

# Interim report – first half-year 2011

Announcement no. 30  
16 August 2011

## Key figures and ratios (USD million)

	Second quarter 2011	First half-year 2011
<b>EBITDA</b>		
Group	40	88
<b>EBITDA</b>		
Dry Cargo	32	75
Tankers	12	19
<b>EBIT</b>		
Group	21	51
<b>Theoretical NAV</b>		
DKK per share		246
<b>Coverage 2011</b>		
Dry Cargo		94%
Tankers		37%
<b>Outlook 2011</b>		
EBITDA		135-175
EBIT		55-95

## Highlights:

Results in the first half-year were slightly ahead of expectations due to a stronger than expected performance by the Tanker Department. The Dry Cargo Department performed in line with expectations. Excluding non-recurring income, operating earnings (EBITDA) in the second quarter were 8% higher than for the first quarter of 2011.

EBITDA in Dry Cargo was USD 32 million in the second quarter, whereas EBITDA in Tankers was USD 12 million.

For the second quarter, NORDEN's operating earnings (EBITDA) were USD 40 million compared to USD 100 million last year, which included non-recurring income of USD 41 million. Operating earnings for the first half of the year were USD 88 million against USD 179 million in the first half-year of 2010.

For the second quarter, the profit from operations (EBIT) was USD 21 million (USD 86 million). Profit for the period was USD 10 million (USD 83 million) after negative fair value adjustments of certain hedging instruments of USD 11 million.

In the first half-year, NORDEN gained market shares in Dry Cargo with 40% growth in transported volumes compared to the same period last year. In comparison, estimated market growth was 5-6% (R.S. Platou), and at the same time, COAs of 35 million tonnes of forward cargo have been secured.

Theoretical Net Asset Value was DKK 246 per share against DKK 275 per share at the end of first quarter. This development is due to change in the USD/DKK rate and decreased market value of vessels.

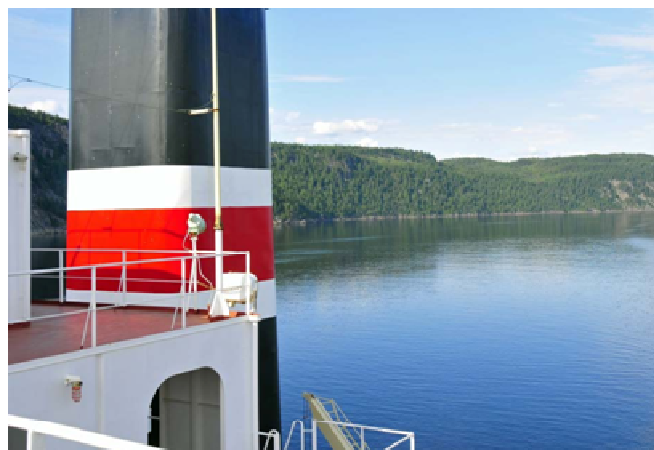
During the second quarter, the Dry Cargo Department increased coverage for 2011 to 94%, and therefore only has 1,317 open ship days for the rest of the year. In Tankers, coverage for 2011 remained unchanged from the first quarter.

NORDEN maintains its expectations of an EBITDA of USD 135-175 million and an EBIT of USD 55-95 million.

President and CEO Carsten Mortensen says in a comment: "I am satisfied that, despite very tough conditions, we performed a little better in the first half-year than expected. I am especially pleased with Tankers' nice contribution to NORDEN's bottom line and with the fact that the new strategy is well underway with the creation of significant and solid growth in cargo volumes in Dry Cargo."

A telephone conference will be held today at 15:30 hours (CET) where CEO Carsten Mortensen, CFO Michael Tønnes Jørgensen and Senior Vice President Martin Badsted will comment on the report. By 15:25 hours (CET) at the latest, Danish participants should dial +45 3271 4767 while participants from abroad should dial +44 (0) 208 817 9301 or +1 718 354 1226. The telephone conference can be followed live at [www.ds-norden.com](http://www.ds-norden.com) where the accompanying presentation is also available.

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



## Key figures and ratios for the Group

Key figures are in USD '000	2011 1/1-30/6	2010 1/1-30/6	Change first half 2010-2011	2010 1/1-31/12
<b>INCOME STATEMENT</b>				
Revenue	1,109,209	1,101,736	1%	2,189,606
Costs	-1,021,093	-922,832	11%	-1,950,046
Profit before depreciation, etc. (EBITDA) <sup>1)</sup>	88,116	178,904	-51%	239,560
Profit from sale of vessels, etc.	-358	-2,979	-88%	28,148
Profit from operations (EBIT)	51,122	155,082	-67%	222,543
Fair value adjustment of certain hedging instruments	21,263	1,060	N/A	30,771
Net financials	9,910	-7,272	N/A	-2,539
Profit before tax	82,295	148,870	-45%	250,775
Profit for the period	79,146	146,263	-46%	244,802
Profit for the period for the NORDEN shareholders	79,147	146,263	-46%	244,802
<b>STATEMENT OF FINANCIAL POSITION</b>				
Non-current assets	1,529,453	1,085,248	41%	1,373,065
Total assets	2,295,872	2,098,715	9%	2,250,481
Equity (including minority interests)	1,987,512	1,901,760	5%	1,998,053
Liabilities	308,360	196,955	57%	252,428
Invested capital	1,605,884	1,251,207	28%	1,443,755
Net interest-bearing assets	381,628	650,553	-41%	554,298
Cash and securities	498,403	711,570	-30%	612,721
<b>CASH FLOWS</b>				
From operating activities	66,323	187,062	-65%	298,388
From investing activities	-183,734	-136,211	35%	-380,117
- hereof investments in property, plant and equipment	-193,938	-216,080	-10%	-565,724
From financing activities	-36,910	-55,299	-33%	-65,458
Change in cash and cash equivalents for the period	-154,321	-4,448	N/A	-147,187
<b>FINANCIAL AND ACCOUNTING RATIOS</b>				
Share related key figures and ratios:				
Number of shares of DKK 1 each (excluding treasury shares)	41,209,774	42,074,033	-2%	42,075,180
Earnings per share (EPS) (DKK <sup>2)</sup> )	1.9 (10)	3.5 (20)	-46%	5.8 (33)
Diluted earnings per share (diluted EPS) (DKK <sup>2)</sup> )	1.9 (10)	3.5 (19)	-46%	5.8 (33)
Book value per share (excluding treasury shares) (DKK <sup>2)</sup> )	48.2 (249)	45.2 (274)	7%	47.5 (267)
Share price at end of period, DKK	177.1	211.7	-16%	202.5
Price/book value (DKK <sup>2)</sup> )	0.71	0.80	-11%	0.76
Net Asset Value per share excl. purchase options for vessels (DKK <sup>2)</sup> )	45.2 (233)	46.0 (279)	-2%	47.4 (266)
Theoretical Net Asset Value per share <sup>3)</sup> (DKK <sup>2)</sup> )	47.8 (246)	57.1 (346)	-16%	54.9 (308)
Other key figures and ratios:				
EBITDA ratio <sup>1)</sup>	7.9%	16.2%	-51%	10.9%
ROIC	6.7%	26.0%	-74%	17.3%
ROE	7.9%	15.8%	-50%	12.9%
Equity ratio	86.6%	90.6%	-4%	88.8%
Total no. of ship days for the Group	35,774	29,659	21%	66,044
USD/DKK rate at end of period	516.07	607.02	-15%	561.33
Average USD/DKK rate	531.98	561.24	-5%	562.57

<sup>1)</sup> The ratios were computed in accordance with the "Recommendations and Financial Ratios 2010" published by the Danish Society of Financial Analysts except from Theoretical Net Asset Value which is not defined in the guidelines. Furthermore, "Profit from sale of vessels, etc." has not been included in EBITDA.

