Financial comments

No significant restrictions apply to distributions from joint ventures.

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 oil, 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, however, with a minimum amount. The management income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
13	**Investments in joint ventures and recognition of joint operations – continued**		
	Joint operations comprise the following pools:		
	Norient - Handy Pool		
	Norient - MR Pool		
	Norient - Short Term Tank Pool		
	Norient - NIP Pool		
	Norient - Handysize Bulker Pool		
	Norient - Post-Panamax Bulker Pool		
	NORDEN acts as operator 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.		
	Share of unrecognised liabilities for which the partners are jointly and severally liable	11,224	14,078
	Future operating lease liabilities:		
	Within 1 year	5,026	12,320
	Total*	**5,026**	**12,320**
	Future COAs:		
	Within 1 year	20,984	21,394
	Between 1 and 5 years	43,575	40,430
	More than 5 years	53,695	54,592
	Total*	**118,254**	**116,416**
	Future operating lease income:		
	Within 1 year	35,496	70,456
	Between 1 and 5 years	32,826	18,194
	Total*	**68,322**	**88,650**

*Note 26 and 29 "Operating lease liabilities" and "COAs and operating lease income" include NORDEN's expected share hereof.

Financial comments

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

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.

Notes to the financial statements

Note **Amounts in USD'000**

14 Inventories

Accounting policies

Inventories primarily comprise bunker oil kept on board vessels. Inventories are measured at the lower of either cost according to the FIFO method or net realisable value.

Financial comments

Inventories dropped by USD 29 million (USD 39 million) due to dropping oil prices and fewer vessels.

15 Receivables

Accounting policies

Receivables are measured at amortised cost less provisions for impairment losses.

Accounting choices and estimates

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.

	2015	2014
Freight receivables	100,484	120,965
Provisions for bad debts	-3,967	-3,911
Freight receivables, net	96,517	117,054
Receivables from joint ventures	3,111	5,831
Other receivables*	26,814	45,278
Total	**126,442**	**168,163**

*Company tax is included in other receivables with USD 0.5 million (USD 0.3 million).

	2015	2014
Development in write-downs on freight receivables:		
Write-downs at 1 January	-3,911	-5,411
Applied write-downs during the year	350	1,500
Reversed write-downs	664	220
Write-downs for the year	-1,070	-220
Write-downs at 31 December	**-3,967**	**-3,911**
Freight receivables which have been written down in provision for bad debts amount to:	7,138	5,783
Freight receivables due which have not been written down in provision for bad debts amount to:		
- due in less than 3 months	3,171	1,872
Total	**3,171**	**1,872**

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
15	**Receivables – continued**		
	The carrying amount of receivables is distributed on the following currencies:		
	USD	124,938	166,804
	DKK	933	279
	Other currencies	571	1,080
	Total	**126,442**	**168,163**

Financial comments

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

The decrease in the Group's freight receivables is due to lower activity and lower rate levels at year-end in Dry Cargo and more efficient collection of outstanding balances.

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

See note 37 for fair value hierarchy.

16 Prepayments – assets

§ Accounting policies

Prepayments include costs incurred regarding the succeeding financial year such as prepaid hire, interest and insurance premiums.

Prepayments are meassured at nominal value

	2015	2014
Prepayments are distributed as follows:		
Within 1 year	57,578	61,153
Between 1 and 5 years	32,010	0
Total	**89,588**	**61,153**

Financial comments

NORDEN has entered into agreement on reduction of future time charter payments relating to long-term chartered vessels in return for prepayment of charter hire.		
The carrying amount on the reporting date is	**48,651**	**0**

Notes to the financial statements

Note **Amounts in USD'000**

17 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.

	2015	2014
Shares	14,511	14,905
Bonds	22,267	24,967
Total	**36,778**	**39,872**

Financial comments

Investing in securities is part of NORDEN's optimisation of the return on liquidity at low risk. All bonds have high credit ratings.

