



Interim Report Second quarter and first half-year of 2019

*NORDEN Singapore
office entrance*

INTERIM REPORT

Second quarter and first half-year of 2019



Results

Adjusted Result* for Q2 2019:
USD -12 million (Q2 2018: USD 4 million)
Adjusted Result H1 2019: USD -5 million

- Dry Operator: USD -6 million (USD 8 million)
- Dry Owner: USD -2 million (USD 3 million)
- Tankers: USD -3 million (USD -8 million)

Profit from sale of vessels: USD 3 million



Markets

- Dry Cargo: Surprisingly strong Chinese and Indian coal imports counterbalanced macro-economic headwinds
- Tankers: Declining global oil demand growth and seasonal weak tanker spot market. However, forward market firming ahead of IMO 2020 regulation



Performance

- Dry Operator: Disappointing result due to challenging trading environment
- Dry Owner: Optimising portfolio through further vessel sales and attractive pre-payment of hire on T/C contract
- Tankers: Earnings 3% above 1-year T/C benchmark equalling extra average daily earnings of USD 399



Values

Vessel values

- Dry Cargo: -2%
- Tankers: 0%

Increase in value of T/C portfolio due to rising forward rates in both dry cargo and tankers.



Guidance

- We maintain our overall expectations for the full year result as we are raising expectations to the Tanker result while lowering expectations to the Dry Operator result
- Expectations for the Adjusted Result for the year are thereby maintained at USD 25 to 60 million

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

CHALLENGING TRADING ENVIRONMENT FOR DRY OPERATOR

“Dry Operator entered the second quarter on the wrong foot but managed to quickly adjust its position to still generate a positive trading margin. However, this was not enough to prevent a loss in this business unit. Despite the disappointing result, we still expect Dry Operator to be profitable for the full year, which, combined with a firming forward Tanker market, enables NORDEN to maintain the overall guidance of USD 25-60 million profit for 2019.”

CEO Jan Rindbo

A telephone conference will be held today at 3:30 p.m. (CET), where CEO Jan Rindbo and CFO Martin Badsted will comment on the interim report. It is requested that all participants have joined the meeting by latest 3:25 p.m. (CET) – international participants please dial in on +44 (0) 207 192 8000 or +1 631 510 7495, Danish participants please dial in on +45 3272 8042. The telephone conference will be shown live at www.ds-norden.com, where the accompanying presentation will also be available. For further information: CEO Jan Rindbo, tel. +45 3315 0451.

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Key figures and ratios for NORDEN

USD million	2019 Q2	2018** Q2	2019 H1	2018** H1
INCOME STATEMENT				
Revenue	624.6	616.4	1,278.1	1,207.6
Contribution margin	52.9	35.2	124.9	67.0
EBITDA	35.0	21.0	87.7	38.1
Profit/loss from the sale of vessels, etc.	3.4	-2.7	-8.9	6.5
EBIT	0.9	7.5	7.0	25.8
Profit/loss for the period	-8.3	0.8	-13.7	18.8
Adjusted Result for the period*	-11.7	3.5	-4.8	12.3
	2019 30/6	2018 30/6	2019 30/6	2018 30/6
STATEMENT OF FINANCIAL POSITION				
Total assets	1,684.7	1,316.0	1,684.7	1,316.0
Equity	825.1	862.2	825.1	862.2
Liabilities	859.6	453.8	859.6	453.8
Invested capital	1,273.5	916.9	1,273.5	916.9
Net interest-bearing debt	448.4	54.7	448.4	54.7
Cash and securities	187.6	184.5	187.6	184.5
	2019 Q2	2018 Q2	2019 H1	2018 H1
CASH FLOWS				
From operating activities	21.4	16.7	85.8	-8.6
From investing activities	34.7	-6.8	-1.4	-26.3
– hereof investments in property, equipment and vessels	-47.8	-32.1	-47.8	-97.2
From financing activities	-71.9	-5.0	-100.0	17.5

USD million	2019 Q2	2018** Q2	2019 H1	2018** H1
SHARE RELATED KEY FIGURES AND FINANCIAL RATIOS:				
Number of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	42,200,000	42,200,000
Number of shares of DKK 1 each (excluding treasury shares)	39,659,033	40,467,615	39,659,033	40,467,615
Number of treasury shares	2,540,967	1,732,385	2,540,967	1,732,385
Earnings per share (EPS) (DKK)	-0.21 (-1.39)	0.02 (0.13)	-0.35 (-2.29)	0.46 (3.00)
Diluted earnings per share (diluted EPS) (DKK)	-0.21 (-1.39)	0.02 (0.13)	-0.35 (-2.29)	0.46 (3.00)
Book value per share (excluding treasury shares) (DKK) ¹⁾	20.80 (136)	21.31 (136)	20.80 (136)	21.31 (136)
Share price at end of period (DKK)	94.4	113.2	94.4	113.2
Price/book value (DKK) ¹⁾	0.69	0.83	0.69	0.83
OTHER KEY FIGURES AND FINANCIAL RATIOS:				
EBITDA-RATIO ²⁾	5.6%	3.4%	6.9%	3.2%
ROIC	0.3%	3.4%	1.2%	5.9%
ROE	-4.0%	0.4%	-3.3%	4.4%
Equity ratio	49.0%	65.5%	49.0%	65.5%
USD/DKK rate at end of the period	655.85	639.26	655.85	639.26
Average USD/DKK rate	664.30	625.26	660.53	645.17

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

2) The ratios were computed in accordance with "Recommendations and Financial Ratios 2018" issued by the Danish Association of Financial Analysts. However, "Profit and loss from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios" in the Annual Report for 2018. The figures are adjusted for the Company's holding of treasury shares.

* Adjusted Result for the period is computed as "Profit/loss for the period" adjusted for "Profit/loss from the sale of vessels, etc." including adjustment for sale of vessels in Joint Ventures.

** Financial figures for 2018 are not restated to reflect IFRS 16.

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Comments on the development of NORDEN in the second quarter & first half-year 2019

- Adjusted Result Q2: USD -12 million
- Cash flows from operations Q2: USD 21 million
- Strong liquidity position and improved debt repayment profile

Results

In a seasonally weak tanker market and difficult trading environment for Dry Operator, NORDEN realised a disappointing Adjusted Result in the second quarter of 2019 of USD -12 million (Q2 2018: USD 4 million). The Adjusted Result for the first half-year 2019 was USD -5 million (H1 2018: USD 12 million) including the effect of new accounting policy IFRS 16 of USD -5 million.

The second quarter result corresponds to an EBIT of USD 1 million, which was positively impacted by USD 3 million in profit from the sale of vessels. The EBIT for the first half-year 2019 was USD 7 million (H1 2018: USD 26 million).

Financial expenses were impacted by a one-off cost of USD 1 million from repayment of existing debt.

Cash flows from operating activities amounted to USD 21 million (Q2 2018: USD 17 million). Cash flows from operating activities for the first half-year 2019 was USD 86 million (H1 2018: USD -9 million).

The equity of NORDEN has declined with USD 2 million within the first half-year, which

relates to the result for the period and dividends paid.

