



STRENGTHENED FOCUS ON THE WORLD'S SECOND-LARGEST ECONOMY

Felix Ng will ensure NORDEN the right
business opportunities in China

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NORDEN calendar

17 April 2012

Expected payment of dividend

20 April 2012

Launch and naming of 37,000 dwt.
Handysize dry cargo vessel
Onomichi, Japan

24 April 2012 – 15 May 2012

Silent period preceding the publication
of the interim report for the first quarter
2012

15 May 2012

Interim report – first quarter of 2012

15 May 2012 – 17 May 2012

Roadshows in connection with the interim
report

20 June 2012

Naming and delivery of 110,000 dwt.
Post-Panamax dry cargo vessel
Chiba, Japan

Cover photo

Director & Chief Representative Felix Ng, new head of NORDEN's representative office in Shanghai, has a long background within shipping to draw from in his new position.

Dampskibsselskabet NORDEN A/S

52, Strandvejen
DK-2900 Hellerup
Denmark
Telephone: 3315 0451
www.ds-norden.com



Editor-in-chief:

Carsten Mortensen

Articles: Jens Peter Skaarup,
jps@ds-norden.com, Corporate
Communications

Layout and graphic design:
meyer & bukdahl as

Translation: Karina Kjerulff Kotchiev,
Mette Krogh Mulipola and Pernille
Strungesen Mørch



A DANISH POSITION OF STRENGTH

NORDEN can be pleased with the results for 2011, which we recently presented to the annual general meeting. In a continuing difficult market with an oversupply of vessels and a world economy which struggles to get back into gear with low rates as a result, NORDEN generated a result for 2011 which was even slightly better than what we expected at the beginning of the year.

2012 is already well under way, and even though we anticipate great challenges again this year, I also anticipate that the year will at least become the beginning of the end of the hard times.

Consequently, NORDEN does not only focus on optimising day-to-day operations. It is equally important to ensure that NORDEN is always positioned in the best possible way to gain its share of the profit when times improve. For that reason, we also conduct thorough analyses to see when we should really start investing in both Dry Cargo and Tankers again.

In our recently published annual report, you can read about all of our on-going activities.

The annual report was published together with our CSR report. Ambition is one of NORDEN's 4 values, and this is also reflected in our targets when it comes to CSR – i.e. NORDEN's environmental activities, business ethics, employee considerations (health and safety) and social commitment.

In 2011, we thus strengthened our focus on climate with emphasis on fuel efficiency as an essential part of our long-term business. When we save fuel, it improves the bottom line, but it also means smaller impact on the environment as CO₂ emissions are reduced. In other words, fuel savings and environmental considerations go hand in hand, which is also in line with our strong belief that a business driven CSR strategy is the way to go for NORDEN.

In 2011, we ordered 4 new fuel efficient MR product tankers, and at the same time, we technically optimised 2 new Handysize dry cargo vessels and chartered 4 new fuel efficient Panamax dry cargo vessels.

NORDEN is part of the Blue Denmark, which the new Danish government has just taken the initiative to strengthen with the establishment of a so-called growth team, which I have become chairman of in my capacity as CEO for NORDEN.

Even though Denmark is a small country with only 5.5 million inhabitants, Danish owned/operated vessels transport 10% of the global trade. This makes the Blue Denmark one of the country's positions of strength, and it makes Denmark one of the world's leading seafarer nations.

It is the Minister for Business and Growth Ole Sohn's ambition that we prepare a proposal for how the Danish shipping companies and all the associated maritime trades can grow even further. The growth team should also come up with ideas for how Denmark can attract foreign maritime companies – with an eye to how another small country such as Singapore succeeded in growing from a developing country into a global growth centre, not least a global shipping centre in just 50 years.

On behalf of NORDEN and the entire industry, I am pleased that the government has taken this initiative.

We have the best possible starting point. Denmark has already come a long way, we have some unique maritime competences in Denmark, and the will to strengthen the Blue Denmark is also present. Now, it is about presenting all the good ideas, unite all the good intentions and put some political drive behind them.

It may seem a bit strange to some people to talk about growth in the middle of a global financial crisis. On the other hand, it is precisely in times of crisis that you have seen the greatest ideas come into reality during the years as the will to change and renew is always greatest in times of crisis.

CARSTEN MORTENSEN, CEO



BIOMASS SECOND TO COAL IN NORDEN'S CARGO BOOK

Following the demand on the European power stations/CPH plants to replace parts of the fossil fuels with biomass in the form of wood pellets or wood chips, a rapidly increasing market for transport of biomass has emerged.

There were happy days on the quay in the Port of Aarhus, Denmark, when the brand new NORDEN vessel NORD LONDON called into port with 15,000 tonnes of wood chips from Ghana to the CPH plant Verdo in Randers, Denmark, which has ordered a total of 750,000 tonnes of Ghanaian wood chips to the company's biomass activities in the coming 5 years. The biomass comes from rubber trees, which no longer produce any rubber and which were previously burnt down on the spot – without any use-value and of great harm to the environment.

Verdo had no doubt that the event had to be celebrated as the agreement was the first of its kind in Denmark and had great perspectives for Verdo, which operates its own biomass-fuelled CPH plant. The plant has staked extensively on biomass in the last couple of years, i.a. by restructuring the CPH plant in Randers to biomass. With the Ghana-agreement, Verdo secures long-term delivery of high quality biomass, which supports the goal of becoming Denmark's greenest energy company.

Also for NORDEN, there was reason to celebrate the day as the transport of wood chips from Ghana to Aarhus was another example of how biomass has become more significant in NORDEN's cargo book. Actually so significant that biomass today is the second-largest commodity after coal in NORDEN's cargo book for the coming years.

In 2012, NORDEN expects to transport three times as much biomass as in 2011 when NORDEN entered the biomass market. In 2013 and onwards, NORDEN expects additional growth in its biomass transports.

"We constantly receive enquiries from new players in the market, who are interested in receiving an offer for transport of biomass from us," says head of NORDEN's Handysize pool, Vice President Christian Ingerslev.