See note 37 for fair value hierarchy.

18 Cash and cash equivalents

Accounting policies

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

	2015	2014
Demand deposits and cash balance	41,330	30,310
Money market investments	283,582	157,647
Other cash and cash equivalents	4,007	10,437
Cash and cash equivalents according to the statement of financial position	**328,919**	**198,394**
- hereof cash and cash equivalents with rate agreements of more than 3 months, etc.	161,145	61,015
Cash and cash equivalents according to the statement of cash flows	**167,774**	**137,379**
In connection with trading in derivative financial instruments, NORDEN has established margin accounts with DNB, NASDAQ OMX and Skandinaviska Enskild Banken (SEB)in the form of cash. At 31 December, cash held in margin accounts placed as security amounted to	4,160	10,390

Financial comments

Cash consists mainly of USD and DKK bank deposits.
Money market investments at year-end have maturities of up to 340 days (271 days).

There are money deposits relating to vessel loans with BNP Pariabas of USD 9 million (USD 8 million), which mature in 2021.

Notes to the financial statements

Note **Amounts in USD'000**

19 Tangible assets held for sale

§ Accounting policies

Tangible assets held for sale comprise of 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.

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

	2015	**2014**
Carrying amount at 1 January	16,954	0
Additions for the year to tangible assets held for sale	27,914	0
Additions for the year from prepayments on vessels and newbuildings	17,967	0
Additions for the year from vessels	117,220	40,236
Disposals for the year	-111,397	-19,803
Impairment for the year	-35,014	-3,479
Carrying amount at 31 December	**33,644**	**16,954**
Which can be specified as follows:		
Vessels	23,283	16,954
Prepayments on vessels	10,361	0
Total	**33,644**	**16,954**

Financial comments

Amount insured on assets held for sale is USD 49 million (USD 25 million).

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
20	**Reserves**		
	Securities:		
	Fair value adjustment at 1 January	12,954	13,871
	Fair value adjustment for the year	-881	762
	Transferred to net financials	0	-1,679
	Fair value adjustment at 31 December	12,073	12,954
	Cash flow hedges:		
	Fair value adjustment at 1 January	-5,443	-5,737
	Fair value adjustment for the year, net	713	294
	Fair value adjustment at 31 December	-4,730	-5,443
	Total	**7,343**	**7,511**

21 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.

Treasury shares

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

Treasure share	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	Number of shares		**Nominal value (DKK'000)**		**% of share capital**	
1 January	1,739,945	2,229,012	1,740	2,229	4.12	5.18
Acquired	0	347,255	0	347	0.00	0.82
Distributed	-7,560	0	-8	0	-0.02	0.00
Sold	0	-36,322	0	-36	0.00	-0.09
Cancelled	0	-800,000	0	-800	0.00	-1.90
31 December	**1,732,385**	**1,739,945**	**1,732**	**1,740**	**4.10**	**4.12**

Financial comments

The share capital consists of 42,200,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

The Company is authorised by the general meeting to acquire a maximum of 4,220,000 treasury shares, equal to 10% of the share capital.

Treasury shares are i.a. acquired for the purpose of hedging liabilities in connection with share-based payment, see note 32.

In 2015, the Company distributed share-based payment in the form of 7,560 shares from the holding of treasury shares with an average value of DKK 1 million (USD 0.3 million).

In 2014, the Company acquired 347,255 treasury shares equal to a purchase prise of DKK 78 million (USD 14 million) and sold 36,322 treasury shares equalling a value of DKK 7 million (USD 1 million). In addition, the Company cancelled 800,000 treasury shares corresponding to a nominal value of DKK 1 million (USD 0.1 million).

At 1 January 2015, the Company had a total of 40,460,055 outstanding shares of DKK 1 each, and at 31 December 2015, a total of 40,467,615 outstanding shares of DKK 1 each.

