NORDEN

Dampskibsselskabet "NORDEN" A/S

ANNUAL REPORT 2007

"We seek excellence through a dedicated team effort from competent and motivated people"

Contents

Company details and group structure

The Company
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Municipality of domicile: Copenhagen, Denmark

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Board of Directors
Mogens Hugo, Chairman
Alison J. F. Riegels, Vice Chairman
Einar K. Fredvik
Erling Højsgaard
Dag Rasmussen
Anton Kurt Vendelbo Christensen (employee representative)
Egon Christensen (employee representative)
Ole Clausen (employee representative)

Management
Carsten Mortensen, President & CEO
Ivar Hansson Myklebust, Executive Vice President & CFO

Auditors
PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup
Denmark

Annual General Meeting
The annual general meeting will be held on 23 April 2008 at 11.00 a.m. at the hall "Audience", Radisson SAS Falconer Center, Falkoner Allé 9, DK-2000 Frederiksberg.

Company structure

NORDEN in brief

Dampskibsselskabet "NORDEN" A/S is an independent listed company founded in 1871, making it one of Denmark's oldest internationally operating shipping companies. NORDEN operates in dry cargo and tankers worldwide.

NORDEN's fleet is among the most modern, flexible and competitive players in the industry. At the end of 2007, the Company operated 216 vessels, of which 14 were owned vessels and 34 were on long-term charters with purchase options. The remaining vessels were charters without purchase options. The fleet is continuously being expanded. At year end, the Company had 35 vessels under construction, while 41 vessels with purchase options had been chartered long-term but had yet to be delivered. NORDEN possesses one of the largest fleets of vessels with purchase options in the world, and this contributes to the great flexibility of the fleet as well as to the Company's value creation.

In dry cargo, the Company is one of the world's largest operators of modern bulkcarriers in the Handymax and Panamax segments. The Company also has significant activities in the Handysize and Capesize segments. As from 2009, the Company's dry cargo activities will also include the Post-Panamax segment, in which the Company expects to be among the world's largest shipowners and operators.

In tankers, the Company is mainly active in the product tanker segments Handysize and MR, but also has activities in the Aframax segment, which transports crude oil. The product tanker activities are operated through the Norient Product Pool, which is managed by the 50%-owned Norient Product Pool A/S. As from 2008, the Company's product tanker activities will also include the LR1 segment.

NORDEN has its head office in Copenhagen and offices in Singapore, Shanghai (China), Annapolis (USA), Rio de Janeiro (Brazil) and Mumbai (India). At the end of 2007, the Company had 190 employees ashore and 332 at sea.

NORDEN's shares are listed on the OMX Nordic Exchange and are a component of the OMXC20 index.

The NORDEN Mission:

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people.
With ambition, reliability, flexibility and empathy we

- focus on customers who benefit from our constant commitment to being an independent long-term partner
- continue our long history of building valued relationships with shipowners and shipyards.

We will maintain a large, modern fleet of owned and chartered tonnage and – in a volatile market – we manage risks to constantly be able to develop our business and create shareholder value.

The NORDEN Core Values:

Flexibility
Adapt and find better solutions.
Reliability
Honesty, good intentions and no cheating.
Empathy
Respect diversity in people and opinions.
Ambition
Think ambition into every activity.

The NORDEN Vision:

The preferred partner in global tramp shipping. Unique people. Open minded team spirit. Number one.

Highlights

Highlights of 2007

- The profit for the year was USD 703 million (2006: USD 177 million), equalling DKK 3,830 (DKK 1,050 million) translated at the average exchange rate for the year. This profit is four times the profit for the previous year and provides a return on average equity of 70% (27%).

- The main explanations for the increased profit for the year is a higher operating profit in the Dry Cargo Department and larger profits from the sale of vessels (USD 163 million against USD 55 million).

- The Dry Cargo Department's profit before depreciation (EBITDA) was USD 497 million (USD 126 million), constituting a 296% increase. The increase was primarily explained by a good positioning and a very strong dry cargo market.

- The Tanker Department's EBITDA was up by 10% to USD 53 million (USD 48 million), driven by a higher level of activity and higher realised T/C equivalents in an otherwise weaker market.

- Positive cash flows from operations were generated in the amount of USD 467 million (USD 123 million).

- Equity grew to USD 1,311 million (USD 714 million).

- The active fleet of owned and part owned vessels remained stable at 14 vessels, while the number of owned and part owned vessels for delivery rose from 14 to 35.

- At the end of the year, the Company's total theoretical NAV per share was estimated at DKK 614 (DKK 305). Of this, the value of the Company's 75 (71) charter parties with purchase option amounted to DKK 323 per share (DKK 154). The calculation of Theoretical Net Asset Value is subject to significant uncertainty, however.

- In the Company's risk model, the gearing was reduced from 1.4 to 0.4 in the course of 2007. The main reasons for this reduction are a combination of larger equity and reduced net liabilities as a result of the sale of vessels and the conclusion of long-term coverage contracts at attractive levels.

- The Board proposes a dividend of DKK 35 (DKK 5) per share, corresponding to a 44% (23%) payout ratio for the year.

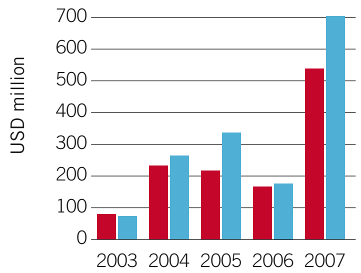
2008

- In dry cargo, NORDEN expects a strong, but volatile freight market in which the Chinese economy maintains a central role. At the beginning of the year, NORDEN has covered 78% of the known capacity in dry cargo at attractive rates. By mid-February, the coverage for 2008 was 88% while it was 42% for 2009.

- For tankers, the freight market is expected to remain at a reasonable level, although below the 2007 level. The known tanker capacity for 2008 is 8,045 ship days, of which 34% were covered at the beginning of the year. By mid-February, the coverage for 2008 was 31% while it was 11% for 2009.

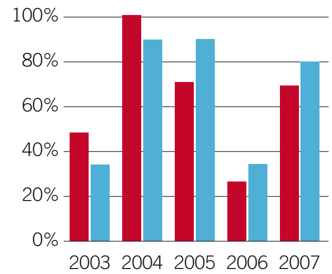
- For 2008, NORDEN expects an EBITDA of USD 650-730 million. A profit after tax in the level of USD 750-830 million is expected, including a profit of USD 127 million from the sale of vessels and negative fair value adjustments of certain hedging instruments of USD -21 million.

Development in EBITDA and profit



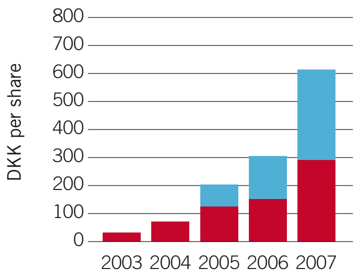
EBITDA
Net profit

Development in return on equity and return on invested capital



Return on equity
Return on invested capital

Development in theoretical Net Asset Value



Net Asset Value (NAV)
Value of charter parties with purchase and extension option

Key figures and ratios for the Group

KEY FIGURES ARE IN USD MILLION	2007	2006	2005	2004	2003
INCOME STATEMENT					
Revenue	2,933.1	1,234.2	1,296.5	1,166.6	477.7
Costs	-2,395.6	-1,068.1	-1,080.5	-933.7	-397.5
Profit before depreciation, etc. (EBITDA)	537.5	166.1	215.9	232.9	80.2
Profits from the sale of vessels, etc.	163.1	55.4	120.1	49.8	3.3
Depreciation	-19.5	-20.3	-16.3	-13.3	-11.5
Share of results of joint ventures	1.6	1.4	8.3	0.2	3.3
Profit from operations (EBIT)	682.7	202.6	328.0	269.5	75.3
Fair value adjustment of certain hedging instruments	19.9	-27.0	26.0	-	-
Net financials	22.7	12.4	-8.0	-2.5	-0.8
Profit before tax	725.3	188.0	345.9	267.1	74.5
Profit for the year	703.3	176.5	336.3	264.1	73.3
Profit for the year for the NORDEN shareholders	703.2	176.4	336.0	263.8	72.0
BALANCE SHEET					
Non-current assets	589.9	482.8	361.6	268.8	258.1
Total assets	1,609.4	960.6	821.5	521.9	374.8
Equity at year-end	1,311.2	713.5	611.2	340.1	184.9
Liabilities	298.2	247.0	210.3	181.9	181.5
Invested capital	786.3	556.6	409.6	322.4	278.5
Net interest-bearing debt	-524.9	-157.0	-201.6	-17.7	85.2
Cash and securities	622.6	317.7	314.9	135.6	60.4
CASH FLOWS					
From operating activities	466.7	123.1	244.7	191.3	65.3
From investing activities	-4.6	-87.1	10.1	13.5	-104.1
– of which investment in tangible assets	-289.9	-215.9	-337.4	-86.4	-185.8
From financing activities	-176.2	-33.4	-76.0	-129.5	59.0
Change in cash and cash equivalents for the year	285.9	2.6	178.8	75.3	20.2
FINANCIAL RATIOS AND PER-SHARE DATA					
Number of shares of DKK 1 each (excluding treasury shares)	41,897,860	43,337,240	43,239,700	44,017,800	43,650,000
Profit per share (DKK)	16.8 (91)	4.1 (24)	7.8 (47)	6.0 (36)	1.7 (11)
Earnings per share (EPS) (DKK)	16.6 (91)	4.1 (24)	7.7 (46)	5.9 (35)	-
Diluted earnings per share (diluted EPS) (DKK)	16.4 (89)	4.1 (24)	7.6 (46)	5.8 (34)	-
ROE	69.5%	26.7%	71.0%	100.9%	48.6%
ROIC	80.2%	34.5%	90.1%	90.0%	34.3%
Dividend per share, DKK	35	5	10	13.75	5
Dividend for the year (%)	3500%	500%	1000%	1375%	500%
Payout ratio (excluding treasury shares) 1)	44%	23%	22%	40%	51%
Intrinsic value per share (book value) (DKK)	31 (159)	16 (93)	14 (89)	8 (42)	4 (25)
Equity ratio	81.5%	74.0%	74.1%	64.8%	49.3%
Share price at year-end, DKK	564	240	148	136	65
Price/intrinsic value	3.55	2.58	1.66	3.24	2.59
Net Asset Value (NAV) per share 2) (DKK)	57.3 (291)	26.6 (151)	19.8 (125)	13.1 (71)	5.3 (32)
Theoretical Net Asset Value per share 3) (DKK)	121.0 (614)	53.9 (305)	32.1 (203)	-	-
Total no. of ship days for the Group	67,393	47,425	44,738	39,024	27,284
USD rate at year-end	507.53	566.14	632.41	546.76	595.76
Average USD rate	544.56	594.70	600.34	598.93	658.99

The ratios were computed in accordance with the 2005 guidelines issued by the Danish Association of Financial Analysts, entitled "Anbefalinger og nøgletal 2005" except of Theoretical Net Asset Value, which is not defined in the guidelines.
Please see the definitions in the section "Definitions of key figures and financial ratios". The figures are adjusted for the Company's holding of treasury shares. The figures for the years 2003 have not been adjusted to reflect the transition to IFRS.

1) The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.
2) Excluding purchase options on vessels.
3) Including value of 75 (71) charter parties with extension and purchase option on vessels, declared at the optimum time (before tax). Please see pages 4-5 for a comment on the uncertainty connected with the calculation.