Demand on power stations: More biomass

Growth in the biomass market is a direct result of the demands on the European power stations/CPH plants to replace parts of the fossil fuels such as coal and oil with biomass in order to meet the EU's and the governments' CO₂ target.

European power stations/CPH plants are the exact terminus for the biomass on board NORDEN's dry cargo vessels. The loading ports are placed in West Africa – Liberia and Ghana – and in the American Gulf and on the East Coast of the USA, where Savannah in Georgia is loading port for the biomass in the form of wood pellets from Georgia Biomass, which is owned by the German energy company RWE Innogy. On a 15-year contract, NORDEN transports wood pellets to the company's power stations in the United Kingdom, Holland and Belgium, where they replace coal.

It is estimated that the global transport of biomass in the form of primarily wood pellets – but also wood chips and certain other types of biomass – has reached 3.5-4 million tonnes on an annual basis. But these figures are expected to increase significantly already within the next couple of years, Christian Ingerslev anticipates.

Need for larger vessels

The most common vessel type used for transport of biomass today is Handysize with a capacity of 25,000-40,000 deadweight tonnes. But the need for transport of biomass from the USA is so large and is increasing at such a rate that Christian Ingerslev expects that Supramax, with a capacity of 50,000-65,000 deadweight tonnes, will increasingly be used for transport of biomass. NORDEN has a strong market position in both vessel types. However, this will necessitate expansion of storage capacity and infrastructure as especially wood pellets are sensitive to moisture and oxygen.

And speaking of the actual transport of the environmentally friendly biomass and the energy consumption of the transport, Verdo in Randers has made a calculation which shows that a vessel transporting wood chips from Ghana to Aarhus consumes energy corresponding to only 5% of the fuel value of the cargo.

NORDEN STRENGTHENS ITS FOCUS ON THE SECOND-LARGEST ECONOMY IN THE WORLD



NORDEN's team in Shanghai – here with manager Felix Ng in the middle – is to pursue the right business opportunities rather than just market shares.

NORDEN's new man in China

NORDEN's new man in China has travelled far and wide during his career. In the last job before NORDEN alone – he came from a position as Vice President at the cement giant Holcim Trading SA Madrid-office – his market place included Europe, North, South and Central America as well as Africa. Previously, he has worked for Holcim in Singapore and Beijing, and before he joined Holcim in 1997, he worked for Sino Trade Pte. Ltd. in Singapore for 5 years.

But today, Felix Ng, 45 years old and Singaporean with the title of Director & Chief Representative, is head of NORDEN's representative office in Shanghai in China. The office was opened in 2002 and presently has 14 employees.

This is where Felix Ng will now apply his 20 years of experience within commodity trading, his strong educational background and his thorough knowledge of some of the most important market places across the world – not least those in Asia from where a considerable share of global growth will arise for many years to come.

“China has always been a big draw and a very special place for me both personally and professionally. Personally because it is where my ancestors originate from and where my language and culture is created. Professionally, because it is the bedrock of my training, where I honed my skills and learned my trade,” says Felix Ng.

The world's second-largest economy

He is fascinated by the development which China has undergone with the result that the country is now the second-largest economy in the world with the prospect of soon overtaking the largest – the USA – if that has not already happened, which some economists believe.

“It has only been 30 years since China really opened the doors to the surrounding world, but the country has already developed into a formidable economic power rivaling the USA and closely watched by the world,” Felix Ng points out.

China will remain the world's largest importer of commodities and NORDEN's largest market. The new head of NORDEN's representative office in Shanghai has a clearly defined task: Pursue more of the right business opportunities in China.

China has just reached a population figure of 1.3 billion. It is the world's second-largest economy after the USA, and China has a declared aim to continue the economic development. China wants to be a modern economic superpower. And development requires import of commodities such as iron ore, coal, minerals etc. China is the world's largest importer of commodities. Add to this the 1.2 billion tonnes of commodities that are transported between the Chinese ports every year. In 2011, China imported 687 million tonnes of iron ore and 183 million tonnes of coal.

China is NORDEN's largest market. Every fifth of NORDEN's dry cargoes are discharged in a Chinese port.

This significant part of NORDEN's business is now headed by the 45-year-old Singaporean Felix Ng, who, with title of Director & Chief Representative, has taken over the management of NORDEN's representative office in Shanghai.

"The need for development in China and the need for import of commodities will probably be beyond most people's comprehension," says Felix Ng.

Even though the International Monetary Fund, IMF, predicts that growth in the Chinese gross domestic product will decrease from 9.2% in 2011 to 8.25% in 2012, the IMF also predicts that the gross domestic product in China will already increase by 8.75% in 2013. As the IMF puts it in its China Economic Outlook: "The Chinese economy has, once again, shown its resilience in the midst of a difficult external environment, buoyed by robust corporate profitability and rising household incomes."

The first NORDEN vessel called at a Chinese port in 1875 – 4 years after the Company's foundation. There are several good reasons why

NORDEN continues to be very active in China – since 2002 with a representative office in Shanghai with 14 employees.

At 155 calls, NORDEN discharged a total of approximately 9.3 million tonnes of commodities in Chinese ports – approximately 1.2 million tonnes more than in 2010 and 3.8 million tonnes more than in 2007. Considering China's almost insatiable need for imported commodities, there is more to be gained for NORDEN.

NORDEN's commercial focus has always been on pursuing the right business opportunities rather than just aiming for market shares. And what is meant by right business opportunities are business opportunities which in the long term are the most profitable or which best fit into NORDEN's logistic programme.

"We should maintain this focus. We have also spent considerable resources on understanding how the Chinese market has developed and where it is going. This will also be a task for the new head of the office," says Managing Director Peter Borup, NORDEN, Singapore, who furthermore has the overall responsibility for the office in Shanghai and thus the Chinese market.

He expects that we, in the coming years, will see a consolidation of a number of the industries where NORDEN presently finds its customers. It is NORDEN's ambition to concentrate its efforts on the long-term survivors of this consolidation by cultivating and developing long-term partnerships – just as NORDEN is doing through its offices in other parts of the world. The office in China will also continuously focus on its cooperation with China's leading private or state-owned shipyards, just as NORDEN will continue its cooperation with Shanghai Maritime University, where the Company has built a strong brand.