Notes to the financial statements

Note **Amounts in USD'000**

22 Loans

Accounting policies

Loans are 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 partially 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.

	2015	**2014**
Interest-bearing liabilities include loans, which includes the following items:		
Current portion of non-current debt within 1 year	36,319	27,647
Non-current liabilities between 1 and 5 years	148,185	110,587
Non-current liabilities over 5 years	113,851	92,321
Total	**298,355**	**230,555**
Interest-bearing liabilities comprise carrying amount:		
Fixed-rate loans*	38,837	25,240
Floating-rate loans*	266,085	212,339
Borrowing costs	-6,567	-7,024
Total	**298,355**	**230,555**

* USD 14 million at a fixed rate until 2020. Floating-rate loans are partly hedged by interest rate swaps, see note 30.

Financial comments

The Group's loan agreements generally include a clause on the lender's option to terminate agreement in the event the majority control of the Company is changed.

Mortgages and security provided in relation to liabilities are disclosed in note 28.
See note 37 for fair value hierarchy.

23 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.

Provisions include provisions for docking for vessels on bareboat charter, provisions for joint ventures and provisions for onerous time charter contracts.

Provisions for docking are made on an ongoing basis with an amount corresponding to the proportionate share of estimated costs for the individual vessels' next docking.

The provisions concerning time charter contracts and docking for vessels on bareboat charter are recognised in the income statement under the item "Vessel operating costs". Provisions for joint ventures are recognised in the income statement under the item "Share of results of joint ventures".

Notes to the financial statements

Note **Amounts in USD'000**

23 Provisions – continued

Accounting choices and estimates

The determination of provisions is based on management´s best estimate of future events and is therefore subject to significant uncertainty.

Provisions for onerous contracts are recognised when it is inevitable that a loss will be incurred on performance of the contract. The provision is measured according to management's best estimate of expected future freight and charter rates and is measured at net realisable value. The estimate includes an assessment of the future development in the world fleet, freight volumes, historical rates and current market rates, respectively.

The provision is calculated on a portfolio basis, based on a "value-in-use" calculation comprising owned as well as charted vessels. See the section "Accounting policies" in note 12 for a description.

2015	**Onerous contracts**	**Docking and write-down of joint ventures**	**Total**
Provisions at 1 January	230,169	291	230,460
Provisions made during the year	144,973	13,653	158,626
Reversed provisions during the year	-80,474	0	-80,474
Provisions at 31 December	**294,668**	**13,944**	**308,612**
Provisions are distributed as follows:			
Within 1 year	102,923	13,944	116,867
Between 1 and 5 years	188,936	0	188,936
More than 5 years	2,809	0	2,809
Total	**294,668**	**13,944**	**308,612**

2014	**Onerous contracts**	**Docking and write-down of joint ventures**	**Total**
Provisions at 1 January	0	0	0
Provisions made during the year	230,169	291	230,460
Provisions at 31 December	**230,169**	**291**	**230,460**
Provisions are distributed as follows:			
Within 1 year	80,474	0	80,474
Between 1 and 5 years	146,632	291	146,923
More than 5 years	3,063	0	3,063
Total	**230,169**	**291**	**230,460**

Financial comments

Due to the large number of open ship days the calculation of the provision for onerous contracts is particularly sensitive to even minor fluctuations in the future freight and time charter rates. Seen in isolation, a decrease and an increase in the assumed freight rates per day of USD 1,000 will result in a decrease/increase of the provision of USD 45 million. See note 12 regarding sensitivity to changes in the value in use of owned vessels.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
24	**Prepayments received on vessels for sale**		
	Prepayments received on vessels for sale	5,100	0
	Total	**5,100**	**0**
	Maturities:		
	Between 1 - 5 years	5,100	0
	Total	**5,100**	**0**
25	**Liabilities relating to tangible assets held for sale**		
	Prepayments received on sold vessels and newbuildings	15,056	0
	Total	**15,056**	**0**

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

! Accounting choices and estimates

Management's assessment of whether leases on vessels should be classified as financial or operational leasing is based on an overall evaluation of each lease. In financial leasing, a non-current asset and a payable are recognised. In classification as operational leasing, the running lease payments are recognised in the income statement.