Obtaining tradable fleet size

During the second quarter of 2019, NORDEN sold and delivered to the new owners 1 Handysize vessel. This takes total vessel sales during the first half of 2019 to 5 dry cargo vessels and 1 Handysize tanker. The sales are in line with the NORDEN strategy of ensuring an agile fleet position of maximum 15 owned Dry cargo vessels which can quickly be adjusted in accordance with our market expectations.

Update on scrubbers

NORDEN is in the process of installing exhaust gas cleaning systems (scrubbers) on part of the fleet. At the end of June 2019, 3 scrubbers have been installed, and in total, NORDEN will install 22 scrubbers on owned vessels with the majority scheduled for installation during the second half of 2019. Furthermore, NORDEN has secured installation of scrubbers on 14 long-term chartered vessels.

New cover contracts

Increased expectations of a strong product tanker market in 2020 have lifted T/C rates for modern tonnage to attractive levels, and NORDEN has chartered out 4 vessels at rates in the USD 17-19,000 per day range, which combined with our expectation of improving spot rates later this year has led to a positive adjustment of our expected full year result for Tankers.

Financial position

During the quarter, NORDEN has continued optimising the profile of the Company’s credit facilities and increasing alignment to asset portfolio. As part of this, NORDEN secured a USD 200 million credit facility with Danish Ship Finance to improve the overall debt structure through the repayment of 2 existing loan facilities.

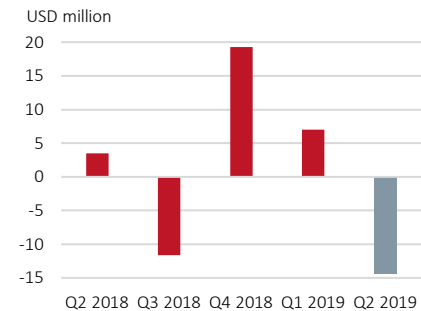
The new loan portfolio results in an improved repayment profile and lower interest expenses.

As of 30 June, NORDEN’s available liquidity amounted to USD 354 million with USD 188 million in cash supplemented by USD 166 million in undrawn credit facilities.

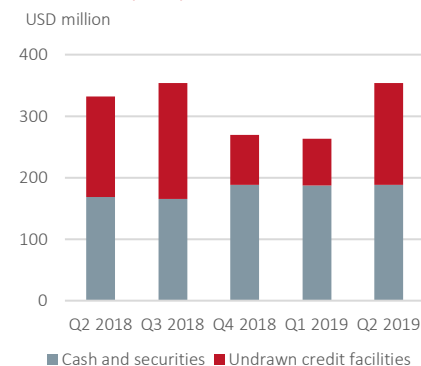
After the reporting date

After the second quarter, NORDEN has entered into 2 COAs with solid counterparties: A 6-year contract for transatlantic transportation of wood pellets and a 3-year contract for transportation of coal to Hong Kong.

Adjusted result for the period



Available liquidity



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Selected segment figures Q2 2019

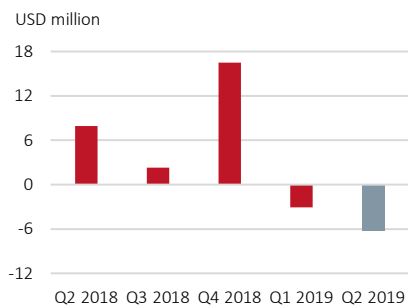
USD million	Dry Operator	Dry Owner	Tankers	Total
Contribution margin	7.5	21.1	24.3	52.9
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	-1.4	18.8	17.6	35.0
Profit/loss from operations (EBIT)	-4.9	6.1	-0.3	0.9
Profit/loss for the period	-6.3	1.0	-3.0	-8.3
Adjusted Result for the period	-6.3	-2.4	-3.0	-11.7

Fleet values

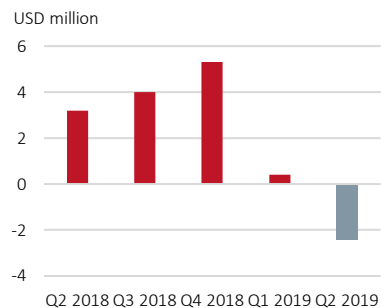
USD million	Dry Owner	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	331	448	779
Broker estimated value of certain charter parties attached to owned vessels	10	0	10
Carrying amount / costs	333	521	854
Market value vs. book value	8	-74	-66
Theoretical value of purchase and extension options as of end of Q1 2019	25	19	44

Adjusted Result for the period

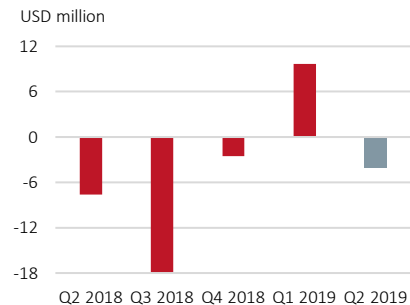
Dry Operator



Dry owner



Tankers



For further information on the segments see note 2.

Adjusted Result for the period

USD -12 million

Change in value of owned vessels and newbuildings – Dry Cargo

-2%

Change in value of owned vessels and newbuildings - Tankers

0%

DRY OPERATOR

Challenging trading environment

- Adjusted Result Q2: USD -6 million
- Few attractive trading opportunities
- USD 57 million generated in the last 4 quarters before overheads

Results for the second quarter of 2019

In a second quarter market that presented only few attractive trading opportunities, Dry Operator generated a disappointing Adjusted Result of USD -6 million (Q2 2018: USD 8 million). Dry Operator did generate positive value with a contribution margin of USD 7 million (Q2 2018: USD 18 million), but this was not sufficient to secure a positive net result after deduction of overhead costs. In spite of a disappointing first half of the year, NORDEN expects Dry Operator to secure a positive result for the full year.

In the last 4 quarters, Dry Operator has generated a contribution margin of USD 57 million over a total of 97,288 vessel days handled by the Operator.

Average number of vessels operated in the second quarter

283

The Adjusted Result in the same period amounted to USD 9 million, which corresponds to USD 97 per vessel day.

Activity in the second quarter

In the second quarter, a total of 25,709 vessels days, corresponding to an average fleet size of 283 vessels, were operated by Dry Operator. This is an increase of 2% compared to the same quarter last year (25,190) and the highest level of activity in the history of Dry Operator.

Dry Operator entered the second quarter with an overall short position. However, surprisingly high Chinese and Indian coal demand resulted in a more resilient market than expected. Even though the position was quickly adjusted and a positive trading margin was secured, this was not enough to cover O/A costs.

Improvement expected

We expect better trading results in the second half of 2019 and have positioned our vessels to capitalise on what we expect to be significant regional opportunities.

Investing in growth and capabilities

NORDEN continues to invest in the Dry Operator. The Company is building the risk management and market analysis capabilities and is also expanding its extensive global network including opening new offices with Abidjan as the latest addition. Going forward, these investments will underpin profitable growth.