<sup>2)</sup> Translated at the USD/DKK rate at end of period.

<sup>3)</sup> Please note that the calculation is subject to significant uncertainty. See "Financial review – Valuation methods for calculating theoretical NAV" on page 45 in the consolidated annual report for 2010 for supplementary information.

## Strategy update

### Strategy plan on track

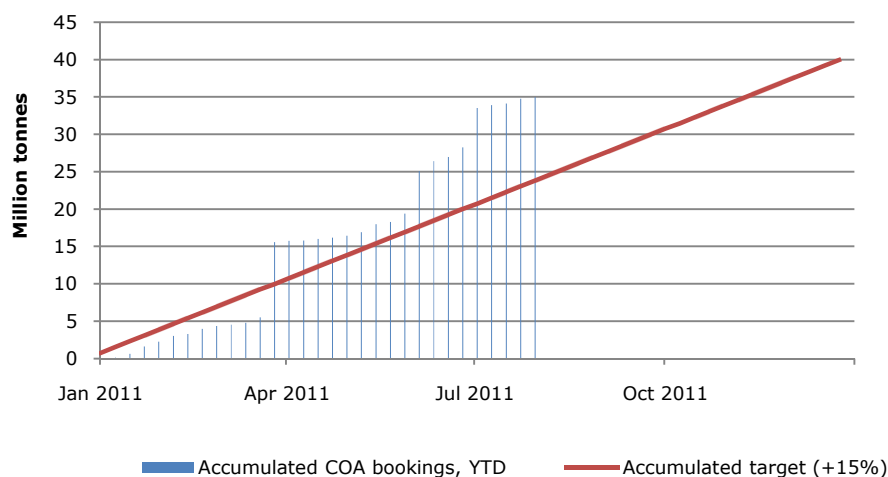
According to the 2011-2013 strategy plan *Long-term Growth in Challenging Times*, NORDEN aims to grow transported dry cargo volumes by 15% annually on average and increase its market share with solid, global mining and commodity companies, energy producers, construction groups, etc. Actual transported volumes in the first-half year grew by 40% compared to the same period last year, while the dry cargo market is believed to have grown by 5-6% (source: R.S. Platou), and NORDEN has consequently gained market shares.

### Forward cargo bookings of 35 million tonnes

NORDEN also strives to grow its contractually secured cargo volumes by 15% p.a. in 2011-2013 through consistent focus on concluding new COAs. Since the turn of the year, NORDEN has entered into a number of COAs, securing around 35 million tonnes of cargo vs. the full-year target of 40 million tonnes. The most significant cargo contracts concluded in the first half-year is a 5-year COA regarding coal from Indonesia (option South Africa) to India from 2012, a 10-year COA on salt from Chile to the U.S. commencing in 2013 and a 5-year COA on coal from Svalbard to Northern Europe, where the first shipments took place in July 2011. Volumes under these 3 contracts amount to more than 20 million tonnes resulting in approximately 330 Handymax and Panamax shipments.

### Close to full year target of 15% growth in forward cargo bookings

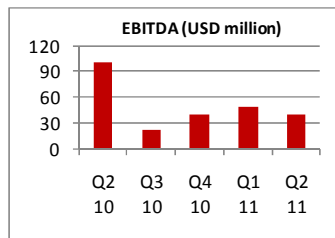
Development in forward cargo bookings



### Tankers beating market rates

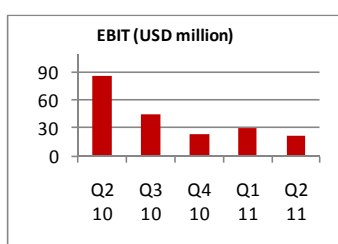
In Tankers, the key strategic priorities for 2011-2013 are to continue beating market rates and growing the owned product tanker fleet to more than 25 vessels. NORDEN's daily earnings in the first half-year were 9-10% above the 1-year T/C rates, while the acquisition of 1 vessel and contracting of 4 newbuildings resulted in an owned product tanker fleet of 21 vessels, 17 of which on the water.

## Comments on the development of the Group for the period



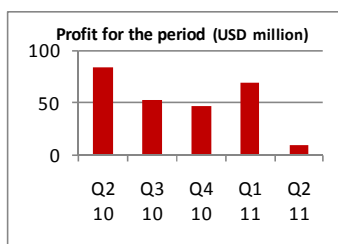
In the second quarter, NORDEN generated operating earnings before depreciation and profits from sale of vessels (EBITDA) of USD 40 million. The result is 60% lower than in the same period last year, which included non-recurring income of USD 41 million. Excluding non-recurring income, EBITDA was approximately 32% lower than for the second quarter last year, which is primarily attributable to a weaker dry cargo market.

NORDEN's EBITDA in the first half-year was USD 88 million against USD 179 million in the same period in 2010. Compared to the first quarter, excluding non-recurring income of USD 11 million in the first quarter, EBITDA was 8% higher in the second quarter.



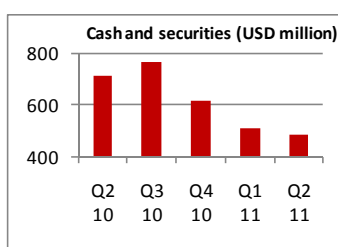
NORDEN's additions to its owned Dry Cargo fleet since 2010 as well as tonnage acquisitions in Tankers led to an increase in depreciation to USD 20 million (USD 11 million) in the second quarter.

Profit from operations (EBIT) was USD 21 million (USD 86 million) in the second quarter. Excluding non-recurring income, this was a decrease of 53% compared to last year, and an increase of 11% compared to the first quarter of 2011.



In the second quarter, profit for the period was USD 10 million (USD 83 million). For the first half-year, profit for the period was USD 79 million (USD 146 million), yielding a return on equity of 7.9% (15.8%) p.a. During the quarter, equity decreased by USD 44 million to USD 1,987 million (USD 2,031 million). The decrease is mainly due to dividend payment to shareholders of USD 64 million.

In the second quarter, NORDEN drew USD 87 million on a credit facility of USD 200 million in total established in 2010 with BNP Paribas, China Construction Bank and Chinese export guarantee fund SINOSURE, in relation to 7 newbuildings from Chinese shipyards. Offset primarily by dividend payments of USD 64 million and repayments on loans of USD 13 million, the total cash flow from financing activity was USD 9 million.



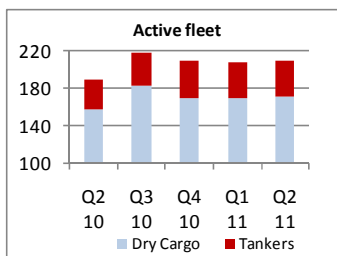
NORDEN is still in a strong financial position to take advantage of future investment opportunities. At the end of the quarter, the Company had cash and securities of USD 498 million and undrawn credit facilities of USD 113 million. In comparison, there are outstanding payments on the newbuilding programme of USD 350 million including the 4 new MR vessels, which fall due in the period 2011-2013.

### Increasing net commitments

In the quarter, the Company's net commitments rose by USD 164 million to USD 715 million. Despite increasing net commitments, NORDEN's strong financial position is underlined by the fact that the total net commitments at the end of the quarter represented a gearing of 0.36 of book equity.

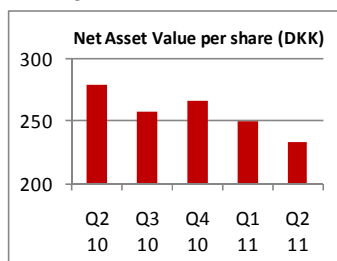
### Capital reduction

Following the USD 32 million share buyback programme undertaken in the first quarter, a capital reduction of DKK 1.6 million nominally by cancellation of treasury shares was implemented in the quarter, corresponding to a reduction of the share capital by 3.6%. After the cancellation, NORDEN's holding of treasury shares represents approximately 1.8 million shares or 4.16% of the share capital.

