

NPP LIFTED TO BE THE WORLD'S SECOND LARGEST PRODUCT TANKER POOL

It has lived up to its purpose: To increase earnings relatively for the two partners

Pages 4, 5, 6 and 7



NORDEN PREPARES FOR CLEANING OF BALLAST WATER

Page 3

NORDEN SINGAPORE GETS FINANCE DIRECTOR

Page 9

LARGE FLUCTUATIONS IN VESSEL PRICES

Pages 10 and 11

NORDEN JOINS HANDS WITH CHINESE UNIVERSITY

Pages 12, 13 and 14

NORDEN calendar

28 June 2012

Graduation of 10 trainees:

Xin Yu, Shanghai

Carrie Chen, Shanghai

Bing Zong Aw, Singapore

Muhammad Khairiel, Singapore

Kristofer Bisci, Annapolis

Anne-Sophie Tinsfeldt, Hellerup

Mads Louring, Hellerup

Jesper Rahlf Rasmussen, Hellerup

Patrycia Zaporowski, Hellerup

Helge Petersen, Hellerup

All will continue their career at NORDEN

17 July 2012

Naming of 37,000 dwt. Handysize dry cargo vessel

Hyundai Mipo Dockyard Co., Ltd., Vietnam

24 July 2012 – 15 August 2012

Silent period preceding the publication of the interim report for the first half-year of 2012

25 July 2012

Naming of 37,000 dwt. Handysize dry cargo vessel

Imabari Shipbuilding Co., Ltd., Japan

15 August 2012

Interim report – first half-year of 2012

15 August 2012 – 17 August 2012

Roadshows in connection with the interim report

28 August 2012

Naming of 60,700 dwt. Handymax dry cargo vessel

Oshima Shipbuilding Co., Ltd., Japan

5 September 2012 – 6 September 2012

Participation at Jefferies 2012 Global Shipping Conference, New York

Cover photo

Many have lent a helping hand in making Norient Product Pool the second largest product tanker pool in the world.

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A CHALLENGING 2012

NORDEN has had a reasonable start to a challenging year. The first quarter is successfully over with an operating profit of USD 50 million before write-downs, which was in line with expectations. The result was achieved in a challenging market where market rates for both Dry Cargo and Tankers came under significant pressure, and this tendency has been intensified after the end of the quarter. And when market rates are under pressure, vessel prices come under pressure as well.

At the same time, the shipping industry is also affected by the financial crisis. It has simply become significantly more difficult to obtain bank financing for the purchase of vessels, which reduces the number of purchase and sale transactions. There are simply fewer buyers.

Decreasing vessel prices also affect NORDEN. Therefore, we wrote down the value of NORDEN's fleet by USD 300 million in connection with the financial statements for the first quarter so that the carrying amounts are more level with the estimated value. I would of course have preferred to be without the write-downs, but it is important to point out that they do not affect our operating profit before write-downs or our cash position.

After the write-downs, NORDEN remains financially strong, and at the end of the first quarter, NORDEN had cash and securities of USD 450 million and undrawn credit facilities of USD 150 million. This means that NORDEN has the strength to make use of the advantages created by large fluctuations. Therefore, we maintain our expectations for the year even though 2012 proves to be just as challenging as we anticipated already at the turn of the year.

Besides the article on write-downs, this issue of NORDEN News also features stories about i.a. our product tanker pool, Norient Product Pool (NPP), which we have operated together with our Cypriot partner Interorient Navigation Company since 2005. NPP is now the world's second largest product tanker pool and has lived up to expectations. NORDEN News also describes how we from the Company's side seek and actively cultivate the opportunities which provide long-term growth and prosperity for NORDEN through a long-term partnership with Shanghai Maritime University and appointment of a Finance Director in NORDEN's subsidiary in Singapore.

At the same time, we make a daily effort to do whatever achievable to run NORDEN as efficiently as possible and to the highest possible extent meet the daily, serious challenges in the market and turn them into an advantage for NORDEN.

Enjoy your reading and have a great summer.

CARSTEN MORTENSEN, president and CEO

NORDEN PREPARES FOR CLEANING BALLAST WATER

When vessels sail without cargo – in ballast – it is necessary to pump water on board to ensure safe sailing. The problem is that the ballast water contains thousands of living organisms, which may assume control in the waters where the ballast water is pumped out again. Therefore, the UN's maritime organisation IMO adopted a convention in 2004, which means that shipping companies must kill all living organisms in the ballast water. However, the convention has not yet become effective, and the technological solution is also a long time coming.

A convention from the UN's maritime organisation IMO on cleaning of ballast water causes trouble all over the shipping industry. In 2004, it was decided to require cleaning of ballast water in the expectation that over time a technical solution which could secure the goal would have been developed. This has, however, not happened yet, and it leaves the world's shipping companies in a dilemma – because what solution should you focus on and is there at all technology good enough to become approved in all flag states? At NORDEN, we would like to be prepared, and therefore, the Technical Department is looking into which of the current known technologies is able to clean the ballast water of the 29 owned dry cargo vessels and 17 owned tanker vessels in the best and cheapest way.

Ballast water is replaced on each trip

The first part of the convention has become effective, and it requires that ballast water from the world's commercial fleet must be replaced once during the trip.

"It is the second part of the convention which is the biggest challenge. Because this part of the convention means that we have to carry out a chemical and/or mechanical cleaning of the ballast water so that all living organisms are killed. We are therefore trying to find out which technical solution is best for NORDEN and the marine environment – and also the cheapest – in the short and the long term. But the time limit is not the only problem in this connection. It is an even bigger problem that there is not yet a ballast water treatment system in the market that works in all climate conditions," says NORDEN's head of the Technical Department Lars Lundegaard.