Fleet development and corporate values

- Theoretical Net Asset Value rose to DKK 614 per share
- Considerable growth in the Company's order book (+40%)
- Increased short-term capacity in strong dry cargo market

Fleet development

NORDEN expanded its active fleet from 153 to 216 vessels in 2007. In addition, the Company had 94 vessels on order, which meant that the gross fleet of active vessels and vessels for delivery totalled 310 at the end of the year. This is an increase of 41%. The increase was mainly due to a steep increase in the number of bulkcarriers on short-term charter as well as a significant increase in the number of owned newbuildings.

The fleet consists of a core fleet of owned vessels and vessels on long-term charters with or without purchase or extension options, supplemented by a flexible portfolio of vessels on short-term charters. With this mix, NORDEN enjoys the benefit of the economies of scale associated with operating a large fleet without having to tie up the amount of capital necessary if the Company owned the vessels. Moreover, NORDEN can effectively adapt to changed market conditions and economic trends. In periods when rates are rising, NORDEN is able to charter in vessels in the short term to increase earnings. The Company took great advantage of this opportunity in 2007, particularly increasing short-term charter capacity in the highly liquid Panamax segment. Conversely, in declining markets NORDEN can refrain from chartering in vessels in the short term as well as from exercising options to buy vessels or extend their charter periods.

The expansion of the core fleet continued in line with the strategy of improving control of the tonnage and building a cost-effective core fleet. The active core fleet grew by 21% to 76 vessels, and the number of vessels for delivery to the core fleet rose by 40% to a total of 94 vessels. The expansion of the active core fleet will continue in 2008 with the delivery of four newbuildings and 12 vessels on long-term charters with purchase options. In addition, NORDEN will take over five vessels, having exercised purchase options on the vessels for delivery in 2008. The average costs of operating a bulkcarrier in the core fleet will from 2011 onwards be less than USD 13,000 per day, which makes the core fleet competitive in the longer term.

The Company's business model focuses on the long as well as the short term. By increasing capacity, the Company was able to benefit from the strong dry cargo freight rates. Moreover, NORDEN profited from the favourable second-hand tonnage markets to obtain sizeable profits from the sale of vessels. The purchase and sale of vessels is an integral part of the business model, helping to secure earnings and cash flows. During the year, the Company entered into agreements to sell a total of 16 vessels, of which eight were delivered in 2007.

Value of vessels

The continued expansion of the core fleet and the systematic use of options create significant values. The total theoretical Net Asset Value including purchase options at the end of 2007 was estimated at DKK 614 per share. Of this, the value of the Company's 75 purchase options amounted to DKK 323 per share and the value added to owned vessels and newbuildings was DKK 132 per share.

According to an updated estimate, the value of the charter parties with purchase option amounted to DKK 365 per share by mid-February.

At the end of the year, the value of the Company's 14 owned vessels and 35 newbuildings as well as one vessel sold but held on finance lease was estimated at USD 2,638 million (USD 1,164 million). The valuation is based on an average of three independent broker valuations. The added value over the carrying amount of owned vessels and the expected newbuilding prices was USD 1,090 million (USD 440 million).

NORDEN's fleet at 31 December	2007	2006
Vessels in operation		
Owned vessels	14 [A]	14
Chartered vessels with purchase option	34 [B]	29
Chartered vessels, for at least 3 years	28	20
Total active core fleet	**76**	**63**
Other chartered vessels	140	90
Total active fleet	**216**	**153**
Vessels to be delivered to the core fleet		
Newbuildings (owned)	35 [C]	14 [E]
Chartered vessels with purchase option	41 [D]	42
Chartered vessels, for at least 3 years	18	11
Total for delivery to core fleet	**94**	**67**
Total gross fleet	**310**	**220**
Total chartered with purchase option	75	71
Sales during the year (delivered)	8	4
Contracted newbuildings during the year (owned and chartered with purchase option)	33	28

A Of which 1 unit sold.
B Of which 3 units sold.
C Of which 6 units are 50%-owned. 3 units sold, of this 1 unit 50%-owned.
D Of which 4 units are in 50% joint venture.
E Of which 5 units are 50%-owned.

The vessels held on long-term charters with purchase and extension option had an estimated value of USD 2,668 million before tax, corresponding to DKK 323 per share. This is an increase of 126%. 41% of these values relate to vessels which NORDEN has options to buy within two years. (Theoretical calculation, see note on page 5).

126%

At the end of the year, NORDEN held a total of 75 vessels on long-term charters over three years with options to purchase the vessel or to extend the charter period. The vessels held on long-term charters with purchase and extension option had an estimated value of USD 2,668 million before tax, corresponding to DKK 323 per share. This was an increase of 126% relative to the end of 2006. Of the estimated total value, USD 1,475 million related to the fixed charter period (the charter party), while the remaining USD 1,193 million was linked to purchase and extension options. 41% of these values related to vessels which NORDEN has options to buy within two years.

NORDEN's valuation of purchase and extension options follows standard pricing of American options, which simulates future scenarios for freight rates (T/C rates) and vessel prices under assumptions of price volatility and correlation between the change in T/C rates and the change in vessel prices. The calculation model is unchanged compared with 2006.

In each segment, the volatility and the correlation are assumed to be constant over time and are estimated based on historical T/C rates and vessel prices. An important input to the model is the T/C rate curve for each segment. The curve consists of three elements: Market rates for the first five years, a linear, interpolated rate curve between year 5 and year 10 and a long-term constant rate level from year 10 onwards, based on the median of the historical T/C rates since 1989. In addition, market prices are used for interest rates, exchange rates and operating costs. On the basis of the future scenarios for T/C rates and vessel prices, the optimum value of the purchase and extension option for each vessel is determined.

Purchase options under which the price of the vessel is stated in JPY are translated at the forward USD/JPY rate before the pricing.

Fleet values (before tax) at 31 December 2007

	Owned (active and newbuildings)				Calculated value of charter parties with purchase and extension option				
USD million									
Dry cargo	Number	Carrying amount/ cost	Market value*	Added value	Number	Charter party	Purchase and extension option	Value of charter party and option	Theoretical NAV
Capesize	2	65	248	183	3	273	109	382	565
Post-Panamax	4	219	287	68	4	60	72	132	200
Panamax	2	43	167	124	19	543	467	1,010	1,134
Handymax	17	463	893	430	30	552	470	1,022	1,452
Handysize	12	325	442	117	7	5	17	22	139
Product tanker									
MR	4	174	196	22	12	42	59	101	123
Handysize	8	259	405	146	-			-	146
Total	**49**	**1,548**	**2,638**	**1,090**	**75**	**1,475**	**1,193**	**2,668**	**3,758**
DKK per share				**132**				**323**	**455**
Equity excl. minority interests per share									**159**
Total theoretical Net Asset Value per share									**614**

* Including charter party, if any.

Assumptions for calculated value of charter parties with purchase option

Dry cargo	Long-term freight rate = 18-year median (USD/day)*	Assumed volatility: Freight rates (based on 1-year T/C)	Assumed volatility: Vessel values (based on 5-year secondhand prices)
Capesize	18,343	31%	17%
Post-Panamax	16,369	32%	18%
Panamax	11,860	32%	18%
Handymax	10,546	20%	15%
Handysize	8,138	17%	14%
Product tankers			
MR	16,340	15%	13%
Handysize	-	-	-

* Source: Clarksons.

Note: The determination of the theoretical value of the charter parties including purchase option is subject to considerable uncertainty, the value being dependent on the future development in freight rates and tonnage values as well as deviations in other assumptions.

Number of purchase options that can be declared during the period

Segment	2008	2009	2010	2011	2012	2013+	Total	Others[A]	Total
Dry cargo									
Capesize	1		1			1	3		3
Post-Panamax						4	4		4
Panamax	1	4	2	3	3	3	16	3	19
Handymax	5	3	3	5	3	9	28	2	30
Handysize			1	1	1	4	7		7
Product tanker									
MR					2	9	11	1	12
Handysize									
Total	**7**	**7**	**7**	**9**	**9**	**30**	**69**	**6**	**75**
Total strike value, USD million	**167.3**	**200.2**	**218.5**	**275.4**	**274.4**	**1,326.5**	**2,462.2**		

A 5 purchase options declared in 2007 for delivery in 2008; 1 unit sold through a future declaration in 2008.

Times of delivery of the Company's newbuilding programme (owned), at 31 December 2007

	2008				2009				2010				2011				2012				Total	Adjusted for ownership share
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Dry cargo																						
Capesize																						
Post-Panamax								1	1	1	1										4	4
Panamax																						
Handymax	1				1[A]			3	1		3[A]			1		1[A]				1[A]	12	10
Handysize					2[B]	2		2	1		3	1	1								12	11
Product tanker																						
MR							1						1	1							3	3
Handysize	1	1	1				1														4	4
Total	**2**	**1**	**1**		**3**	**2**	**2**	**6**	**3**	**1**	**7**	**1**	**2**	**2**		**1**				**1**	**35**	**32**

A Of which 1 unit 50%-owned.
B Of which 2 units 50%-owned.

Times of delivery of chartered vessels with purchase option, at 31 December 2007

	2008				2009				2010				2011				2012				Total	Adjusted for ownership share
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Dry cargo																						
Capesize																						
Post-Panamax												1	1			1	1				4	4
Panamax	1	2	1					1	1					1							7	7
Handymax	1		1	3					4[B]	1		1	1	1		1			1		15	14
Handysize			1					1	1			1		2							6	6
Product tanker																						
MR		1		1			1[A]	1	1	2	1[A]						1				9	8
Handysize																						
Total	**2**	**3**	**3**	**4**			**1**	**3**	**7**	**3**	**1**	**3**	**2**	**4**		**2**	**2**		**1**		**41**	**39**

A Of which 1 unit is in 50% joint venture.
B Of which 2 units are in 50% joint venture.

Strategy

The Company's vision is to be a leading shipping company and the preferred partner in global tramp trading. The Company sees major advantages in operating both dry cargo and tanker activities and enjoys many business and organisational synergies from these dual activities.

- Organisational development – NORDEN considers human activities an essential element in the Company's endeavours to create value for its shareholders. The distinguishing factors are the competences within the organisation and the Company's ability to employ the growing fleet and to purchase and sell vessels at the times when this is deemed most advantageous. NORDEN therefore sees it as a constant challenge to attract, develop and retain competent employees and continuously strive to develop the overall competences within the organisation. These years, the Company is focusing particularly on recruiting shipping trainees to secure its future growth and continuously growing business volume.

- Partner focus – NORDEN is dependent on having good relations with shipyards as well as customers, and the Company is dedicated to treating these as partners. Although marginally better terms might during certain periods be achieved by changing partners, the Company is convinced that building and maintaining lasting relations with long-term partners provides the strongest basis for expanding and employing its fleet. By expanding representative offices close to where the customers are and conducting regular customer satisfaction surveys, NORDEN strives to continually improve customer service and thus build on a mutually valuable partnership.

- Risk management – Active risk management is a key element in the Company's business model. The Company actively manages the primary commercial risks relating to the shipping market: fluctuations in freight rates and prices of vessels. In response to spot market rate fluctuations, the Company fixes part of the fleet on long-term charters. NORDEN keeps a close watch of the markets and continually adapts its fleet capacity through a flexible business model. Equally, the Company adjusts coverage to market conditions and expectations. Other risks not related to the shipping market – bunker prices, exchange rates etc. – are hedged in so far as possible (see note 2 to the financial statements).

- Financial strength – NORDEN maintains strong financial resources in order to be able to take advantage of the opportunities arising in volatile market conditions. Shipping is a cyclical business and strong capital resources are considered necessary for the Company's ability to maintain and develop its commercial position. The Company's capital structure will continuously reflect its considerable off-balance sheet liabilities in the form of future time charter payments and payments to shipyards in respect of future newbuildings. For more details on capital management, see note 2 to the financial statements.