**Continued growth in NORDEN's active core fleet**


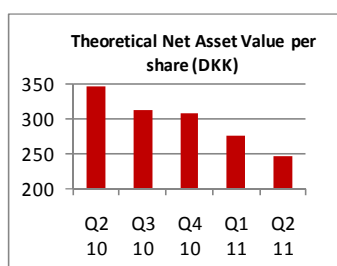
NORDEN's total active fleet increased by 3 vessels during the quarter driven by an increase in the core fleet of 8 vessels. The short-term chartered fleet, on the other hand, decreased by 5 vessels. As a consequence, the total active fleet amounts to 210 vessels at the end of the second quarter. Moreover, the order book consisted of 40 vessels at the end of the period, of which 35 are for delivery to the core fleet (see note 8 to the financial statements for an overview of deliveries to the core fleet).

The active Dry Cargo fleet increased by 1 vessel during the second quarter, totaling 171 units at the end of the quarter. The core fleet increased by 7 units during the quarter as NORDEN took delivery of 3 owned Handysize vessels and 4 chartered vessels with purchase option. During the quarter, the Tanker Department took delivery of 1 owned MR vessel, increasing the core fleet to 26 vessels. The total active fleet in Tankers at the end of the quarter amounted to 39 units.

**Net Asset Value of DKK 233 per share**


Based on assessments from 3 independent brokers, the market value of NORDEN's owned vessels and newbuildings (including vessels in joint ventures and vessels held for sale) was estimated at USD 1,697 million at the end of the quarter. The value of owned vessels fell by 4% during the quarter, driven by a 6% drop in the value of NORDEN's Dry Cargo vessels, whereas the value of the Company's Tanker vessels increased by 1%. The theoretical value of NORDEN's charter parties with purchase and extension option is estimated at USD 107 million at the end of the half-year, compared to USD 201 million at the end of the first quarter. This is mainly driven by a drop in T/C rates in the major vessel types.

NORDEN's total theoretical NAV is calculated at DKK 246 per share at the end of the second quarter against DKK 275 per share at the end of the first quarter, corresponding to a decrease of 11%. The decrease is due to a combination of a 2% lower USD/DKK exchange rate and a lower value of the owned fleet and purchase options as a result of the weaker T/C market.

**Theoretical Net Asset Value of DKK 246 per share**


The theoretical NAV is composed of book equity of DKK 249 per share, added value of owned vessels and newbuildings based on estimates from 3 independent brokers of DKK -16 per share, as well as the value of NORDEN's 63 charter parties with purchase and extension option of DKK 13 per share.

The value of the theoretical NAV is sensitive to changes in freight rates and vessels prices. In a sensitivity analysis of +/- 10% in freight rates and vessel prices, the theoretical NAV changes to DKK 290 and DKK 203 per share corresponding to a percentage-wise change of +/- 18%.

**No indication of impairment**

At the end of the second quarter, the net selling price of NORDEN's fleet, excluding 2 vessels in joint venture and vessels held for sale, was USD 126 million below the carrying amounts and costs. This difference is divided between Dry Cargo and Tankers with USD -120 million and USD -6 million, respectively. Consequently, an impairment test was carried out, and based on this, there was no indication of impairment and thus no need for write-downs (see note 1 "Significant accounting policies" in the consolidated annual report for 2010 for additional information).



## Segment information

USD '000	Second quarter 2011				Second quarter 2010			
	Dry Cargo	Tankers	Not allocated	Total	Dry Cargo	Tankers	Not allocated	Total
Revenue – services rendered	458,516	102,637	0	561,153	525,946	59,539	0	585,485
Voyage costs	-185,142	-48,269	0	-233,411	-113,010	-20,552	0	-133,562
<b>Contribution margin I</b>	<b>273,374</b>	<b>54,368</b>	<b>0</b>	<b>327,742</b>	<b>412,936</b>	<b>38,987</b>	<b>0</b>	<b>451,923</b>
Other operating income, net	1,038	47	0	1,085	1,154	37	43	1,234
Vessel operating costs	-233,399	-41,078	0	-274,477	-305,064	-36,855	0	-341,919
Costs	-9,405	-1,625	-3,039	-14,069	-8,075	-1,303	-2,293	-11,671
<b>Profit before depreciation, etc. (EBITDA)</b>	<b>31,608</b>	<b>11,712</b>	<b>-3,039</b>	<b>40,281</b>	<b>100,951</b>	<b>866</b>	<b>-2,250</b>	<b>99,567</b>
Profit from sale of vessels, etc.	19	-1	0	18	-2,218	0	0	-2,218
Depreciation and impairment	-10,421	-8,263	-891	-19,575	-4,455	-5,730	-674	-10,859
Share of results of joint ventures	-17	408	0	391	-18	-12	0	-30
<b>Profit from operations (EBIT)</b>	<b>21,189</b>	<b>3,856</b>	<b>-3,930</b>	<b>21,115</b>	<b>94,260</b>	<b>-4,876</b>	<b>-2,924</b>	<b>86,460</b>
Fair value adjustment of certain hedging instruments	-11,429	0	0	-11,429	1,947	0	0	1,947
Financial income	0	0	4,222	4,222	0	0	1,560	1,560
Financial costs	0	0	-2,367	-2,367	0	0	-5,288	-5,288
Tax for the period	-1,369	-176	-1	-1,546	-1,109	-224	0	-1,333
<b>Profit for the period</b>	<b>8,391</b>	<b>3,680</b>	<b>-2,076</b>	<b>9,995</b>	<b>95,098</b>	<b>-5,100</b>	<b>-6,652</b>	<b>83,346</b>

USD '000	First half-year 2011				First half-year 2010			
	Dry Cargo	Tankers	Not allocated	Total	Dry Cargo	Tankers	Not allocated	Total
Revenue – services rendered	940,543	168,666	0	1,109,209	983,396	118,340	0	1,101,736
Voyage costs	-358,312	-62,780	0	-421,092	-239,326	-41,666	0	-280,992
<b>Contribution margin I</b>	<b>582,231</b>	<b>105,886</b>	<b>0</b>	<b>688,117</b>	<b>744,070</b>	<b>76,674</b>	<b>0</b>	<b>820,744</b>
Other operating income, net	2,227	88	0	2,315	1,722	84	43	1,849
Vessel operating costs	-490,564	-84,097	0	-574,661	-547,567	-71,665	0	-619,232
Costs	-18,455	-3,222	-5,978	-27,655	-16,354	-2,774	-5,329	-24,457
<b>Profit before depreciation, etc. (EBITDA)</b>	<b>75,439</b>	<b>18,655</b>	<b>-5,978</b>	<b>88,116</b>	<b>181,871</b>	<b>2,319</b>	<b>5,286</b>	<b>178,904</b>
Profit from sale of vessels, etc.	79	-450	13	-358	-2,978	-3	2	-2,979
Depreciation and impairment	-19,565	-15,532	-1,556	-36,653	-9,231	-10,169	-1,345	-20,745
Share of results of joint ventures	-41	58	0	17	-53	-45	0	-98
<b>Profit from operations (EBIT)</b>	<b>55,912</b>	<b>2,731</b>	<b>-7,521</b>	<b>51,122</b>	<b>169,609</b>	<b>-7,898</b>	<b>-6,629</b>	<b>155,082</b>
Fair value adjustment of certain hedging instruments	21,263	0	0	21,263	1,060	0	0	1,060
Financial income	0	0	13,464	13,464	0	0	2,945	2,945
Financial costs	0	0	-3,554	-3,554	0	0	-10,217	-10,217
Tax for the period	-2,680	-358	-111	-3,149	-2,174	-433	0	-2,607
<b>Profit for the period</b>	<b>74,495</b>	<b>2,373</b>	<b>2,278</b>	<b>79,146</b>	<b>168,495</b>	<b>-8,331</b>	<b>-13,901</b>	<b>146,263</b>