Thousands of organisms

All over the world, commercial vessels have since the introduction of steel hulls 120 years ago pumped in water to stabilise the vessels when they sail in ballast. The ballast water contains thousands of living organisms such as small invertebrates (e.g. jellyfish), cysts, larvae, bacteria, virus, etc. The problem is that these microorganisms may replace the existing organisms in waters where the ballast water is pumped out due to their strength, aggressiveness and a possible lack of natural enemies.

Fills up Wembley 10,000 times a year

The global fleet of commercial vessels, which handles the transport of approximately 90% of world trade, moves some 10 billion tonnes of ballast water every year – this corresponds to filling up Wembley Stadium in London with water approximately 10,000 times!



The tanker vessel NORD SNOW QUEEN – here photographed in Amsterdam – is one of the NORDEN vessels which will be provided with a ballast water treatment system for cleaning of ballast water when the UN convention is ratified by at least 30 countries representing at least 35% of the world's commercial fleet.

After more than 14 years of complex negotiations, IMO's member countries adopted a convention in 2004, which means that ballast water must be cleaned of all living organisms before it is pumped out again. However, the convention only becomes effective 12 months after it has been ratified by 30 countries representing at least 35% of the world's commercial fleet. So far, 33 countries representing 26.46% of the commercial fleet have ratified the convention. Countries such as Panama and Bahamas, which represent 21.5% and 4.9%, respectively, of the commercial fleet worldwide, still hesitate to ratify the convention. As a number of other countries, they have a problem with the fact that a uniform and transparent sampling system ensuring valid measurements of the ballast water after cleaning – no matter where the samples are extracted – has not yet been developed. When the convention is ratified one day, it is important to be ready and NORDEN will be.

"We are preparing for the convention becoming effective one day, and that things can happen quickly after that. We can be pleased that the ballast water treatment systems can be installed during scheduled dockings of the vessels so that we do not lose time and that approximately 1/3 of the vessels were prepared for the installation of ballast water treatment systems already when they were being built so we do not have to spend money on modifications," says head of the Technical Department Lars Lundegaard.

Norient Product Pool, who shares head office with NORDEN in Hellerup, has climbed up a step and is now the world's second largest product tanker pool. Top right, the pool's CEO since establishment, Søren Huscher.



**NPP IS NOW
THE WORLD'S
SECOND LARGEST
PRODUCT TANKER POOL**

When NORDEN and the Cypriot shipping company Interorient Navigation Company on 1 January 2005 established the product tanker pool Norient Product Pool (NPP) on a 50/50 basis, the goal was clear: Higher earnings by gaining critical mass, better hedging (i.e. the proportion between short spot deals and long-term contracts) and a larger geographical spread. All of these goals have been met a long time ago, and NPP is now the world's second largest product tanker pool.

NORDEN and the Cypriot shipping company Interorient Navigation Company (INC) made the right move in November 2004 when they decided to place their respective product tanker vessels in a 50/50 owned company, Norient Product Pool (NPP), which became responsible for the commercial and technical management of the vessels with effect from 1 January 2005. What they could not do separately, they can do together.

In the beginning, there were only 16 vessels – all Handysize and MR. But with the pool cooperation as a lever, earnings in the two shipping companies have increased relatively because their product tanker fleet has gained critical mass in the market, because they have achieved better hedging (i.e. the proportion between short spot deals and long-term contracts) and because they have increased their geographical spread.

At the end of 2011, NPP's fleet counted 75 vessels, and in 2012, additional 7 vessels were added, thus bringing the fleet count to 82 vessels – 51 Handysize, 27 MR and 4 LR1. NPP is thus the world's second largest product tanker pool, and additional 7 MR vessels are on order.

Critical mass is a prerequisite for getting in contact with oil majors such as BP, Shell, Total, Petrobras, ExxonMobil, etc. and large oil traders such as Vitol, Glencore, etc.

Safety, safety and ...

And safety, safety and safety once again in all operations is a prerequisite to signing a contract with oil majors and oil traders. When NPP is sailing with their products on behalf of its two owners INC and NORDEN, their reputation is also entrusted to NPP and the two owners of the pool. Therefore, nothing must go wrong. Therefore, NORDEN and INC's fleet of product tanker vessels continuously undergoes vettings, which means that oil majors and oil traders carry out uncompromising technical examinations of the vessels. And therefore, safety in all operations has the highest priority in INC and NORDEN – just like safety has the highest priority in NPP being operationally and commercially responsible for the large fleet of modern product tanker vessels.

Three quarters of NPP's fleet are employed in the spot market – i.e. on short contracts – while the rest of the fleet is chartered out on long-term contracts. The distribution reflects a deliberate choice as NPP considers the upside of the spot market to be larger than the upside of entering into long-term contracts at the moment.

Owners with similar mentality

CEO Themis Papadopoulos, INC: "The success of the pool is primarily due to the fact that it has established itself in the market as a

Continues ... >

How big should NPP become?



**CEO Themis Papadopoulos,
Interorient Navigation Company**

CEO Themis Papadopoulos, Interorient Navigation Company, says that the success of NPP has nothing to do with the fact that the pool is the second largest within its segment. The size of the pool is only useful to the extent that it provides the two founding parties with genuine global coverage within the types of products which we

transport. NPP could not offer the same service globally with a smaller fleet.

