



**CHAIRMAN'S REPORT BY CHAIRMAN MOGENS HUGO,
NORDEN'S ANNUAL GENERAL MEETING, 22 APRIL 2010**

INTRODUCTION

When we last met at a general meeting, only one thing was completely certain – that we were right in the middle of a period marked by significant uncertainty. In a short period of time, we had seen a boom be replaced by a financial crisis, which quickly turned into an economic crisis that sent our markets on a steep switchback ride. How long would the crisis last? How would the markets cope with decreasing world trade and global negative growth? Those were open questions for us and everyone else.

NORDEN'S RESPONSE TO THE CRISIS

Such a level of uncertainty stress tests all companies, and I am pleased to say that NORDEN passed this test. We already reacted to the crisis in the autumn of 2008 with a number of initiatives, and we extended our efforts last year. This quick and decisive effort and the manoeuvrability of our business model allowed navigating fairly safely in markets, which became just as unpredictable as expected. Now, it looks like the switchback ride is about to come to an end, and we are looking ahead to new and different challenges: namely handling growth in dawning markets.

After a historic drop in the Baltic Dry Index of 94% in 2008, the dry cargo market did not turn out great last year – but better than feared by us and everyone else. China's record high import provided a good basis for demand, and the supply of vessels was smaller than expected. Therefore, rates were fairly reasonable but far from the levels which we have been used to in recent years. For the full year, the Baltic Dry Index was 59% lower.

The product tanker market held the fort a bit longer, but when the crisis finally started, it really kicked in. Up until spring 2009, the Baltic Clean Tanker Index decreased by around 70%, and the market stayed at very low levels for a long time. Not until the winter started did the rates increase slightly, but overall, the average for the year was significantly lower.

The crisis in our markets necessitated that we reacted in due time. We have tried to take balanced actions in everything we have done. It has not been about fixing the worst problems here and now – but about doing things that would strengthen NORDEN's competitiveness in the long term. Let us look at what we have done.

First and foremost, we took advantage of the flexibility of our business model in order to adjust our capacity to lower demand. NORDEN does not have a large number of owned vessels which must sail regardless of how low the rates are. We are in particular operator of chartered vessels, and therefore, we were able to redeliver many vessels as soon as the leases expired. On that account, we reduced the Dry Cargo fleet by no less than 86 vessels from the autumn of 2008 to the end of the first half of 2009.



At the same time, we exchanged expensive vessels with cheap vessels. We had vessels from the high markets, which we had chartered at daily rates of up to USD 60,000 – and most of these vessels could be replaced with vessels at USD 10-15,000 at the beginning of the year. Even though it became more expensive to charter vessels in the market later on in the year, we quite quickly adjusted our costs to the lower rate levels.

We also reduced risks as a large part of the active fleet – almost 30% – were vessels which were only chartered for single voyages. In that way, we do not have any risks in connection with the operation of the vessels when the individual voyage had been completed.

We have also sold dry cargo vessels. 19 sales agreements have been concluded since September 2008. It has been sensible to exchange steel to cash and reduce exposure and funds tied up, and the sales have also generated good profits and strengthened NORDEN's cash position. In total, the sales agreements have generated gains of approximately USD 80 million, and they have released net USD 450 million in liquidity. This is money that can be reinvested when the time is right.

In Tankers, we have also adjusted capacity, but to a less extent. We have redelivered 2 loss-making LR1 vessels, but otherwise, the fleet has by and large remained unchanged.

We did not contract any new vessels last year; instead, we trimmed the order book. In January, we cancelled 2 newbuilding orders, and in September, we cancelled a long-term charter agreement for 4 Post-Panamax vessels. This saved us around USD 60-70 million, and the cancellation naturally happened in consultation with the counterparty.

We have also had – and still have – a good dialogue with the yards regarding newbuilding orders where we are discussing postponement of delivery or payment, conversion to other vessel types or other solutions which are satisfactory to both us and the yard. One of the results of this is that we have just renegotiated an order with a yard in the Far East so that instead of 2 vessels, 3 vessels at a lower unit cost and with later delivery will be built. Agreements like this can only be made between long-standing and good partners when both parties have always kept their word and wish to continue the cooperation.