Dry Operator historical performance

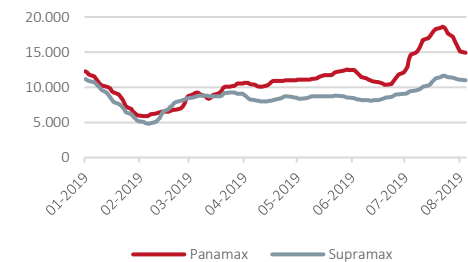
USD	Q4 17 – Q3 18	Q1 18 – Q4 18	Q2 18 – Q1 19	Q3 18 – Q2 19
Adjusted Result per vessel day	281	310	244	97
Adjusted Result (USD million)	27	30	24	9

Dry Operator key figures (USD million)

USD million	2018 Q2*	2019 Q2	Last 4 Quarters
Contribution margin	17.7	7.5	56.7
O/A costs	-8.6	-8.9	-37.5
EBIT	8.9	-4.9	13.0
Adjusted Result	7.9	-6.3	9.4
Vessel days	25,190	25,709	97,288
Adj. Result per vessel day (USD/day)	314	-245	97

*Financial figures prior to 2019 are not restated to reflect IFRS 16

Supramax and Panamax rates (USD/day)



Source: Baltic Exchange

DRY OWNER

Owned fleet reduced to tradeable position

- Adjusted Result Q2: USD -2 million
- 1 vessel sold in Q2
- High coverage and significant optionality in portfolio

Results for the second quarter of 2019

Dry Owner realised an Adjusted Result of USD -2 million (Q2 2018: USD 3 million). The result was negatively impacted by a one-time increase in financial expenses of USD 1 million from the refinancing of debt from owned vessels in the business unit. The result corresponds to an EBIT of USD 6 million (Q2 2018: USD 7 million) positively impacted by a profit of USD 3 million from sale of vessels during the second quarter.

Dry cargo market

Uncertainties from trade tensions, reduced iron ore supply and macroeconomic concerns continued to weigh down the market, but strong imports of coal to China and India kept Supramax and Panamax rates at a stable level throughout the quarter. This was also reflected in the asset values. Despite rate improvements compared to the beginning of the year, the average Baltic earnings for Panamax and Supramax vessels were 10% and 26%, respectively, lower compared to the same period last year. At the end of the second quarter, rates started to strengthen headed by a spike in Capesize rates from a rebound

in the supply of iron ore out of both Brazil and Australia. Spikes in the market have, however, been temporary, and on a year-to-date basis, the high coverage in Dry Owner has been attractive.

Going forward, the weakening of the global economy combined with high coal stocks in China and India are expected to continue to result in headwind to the market although an increased effect of recent Chinese government stimulus and a reduced fleet supply from scrubber and ballast water treatment system installations creates potential for regional rate-spikes during second half of 2019.

Dry Owner fleet and activity

During the second quarter of 2019, NORDEN sold one Handysize vessel bringing the total number of vessels sold during the first half of 2019 to 5. All sold vessels have been delivered to the new owners at the end of the second quarter. After the second quarter, the Company sold an additional Supramax vessel, scheduled for delivery in September/October. The sales are in line with the NORDEN strategy of ensuring an agile fleet position of maximum 15 owned Dry cargo vessels that quickly can be adjusted in accordance with our market expectations. At the end of the second quarter of 2019, Dry Owner owned a total of 13.5 vessels in operation and 2

newbuildings with delivery in the beginning of 2020. In addition to owned vessels, Dry Owner handles an extensive long-term T/C portfolio consisting of 28 vessels and 10 newbuildings with delivery in the coming 12 months. During the quarter, NORDEN benefitted from the close relationship with Japanese ship-owners to prepay future charter hire at attractive terms. The restructuring of the contracts combined with an overall firming of market forward rates have resulted in an increased value of the time-chartered fleet

High coverage with significant optionality

For the remainder of 2019, Dry Owner maintains significant coverage with only 18% of the total capacity exposed to the spot market. In addition to this, the T/C portfolio holds significant optionality from the second half of 2019 and onwards. In total, Dry Owner holds 33,798 optional days, supplemented by 33 purchase options on vessels.

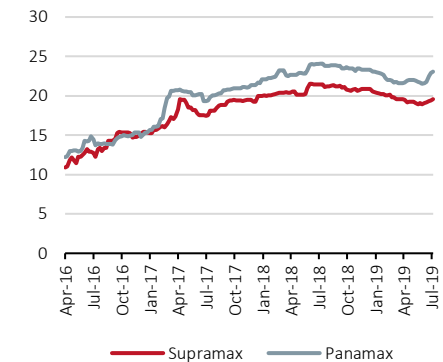
Value of Dry Owner vessels

Based on the average of 3 independent broker valuations, the market value of NORDEN’s owned dry cargo vessels and newbuilding orders was estimated at USD 341 million at the end of the second quarter. This is a decrease of 2% compared to the end of the first quarter of 2019 for the vessels owned throughout the period.

Market value of dry cargo vessels (USD)

341 million

Asset values 5-year old (USD million)



Source: Baltic Exchange

Dry Owner key figures (USD million)

USD million	2018 Q2*	2019 Q2
Contribution margin	11.6	21.1
O/A costs	-2.1	-2.3
EBIT	6.7	6.1
Adjusted Result	3.2	-2.4

*Financial figures prior to 2019 are not restated to reflect IFRS 16

DRY OWNER

Capacity and coverage

At 30 June 2019

	Q3 2019	Q4 2019	2020	Q3 2019	Q4 2019	2020
Own vessels		Ship days				
Panamax	170	184	732			
Supramax	837	874	3,725			
Handysize	184	184	732			
Total	1,191	1,242	5,189			
Chartered vessels						
				Cash costs for T/C capacity (USD per day)		
Panamax	1,334	1,301	5,860	12,835	13,000	12,807
Supramax	1,139	1,288	6,541	12,016	11,999	11,910
Handysize	487	579	2,164	9,515	9,537	9,529
Total	2,960	3,168	14,565	11,973	11,960	11,917
Total capacity	4,151	4,410	19,754			
Coverage						
				Revenue from coverage (USD per day)		
Panamax	1,213	1,151	4,128	14,166	13,245	13,330
Supramax	1,754	1,581	4,839	11,460	11,517	11,348
Handysize	670	671	2,484	11,042	11,106	11,215
Total	3,637	3,402	11,451	12,286	12,020	12,034
Coverage in %						
Total	88%	77%	58%			

* Including cash running costs of owned vessels. Costs are excluding O/A.
Cash costs and revenue of the Dry Owner capacity and coverage are excluding accounting effects from IFRS 16 standards.

Coverage for rest of 2019

82%

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

TANKERS

Market expectations on the rise

- Capturing value of firming period and forward rates in seasonal weak market
- Adjusted Result for the period: USD -3 million
- Significant exposure to expected market improvements

Results for the second quarter of 2019

After a strong start to the year, the product tanker market settled at lower levels in the second quarter where NORDEN’s tanker business generated an Adjusted Result of USD -3 million (Q2 2018: USD -8 million), corresponding to an EBIT of USD 0 million (Q2 2018: USD -8 million).

The Company’s Handysize tankers generated average daily earnings of USD 11,754, while daily earnings in the MR fleet amounted to USD 13,146. NORDEN thereby outperformed the average 1-year T/C rate during the last 12 months with 3%, which corresponds to an extra daily earning of USD 399 per vessel.