In his new job with NORDEN, he will also be able to draw on his many business connections.

"I mainly have connections within the cement as well as the energy and fuel industries, built up for almost 2 decades. I believe that I have particularly strong connections in Japan, Korea and in several Chinese regions," says Felix Ng.

Turbo on service

It is his ambition to further improve the service which NORDEN has to offer on the Chinese market.

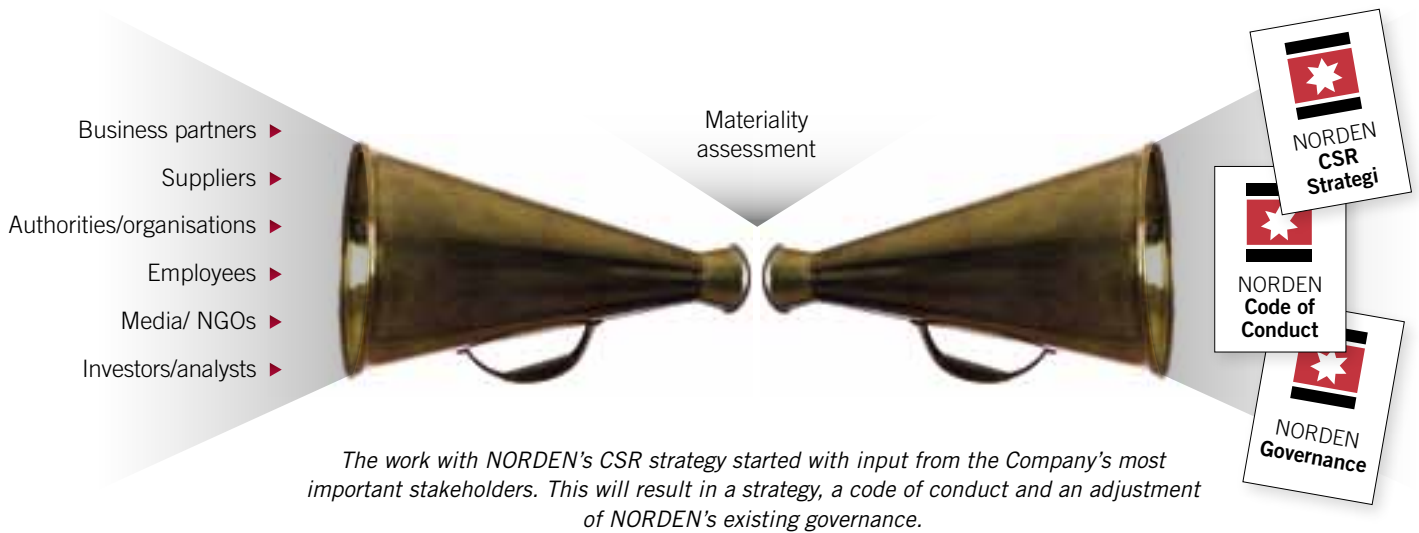
"From my background in a particularly competitive market, I know very well that shipping is about rates, rates and rates. But when all players offer more or less the same price, the quality of service may set the competition apart. So that is something that we have to become even better at – also in China," says Felix Ng.

And it is his ambition to concentrate a lot on teamwork.

"I am driven by success, and that is the success reached as a team. Teambuilding and cohesion in the team are therefore the key to success – but only if it is combined with a proactive and customer oriented approach to everything that we do," says Felix Ng.

As head of the representative office in Shanghai, he will report to Managing Director Peter Borup, NORDEN, Singapore.

"We are very happy that Felix Ng has now become head of the office in Shanghai. He brings with him a lot of experience from the cement industry and the shipping industry in general. Felix Ng will be able to open a lot of new doors for us in China. Furthermore, his thirst for knowledge and strong interest in China will help us cultivate new connections and provide us with an even better knowledge of where the business opportunities in China can be found," says Peter Borup.



CSR STRATEGY BASED ON THOROUGH GROUNDWORK

First of all, the relevant stakeholders' opinions and demands within the area are mapped. Then activities are rated and prioritised, and only then are the strategy and the corresponding action plan formulated.

Since the turn of the year, NORDEN has made a comprehensive mapping of how important customers, brokers, suppliers, employees, competitors, authorities, environmental organisations and other relevant stakeholders relate to and work with CSR (Corporate Social Responsibility) – i.e. companies' environment activities, business ethics, employee considerations (health and safety) and social engagement.

The mapping will be used at the formation of NORDEN's CSR strategy which is directly linked to the business strategy. The starting point of all CSR activities in NORDEN is that they are not only to be beneficial to society – they must also serve the bottom line.

"Since NORDEN's CSR activities are business driven, it is of vital importance for us, that the CSR strategy reflects the opinions and demands of our stakeholders. I am especially thinking of our customers, brokers and other business partners. We live on the business they give us. However, authorities and environmental organisations are also relevant and important in this connection since they are directly or indirectly influential in setting the framework conditions for the industry. That is why we have made this comprehensive mapping of our stakeholders' opinions and demands on the various CSR activities," says Director Ulla E. Nielsen, responsible for CSR.

The mapping is partly based on data derived from the many stakeholders' homepages and partly on long oral interviews with selected shareholders.

The next step in the preparation of the CSR strategy is a so-called high level materiality assessment workshop – i.e. a meeting where NORDEN's senior management reviews approximately 20 CSR activities within environment, business ethics, employee considerations and social engagement. The review will result in a rating of the activities based on the importance to the bottom line and the stakeholders. Based on this rating, the Company's senior management will come to a decision as to when the individual activities should be addressed. Only on this basis can the CSR strategy including action plan be formulated.

"Long before the concept of CSR was invented, it has been part of NORDEN's way of doing shipping to act responsibly. Our reason for making a CSR strategy is that we wish to systematise and make our efforts visible in order to meet a rising demand particularly from our customers and other business partners," says Director Ulla E. Nielsen.