Adjustments of both the order book and the active fleet – where we redelivered expensive vessels – mean that average fleet costs are reduced significantly. In Dry Cargo, costs of the known fleet will drop by approximately 33% from 2010 to 2014, and in Tankers, we will reduce costs by approximately 20% in the same period of time, which provides us with a significant competitive advantage.

On owned vessels, the Technical Department, in cooperation with officers and seamen, has worked determinedly on reducing costs, and the result was savings of 7.5%. Operation and crewing of 2 vessels have been handed over to an external partner, a few services have been outsourced, and across the fleet, people have been good at finding best practices – the best and most efficient ways to do things – and sharing them with others.



Ashore, we have also worked determinedly on reducing costs, and we succeeded in reducing administrative expenses by as much as 29% last year. We pushed a lot of buttons to get this far: strict cost control, tough priorities with postponements or cancellation of activities, pay freeze, restraint on bonuses and – unfortunately also – layoffs at the beginning of the year.

But we have not just cut down. We have concurrently done a lot to make the business more efficient and scalable. Working procedures and processes have been made more flexible, systems have been developed or upgraded, business intelligence has been strengthened, and we have outsourced heavy and work-intensive tasks in Dry Cargo. It is fair to say that NORDEN's machine has become better-oiled – we now have a sharper company.

Another large focus area was counterparties – that is, customers and others who, due to the crisis, could not – or did not want – to meet their obligations to NORDEN. Even though NORDEN has always had a conservative approach to the market, and even though we generally stay away from quick business, we had a lot of problems in the first quarter, and these problems were very time-consuming for the management, senior charterers and the Legal Department.

We handled the problems systematically. We went through every single case together with external lawyers and defined our position and options. This calmed things down and put us in the driver's seat. In some cases, we chose to help counterparties by postponing cargoes or renegotiating time charters, and in other cases, we reached settlements with payment of whole or partial compensation to NORDEN. But we were left with a small number of cases where the customer did not show any will to reach settlement, and these cases were referred to arbitration and courts.

Slimming of the Company's counterparty portfolio was completed in May, and we have not experienced any major new disputes in Dry Cargo in the last 12 months. The largest case – a dispute with a company in the Russian aluminium group Rusal – was settled last month by agreement of payment of USD 23 million to NORDEN and a 2-year COA of 2 million tonnes of bauxite. We had hoped for more, but some cash is better than no cash at all, and a multi-year, tough arbitration case would not benefit anyone. Therefore, we chose to close the case and normalise the relationship with the customer.

I would also like to mention that we have naturally intensified the credit rating of potential customers and continuously strengthened systems and processes during the last 18 months.

When we talk about problems with counterparties, we must not forget the proportions. The number of problematic cases was small and should not overshadow that the vast majority of the counterparties in Dry Cargo have met all obligations in all the months of crisis.

Moreover, NORDEN entered into the most and the largest COAs in our long history last year. 6 of the 10 largest COAs have thus been concluded in 2009, and these are contracts entered into with prime counterparties with duration of up to as much as 15 years. That is – so to speak – the front side of the coin: in times of crisis with extremely fluctuating freight rates, large customers are especially interested in stable, safe and long-term solutions. This is no doubt for the benefit of



NORDEN. We have an incorporated brand and a strong track record, and no one doubts if we will be able to deliver in 10 or 15 years.

Let me finish our handling of the crisis with this: when the crisis broke out, we chose to increase coverage in Dry Cargo as much as possible which is why we entered the year with almost 100% coverage. In order to achieve predictable earnings in an otherwise unpredictable market, we held on to the high coverage for most of the year, and not until towards the end of the year, did we speed up a bit as operator in the short end of the market. The result of this was that Dry Cargo steadily improved earnings quarter by quarter and ended the year in fine style with an EBITDA of USD 61 million in the fourth quarter.

In Tankers, it was not possible to achieve a similar high coverage, but Norient Product Pool – which operates our tanker vessels – managed, through luck and skill, to charter out 9 vessels at reasonable rates just before the market really broke down. Earnings from coverage were reasonable whereas the open ship days sailed at poor spot rates. But overall, the Pool and NORDEN did a reasonable job, and the activities in MR and Handysize were profitable, but earnings were naturally squeezed by the crisis and thus became negative.