## INTERIM REPORT – FIRST HALF-YEAR 2011

USD '000	First half-year 2011				First half-year 2010			
	Dry Cargo	Tankers	Not allocated	Total	Dry Cargo	Tankers	Not allocated	Total
Vessels	669,294	471,533	0	1,140,827	220,613	363,702	0	584,315
Prepayments on vessels and newbuildings	239,416	59,221	0	298,637	364,498	47,919	0	412,417
Other tangible assets	1,436	0	54,078	55,514	1,627	0	55,219	56,846
Investments in joint ventures	31,264	3,211	0	34,475	27,174	4,496	0	31,670
<b>Non-current assets</b>	<b>941,410</b>	<b>533,965</b>	<b>54,078</b>	<b>1,529,453</b>	<b>613,912</b>	<b>416,117</b>	<b>55,219</b>	<b>1,085,248</b>
<b>Current assets</b>	<b>227,262</b>	<b>40,754</b>	<b>498,403</b>	<b>766,419</b>	<b>279,142</b>	<b>22,755</b>	<b>711,570</b>	<b>1,013,467</b>
- hereof tangible assets held for sale	0	0	0	0	142,926	0	0	142,926
<b>Total assets</b>	<b>1,168,672</b>	<b>574,719</b>	<b>552,481</b>	<b>2,295,872</b>	<b>893,054</b>	<b>438,872</b>	<b>766,789</b>	<b>2,098,715</b>

## Dry Cargo

### Earnings in line with expectations

The Dry Cargo Department earned an EBITDA of USD 32 million in the second quarter, which was in line with expectations. High coverage at sound rate levels contributed significantly to earnings and provided a good protection from weak spot market rates.

### T/C earnings above market levels

The market continued on a downward trend in the second quarter with the Baltic Dry Index (BDI) dropping 8%, taking the BDI's decrease to 20% for the first half of the year. After a sharp decrease in rates in the first quarter, the Capesize vessels rebounded to some extent during the second quarter, however, not enough to offset first quarter's poor performance. Despite relative market weakness, the smaller vessel types continued to outperform larger vessel types, as an indication of a relatively sound demand for coal, grain and minor bulk cargoes.

The Dry Cargo Department managed to generate earnings approximately 37% above the spot market in the second quarter. Panamax and Handymax, NORDEN's biggest vessel types, generated T/C earnings above USD 18,000 per day, which was 35% and 29% above the spot market, respectively. This was due to high coverage at attractive rates.

Employment and rates, Dry Cargo, second quarter 2011

Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total**
NORDEN ship days	360	546	6,172	5,580	1,670	14,328
NORDEN T/C (USD per day)	41,330	18,661	18,634	18,771	13,325	18,640
Spot T/C (USD per day)*	8,709	10,922	13,848	14,583	11,471	13,617
NORDEN vs. spot T/C	375%	71%	35%	29%	16%	37%

\* Source: Baltic Exchange

\*\* Weighted average

### Continued global fleet growth

Deliveries of new vessels to the dry cargo fleet continued at a strong pace in the second quarter. Around 19.5 million dwt. was delivered during the period, taking total deliveries for the first half-year to 43.8 million dwt. After scrapping, the fleet grew by 6% net in the first 6 months of the year. Looking at individual vessel types, the Handysize fleet grew by 2.5%, while the other types grew between 6-7%. In the first half of the year, 13 million dwt. was scrapped and there is considerable potential for further scrapping, especially in the Handysize type, where 45% of the fleet is older than 20 years. It is, however, unlikely that the rate of scrapping will be sufficient to counterbalance the volume of deliveries for the rest of the year. The supply of dry cargo vessels is expected to grow by around 13-14% net in 2011, while dry cargo ton-mile demand is expected to grow by 8%, of which 1.5% is from Chinese coastal trade (source: R.S. Platou).

### China showing no sign of weakness

China's demand for seaborne-traded commodities showed no signs of weakness in the first half of 2011. During the period, China imported 335 million tonnes of iron ore, an increase of 8% compared to the first 6 months of 2010. At the same time, Chinese steel production was 353 million tonnes, 10% more than last year, reflecting a strong domestic demand for infrastructure and housing construction projects (sources: China Customs General Administration, International Iron & Steel Institute).





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NORDEN's Dry Cargo fleet and values at 30 June 2011						
Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	3	4	3	3	6	19
Chartered vessels with purchase option	1	2	11	17	7	38
<b>Total active core fleet</b>	<b>4</b>	<b>6</b>	<b>14</b>	<b>20</b>	<b>13</b>	<b>57</b>
Chartered vessels without purchase option	0	0	55	47	12	114
<b>Total active fleet</b>	<b>4</b>	<b>6</b>	<b>69</b>	<b>67</b>	<b>25</b>	<b>171</b>
<b>Vessels to be delivered</b>						
Newbuildings (owned)	0	0	2	2 <sup>A</sup>	11	15
Chartered vessels with purchase option	0	2	6	3	3	14
<b>Total for delivery to core fleet</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>5</b>	<b>14</b>	<b>29</b>
Chartered vessels over 3 years without purchase option	0	0	1	0	2	3
<b>Total to be delivered</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>5</b>	<b>16</b>	<b>32</b>
<b>Total gross fleet</b>	<b>4</b>	<b>8</b>	<b>78</b>	<b>72</b>	<b>41</b>	<b>203</b>
A) 2 units in 50%-owned joint venture						
<b>Dry Cargo fleet values at 30 June 2011 (USD million)</b>						
Market value of owned vessels and newbuildings*	143	154	162	122	456	1,037
Added value of owned vessels and newbuildings	43	-49	-22	1	-93	-120
Value of charter parties with purchase and extension option	9	-30	38	91	3	111
* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.						

**Capacity and coverage**

The Dry Cargo Department's coverage for the rest of 2011 is at 94% and 50% for 2012, both at sound rate levels. Until 2013, average costs of the known fleet will decrease to approximately USD 10,500 per day, whereas average known earnings for 2011-2013 will be on a level of approximately USD 18,000 per day.

Capacity and coverage, Dry Cargo, at 30 June 2011								
	2011	2012	2013	2014+	2011	2012	2013	2014+
<b>Gross capacity</b>	Ship days				Costs for gross capacity (USD per day)			
Capesize	736	1,464	1,460	12,008	8,775	8,775	8,775	6,897
Post-Panamax	1,268	2,762	2,920	34,819	10,650	11,350	11,770	9,191
Panamax	7,236	6,522	5,836	45,554	14,247	12,162	11,638	10,420
Handymax	7,512	10,971	8,903	41,180	14,318	12,811	11,723	8,443
Handysize	3,968	10,089	11,010	123,929	9,974	9,190	8,861	5,349
<b>Total</b>	<b>20,721</b>	<b>31,808</b>	<b>30,129</b>	<b>257,490</b>	<b>13,040</b>	<b>11,217</b>	<b>10,522</b>	<b>7,333</b>
<b>Coverage</b>	Ship days				Revenue from coverage (USD per day)			
Capesize	800	732	553	0	34,558	45,872	45,528	0
Post-Panamax	668	0	0	0	19,326	0	0	0
Panamax	9,302	7,680	4,562	12,191	18,521	17,960	17,942	19,395
Handymax	6,627	5,343	2,511	5,070	15,975	20,300	15,252	14,634
Handysize	2,006	2,171	1,701	9,509	11,654	12,447	13,449	13,354
<b>Total</b>	<b>19,403</b>	<b>15,926</b>	<b>9,327</b>	<b>26,770</b>	<b>17,631</b>	<b>19,276</b>	<b>18,034</b>	<b>16,347</b>
<b>Coverage in %</b>								
Capesize	109%	50%	38%	0%				
Post-Panamax	53%	0%	0%	0%				
Panamax	129%	118%	78%	27%				
Handymax	88%	49%	28%	12%				
Handysize	51%	22%	15%	8%				
<b>Total</b>	<b>94%</b>	<b>50%</b>	<b>31%</b>	<b>10%</b>				

## Tankers

### Results better than expected

In the second quarter, the Tanker Department earned an EBITDA of USD 12 million, which was better than expected. This was primarily due to higher spot earnings as the fleet was well positioned to take advantage of the temporary improvement in the Atlantic market in the period.