Notes to the financial statements

Note **Amounts in USD'000**

26 Operating lease liabilities – continued

	2015			2014		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	249,550	93,367	342,917	316,504	110,597	427,101
Between 1 to 5 years	645,179	177,675	822,854	816,997	118,272	935,269
More than 5 years	272,422	39,800	312,222	351,107	10,556	361,663
Total	**1,167,151**	**310,842**	**1,477,993**	**1,484,608**	**239,425**	**1,724,033**
- hereof provision 2014*	149,695	0	149,695	230,169	0	230,169
- hereof provision 2015*	144,973	0	144,973	0	0	0
Total	**872,483**	**310,842**	**1,183,325**	**1,254,439**	**239,425**	**1,493,864**

*Provisions for onerous time charter contracts. See note 23.

Financial comments

Leases have originally been entered into with a mutually interminable lease period of up to 8 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.

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 "Asset Management" in the management commentary.

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 managament policy.

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

The above includes NORDEN's expected share of jointly controlled operating lease liabilities. See note 13.

27 Unrecognised contingent assets and liabilities

§ Accounting policies

Contingent assets are recognised when it is practically certain that the claim will have a positive outcome for the Group. A contingent 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.

! Accounting choices and estimates

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.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
27	**Unrecognised contingent assets and liabilities - continued**		
	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	0	6,250
	Contingent liabilities		
	Guarantee commitments do not exceed	31	25
	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	2,140	4,300
28	**Mortgages and security**		
	As security for loans	298,355	230,555
	a total number of vessels of	18	13
	and a total number of buildings of	1	0
	with a carrying amount of	497,804	385,795
	have been mortgaged at	440,294	417,026

29 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 26.

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.

! Accounting choices and estimates

See note 26 for accounting choices and estimates.

Notes to the financial statements

Note Amounts in USD'000

29 COAs and operating lease income - continued

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

	2015			2014		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	98,653	0	98,653	132,150	0	132,150
Between 1 to 5 years	134,781	0	134,781	156,743	0	156,743
More than 5 years	105,839	0	105,839	115,500	0	115,500
Total	**339,273**	**0**	**339,273**	**404,393**	**0**	**404,393**

The Group has operating lease income amounting to:

	2015			2014		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	44,634	13,734	58,368	47,140	32,883	80,023
Between 1 to 5 years	147,694	0	147,694	155,787	11,606	167,393
More than 5 years	52,296	0	52,296	88,901	0	88,901
Total	**244,624**	**13,734**	**258,358**	**291,828**	**44,489**	**336,317**

Financial comments

The above includes NORDEN's expected share of COAs and operating lease income from joint operations. See note 13.

30 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 "Reserve for cash flow hedges", see note 20. 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.

Notes to the financial statements

Note **Amounts in USD'000**

30 Financial instruments – continued

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 these derivative financial instruments 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.

Hedge accounting

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

	2015	2014
Interest rate swaps – cash flow hedging:		
Contractual value (outstanding debt)	242,626	271,338
Market value:		
Contracts with an unrealised loss (liability)	-4,730	-5,443
Recognised in equity at 31 December	**-4,730**	**-5,443**

Financial hedging:

At 31 December, the Group had entered into hedging transactions, where hedge accounting is not used and where assets and liabilities are recognised with the following amounts:

	2015			2014		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Bunker hedging	237	-26,030	-25,793	2,619	-38,820	-36,201
Forward Freight Agreements	0	-15,508	-15,508	0	-17,861	-17,861
Cross Currency Swaps	3,369	0	3,369	1,116	0	1,116
Forward exchange contracts	5,330	-485	4,845	8,451	0	8,451

Financial comments

Interest rate swaps are concluded for a period of 1-5 years.