"The future of NPP is one of consolidating the pool's already strong position in the market and continuing to work closely with its customers to meet the demands of the ever-changing nature of the product trades. We envisage some fleet growth but probably at a much slower pace than what we have seen in previous years," says Themis Papadopoulos.

Gradually better market



**Senior Vice President and
head of the Tanker Department,
Lars Bagge Christensen**

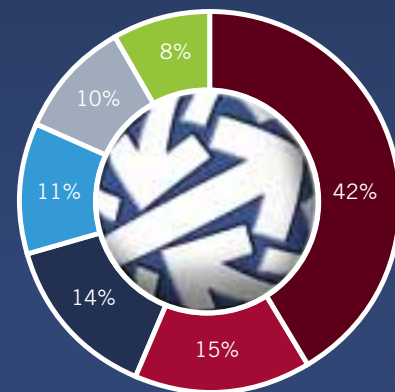
"We see a gradually improving market in the coming years. The reason for this is a mix of macroeconomic improvement, fewer deliveries of tonnage and structural development in the refinery sector, which is gradually shifted towards the Middle East and India where it is cheaper to produce tanker products. This will

increase the demand for product tanker vessels for the simple reason that longer voyages will increase time of sailing for the individual vessel," says Senior Vice President and head of NORDEN's Tanker Department, Lars Bagge Christensen and adds that NPP is well positioned for when the markets improve.

MORE ABOUT NPP

- NPP's charterers and operators have an average of 15 years of experience
- Due to right steaming, the average speed of the NPP fleet has dropped from 14.2 knots (nautical miles per hour) in 2008 to 12.6 knots in 2011
- In 2008, the NPP fleet sailed 9.8 nautical miles per tonne of oil – in 2011, the fleet sailed 11.5 nautical miles per tonne of oil due to right steaming
- The NPP fleet has a capacity utilisation rate of 82% – only 18% of ship days are in ballast.

NPP transports



■ Fuel oil ■ Gasoline ■ Jet fuel
■ Gas oil ■ Naphta ■ Others

NPP

Year	Total count of vessels in NPP (at year-end)	Count of spot fixtures	Sum of carried quantity (spot vessels)	Number of port calls – loading/discharging (spot vessels)
2005	22	178	5,283,956	422
2006	36	262	8,013,783	669
2007	42	441	13,453,535	1,098
2008	58	582	18,854,775	1,483
2009	63	509	16,360,775	1,311
2010	68	498	15,640,249	1,335
2011	75	633	19,339,266	1,554

... Continued

reliable, trustworthy and flexible counterpart to its customers. This is backed by both owners having a similar mentality in respect of operating their vessels, which is clearly visible in the maintenance of high standards – regardless of market conditions.”

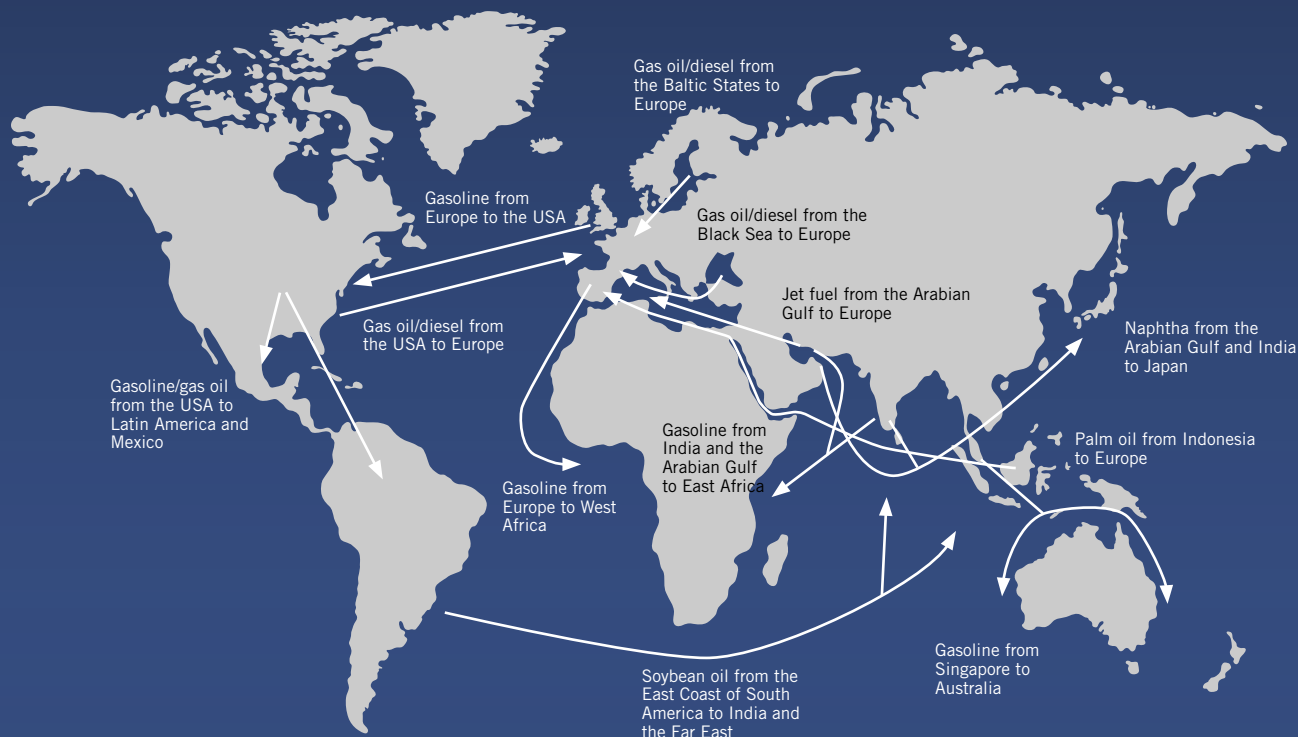
Head of the Tanker Department at NORDEN, Senior Vice President Lars Bagge Christensen: "The pool's real strength is that it is not only a pool but a joint venture between two very homogeneous shipping companies with a similar approach to quality parameters and business ethics and a similar approach to a mutual pragmatic solution for both parties. It is also characteristic that both parties aim for long-term goals – a great strength – and not the short-term optimisations which may occur between parties who are unsure of each other. And as both pool partners have had a wish to grow, there is also a good balance between the two size-wise. Growth means that today the pool has the necessary size to achieve the desired and required geographical coverage and service level.”