KEY FIGURES AND FINANCIAL MATTERS

The profit of the two departments provides the following key figures for NORDEN:

Revenue decreased to USD 1.7 billion, and this is naturally due to lower freight rates in both segments – but also our decision to adjust business in Dry Cargo where we reduced the number of ship days.

The operating profit – EBITDA – was USD 126 million. But just as important, we were able to increase earnings during the year concurrently with reaping the effects of cost reductions, efficiency improvement, redelivery of expensive vessels and our other initiatives.

Profits from sale of vessels amounted to approximately USD 70 million. Also in this year of crisis, we were quite good at realising gains, and they contributed nicely to a primary operating profit – EBIT – of USD 157 million. This results in a profit ratio of 9.4%.

Fair value adjustments of certain hedging instruments amounted to almost USD 61 million. It is especially regulations on the value of bunker contracts – the contracts that we enter into in regards of fuel to the fleet. The item is particularly determined by oil prices – when they increase, we get an unrealised gain, and when they decrease, we get an unrealised loss. This evens out over time, and I can best demonstrate this by saying that the item showed a loss of USD 81 million the year before.

After financial items and tax, we had a net profit of USD 217 million or approximately DKK 1.2 billion. In the light of the fact that the world economy did a volte-face, and world trade decreased, we feel that we can stand by this result and all in all be satisfied. The profit yields a return on equity



of 12.4%, and double-digit returns in this area are good, even though, there is still a way to go to reach previous levels.

One of last year's main headlines was to protect the shareholders' values, and that mission has been completed. NORDEN has come out of 18 months of turbulence and crisis with a strong – and in some areas even strengthened – capital structure.

At the end of 2009, cash and cash equivalents and securities amounted to USD 736 million – excluding joint ventures. Our cash position is thus still strong, even though, we invested quite a lot of money in newbuildings and also paid out a nice dividend.

During the year, we reduced interest-bearing debt to USD 64 million. The debt relates to 4 product tankers – all other vessels have been paid in cash.

Together with new COAs and adjustment of the order book, sale of vessels has almost halved the Company's total net commitments, which decreased from approximately USD 1.4 billion to USD 773 million. This is the present value of all of NORDEN's known future *outgoing payments* to time charters, yards, lenders, etc. – less the known future *income* and cash holding. Gearing of equity has also been reduced. Thus, gearing at year-end was only 0.4, a halving from 0.8 at the end of 2008.

Finally, solidity has been increased by 6 percentage points to 89%. We also have – I dare say – a very strong balance sheet and a large cash holding. This gives us a great starting point, which I will get back to a bit later.

FLEET VALUES

First, I will round off this financial part with fleet values – and I will keep it short.

It is evident that the crisis last year made the market prices on tonnage drop. When we asked 3 independent brokers to estimate the value of our vessels and newbuildings at the turn of the year, the brokers also reached the conclusion that the market value of NORDEN's fleet was USD 103 million below the carrying amounts and cost prices.

As required, we therefore carried out a test where we compared the carrying amounts and cost prices to the cash flows, which the vessels are expected to generate in their useful lives. This test showed that there was no need for impairment of the values of the vessels. And let me then add that the market values of the vessels have improved since then.

But at the turn of the year, the market value of the fleet was approximately USD 1.5 billion. We estimated the value of our charter parties with purchase and extension option to USD 468 million – distributed with USD 99 million on purchase options and USD 369 million on extension options. The value of other assets was net USD 172 million. This resulted in a total theoretical Net Asset Value of approximately USD 2.2 billion, corresponding to DKK 268 per share. We have described assumptions and methodology of this calculation in the annual report.



RETURN TO THE SHAREHOLDERS

Today, the Board of Directors proposes that NORDEN pays out a dividend of DKK 7 per share. This may not seem like a lot, when we in previous years have paid out DKK 13 and DKK 35 per share, but we have decided to stay at the levels from 2005-2006.