In the second quarter, NORDEN's MR vessels earned USD 15,992 on average per day, which was 14% higher than the 1-year time charter market. In Handysize, NORDEN generated USD 13,883 per day, or 3% higher than the benchmark (source: ACM).

#### Employment and rates, Tankers, second quarter 2011

Vessel type	MR	Handysize	Total**
NORDEN ship days	1,788	1,623	3,411
NORDEN T/C (USD per day)	15,992	13,883	14,989
1-year T/C (USD per day)*	14,000	13,500	13,762
NORDEN vs. 1-year T/C	14%	3%	9%

\* Source: ACM

\*\* Weighted average

### Declining demand for oil during the quarter

In the second quarter, the product tanker market was mainly driven by strong exports from the U.S. Gulf and strong demand in South America and Africa. In addition, demand was driven by trading activity in a tight oil market due to high oil prices and a tighter refinery market after the earthquake in Japan and the war in Libya.

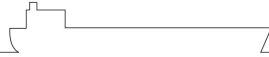
The International Energy Agency (IEA) estimates that oil demand decreased by 0.9 million barrels per day or 1% in the second quarter compared to the first quarter of 2011. Despite persistently high oil prices and slower demand in the quarter, IEA expects oil demand to increase for the remainder of the year, reaching an average demand of 89.5 million barrels per day for 2011 – a growth rate of 1.4% compared to 2010. Growth is expected to be limited to non-OECD countries. China's demand in particular is expected to grow by 6.9%, accounting for 30% of global demand growth in the period. On the other hand, after a solid start to the year, North American oil demand is starting to show signs of slowdown due to high oil prices and slowing economic activity. Preliminary data indicate that oil demand in North America in May fell by 2.6% year-on-year and is forecasted to drop by 0.9% in the full year 2011 compared to 2010 (source: IEA, July 2011).

### Moderate changes in the global fleet

Global fleet growth in NORDEN's vessel types – Handysize and MR – continued at a moderate pace in the second quarter, growing by 1%. The Handysize fleet grew by 0.3%, while the MR fleet grew by 1.9%. As a result of low contracting activity, the order book for 2012 and onwards was practically unchanged, further supporting the slowdown in vessel supply (source: SSY).

### 4 newbuilding contracts

In the second quarter, NORDEN took over 4 product tanker newbuilding contracts with expected delivery in the first and second quarters of 2013 from the Korean yard STX Offshore & Shipbuilding Co. Ltd. The 4 new MR vessels will be equipped with technology which will improve STX's already efficient vessel design and is expected to improve fuel efficiency by more than 15% and reduce CO<sub>2</sub> emissions correspondingly. Compared to average modern standard MR designs, improvements amount to approximately 25%.



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<b>NORDEN's Tanker fleet and values at 30 June 2011</b>			
Vessel type	MR	Handysize	Total
<b>Vessels in operation</b>			
Owned vessels	5	11	16
Chartered vessels with purchase option	10	0	10
<b>Total active core fleet</b>	<b>15</b>	<b>11</b>	<b>26</b>
Chartered vessels without purchase option	3	10	13
<b>Total active fleet</b>	<b>18</b>	<b>21</b>	<b>39</b>
<b>Vessels to be delivered</b>			
Newbuildings (owned)	5	0	5
Chartered vessels with purchase option	1	0	1
<b>Total for delivery to core fleet</b>	<b>6</b>	<b>0</b>	<b>6</b>
Chartered vessels over 3 years without purchase option	2	0	2
<b>Total to be delivered</b>	<b>8</b>	<b>0</b>	<b>8</b>
<b>Total gross fleet</b>	<b>26</b>	<b>21</b>	<b>47</b>
<b>Tanker fleet values at 30 June 2011 (USD million)</b>			
Market value of owned vessels and newbuildings*	351	309	660
Added value of owned vessels and newbuildings	-11	5	-6
Value of charter parties with purchase and extension option	-4	0	-4
* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any			

**Capacity and coverage**

At the end of the second quarter, NORDEN had covered 37% of the ship days for the rest of 2011. Until 2013, average costs of the known fleet will decrease to approximately USD 10,200 per day, whereas average known earnings for 2011-2013 will amount to approximately USD 13,000 per day.

<b>Capacity and coverage, Tankers, at 30 June 2011</b>								
	2011	2012	2013	2014+	2011	2012	2013	2014+
<b>Gross capacity</b>			Ship days		Costs for gross capacity (USD per day)			
MR	3,870	6,993	7,714	72,768	13,113	12,584	11,766	8,248
Handysize	3,417	4,718	4,015	54,231	9,023	7,778	7,088	7,088
<b>Total</b>	<b>7,287</b>	<b>11,711</b>	<b>11,729</b>	<b>126,999</b>	<b>11,195</b>	<b>10,648</b>	<b>10,164</b>	<b>7,752</b>
<b>Coverage</b>			Ship days		Revenue from coverage (USD per day)			
MR	1,116	744	333	0	14,648	13,422	13,041	0
Handysize	1,561	492	0	0	11,878	12,537	0	0
<b>Total</b>	<b>2,677</b>	<b>1,236</b>	<b>333</b>	<b>0</b>	<b>13,033</b>	<b>13,069</b>	<b>13,041</b>	<b>0</b>
<b>Coverage in %</b>								
MR	29%	11%	4%	0%				
Handysize	46%	10%	0%	0%				
<b>Total</b>	<b>37%</b>	<b>11%</b>	<b>3%</b>	<b>0%</b>				

## Expectations for 2011

### NORDEN maintains its expectations

Expectations for the profit for the year remain unchanged. Like stated in previous reports, 2011 is expected to be marked by low freight rates in dry cargo, whereas rates in tankers are expected to be higher on average than in the 2 previous years. Keeping these market expectations in mind, NORDEN continues to be well positioned for the rest of 2011 with high coverage in Dry Cargo and free capacity in Tankers.

### Expectations for the full year

Expectations for 2011 USD million	Dry Cargo	Tankers	Total
<b>EBITDA</b>	125-155	20-30	135-175
Realised profit from sale of vessels			0
<b>EBIT</b>			55-95
<b>CAPEX</b>			260-300

### No sale of vessels

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

### Risks and uncertainties

Expectations for earnings on open ship days are based on current forward rates in Dry Cargo. In Tankers, expectations are based on previously announced budget rates of USD 13,500 and USD 14,000 per day for Handysize and MR, respectively, which are higher than current, seasonally low spot rates. Based on 6,000 open ship days, a change of USD 1,000 per day in both Dry Cargo and Tankers would mean a change in earnings of approximately USD 6 million. Given the high coverage in Dry Cargo, sensitivity to changes in the market level primarily comes from the Tanker segment. In the Dry Cargo segment, sensitivity in the expectations mainly relates to shifting in the rate difference between fronthaul and backhaul and between Panamax and Handysize.

### 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 2011 and the years to come naturally carry some uncertainty, and NORDEN's actual results may therefore differ from the expectations. Factors that may cause the results achieved to differ from the expectations are, among other things, but not exclusively, changes in the macroeconomic and political conditions – especially in the Company's key markets – changes in NORDEN's assumptions of rate development and operating costs, volatility in rates and vessel prices, changes in legislation, possible interruptions in traffic and operations as a result of external events, etc.