NPP is a Danish registered company whose head office shares address with NORDEN's head office in Hellerup outside Copenhagen. Since the pool was established, CEO Søren Huscher has been head of NPP and has around 55 employees at his disposal, of which one half works at the head office while the other half is divided between the offices in Cyprus, Singapore, the USA and Brazil (office to open this summer).

Ready for new products

The predominant business area is classic, refined oil products such as fuel oil, gas oil, gasoline, naphtha, jet fuel, etc. But one of the strengths of the product tanker pool is that they are not afraid of sailing with other types of cargo which other tanker shipping companies might not be focusing their attention on. This could be caustic soda, which is difficult to handle due to its density. It could be molasses, which has to be heated to stay liquid, but not too much as it then turns into caramel. It could also be something as simple as urea (urine from cows), and it could be ethanol products, which is

Tankers – Transport patterns



This is an overview of Norient Product Pool's transport patterns. There is significant traffic between the USA and Europe. In the USA, 80% of all cars run on gasoline. Therefore, there is a surplus of diesel oil in the USA. Conversely, in Europe, 80% of all cars run on diesel which gives a surplus of gasoline. Large quantities of diesel are thus transported from the USA to Europe and large quantities of gasoline the opposite way. South America is also a significant supplier of gasoline to the USA. Naphtha, which is a main ingredient in the production of plastic products, is transported from the Arabian Gulf and India to Japan on a large scale, while many cargoes of soybean oil are transported from the East Coast of South America – ECSA – to India and the Far East.

a booming market as the price of crude oil is increasing and as the whole world has started looking towards alternative fuel.

NPP's market approach and size have paid off in historical terms. Daily earnings have steadily been somewhat above the 1-year T/C rates. In the first quarter of 2012, the MR fleet earned 9% higher rates than the 1-year T/C market, while the earned rates in the Handysize fleet were as much as 21% higher than the spot market. The rates benefitted from significant growth in the export of Russian heating oil which had to be shipped before the export fee rose by 19% as of April.

CEO Søren Huscher points out that NPP focuses a lot on performance management.

"This means that we are very aware of where and what that could and should be measured to motivate continuous improvement. When it is coupled with some talented employees, who know their craft, it all comes together," he says.

And with regard to trying something new – this could be sailing with new products, but it could also be opening a new office which is the case with the office in Brazil this summer – says Søren Huscher: "We are not afraid of trying something new, and with our size, we can afford taking a considerate risk."

Focus on customers

Senior Vice President Lars Bagge Christensen emphasises NPP's ability to stay focused on the customers and their need for "safety, safety and then some more safety" and flexible and pragmatic solutions.

"We must always have our core values and long-term customer relations in view," says Lars Bagge Christensen.

Ejner Bonderup, 46 years, is an experienced man, who will strengthen the development of NORDEN's Dry Cargo Department



NEW HEAD OF NORDEN'S DRY CARGO DEPARTMENT

Ejner Bonderup replaces Peter Norborg, who has been employed with an English shipping company. At the same time, NORDEN's top management, the Executive Management, is strengthened with the promotion of 2 Senior Vice Presidents to Executive Vice Presidents.

NORDEN has hired a new head of the Dry Cargo Department and thus appointed a new Executive Vice President as replacement of Peter Norborg, who has taken up a position as COO of Gearbulk in Great Britain. At the same time, the Executive Management is strengthened with the promotion of 2 Senior Vice Presidents to Executive Vice Presidents.

Ejner Bonderup is 46 years old, has 24 years of experience within dry cargo shipping and has been head of the dry cargo business in the shipping company J. Lauritzen A/S since 2009, where he has worked in both Denmark, Japan, Australia and the USA for a total of 24 years. Ejner Bonderup is trained in shipping, holds an Academy Profession Degree in Financial Management from Niels Brock Copenhagen Business College and has also completed executive training programmes at both IESE Business School and IMD.

"The requirements to the new head of the Dry Cargo Department have been many and high, but with i.a. his many years of experience in the business, Ejner Bonderup has proven that he is the right person to accomplish the job. I am therefore happy to have him on board, and I am certain that his appointment will strengthen both the Dry Cargo Department as well as NORDEN in general," says CEO Carsten Mortensen, NORDEN.

Ejner Bonderup will begin his appointment when possible pursuant to the obligations under his current employment. Until then, a temporary management team for the Dry Cargo Department has been established with Carsten Mortensen at the top of the table.

