



Interim Report Third quarter of 2019

INTERIM REPORT

Third quarter of 2019



Results

Adjusted Result* for Q3 2019:
USD -4 million (Q3 2018: USD -12 million)

- Dry Operator: USD 3 million (USD 2 million)
- Dry Owner: USD 2 million (USD 4 million)
- Tankers: USD -8 million (USD -18 million)

Profit from sale of vessels: USD 4 million

EBIT Q3 2019:
USD 12 million (USD -7 million)



Markets

- Dry Cargo: Market improvement on back of rebound in Brazilian iron ore exports combined with high coal and minor bulk imports to both China and India.
- Tankers: Spot market weaker than expected for MR and Handy tankers in Q3 and in the beginning of Q4. However, improvement expected for the rest of the year.



Performance

- Dry Operator: Profitable in Q3 and strong finish to the year expected.
- Dry Owner: Optimising portfolio through further vessel sale while securing continued significant optionality.
- Tankers: Earnings 4% above 1-year T/C benchmark corresponding to extra daily earnings of USD 513 per vessel



Values

- Vessel values
- Dry Cargo: +1%
 - Tankers: +3%

Value of tanker vessels and T/C portfolio continue to increase with rising forward rates. Tanker vessel values also positively impacted by scrubber investments. Dry values flat in the quarter.



Guidance

- On 24 October 2019, NORDEN revised the expectations for the Adjusted Result for the year to USD 10 to 45 million (down from USD 25 to 60 million). The adjustment of guidance was mainly related to a calculation error related to IFRS16, which impacted the estimate by around USD 15 million.
- The Board of Directors has decided to initiate a share buy-back programme of up to a total of USD 10 million.

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

WEAK Q3 BUT PROMISING FINISH TO 2019

“Seasonally weak spot rates and vessels taken out of service for scheduled scrubber installations resulted in a third quarter loss in Tankers. However, with all but one scrubber installations completed on owned MR tankers and a much-improved tanker market sentiment for the fourth quarter of 2019, NORDEN is well positioned to capture the expected benefit. Dry Operator utilised trading opportunities to deliver a profit in the third quarter while securing a strong starting point for the fourth quarter. On this basis, we expect the full-year result for this business unit and also NORDEN as such to be profitable despite a challenging first half-year.”

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.

THE GROUP

Key figures and ratios for NORDEN

USD million	2019 Q3	2018** Q3	2019 Q1-Q3	2018** Q1-Q3
INCOME STATEMENT				
Revenue	650.3	621.9	1,928.4	1,829.5
Contribution margin	64.3	17.3	189.2	84.3
EBITDA	45.4	2.6	133.1	40.7
Profit/loss from the sale of vessels, etc.	4.1	2.3	-4.8	8.8
EBIT	11.6	-6.5	18.6	19.4
Profit/loss for the period	0.5	-9.3	-13.2	9.5
Adjusted Result for the period*	-3.6	-11.6	-8.4	0.7
	2019 30/9	2018 30/9	2019 30/9	2018 30/9
STATEMENT OF FINANCIAL POSITION				
Total assets	1,698.5	1,317.4	1,698.5	1,317.4
Equity	819.4	851.4	819.4	851.4
Liabilities	879.1	466.0	879.1	466.0
Invested capital	1,274.9	919.6	1,274.9	919.6
Net interest-bearing debt	455.5	68.2	455.5	68.2
Cash and securities	190.9	164.8	190.9	164.8
	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3
CASH FLOWS				
From operating activities	30.8	4.6	116.6	-4.0
From investing activities	-56.6	-22.7	-58.0	-49.0
– hereof investments in property, equipment and vessels	-27.5	-50.3	-75.3	-146.9
From financing activities	-12.1	-6.2	-112.1	11.3

USD million	2019 Q3	2018** Q3	2019 Q1-Q3	2018** Q1-Q3
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)	0.01 (0.09)	-0.23 (-1.48)	-0.33 (-2.21)	0.23 (1.47)
Diluted earnings per share (diluted EPS) (DKK)	0.01 (0.09)	-0.23 (-1.48)	-0.33 (-2.21)	0.23 (1.47)
Book value per share (excluding treasury shares) (DKK) ¹⁾	20.66 (142)	21.04 (136)	20.66 (142)	21.04 (136)
Share price at end of period (DKK)	93.4	97.6	93.4	97.6
Price/book value (DKK) ¹⁾	0.66	0.72	0.66	0.72
OTHER KEY FIGURES AND FINANCIAL RATIOS:				
EBITDA-RATIO ²⁾	7.0%	0.4%	6.9%	2.2%
ROIC	4.1%	-2.9%	2.2%	2.9%
ROE	0.3%	-4.4%	-2.1%	1.5%
Equity ratio	48.2%	64.7%	48.2%	64.7%
USD/DKK rate at end of the period	685.66	644.13	685.66	644.13
Average USD/DKK rate	671.24	641.15	664.35	624.35

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.

THE GROUP

Financial comments for the third quarter and year to date 2019

- Adjusted Result Q3: USD -4 million
- 16 scrubbers to be installed ahead of IMO 2020
- Share buy-back programme to be initiated

Results

In a seasonally weak tanker market and with Dry Operator successfully positioning itself for the next quarter, NORDEN realised an Adjusted Result in the third quarter of 2019 of USD -4 million (Q3 2018: USD -12 million).

The Adjusted Result for Q1-Q3 2019 was USD -8 million (USD 1 million) including the effect of new accounting policy IFRS 16 of USD -6 million.

The third quarter result corresponds to an EBIT of USD 12 million, which was positively impacted by USD 4 million in profit from the sale of vessels. The EBIT for Q1-Q3 2019 was USD 19 million (USD 19 million).

Financial expenses, net, amounted to USD 9 million (USD 2 million) in the third quarter, mainly negatively impacted by interests related to lease liabilities.

Cash flows from operating activities amounted to USD 31 million (Q3 2018: USD 5 million), which is positively impacted by IFRS16 instalments on lease liabilities classified as Cash flows from financing activities.