## INTERIM REPORT FOR THE FIRST HALF-YEAR OF 2011 - THE GROUP

### Statement

The Board of Directors and the Board of Management today reviewed and approved the interim report for the first half-year of 2011 of Dampskibsselskabet NORDEN A/S.

The interim report is prepared in accordance with the International Financial Reporting Standard IAS 34 on interim reports and the general Danish financial disclosure requirements for listed companies. In line with previous policies, the interim report is not audited or auditor-reviewed.

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

Besides what has been disclosed in the interim report, no other significant changes in the Company's risk and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2010.

In our opinion, the interim report gives a true and fair view of the assets and liabilities of the Group, the financial position as well as the result of the Group's activities and cash flows for the interim period.

Furthermore, the management's review gives a true and fair account 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, 16 August 2011

#### Board of Management

Carsten Mortensen  
President & CEO

Michael Tønnes Jørgensen  
Executive Vice President & CFO

#### Board of Directors

Mogens Hugo  
Chairman

Alison J. F. Riegels  
Vice Chairman

Erling Højsgaard

Karsten Knudsen

Arvid Grundekjøn

Bent Torry Sørensen

Lars Enkegaard Biilmann

Benn Pyrmont Johansen



## Income statement

USD '000	2011	2010	2011	2010	2010
	First half-year	First half-year	Second quarter	Second quarter	31/12
Revenue	1,109,209	1,101,736	561,153	585,485	2,189,606
Costs	-1,021,093	-922,832	-520,872	-485,918	-1,950,046
<b>Profit before depreciation, etc. (EBITDA)</b>	<b>88,116</b>	<b>178,904</b>	<b>40,281</b>	<b>99,567</b>	<b>239,560</b>
Profit from sale of vessels, etc.	-358	-2,979	18	-2,218	28,148
Depreciation and impairment	-36,653	-20,745	-19,575	-10,859	-49,537
Share of results of joint ventures	17	-98	391	-30	4,372
<b>Profit from operations (EBIT)</b>	<b>51,122</b>	<b>155,082</b>	<b>21,115</b>	<b>86,460</b>	<b>222,543</b>
Fair value adjustment of certain hedging instruments <sup>note 2)</sup>	21,263	1,060	-11,429	1,947	30,771
Net financials	9,910	-7,272	1,855	-3,728	-2,539
<b>Profit before tax</b>	<b>82,295</b>	<b>148,870</b>	<b>11,541</b>	<b>84,679</b>	<b>250,775</b>
Tax on the profit for the period	-3,149	-2,607	-1,546	-1,333	-5,973
<b>Profit for the period</b>	<b>79,146</b>	<b>146,263</b>	<b>9,995</b>	<b>83,346</b>	<b>244,802</b>
<b>Attributable to:</b>					
Shareholders of NORDEN	79,147	146,263	9,996	83,346	244,804
Minority interests	-1	0	-1	0	-2
<b>Total</b>	<b>79,146</b>	<b>146,263</b>	<b>9,995</b>	<b>83,346</b>	<b>244,802</b>
<b>Earnings per share (EPS), USD</b>	<b>1.9</b>	<b>3.5</b>	<b>0.2</b>	<b>2.0</b>	<b>5.8</b>
<b>Diluted earnings per share, USD</b>	<b>1.9</b>	<b>3.5</b>	<b>0.2</b>	<b>2.0</b>	<b>5.8</b>

## Statement of comprehensive income

<b>Profit for the period, after tax</b>	<b>79,146</b>	<b>146,263</b>	<b>9,995</b>	<b>83,346</b>	<b>244,802</b>
Value adjustment of hedging instruments	-9,212	866	-1,948	1,239	4,339
Fair value adjustment of securities	12,853	250	11,877	-901	429
Income and expenses recognised directly in equity	3,641	1,116	9,929	338	4,768
<b>Comprehensive income for the period, after tax</b>	<b>82,787</b>	<b>147,379</b>	<b>19,924</b>	<b>83,684</b>	<b>249,570</b>
<b>Attributable to:</b>					
Shareholders of NORDEN	82,788	147,379	19,925	83,684	249,572
Minority interests	-1	0	-1	0	-2
<b>Total</b>	<b>82,787</b>	<b>147,379</b>	<b>19,924</b>	<b>83,684</b>	<b>249,570</b>



## Income statement by quarter

USD '000	2011	2011	2010	2010	2010
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter
Revenue	561,153	548,056	591,755	496,115	585,485
Costs	-520,872	-500,221	-552,950	-474,264	-485,918
<b>Profit before depreciation, etc. (EBITDA)</b>	<b>40,281</b>	<b>47,835</b>	<b>38,805</b>	<b>21,851</b>	<b>99,567</b>
Profit from sale of vessels, etc.	18	-376	-543	31,670	-2,218
Depreciation and impairment	-19,575	-17,078	-15,623	-13,169	-10,859
Share of results of joint ventures	391	-374	-104	4,574	-30
<b>Profit from operations (EBIT)</b>	<b>21,115</b>	<b>30,007</b>	<b>22,535</b>	<b>44,926</b>	<b>86,460</b>
Fair value adjustment of certain hedging instruments <sup>note 2)</sup>	-11,429	32,692	25,329	4,382	1,947
Net financials	1,855	8,055	-354	5,087	-3,728
<b>Profit before tax</b>	<b>11,541</b>	<b>70,754</b>	<b>47,510</b>	<b>54,395</b>	<b>84,679</b>
Tax on the profit for the period	-1,546	-1,603	-1,307	-2,059	-1,333
<b>Profit for the period</b>	<b>9,995</b>	<b>69,151</b>	<b>46,203</b>	<b>52,336</b>	<b>83,346</b>
<b>Attributable to:</b>					
Shareholders of NORDEN	9,996	69,151	46,204	52,337	83,346
Minority interests	-1	0	-1	-1	0
<b>Total</b>	<b>9,995</b>	<b>69,151</b>	<b>46,203</b>	<b>52,336</b>	<b>83,346</b>
<b>Earnings per share (EPS), USD</b>	<b>0.2</b>	<b>1.7</b>	<b>1.1</b>	<b>1.3</b>	<b>2.0</b>
<b>Diluted earnings per share, USD</b>	<b>0.2</b>	<b>1.7</b>	<b>1.1</b>	<b>1.3</b>	<b>2.0</b>

## Statement of comprehensive income by quarter

<b>Profit for the period, after tax</b>	<b>9,995</b>	<b>69,151</b>	<b>46,203</b>	<b>52,336</b>	<b>83,346</b>
Value adjustment of hedging instruments	-1,948	-7,264	240	3,233	1,239
Fair value adjustment of securities	11,877	976	-731	910	-901
Income and expenses recognised directly in equity	9,929	-6,288	-491	4,143	338
<b>Comprehensive income for the period, after tax</b>	<b>19,924</b>	<b>62,863</b>	<b>45,712</b>	<b>56,479</b>	<b>83,684</b>
<b>Attributable to:</b>					
Shareholders of NORDEN	19,925	62,863	45,713	56,480	83,684
Minority interests	-1	0	-1	-1	0
<b>Total</b>	<b>19,924</b>	<b>62,863</b>	<b>45,712</b>	<b>56,479</b>	<b>83,684</b>