Concurrently with the appointment of Ejner Bonderup as head of the Dry Cargo Department, the Board of Directors has decided to strengthen NORDEN's Executive Management with two additional members:

Lars Bagge Christensen is appointed Executive Vice President responsible for the Company's tanker activities with a fleet of 45 vessels of which 21 are owned by NORDEN. Lars Bagge Christensen is 49 years old and started in NORDEN in 1993. Since 1999, he has been Senior Vice President responsible for the Tanker Department.

Martin Badsted is also appointed Executive Vice President responsible for the Corporate Secretariat, which carries out market analysis, investor relations, risk management, strategy and business development in addition to other cross-business processes. Martin Badsted is 39 years old, started in NORDEN in 2005, and has been Senior Vice President responsible for the Corporate Secretariat since 2008.

"With this strengthening of the Executive Management, NORDEN has the ideal team for implementing our growth strategy and improving NORDEN's position as the customers' preferred partner in the dry cargo and tanker markets," says Mogens Hugo, Chairman of the Board of Directors.

Consequently, NORDEN's Executive Management now includes CEO Carsten Mortensen, CFO Michael Tønnes Jørgensen, EVP Lars Bagge Christensen and EVP Martin Badsted. Ejner Bonderup will join the Executive Management when he begins his appointment as head of the Dry Cargo Department with the title of Executive Vice President.

NORDEN SINGAPORE GETS ITS FIRST FINANCE DIRECTOR

NORDEN's subsidiary in Singapore – NORDEN Shipping (Singapore) Pte. Ltd. – has grown so large that it is time for the company to get its own Finance Director. Jakob Bergholdt has been selected for this position, and together with Managing Director Peter Borup, he will constitute the management of the Singapore company – also known as NORDEN's second home.

Asia is booming. Led by the world's second largest economy China – NORDEN's indisputably largest dry cargo market – the Asian growth economies import around 80% of all commodities sold on a global scale. It is coal, iron ore, cement, grain – it is everything required to build up strong and important economies. In the first quarter of the year, China's import alone of 11 seaborne traded commodities increased by approximately 17% compared to the same quarter in 2011. At the same time, we see continuously increasing oil consumption in Asia, and this also supports the development of NORDEN's tanker business.

The internationally acclaimed and attractive shipping hub Singapore is placed right in the middle of this region, and this is where NORDEN has had its Asian head office since 1996.

"Because of the high growth rate, there is a need to strengthen the financial department in Singapore. We also wish to ensure that we have the right administrative platform for further growth in Asia. We have therefore now appointed a Finance Director in Singapore," says CFO at NORDEN Michael Tønnes Jørgensen.

Great Asia experience

For the position as Finance Director, NORDEN has selected Jakob Bergholdt, who has been working for other shipping and logistics companies in Asia for many years – e.g. in Thailand, China and most recently Singapore where he has had regional financial responsibil-

ity for all of Southeast Asia. Together with Managing Director Peter Borup, Jakob Bergholdt will constitute the management of NORDEN's subsidiary in Singapore, which is an independent legal entity under the name NORDEN Shipping (Singapore) Pte. Ltd.

"Jakob Bergholdt therefore knows the culture well, and he also speaks a bit of Mandarin. I know Jakob from former employment at A.P. Moller-Maersk, and his professional and educational competences are very versatile. He also has the right values and is very independent, hard-working and thorough in his tasks. So we did not have any doubts when we had the opportunity to employ Jakob," says Michael Tønnes Jørgensen.

Regarding his incentives to become employed at NORDEN, the new Finance Director Jakob Bergholdt says:

"NORDEN has a corporate culture and values, which I can really embrace. A lot of companies have values and visions printed on posters on the wall and that is pretty much it. I can clearly feel and see that our values are actualised in everything we do. It is a pleasure to see that NORDEN still has a simple and direct connection and decision-making procedure in relation to its stakeholders despite its significant growth – there is no room for politics and bureaucracy. I think that this will be a key factor when ensuring that we will be able to win in the challenging years we are facing."

CV

2012-:	NORDEN Shipping (Singapore) Pte. Ltd., Finance Director
2010-2012:	Cognita Asia Pacific, Chief Financial Officer
2008-2010:	Maersk Logistics Asia Pacific Region, Regional Chief Financial Officer
2007-2008:	Maersk China Ltd., Corporate Finance, Director
2004-2007:	Maersk France S.A., Chief Financial Officer
2001-2004:	Maersk Group Thailand, Finance Manager
1998-2001:	A.P. Moller-Maersk, Controller, Business Audit
1995-1998:	Maersk (China) Shipping Co. Ltd., Finance Manager East & Central China
1993-1995:	A.P. Moller-Maersk, Finance Trainee

41 years old, married to Warisara born in Thailand – Senior Consumer Insight Manager at L'Oreal Asia Pacific, no children.

Jakob Bergholdt, newly appointed Finance Director at NORDEN Shipping (Singapore) Pte. Ltd. in Singapore:

"My task is to further develop the already high financial standards and processes at NORDEN together with my team."



Shipping is a cyclical business. It goes up, it goes down, and that goes for both freight rates and vessel prices. In connection with the interim report for the first quarter of 2012, NORDEN wrote down the carrying amounts of the fleet by USD 300 million to ensure a fair presentation of the assets. An initiative which was well-received by analysts and the market.

LARGE FLUCTUATIONS IN VESSEL PRICES

USD million



Handymax 56.000 tdw. 5 year old secondhand prices

As waves at sea, prices and rates go up and down. The graph shows the price development for secondhand Handymax dry cargo vessels during the last couple of years and illustrates that especially the development around the years 2006-08 was extreme. NORDEN has taken that into account in its valuation of the fleet precisely by removing the extremities in the estimation.