Cash flows from operating activities for Q1-Q3 2019 was USD 117 million (Q1-Q3 2018: USD -4 million).

Equity has declined from USD 827 million to USD 819 million within 2019, which mainly relates to dividends paid (USD -13 million), resulting in an equity ratio of 48% per 30 September 2019.

Financial position

As of the end of the third quarter, NORDEN's available liquidity amounted to USD 339 million with USD 191 million in cash supplemented by USD 148 million in undrawn credit facilities.

In comparison, the Company has expected CAPEX of USD 73 million over the coming year, of which payments on newbuildings amount to USD 40 million and the remaining USD 33 million relates to installations of exhaust gas cleaning systems (scrubbers) and ballast water treatment systems.

Update on scrubbers

As part of the Company's preparation for the IMO 2020 sulphur regulation, NORDEN is in the process of installing scrubbers on part of the fleet. In total, NORDEN will retrofit 18 scrubbers on owned vessels of which 16 is expected to be ready by 1 January 2020 when the sulphur regulations come into force.

Furthermore, NORDEN has secured installation of scrubbers on 14 long-term chartered newbuildings scheduled to be delivered in the coming year.

At the end of October 2019, 7 scrubbers had been installed, 4 is under installation and 5 are scheduled for installation during the final

2 months of the year. With 1 installation ongoing and only 1 installation scheduled in Q1 2020, the vast majority of NORDEN's MR tankers are ready for what is expected to be a strong Q4 market.

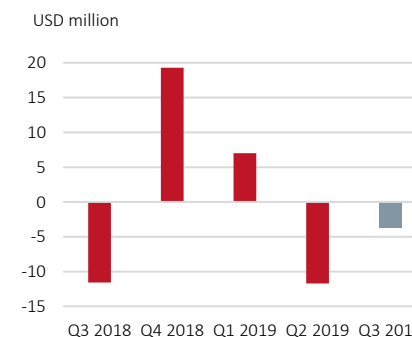
Adjusted guidance

On 24 October 2019, NORDEN revised the expectations for the Adjusted Result for the year to USD 10-45 million (down from USD 25 to 60 million). The adjustment of guidance was mainly related to a calculation error related to IFRS16, which impacted the estimate by around USD 15 million.

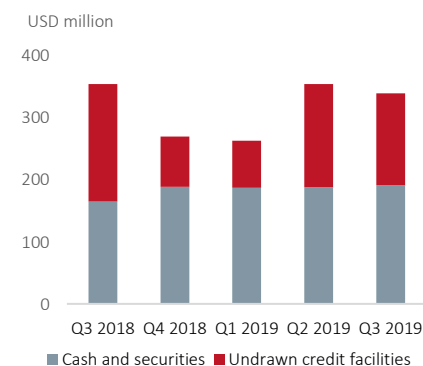
Share repurchase programme

The Board of Directors has approved to initiate a share buy-back programme of USD 10 million which will be announced separately later today.

Adjusted Result for the period



Available liquidity



THE GROUP

Selected segment figures Q3 2019

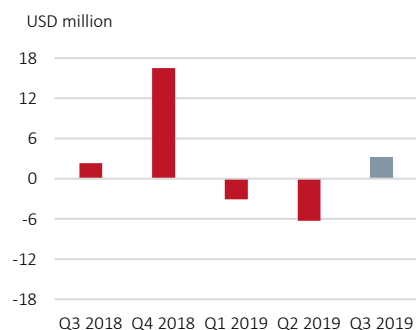
USD million	Dry Operator	Dry Owner	Tankers	Total
Contribution margin	18.6	26.7	19.0	64.3
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	9.3	24.0	12.1	45.4
Profit/loss from operations (EBIT)	4.8	11.7	-4.9	11.6
Profit/loss for the period	3.2	5.7	-8.4	0.5
Adjusted Result for the period	3.2	1.6	-8.4	-3.6

Fleet values

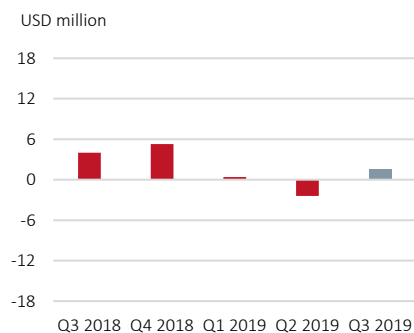
USD million	Dry Owner	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	321	461	779
Broker estimated value of certain charter parties attached to owned vessels	9	-1	10
Carrying amount / costs	322	538	854
Market value vs. book value	8	-77	-69
Theoretical value of purchase and extension options	19	19	38

Adjusted Result for the period

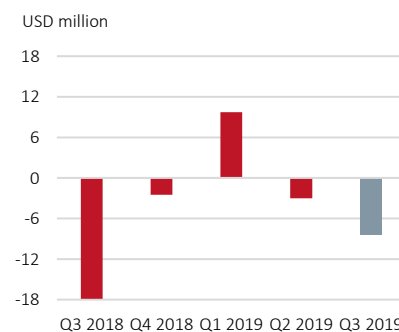
Dry Operator



Dry Owner



Tankers



For further information on the segments see note 2.

Adjusted Result for the period

USD -4 million

Change in value of owned vessels and newbuildings – Dry Cargo

+1%

Change in value of owned vessels and newbuildings - Tankers

+3%

DRY OPERATOR

Positioned for strong Q4

- Adjusted Result Q3: USD 3 million
- Good Q4 result expected
- USD 64 million generated in the last 4 quarters before overheads

Results for the third quarter of 2019

Dry Operator utilised trading opportunities in the third quarter to generate an Adjusted Result for the quarter of USD 3 million (Q3 2018: USD 2 million).

In the last 4 quarters, Dry Operator has generated a contribution margin of USD 64 million corresponding to an Adjusted Result of USD 10 million. The result is the outcome of a total of 99,640 vessel days handled by Dry Operator during the 4 quarters with an average Adjusted Result per vessel day of USD 103

Average number of vessels operated in the second quarter

285

Record activity in the third quarter

While the first half-year was challenging offering few trading opportunities, the second half-year has so far provided more opportunities for Dry Operator.