- Profitable growth – NORDEN's business model is intended to withstand volatile market conditions by being flexible and ensuring a long-term, solid cash flow. Growth should always be profitable and the development of the business volume will always happen in accordance with this requirement. The extension of activities will always be based on the Company's core competences. This is ensured by means of, among other things, a major newbuilding programme. At the end of 2007, NORDEN owned a total of 14 vessels and had 35 newbuildings on order.

Corporate Social Responsibility

Safety and environment are high on NORDEN's list of priorities – the Company therefore operates only modern, double-hulled tanker tonnage and continuously works on minimising propulsion resistance and optimising fuel consumption on owned vessels. The Company has launched a more systematic approach to environmental and social sustainability in order to take a greater responsibility for safety at sea, occupational health, external environment, employee conditions and opportunities and other Corporate Social Responsibility (CSR) issues.

Previously, NORDEN addressed individual issues on the CSR agenda based on the Company's values. An example of this is our longstanding work on occupational health and safety at sea, involving regular information, systematic examination of near misses and an extensive set of KPIs for officers in order to eliminate industrial injuries onboard the Company's vessels and help minimise the vessels' impact on the external environment through groundings, collisions, spills etc.

Dry cargo

The Company aims to be a market leader in the four dry cargo segments: Post-Panamax (starting in 2009), Panamax, Supramax (largest Handymax vessels) and Handysize. To realise this goal, the Company is focusing on the following areas:

In periods when freight rates are rising, NORDEN is able to charter in vessels in the short term to increase earnings. Conversely, in declining markets NORDEN can refrain from chartering in vessels in the short term as well as from exercising purchase or extension options on vessels.

- Critical mass – It is important to develop critical mass and a strong market profile. Although size is not a goal in itself, it does give NORDEN the ability to offer its customers a better level of service. Critical mass affects positively the Company's ability to attract new customers and maintain a high level of efficiency and exploitation of the fleet. The Company has already obtained major economies of scale in the Panamax and Supramax segments, and it is the Company's ambition to continue to develop these segments. In addition, based on its strong customer relations in the Panamax and Handymax segments, NORDEN will extend its activities within the Handysize and Post-Panamax segments. The Company also wishes to develop critical mass in these segments and has already established a major newbuilding programme.

- Expansion of the core fleet – The increasing freight rate volatility has made it more attractive to control long-term tonnage, as this allows the Company to achieve very attractive earnings in periods when rates are high. NORDEN's core fleet has therefore become more attractive, and the Company will increase the core fleet's proportion of the total dry cargo fleet.

- Portfolio management – NORDEN controls a large portfolio of owned and chartered tonnage, contracts of affreightment (COAs), forward freight agreements (FFAs) and tonnage chartered out. The organisation is continuously striving to exploit market conditions and, as the business volume increases, has more opportunities to use the capacity and thus optimise earnings through active management of the portfolio.

Tankers

NORDEN's goal for the coming years is to establish a greater presence in the product tanker market. The Company assesses that the product tanker market will in the future present a better risk/return ratio than the Company's crude oil segment, Aframax. Therefore, NORDEN will in future focus on a smaller operator activity in Aframax, having sold off the last of its Aframax tonnage in 2007. The tanker market is characterised by consolidation among the providers, driven by major listed companies. Consolidation among oil companies means that the customers are getting larger, and certain customers – primarily global oil traders – are themselves entering the shipping market, which makes it more difficult to obtain capacity on short-term charter as the owners prefer to charter out vessels to these customers.

- Product tankers – The product tanker tonnage is employed through the Norient Product Pool, which is among the three largest product tanker pools in the world. With its partner Interorient Navigation Company Ltd., NORDEN is continuously expanding its fleets in the Handysize and MR product tanker segments through contracting of new vessels as well as through long-term charters, in order to achieve greater strength and market profile. The pool operates a large fleet of ice-class vessels in order to meet the customers' demands for year-round operations in ice-filled waters.

- Expansion of the business – In 2008, the Norient Product Pool has started up a new activity in the LR1 segment. The business thus also includes the larger, 60-75,000 dwt vessels. This move was made to be able to offer customers an extended service in light of the changing transport patterns for refined oil products. These changes are expected to become even more apparent in the future.

Outlook for 2008

NORDEN expects an EBITDA for 2008 in the range of USD 650-730 million, which is considerably higher than in 2007, when the EBITDA was USD 538 million. The main contribution to this increase comes from the Dry Cargo Department as a result of the strong freight market and the department's coverage at very attractive rate levels.

The Company sold vessels at a gain of 127 million to be delivered, and thus recognised, in 2008. Consequently, NORDEN expects an EBIT of USD 760-840 million.

NORDEN expects a profit after tax for 2008 in the range of USD 750-830 million, including a negative fair value adjustment of certain hedging instruments of USD 21 million.

Expectations for 2008

In USD million	Dry cargo	Tankers	Total
EBITDA	640-710	30-40	650-730
Realised profits from the sale of vessels	91	36	127
EBIT	720-790	60-70	760-840
Fair value adjustment of certain hedging instruments	-21	0	-21
Profit after tax			**750-830**

Dry cargo

At the end of 2007, the Dry Cargo Department had 43,584 known ship days for 2008. The high rate levels at the end of 2007 have been used to increase the cover of known ship days, which at the end of the year was 78% for this year.

NORDEN expects a strong dry cargo freight market in 2008, with an overall performance exceeding the average for 2007. At such high levels, even minor fluctuations in supply and demand can cause major changes in freight rates, and the volatility is therefore expected to remain significant. A clear example of this was seen in late 2007 and early 2008, when the Baltic Dry Index dropped from just over 11,000 to 6,000 in two months. The main reasons for this was the cancellation of a number of iron ore transports from Brazil and Australia and the closing down of a number of Australian coal mines due to flooding. It is assessed that the fundamental demand remains strong, and rates may therefore see a renewed upturn if these infrastructure-related problems are solved.

NORDEN's high degree of coverage at 78% for 2008 gives the Company considerable protection against such volatility.

The net increase in the global dry cargo fleet is expected to be 7.1% in 2008, more or less in line with the growth in demand, which is expected to be approximately 6% (source: R.S. Platou).

Expected global increase in fleet capacity and order book, dry cargo

	Net growth 2008 (% growth in dwt)	Order book in % of existing fleet (end of 2007)
Capesize	8.0%	91%
Panamax	6.8%	40%
Handymax	9.0%	45%
Handysize	4.4%	21%
Total dry cargo fleet	**7.1%**	**54%**

Source: R.S. Platou.

The growth in demand in the dry cargo market will remain driven by the growth in world trade, and consequently the global economy in general. The US economy seems to be slowing down, but with interest rate reductions and a more lenient fiscal policy, the slow-down is expected to be relatively mild and short-lived. The Asian growth economies are still expanding rapidly, and the IMF in 2007 assessed that China and India both contributed more to global growth than the USA did. As the growth economies have become bigger and their internal trading has grown, they are deemed more able to withstand the economic downturn in the USA than was previously the case. As the dry cargo market is primarily dependent on the building of infrastructure and the industrialisation of Asian economies, the demand for bulk commodities from these countries is expected to continue its positive trend in 2008.

The main contributors to the growth in demand are in 2008 once again expected to be steel-related products and coal. Global steel production is expected to increase by 7% (source: IISI) and global coal consumption by approximately 7% (source: R.S. Platou). Both are historical highs. The Chinese economy will continue to play a central role, although the growth in other South-East Asian countries also contributes significantly. For 2008, China's GDP is expected to rise by 10.0% and India's is expected to rise by 8.4% (source: IMF). China's imports of iron ore are expected to contribute to the dry cargo market with an expected growth for 2008 of 12.5% (source: R.S. Platou). As the Indian economy grows, the country will increasingly consume its own iron ore rather than exporting it to China, and Chinese imports will therefore primarily be sourced from Australia and Brazil.

In 1997, a NORDEN employee had just 28 colleagues at the Copenhagen headquarters and in Singapore, as well as some 140 colleagues at sea. Back in those days, you could easily memorise the names of all 18 vessels in the active fleet if you wanted to.

Safety and environment are high on NORDEN's list of priorities. The Company operates only modern, double-hulled tanker tonnage and continuously works on minimising propulsion resistance and optimising fuel consumption on owned vessels.

A trend that has become increasingly important to the dry cargo market in the past few years is the longer transport distances. In recent years, China has significantly increased its imports of raw materials and sought to do so from nearby countries. However, in the years to come these countries are expecting to a greater extent to use their raw materials in the countries' own industrial production, and China is therefore expected to secure its supply in other ways. This will happen by a combination of importing from more far-off countries and directly buying resources where they are found, e.g. in Africa and South America. This trend is expected to have a positive effect on the demand for dry cargo tonnage.

The increase in coal consumption is also driven by China and India. 56% of India's consumption of energy in 2006 was generated by the country's coal-fired power plants. For China, the corresponding figure was 70% (source: BP). Both countries, which used to be self-sufficient, have in recent years begun importing significant amounts of coal, primarily from Australia, Vietnam and Indonesia.

The net increase in the global dry cargo fleet is expected to be 7.1% in 2008. A factor of uncertainty in relation to the fleet's growth is the effect of conversions of old single-hulled tankers into bulkcarriers. The soaring dry cargo rates combined with the prospect of single-hulled tankers being phased out after 2010 has prompted some shipowners to convert their tankers into bulkcarriers. There are reports of up to 70-80 conversions of vessels of varying sizes on order, but as the process is a complicated one which relatively few shipyards are able to perform and there is no spot market for such vessels, it is uncertain how many vessels will actually be added to the dry cargo fleet, and when. However, NORDEN assesses that the number will be considerably lower than the reported 70-80 vessels.

The scrapping of vessels has been limited in the past four years, and as long as rates remain high, the number of scrappings is not expected to increase significantly.

Capacity and coverage, at 31 December 2007

Dry cargo

	Ship days				NORDEN's avg. T/C equivalents (USD per day)			
	2008	2009	2010	2011+	2008	2009	2010	2011+
Gross capacity					Costs for gross capacity*			
Capesize	2,160	1,886	1,825	10,707	30,191	19,249	16,329	16,532
Post-Panamax	0	0	1,004	42,827	0	0	18,280	18,386
Panamax	20,589	7,483	6,175	33,489	42,143	16,251	12,697	12,494
Handymax	15,847	10,220	13,125	115,507	20,724	12,182	12,617	12,097
Handysize	4,988	4,897	7,026	94,383	21,510	14,641	13,578	10,945
Total	**43,584**	**24,485**	**29,155**	**296,912**	**31,402**	**14,462**	**13,293**	**12,843**
Coverage					Revenue from coverage			
Capesize	-2,160	-1,789	-948	-1,688	58,727	54,773	60,793	65,413
Post-Panamax	0	0	0	0	0	0	0	0
Panamax	-18,785	-4,437	-2,031	-3,209	56,087	38,959	39,678	30,837
Handymax	-11,531	-3,632	-1,963	-1,216	38,022	30,664	36,006	37,299
Handysize	-1,547	-106	-30	0	31,760	17,421	25,013	0
Total	**-34,023**	**-9,964**	**-4,972**	**-6,113**	**49,027**	**38,546**	**42,168**	**41,670**
Net capacity								
Capesize	0	97	877	9,019				
Post-Panamax	0	0	1,004	42,827				
Panamax	1,804	3,045	4,143	30,280				
Handymax	4,316	6,588	11,162	114,291				
Handysize	3,441	4,792	6,996	94,383				
Total	**9,551**	**14,522**	**24,182**	**290,800**				
Coverage in %								
Capesize	100%	95%	52%	16%				
Post-Panamax	0%	0%	0%	0%				
Panamax	91%	59%	33%	10%				
Handymax	73%	36%	15%	1%				
Handysize	31%	2%	0%	0%				
Total	**78%**	**41%**	**17%**	**2%**				

*Costs for owned vessels are stated as calculated T/C equivalent.