Seasonally weak market

The demand growth for clean product oil slumped to below 1% year on year, which combined with increased stock draws resulted in product tanker rates

to be at weak levels through the quarter. However, market rates were higher than the same quarter last year as a result of increased sailing distances and a smaller share of the tanker fleet trading clean cargoes.

Tanker fleet and activity

At the end of the second quarter 2019, NORDEN owned a total of 23 tanker vessels – 15 MR and 8 Handysize tanker vessels as well as 36 vessels chartered in for 1 to 5 years.

Throughout the second quarter of 2019, NORDEN has continued to expand time-chartered capacity through 2 scrubber fitted MR tankers each for a duration of 5 years and with delivery in early 2020.

At the same time, the Company has taken advantage of the firming period T/C tanker rates and chartered out 4 vessels at rates in the USD 17-19,000 per day range, which combined with our expectation of improving spot rates later this year has led to a positive adjustment of our expected full year result for Tankers.

Market improvements expected

Overall, NORDEN expects the market to strengthen during the second half of the year. The generally weaker world economy and overall oil demand is impacting the current activity levels and the outlook

negatively, but from around the end of the third quarter refineries are expected to increase refinery runs to produce the necessary IMO 2020 compliant fuels, which, together with seasonal activity and widescale distribution of such compliant fuel and increased off-hire from scrubber installations, is expected to yield considerable market improvements.

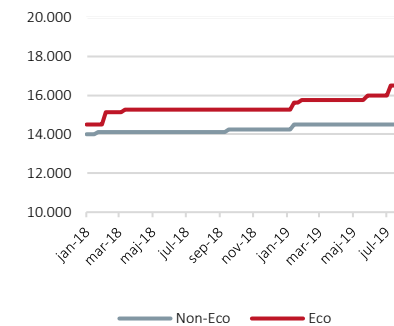
Value of time charter portfolio

NORDEN maintains a significant capacity in the chartered-in fleet consisting of both short- and long-term time charters. At the end of the second quarter, the total number of open days in 2019 and 2020 stands at 8,218 and 16,021 days, respectively, and to this should be added a total of 1,995 optional days during the same period. To this comes 20 purchase options on vessels.

Value of owned tanker vessels

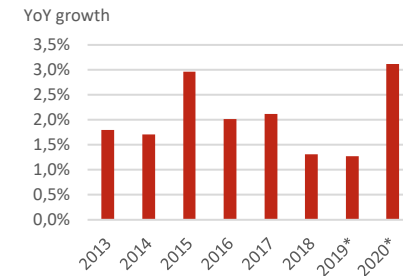
Based on the average of 3 independent broker valuations, the market value of NORDEN’s owned tanker vessels was estimated at USD 448 million at the end of the second quarter. The value is therefore unchanged compared to the end of the first quarter for the vessels owned throughout the period.

3-year year forward rates (MR)



Source: Clarksons

CPP demand



Source: Energy Aspects

*Estimated

Tanker key figures (USD million)

USD million	2018 Q2*	2019 Q2
Contribution margin	5.9	24.3
O/A costs	-3.5	-6.7
EBIT	-8.1	-0.3
Adjusted Result	-7.6	-3.0

*Financial figures prior to 2019 are not restated to reflect IFRS 16

TANKERS

Capacity and coverage

At 30 June 2019

	Q3 2019	Q4 2019	2020	Q3 2019	Q4 2019	2020
Own vessels		Ship days				
MR	1,277	1,363	5,490			
Handysize	736	736	2,928			
Total	2,013	2,099	8,418			
Chartered vessels				Cash costs for T/C capacity (USD per day)		
LR1	184	184	277	18,600	18,600	18,600
MR	2,951	2,981	7,733	13,840	13,885	14,495
Handysize	446	460	1,321	11,728	11,572	11,153
Total	3,581	3,625	9,331	13,821	13,831	14,144
Total capacity	5,594	5,724	17,749			
Coverage				Revenue from coverage (USD per day)		
LR1	184	184	277	18,520	18,520	18,520
MR	1,327	736	1,363	15,050	15,365	16,809
Handysize	370	301	88	13,094	13,203	13,998
Total	1,880	1,220	1,728	15,005	15,308	16,940
Coverage in %						
Total	34%	21%	10%			

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

Cash costs and revenue of the Tanker capacity and coverage are excluding accounting effects from IFRS 16 standards.

Employment and rates, Tankers, Q2 2019

Vessel type	LR1	MR	Handysize	Total*
NORDEN's ship days	182	4,286	1,050	5,518
NORDEN spot TCE (USD per day, net)	16,025	12,829	11,507	12,740
NORDEN TCE (USD per day, net)	16,657	13,146	11,754	12,997
NORDEN TCE 12 months average (USD per day, net)	14,261	13,221	12,840	13,178
Benchmark 12 months average (USD per day, net)	13,668	13,005	11,810	12,779
NORDEN vs. Benchmark (12 months average)	4%	2%	9%	3%

Tanker ROY 2019 open days

8,218

Tanker coverage ROY 2019

27%

* Weighted average. NORDEN TCE is calculated as freight income less voyage costs (such as broker commission, bunkers and port costs), but before payment of pool management fee

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Outlook for 2019

Forward-looking statements

This report includes forward-looking statements reflecting management’s current perception of future trends and financial performance. The statements for the rest of 2019 and the years to come naturally carry some uncertainty, and NORDEN’s actual results may therefore differ from expectations. Factors that may cause the results achieved to differ from the expectations are, among other things, but not exclusively, changes in the macroeconomic and political conditions – especially in the Group’s key markets – changes in NORDEN’s assumptions of rate development and operating costs, volatility in rates and vessel prices, changes in legislation, possible interruptions in traffic and operations as a result of external events, etc.

NORDEN maintains expectations

NORDEN maintains the expectations for the Adjusted Result for the year at USD 25-60 million. However, the expectations for the individual business units are adjusted.

Dry Operator

The expectations for the full-year result for the Dry Operator remains positive but are lowered to a range of USD 0 to 10 million (previously USD 15 to 25 million) due to the disappointing first half year result.

Dry Owner

The expectations for the full-year result for Dry Owner are maintained at USD -5 to 5 million as high coverage reduces the impact of market rates during the rest of the year.

Tankers

NORDEN expects the effects from the IMO 2020 regulation, to strengthen the product tanker market in the fourth quarter of 2019 and forward rates have started to reflect this expected improvement. The full-year expectations for Tankers are therefore adjusted to USD 30 to 45 million (previously USD 15 to 30 million).

Risk and uncertainties

The IMO 2020 regulation is expected to have an impact on both the Tanker and Dry Cargo market during the fourth quarter of the year. It is, however, difficult to predict exactly how shipping markets responds to such regulation which also leads to greater uncertainty to the guidance for the full year Adjusted Result. The Dry Operator results are sensitive to both market volatility as well as NORDEN’s ability to identify and execute business opportunities.

At the end of June, Dry Owner had limited exposure to spot rates for the remainder of 2019, and a change of USD 1,000 per day would only impact the full-year result by USD 1.5 million. Earnings expectations in Tankers primarily depend on the development in the spot market. Based on about 8,000 open vessel days in Tankers in 2019, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 8 million.