In the third quarter, a total of 26,185 vessels days, corresponding to an average fleet size of 285 vessels, were operated by Dry Operator. This is an increase of 10% compared to the same quarter last year (23,833) and the highest level of activity so far.

Good Q4 result expected

While generating a profit in the third quarter Dry Operator successfully positioned itself to have a strong fourth quarter and NORDEN expects a good finish to the year for Dry Operator with a guidance of a positive full-year result of between USD 5 and 20 million.

Dry Operator historical performance

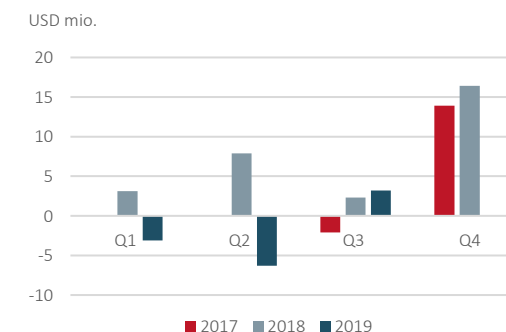
USD	Q1 18 – Q4 18	Q2 18 – Q1 19	Q3 18 – Q2 19	Q4 18 – Q3 19
Adjusted Result per vessel day	310	244	97	103
Adjusted Result (USD million)	30	24	9	10

Dry Operator key figures (USD million)

USD million	2018 Q3*	2019 Q3	Last 4 Quarters
Contribution margin	11.5	18.6	63.9
O/A costs	-8.8	-9.3	-38.0
EBIT	2.6	4.8	15.4
Adjusted Result	2.3	3.2	10.4
Vessel days	23,833	26,185	99,640
Adj. Result per vessel day (USD/day)	96	122	103

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

Dry Operator Adjusted Result by quarter



Source: Baltic Exchange

DRY OWNER

Agile management of assets

- Adjusted Result Q3: USD 2 million
- Portfolio optimised to tradable position
- High coverage and significant optionality in portfolio

Results for the third quarter of 2019

Dry Owner realised an Adjusted Result of USD 2 million (Q3 2018: USD 4 million). The result corresponds to an EBIT of USD 12 million (Q3 2018: USD 8 million) positively impacted by a profit of USD 4 million from sale of vessels during the quarter.

Dry cargo market

After a challenging market during the first half of 2019, the dry cargo market rebounded and remained strong throughout the third quarter. A rebound in Brazilian iron ore exports combined with high coal and minor bulk imports to both China and India lifted the rates on all dry cargo segments. Average Baltic earnings for Panamax and Supramax vessels were 29% and 6%, respectively, higher compared to the same period last year.

At the end of the third quarter, rates started to weaken but have remained at healthy levels. Going forward, the weakening of the global economy combined with high coal stocks in China and India are expected to weigh down on the dry cargo market. However, reduced fleet supply caused by scrubber and ballast water treatment system installations is expected to keep supporting rates in the near term.

Dry Owner fleet and activity

During the third quarter of 2019, NORDEN sold 1 Supramax vessel which was delivered to the new owner during the quarter. At the end of the third quarter, Dry Owner owned a total of 12.5 vessels in operation and 2 newbuildings with delivery in mid-2020. In addition to owned vessels, Dry Owner manages an extensive long-term T/C portfolio consisting of 30 vessels and 9 newbuildings with delivery in the coming 12 months. The T/C portfolio holds significant optionality from the fourth quarter of 2019 and onwards. In total, Dry Owner holds 36,802 optional days, supplemented by purchase options on 34 vessels.

High coverage

Dry Owner had a high coverage throughout 2019 which on a year-to-date basis has been attractive. Adding to this, Dry Owner has signed 3 long-term cargo contracts during the quarter; each with a duration of more than 3 years. As for the remainder of 2019, only 3% of the total capacity is exposed to the spot market.

Outsourcing of technical management

In line with the strategy to regularly buy and sell dry cargo vessels, NORDEN has reduced the owned dry cargo fleet to a targeted size of maximum 15 vessels. To provide NORDEN with the flexibility required to efficiently manage fluctuations in the number of owned vessels NORDEN has decided to outsource technical management of all dry cargo vessels.

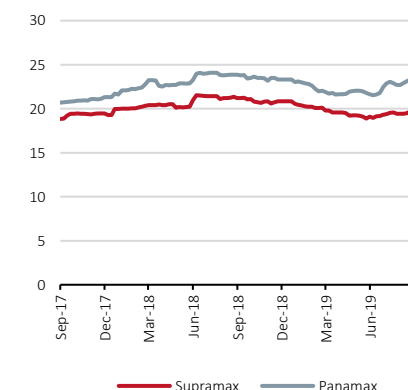
Value of Dry Owner vessels

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 330 million at the end of the third quarter. This is an increase of 1% compared to the end of the second quarter of 2019 for the vessels owned throughout the period.

Market value of dry cargo vessels (USD)

330 million

Asset values 5-year old (USD million)



Source: Baltic Exchange

Dry Owner key figures (USD million)

USD million	2019 Q3	2018 Q3*
Contribution margin	26.7	10.9
O/A costs	-2.7	-2.2
EBIT	11.7	8.0
Adjusted Result	1.6	4.0

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

DRY OWNER

Capacity and coverage

At 30 September 2019

	Q4 2019	2020	2021	Q4 2019	2020	2021
Own vessels	Ship days					
Panamax	184	732	730			
Supramax	782	3,359	3,833			
Handysize	184	732	730			
Total	1,150	4,823	5,293			
Chartered vessels				Cash costs for T/C capacity (USD per day)		
Panamax	1,370	5,674	4,983	13,036	12,857	12,883
Supramax	1,230	6,430	6,205	12,092	12,044	12,215
Handysize	522	2,164	1,680	9,458	9,517	9,518
Total	3,122	14,268	12,868	12,066	11,984	12,122
Total capacity	4,272	19,091	18,161			
Coverage				Revenue from coverage (USD per day)		
Panamax	1,438	5,539	3,143	12,890	12,592	13,041
Supramax	2,044	6,763	3,732	11,945	11,928	11,818
Handysize	653	2,484	2,304	11,183	11,260	11,335
Total	4,135	14,786	9,179	12,153	12,065	12,116
Coverage in %						
Total	97%	77%	51%			

* 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 2020

77%

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 improving later than expected

- Capturing value of firming period and forward rates in seasonal weak market
- Adjusted Result for the period: USD -8 million
- Significant exposure to expected market improvements

Results for the third quarter of 2019

In a disappointing third quarter market and a higher than usual number of off-hire days from scrubber installations, NORDEN’s Tanker business generated an Adjusted Result of USD -8 million (Q3 2018: USD -18 million), corresponding to an EBIT of USD -5 million (Q3 2018: USD -17 million).