It can be difficult to determine the long-term value of a shipping company's fleet. A large part of the value does not only depend on current vessel prices and freight rates but is also very much dependent on an estimate of future developments. But with an impairment test where you look both at the selling price of the Company's vessels and newbuildings and the vessels' future earnings potential, it is, however, possible to give an educated estimate on a long-term value.



"NORDEN is in a strong position to take advantage of the current low vessel prices," says CFO Michael Tønnes Jørgensen with reference to the Company's financial strength in the form of cash and securities of more than USD 450 million at the end of the first quarter of 2012.

Every quarter for the last three years, NORDEN has therefore conducted an impairment test to ensure that the values determined in the financial statements are fair. The basis of the impairment test is the average of 3 broker valuations of the selling price of the Company's vessels and newbuildings. If the broker valuations are below the carrying amounts and costs of newbuildings, an analysis of what future earnings the vessels can be expected to generate in their expected remaining useful lives – what you call value in use – must be carried out.

A gaze into the crystal ball

As we are talking about an estimate which sometimes reaches quite a few years into the future, it also means that there is a certain amount of uncertainty attached to the result, all things being equal.

"No matter how thoroughly you set to work, an estimate of future earnings potential will always contain a tiny bit of crystal ball. On the basis of experience and review of up to 20 years of rates, we give an estimate of future markets, but it is only in retrospect that you know if you hit the mark," NORDEN's CFO, Michael Tønnes Jørgensen, explains.

Removing extremes

In connection with the interim report for the first quarter of 2012, NORDEN conducted yet another impairment test. This was in a market where vessel prices, spot rates and forward freight rates had been under pressure for a long period of time.

Based on this, the Company adjusted the test so that the largest extremes in the last 20 years' development in rates and vessel prices were removed. Because even though the business is generally characterised by cyclical ups and downs, the situation around the years 2006-08 was very unusual with very high freight rates and very high vessel prices. This is not really a problem if you want to base your

carrying amounts on the hope that times like those will return, but if you like NORDEN take a more conservative estimate of the future as your starting point, it is a good idea to adjust the basis of calculation.

Limited consequences

By removing the extreme years – both positive and negative – you go from an average consideration to something similar to a median consideration, and that gives another result when the values are calculated. This is what led NORDEN to write down the carrying amount of the fleet by USD 300 million. It is a write-down which do not affect operating earnings before depreciation, cash flows or loan agreements, and the news was also positively received by the analysts, who follows the development within shipping, and certainly also by the market.

"With this write-down, the carrying amounts of our vessels have become more level with the estimated long-term values. This is actually a natural consequence of the fact that also NORDEN was trading vessels at a time when prices were high," says Michael Tønnes Jørgensen and adds that NORDEN on the other hand also profitted from the high prices in the sales completed by the Company in the period, which resulted in an estimated total profit of USD 600 million in the years 2006-09.

Low prices provide opportunities

At the same time, the CFO points out that the current low vessel prices are not only a disadvantage:

"If you have capital resources and you wish to buy more vessels, it is a clear advantage that vessel prices are low. At the end of the first quarter of 2012, NORDEN had more than USD 450 million in the bank and undrawn credit facilities of USD 150 million, so we are in a strong position to take advantage of the price level – and we are going to do that in a thoughtful way," Michael Tønnes Jørgensen concludes.

If you were to translate the technical write-down into something more relatable, it corresponds to having bought a house in cash several years ago, and since then house prices have dropped. If you no longer think that you will be able to obtain the purchase price, it will be most fair to estimate the value of the house at the new expected lower selling price, but the theoretical valuation does not affect the household income or spending.

NORDEN JOINS HANDS WITH CHINESE UNIVERSITY



Since 2005, NORDEN has had a partnership with Shanghai Maritime University (SMU). The partnership comprises the awarding of scholarships to 5 especially talented students and 2 excellent lecturers, just as NORDEN has workshops for the students every year, while young, promising professors are offered internships at NORDEN's offices. This partnership helps shaping the students, says the President of SMU, Professor YU Shicheng, in an interview with NORDEN News.

NORDEN's vessels are made of steel, but it is people who make the difference and create the business. NORDEN is therefore constantly on the lookout for the best talents in shipping, and as an important part of these efforts, NORDEN has had a close partnership with Shanghai Maritime University (SMU) since 2005. SMU has more than 20,000 students and more than 1,000 lecturers – 135 are professors, 45% of which hold a doctorate degree. The university is furthermore placed in inspiring surroundings, i.e. in the world's largest seaport.

Besides delivering new talented employees to NORDEN – and not just only to the representative office in Shanghai, but to NORDEN as a whole – the partnership also provides NORDEN with a good insight into how the future leaders in China think and act, says Managing Director Peter Borup, who, based in Singapore, is head of NORDEN's activities in Asia and is in close contact with SMU.

The university teaches in numerous subjects: Engineering Science, management, economics, languages, etc. – everything related to shipping and the maritime world in general.

The aim is that SMU should not only meet the requirements of the shipping industry today, but also play a leading role with regard to making the shipping industry grow.

50,000 have graduated

During the last three decades, more than 50,000 young people have graduated from SMU, and they are now working at shipping companies, port authorities and government offices. The university has partnerships and exchange agreements with around 50 other universities, international organisations, shipping companies and port authorities, and the university continuously works on accepting more foreign students.