The mark-to-market value of Forward Freight Agreements is calculated at 31/12-2015.

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.

Notes to the financial statements

Note **Amounts in USD'000**

31 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.

In addition, related parties include joint ventures, see note 13.

	2015	2014
Trading and accounts with related parties comprise:		
Sale of goods and services		
- joint ventures	14,249	10,733
Purchases of goods and services		
- joint ventures	7,982	8,273
Dividends from		
- joint ventures	719	21
Receivables from related parties		
- joint ventures	3,111	5,831
Debt to related parties (included in the item "Other payables")		
- joint ventures	509	20
- Board of Directors and Executive Management	458	0
Dividends paid to related parties		
- Board of Directors and Executive Management	0	124
- A/S Motortramp	0	11,851
- RASMUSSENGRUPPEN AS	0	4,870
- A/S Dampskibsselskabet Orients Fond	0	443

Financial comments

The Group has no related parties controlling NORDEN.

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

Subsidiaries are shown in note 36.
Remuneration and share-based payment of the Board of Directors and the Executive Management are disclosed in notes 5 and 32.
Guarantees to joint ventures are mentioned in note 13.

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

Notes to the financial statements

Note Amounts in USD'000

32 Share-based payment

§ Accounting policies

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.

Share options

In the years 2010-2015, the Board of Directors has granted share options comprising a total of 2,264,000 shares to a number of executives. The distribution between years and exercise periods can be seen below. It applies to all the programmes that the options entitle the holder to acquire one share per option at an exercise price.

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 illnes and death.

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.

The exercise price is determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and an effective interest rate of 8% p.a. for the years until any exercise (2010) or plus a fee of 20% (2011-2012) or 10% (2013-2015), respecitively, in proportion to the market price at the date of grant.

Movement in the number of outstanding share options as follows:

	2015	2014
	Number of options	**Number of options**
Outstanding at 1 January	1,403,849	1,358,694
Granted during the period	400,000	414,000
Lapsed during the period	-71,439	-332,523
Exercised during the period*	0	-36,322
Expired during the period	-61,917	0
Outstanding at 31 December	**1,670,493**	**1,403,849**

*Weighted average share price at the exercise dates of DKK in 2014 was DKK 251.

Notes to the financial statements

Note **Amounts in USD'000**

32 Share-based payment – continued

Outstanding share options are composed as follows:

				Number of share options			
Granted	**Exercise period**	**Exercise price at 31 December 2015, DKK**	**Originally granted in total**	**Executive Manage-ment**	**Other executives**	**Others**	**Total**
9 March 2010	09.03.2013 - 09.03.2016	340.22	350,000	11,859	79,996	122,947	214,802
2 March 2011	02.03.2014 - 02.03.2017	202.39	350,000	10,764	80,330	125,088	216,182
7 March 2012	07.03.2015 - 07.03.2018	182.70	350,000	10,282	79,250	132,372	221,904
6 March 2013	06.03.2016 - 06.03.2019	193.95	400,000	44,828	112,663	146,725	304,216
11 March 2014	11.03.2017 - 11.03.2020	257.62	414,000	45,860	124,986	154,573	325,419
4 March 2015	04.03.2018 - 04.03.2021	161.49	350,000	49,412	132,538	156,020	337,970
4 May 2015	04.05.2018 - 04.05.2021	149.01	50,000	50,000	0	0	50,000
Outstanding at 31 December		**216.85**	**2,264,000**	**223,005**	**609,763**	**837,725**	**1,670,493**

Financial comments

The division into employee categories is based on the title of the employee at the grant date. Resigned employees are included in the category "Others". 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.