Forward-looking statements

The annual report contains certain forward-looking statements reflecting the Management's present judgment of future events and financial results. Statements relating to 2008 and the years ahead are naturally subject to uncertainty, and NORDEN's realised results may therefore differ from the projections. Factors that may cause such variance include, but are not limited to, changes in macro-economic and political conditions – particularly in the Company's principal markets; changes to NORDEN's rate assumptions and operating expenses; volatility in rates and tonnage prices; regulatory changes; any disruptions to traffic and operations as a result of external events, etc. This annual report should not be interpreted as a recommendation to trade shares in Dampskibsselskabet "NORDEN" A/S.

As a result of the high freight rates in 2007, the contracting activity rose markedly and the order book – expressed as a percentage of the existing fleet – doubled during the year, standing at approximately 54% of the active fleet at 31 December 2007. This level is historically high and means that the net addition to the fleet in 2009 a nd 2010 will be above 10% p.a. An important question will be whether the vessels on order will in fact be delivered according to plan, however. The rapid global order book building has largely taken the form of orders of vessels from new – primarily Chinese – shipyards with little or no experience in building vessels. This, in combination with the occurrence of major shortages of qualified labour and key components and the fact that it has become more difficult and more expensive to finance vessels, may result in delays or cancellations of some of the orders.

The increasing fleet growth is expected to create a downward pressure on rates. Consequently, the market performance in the slightly longer term is expected to be dependent on continued growth in demand and the amount of scrapping of old tonnage. Almost 30% of the dry cargo fleet is now in excess of 20 years old, and if the freight market stabilises at lower levels, many of these old vessels are expected to be scrapped, which may cause the imbalance between tonnage supply and demand to be redressed more quickly.

Tankers

At the end of the year, the Tanker Department had 8,045 known ship days for 2008. The department's goal is to continuously be able to maintain a cover of approximately 35-40%, and at the end of the year the cover was 34% for 2008.

NORDEN expects lower average freight rates in 2008 relative to 2007. The balance between supply and demand is assessed to remain very fine, and any unforeseen events – strikes, weather conditions, refinery breakdowns, political unrest etc. – could thus result in temporary, but major, rate fluctuations as seen in previous years.

The positive development of demand is expected to continue due to general global economic growth and rising global oil consumption and, not least, changed transport patterns toward longer transport distances. The growth in global oil demand in 2008 is expected to be 1.9%, against 1.4% in 2007 (source: IEA). The growth is expected to be strongest in non-OECD countries (+4%), including Asia, the Middle East and Africa, while the increase in the OECD countries' consumption is expected to be somewhat lower (+1.2%).

Expected increase in oil demand, 2008

	Million barrels per day	%
North America	-0.06	-0.2%
South America	0.18	3.2%
Africa	0.12	4.0%
Middle East	0.39	5.9%
China	0.43	5.8%
Other Asia	0.16	1.7%
OECD Europe	0.19	1.2%
Other	0.26	1.9%
Total	**1.67**	**1.9%**

The changed transport patterns, which in recent years have led to longer transport routes and thus increased demand for tanker tonnage, remain an important factor. The most important factors behind the changes are stricter specification requirements of refined products in the USA and the EU and, not least, major bottleneck problems in terms of refinery capacity. Both lead to longer transport routes as the growth in the demand for oil products must be met by refineries which are often located far from the consumer regions.

The total net increase in the global tanker fleet in 2008 is assessed to be 7.2% (source SSY). In historical terms, this is a high growth rate, but it is in line with the increases seen in the past 3-4 years, when the market has been able to absorb the growth while maintaining attractive rates.

The combination of the highly attractive tanker market experienced in recent years and the IMO rules on the phasing-out of single-hulled tankers by 2010 has caused the order book in the tanker segment to rise to a historically high level of approximately 40% of the existing fleet. Accordingly, the relatively high rates of fleet increase seen recently seem set to continue

IEA expects a growth in oil demand of 1.9% in 2008, however, the changed transport patterns, which in recent years have led to longer transport routes and thus increased demand for tanker tonnage, remain an important factor.

1.9%

in the coming years. This trend, however, is partially offset by the fact that 23% of the fleet consists of single-hulled tankers, which are to be phased out from 2010 (source: Clarksons). But up to and including 2010, the high rate of fleet increase may result in periodically lower tanker rates. NORDEN will keep a close watch on market trends, particularly whether the market continues to be able to absorb such major fleet growth rates.

According to the IMO phase-out rules, single-hulled tonnage must be phased out no later than 2010, but individual flag states and port states may allow single-hulled vessels to continue operating or enter the country's port, respectively, up to the end of 2015 or when the vessel is 25 years old. It is thus uncertain whether the phasing out will take place mainly in 2010 or whether major flag states and port states will permit continued operation and port entry. Single-hulled tankers today operate from the Middle East to Asia, primarily China, South Korea and Japan. These countries previously indicated that they will permit continued port entry for single-hulled tankers, but an oil spill off the coast of South Korea from the tanker HEIBEI SPIRIT in December 2007 caused the South Korean authorities to consider banning single-hulled vessels already with effect from the end of 2010.

Expected growth in indicators of demand, 2008	
GDP growth	4.1%
Oil, demand	1.9%
Crude oil tonnage, demand	2.6%
Product tanker tonnage, demand	3.5%

Source: IMF, IEA, Lorentzen & Stemoco.

Expected increase in fleet capacity and order book, tankers

	Net growth 2008 (% growth in dwt)	Order book in % of existing fleet (end of 2007)
Aframax	8.0%	42%
LR1	8.3%	41%
MR	20.5%	74%
Handysize	1.9%	19%
Other segments	4.3%	37%
Total tanker fleet	**7.2%**	**40%**

Source: SSY.

Events after the balance sheet date

No significant events have occurred up the publishing date of this annual report that have not been included and adequatly disclosed in the annual report and that materially affect the income statement or the balance sheet.

Capacity and coverage, 31 December 2007

Tankers

	Ship days				NORDEN's avg. T/C equivalents (USD per day)			
	2008	2009	2010	2011+	2008	2009	2010	2011+
Gross capacity					Costs for gross capacity*			
Aframax	395	0	0	0	28,579	0	0	0
LR1	304	365	335	0	27,950	27,950	27,950	0
MR	2,220	1,901	3,178	39,329	14,457	15,308	15,354	16,423
Handysize	5,125	6,372	5,460	50,553	15,590	15,426	16,045	11,813
Total	**8,045**	**8,638**	**8,973**	**89,881**	**16,383**	**15,929**	**16,244**	**13,830**
Coverage					Revenue from coverage			
Aframax	-81	0	0	0	58,112	0	0	0
LR1	0	0	0	0	0	0	0	0
MR	-729	-211	-43	0	22,103	21,932	21,995	0
Handysize	-1,965	-859	-171	-101	21,327	20,285	18,299	18,007
Total	**-2,775**	**-1,070**	**-214**	**-101**	**22,600**	**20,610**	**19,041**	**18,007**
Net capacity								
Aframax	315	0	0	0				
LR1	304	365	335	0				
MR	1,491	1,690	3,136	39,329				
Handysize	3,161	5,513	5,289	50,451				
Total	**5,271**	**7,568**	**8,760**	**89,780**				
Coverage in %								
Aframax	20%	0%	0%	0%				
LR1	0%	0%	0%	0%				
MR	33%	11%	1%	0%				
Handysize	38%	13%	3%	0%				
Total	**34%**	**12%**	**2%**	**0%**				

*Costs for owned vessels are stated as calculated T/C equivalent.

- The dry cargo market reached historical highs in very volatile conditions
- NORDEN had positioned itself to take advantage of the rising market
- Coverage for the coming years rose significantly towards the end of the year

Dry cargo

Key figures and ratios USD'000	2007	2006
Total number of ship days	60,425	41,724
Revenue	2,742,529	1,101,987
EBITDA	497,314	125,519
Profits from the sale of vessels	59,104	55,397
EBIT	547,531	170,156
Non-current assets	368,978	287,461
EBITDA margin, %	18.1	11.4
Average number of employees (incl. seamen)	269	244

NORDEN's dry cargo fleet

At 31 December 2007

Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	2007	2006
Size (dwt)	>150,000	85-120,000	65-82,500	40-60,000	25-40,000		
Length (metres)	289	245	225	190	170		
Main cargoes	iron ore, coal	iron ore, coal	iron ore, coal, grain, bauxite	iron ore coal, bauxite, steel, cement	cement, steel, salt, petcoke, alumina		
Vessels in operation							
Owned vessels	2	-	2	5	-	9	8
Chartered vessels with purchase option	3	-	12[A]	15[A]	1	31	26
Chartered vessels, for at least 3 years	-	-	4	9	3	16	10
Total active core fleet	**5**	**0**	**18**	**29**	**4**	**56**	**44**
Other chartered vessels	-	-	89	34	14	137	89
Total active fleet	**5**	**0**	**107**	**63**	**18**	**193**	**133**
Vessels to be delivered to core fleet							
Newbuildings (owned)	-	4	-	12[B]	12[D]	28	11[E]
Chartered vessels with purchase option	-	4	7	15[C]	6	32	32
Chartered vessels, for at least 3 years	-	-	-	9	4	13	6
Total for delivery to core fleet	**0**	**8**	**7**	**36**	**22**	**73**	**49**
Total gross fleet	**5**	**8**	**114**	**99**	**40**	**266**	**182**
Total chartered with purchase option	3	4	19	30	7	63	58
Activity with regard to the core fleet during the year							
Sales (delivered)	-	-	-	4	-	4	4
Owned newbuildings and chartered with purchase option	-	6	-	8	13	27	24
Chartered above 3 years without purchase option	-	-	-	9	4	13	13
Global fleet (no.)	**766**	**-**	**1,480**	**1,592**	**2,832**	**6,670**	**6,375**
On order, global fleet (no.)	**615**	**-**	**588**	**760**	**598**	**2,561**	**1,243**

Source: Clarksons.

A Of which 1 unit sold.
B Of which 4 units are 50%-owned. 3 sold, of this 1 unit 50%-owned.
C Of which 2 units are in 50% joint venture.
D Of which 2 units are 50%-owned.
E Of which 5 units are 50%-owned.

Market developments

The dry cargo market was historically strong in 2007. Freight rates in all segments rose continuously until November, then fell slightly. The overall average of the Baltic Dry Index was 122% higher than the year-earlier level.

The positive trends in the spot market were seen clearly in the period market as well as in the value of used tonnage. The three-year T/C rate for Handymax bulkcarriers rose by 95% over the course of the year, while the value of a five year-old Handymax bulkcarrier rose by 76%.

The positive market development was primarily explained by a very strong 13% rise in demand (source: R.S. Platou). Approximately 7 percentage points of the increase was due to rising volumes and the rest to increased waiting times in ports and longer transport distances.