Daily working tool

"We are not making a CSR strategy for the bookshelves. The ambition is a concrete, tangible, understandable and operational strategy, which will be a daily instrument and a constant competitive parameter," says Ulla E. Nielsen.

The CSR strategy will be complemented by a code of conduct including the norms, which applies to NORDEN's way of doing business – and an adjustment of NORDEN's existing governance. When the Board of Directors have approved all parts of the strategy, the launching and rooting among the employees at sea and at the offices will begin. This process will last for the rest of the year.

CONTINUED FOCUS ON LONG-TERM GROWTH

With massive debt problems in Europe and the USA and a negative spillover effect on the rest of the world in addition to great oversupply of vessels, 2012 will be yet another challenging year for the global shipping industry. But it will also be a year of opportunities, which NORDEN, with its very strong financial position and flexible business model, will do its utmost to take advantage of. The strategy for 2012-2014 also focuses on long-term growth in challenging times.

While large parts of the shipping industry are in a financial straitjacket, NORDEN has entered 2012 with a very strong financial position and a flexible business model. The Company will do its utmost to take advantage of this strong position when opportunities arise in the global shipping market, which throughout the year is expected to be influenced by massive debt problems in Europe and the USA, a negative spillover effect on the rest of the world and a great oversupply of vessels.

The strategy is a continuation of the strategy for 2011-2013 and therefore also focuses on long-term growth in challenging times.

This means that Dry Cargo as well as Tankers will have to secure long-term earnings in spite of but also by virtue of the fluctuations characterising the shipping market.

Cargo volumes up by 15%

In Dry Cargo, the strategy remains:

- Continued focus on growing cargo volumes by 15% annually.
- More long-term partnerships with solid customers such as commodity and mining companies, industrial groups and energy producers, which acknowledge that NORDEN also requires a reasonable profit, taking the market levels into account.
- Operational focus on savings.
- Focus on the vessels' fuel consumption – eco focus.
- Gradual investments in more vessels when attractive opportunities arise.

Oversupply of vessels

The starting point of the activities in Dry Cargo for the next 3 years is as follows:

- Oversupply of vessels and large fluctuations in the spot market.
- Healthy growth in demand, driven by the growth markets in Asia, South America, etc.
- The Euro crisis may drag the world economy down.

Head of the Dry Cargo Department, Executive Vice President Peter Norborg: "The dry cargo market has bottomed out. But ever since the beginning of the financial crisis in 2008, NORDEN has shown that by using our strengths in the right way we can also achieve reasonable results even in a very weak market. In 2012, the ambition is to become even better at this."

Exercising financial strength

In Tankers, the strategy is:

- Investments in more vessels when attractive opportunities arise.
- Exercising financial strength while competitors are under pressure.
- Strengthening earnings capacity in Norient Product Pool, which on behalf of NORDEN and Interiorient Navigation Company handles the commercial and operational management of the two shipping companies' tanker vessels – a total of around 75 vessels.
- Focus on the vessels' fuel consumption – eco focus.

Gradual improvement in the market

The starting point of the activities in Tankers for the next 3 years is as follows:

- Gradual improvement in the market, but no boom.
- Very limited growth in the global tanker fleet.
- Attractive outlook with regard to transport distances as refineries in the West are being shut down – this increases the need for import of refined oil products from the new, modern refineries in the East – and as demand is expected to increase in the growth markets.

Head of the Tanker Department, Senior Vice President Lars Bagge Christensen: "Not only do we have to get through the crisis, we also have to use the crisis to make some good deals, increase our activities – to expand. NORDEN's strong financial position provides a good basis for this. Once we are through the crisis, NORDEN Tankers must be bigger and stronger than the NORDEN Tankers we know today."

**C Head of the Dry Cargo Department,
Executive Vice President Peter Norborg:**

"By using our strengths in the right way we can also achieve reasonable results even in a very weak market."

**Head of the Tanker Department,
Senior Vice President
Lars Bagge Christensen:**

"NORDEN Tankers must be bigger and stronger than the NORDEN Tankers we know today."

NORDEN VESSELS

TO RIGHT STEAM

AT ALL TIMES

Fuel – bunker oil – is NORDEN's largest variable cost at sea. Even though bunker oil is a residual product from the refinement of oil, its price continues to increase. For that reason, it is NORDEN's indispensable target that vessels sail at the right speed at all times in proportion to time and costs. NORDEN calls this right steaming.

If one of NORDEN's tanker or dry cargo vessels – either owned or on long-term charter – will not be able to start loading until Monday, it makes no sense if it already arrives on Friday. The loading process will not begin until Monday anyway. Almost regardless of the character of the voyage, by slowing down, the vessel could have minimised the consumption of fuel, bunker oil, considerably for the benefit of both costs and the environment by way of reduced CO₂ emissions.

NORDEN calls this way of sailing performance-driven operation - or right steaming. This term is considered to be more adequate than slow steaming, which was the term previously used by NORDEN for the operation of adjusting the speed according to the most profitable time to arrive for next loading or discharge.

Right steaming entails sailing with optimal speed – i.e. that time including all relevant factors are always considered in proportion to costs.

Environmental gain

The environmental gain is a good added bonus of right steaming. However, NORDEN's technical manager, Senior Vice President Lars Lundegaard states that the considerable and increasing bunker oil costs are the reason behind the Company's aim to right steam at all times.

Bunker oil is a residue product from the refinement of oil. However, the new and modern refineries are much more efficient, and this leads to reduced amounts of the residual product bunker oil and consequential price increases.

If a typical vessel reduces speed by 10% compared to normal service speed, it sails 26 nautical miles longer per 1 tonne of bunker oil. With a bunker oil price of approximately USD 700 per tonne and a daily consumption of 30 tonnes, the reduced speed and

NORDEN's vessels are to sail at the right speed at all times – this is called right steaming – for the benefit of both bottom line and environment.

consequential reduced bunker oil consumption will have rapid and considerable influence on fleet costs, NORDEN's bottom line and CO₂ emissions.

Introduced in 2009

Right steaming was introduced to NORDEN in 2009 by Norient Product Pool, which handles the commercial and operational management of NORDEN's and the pool partner Interorient Navigation Company's approximately 75 product tankers. In 2011, a special version was implemented in the dry cargo fleet.