The Company’s Handysize tankers generated average daily earnings of USD 10,873, while daily earnings in the MR fleet amounted to USD 13,531. NORDEN thereby outperformed the average 1-year T/C rate during the last 12 months with 4%, which corresponds to extra daily earnings of USD 513 per vessel.

Seasonally weak market

Demand growth for clean oil products remained lacklustre during the third quarter with stock draws further adding to a weak product tanker market.

However, towards the end of the quarter, product tanker rates started to increase.

Strong end to the year expected

In early October, a combination of larger than usual dry docking, US sanctions on a subsidiary of COSCO and increased tonne-mile demand created a scramble for crude tankers pushing rates to record levels. The strong market has also affected the product tanker market as many clean tankers have switched to carrying dirty products. NORDEN expects a continued strong market well into 2020 as refineries increase runs significantly to produce the compliant fuels necessary for the IMO 2020 global sulphur regulation as well as a need for widescale distribution of such.

Tanker fleet and activity

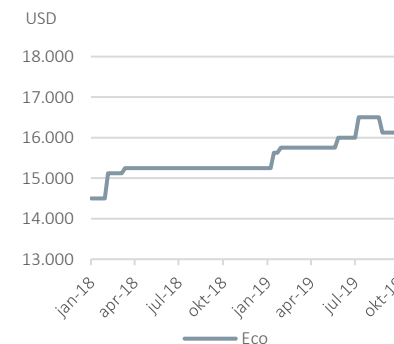
At the end of the third quarter 2019, NORDEN owned a total of 23 tanker vessels – 15 MR and 8 Handysize vessels. In addition to these, NORDEN has significant capacity through the T/C portfolio consisting of 36 vessels and 8 newbuildings with delivery in the coming 2 years. More TC capacity has been added at attractive terms during October.

The current portfolio of chartered vessels have a duration of between 1 and 5 years and come with significant optionality though 19 purchase options and 21,170 optional days. The recent strength in product tanker forward rates has significantly increased the value of the T/C portfolio and the optionality attached. At the same time, the strong forward market has allowed NORDEN to secure attractive coverage on parts of the fleet.

Value of owned tanker vessels

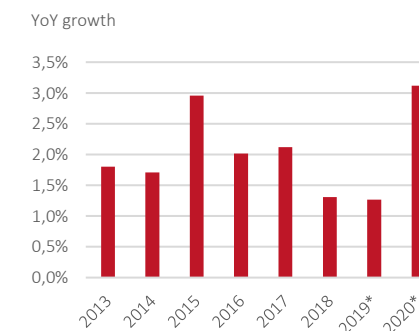
Based on the average of 3 independent broker valuations, the market value of NORDEN’s owned tanker vessels was estimated at USD 460 million at the end of the third quarter. This is an increase of 3% compared to the end of the second quarter of 2019 for the vessels owned throughout the period. Part of the increase is related to market, part of it is an effect of scrubber investments.

3-year forward rates (MR)



Source: Clarksons

CPP demand



Source: Energy Aspects

*Estimated

Tanker key figures (USD million)

USD million	2019 Q3	2018 Q3*
Contribution margin	19.0	-5.1
O/A costs	-6.9	-3.7
EBIT	-4.9	-17.1
Adjusted Result	-8.4	-17.9

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

TANKERS

Capacity and coverage

At 30 September 2019

	Q4 2019	2020	2021	Q4 2019	2020	2021
Own vessels						
	Ship days					
MR	1,321	5,490	5,475			
Handysize	736	2,928	2,920			
Total	2,057	8,418	8,395			
Chartered vessels						
				Cash costs for T/C capacity (USD per day)		
LR1	184	277	0	18,600	18,600	0
MR	2,619	7,824	5,521	13,980	14,524	15,225
Handysize	414	1,161	146	12,846	12,925	13,232
Total	3,217	9,262	5,667	14,098	14,445	15,174
Total capacity	5,274	17,680	14,062			
Coverage						
				Revenue from coverage (USD per day)		
LR1	184	277	0	18,520	18,520	0
MR	1,368	2,934	2,555	15,602	17,031	17,302
Handysize	301	88	0	13,223	13,993	0
Total	1,853	3,299	2,555	15,505	17,075	17,302
Coverage in %						
Total	35%	19%	18%			

* 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, Q3 2019

Vessel type	LR1	MR	Handysize	Total*
NORDEN's ship days	184	3,776	1,194	5,154
NORDEN spot TCE (USD per day, net)	N/A	13,038	10,077	12,394
NORDEN TCE (USD per day, net)	18,430	13,531	10,873	13,090
NORDEN TCE 12 months average (USD per day, net)	16,296	13,934	13,233	13,869
Benchmark 12 months average (USD per day, net)	14,781	13,560	12,391	13,356
NORDEN vs. Benchmark (12 months average)	10%	3%	7%	4%

Tanker ROY 2019 open days

3,421

Tanker coverage 2020

19%

* 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

THE GROUP

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 latest announced expectations

On 24 October NORDEN revised the expectations for the Adjusted Result for the year to USD 10-45 million (down from USD 25 to 60 million). The adjustment of guidance was mainly related to a calculation error related to IFRS16, which impacted the estimate by around USD 15 million.