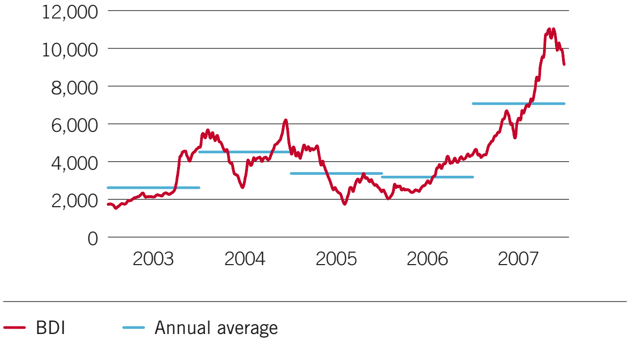
Once again, China was the deciding factor in demand, the country's iron ore imports being particularly important. Total sea-based transportation of bulk commodities rose by 187 million tons to 2,996 million tons in 2007. Constituting approximately a quarter (787 million tons) of total volumes and almost 40% of the volume increase, iron ore is the single most important product. The important Chinese iron ore imports grew by 57 million tons to a total of 383 million tons. China's iron ore imports thus make up approximately half of total global sea-based iron ore transports, and the increase in China's iron ore imports alone constitutes almost a third of the total volume increase in global sea-based trading in bulk commodities. In the first half, India, an important supplier of iron ore to China, introduced an export tax on iron ore, which put a damper on China's imports from India and heightened the country's recent tendency to increasingly import iron ore from Brazil. This is assessed to have been a significant contributing factor to the overall demand for tonnage, particularly in the large vessel segments.

Coal, bauxite and grain transports also displayed positive developments. Moreover, internal coal transports from north to south along the Chinese coast grew at an almost explosive rate and are today assessed to amount to 4-500 million tons, which is transported in ever larger vessels – thus contributing to the demand for tonnage in NORDEN's segments.

Exports of steel products and cement from China grew at steep rates, particularly in the first half, but receded towards the end of the year. This was mainly explained by the introduction of export-restricting measures on steel and lower US cement imports as a result of the weaker housing market/economy.

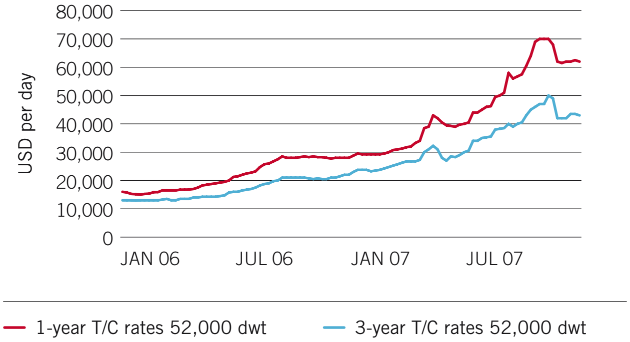
The fleet increase was assessed to be approximately 6.6% (source: R.S. Platou). At the beginning of the year, the shipyards had full order books for 2007 and were thus not able to increase deliveries, despite the high newbuilding prices.

Baltic Exchange Dry Index, 2003-2007



Source: Baltic Exchange.

Handymax T/C rates, 2006-2007



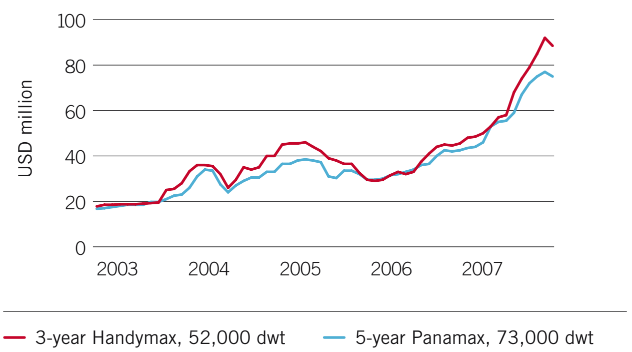
Source: Clarksons.

The anchor of the Capesize vessel NORD-ENERGY weighs approximately 10 tons, whereas the anchor chain alone weighs approximately 80 tons. The propeller of a Capesize vessel weighs nearly 40 tons and has a diameter of 8.5 metres. The vessel's screw is cleaned and polished twice a year to limit fuel consumption and thus reduce environmental impact.

Toward the end of 2007, NORDEN covered a major proportion of the known capacity for 2008. This coverage will contribute significantly to the Company's ability to generate positive future cash flows. The Dry Cargo Department begins the year with 78% coverage of known ship days for 2008.

78%

Secondhand Handymax and Panamax prices, 2003-2007



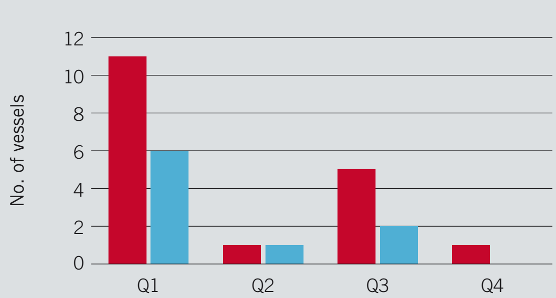
Source: Clarksons.

Growth in indicators of demand, 2007

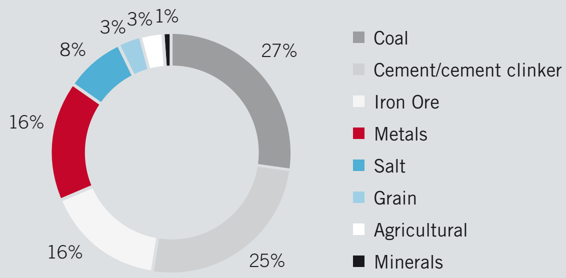
	%	Million ton
Global sea-borne transport	7.2%	187
Global sea-borne iron ore transport	10.0%	72
China		
Iron ore imports	17.5%	57
Coal imports	33.5%	13
Cement exports	-4.3%	-2
Steel exports	32.8%	17

Source: R.S. Platou.

Number of new contracts during 2007



NORDEN transports – Dry Cargo Department in 2007



Financial performance
The Dry Cargo Department realised an EBITDA of USD 497 million (USD 126 million), which is a quadrupling relative to the previous year. This result was positively affected by the very strong freight market and the Company's flexible business model. Despite a 70% coverage of the known capacity going into 2007, the Company was able to profit significantly from the rise in freight rates. The Company recognised profits from the sale of 4 Handymax bulkcarriers, including a 50%-owned vessel, in the total amount of USD 63 million (USD 55 million). Accordingly, the overall operating profit (EBIT) was DKK 548 million (USD 170 million).

The strong expansion of the Company's fleet capacity during the year meant a 45% increase in the total activity in the Dry Cargo Department to 60,425 (41,724) ship days. The capacity increase mainly related to the Panamax segment, where a large fleet of vessels on short-term charters contributed to doubling the capacity relative to the previous year. The Company's new activity in the smallest dry cargo segment, Handysize, also brought about a strong increase in activity.

In 2006, the Company established an FFA activity in order to exploit the potential in the Company's comprehensive market knowledge. The department takes controlled positions in the FFA market within clearly defined limits, independently of the Company's portfolio of vessels. The contribution margin for 2007, which was the first full year of derivatives trading, was USD 5 million.

NORDEN's good positioning combined with a very strong freight market throughout the year, contributed to the Company realising T/C equivalents significantly higher than the 2006 level. With the exception of the Capesize segment, the realised T/C equivalents were between 51% and 93% higher than in 2006. The Capesize segment is materially different from the other segments in that all vessels are chartered out on long-term contracts, and NORDEN's T/C equivalent in this segment is therefore more constant.

Business development
The active fleet and the Company's order book were both extended substantially in 2007. The Dry Cargo Department's gross fleet was up by 46% to 262 vessels. During the year, the active fleet was extended by 10 owned vessels and vessels on long-term charters with purchase options and the order book grew as a result of a record number of contracted newbuildings. During 2007, a total of 27 owned newbuildings and long-term charters with purchase options were contracted. The majority of this activity took place in the first two quarters at attractive prices.

The continued development of the core fleet contributes to maintaining a competitive cost level for the coming years.

Despite a 70% coverage of the known capacity going into 2007, NORDEN was able to profit significantly from the rise in freight rates by adding new capacity and by actively managing the portfolio of existing capacity.

The dry cargo fleet's average costs for the gross capacity from 2011 onwards is below USD 13,000 per day.

R.S. Platou has estimated that a total of some 2 billion tons of dry cargo, excluding Capesize and VLOC, was transported in 2007. Of this quantity, NORDEN transported a total of 36 million tons, which means that the Company had an estimated market share in the principal dry cargo segments of approximately 2%.

A large proportion of the newbuilding contracts were in the new Handysize segment, which NORDEN established in 2006. At the end of 2007, NORDEN already operated 18 vessels in the segment and had an order book of 22 vessels for delivery in the period 2008-2011. All vessels on order are more than 28,000 dwt, as the Company has decided to focus on this size. Accordingly, the Company stands to realise its plan to also achieve critical mass in this segment within a few years.

The other new segment in which NORDEN actively contracted vessels was Post-Panamax. In this segment, the 2 long-term charters entered into in 2006 were followed up with contracts for 4 owned newbuildings and 2 additional long-term charters with purchase option in 2007. The 8 vessels will be delivered in 2009-2012. Post-Panamax is the term used for vessels

Employment and rates, dry cargo

	Number of ship days, NORDEN		T/C equivalent (USD per day)		
	Incl. single voyages	Excl. single voyages	NORDEN	Spot T/C avg. market*	NORDEN T/C vs. spot
2007					
Capesize	1,964	1,964	42,505	116,049	-63%
Panamax	29,909	29,444	44,511	56,815	-22%
Handymax	24,149	22,238	34,984	47,449	-26%
Handysize	4,403	4,352	30,619	32,447	-6%
Total	**60,425**	**57,998**			
2006					
Capesize	1,511	1,470	38,620	45,139	-14%
Panamax	14,367	12,830	23,076	23,778	-3%
Handymax	24,634	21,185	19,700	22,619	-13%
Handysize	1,212	1,143	20,306	-	-
Total	**41,724**	**36,628**			
2007 vs. 2006					
Capesize	30%	34%	10%	157%	
Panamax	108%	129%	93%	139%	
Handymax	-2%	5%	78%	110%	
Handysize	263%	281%	51%	-	
Total	**45%**	**58%**			

* Source: Baltic Exchange.

in the range of 85-120,000 dwt, which will be able to pass through the Panama Canal following its planned expansion in 2015. The Company has chosen to focus on the largest vessels in the segment, and all eight vessels therefore have sizes of 110-116,000 dwt. Post-Panamax vessels have considerably larger loading capacity than traditional Panamax vessels and only draw slightly more water (the vessels are longer and wider than normal Panamax vessels). Therefore, the Company believes that this size of vessel will fill a gap in the dry cargo market between Panamax and Capesize vessels and be commercially attractive for carrying coal, among other things. The Company has high hopes for the Post-Panamax segment in the years to come.

The Company was also highly active in selling vessels, profiting from the strong dry cargo market to enter into 11 contracts to sell bulkcarriers. Seven of these contracts will not be recognised until 2008-2010, when the vessels are delivered to their new owners. That so many vessels could be sold without reducing the Company's business volume in general was due to the Company's large overall fleet and flexible business model.