If a captain on a tanker or dry cargo vessel sails faster than planned, and he consequently consumes more bunker oil than necessary, an operator on shore will ask him to explain the higher speed, which may for example be caused by the weather. If there is no reasonable explanation to the higher speed, it must be slowed down again.

In the weak freight market, which became the order of the day in 2008 with an oversupply of vessels compared to the number of cargoes, it has more or less been necessary for the shipping companies to sail at reduced speed in order to reduce bunker oil costs.

"When times hopefully soon improve – when rates increase again, speed will definitely also pick up. But in the future, we will only increase speed following systematic considerations and if it is financially best for NORDEN. Sailing at high speed just for the sake of it is forever over. This will also be beneficial to the environment," says Senior Vice President Lars Lundegaard.

BREAK OF EXPENSES TREND FOR NORDEN'S OWNED VESSELS

NORDEN owns 44 vessels of which 32 are technically managed by NORDEN itself. The other 12 owned vessels are technically managed by external managers. Regardless of who technically manages the vessels, the quality requirements are exactly the same, but external technical management provides NORDEN with flexibility and the opportunity to benchmark operating costs. In 2011, NORDEN succeeded in breaking the expenses trend for the 32 NORDEN owned vessels technically managed by NORDEN, and the vessels ended 2011 marginally below budget.

Freight rates are low, and operating costs on owned vessels are under pressure due to extra expenses related to the fight against piracy, more expensive fuel, higher than expected pay and increasing expenses to vetting efforts – i.e. the efforts to meet the quality requirements from oil majors.

In the beginning of 2011, this presented the Technical Department with a serious challenge, which had to be solved in order to secure NORDEN's competitiveness. Operating costs on the 32 owned vessels which are technically managed by NORDEN had to be reduced. And they have been reduced – thanks to close cooperation between the Technical Department and the officers at sea. For 2011 as a whole, the fleet ended marginally below budget.

"It is both a very satisfactory and a very necessary result, which we have achieved without at all impairing safety, the technical quality at sea or the environment – three main priorities for us," says head of the Technical Department, Senior Vice President Lars Lundegaard.

238 vessels in the active fleet

NORDEN's active fleet – i.e. owned vessels and long-term chartered vessels with and without purchase option – counted 238 vessels at the end of 2011, namely 195 dry cargo vessels and 43 tanker vessels. 44 of these vessels are owned by NORDEN – 27 dry cargo vessels and 17 tanker vessels. 12 of the 44 owned vessels are technically managed by external managers – this provides flexibility and the opportunity to benchmark operating costs. The 12 vessels in external management all belong to the dry cargo fleet.



Head of the Technical Department, Senior Vice President Lars Lundegaard: "In the current difficult market, it also applies for operating costs at sea that every dollar counts."

"It is expensive to operate a vessel. And in the current difficult market, it also applies to operating costs at sea that every dollar counts. Fortunately, the fleet's officers hold the same opinion. They are fully aware that they should always choose the least expensive solution if it is equally good," says Lars Lundegaard.

To reduce operating costs, initiatives have been established in numerous areas where the level of safety, quality and environment has not been lowered. These initiatives include comparison of procedures and operating figures for the individual vessels, improved stock management, stricter follow-up on budgets, new procedures for change of crew, streamlining of purchases, etc.

24 officers leave NORDEN

"To further reduce costs in the tanker fleet, where we did not make a profit for 3 years, we unfortunately had to dismiss 10 Danish senior officers and change the conditions for 14 Danish junior officers so that they will not automatically be employed by NORDEN upon attainment of agreed sea service. The senior officers will be replaced by Indian officers with relevant experience and certificates, and the junior officers will be replaced by Philippine officers," says Senior Vice President Lars Lundegaard.

In addition to the continued large focus on technical operating costs, there is special focus on reducing fuel consumption. Therefore, NORDEN's climate action plan is still being pursued. Another essential area which ensures large savings on fuel is efficient route planning and sailing at the correct speed – also known as right steaming (see previous page).

NEW BUSINESS AREA IN NPP: ETHANOL

Transport of refined oil products continues to be Norient Product Pool's dominating business area. However, the pool is aware that ethanol – also called the green fuel since it does not have as adverse an impact on the environment – is a product in rapid growth. The only question is: how much ethanol is to be transported on board vessels?

With its approximately 75 product tankers, Norient Product Pool (NPP) is slowly stepping into a new business area. The business area in question is transport of ethanol products, which is a market in rapid growth. This is due to the fact that crude oil prices increase, but it is also due to the growing global concern for the environment and climate and the fact that we experience a shift to alternative fuels across the world.

NORD NIGHTINGALE opened the ball with a voyage from The American Gulf to The Arabian Gulf with 30,000 tonnes of fuel grade ethanol, i.e. ethanol mixed with a drop of gas oil.

In Brazil, the practice of adding ethanol to gas oil started during the Second World War forced by the uncertainties related to oil deliveries. After the war, the practice died down due to easy access to inexpensive oil. But following the oil crisis in the 1970ies, it has been provided by statute since 1976 that gas oil must be mixed with ethanol. Dependent on the ethanol production, the ethanol content in gas oil in Brazil has varied from 10 to 25%. In recent years, countries around the world – the USA, India, China, Thailand and numerous European countries – have joined the ethanol wave by adding 5, 10, 15 or 20% ethanol to gas oil or diesel oil.

"Transport of refined oil products will continue to be our dominating business area. But we are aware that the ethanol market is growing and might thus be of interest to us. Consequently, it is only natural that we start to engage in this area of business," says President and CEO Søren Huscher, NPP.

The reason he is not punching the air is that though the ethanol market is in rapid growth, it does not necessarily mean that large volumes of ethanol will continuously need to be moved from continent to continent or even locally in the region – in other words that it will lead to large transport business for the shipping industry.