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:

	2015	**2014**	**2013**	**2012**	**2011**	**2010**
Volatility	26.5%	25.6%	29.4%	54.8%	58.4%	50.4%
Rate of yield	0%	200%	200%	400%	500%	500%
Risk-free interest rate	0.00%	0.24%	0.24%	0.69%	2.38%	1.67%
Revaluation of exercise price	10%	10%	10%	20%	20%	8% p.a.
Allotment price	147.66/134.49	277.81	185.40	164.55	185.51	241.48
Fair value of granted options	1.1 mio.	2.1 mio.	1.8 mio.	2.4 mio.	3.4 mio.	3.3 mio.

Notes to the financial statements

Note **Amounts in USD'000**

32 Share-based payment – continued

The fair value of the granted share options is recognised in the income statement over the vesting period and set off against equity.

All options are granted and exercised at the earliest opportunity, however, 3.25 years for the grant in 2011, 2012, 2013, 2014 and 2015.

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.

Conditional share programme

Shares were granted under certain conditions to the Company's CEO in connection with his start on 30 April 2015. Shares at a value of DKK 1 mllion are granted 7 days after the Annual General Meeting in 2015-2017 if the conditions for this are met. The share programme has a total value of DKK 3 million.

The first grant was awarded in 2015 and comprised 7,560 shares corresponding to a total value of DKK 1 million based on the market price (average all transactions) at 30 April 2015.

Total expense for the year

The expense for the year is USD 2 million (USD 1 million excluding employee shares).

Notes to the financial statements

Note **Amounts in USD'000**

33 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.

	Maturities				
2015	**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	6,055	2,359	762	9,176	8,936
Derivative financial instruments with a negative market value	-16,680	-9,228	-607	-26,515	-26,515
Cash flow hedging with a negative market value	-2,530	-1,713	-543	-4,786	-4,730
Loans and receivables measured at amortised cost					
Cash and cash equivalents	313,867	5,100	9,952	328,919	328,919
Freight receivables	96,517	0	0	96,517	96,517
Receivables from joint ventures	3,111	0	0	3,111	3,111
Other receivables	17,878	0	0	17,878	17,878
Total	431,373	5,100	9,952	446,425	446,425
Financial assets available for sale:					
Bonds	3,969	15,279	4,254	23,502	22,267
Financial liabilities measured at amortised cost					
Loans	-45,200	-90,669	-215,715	-351,584	-298,355
Trade and other payables	-60,505	0	0	-60,505	-60,505
Total	-105,705	-90,669	-215,715	-412,089	-358,860
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Listed shares	493	0	0	493	493
Unlisted shares	14,018	0	0	14,018	14,018
Total	14,511	0	0	14,511	14,511

Notes to the financial statements

Note **Amounts in USD'000**

33 **Liquidity risk – continued**

2014	Maturities: Within 1 year	Maturities: Between 1-3 years	Maturities: More than 3 years	Total	Carrying amount
Derivative financial instruments					
Derivative financial instruments with a positive market value	10,569	233	817	11,619	12,186
Derivative financial instruments with a negative market value	-29,916	-6,934	-1,970	-38,820	-38,820
Cash flow hedging with a negative market value	-3,670	-1,740	-390	-5,800	-5,443
Loans and receivables measured at amortised cost					
Cash and cash equivalents	198,394	0	0	198,394	198,394
Freight receivables	117,054	0	0	117,054	117,054
Receivables from joint ventures	5,831	0	0	5,831	5,831
Other receivables	32,834	0	0	32,834	32,834
Total	354,113	0	0	354,113	354,113
Financial assets avaiable for sale:					
Bonds	0	15,452	8,061	23,513	24,967
Financial liabilities measured at amortised cost					
Loans	-34,135	-70,369	-172,506	-277,010	-230,555
Trade and other payables	-100,819	0	0	-100,819	-100,819
Total	-134,954	-70,369	-172,506	-377,829	-331,374
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Listed shares	759	0	0	759	759
Unlisted shares	14,146	0	0	14,146	14,146
Total	14,905	0	0	14,905	14,905

Financial comments

On the reporting date, floating-rate loans have an interest rate of 3-6 months' LIBOR plus a margin of up to 1.9%.