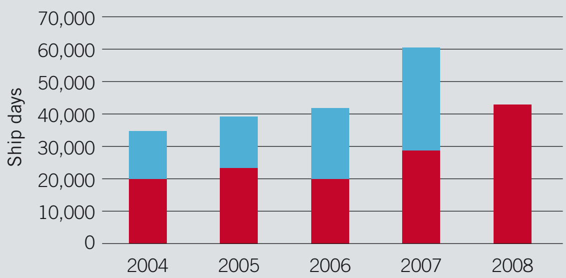
The Company's business model again proved its worth in 2007. Despite the fact that 70% of the known capacity for the year was covered at the beginning of the year, the department managed to profit from the advantageous markets to create added value by continuously striving to optimise capacity. An element of this was a very considerable short-term expansion of capacity in the Panamax segment, in which the number of ship days was doubled to 29,909. Panamax is the most liquid of the segments, making it possible to increase capacity and seek coverage within relatively short periods of time. 91% of the known Panamax capacity for 2008 had been covered at the beginning of the year.

NORDEN is constantly expanding its core fleet. This ensures growing long-term loading capacity which gives the Company a continuously rising basic business volume, resulting in economies of scale and a competitive cost structure. Moreover, the organisation uses its competences to scale the business volume according to market conditions. In recent years, this has resulted in significantly increased capacity in the Dry Cargo Department.

The Dry Cargo Department starts off with a relatively high coverage for 2008 at 78% of known ship days. Throughout most of 2007, the Company held back on covering ship days ahead as prices were not deemed sufficiently attractive. Towards the end of the year this changed, however, as cargo owners' interest in entering into long-term contracts rose markedly. The Company took advantage of this by securing future coverage at attractive rate levels. Accordingly, in a short period of time NORDEN covered a very large proportion of its known capacity for 2008 in a high market. For example, NORDEN entered into four long-term timecharters in the Capesize and Panamax segments at rate levels of USD 65,000 per day and USD 35,000 per day, respectively. These agreements will contribute significantly to the Company's ability to generate positive future cash flows.

With a large modern fleet at attractive costs and a high degree of coverage for 2008 and the following years, the Dry Cargo Department is deemed better prepared for the future than ever.

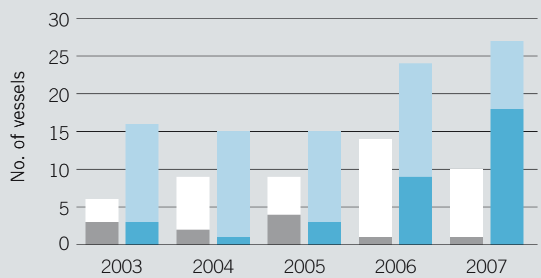
Development in Dry Cargo's capacity, 2004-2008



Known capacity at the beginning of the year

Adaption of capacity during the year (2004-2007)

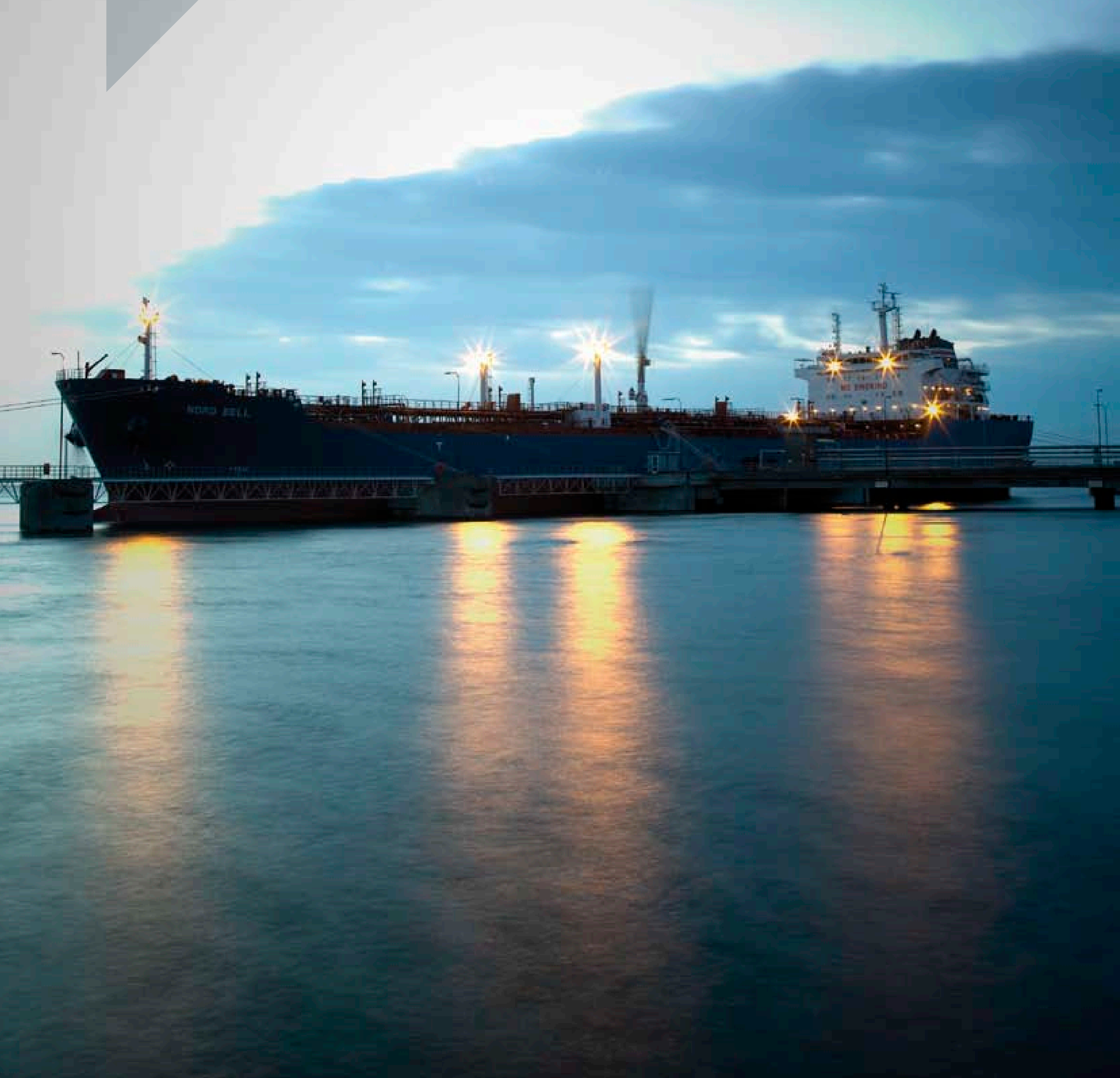
Deliveries and new contracts, 2003-2007
(owned newbuildings and long-term charters with option)



Deliveries
Long-term charters
Newbuildings

New charters
Long-term charters
Newbuildings

- The product tanker market was generally strong, but showed signs of weakness in the second half
- The Company’s strong market position in product tankers through the Norient Product Pool again proved its worth with above-market level T/C equivalents
- Improved operating profit as a result of greater level of activity



Tankers

Key figures and ratios USD'000	2007	2006
Total number of ship days	6,968	5,701
Revenue	190,611	132,210
EBITDA	53,090	48,058
Profits from the sale of vessels	104,015	0
EBIT	149,360	41,371
Non-current assets	211,850	188,297
EBITDA margin, %	27.9	36.3
Average number of employees (incl. seamen)	164	175

NORDEN's tanker fleet

At 31 December 2007

		Product tankers				
Vessel type	**Aframax**	**LR1**	**MR**	**Handysize**	**2007**	**2006**
Size (dwt)	80-120,000	60-75,000	42-60,000	27-42,000		
Length (metres)	245	230	180	170		
Main cargoes	crude and fuel oil	fuel and heating oil, gasoline, diesel, jetfuel, naphtha	fuel and heating oil, gasoline, veg. oil, diesel	fuel and heating oil, gasoline, veg. oil, diesel		
Vessels in operation						
Owned vessels	-	-	1[A]	4	5	6
Chartered vessels with purchase option	-	-	3[A]	-	3	3
Chartered vessels, for at least 3 years	-	-	2	10	12	10
Total active core fleet	**0**	**0**	**6**	**14**	**20**	**19**
Other chartered vessels	3	-	-	-	3	1
Total active fleet	**3**	**0**	**6**	**14**	**23**	**20**
Vessels to be delivered to core fleet						
Newbuildings (owned)	-	-	3	4	7	3
Chartered vessels with purchase option	-	-	9[B]	-	9	10
Chartered vessels, for at least 3 years	-	1	-	4	5	5
Total for delivery to core fleet	**0**	**1**	**12**	**8**	**21**	**18**
Total gross fleet	**3**	**1**	**18**	**22**	**44**	**38**
Total chartered with purchase option	-	-	12	-	12	13
Activity with regard to the core fleet during the year						
Sales (delivered)	2	-	1	1	4	-
Owned newbuildings and chartered with purchase option	-	-	4	2	6	4
Chartered above 3 years without purchase option	-	1	-	3	4	4
Global fleet (no.)	**729**	**343**	**627**	**649**	**2,348**	**2,189**
On order, global fleet (no.)	**289**	**133**	**451**	**118**	**991**	**869**

Source: SSY.

A Of which 1 unit sold.
B Of which 2 units are in 50% joint venture.

Market developments

For the year as a whole, product tanker market rates were on average 12% below the 2006 level, measured on the Baltic Exchange Clean Tanker Index (BCTI). In the tanker market in general, a fine balance has in recent years existed between supply and demand, which has contributed to major volatility. 2007 was no exception.

In the first half, the Atlantic market was strong. US demand for refined oil products grew, and was increasingly met by means of imports, as the US refineries generally had difficulty in meeting demand, in addition to which a number of refineries underwent extended maintenance work. The second half was characterised by forward oil prices being lower than the spot market (backwardaton). This meant that the demand for crude oil dropped, and stocks were drained. This rubbed off on the product tanker market, reaching its lowest level since 2002 in October, before the winter market caused rates to rise again. The year ended the way it began, with a major difference between the Atlantic and Asian markets, although this time the Asian market was the strongest.

The market volatility was concentrated around the spot market, while the fundamental belief in the tanker market proved to be strong throughout the year. Both the period market and vessel values in the first half rose, affected only to a limited extent by the weaker spot market during the second half. The prices of secondhand modern MR product tanker tonnage rose by 9% in 2007.

The demand for product tanker tonnage is largely driven by the geographical distances between oil refineries and the major consumer areas. This trend is expected to become even more pronounced as the planned expansion of refinery capacity is predominantly in the Middle and Far East, while the major consumer areas are principally North America and Western Europe. This gradual change in transport patterns increases the amount and distance of sea transports of refined oil products and is an important factor behind the rising demand.

Growth in indicators of demand, 2007

GDP growth	5.2%
Oil, demand	1.4%
Crude oil tonnage, demand	2.7%
Product tanker tonnage, demand	1.8%

Source: IMF, IEA, Lorentzen & Stemoco.

With a low overall rise in the oil demand of 1.4%, the demand for crude oil and product tanker tonnage rose by just 2.7% and 1.8% in 2001 (source: Lorentzen & Stemoco), whereas the tanker fleet grew by 5.2%. The market thus maintained attractive levels despite the unfavourable development in the balance between supply and demand.

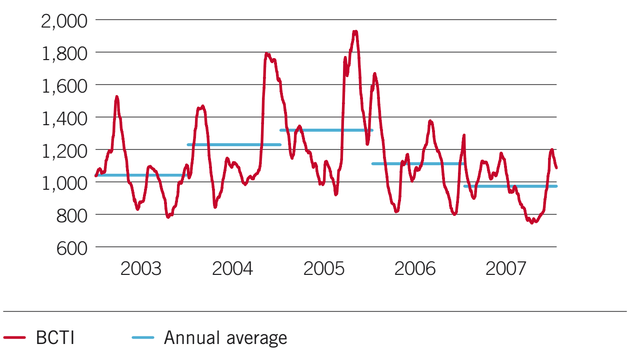
The assessed overall addition of tonnage to NORDEN's primary segments, Handysize and MR was 9.0% in 2007. The added tonnage was primarily in the MR segment, while the significantly lower net increase in supply in the Handysize segment was affected, among other things, by increased scrapping and a generally lower order book in this segment.