## Statement of financial position

USD '000	2011	2010	2010
	30/6	30/6	31/12
<b>ASSETS</b>			
Property and equipment	55,514	56,846	55,626
Vessels <sup>note 3)</sup>	1,140,827	584,315	880,330
Prepayments on vessels and newbuildings <sup>note 4)</sup>	298,637	412,417	401,884
Investments in joint ventures	34,475	31,670	35,225
<b>Non-current assets</b>	<b>1,529,453</b>	<b>1,085,248</b>	<b>1,373,065</b>
Inventories	71,839	23,027	45,861
Receivables and prepayments	196,177	135,944	182,731
Receivables from joint ventures	0	0	726
Securities	76,867	23,844	38,150
Cash and cash equivalents	421,536	687,726	574,571
	<b>766,419</b>	<b>870,541</b>	<b>842,039</b>
Tangible assets held for sale <sup>note 5)</sup>	0	142,926	35,377
<b>Current assets</b>	<b>766,419</b>	<b>1,013,467</b>	<b>877,416</b>
<b>Total assets</b>	<b>2,295,872</b>	<b>2,098,715</b>	<b>2,250,481</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	6,833	7,087	7,087
Reserves	10,645	3,352	7,004
Retained earnings	1,969,967	1,891,251	1,983,894
Equity (NORDEN's shareholders)	1,987,445	1,901,690	1,997,985
Minority interests	67	70	68
<b>Equity</b>	<b>1,987,512</b>	<b>1,901,760</b>	<b>1,998,053</b>
Bank debt	78,097	30,000	14,666
<b>Non-current liabilities</b>	<b>78,097</b>	<b>30,000</b>	<b>14,666</b>
Current portion of non-current debt within 1 year	38,678	31,017	43,757
Trade payables	102,095	40,792	90,068
Liabilities with joint ventures	37,940	5,341	35,896
Other payables and deferred income	51,550	27,105	60,717
	<b>230,263</b>	<b>104,255</b>	<b>230,438</b>
Liabilities relating to tangible assets held for sale	0	62,700	7,324
<b>Current liabilities</b>	<b>230,263</b>	<b>166,955</b>	<b>237,762</b>
<b>Liabilities</b>	<b>308,360</b>	<b>196,955</b>	<b>252,428</b>
<b>Total equity and liabilities</b>	<b>2,295,872</b>	<b>2,098,715</b>	<b>2,250,481</b>



## Statement of cash flows

USD '000	2011	2010	2011	2010	2010
	First half-year	First half-year	Second quarter	Second quarter	31/12
Profit for the period	79,146	146,263	9,995	83,346	244,802
Reversal of items with no effect on cash	15,651	24,926	36,599	16,135	-20,396
Cash flows before change in working capital	94,797	171,189	46,594	99,481	224,406
Change in working capital	-28,474	15,873	21,728	57,466	73,982
<b>Cash flows from operating activities</b>	<b>66,323</b>	<b>187,062</b>	<b>68,322</b>	<b>156,947</b>	<b>298,388</b>
Investments in vessels, etc.	-53,657	-130,548	-24,002	-95,956	-398,658
Additions in prepayments on newbuildings	-140,308	-138,531	-70,817	-73,309	-264,343
Additions in prepayments received on sold vessels	0	24,275	0	15,650	-31,101
Held in restricted accounts	0	8,300	0	16,800	8,300
Acquisition of securities	-29,631	0	-29,631	0	-14,207
Sale of securities	4,815	1,000	4,815	1,000	970
Proceeds from sale of vessels, etc.	35,047	99,293	47	64,463	318,922
<b>Cash flows from investing activities</b>	<b>-183,734</b>	<b>-136,211</b>	<b>-119,588</b>	<b>-71,352</b>	<b>-380,117</b>
Dividend paid to shareholders	-63,706	-52,705	-63,706	-52,705	-52,705
Acquisition of treasury shares	-31,556	0	-867	0	-7,566
Instalments on/payment of non-current debt	-28,423	-2,594	-13,230	0	-5,187
Raising of non-current debt	86,775	0	86,775	0	0
<b>Cash flows from financing activities</b>	<b>-36,910</b>	<b>-55,299</b>	<b>8,972</b>	<b>-52,705</b>	<b>-65,458</b>
<b>Change in cash and cash equivalents for the period</b>	<b>-154,321</b>	<b>-4,448</b>	<b>-42,294</b>	<b>32,890</b>	<b>-147,187</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>574,571</b>	<b>702,584</b>	<b>469,945</b>	<b>658,953</b>	<b>702,584</b>
Exchange rate adjustments	1,286	-10,410	-6,115	-4,117	19,174
Change in cash and cash equivalents for the period	-154,321	-4,448	-42,294	32,890	-147,187
<b>Cash and cash equivalents at end of period</b>	<b>421,536</b>	<b>687,726</b>	<b>421,536</b>	<b>687,726</b>	<b>574,571</b>
Restricted cash and cash equivalents	0	0	0	0	0
<b>Cash and cash equivalents according to the statement of financial position</b>	<b>421,536</b>	<b>687,726</b>	<b>421,536</b>	<b>687,726</b>	<b>574,571</b>

## Statement of changes in equity

USD '000	Share capital	Reserves	Retained earnings	Equity (NORDEN's shareholders)	Minority interests	Group equity
<b>Equity at 1 January 2011</b>	<b>7,087</b>	<b>7,004</b>	<b>1,983,894</b>	<b>1,997,985</b>	<b>68</b>	<b>1,998,053</b>
Total comprehensive income for the period	0	3,641	79,147	82,788	-1	82,787
Acquisition of treasury shares	0	0	-31,556	-31,556	0	-31,556
Distributed dividends	0	0	-68,946	-68,946	0	-68,946
Dividends, treasury shares	0	0	5,240	5,240	0	5,240
Capital reduction	-254	0	254	0	0	0
Share-based payment	0	0	1,934	1,934	0	1,934
<b>Changes in equity</b>	<b>-254</b>	<b>3,641</b>	<b>-13,927</b>	<b>-10,540</b>	<b>-1</b>	<b>-10,541</b>
<b>Equity at 30 June 2011</b>	<b>6,833</b>	<b>10,645</b>	<b>1,969,967</b>	<b>1,987,445</b>	<b>67</b>	<b>1,987,512</b>
<b>Equity at 1 January 2010</b>	<b>7,087</b>	<b>2,236</b>	<b>1,795,620</b>	<b>1,804,943</b>	<b>70</b>	<b>1,805,013</b>
Total comprehensive income for the period	0	1,116	146,263	147,379	0	147,379
Distributed dividends	0	0	-55,621	-55,621	0	-55,621
Dividends, treasury shares	0	0	2,916	2,916	0	2,916
Share-based payment	0	0	2,073	2,073	0	2,073
<b>Changes in equity</b>	<b>0</b>	<b>1,116</b>	<b>95,631</b>	<b>96,747</b>	<b>0</b>	<b>96,747</b>
<b>Equity at 30 June 2010</b>	<b>7,087</b>	<b>3,352</b>	<b>1,891,251</b>	<b>1,901,690</b>	<b>70</b>	<b>1,901,760</b>
<b>Equity at 1 January 2010</b>	<b>7,087</b>	<b>2,236</b>	<b>1,795,620</b>	<b>1,804,943</b>	<b>70</b>	<b>1,805,013</b>
Total comprehensive income for the period	0	4,768	244,804	249,572	-2	249,570
Acquisition of treasury shares	0	0	-7,566	-7,566	0	-7,566
Distributed dividends	0	0	-55,621	-55,621	0	-55,621
Dividends, treasury shares	0	0	2,916	2,916	0	2,916
Share-based payment	0	0	3,741	3,741	0	3,741
<b>Changes in equity</b>	<b>0</b>	<b>4,768</b>	<b>188,274</b>	<b>193,042</b>	<b>-2</b>	<b>193,040</b>
<b>Equity at 31 December 2010</b>	<b>7,087</b>	<b>7,004</b>	<b>1,983,894</b>	<b>1,997,985</b>	<b>68</b>	<b>1,998,053</b>

## Notes to the financial statements

### 1. Significant accounting policies

#### *Basis of accounting*

The interim report comprises the summarised consolidated financial statements of Dampskibsselskabet NORDEN A/S.