"In the last couple of years, SMU has enjoyed a close connection to NORDEN. The university and NORDEN have cooperated in many ways, and NORDEN has very much supported the development of our university with regard to both education and research," says the President of SMU, Professor YU Shicheng to NORDEN News.

Continues ... >



Professor YU Shicheng, President of Shanghai Maritime University, which has global partnerships: "I firmly believe that students of SMU are capable of coping with changes and complexities in the future."

... Continued

He says that the annual NORDEN workshop has gained good reputation among the students because it provides them with a golden opportunity to meet directly with the industry. And according to the chairman of the university, NORDEN's scholarships are "very competitive" among the students, who see them as an honorary award from the industry, while internships at NORDEN for young lecturers contribute to their global vision and their opportunity to gain insight into the newest knowledge and newest experience in the industry.

NORDEN an important partner

"NORDEN has brought some important values and important influence to SMU, which help shape the students. Therefore, SMU deeply treasures the partnership, which we hope will become deeper and stronger," says Professor YU Shicheng.

If a university like SMU is to meet the industry's requirements with regard to human resources, it cannot work alone. It is necessary that shipping companies and maritime education join hands, he points out.

"Different kinds of partnerships have shortened the distance between universities and the industry, and the partners' mutual understanding has grown. It is a win-win situation for both the universities and the shipping companies. The shipping companies have contributed greatly to the development of our practical skills and our ability to solve problems from the real world. The students can learn a great deal through direct communication with representatives from companies. They get to know about the industry from different

perspectives that are not available from textbooks or classes. This means that their views are broadened and they gain more experience. At the same time, the shipping companies benefit from the consultancy and research delivered by our professors, which should make them perform better and grow more rapidly and healthily," says the President of SMU.

Advanced talents

Professor YU Shicheng says that SMU has cultivated "a large number of advanced talents" for the shipping industry, and that many of them are playing essential roles in maritime and maritime related industries both in and outside of China.

"As for the graduates in 2012, I hope that they have a deep love of their country as well as a deep love of the oceans. I hope that they become creative and responsible people with sound professional knowledge, confidence in life, global vision as well as the spirit of perseverance and hard work."

How well-prepared are the SMU students graduating this year to become part of the global shipping industry?

"As the shipping industry is international by nature, maritime education is also highly internationalised with global contents and goals. SMU provides students with many opportunities to gain a global vision. Our Study Abroad Program encourages students to either study at an overseas university or have an internship at an overseas company. Our students are not only good at English. Besides practical skills, they have a deep understanding of multinational cultures," says the President of SMU.

Chartering Manager **Jay Chen**,

former SMU student, now working at NORDEN's representative office in Shanghai

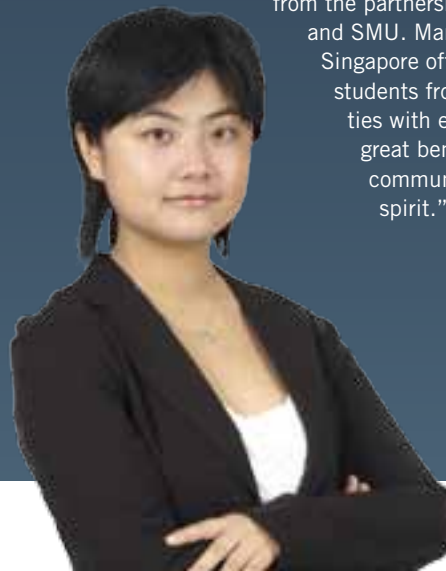
"It was very useful for me to participate in NORDEN's workshop at SMU. I came to know how NORDEN does business, how large the business is and I heard about NORDEN's vision, mission and values. This enabled me to become more precise in stating my goals in connection with my job seeking after graduation. Now I am employed at NORDEN and participate in the annual NORDEN workshop at SMU. This gives me the opportunity to meet students who ask some pretty creative questions. This is great because it challenges my way of thinking."



Assistant Operations Manager **Elaine Yu**,

former SMU student, now working at NORDEN Shipping (Singapore) Pte. Ltd.

"NORDEN is miles ahead of its competitors by offering students the amount of opportunities as you do at SMU and by proving that a shipping company can be successful without having a hierarchical structure – you can also go far with empathy as part of the corporate culture. In my job at NORDEN, I still benefit from the partnership between NORDEN and SMU. Many trainees at the Singapore office are my old fellow students from SMU. We have close ties with each other, and that is a great benefit to the internal communication and our team spirit."





As the new head of the Operations Department in Dry Cargo, Jens Christensen is to continue the task of conducting the dry cargo vessels' several thousand voyages as efficiently as possible.

ELITE ROWER GETS TO THE TOP

The Operations Department in Dry Cargo will get a new head of department when Dorte Nielsen leaves NORDEN and is replaced by Jens Christensen, who is currently deputy manager in the Technical Department.

As of 1 July, Vice President Jens Christensen is appointed head of NORDEN's Operations Department in Dry Cargo. In cooperation with the rest of the operations team, he is to ensure that the several thousand voyages, which the Company's vessels perform every year, are conducted in the best thinkable way in respect of time, fuel consumption and overall efficiency.

A great operations department can make a significant difference to earnings because, whereas the charterers' task is to obtain the most favourable contracts as possible, the operations department's target is to reduce the costs related to the entered contracts as much as possible. This is done by careful planning of bunker purchases, timing of port calls and not least by optimisation of shipping routes and speed. As soon as the charterer has secured a cargo, the work to have it safely and cost efficiently transported to its destination starts in the operations department.