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

Events after the reporting date

No events have occurred after 30 June 2019, which significantly affect the interim report for the period 1 January – 30 June 2019, other than the developments disclosed in the Management Review.

“NORDEN expects an Adjusted Result for the year of USD 25 to 60 million.”

Expectations for 2019

USD million	New Adjusted Result	
	for the year	Previous
Dry Operator	0 to 10	15 to 25
Dry Owner	-5 to 5	-5 to 5
Tankers	30 to 45	15 to 30
Group	25 to 60	25 to 60

THE GROUP

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today reviewed and approved the Interim Report for the period 1 January to 30 June 2019 of Dampskibsselskabet NORDEN A/S.

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

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

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

Besides what has been disclosed in the Interim Report, no other significant changes in the Group's risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2018.

In our opinion, the interim consolidated financial statements give a true and fair view of Dampskibsselskabet NORDEN A/S' consolidated assets, equity and liabilities and the financial position at 30 June 2019 as well as the result of Dampskibsselskabet

NORDEN A/S' consolidated activities and cash flows for the period 1 January to 30 June 2019.

Furthermore, in our opinion the Management Review gives a fair representation of the Group's activities and financial position as well as a description of the material risks and uncertainties which the Group is facing.

Hellerup, 14 August 2019

Executive Management

Jan Rindbo
Chief Executive Officer

Martin Badsted
Chief Financial Officer

Board of Directors

Klaus Nyborg
Chairman

Johanne Riegels Østergård
Vice Chairman

Karsten Knudsen

Thomas Intrator

Stephen John Kunzer

Helle Østergaard Kristiansen

Susanne Fauerskov
(employee-elected)

Jesper Svenstrup
(employee-elected)

Lars Enkegaard Biilmann
(employee-elected)

Consolidated income statement

Note	USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
2	Revenue	624.6	616.4	1,278.1	1,207.6	2,451.4
	Other operating income	3.8	0.2	7.9	0.9	3.1
3	Vessel operating costs	-575.5	-581.4	-1,161.1	-1,141.5	-2,322.2
	Contribution margin	52.9	35.2	124.9	67.0	132.3
3, 4	Overhead and administration costs	-17.9	-14.2	-37.2	-28.9	-59.8
	Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	35.0	21.0	87.7	38.1	72.5
	Profit/loss from the sale of vessels, etc.	3.4	-2.7	-8.9	6.5	8.7
5	Depreciation, amortisation and impairment losses	-37.6	-10.9	-72.5	-21.4	-44.3
	Share of profit/loss of joint ventures	0.1	0.1	0.7	2.6	2.4
	Profit/loss from operations (EBIT)	0.9	7.5	7.0	25.8	39.3
	Financial income	1.7	1.2	3.3	5.3	9.0
6	Financial expenses	-9.1	-6.6	-20.1	-9.7	-15.9
	Profit/loss before tax	-6.5	2.1	-9.8	21.4	32.4
	Tax	-1.8	-1.3	-3.9	-2.6	-3.6
	PROFIT/LOSS FOR THE PERIOD	-8.3	0.8	-13.7	18.8	28.8
	Attributable to:					
	Shareholders of NORDEN	-8.3	0.8	-13.7	18.8	28.8
	Earnings per share (EPS), USD	-0.18	0.02	-0.32	0.46	0.71
	Diluted earnings per share, USD	-0.18	0.02	-0.32	0.46	0.71
	Adjusted Result for the period	-11.7	3.5	-4.8	12.3	20.1

Consolidated statement of comprehensive income

Note	USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
	Profit/loss for the period	-8.3	0.8	-13.7	18.8	28.8
	Other comprehensive income to be reclassified to the income statement:					
7	Fair value adjustment for the period, cash flow hedges	-6.7	11.7	27.7	8.8	-31.4
	Fair value adjustment for the period, securities	0.0	0.0	0.1	-0.1	-0.1
	Exchange differences on translation of foreign subsidiary	-0.1	0.0	-0.1	0.0	0.0
	Tax on fair value adjustment of securities	0.0	0.0	0.0	0.0	0.0
	Other comprehensive income, total after tax	-6.8	11.7	27.7	8.7	-31.5
	Total comprehensive income for the period, after tax	-15.1	12.5	14.0	27.5	-2.7
	Attributable to:					
	Shareholders of NORDEN	-15.1	12.5	14.0	27.5	-2.7

Consolidated statement of financial position

Note	USD million	2019 30/6	2018 30/6	2018 31/12	Note	USD million	2019 30/6	2018 30/6	2018 31/12
ASSETS					EQUITY AND LIABILITIES				
8	Vessels	765.0	713.9	795.6		Share capital	6.7	6.7	6.7
9	Right-of-use assets	274.8	0.0	0.0		Reserves	3.2	15.7	-24.5
	Property and equipment	49.3	53.5	49.5		Retained earnings	815.2	839.8	844.6
10	Prepayments on vessels and newbuildings	10.8	20.1	24.9		Equity	825.1	862.2	826.8
	Investments in joint ventures	12.3	11.3	11.8		Loans	207.2	185.0	206.5
11	Receivables from subleasing	23.4	0.0	0.0	13	Lease liabilities	235.4	0.0	0.0
	Non-current assets	1,135.6	798.8	881.8		Provisions	0.0	32.4	21.3
	Inventories	82.4	75.2	87.2		Non-current liabilities	442.6	217.4	227.8
11	Receivables from subleasing	15.0	0.0	0.0		Loans	92.0	54.2	125.5
	Freight receivables	164.2	114.5	172.6	13	Lease liabilities	101.4	0.0	0.0
	Receivables from joint ventures	6.6	2.9	12.4		Provisions	2.8	24.5	25.3
	Other receivables	18.9	25.6	28.4		Trade payables	124.9	83.8	118.8
	Prepayments	74.4	81.5	93.4		Income tax payables	3.8	0.0	2.7
	Securities	0.0	4.3	4.2		Other payables	19.7	34.6	48.6
	Cash and cash equivalents	187.6	180.2	184.4		Deferred income	72.4	35.6	88.9
	Current assets	549.1	484.2	582.6		Liabilities relating to vessels held for sale	0.0	3.7	0.0
12	Vessels held for sale	0.0	33.0	0.0		Current liabilities	417.0	236.4	409.8
	Current assets	549.1	517.2	582.6		Liabilities	859.6	453.8	637.6
	TOTAL ASSETS	1,684.7	1,316.0	1,464.4		TOTAL EQUITY AND LIABILITIES	1,684.7	1,316.0	1,464.4