If we calculate the dividend as a percentage of the net profit – and adjust for treasury shares – it looks different. Then we actually send approximately one-fourth of the profit back to the shareholders, and this payout ratio is the second highest in recent times in NORDEN.

We do not have an automatic dividend policy in this company, because it does not make sense in a cyclical business. Instead, the Board of Directors continuously estimates how the cash flows are best divided between the Company and the shareholders. Several factors are included in this estimate – actual and expected earnings, cash and cash equivalents, market outlook, risks, known and potential investments, commitments on and off the balance sheet, etc.

When we propose DKK 7 per share this year – which corresponds to approximately DKK 312 million – on the basis of this overall estimate, it is because NORDEN benefits from extra capital strength in the current markets. Both as a buffer, but certainly also as a tool to take advantage of the attractive investment opportunities which arise as a result of the crisis.

The aim of the Board of Directors is still to give the shareholders a reasonable return on their shares in the form of dividends, increasing share prices and occasional repurchase of treasury shares. Last year, the share price increased by 14.4% and has also done well this year, but on the other hand, it dropped by 67% in 2008, so we are lagging behind in that area. But we hope and believe that our plans on developing the Company will lead to a reasonable, long-term return. It may be appropriate to remind you that NORDEN from May 1999 to May 2009 was the best large cap share in the Nordic countries with an annual return of 48.6% on average.

REMUNERATION

Like in previous years, NORDEN has allotted bonuses to selected employees and managers as an acknowledgement of their performance in 2009.

It has been difficult to find the right level of these bonuses. On one hand, NORDEN's earnings were satisfactory, and you could not find fault with managers' or employees' performance in a difficult year. But on the other hand, employees' bonuses should also be seen as reasonable relative to the shareholders' return, and that return was quite modest last year as mentioned earlier.

Therefore, we decided to reduce the level of bonuses – both absolutely and relatively.

In total, we allotted bonuses in the amount of USD 3.4 million – this is the lowest level in 5 years. And if we calculate the bonuses as a percentage of the net profit, the bonuses comprised 1.5% of the



bottom line. This is also the lowest level in a couple of years and is well below the rule of thumb of 3%, which is stated in the Company's remuneration policy.

We did not allot a collective bonus, and we reduced the individual bonuses so that fewer people got smaller bonuses – the average was 3 months' salary against 5.5 months' salary the year before. Significant restraint was thus exercised, and there was also good reason to hold back in a difficult time of crisis and uncertain outlooks. Employees and managers accepted this, and I would like to thank them for that – just like I would like to thank them for their efforts.

I would like to add that the Board of Directors is looking forward to normalise bonuses again in a hopefully fairly near future. Because, when we normalise bonuses again, it is a sign that NORDEN's earnings are on their way back up again.

We also make use of share-based incentive programmes in NORDEN, and we do this to make sure that the employees share a common interest with the shareholders in an increasing share price.

In January, we once again granted free employee shares to all employees – 96 shares to each employee. In addition in March, we granted share options to selected employees, but also in this area – as with the bonuses – we have adapted the programme to meet today's reality. We therefore granted fewer options, but to somewhat more people. Other than that, the programme is unchanged: the options first obtain value when the shareholders have received a return of minimum 8% annually. The options can first be exercised in 3 years, just like the exercise period is also 3 years. And Senior Management is required to reinvest a part of any gain on their options in NORDEN shares. I believe that this implementation of the Company's remuneration policy puts focus where it is supposed to be: the long haul and the *long-term* community between employees and owners.

BOARD REMUNERATION AND WORK

I would now like to comment on the remuneration and work of the Board of Directors:

The 2009 remuneration of the Board of Directors is part of the annual report being discussed here today, and we propose unchanged remuneration, so that the 8 members of the Board of Directors receive in total approximately USD 1 million. Unless something unforeseen happens, the Board of Directors will propose the same remuneration for 2010. Then the remuneration will have been unchanged for 3 consecutive years, and this reflects our conviction that the remuneration matches efforts, responsibility and market level quite well. As long as this is the case, there is no need to adjust the remuneration level. The 2010 remuneration is not up for discussion today, but we believe it most proper that you know our view on the matter.