Financial performance

The Tanker Department's EBITDA developed positively with a 10% rise to USD 53 million (USD 48 million). This performance was positively affected by a level of activity that was 20% higher and negatively affected by higher operating costs due to a relatively higher proportion of chartered vessels to owned vessels. This also resulted in a 28% decrease in depreciation, however. The Company recognised profits from the sale of two crude oil tankers and two product tankers in the total amount of USD 104 million (USD 0 million). Accordingly, the overall operating profit (EBIT) was DKK 149 million (USD 41 million) – the best in the history of the Tanker Department.

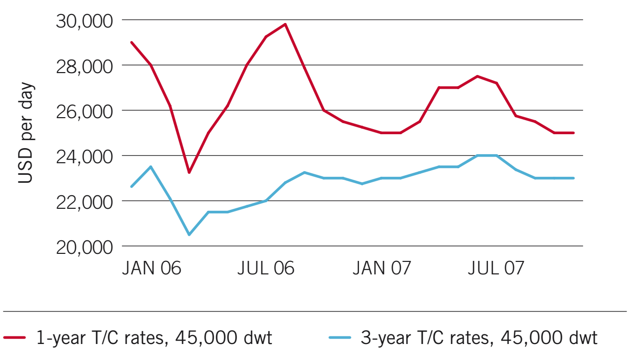
Although the overall product tanker market measured in terms of the BCTI was lower than in 2006, the Company realised T/C equivalents 5-6% above the previous year's. The positive performance was attributable to a combination of the good market position attained by the Norient Product Pool and good

Baltic Exchange Clean Tanker Index, 2003-2007



Source: Baltic Exchange.

Product tanker – MR T/C rates, 2006-2007

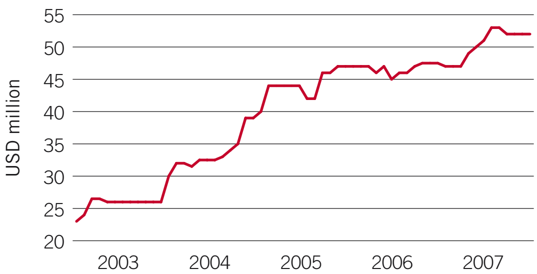


Source: Clarksons.

In 2007, NORDEN took delivery of another product tanker in its Hans Christian Andersen "fairy tale" series. NORD BELL is the fourth of NORDEN's total of eight Handysize product tankers on order with Guangzhou Shipyard in China. The three previous vessels delivered were named: NORD PRINCESS, NORD MERMAID and NORD THUMBELINA.

In the coming years, exports of refined oil products from Asia and the Middle East to North America and Europe are expected to grow. These exports are expected to be transported mainly on large product tankers such as LR1.

Secondhand prices for modern MR product tankers, 2003-2007



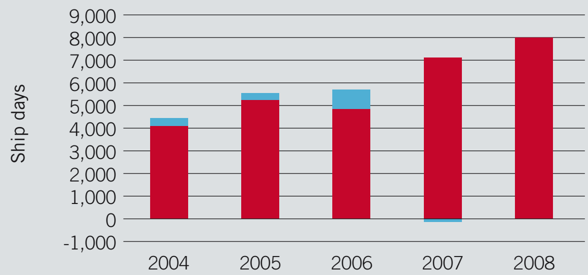
— 5-year MR, 45,000 dwt.

Source: Clarksons.

Net increase in supply (dwt), 2007	
Aframax	6.0%
LR1	10.1%
MR	13.5%
Handysize	1.5%
Other segments	3.6%
Total tanker fleet	**5.2%**

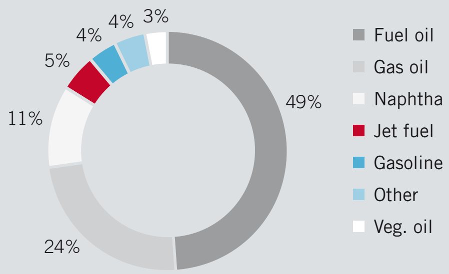
Source: SSY.

Development in the Tanker Department's capacity, 2004-2008



Known capacity at the beginning of the year
Capacity adjustment during the year (2004-2007)

NORDEN transports – the Tanker Department in 2007



positioning of tonnage in the strong Atlantic market. Also, the strategy change in the crude oil segment Aframax meant that the Company now operated more tonnage in the spot market, resulting in T/C equivalents more in line with the comparable market level.

The development in the number of ship days reflects the Company's primary focus on product tankers. In all, the product tanker ship days controlled by NORDEN were up by 31% in 2007. The Tanker Department increased its overall capacity by 22%, taking into account a lower number of ship days in the Aframax segment.

Business development

NORDEN operates its product tanker tonnage through the Norient Product Pool. During the year, it was clear how valuable the pool is. Through a strong market position, the pool realised economies of scale and extended its capacity to a total active fleet of 48 Handysize and MR product tankers at the end of the year with an additional 33 vessels on order for future delivery. Through good customer relations and skilful management, the Norient Product Pool continuously manages to maintain a high fleet capacity utilisation rate.

Utilisation in Norient Product Pool, 2005-2007

Employed in the spot market	**2005**	**2006**	**2007**
Laden	3,052	4,675	6,978
Ballast	742	1,047	1,671
Total number of ship days	3,794	5,722	8,649
Utilisation in %	**80%**	**82%**	**81%**

In 2007, the Norient Product Pool decided to extend its activities to include the LR1 segment. The purpose is to be able to offer customers a wider product range. In the coming years, exports of refined oil products from Asia and the Middle East to North America and Europe are expected to grow. These exports are expected to be transported mainly on large product tankers such as LR1, while regional and inter-regional transports are still expected to be carried in the smaller Handysize and MR product tankers. It is thus important for the Norient Product Pool to be able to offer customers transport in LR1 product tankers and thus improve the overall market position of the pool. So far, NORDEN has chartered one LR1 product tanker, which will be delivered in early 2008, while the Company's pool partner has four LR1 product tankers for delivery in 2008. During 2008, the Norient Product Pool will take delivery of a total of five LR1 tankers, all of which are designated ice class 1A.

Based on the Company's expectation that the product market will provide the best relationship between risk and return going forward, NORDEN completed its strategy of reducing the capital

The development in the number of ship days reflects the Company's primary focus on product tankers. In all, the product tanker ship days controlled by NORDEN were up by 31% in 2007.

31%

tied up in owned tonnage in the Aframax crude oil segment and will thus in future act solely as an operator in this segment.

The strategy change in the Aframax segment meant that 2 crude oil tankers were sold in 2007. In addition, the Company entered into agreements to sell one Handysize and 2 MR product tankers, of which one will be delivered in 2008. Despite the sale of the five vessels, the Tanker Department extended its overall capacity in the short as well as the long term. Accordingly, the Company's active fleet and order book grew by 15% and 17%, respectively, mainly as a result of more active long-term Handysize charters and more owned MR newbuilding contracts. NORDEN's gross fleet comprised a total of 44 vessels at 31 December 2007.

NORDEN is constantly expanding its core fleet of product tankers, thus ensuring growing long-term loading capacity. This continuously increases the Company's basic business volume, resulting in economies of scale and a competitive cost structure. The tanker fleet's average costs for the gross capacity from 2010 onwards is below USD 14,000 per day. With just over 8,000 known ship days for 2008 at the beginning of the year, the Tanker Department has doubled its known capacity since 2004.

The coverage of capacity is slightly below previous years' levels and slightly below the level the Company would like. Despite the focus on coverage, the price attainable for future coverage of capacity has not been deemed sufficiently attractive, and NORDEN has therefore been reluctant to cover capacity. Coverage opportunities remain considerably fewer in the tanker market than in the dry cargo market, but through the Norient Product Pool, NORDEN has nonetheless attained a considerable market position in product tankers without being fully exposed to the market.

Employment and rates, tankers

	Number of ship days, NORDEN		T/C equivalent (USD per day)		
	Total number of ship days	Of which, employed in the spot market	NORDEN	12-month T/C avg. market*	NORDEN T/C vs. 12-month T/C
2007					
Aframax	1,053	1,004	29,663	31,269	-5%
Product tanker – MR	2,251	1,373	25,804	24,817	4%
Product tanker – Handysize	3,664	2,235	24,898	23,500	6%
Total	**6,968**	**4,612**			
2006					
Aframax	1,197	194	21,032	32,981	-36%
Product tanker – MR	1,878	1,052	24,644	25,817	-5%
Product tanker – Handysize	2,626	1,266	23,533	23,654	-1%
Total	**5,701**	**2,512**			
2007 vs. 2006					
Aframax	-12%	418%	41%	-5%	
Product tanker – MR	20%	31%	5%	-4%	
Product tanker – Handysize	40%	77%	6%	-1%	
Total	**22%**	**84%**			

* Source: ACM Shipbroker Ltd.

Corporate Social Responsibility

- Environmental focus on propulsion resistance and optimising fuel consumption
- Focus on safety and working conditions
- NORDEN's CSR work is structured in accordance with the United Nations Global Compact

NORDEN has introduced a more systematic approach to environmental and social sustainability in order to take greater responsibility for safety at sea, occupational health, external environment, employee conditions and opportunities and other Corporate Social Responsibility (CSR) issues.

Previously, NORDEN addressed individual issues on the CSR agenda based on the Company's values. An example of this is our longstanding work on occupational health and safety at sea, involving regular information, systematic examination of near misses and an extensive set of KPIs for officers in order to eliminate industrial injuries onboard the Company's vessels and help minimise the vessels' impact on the external environment through groundings, collisions, spills or the like.

In addition to this, NORDEN has supported various benevolent initiatives directly and through foundation grants, e.g. the financing of a PhD stipend with the Copenhagen Business School focusing on environmental challenges facing shipping; the financing of equipment for a hospital in the Philippines, contributions to activities in local Philippine communities, sponsorships of the Experimentarium, the Singapore Centre for Maritime Studies and the Shanghai Maritime University as well as paid trips for Chinese students and professors to study in Denmark.

In addition to these activities, NORDEN has discussed how to address CSR going forward and in particular the Company's position in relation to climate change.

In this process, the Company was inspired by the United Nations Global Compact's 10 recognised principles on environment, human rights, labour standards and anti-corruption; the work of the International Labor Organisation (ILO) and others in relation to the Maritime Labour Convention and the longstanding efforts of the International Maritime Organisation (IMO).

Against this background, NORDEN has defined a set of views and selected some specific focus areas. In 2008, NORDEN will ensure that adequate management systems are established to handle compliance with these policies and reporting systems, allowing the Company to focus on continual improvements.

It is NORDEN's ambition to reduce CO_2 emissions from owned vessels by 2% in 2008. The best way of reducing CO_2 is by using less fuel. The Company has launched a number of initiatives to improve the environment by minimising propulsion resistance and optimising fuel efficiency. Most parts of the Company's 14-point plan were initiated in 2007, and the rest will be so in 2008.