Up until 2010, the USA was the world's largest importer of fuel grade ethanol whereas Brazil was the largest exporter. This was turned upside down by drastic changes in supply and demand conditions which were created by increased demand on the global market, currency movements and historically high prices on sugar. So now, the USA has evolved into a net exporter of ethanol. However, it is uncer-



NORD NIGHTINGALE carried the first ethanol shipment for NPP.

tain if this will continue since increasing American demands on fuel with low sulphur content can raise the country's ethanol needs and thereby reduce exports.

Due to the large uncertainties related to the need for seaborne transport of ethanol, the head of NPP and thus the third largest product tanker pool in the world does not dare to guess at the extent to which the upside in the market will affect NPP.

"I can, however, promise you that NPP will follow the development closely to ensure that we take optimal advantage of the potential in the market," says President and CEO Søren Huscher, NPP.

There are no technical barriers to sailing with ethanol, which is classified as a chemical. Transport of chemicals entails special demands on the vessels, but a large part of NPP's modern fleet already meets these demands.

LOT OF MONEY TO BE SAVED BY NEGOTIATING BETTER

About 130 employees from NORDEN/Norient Product Pool have attended a course to become better at negotiating – i.e. by negotiating in a far more structured manner and with focus not only on price but on all relevant variables. 80-90% of the attendees come from chartering and operations – i.e. from departments where a lot of money can be made and saved by negotiating in the best possible way.

Anyone can see that rates are being squeezed both in dry cargo and tankers. The world's shipping companies are currently getting by on very small margins. All the more reason to obtain the best possible outcome every time NORDEN/Norient Product Pool is negotiating with a customer, a broker, another shipowner, a yard or with one of the numerous suppliers, who the operators employ when a vessel must go from A to B and when entering or exiting a port. Every dollar counts on the bottom line.

This is why about 130 employees – hereof 80-90% from chartering and operations – have enrolled to sharpen their negotiation skills.

Experienced educators

The training was in the capable hands of the negotiation advisers Christian Bryde-Nielsen and Benjamin F. Lund. With solid personal experience from the corporate world, the two educators have organised the negotiation skills of numerous globally operating Danish enterprises by creating a common approach to how value can be created in negotiating in an often both busy and competitive working day.

"The course stretches over several months, and in between days spent behind the school desk, there is extensive follow-up and involvement of the attendees. But we do not see it as a completed process. It is something which we will give high priority both now

and going forward," says Senior Vice President Vibeke Schneidermann, head of HR.

The background for it all is that NORDEN/Norient Product Pool have many charterers, operators, etc. who each are experienced and skilled negotiators. But they have lacked a common approach to negotiations – a common approach which is to characterise the company's way of negotiating, and a common approach which mean that every potential in a negotiation situation is advantageously tapped. Common approach and common structure are keywords.

Preparation is key

The programme was extensive. The core of it dealt with proper preparation before each negotiation: you must identify both your own and your counterpart's interests. You must make yourself aware of precisely what you would like to achieve. And you must know exactly where you pain threshold goes.

"And when the negotiations are well underway, you should stop focusing on just a handful of variables with price as the decisive factor. The more variables you include, and these can easily count a good many, if you consider all aspects, the more there is to negotiate about. And the more value you will be able to create for the company – and often the same goes for your counterpart," says Christian Bryde-Nielsen and Benjamin F. Lund.

Senior Chartering Manager Thomas Kobbel, Dry Cargo:

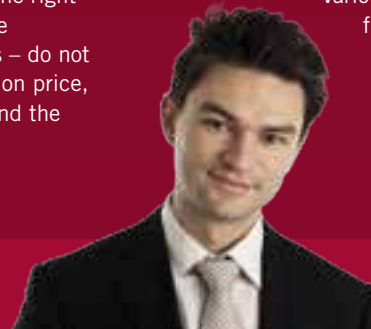
"I have really benefitted from the course. After many years in shipping and after many negotiations, you tend to think that you know exactly what it takes to close a deal. Therefore, it has been rewarding to try new techniques and to focus on other aspects than just the final amount such as payment terms, vessel nomination, agreement on lay days, etc.

Director Jens Malund Jensen, Head of Operations, Norient Product Pool:

"The course was very inspiring. I learned 3 things above all: Preparation is vital – know your figures and have a plan B ready. Pay attention to detail – is there any added value not yet on the table but which should be included in the negotiations? Make sure that you have the right setting for the negotiations – do not just focus on price, but expand the pie."

Operations Manager Jacob Koch Nielsen, Dry Cargo:

"As the course progressed, I quickly discovered that there are actually aspects which are very important but which I do not usually pay much attention to – e.g. body language, personal appearance, an aim for the negotiations. I have already applied various techniques and tips from the course when negotiating with e.g. agents and tugboat enterprises. Indeed, I got several new tools."



NORDEN NOTES



While sheer idyll among the rowers still prevailed on board Sara G in the Atlantic Ocean. But then a giant wave caused the rowing boat to capsize. Photo: Sara Gs website.

NORD TAIPEI rescues 6 rowers in the Atlantic

6 competitive rowers – 5 British and 1 Irish – experienced an abrupt stop to their record attempt to cross the Atlantic in less than 30 days. Fortunately, their lives were saved when the chartered Taiwanese dry cargo vessel NORD TAIPEI took them on board during the night between 30-31 January. Their 36 feet boat, Saga G, capsized 27 days after they had left Morocco headed towards Barbados.

The Handysize vessel, NORD TAIPEI, was on its way from Venezuela to Egypt with alumina and received the distress signal from the shipwrecked rowers approximately 60 nautical miles from their position. When NORD TAIPEI arrived, the 6 rowers were in a life raft secured to the capsized vessel's hull.

On board NORD TAIPEI, Captain YC Liaw and his crew took good care of the rowers, who they did not depart with until NORD TAIPEI called at Gibraltar on 9 February to bunker.

The rescue operation gave rise to massive media coverage. Within the first 24 hours, approximately 100 online articles about the rescue were published, and it also received massive coverage in radio, TV and newspapers primarily in Great Britain and Ireland. BBC called the rescue operation heroic even though Captain YC Liaw maintained that he and the crew on board NORD TAIPEI only did what was expected of them. In an interview with the Daily Mail, the rowers described the crew as fantastic.