Last year, the Board of Directors was hard at work. We held 15 meetings of which 4 were earmarked the special tasks we have in the audit committee. We have decided to have the entire Board of Directors attend to the tasks of the audit committee, and in our capacity as audit committee, we have discussed such issues as control and risk management, audit, accounts, reporting, etc. But we have not only focused on the financial aspects – we have also discussed



counterparty risks and IT systems. Let me emphasise that we have high standards in all these areas and some finely tuned systems. Naturally, there are things that can be done better, but we also learn from our experience and adjust accordingly when there is reason to do so. But the basis is very strong.

The Board of Directors also has a remuneration committee which consists of Arvid Grundekjøn, Karsten Knudsen and I. We met 3 times to ensure the implementation of the remuneration policy. In the committee, we consider the remuneration of the Board of Management, the granting of options and employee shares as well as the overall framework of the Company's pay and remuneration policies.

Later today, we will elect members for the Board of Directors. Alison Riegels and I are up for re-election, and if the shareholders will allow a bit of gallows humour then I would like to bring a warning: be careful about re-electing us, as we have become dependent!

Our offence is that we have experience with NORDEN and with shipping – too much experience. We have been on the Board of Directors so long that we have now become dependent, because according to the most recent recommendations from the Danish Corporate Governance Committee, you are no longer independent after 12 years on a board. Alison is even double dependent since she is also associated with a major shareholder – Motortramp – and this also conflicts with the new recommendations from the Danish Corporate Governance Committee.

Erling Højsgaard is also double dependent according to the new definitions from the Danish Corporate Governance Committee. Since the 3 employee-elected members receive pay from NORDEN and thus are very dependent, we only have 2 independent members – Karsten Knudsen and Arvid Grundekjøn. According to the Committee, the Board of Directors is therefore unable to act independently of private interests. It therefore looks quite bad – or does it?

Putting the gallows humour aside, it is good and rewarding that we have someone who thinks about corporate governance. The Danish Corporate Governance Committee does this, and as the shareholders know, NORDEN has been quick and more thorough compared to others to respond to the Committee's recommendations and has carefully described our long-term management philosophy and organisation of management.

We will continue to do so. We strive to maintain a high level of information, and recently, NORDEN was also presented with what must be said to be the most distinguished praise within this field in Denmark, that is the Information Award from the Danish Society of Financial Analysts. This commits. We will continue to thoroughly inform our stakeholders of aspects important in order to evaluate NORDEN, and we will naturally also keep a constructive approach to the Committee's new recommendations. But still there is nothing wrong in calling for a bit of thoughtfulness.

In my opinion, the most important question to ask after these recent 18 months of crisis is the following: what triggered the global financial crisis? Was it too much experience in the board rooms? Or was it incompetence, greed and lack of transparency?



I think we all know the answer. Therefore, the Committee should perhaps have focused somewhat more on the essential – that is the boards' qualifications, insight, experience and possibilities of seriously managing and influencing the companies. These are much more important aspects than to determine some term of years.

All this is not to be taken as evidence of a Board of Directors in NORDEN who will remain in their position until they will have to be carried away. Far from it. We sit on the board as long as the shareholders will have us and as long as we make a difference. Naturally the board must renew itself regularly. We need new people to be critical of the path chosen, and this is also the case. 5 of 8 members are newly elected in 2008 and 2009, thus, renewal takes place, and will continue based on which profiles NORDEN requires. But you should not demean experience or belittle the value of insight into such a complex and cyclical business as shipping.

RETURN TO GROWTH

Needless to say, the crisis has marked the Company's course in the recent 19 months. In popular terms, we slammed the breaks in the autumn of 2008. But since the summer of 2009, we have gradually relaxed the pressure on the breaks as we grew more comfortable with the situation and with the results of our efforts in dealing with the crisis. Now we have reached a point at which we can speed up a bit. NORDEN must return to the track to growth, and naturally the track to profitable and controlled growth.

The basis is strong: we have sharpened systems and processes, the core competences are intact, the order book has been trimmed and the fleet costs have been reduced. Our financial resources enable us to finance all newbuildings and other initiatives we may deem right. Money is no obstacle, but we have still decided to increase our flexibility by entering into a framework agreement on a credit facility of USD 200 million which will soon be concluded. The prerequisites are thus in place. But what will we use them for?