On conslusion of interest rate swaps, see note 30, the floating rate is converted into a fixed rate of between 1.31% - 2.48% for a term of 1-5 years.

See note 37 for fair value hierarchy.

Notes to the financial statements

Note	Amounts in USD'000	2015	2014
34	**Change in working capital**		
	Inventories onboard vessels	39,811	38,850
	Freight and other receivables, etc.	16,513	26,641
	Trade and other payables, etc.	-47,106	-64,960
	Fair value adjustments of cash flow hedging instruments taken to equity	713	294
	Total	**9,931**	**825**
35	**Dividends**		
	The amount available for distribution as dividends comprises:	364,718	399,769

Dividends paid in 2015 and 2014 amount to USD 0 (DKK 0 per share) and USD 39,883 (DKK 5 per share), respectively. The proposed dividend for 2015 is USD 0 (DKK 0 per share).
The proposed dividend for 2015 will be considered on the annual general meeting on 7th April 2016.

36 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%
NORDEN Shipping (Australia) Pty. Ltd., Australia	100%	100%
NORDEN Tankers & Bulkers Chile SpA, Chile	100%	-

Notes to the financial statements

Note Amounts in USD'000

37 Fair value hierarchy

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. The 0-coupon rate with the addition of the company's interest margin is used as discount factor.

The fair value of receivables and debt with a maturity of less than 1 year is assumed to approximate their face values less any estimated credit adjustments.

The fair value of bank debt is calculated as the present value of expected future repayments and interest payments.

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.

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.

2015	Carrying amount	Fair Value level 1	Fair value level 2	Fair value level 3
Freight receivables [1)]	96,517	-	-	-
Receivables from joint ventures [1)]	3,111	-	-	-
Other receivables [1)]	26,814	-	-	-
Cash and cash equivalents [1)]	328,919	-	-	-
Total loans and receivables	**455,361**	**-**	**-**	**-**
Bonds	22,267	22,267	0	0
Shares	14,511	493	0	14,018
Total financial assets available for sale	**36,778**	**22,760**	**0**	**14,018**
Derivative financial instruments	8,936	0	8,936	0
Total financial assets at fair value through the income statement	**8,936**	**0**	**8,936**	**0**
Loans	-298,355	0	-309,384	0
Trade payables [1)]	-48,780	-	-	-
Other debt [1)]	-42,970	-	-	-
Total debt at amortised cost	**-390,105**	**0**	**-309,384**	**0**
Derivative financial instruments	-42,023	0	-42,023	0
Total financial liabilities at fair value through the income statement	**-42,023**	**0**	**-42,023**	**0**

Notes to the financial statements

Note Amounts in USD'000

37 Fair value hierarchy – continued

2014	**Carrying amount**	**Fair Value level 1**	**Fair value level 2**	**Fair value level 3**
Freight receivables [1]	117,054	-	-	-
Receivables from joint ventures [1]	5,831	-	-	-
Other receivables [1]	45,278	-	-	-
Cash and cash equivalents [1]	198,394	-	-	-
Total loans and receivables	**366,557**	**-**	**-**	**-**
Bonds	24,967	24,967	0	0
Shares	14,905	13,058	0	1,847
Total financial assets available for sale	**39,872**	**38,025**	**0**	**1,847**
Derivative financial instruments	12,186	0	12,186	0
Total financial assets at fair value through the income statement	**12,186**	**0**	**12,186**	**0**
Loans	-230,555	0	-239,111	0
Trade payables [1]	-85,394	-	-	-
Other debt [1]	-59,688	-	-	-
Total debt at amortised cost	**-375,637**	**0**	**-239,111**	**0**
Derivative financial instruments	-56,681	0	-56,681	0
Total financial liabilities at fair value through the income statement	**-56,681**	**0**	**-56,681**	**0**

[1] Due to the short term, the carrying amount is assumed to approximate the fair value.