Dry Operator

On the back of a third quarter result of USD 3 million and an expected strong finish to the year, the expectations for the full-year Adjusted Result for the Dry Operator was raised to a range of USD 5 to 20 million (previously USD 0 to 10 million).

Dry Owner

Generating a USD 2 million in the third quarter, expectations for the full-year Adjusted Result for Dry Owner was maintained at USD -5 to 5 million as high coverage reduces the impact of market rates during the rest of the year.

Tankers

While spot rates for MRs and Handysize tankers at the end of October, they have been weaker than expected in the third quarter and in the beginning of the fourth quarter. On the back of this development and including the effect of the calculation error, expectations to full-year Adjusted Result for Tankers was adjusted to USD 10 to 20 million (previously USD 30 to 45 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 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 October, 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 0.1 million. Earnings expectations in Tankers primarily depend on the development in the spot market. Based on about 3,400 open vessel days in Tankers in the remainder of 2019, a change of USD 1,000 per day in expected T/C equivalents would mean a change in earnings of approximately USD 3 million.

All business units are furthermore sensitive to counterparty risks as well as operational risks especially with the upcoming IMO 2020 regulation coming into force 1 January 2020.

Events after the reporting date

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

“NORDEN expects an Adjusted Result for the year of USD 10 to 45 million.”

Expectations for 2019

USD million	Adjusted Result for the
	year
Dry Operator	5 to 20
Dry Owner	-5 to 5
Tankers	10 to 20
Group	10 to 45

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 September 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 September 2019 as well as the result of Dampskibsselskabet

NORDEN A/S' consolidated activities and cash flows for the period 1 January to 30 September 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, 6 November 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 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
2	Revenue	650.3	621.9	1,928.4	1,829.5	2,451.4
	Other operating income	3.3	0.9	11.2	1.8	3.1
3	Vessel operating costs	-589.3	-605.5	-1,750.4	-1,747.0	-2,322.2
	Contribution margin	64.3	17.3	189.2	84.3	132.3
3, 4	Overhead and administration costs	-18.9	-14.7	-56.1	-43.6	-59.8
	Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	45.4	2.6	133.1	40.7	72.5
	Profit/loss from the sale of vessels, etc.	4.1	2.3	-4.8	8.8	8.7
5	Depreciation, amortisation and impairment losses	-37.0	-11.6	-109.5	-32.9	-44.3
	Share of profit/loss of joint ventures	-0.9	0.2	-0.2	2.8	2.4
	Profit/loss from operations (EBIT)	11.6	-6.5	18.6	19.4	39.3
	Financial income	0.1	2.9	3.4	5.3	9.0
6	Financial expenses	-9.3	-5.3	-29.4	-12.2	-15.9
	Profit/loss before tax	2.4	-8.9	-7.4	12.5	32.4
	Tax	-1.9	-0.4	-5.8	-3.0	-3.6
	PROFIT/LOSS FOR THE PERIOD	0.5	-9.3	-13.2	9.5	28.8
	Attributable to:					
	Shareholders of NORDEN	0.5	-9.3	-13.2	9.5	28.8
	Earnings per share (EPS), USD	0.01	-0.23	-0.33	0.23	0.71
	Diluted earnings per share, USD	0.01	-0.23	-0.33	0.23	0.71
	Adjusted Result for the period	-3.6	-11.6	-8.4	0.7	20.1

Consolidated statement of comprehensive income

Note	USD million	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
	Profit/loss for the period	0.5	-9.3	-13.2	9.5	28.8
	Other comprehensive income to be reclassified to the income statement:					
7	Fair value adjustment for the period, cash flow hedges	-6.5	-1.7	21.2	7.1	-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	0.0	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	-6.5	-1.7	21.2	7.0	-31.5
	Total comprehensive income for the period, after tax	-6.0	-11.0	8.0	16.5	-2.7
	Attributable to:					
	Shareholders of NORDEN	-6.0	-11.0	8.0	16.5	-2.7

Consolidated statement of financial position

Note	USD million	2019 30/9	2018 30/9	2018 31/12	Note	USD million	2019 30/9	2018 30/9	2018 31/12
ASSETS					EQUITY AND LIABILITIES				
8	Vessels	769.5	744.3	795.6		Share capital	6.7	6.7	6.7
9	Right-of-use assets	271.4	0.0	0.0		Reserves	-3.3	14.0	-24.5
	Property and equipment	49.1	53.0	49.5		Retained earnings	816.0	830.7	844.6
10	Prepayments on vessels and newbuildings	13.5	28.2	24.9		Equity	819.4	851.4	826.8
	Investments in joint ventures	12.0	11.2	11.8		Loans	271.4	178.8	206.5
11	Receivables from subleasing	21.3	0.0	0.0	13	Lease liabilities	214.6	0.0	0.0
	Non-current assets	1,136.8	836.7	881.8		Provisions	0.0	26.0	21.3
	Inventories	85.2	69.6	87.2		Non-current liabilities	486.0	204.8	227.8
11	Receivables from subleasing	13.2	0.0	0.0		Loans	45.1	54.3	125.5
	Freight receivables	150.0	140.9	172.6	13	Lease liabilities	115.3	0.0	0.0
	Receivables from joint ventures	8.8	0.0	12.4		Provisions	3.4	25.5	25.3
	Other receivables	25.3	26.4	28.4		Trade payables	132.8	92.8	118.8
	Prepayments	88.3	79.0	93.4		Debt to joint ventures	0.0	4.7	0.0
	Securities	0.0	4.2	4.2		Current tax liabilities	5.4	1.8	2.7
	Cash and cash equivalents	190.9	160.6	184.4		Other payables	30.2	36.8	48.6
		561.7	480.7	582.6		Deferred income	60.9	45.3	88.9
12	Vessels held for sale	0.0	0.0	0.0			393.1	261.2	409.8
	Current assets	561.7	480.7	582.6		Liabilities relating to vessels held for sale	0.0	0.0	0.0
						Current liabilities	393.1	261.2	409.8
	TOTAL ASSETS	1,698.5	1,317.4	1,464.4		Liabilities	879.1	466.0	637.6
						TOTAL EQUITY AND LIABILITIES	1,698.5	1,317.4	1,464.4