NORDEN's dry cargo operators currently operate approximately 200 vessels, but since some vessels are only chartered for a short period – some only for a single voyage – the operators operate approximately 600 vessels in total on a yearly basis. During the recent year, NORDEN operated vessels have made 4,125 port calls in 529 ports in 86 countries.

"I look forward to becoming a part of the team, which with great expertise takes part in ensuring that the voyages become a success

both for the customer and NORDEN," says Jens Christensen whose career and majority of spare time has been linked to the ocean.

On board the Training Ship Danmark

In 1988, he spent 5 months at sea on board the Training Ship Danmark, and in 1989-1991, he was deck apprentice with NORDEN. Three years at the navigation school on the Danish island Fanø resulted in a master's certificate in 1994. Concurrently with taking a degree as a reserve officer in the Royal Danish Navy from 1994-1996, Jens Christensen's spare time was spent on intensive rowing practice. This earned him a spot on the national team and in 1996 a silver medal in the men's lightweight eight at the world championship in Scotland.

Before he began his on-shore career with NORDEN in 2000, he sailed for the Company for 4 years, first as third officer and later as chief officer. At the head office in Hellerup, Jens Christensen was employed in the Technical Department, where he has functioned as deputy manager since 2003 – from 2008 with the title Vice President. In 2003, he completed an Executive MBA in shipping from Copenhagen Business School.

Jens Christensen will succeed Dorte Nielsen who, after 11 years in the Company, has decided to move back to Singapore, where she worked as an expatriate for NORDEN from 2006-2009.

AROUND ORESUND ON ELECTRICITY

Good ranking for NORD EL in electric car rally

Team NORDEN – Facility Management Assistant Willy Danielsen and office assistant Nikolai B. Guldner – showed how an electric car should be driven when they participated in the Danish/Swedish Oresund Electric Car Rally with NORDEN's electric car. The 2 day race was not only about reaching the finishing line on time – it was also about driving far on the battery.

The rally took place for the second time, and as in 2011, the purpose was to brand the electric car – one of today's most climate friendly cars. Both companies, private persons, amateurs and professional rally drivers were lined up when the rally started from Frue Plads in Copenhagen where the Danish Minister of Climate Martin Lidegaard wished everyone a good trip.

49 of 50 electric cars reached the finishing line in Malmö. Team NORDEN in NORD EL – a Citroen C-zero – finished as no. 13.

*NORD EL on the second day of the rally – on its way from Helsingborg to the finishing line in Malmö. An average speed of 43 km/h had to be kept on the way, and the participants had to follow a planned route.
Photo: Timo Julku*



First goal reached – the ferry port in Elsinore. Pilot, Facility Management Assistant Willy Danielsen, and "key figure" NORD EL.

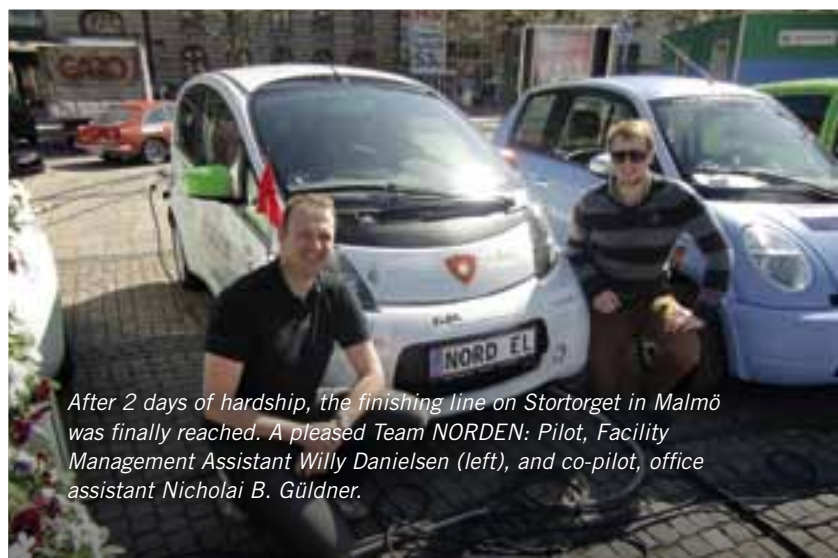


The finishing line was reached after a windy and rainy Saturday where as little energy as possible was to be used on the 100 km long stretch from Copenhagen to Elsinore, which had to be completed within 2.5 hours, and after a sunny Sunday where the participants first and foremost had to keep an average speed of 43 km/h and follow a carefully planned route on the 80 km long stretch from Helsingborg to Malmö.

Willy Danielsen and Nikolai B. Guldner: "It was fun to participate in the rally but also a lot more challenging than we had expected. We really had to concentrate, especially on the Sunday. The reward came when we entered the finishing area on Stortorget in Malmö where we were received by a lot of people. That was big."

But the two NORDEN rally drivers do not only return with a personal victory after a challenging rally.

"NORD EL, which we have on a trial basis for 2 years, is used for errands in the week days. The rally has made us more aware of how an electric car is driven in the most optimal way in terms of energy, and we know a lot more about what types of electric cars are in the market, and what features the different cars have," says Willy Danielsen and Nikolai B. Guldner.



After 2 days of hardship, the finishing line on Stortorget in Malmö was finally reached. A pleased Team NORDEN: Pilot, Facility Management Assistant Willy Danielsen (left), and co-pilot, office assistant Nikolai B. Guldner.



Co-pilot, office assistant Nikolai B. Guldner, had to keep track of both map and time on the way.