Consolidated statement of cash flows

Note	USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
	Profit/loss for the period	-8.3	0.8	-13.7	18.8	28.8
5	Reversed depreciation, amortisation and impairment losses	37.6	10.9	72.5	21.4	44.3
	Reversed financial items, net	7.4	5.3	16.8	4.4	6.9
	Reversed change in provision	0.0	-5.2	0.0	-17.9	-27.8
	Reversed profit/loss from sale of vessels etc.	-3.4	2.7	8.9	-6.5	-8.7
	Reversed share of profit/loss of joint ventures	-0.1	-0.1	-0.7	-2.6	-2.4
	Reversed other non-cash operating items	-6.6	3.6	-7.4	2.6	4.3
	Change in working capital	-2.7	4.2	15.5	-25.1	-64.5
11	Instalments on sub-lease receivables	2.0	0.0	3.7	0.0	0.0
	Financial payments, received	0.0	-2.1	2.1	2.8	9.6
	Financial payments, paid	-4.5	-3.4	-11.9	-6.5	-15.2
	Cash flows from operating activities	21.4	16.7	85.8	-8.6	-24.7
8	Investments in vessels and vessels held for sale	-8.9	-4.0	-9.9	-25.3	-101.8
8	Investments in other tangible assets	0.0	-4.2	0.0	-4.4	-0.8
8	Additions in prepayments on newbuildings and sold vessels	-1.4	-21.6	-37.9	-65.2	-101.4
	Investments in joint ventures	-1.0	0.0	-1.0	-1.1	-1.1
	Proceeds from sale of vessels, newbuildings and other tangible assets	61.3	0.0	61.3	52.9	88.4
	Investment in subsidiaries including acquired cash	-0.2	0.0	0.0	0.0	7.7
	Sale of securities	4.9	0.0	4.9	4.0	4.0
	Change in cash and cash equivalents with rate agreements of more than 3 months	-20.0	23.0	-18.8	12.8	26.6
	Cash flows from investing activities	34.7	-6.8	-1.4	-26.3	-78.4
	Dividend paid to shareholders	-12.0	0.0	-12.0	0.0	0.0
	Acquisition of treasury shares	0.0	0.0	-4.2	0.0	-5.9
	Net distribution to shareholders	-12.0	0.0	-16.2	0.0	-5.9
	Proceeds from loans	156.8	53.0	206.8	81.0	138.7
	Repayments of loans	-187.1	-58.0	-237.7	-63.5	-28.5
13	Instalments on lease liabilities	-29.6	0.0	-52.9	0.0	0.0
	Loan financing	-59.9	-5.0	-83.8	17.5	110.2
	Cash flows from financing activities	-71.9	-5.0	-100.0	17.5	104.3
	Change in liquidity for the period	-15.8	4.9	-15.6	-17.4	1.2
	Liquidity at beginning of the period	114.7	92.4	115.2	115.5	115.5
	Exchange rate adjustments	0.7	-0.1	0.0	-0.9	-1.5
	Change in liquidity for the period	-15.8	4.9	-15.6	-17.4	1.2
	Liquidity at end period	99.6	97.2	99.6	97.2	115.2
	Cash and cash equivalents with rate agreements of more than 3 months	88.0	83.0	88.0	83.0	69.2
	Cash and cash equivalents at end period acc. to the statement of financial position	187.6	180.2	187.6	180.2	184.4

Consolidated statement of changes in equity

USD million	Shareholders of NORDEN			
	Share capital	Reserves	Retained earnings	Total equity
Equity at 1 January 2019	6.7	-24.5	844.6	826.8
Total comprehensive income for the period	-	27.7	-13.7	14.0
Acquisition of treasury shares	-	-	-4.2	-4.2
Share-based payment	-	-	0.5	0.5
Dividends	-	-	-12.8	-12.8
Dividends on own shares	-	-	0.8	0.8
Changes in equity	-	27.7	-29.4	-1.7
Equity at 30 June 2019	6.7	3.2	815.2	825.1
Equity at 1 January 2018	6.7	7.0	820.7	834.4
Total comprehensive income for the period	-	8.7	18.8	27.5
Share-based payment	-	-	0.3	0.3
Changes in equity	-	8.7	19.1	27.8
Equity at 30 June 2018	6.7	15.7	839.8	862.2

Notes to the interim consolidated financial statements

1. Basis of preparation and changes to NORDEN's accounting policies

1.1 Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the EU and additional Danish disclosure requirements for the interim financial reporting of listed companies.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

The accounting policies, judgements and estimates are consistent with those applied in the consolidated annual report for 2018, apart from changes described below.

1.2 New standards, Interpretations and amendments by the Group

The Group has adopted standards and interpretations effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

The impact of the adoption of IFRS 16 Leases and the new accounting policies are disclosed in note 1 and note 17 in the Interim Report for first quarter 2019 to which we refer.

In note 17 in the Interim Report for first quarter 2019 is disclosed that profit/loss from operations (EBIT) will be increased by USD 3 million, and profit/loss for the year will decrease by USD 14 million. The effect is based on applying an unchanged lease portfolio as of 1 January 2019. The changes in the lease portfolio since 1 January 2019 have not been material. Thus, full year effects for 2019 are considered to be unchanged. Of the full year effect on profit/loss of USD -14 million, USD 5 million relates to the first half year of 2019.

The other standards did not have any impact on the accounting policies and on the interim consolidated financial statements of the Group.

In addition to IFRS 16, NORDEN has implemented the following interpretations and amendments to existing standards:

- IFRIC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Annual Improvements 2015-2017 Cycle (issued In December 2017)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures

None of these Interpretations or amendments have had any effect on the accounting policies applied by NORDEN.

For a complete description of accounting policies other than the accounting policy regarding IFRS 16 above, see the notes to the consolidated financial statements for 2018, pages 57-91 in the consolidated annual report for 2018.

Standards not yet in force at the end of April 2019

IASB has issued the following standards and amendments to existing standards which are either irrelevant or insignificant to NORDEN.

Non-EU endorsed:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its associate or Joint Venture.
- IFRS 17 Insurance Contracts
- Amendment to IFRS 3, Business combinations: definition of a business
- Amendments to IAS 1 and IAS 8: defining material

Significant accounting estimates and judgements

The accounting estimates and judgements, which Management deems to be significant to the preparation of the consolidated financial statements, are; impairment test, allocation of time charter hire payments between lease and non-lease components and assessment of control in shared ownership – pool arrangements. Reference is made to note 1.1 on page 58 for a further description in the consolidated annual report for 2018 and notes 1 and 17 in the Interim Report for first quarter 2019.