#### *Accounting policies*

The interim report has been prepared in accordance with the International Financial Reporting Standard IAS 34 on interim reports and additional Danish disclosure requirements for the financial statements of listed companies.

The consolidated annual report for 2010 has been prepared in accordance with the International Financial Reporting Standards (IFRS). Accounting policies have not changed in relation to this.

For a complete description of accounting policies, see also pages 55-63 in the consolidated annual report for 2010.

#### *New IAS/IFRSs*

With effect from 1 January 2011, NORDEN has not implemented any new financial reporting standards or interpretations which are of importance to NORDEN.

#### *New financial reporting standards*

For a description of the IFRS and IFRIC which become effective on 1 January 2011 or later, see page 55 of the consolidated annual report for 2010. In addition to these, the following new or amended standards have been issued.

- IFRS 10 "Consolidated Financial Statement"
- IFRS 11 "Joint arrangements"
- IFRS 12 "Disclosures of Interests in Other Entities"
- IFRS 13 "Fair value measurement"
- IAS 27 on Separate Financial Statements
- IAS 28 on Investments in Associates and Joint Ventures
- IAS 19 on Employee Benefits, including pension
- IAS 1 on Presentation of Items of Other Comprehensive Income

The standards have yet to be adopted by the EU. NORDEN will assess the effect of the changes on the financial statements, but has at the time of writing not completed this assessment.

#### *Significant choices and assessments in the accounting policies and significant accounting estimates*

Management's choices and assessments in the accounting policies in respect of vessel leases, recognition of revenue and voyage costs, impairment test and onerous contracts are significant. Management's accounting estimates of receivables, contingent assets and liabilities and useful lives and residual values of tangible assets are also significant. For a description of these, see pages 56-57 of the consolidated annual report for 2010.

## 2. Fair value adjustment of certain hedging instruments

USD '000	2011	2010	2011	2010	2010
	First half-year	First half-year	Second quarter	Second quarter	31/12
<b>Bunker hedging:</b>					
Fair value adjustment for:					
2010	0	-7,090	0	-4,616	-4,290
2011	28,281	-3,711	-471	-2,879	4,609
2012	7,495	-1,174	812	-1,339	2,144
2013	1,187	-183	164	-206	343
2014	338	-129	22	-144	158
	37,301	-12,287	527	-9,184	2,964
Realised fair value adjustment reclassified to "Vessel operating costs"*	-19,897	-3,243	-13,183	-1,373	-5,138
<b>Total</b>	<b>17,404</b>	<b>-15,530</b>	<b>-12,656</b>	<b>-10,557</b>	<b>-2,174</b>
<b>Forward Freight Agreements:</b>					
Fair value adjustment for:					
2010	0	3,086	0	7,037	764
2011	38,580	881	7,170	-1,985	15,149
2012	1,775	0	1,351	0	1,282
2013	104	0	104	0	0
	40,459	3,967	8,625	5,052	17,195
Realised fair value adjustment reclassified to "Revenue"*	-36,600	12,623	-7,398	7,452	15,750
<b>Total</b>	<b>3,859</b>	<b>16,590</b>	<b>1,227</b>	<b>12,504</b>	<b>32,945</b>
<b>Total</b>	<b>21,263</b>	<b>1,060</b>	<b>-11,429</b>	<b>1,947</b>	<b>30,771</b>

\* As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to operations in the same item as the hedged transaction. For further information, see the section "Significant accounting policies" in the consolidated annual report for 2010.



### 3. Vessels

<b>USD '000</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>30/6</b>	<b>30/6</b>	<b>31/12</b>
Cost at 1 January	979,509	569,023	569,023
Transferred during the period from prepayments on vessels and newbuildings	243,412	113,557	249,902
Transferred during the period to tangible assets held for sale	0	-97,463	-134,448
Additions for the period	51,980	74,960	298,399
Disposals for the period	0	-3,088	-3,367
<b>Cost</b>	<b>1,274,901</b>	<b>656,989</b>	<b>979,509</b>
Depreciation at 1 January	-99,179	-71,410	-71,410
Depreciation for the period	-34,895	-19,190	-46,379
Reversed depreciation of disposed vessels	0	3,088	3,366
Reversed depreciation of tangible assets held for sale	0	14,838	15,244
<b>Depreciation</b>	<b>-134,074</b>	<b>-72,674</b>	<b>-99,179</b>
<b>Carrying amount</b>	<b>1,140,827</b>	<b>584,315</b>	<b>880,330</b>

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

### 4. Prepayments on vessels and newbuildings

<b>USD '000</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>30/6</b>	<b>30/6</b>	<b>31/12</b>
Cost at 1 January	401,884	442,526	442,526
Additions for the period	140,308	138,531	264,343
Disposals for the period	0	0	-87
Transferred during the period to vessels	-243,412	-113,557	-242,982
Transferred during the period to other items	-143	-87	-6,920
Transferred during the period to tangible assets held for sale	0	-54,996	-54,996
<b>Carrying amount</b>	<b>298,637</b>	<b>412,417</b>	<b>401,884</b>

### 5. Tangible assets held for sale

<b>USD '000</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>30/6</b>	<b>30/6</b>	<b>31/12</b>
Carrying amount at 1 January	35,377	54,547	54,547
Additions for the period from prepayments on vessels and newbuildings	0	54,996	54,996
Additions for the period to tangible assets held for sale	12	52,999	97,277
Additions for the period from vessels	0	82,625	119,203
Disposals for the period	-35,389	-102,241	-290,646
<b>Carrying amount</b>	<b>0</b>	<b>142,926</b>	<b>35,377</b>

### 6. Related party transactions

No significant changes have occurred to closely related parties or types and scale of transactions with these parties other than those disclosed in the consolidated annual report for 2010.

## 7. Contingent assets and liabilities

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

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

### Expected delivery of the NORDEN's core fleet at 30 June 2011

			2012				2013				2014				Total
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Dry Cargo</b>															
Post-Panamax	(1)			(1)											2
Panamax	2					(1)				(1)		(2)	(2)		8
Handymax		1 (1)		1 (1)			(1)								5
Handysize	1	6	(1)		2 (1)	1		1			(1)				14
<b>Tankers</b>															
MR	1					(1)	3	1							6
Handysize															0
<b>Total</b>	<b>5</b>	<b>8</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>35</b>

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

### Fleet values (before tax) at 30 June 2011

USD million					Calculated value of charter parties with purchase and extension option				
Owned (active and newbuildings)									
	Number	Carrying amount/cost	Market value*	Added value	Number	Charter party	Purchase and extension option	Value of charter party and purchase option	
<b>Dry Cargo</b>									
Capesize	3	100	143	43	1	0	9	9	
Post-Panamax	4	203	154	-49	4	-49	19	-30	
Panamax	5	184	162	-22	17	-11	49	38	
Handymax	5	121	122	1	20	43	48	91	
Handysize	17	549	456	-93	10	-2	5	3	
<b>Tankers</b>									
MR	10	362	351	-11	11	-10	6	-4	
Handysize	11	304	309	5	0	0	0	0	
<b>Total</b>	<b>55</b>	<b>1,823</b>	<b>1,697</b>	<b>-126</b>	<b>63</b>	<b>-29</b>	<b>136</b>	<b>107</b>	

	USD million	DKK per share
<b>Net Asset Value at 30 June 2011</b>		
Equity excl. minority interests per share	1,987	249
Added value own fleet	-126	-16
<b>Net Asset Value</b>	<b>1,861</b>	<b>233</b>
Calculated value of charter parties with purchase and extension option	107	13
<b>Total theoretical NAV</b>	<b>1,968</b>	<b>246</b>

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

## 9. Significant events after the balance sheet date

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