The strategy headline for Dry Cargo in the short term is "organic growth". Minor adjustments of the order book may be made, but as it looks now, we will take delivery this year of 11 owned newbuildings and 18 vessels on long-term charter. 2010 will be the busiest delivery year ever with at least one naming every two weeks throughout the year.

We will be more active as operators in the short end of the market – and already today, we are more active than we were at the same time last year. At the same time, we are working on entering into new cargo contracts and long-term charter agreements.

We have put special focus on ensuring that our new pools with our pool partner Interorient gain footing in the market. The new pools are within Handysize and the new vessel type Post-Panamax, respectively, and both pools have had an excellent start of the year.



In addition, we will use periods with high rates to increase the coverage for 2010-2011. We have already come a long way. At the turn of the year, the 2010 coverage was 65% and in March we reached 79%.

In Tankers, the goal is acquisitive growth. It is our assessment that the vessel prices have currently reached a level where purchase will generate a profitable return as the freight rates are normalising. The return may not be generated this year, but with our strong financial position, we can afford to be patient.

In January, we purchased 3 modern MR tankers from a Turkish owner for approximately USD 79 million, and these vessels have now been incorporated into NORDEN's fleet under the names NORD SEA, NORD STRAIT and NORD SOUND. This week, we have also purchased 2 Handysize vessels – NORD FAST and NORD FARER – for USD 52 million. We would like to purchase more vessels, so we are scanning the market thoroughly and are looking at more projects.

This year, Tankers will also take delivery of 5 long-term chartered MR product tankers, and the aim is naturally to increase coverage of the fleet. In March, coverage was 43%.

The organisation must grow in order to handle the planned growth rate in Dry Cargo and Tankers, so new hirings are taking place. We will also invest a bit more in management and employee development and in the continuation of system improvements, but at the same time, we will maintain our strict cost control and prioritisation.

GREEN EFFORTS

We continue with our green efforts. We have our 14 point plan of initiatives which will reduce the emission of greenhouse gas from the vessels. These initiatives are implemented on board the many new vessels we take delivery of, and in addition, we have installed electric boilers on Handysize tankers and trim optimising systems on the new Post-Panamax vessels and are changing to a new bottom paint. With these new initiatives, we are raising the bar, and we expect to reduce CO₂ emissions by 3.5% against 3.3% last year. We are also reducing sulphur emissions, and the thread in our green efforts remains unchanged; we place our efforts where we can both reduce NORDEN's expenses and at the same time do something good for the climate and environment.

We have decided to join the UN Global Compact – the UN's social charter – and let this form the framework for both the green efforts and all other voluntary initiatives.

These are our plans in outline. Nothing market-related has taken place this year, which makes us think differently.



DRY CARGO: FUTURE ASPECTS

So far, the dry cargo market has been reasonable with fairly good demand and good rates for the small and medium-sized vessel types in which NORDEN stands the strongest. On the other hand, massive fleet growth in Capesize has pressed the rates down to the same level as in Panamax.

China's imports of coal continue to grow rapidly, and in February, the import was 169% above the same month last year. The cold winter demanded coal for electricity and heat, but the steel industry also took its part. Interestingly, the Chinese have started importing coal from as far as Colombia as the prices for local Chinese coal have increased just as the usual suppliers in Indonesia have difficulties in keeping up with the demand.

Also China's imports of iron ore continue to grow. The import increased by 13% in March compared to the same month last year, and for the quarter in total, the growth rate was 17%.

In addition, the production of steel is increasing – not just in China, but also to a great extent in Japan and partly in Europe and the USA. Global steel production increased by 27% in February, and this factor makes the demand for transportation of iron ore go up.

These 3 factors will come to play a leading role for the rest of the year – combined with more seasonal circumstances. For instance, exports of corn and soya from the USA and Latin American have been important demand drivers in recent months.

Also for the rest of the year, we expect solid growth in demand in Dry Cargo. China will continue to be the main engine together with India and other emerging markets which need commodities for development, infrastructure, housing, industries, energy, etc. But we also expect to see the rest of the world beginning to contribute positively to global growth.