Consolidated statement of cash flows

Note	USD million	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
	Profit/loss for the period	0.5	-9.3	-13.2	9.5	28.8
5	Reversed depreciation, amortisation and impairment losses	37.0	11.6	109.5	32.9	44.3
	Reversed financial items, net	9.2	2.4	26.0	6.9	6.9
	Reversed change in provision	0.0	-5.3	0.0	-23.2	-27.8
	Reversed profit/loss from sale of vessels etc.	-4.1	-2.3	4.8	-8.8	-8.7
	Reversed share of profit/loss of joint ventures	0.9	-0.2	0.2	-2.8	-2.4
	Reversed other non-cash operating items	9.9	-1.8	2.5	0.8	4.3
	Change in working capital	-7.6	11.8	7.9	-13.3	-64.5
11	Instalments on sub-lease receivables	3.9	0.0	7.6	0.0	0.0
	Financial payments, received	0.4	2.9	2.5	5.7	9.6
	Financial payments, paid	-19.3	-5.2	-31.2	-11.7	-15.2
	Cash flows from operating activities	30.8	4.6	116.6	-4.0	-24.7
8	Investments in vessels and vessels held for sale	-24.6	-41.3	-34.5	-66.6	-101.8
8	Investments in other tangible assets	-0.2	-0.4	-0.2	-4.2	-0.8
8	Additions in prepayments on newbuildings and sold vessels	-2.7	-12.2	-40.6	-77.4	-101.4
	Investments in joint ventures	0.0	0.0	-1.0	-1.1	-1.1
	Proceeds from sale of vessels, newbuildings and other tangible assets	13.1	36.1	74.4	88.4	88.4
	Investment in subsidiaries including acquired cash	0.0	0.0	0.0	0.0	7.7
	Sale of securities	0.0	0.0	4.9	4.0	4.0
	Change in cash and cash equivalents with rate agreements of more than 3 months	-42.2	-4.9	-61.0	7.9	26.6
	Cash flows from investing activities	-56.6	-22.7	-58.0	-49.0	-78.4
	Dividend paid to shareholders	0.0	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	0.0	0.0	-16.2	0.0	-5.9
	Proceeds from loans	92.3	25.0	299.1	106.0	138.7
	Repayments of loans	-74.0	-31.2	-311.7	-94.7	-28.5
13	Instalments on lease liabilities	-30.4	0.0	-83.3	0.0	0.0
	Loan financing	-12.1	-6.2	-95.9	11.3	110.2
	Cash flows from financing activities	-12.1	-6.2	-112.1	11.3	104.3
	Change in liquidity for the period	-37.9	-24.3	-53.5	-41.7	1.2
	Liquidity at beginning of the period	99.6	97.2	115.2	115.6	115.5
	Exchange rate adjustments	-1.0	-0.4	-1.0	-1.4	-1.5
	Change in liquidity for the period	-37.9	-24.3	-53.5	-41.7	1.2
	Liquidity at end period	60.7	72.5	60.7	72.5	115.2
	Cash and cash equivalents with rate agreements of more than 3 months	130.2	88.1	130.2	88.1	69.2
	Cash and cash equivalents at end period acc. to the statement of financial position	190.9	160.6	190.9	160.6	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	-	21.2	-13.2	8.0
Acquisition of treasury shares	-	-	-4.2	-4.2
Share-based payment	-	-	0.8	0.8
Dividends	-	-	-12.8	-12.8
Dividends on own shares	-	-	0.8	0.8
Changes in equity	-	21.2	-28.6	-7.4
Equity at 30 September 2019	6.7	-3.3	816.0	819.4
Equity at 1 January 2018	6.7	7.0	820.7	834.4
Total comprehensive income for the period	-	7.0	9.5	16.5
Share-based payment	-	-	0.5	0.5
Changes in equity	-	7.0	10.0	17.0
Equity at 30 September 2018	6.7	14.0	830.7	851.4

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	Q3 2019					Q3 2018**				
	Dry Operator	Dry Owner	Tankers	Eliminations	Total	Dry Operator	Dry Owner	Tankers	Eliminations	Total
Revenue - services rendered, external	538.5	7.7	103.6	0.0	649.8	495.3	12.4	114.2	0.0	621.9
Revenue, services rendered, internal	32.1	39.5	0.0	-71.6	0.0	0.0	38.0	0.0	-38.0	0.0
Revenue - sublease financial income	0.0	0.4	0.1	0.0	0.5	-	-	-	-	-
Voyage costs	-223.6	-0.1	-36.5	1.6	-258.6	-205.7	-0.2	-66.7	0.0	-272.6
T/C equivalent revenue	347.0	47.5	67.2	-70.0	391.7	289.6	50.2	47.5	-38.0	349.3
Other operating income	0.2	-0.1	3.2	0.0	3.3	0.2	0.6	0.1	0.0	0.9
Charter hire and OPEX element	-328.6	-15.4	-38.3	70.0	-312.3	-278.3	-33.0	-40.8	38.0	-314.1
Operating costs owned vessels	0.0	-5.3	-13.1	0.0	-18.4	0.0	-6.9	-11.9	0.0	-18.8
Contribution margin	18.6	26.7	19.0	0.0	64.3	11.5	10.9	-5.1	0.0	17.3
Overhead and administration costs	-9.3	-2.7	-6.9	0.0	-18.9	-8.8	-2.2	-3.7	0.0	-14.7
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	9.3	24.0	12.1	0.0	45.4	2.7	8.7	-8.8	0.0	2.6
Profit/loss from sale of vessels, etc.	0.0	4.1	0.0	0.0	4.1	0.0	2.4	-0.1	0.0	2.3
Depreciation, amortisation and impairment losses	-4.5	-15.5	-17.0	0.0	-37.0	-0.1	-3.6	-7.9	0.0	-11.6
Share of profit/loss of joint ventures	0.0	-0.9	0.0	0.0	-0.9	0.0	0.5	-0.3	0.0	0.2
Profit/loss from operations (EBIT)	4.8	11.7	-4.9	0.0	11.6	2.6	8.0	-17.1	0.0	-6.5
Financial income	0.1	0.0	0.0	0.0	0.1	0.0	1.7	1.2	0.0	2.9
Financial expenses	-0.3	-5.7	-3.3	0.0	-9.3	0.0	-3.2	-2.1	0.0	-5.3
Profit/loss before tax	4.6	6.0	-8.2	0.0	2.4	2.6	6.5	-18.0	0.0	-8.9
Tax	-1.4	-0.3	-0.2	0.0	-1.9	-0.3	-0.1	0.0	0.0	-0.4
Profit/loss for the period	3.2	5.7	-8.4	0.0	0.5	2.3	6.4	-18.0	0.0	-9.3
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	-4.1	0.0	0.0	-4.1	0.0	2.4	-0.1	0.0	2.3
Adjusted Result for the period*	3.2	1.6	-8.4	0.0	-3.6	2.3	4.0	-17.9	0.0	-11.6