Never too old to learn something new

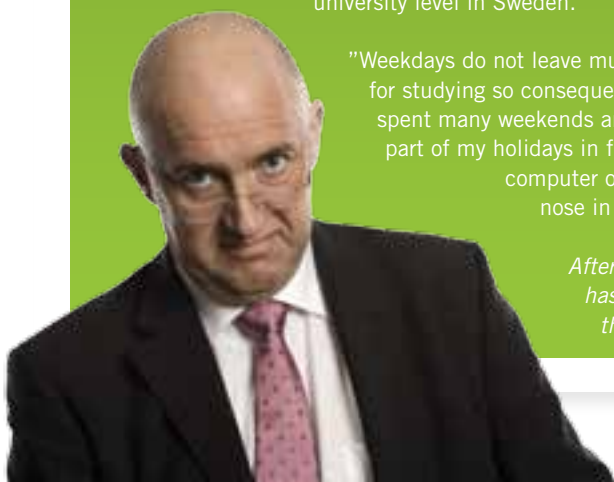
In NORDEN, you will never be too old to learn something new. In this light, it is no wonder that Senior Claims Manager, Ole Clausen, now bears the title Master of Law from London Metropolitan University. What is remarkable about his exam is the fact that he completed the demanding study programme while he managed his full time job at the head office in Hellerup – and studied English maritime insurance law at university level in Sweden.

"Weekdays do not leave much time for studying so consequently I have spent many weekends and a large part of my holidays in front of the computer or with my nose in the study

books for the last 6 years. As you know, one of NORDEN's four values is ambition. But it was quite hard work nonetheless," says Ole Clausen, who will get full use of his acquired legal exam in his daily work in NORDEN's Legal Department.

Ole Clausen came to NORDEN in 1998. To begin with, he was employed in Operations in the Dry Cargo Department, but since 2005, he has worked with claims – i.e. disputes which may arise before, during or after the conclusion of a contract. Disputes may deal with interpretation of a contract's provisions and especially liability and distribution. Disputes may also deal with cleaning of holds, cargo defects or damages and stevedore damages during loading and discharge.

After 6 years of demanding legal studies, Senior Claims Manager Ole Clausen has promised his family and friends that he will have more time to spend with them in the future.



Since 2010, Daniel Schmidt has served NORDEN's head office in Hellerup when problems within IT arise. Now he is to continue his education.

NORDEN awarded yet another prize

NORDEN has received another prize for its investor information; this time, the Information Prize for 2011 from the Danish Society of Financial Analysts.

"Since the expansion of the group of shareholders in D/S NORDEN which commenced in 2007, the company has improved its information level to the share market significantly and now appears not only as a role model for major Danish companies, but also for the global shipping industry," reads the motivation behind the prize-giving. This – the Danish Society of Financial Analysts emphasises – has already been recognised in connection with the Information Prize for 2009 and also with a number of other accounting prizes.

It is pleasant, but also somewhat awe-inspiring, to be called a role model, said Carsten Mortensen, CEO of NORDEN, in his acceptance speech and specified that: "This is not how we see ourselves. But we are always seeking to provide the NORDEN share with a label which is as clear as possible. The art is not to inform about everything – no, the art is to select and deselect so that the focus remains on what is most important in order for you to evaluate NORDEN."



The prize from the Danish Society of Financial Analysts to NORDEN was presented to CEO Carsten Mortensen (left) and CFO Michael Tønnes Jørgensen. The prize came with 2 works of art by Annette Graa.



Daniel to become standard-bearer for new education

18-year-old Daniel Schmidt from NORDEN's IT Department will be the standard-bearer for a brand new 2.5 to 3-year education which gives him and other young men and women with Aspergers syndrome or other diagnosis within the autism spectrum access to regular employment in a company, private or public.

The education is established by the IT consulting firm, Specialisterne, which since the establishment in 2003, has become internationally recognised as the first company in the world to acknowledge the resources possessed by people with an autism diagnosis and to adapt their business to make use of these resources in the best possible way. One of Specialisterne's most recent initiatives is an education which sets out to ensure that each student is offered a job afterwards which will enable them to take care of themselves. At NORDEN's request, Oriens Fond has decided to support the establishment of the education financially, and head of NORDEN's IT Department, Director Sture Freudenreich contributes with specialist knowledge to the construction of the education.

In 2010, it was also Sture Freudenreich, who saw Daniel Schmidt's potential and linked him to NORDEN, where he is still employed – since the autumn of 2011 in regular employment which is now to be combined with the theoretical education from Specialisterne.

"Daniel has really come a long way, and he is happy that NORDEN appreciates him for his technical abilities as well as his high standard of service. Now he is to take the next step, and he knows that he will be standard-bearer for the new education. I am therefore sure that he will be fully engaged in it," says Sture Freudenreich.

GENERAL MEETING IN APRIL 2012

In keeping with tradition, Chairman of NORDEN, Mogens Hugo, had an audience of interested shareholders when he put the Company's performance in 2011 into words and figures at the annual general meeting right after Easter. 2011 was yet a challenging year which NORDEN went through with a solid performance. **Read the Chairman's report at www.ds-norden.com/investor**



Klaus Nyborg: "NORDEN has great opportunities, and I look forward to being a part of NORDEN."

EXPERIENCED NEW MEMBER OF THE BOARD OF DIRECTORS

It is an experienced and international shipping man who was elected for NORDEN's Board of Directors at the general meeting.

"Klaus Nyborg has a background which is needed in NORDEN's Board of Directors. He has experience as head of global listed shipping companies operating in the same markets as NORDEN, and he has an international background from 9 years in Asia/China," says Chairman of the Board of Directors, Mogens Hugo.

Mogens Hugo therefore expects that Klaus Nyborg will support the Board's competences within both dry cargo and product tankers, management, strategy, investment, purchase and sale, financial matters and risk management.

"In many ways, NORDEN resembles the company, Pacific Basin in Hong Kong, from which I recently resigned as CEO. The two companies have the same values, the same market position, an industrial mindset, focus on risks and a strong balance sheet with cash in

hand. In addition, I have known the management for several years and have great respect for the work they have done. So I am quite certain that the transition will not be difficult," says Klaus Nyborg.