The growth rate in transportation of the major commodities – iron ore and coal – is expected to amount to 12% and 11%, respectively, while other commodities collectively are expected to increase by 5%. In total, this renders growth in demand for transportation of dry cargo of close to 9%.

Opposite of the reasonable demand rate, we have supply which, to a greater extent, is a joker. In recent years, there has been talk of a newbuilding bomb since so many vessels were ordered that it would lead to serious imbalance in the market once the many vessels joined the global fleet. But it looks as though this bomb is being dismantled.

Last year, 42% of the planned order book was undelivered, and the number of postponements and cancellations steadily grew throughout the year. Yards and owners had trouble in obtaining financing. The shipping companies cancelled a lot of vessels which they had contracted at prices which could not be covered in the low markets. Many new yards were unable to deliver as agreed, and it also became more and more evident that the order book was over-reported.



Preliminary figures for the first quarter of 2010 indicate that 35-40% of the order book was not delivered within dry cargo as a whole, while the figures were lower within Capesize and higher within NORDEN's primary vessel types. The pattern thus continues, but it does not change the fact that many new vessels will enter the market this year, and the high – but doubtful – order book may add additional pressure to the rates within the vessel types where most vessels will be added.

TANKERS: FUTURE ASPECTS

The tanker market was positive at the beginning of the year due to the cold which held large parts of the northern hemisphere in an icy grip. Iced-up waters and ports increased demand for ice-class product tankers, and Norient Product Pool has a few of these vessels. So as the ice closed off the major tanker ports in the Baltic, Russia and Ukraine for the non-ice-class vessels, the Pool's vessels could draw profits of USD 2-3,000 per day by navigating these waters and calling at these and other ports.

After the winter, the spot rates have fallen back to the level we expected. We still believe that the market will be challenging and that 2010 will be a transitional year during which demand will slowly increase while growth in supply will decrease. The demand for oil is expected to grow by 1.9% – against a drop of 1.5% last year – while growth in supply will drop by approximately 4.5% – though less in NORDEN's vessel types. But the phasing-out of single-hulled tonnage may lessen part of the supply growth.

DRY CARGO AND TANKERS OVERALL

Thus, there remain challenges in both Tankers and Dry Cargo, but the uncertainties are smaller than they were one year ago. The crisis has not gone away, and it still remains unknown how growth will react especially in Europe when the financial stimulus packages expire and the bill is to be paid by fiscal cutbacks. That being said, we expect the global economy to regain some of its strength gradually. The IMF estimates that the world economy will go from a negative growth rate of 0.8% last year to a positive growth rate of 3.8% this year, and the barometer for world trade also indicates that the outlook has shifted from "storm" to "change".

Based on this – and based on NORDEN's solid and high coverage – we expect quite significant growth in Dry Cargo with an operating profit – EBITDA – of USD 190-220 million. That is an improvement of 40-50% from last year's USD 139 million. We are assisted by 2 major non-recurring income items from the settlement with Rusal and a cancelled time charter agreement in the first quarter – but also without this non-recurring income, the trend is strong and positive.

In Tankers, we have tentative expectations of an operating loss of USD 5-25 million. After deduction of group expenses, the NORDEN group therefore expects an EBITDA in the range of USD 155-205 million. A positive improvement from the USD 126 we earned last year.

We have earnings from agreed vessel sales of USD 31 million. This amount is a great deal smaller than last year with the agreements we have in the book today. On the other hand, depreciation will



increase as the fleet expands. With lower profits from sale and higher depreciation, we expect an operating profit – EBIT – of USD 135-185 million – against USD 157 million last year.

This is today's forecast. As soon as it is possible and sound, we will narrow down figures and intervals.

CONCLUSION

Times are still challenging for global shipping. During the recent 18 months, we have proven that we have both the will and abilities to handle challenges and crisis. I am absolutely convinced that we can handle whatever challenges may arise in 2010, and that, at the same time, we can begin pursuing the long-term opportunities within Dry Cargo and Tankers with renewed strength in order to add to NORDEN's continued growth. Thank you.