* 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	Q1-Q3 2019					Q1-Q3 2018**				
	Dry Operator	Dry Owner	Tankers	Eliminations	Total	Dry Operator	Dry Owner	Tankers	Eliminations	Total
Revenue - services rendered, external	1,557.5	41.6	327.8	0.0	1,926.9	1,477.9	37.3	314.3	0.0	1,829.5
Revenue, services rendered, internal	38.6	107.4	0.0	-146.0	0.0	0.0	115.6	0.0	-115.6	0.0
Revenue - sublease financial income	0.0	1.4	0.1	0.0	1.5	-	-	-	-	-
Voyage costs	-688.4	-1.3	-115.9	1.6	-804.0	-620.7	-0.4	-149.1	0.0	-770.2
T/C equivalent revenue	907.7	149.1	212.0	-144.4	1,124.4	857.2	152.5	165.2	-115.6	1,059.3
Other operating income	0.2	0.9	10.1	0.0	11.2	0.9	0.9	0.0	0.0	1.8
Charter hire and OPEX element	-870.9	-60.1	-102.2	144.4	-888.8	-816.1	-102.4	-117.0	115.6	-919.9
Operating costs owned vessels	0.0	-18.2	-39.4	0.0	-57.6	0.0	-20.9	-36.0	0.0	-56.9
Contribution margin	37.0	71.7	80.5	0.0	189.2	42.0	30.1	12.2	0.0	84.3
Overhead and administration costs	-28.1	-7.9	-20.1	0.0	-56.1	-26.2	-6.5	-10.9	0.0	-43.6
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	8.9	63.8	60.4	0.0	133.1	15.8	23.6	1.3	0.0	40.7
Profit/loss from sale of vessels, etc.	0.0	2.4	-7.2	0.0	-4.8	0.0	11.5	-2.7	0.0	8.8
Depreciation, amortisation and impairment losses	-10.4	-46.8	-52.3	0.0	-109.5	-0.5	-9.9	-22.5	0.0	-32.9
Share of profit/loss of joint ventures	0.0	-0.2	0.0	0.0	-0.2	0.0	3.6	-0.8	0.0	2.8
Profit/loss from operations (EBIT)	-1.5	19.2	0.9	0.0	18.6	15.3	28.8	-24.7	0.0	19.4
Financial income	0.4	1.8	1.2	0.0	3.4	0.0	3.2	2.1	0.0	5.3
Financial expenses	-0.7	-18.4	-10.3	0.0	-29.4	0.0	-7.4	-4.8	0.0	-12.2
Profit/loss before tax	-1.8	2.6	-8.2	0.0	-7.4	15.3	24.6	-27.4	0.0	12.5
Tax	-4.3	-0.7	-0.8	0.0	-5.8	-2.1	-0.5	-0.4	0.0	-3.0
Profit/loss for the period	-6.1	1.9	-9.0	0.0	-13.2	13.2	24.1	-27.8	0.0	9.5
Adjusted for:										
Profit/loss from sale of vessels, etc.	0.0	-2.4	7.2	0.0	4.8	0.0	11.5	-2.7	0.0	8.8
Adjusted Result for the period*	-6.1	-0.5	-1.8	0.0	-8.4	13.2	12.6	-25.1	0.0	0.7

* 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 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Vessel operating costs	589.3	605.5	1,750.4	1,747.0	2,322.2
Overhead and administrations costs	18.9	14.7	56.1	43.6	59.8
Total	608.2	620.2	1,806.5	1,790.6	2,382.0
These costs can be split by nature:					
Voyage costs, see note 2	258.6	272.6	804.0	770.2	1,007.1
Charter hire and OPEX element, see note 2	312.3	314.1	888.8	919.9	1,237.7
Operating costs owned vessels excluding seafarers	6.9	7.2	21.6	22.4	40.0
Other external costs	4.7	2.8	15.2	10.5	14.3
Staff costs incl. seafarers	25.7	23.5	76.9	67.6	82.9
Total	608.2	620.2	1,806.5	1,790.6	2,382.0

4. Overhead and administration costs

USD million	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Staff costs, onshore employees	14.2	11.9	40.9	33.1	45.5
Other external costs	4.7	2.8	15.2	10.5	14.3
Total	18.9	14.7	56.1	43.6	59.8

5. Depreciation

USD million	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Vessels	11.0	11.4	33.3	32.3	43.3
Right-of-use assets	25.7	-	75.6	-	-
Property and equipment	0.3	0.2	0.6	0.6	1.0
Total	37.0	11.6	109.5	32.9	44.3

6. Financial expenses

USD million	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Interest costs	3.5	4.4	13.8	11.3	15.9
Fair value adjustment, forward exchange contracts	1.0	0.9	1.1	0.9	0.0
Exchange rate adjustments	0.0	0.0	0.0	0.0	0.0
Interest expense on lease liabilities	4.8	-	14.5	-	-
Total	9.3	5.3	29.4	12.2	15.9