Notes to the interim consolidated financial statements
2. Segment information

USD million	Q2 2019					Q2 2018**				
	Dry Operator	Dry Owner	Tankers	Eliminations	Total	Dry Operator	Dry Owner	Tankers	Eliminations	Total
Revenue - services rendered, external	508.4	13.5	102.2	0.0	624.1	502.2	15.6	98.6	0.0	616.4
Revenue, services rendered, internal	6.5	37.0	12.4	-55.9	0.0	0.0	38.4	0.0	-38.4	0.0
Revenue - sublease financial income	0.0	0.5	0.0	0.0	0.5	-	-	-	-	-
Voyage costs	-233.2	-0.4	-38.9	0.0	-272.5	-205.9	-0.1	-41.1	0.0	-247.1
T/C equivalent revenue	281.7	50.6	75.7	-55.9	352.1	296.3	53.9	57.5	-38.4	369.3
Other operating income	-0.1	0.4	3.5	0.0	3.8	0.1	0.1	0.0	0.0	0.2
Charter hire and OPEX element	-274.1	-23.9	-41.3	55.9	-283.4	-278.7	-35.2	-38.9	38.4	-314.4
Operating costs owned vessels	0.0	-6.0	-13.6	0.0	-19.6	0.0	-7.2	-12.7	0.0	-19.9
Contribution margin	7.5	21.1	24.3	0.0	52.9	17.7	11.6	5.9	0.0	35.2
Overhead and administration costs	-8.9	-2.3	-6.7	0.0	-17.9	-8.6	-2.1	-3.5	0.0	-14.2
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	-1.4	18.8	17.6	0.0	35.0	9.1	9.5	2.4	0.0	21.0
Profit/loss from sale of vessels, etc.	0.0	3.4	0.0	0.0	3.4	0.0	-0.1	-2.6	0.0	-2.7
Depreciation, amortisation and impairment losses	-3.5	-16.2	-17.9	0.0	-37.6	-0.2	-3.2	-7.5	0.0	-10.9
Share of profit/loss of joint ventures	0.0	0.1	0.0	0.0	0.1	0.0	0.5	-0.4	0.0	0.1
Profit/loss from operations (EBIT)	-4.9	6.1	-0.3	0.0	0.9	8.9	6.7	-8.1	0.0	7.5
Financial income	0.3	0.8	0.6	0.0	1.7	0.0	0.7	0.5	0.0	1.2
Financial expenses	-0.2	-5.8	-3.1	0.0	-9.1	0.0	-4.1	-2.5	0.0	-6.6
Profit/loss before tax	-4.8	1.1	-2.8	0.0	-6.5	8.9	3.3	-10.1	0.0	2.1
Tax	-1.5	-0.1	-0.2	0.0	-1.8	-1.0	-0.2	-0.1	0.0	-1.3
Profit/loss for the period	-6.3	1.0	-3.0	0.0	-8.3	7.9	3.1	-10.2	0.0	0.8
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	-3.4	0.0	0.0	-3.4	0.0	0.1	2.6	0.0	2.7
Adjusted Result for the period*	-6.3	-2.4	-3.0	0.0	-11.7	7.9	3.2	-7.6	0.0	3.5

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

** Financial figures for 2018 are not restated to reflect IFRS 16.

Notes to the interim consolidated financial statements
2. Segment information

USD million	H1 2019					H1 2018**				
	Dry Operator	Dry Owner	Tankers	Eliminations	Total	Dry Operator	Dry Owner	Tankers	Eliminations	Total
Revenue - services rendered, external	1,019.0	33.9	224.2	0.0	1,277.1	982.6	24.8	200.2	0.0	1,207.6
Revenue, services rendered, internal	6.5	67.9	12.4	-86.8	0.0	0.0	77.7	0.0	-77.7	0.0
Revenue - sublease financial income	0.0	1.0	0.0	0.0	1.0	-	-	-	-	-
Voyage costs	-464.8	-1.2	-79.4	0.0	-545.4	-415.0	-0.3	-82.4	0.0	-497.7
T/C equivalent revenue	560.7	101.6	157.2	-86.8	732.7	567.6	102.2	117.8	-77.7	709.9
Other operating income	0.0	1.0	6.9	0.0	7.9	0.7	0.2	0.0	0.0	0.9
Charter hire and OPEX element	-542.3	-44.7	-76.3	86.8	-576.5	-537.9	-69.1	-76.4	77.7	-605.7
Operating costs owned vessels	0.0	-12.9	-26.3	0.0	-39.2	0.0	-14.0	-24.1	0.0	-38.1
Contribution margin	18.4	45.0	61.5	0.0	124.9	30.4	19.3	17.3	0.0	67.0
Overhead and administration costs	-18.8	-5.2	-13.2	0.0	-37.2	-17.4	-4.3	-7.2	0.0	-28.9
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	-0.4	39.8	48.3	0.0	87.7	13.0	15.0	10.1	0.0	38.1
Profit/loss from sale of vessels, etc.	0.0	-1.7	-7.2	0.0	-8.9	0.0	9.1	-2.6	0.0	6.5
Depreciation, amortisation and impairment losses	-5.9	-31.3	-35.3	0.0	-72.5	-0.3	-6.4	-14.7	0.0	-21.4
Share of profit/loss of joint ventures	0.0	0.7	0.0	0.0	0.7	0.0	3.1	-0.5	0.0	2.6
Profit/loss from operations (EBIT)	-6.3	7.5	5.8	0.0	7.0	12.7	20.8	-7.7	0.0	25.8
Financial income	0.3	1.8	1.2	0.0	3.3	0.0	3.2	2.1	0.0	5.3
Financial expenses	-0.4	-12.7	-7.0	0.0	-20.1	0.0	-5.9	-3.8	0.0	-9.7
Profit/loss before tax	-6.4	-3.4	0.0	0.0	-9.8	12.7	18.1	-9.4	0.0	21.4
Tax	-2.9	-0.4	-0.6	0.0	-3.9	-1.8	-0.5	-0.3	0.0	-2.6
Profit/loss for the period	-9.3	-3.8	-0.6	0.0	-13.7	10.9	17.6	-9.7	0.0	18.8
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	1.7	7.2	0.0	8.9	0.0	-9.1	2.6	0.0	-6.5
Adjusted Result for the period*	-9.3	-2.1	6.6	0.0	-4.8	10.9	8.5	-7.1	0.0	12.3

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

** Financial figures for 2018 are not restated to reflect IFRS 16.

Notes to the interim consolidated financial statements

3. Expense by nature

USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
Vessel operating costs	575.5	581.4	1,161.1	1,141.5	2,322.2
Overhead and administrations costs	17.9	14.2	37.2	28.9	59.8
Total	593.4	595.6	1,198.3	1,170.4	2,382.0
These costs can be split by nature:					
Voyage costs, see note 2	272.5	247.1	545.4	497.7	1,007.1
Charter hire and OPEX element, see note 2	283.4	314.4	576.5	605.7	1,237.7
Operating costs owned vessels excluding seafarers	7.5	8.4	14.7	15.2	40.0
Other external costs	7.1	4.0	10.5	7.7	14.3
Staff costs incl. seafarers	22.9	21.7	51.2	44.1	82.9
Total	593.4	595.6	1,198.3	1,170.4	2,382.0

4. Overhead and administration costs

USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
Staff costs, onshore employees	10.8	10.2	26.7	21.2	45.5
Other external costs	7.1	4.0	10.5	7.7	14.3
Total	17.9	14.2	37.2	28.9	59.8

5. Depreciation

USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
Vessels	11.0	10.6	22.3	20.9	43.3
Right-of-use assets	26.5	-	49.9	-	-
Property and equipment	0.1	0.3	0.3	0.5	1.0
Total	37.6	10.9	72.5	21.4	44.3

6. Financial expenses

USD million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Q1-Q4
Interest costs	4.2	3.7	10.3	6.9	15.9
Fair value adjustment, forward exchange contracts	-0.2	1.6	0.1	1.6	0.0
Exchange rate adjustments	0.0	1.3	0.0	1.2	0.0
Interest expense on lease liabilities	5.1	0.0	9.7	0.0	0.0
Total	9.1	6.6	20.1	9.7	15.9

7. Fair value adjustment - hedging Instruments

As of 30 June 2019, outstanding hedging contains:

Bunker hedging

USD million	2019 30/6	2018 30/6	2018 31/12
Movements in the hedging reserve:			
Beginning, 1 January	-26.9	7.9	7.9
Fair value adjustments	30.3	18.4	-14.1
Realised contracts, transferred to vessel operating costs (gain)	-2.2	-12.9	-20.7
End	1.2	13.4	-26.9

FFA hedging

USD million	2019 30/6	2018 30/6	2018 31/12
Movements in the hedging reserve:			
Beginning, 1 January	1.5	0.9	0.9
Fair value adjustments	0.9	0.0	5.2
Realised contracts, transferred to vessel operating costs (+ = loss, - = gain)	-2.2	1.0	-4.6
End	0.2	1.9	1.5

Notes to the interim consolidated financial statements
8. Vessels

USD million	2019 30/6	2018 30/6	2018 31/12
Cost at 1 January	1,207.3	1,198.5	1,198.5
Additions	9.9	4.0	80.5
Disposals	-1.3	-23.5	-48.0
Transferred during the year	55.9	84.4	112.0
Transferred to tangible assets held for sale	-198.1	-114.3	-135.7
Cost	1,073.7	1,149.1	1,207.3
Depreciation at 1 January	-284.9	-323.1	-323.1
Depreciation	-22.3	-20.9	-43.3
Depreciation related to derecognised assets	1.3	10.3	40.8
Transferred to tangible assets held for sale	72.9	32.5	40.7
Depreciation	-233.0	-301.2	-284.9
Impairment at 1 January	-126.8	-183.7	-183.7
Reversed impairment on vessels disposed of	0.0	-6.0	7.2
Transferred during the year	-4.2	6.9	-3.3
Transferred to tangible assets held for sale	55.3	48.8	53.0
Impairment	-75.7	-134.0	-126.8
Carrying amount	765.0	713.9	795.6

9. Right-of-use assets

USD million	2019 30/6	2018 30/6	2018 31/12
Cost at 1 January	289.9	-	-
Additions	35.7	-	-
Remeasurement	5.8	-	-
Transfer to subleases	-6.7	-	-
Cost	324.7	-	-
Depreciation at 1 January	-	-	-
Depreciation	-49.9	-	-
Depreciation	-49.9	-	-
Carrying amount	274.8	-	-

10. Prepayments on vessels and newbuildings

USD million	2019 30/6	2018 30/6	2018 31/12
Cost at 1 January	29.1	41.4	41.4
Additions	37.9	67.5	100.1
Transferred to vessels	-55.9	-84.4	-112.0
Transferred to tangible assets held for sale	0.0	0.0	0.0
Transferred to other items	-0.3	-0.2	-0.4
Cost	10.8	24.3	29.1
Impairment at 1 January	-4.2	-7.5	-7.5
Reversed impairment on vessels disposed of	0.0	3.3	0.0
Transferred during the year	4.2	0.0	0.0
Transferred to tangible assets held for sale	0.0	0.0	3.3
Impairment	0.0	-4.2	-4.2
Carrying amount	10.8	20.1	24.9

11. Receivables from subleasing

USD million	2019 30/6	2018 30/6	2018 31/12
Receivables from sublease at 1 January	35.2	-	-
Additions for the period	6.9	-	-
Payment received	-3.7	-	-
Receivables from sublease at end of period	38.4	-	-

Notes to the interim consolidated financial statements

12. Vessels held for sale

USD million	2019 30/6	2018 30/6	2018 31/12
Cost at 1 January	0.0	15.9	15.9
Additions to tangible assets held for sale	0.0	21.3	21.3
Additions from prepayments on vessels and newbuildings	0.0	0.0	0.0
Additions from vessels	69.9	33.0	42.0
Disposals	-69.9	-37.2	-79.2
Impairment for the period	0.0	0.0	0.0
Carrying amount	0.0	33.0	0.0
Which can be specified as follows:			
Vessels	0.0	33.0	0.0
Newbuildings	0.0	0.0	0.0
Total	0.0	33.0	0.0

13. Lease liabilities

USD million	2019 30/6	2018 30/6	2018 31/12
Lease liabilities at 1 January	350.4	-	-
Additions for the period	33.8	-	-
Remeasurements	5.5	-	-
Instalments made	-52.9	-	-
Lease liabilities at end of period	336.8	-	-

14. Related party disclosure

No significant changes have occurred to related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated annual report for 2018.

15. Contingent assets and liabilities

Since the end of 2018, no significant changes have occurred to contingent assets and liabilities other than those referred to in this interim report.

Notes to the interim consolidated financial statements
16. Overview of deliveries of owned vessels and fleet values
NORDEN's Tanker fleet at 30 June 2019

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	15.0	8.0	23.0
Chartered vessels	2.0	30.0	4.0	36.0
Total active fleet	2.0	45.0	12.0	59.0
Vessels to be delivered				
Owned vessels	0.0	0.0	0.0	0.0
Chartered vessels	0.0	8.0	1.0	9.0
Total vessels to be delivered	0.0	8.0	1.0	9.0
Total gross fleet	2.0	53.0	13.0	68.0

NORDEN's Tanker fleet values at 30 June 2019 (USD million)

Vessel type	LR1	MR	Handysize	Total
Average age of owned vessels	N/A	7.5	9.8	8.3
Market value of owned vessels and newbuildings*	0	332	115	448
Broker estimated value of certain charter parties attached to owned vessels	0	0	0	0
Carrying amount/cost	0	362	160	521
Value added	0	-29	-44	-74
Value of purchase and extension options on chartered tonnage as of 30 March 2019	0	2	16	19

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

NORDEN's Dry Owner fleet at 30 June 2019

Vessel type	Panamax	Supramax	Handysize	Total
Vessels in operation				
Owned vessels	2.0	9.5	2.0	13.5
Chartered vessels	12.5	13.0	3.0	28.5
Total active fleet	14.5	22.5	5.0	42.0
Vessels to be delivered				
Owned vessels	0.0	2.0	0.0	2.0
Chartered vessels	3.0	6.0	1.0	10.0
Total vessels to be delivered	3.0	8.0	1.0	12.0
Total gross fleet	17.5	30.5	6.0	54.0

NORDEN's Dry Owner fleet values at 30 June 2019 (USD million)

Vessel type	Panamax	Supramax	Handysize	Total
Average age of owned vessels	8.5	3.1	6.5	4.4
Market value of owned vessels and newbuildings*	34	270	27	331
Broker estimated value of certain charter parties attached to owned vessels	1	0	10	10
Carrying amount/cost	36	256	41	333
Value added	-2	14	-4	8
Value of purchase and extension options on chartered tonnage as of 30 March 2019	16	9	0	25

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

Notes to the interim consolidated financial statements

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

Overview of deliveries of owned vessels and fleet values

Name	Vessel type	Delivery quarter
Hull 10887	Supramax	Q3 2020
Hull 10895	Supramax	Q3 2020

CAPEX

USD million	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Total
Newbuilding payments and secondhand purchases	3	2	0	5	33	0	0	43
Other CAPEX*	35	9	6	2	0	0	1	54

Future payments to NORDEN from sold vessels: USD 0 million

*Capex includes ordinary dockings, acquisition and installation of scrubbers and ballast water treatment systems

17. Events after the reporting date

See page 11 in the Management Review.