Financial comments

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.

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.

38 Events after the reporting date

See page 9 in the management commentary.

Definitions of key figures and financial ratios

Key figures and financial ratios are computed in accordance with "Recommendations and Financial Ratios 2015" 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 are 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 revenue
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 for a period over and below 13 months.

Active fleet Owned vessels and chartered vessels for a period over 13 months.

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 a vessel without crew.

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.

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

Cargo contract See COA.

Charter party Overall term for contracts within shipping, including COA (see COA).

Clarksons Shipbroking company.

COA (Contract of Affreightment/cargo contract) Cargo contract covering several cargoes for a given period - 3 months, 5 years, 10 years etc. 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.

Core fleet Owned vessels and chartered vessels regardless of time period incl. vessels for delivery.

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 cargo carrying capacity.

E

EBIT Earnings Before Interest and Tax.

Eco vessel Vessel with improved fuel efficiency.

EEOI (Energy Efficiency Operational Indicator) Calculation and analysis system used when measuring CO_2 emissions from the vessels.

EIA U.S. Energy Information Administration

F

FCC (Fluid Catalytic Cracking) Refinery process that converts heavy fuel oils to lighter lettere distillates.

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

GTT Global Trade Tracker

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.

IASB International Accounting Standards Board.

IEA International Energy Agency.

IFRIC International Financial Reporting Interpretations Committee.

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

Long-term charter Agreement to charter a vessel for a period of more than 13 months.

M

MACN Maritime Anti-Corruption Network.

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

MR (medium range) 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.

O

OECD Organisation for Economic Co-operation and Development.

OPEX Operating expenses

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.

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 13 months.

SIRE (Ship Inspection Report Programme) The oil companies' inspection of the safety and operational standard of product tankers.

SOx The sulphur oxides SO and SO_2.

Spot market Day-to-day market for entering COAs 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 (TCE) Freight revenues minus bunker consumption and port charges.

Technical management Agreement to manage a vessel's technical operations and crew at 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 Collective term for the many kinds of inspections of product tankers – including SIRE inspections – which the oil companies carry out themselves or demand to have carried out.

W

Wood Mackenzie Market Research Bureau

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 India Private Ltd.** India 100%
  - **NORDEN Rep. Office** China 100%
  - **NORD SUMMIT Pte. Ltd.** Singapore 50%
  - **Polar Navigation Pte. Ltd.** Singapore 50%
  - **NORDEN Shipping (Australia) Pty. Ltd.** Australia 100%
- **NORDEN Tankers & Bulkers (USA) Inc.** USA 100%
- **NORDEN Tankers & Bulkers do Brazil Ltda.** Brazil 100%
- **NORDEN Tankers & Bulkers Chile SpA** Chile 100%
- **Svalbard Maritime Services AS** Norway 100%
- **NORDEN Alrayn Maritime Co Ltd. (Norabic)** Saudi Arabia 50%

Company details

The Company

Dampskibsselskabet NORDEN A/S
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
Email: direktion@ds-norden.com

Board of Directors

Klaus Nyborg, Chairman
Erling Højsgaard, Vice Chairman
Alison J. F. Riegels
Karsten Knudsen
Arvid Grundekjøn
Lars Enkegaard Biilmann (employee representative)
Jonas Visbech Berg Nissen (employee representative)
Thorbjørn Joensen (employee representative)

Executive Management

Jan Rindbo, CEO
Martin Badsted, CFO
Ejner Bonderup, Executive Vice President

Auditor

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

Annual General Meeting

The annual general meeting will be held
on Thursday 7 April 2016 at 3.00 p.m.
at Radisson Blu Scandinavia Hotel,
70, Amager Boulevard, DK-2300 Copenhagen S

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

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