7. Fair value adjustment - hedging Instruments

As of 30 September 2019, outstanding hedging contains:

Bunker hedging

USD million	2019 30/9	2018 30/9	2018 31/12
Movements in the hedging reserve:			
Beginning, 1 January		7.9	7.9
Fair value adjustments	-26.9	24.2	-14.1
Realised contracts, transferred to vessel operating costs (gain)	-3.1	-19.3	-20.7
End	-2.0	12.8	-26.9

FFA hedging

USD million	2019 30/9	2018 30/9	2018 31/12
Movements in the hedging reserve:			
Beginning, 1 January	1.5	0.9	0.9
Fair value adjustments	-10.9	2.0	5.2
Realised contracts, transferred to vessel operating costs (+ = loss, - = gain)	4.8	-2.3	-4.6
End	-4.6	0.6	1.5

Notes to the interim consolidated financial statements
8. Vessels

USD million	2019 30/9	2018 30/9	2018 31/12
Cost at 1 January	1,207.3	1,133.3	1,198.5
Additions	34.5	45.3	80.5
Disposals	-2.9	-23.4	-48.0
Transferred during the year	55.9	84.9	112.0
Transferred to tangible assets held for sale	-208.9	-113.3	-135.7
Cost	1,085.9	1,126.8	1,207.3
Depreciation at 1 January	-284.9	-269.6	-323.1
Depreciation	-33.3	-32.3	-43.3
Depreciation related to derecognised assets	2.9	10.4	40.8
Transferred to tangible assets held for sale	74.6	31.4	40.7
Depreciation	-240.7	-260.1	-284.9
Impairment at 1 January	-126.8	-172.2	-183.7
Reversed impairment on vessels disposed of	0.0	6.9	7.2
Transferred during the year	-4.2	-3.3	-3.3
Transferred to tangible assets held for sale	55.3	46.2	53.0
Impairment	-75.7	-122.4	-126.8
Carrying amount	769.5	744.3	795.6

9. Right-of-use assets

USD million	2019 30/9	2018 30/9	2018 31/12
Cost at 1 January	292.5	-	-
Additions	47.8	-	-
Remeasurement	13.5	-	-
Transfer to subleases	-6.8	-	-
Cost	347.0	-	-
Depreciation at 1 January	0.0	-	-
Depreciation	-75.6	-	-
Depreciation	-75.6	-	-
Carrying amount	271.4	-	-

10. Prepayments on vessels and newbuildings

USD million	2019 30/9	2018 30/9	2018 31/12
Cost at 1 January	29.1	41.4	41.4
Additions	40.6	76.1	100.1
Transferred to vessels	-55.9	-84.9	-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	13.5	32.4	29.1
Impairment at 1 January	-4.2	-7.5	-7.5
Reversed impairment on vessels disposed of	0.0	0.0	0.0
Transferred during the year	4.2	3.3	3.3
Transferred to tangible assets held for sale	0.0	0.0	0.0
Impairment	0.0	-4.2	-4.2
Carrying amount	13.5	28.2	24.9

11. Receivables from subleasing

USD million	2019 30/9	2018 30/9	2018 31/12
Receivables from sublease at 1 January	35.2	-	-
Additions for the period	6.9	-	-
Payment received	-7.6	-	-
Receivables from sublease at end of period	34.5	-	-

Notes to the interim consolidated financial statements
12. Vessels held for sale

USD million	2019 30/9	2018 30/9	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	79.0	35.7	42.0
Disposals	-79.0	-72.9	-79.2
Impairment for the period	0.0	0.0	0.0
Carrying amount	0.0	0.0	0.0
Which can be specified as follows:			
Vessels	0.0	0.0	0.0
Newbuildings	0.0	0.0	0.0
Total	0.0	0.0	0.0

13. Lease liabilities

USD million	2019 30/9	2018 30/9	2018 31/12
Lease liabilities at 1 January	350.4	-	-
Additions for the period	49.3	-	-
Remeasurements	13.5	-	-
Instalments made	-83.3	-	-
Lease liabilities at end of period	329.9	-	-

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 September 2019

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	15.0	8.0	23.0
Chartered vessels	2.0	29.0	5.0	36.0
Total active fleet	2.0	44.0	13.0	59.0
Vessels to be delivered				
Owned vessels	0.0	0.0	0.0	0.0
Chartered vessels	0.0	8.0	0.0	8.0
Total vessels to be delivered	0.0	8.0	0.0	8.0
Total gross fleet	2.0	52.0	13.0	67.0

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

Vessel type	LR1	MR	Handysize	Total
Average age of owned vessels	N/A	7.8	10.0	8.6
Market value of owned vessels and newbuildings*	0	346	116	461
Broker estimated value of certain charter parties attached to owned vessels	0	-1	0	-1
Carrying amount/cost	0	379	158	538
Value added	0	-35	-43	-77
Value of purchase and extension options on chartered tonnage	0	5	14	19

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

NORDEN's Dry Owner fleet at 30 September 2019

Vessel type	Panamax	Supramax	Handysize	Total
Vessels in operation				
Owned vessels	2.0	8.5	2.0	12.5
Chartered vessels	13.5	13.0	3.0	29.5
Total active fleet	15.5	21.5	5.0	42.0
Vessels to be delivered				
Owned vessels	0.0	2.0	0.0	2.0
Chartered vessels	2.0	6.0	1.0	9.0
Total vessels to be delivered	2.0	8.0	1.0	11.0
Total gross fleet	17.5	29.5	6.0	53.0

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

Vessel type	Panamax	Supramax	Handysize	Total
Average age of owned vessels	8.8	2.7	6.8	4.3
Market value of owned vessels and newbuildings*	36	259	27	321
Broker estimated value of certain charter parties attached to owned vessels	1	0	8	9
Carrying amount/cost	37	244	40	322
Value added	-1	15	-6	8
Value of purchase and extension options on chartered tonnage	8	11	0	19

* 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	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Total
Newbuilding payments and secondhand purchases	2	0	5	33	0	0	0	0	40
Other CAPEX*	22	9	2	0	0	2	0	8	43

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.