He began his shipping career back in 1990 when he was hired as an economist in A. P. Møller-Maersk. In 2002, he was appointed CFO of Torm, and in 2006, he filled the position as Deputy CEO of Pacific Basin. From 2009 and until March this year, he was the CEO of the Company.

"NORDEN is uniquely positioned as the Company's strong balance sheet is one of the few in its markets which provides the opportunity of significant expansion in the coming years. So it is exciting to be able to be part of this development," says Klaus Nyborg.

He is 48 years old and has an MSc in business and business law and a diploma in business administration. Before he went into shipping, he was a share trader in Carnegie Bank for 3 years.



NORDEN is an efficient business

Birgitte Kjellerup, former realtor and correspondent, Jægerspris

“NORDEN continues to be a strong and prospering company. This is the key message I am concluding from this general meeting. I follow NORDEN in the media. And fortunately it is the same message you get from the media. NORDEN is a very efficient business, and it is so all the way. This is indeed something you are happy to hear as a shareholder. I have been a shareholder in NORDEN for 3-4 years. It was my brother, who advised me to buy shares in NORDEN. Today, I can say that I by no means regret having followed his advice. It also matters to me that NORDEN is a Danish business, and that the company has money in the bank rather than debt. This is not something which characterises many other businesses.”

My money is well invested in NORDEN

Kate Borup Olsen, draughtsman, Store Heddinge

“It was a good general meeting. The Chairman gave us a very thorough report of how things are going in NORDEN. But the report was more than this – it was also understandable. And the message was very clear: things are going well in NORDEN. Even when times are difficult. I think this is very well done. Management has business under control – both today and when it comes to future situations. This is great news. I have been a shareholder of NORDEN for a dozen of years. I am married to a ship electrician, so it is quite natural to me to be interested in shipping. Throughout the years, I have invested in four Danish shipping companies. I do not know how happy I am with the investments in all four companies – things are not going equally well for all. But I must admit that my money is well invested in NORDEN.”



NORDEN continues pursuing a stable policy

Claus Minke, former banker, Copenhagen

“It was positive to have it reaffirmed at this general meeting that NORDEN continues pursuing a stable policy. This e.g. implies that you continue to have very low gearing. It was also positive to have it confirmed that NORDEN has a sound investment policy. You know exactly when to invest – e.g. when vessel prices are low and when rates are expected to increase again. This is the way to ensure that you will be best possibly positioned for when the markets improve. I leave this general meeting well informed. And if I need further information, I can find this on NORDEN’s website, which I am very pleased with. I have been a shareholder for 6-8 years. I invested in NORDEN as I needed a shipping company in my portfolio. I consider my shareholding to be a long-term investment.”



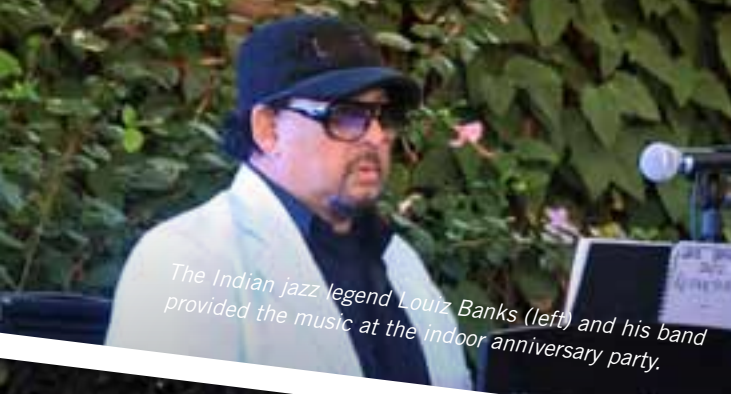


From the left: Chairman & Managing Partner Tapas Banerjee, Everett, Assistant Manager Vrushali Patil, JSW Steel, General Manager Abhijit Chaudhury, JSW Ispat Steel, and General Manager, head of NORDEN's office in Mumbai and the host of the party Adam Nielsen.



From the left: Assistant Vice President, Captain V.K. Sharma, Bhatia, Chartering Manager Pooja Dhawal Jhamb, NORDEN, Mumbai, and Deputy Managing Director Ashok Jain, Samsara Group.

20 YEARS IN INDIA – CONGRATULATIONS!



The Indian jazz legend Louiz Banks (left) and his band provided the music at the indoor anniversary party.

80 business partners joined in on celebrating NORDEN's anniversary in the East.

With approximately 80 business partners as guests, tasty food, chilled drinks and the Indian jazz legend Louiz Banks and his orchestra on stage, NORDEN's staff in Mumbai in India celebrated the 20-year anniversary of NORDEN's first dry cargo business in India. Since then, activities have grown, and in 2005, NORDEN set up an office in Mumbai responsible for further developing the business in India and the Middle East.

Behind NORDEN's first business activities in India was the Company's Mr. India himself aka Senior Chartering Manager Finn Sørensen, who since then has made numerous other deals in the grand country.

The anniversary guests – customers, brokers and shipowners – came from Mumbai, Kolkata, Delhi, Indore, Hyderabad, Singapore and Dubai.

Before the head of NORDEN's Mumbai office, General Manager Adam Nielsen, let the party begin, he thanked the many business partners for their loyalty throughout the years.



From the left: Broker Mandar Pendse, Saigal Seatrade, Chartering Manager Abey Thomas, Coal & Oil, and General Manager D.A.K. Benedict, Sanko Kisen Seahorse India.



From the left: Head of Shipping, Captain Nandan Rao, Rudhra Energy, Chairman Purshottam Agarwal, Agarwal Coal Corp., and head of NORDEN's Dry Cargo Department, Executive Vice President Peter Norborg.



From the left: General Manager and head of NORDEN's office in Mumbai, Adam Nielsen, Broker Niraj Rattan, Saigal Seatrade, Chairman Purshottam Agarwal, Agarwal Coal Corp., and Shipping & Chartering Manager Douglas Naiker, Marshall Produce.