1. Latest design of slide valves. Reduces CO_2, NO_x and SO_x emissions.
2. CASPER system. Optimises fuel consumption.
3. FLAME system. Optimises combustion efficiency.
4. Advanced P/V tank valves. Reduces fumes from tanker cargoes.
5. ExxonMobil Scrapedown analysis system. Optimises combustion efficiency.
6. Alpha Lubrication system. Minimises the consumption of lubricating oil.
7. Torque measuring system. Optimises the engine.
8. Waste monitoring and reporting system.
9. Full blasting of underwater hulls.
10. Propeller polishing.
11. Increased frequency of overhauls of the vessels' turbo chargers.
12. Increased frequency of overhauls of the vessels' scavenger air coolers.
13. Increased frequency of overhauls of the vessels' fuel oil pumps and injectors.
14. Funding of environmental research and development programmes.

All NORDEN's vessels use the Global Positioning System (GPS), which is based on signals from at least 24 satellites and can indicate the vessel's position down to a few metres in accuracy.

Global solutions to global challenges

"Climate management and CO_2 emissions are global problems requiring a global solution. The Kyoto protocol places regulation of the shipping business in the hands of the UN's international shipping organisation, the IMO. The IMO is working on determining a measure of how energy-efficiently a vessel transports its cargo. This work is to form the basis for the regulation of CO_2 emissions by the shipping industry. NORDEN supports the IMO's work and considers it important to find international solutions to this global problem, as such solutions provide the best environmental improvements and ensure equal competition for all shipping companies around the world".

NORDEN's views on the environment
NORDEN wishes to help improve maritime safety and limit pollution from vessels. The continuous improvement of NORDEN's environmental performance is not only best for the environment, but also the best solution for NORDEN's customers, shareholders, employees and other stakeholders. The Company has established a whistleblower system designed to ensure compliance with the environmental policy by making it easier for employees to report non-compliance.

Consequently, NORDEN will continue its efforts to ensure compliance with the International Maritime Organisation's conventions and guidelines and remains committed to finding global solutions to discourage reflagging and unfair competition.

In particular, NORDEN will work on the Company's performance in the following areas related to NORDEN's owned vessels:

- Air emissions – NORDEN is aware that the Company's activities contribute to climate change.

- Biodiversity – NORDEN will continue its efforts to protect maritime biodiversity through responsible disposal of ballast water and other measures.

- Marine life – NORDEN will use environmentally friendly bottom paint and double-hulled tankers.

- Waste disposal – NORDEN will seek more efficient resource consumption and reduction of the waste resulting from our activities.

- Bunker oil – NORDEN will ensure compliance with the sulphur content controls in force in the SECA zones that our vessels traverse. We will also ensure that the bunker oil used by the Company's fleet, including vessels held on charter, have a maximum average sulphur content of 2.7%. (IMO's convention sets the cap on the sulphur content of fuel oil used on board ships at 4.5%).

NORDEN's views on human and employee rights
NORDEN supports and respects the protection of human rights and refrains from any actions that may, directly or indirectly, encourage or contribute to infringement of these rights. NORDEN respects the provisions of the ILO's Maritime Labour Convention 2006 and local legislation. NORDEN regularly carries out occupational health assessments. All occupational health issues are included in the workplace assessment, and the employees are involved in the process. A whistleblower system is in the process of being established in order to make it easier for employees to report infringement of human and employee rights.

NORDEN's views on anti-corruption
NORDEN neither accepts nor offers bribes in any form and strives to avoid facilitation payments. NORDEN to a limited extent makes contributions to charities, research projects, political parties, etc. subject to various restrictions.

Maritime transport is an environmentally efficient form of transport
As a result of globalisation, the length and breadth of the world is interconnected and goods are transported around the globe. Shipping accounts for almost 90% of all transport. Today, about one ton of goods per human being in the world a year is transported by sea. Naturally, this enormous transport load also means a significant overall fuel consumption, resulting in significant CO_2 emissions to the detriment of our climate and the environment. Although shipping is the most environmentally sound means of transport with far lower CO_2 emissions, and thus less environmental impact per transported ton of cargo than, for example train, lorry or air transport, it is essential that the industry take measures to reduce emissions.

At the end of 2007, NORDEN owned 14 vessels in all. These vessels are under the Company's full control, and it is therefore quite natural that the environmental and climate measures are focused on the owned fleet. Its flexible business model means that NORDEN in addition to these owned vessels operates some 200 vessels held on charter for shorter or longer periods of time, and the Company controls these vessels only commercially. Emissions from NORDEN's fleet are thus influenced by what combination of vessels the Company chooses in its portfolio.

Emissions from vessels are calculated on the basis of a number of assumptions, such as engine size, type and load in operation. Under these assumptions, NORDEN estimated the CO_2 emissions from its owned fleet at approximately 362,000 tons in 2007. Despite NORDEN's commitment to continuously improving and reducing emissions from its owned fleet, a larger volume of business inevitably means greater emissions. The consumption of bunker oil from vessels under NORDEN's commercial control resulted in overall emissions of approximately 2.6 million tons of CO_2 in 2007. This total was calculated on the basis of bunker oil purchased and is not comparable with the emissions from the fleet of owned vessels as the total also includes emissions from vessels held on charter.

Funding of research and development projects

New challenges arising as a result of the increasing globalisation and a stronger general concern for the impact of sea transports on communities and the environment are prompting shipping companies to reassess and change their community position and accountability. The challenges are many and diverse. We are faced by major challenges in terms of pollution and relevant issues in relation to safety at sea and ashore. The question is how these challenges may be translated into concrete requirements for the shipping companies to comply with and how the shipping industry can develop the new skills and competences necessary to handle these challenges. In order to promote knowledge in this respect, NORDEN has decided to sponsor a PhD stipend with the Copenhagen Business School (CBS) focusing on the subject "Building Social Performance Capabilities in the Shipping Industry". The project will be incorporated in a larger shipping research group at CBS and will be carried out under the joint supervision of Martin Jes Iversen, assistant professor and Henrik Sornn-Friese, associate professor.

NORDEN has also decided to collaborate with Decision3 on the so-called GreenSteam development project. The project begins with a comprehensive analysis of the test vessel's fittings and hydrodynamics. A data collection system is then installed on board the test vessel, and data collection is started under operating conditions and continued until the advanced mathematical modelling tool is able to calculate the possible saving with adequate precision. Finally, the project will enter its operational phase, consisting in the delivery of the final, operational trim optimising system (GreenSteam). If the results meet NORDEN's expectations, the system will be fitted on board all the Company's owned vessels.

NORDEN regularly has vessels built in Japan and China. All vessels are ceremoniously named with due respect for the culture and according to custom.

Emissions from NORDEN's owned fleet today

The predominant share of NORDEN's owned tonnage is Handymax bulkcarriers and Handisize product tankers. At service speeds, these vessels produce four different categories of emissions.

(In grams per ton-kilometre):

CO_2:	3
NO_x:	0.08
SO_x:	0.05
Particulate matter:	0.004

Source: Lloyds Marine Exhaust Emissions Programme.

CO_2 emissions from different kinds of transport

(In grams per ton-kilometre. Index: Sea transport = 100)

Ship:	100
Train:	140
Lorry:	800

Source: Intertanko.

Safety onboard

Environmental and safety issues have always been integral to NORDEN's way of conducting business. The Company is continuously striving to heighten safety for our staff at sea. Protecting the environment is constantly in focus, as well. Our existing procedures, such as computer-based training programmes and electronic document handling, are particularly helpful in our efforts to meet regulatory requirements and remain best in class among our peers in the shipping industry.

The Company measures its occupational health and safety performance at sea by two parameters: the number of lost-time accidents calculated per one million man hours (LTI frequency rate) and reported near misses. The LTI frequency rate gives an indication of accidents that actually occurred, whereas near misses are a measure of the focus on safety onboard. In 2007, NORDEN launched a campaign to increase safety onboard by focusing on near misses – in order for the crews to learn from them right away and be more careful to avoid personal injury, illnesses, accidents or equipment damage. This is supplemented by frequent briefings on board the vessels, and NORDEN's own inspectors check all safety aspects in connection with their inspections.

Developing organisation and capabilities

- Future-proofing physical facilities and capabilities
- Major reinforcement of the Asian organisation
- Increased focus on welfare and occupational health onboard vessels

The workforce grew by 16% in 2007. At year end, the Company had 522 employees. The number of employees at the head office and the overseas offices rose sharply, whereas the number of employees at sea fell slightly.

Ashore

Ashore, the workforce counted 190 employees at the end of 2007. During the year, the number of employees at the head office was 46 in total. The addition was seen in the commercial as well as the technical area as well as in the corporate functions, gearing the organisation to handle the Company's growth and the increasing volume of business. In order to future-proof the physical framework for the Company's growth, NORDEN will move to its new waterfront headquarters in Hellerup, north of Copenhagen in the summer of 2008.

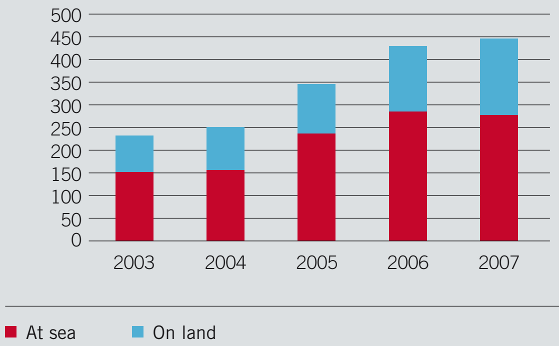
It is still a major challenge to attract competent employees to the head office. To address this, NORDEN in 2007 stepped up its recruitment, retention and development efforts with a number of initiatives, including more high-profile advertising and branding of NORDEN as a place of work and establishing a major career site at NORDEN's new website as the centre of the Company's recruitment activities. For the types of jobs that do not require any particular maritime experience, NORDEN searched and advertised more broadly than previously.

In 2007, NORDEN hired six trainees to undergo the Company's new shipping training programme with stricter admission requirements and strengthened theoretical training. The Company's experience with the new programme is good, and NORDEN expects in future to take on six to eight trainees a year, as well. In the recruitment of trainees scheduled to start in the summer of 2008, NORDEN has significantly intensified the marketing – under the campaign "The Blue Denmark" as well as on its own – for example by establishing a separate NORDEN shipping trainee universe at the website www.shippingtrainee.dk.

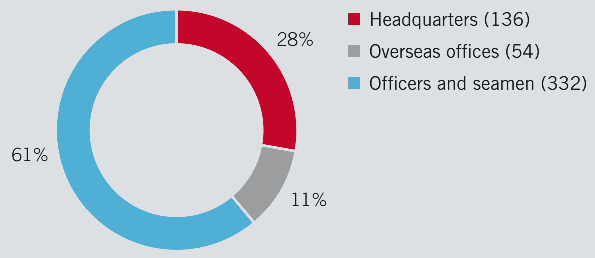
The number of employees also rose at the overseas offices, totalling 54 at the end of the year. The increase mainly consisted of locally-hired staff. In Shanghai, the close collaboration with the Shanghai Maritime University was expanded. NORDEN hires graduates from the university and professors and students are invited on trips to study with NORDEN. This col-

NORDEN is an expansive company with room for careers. The Company embraces many types of people: the extrovert communicator; the introvert number cruncher; the skilful coordinator; the smiling telephone operator; the young rebel and the experienced captain.

Average workforce, 2003-2007



Number of employees in three categories, at 31 December 2007



”A worldwide career with NORDEN” is the message when the Company seeks to attract, develop and retain competent employees. NORDEN considers human activities an essential element in the Company’s endeavours to create value for its shareholders.

laboration is important for the recruitment of qualified young employees in China.

Going forward, NORDEN wishes to continue hiring more local employees at the overseas offices in order to strengthen their geographical rooting. As part of this plan, NORDEN is working on establishing an international shipping trainee programme. This means that from the summer of 2008, shipping trainees will be hired not only in Copenhagen and at the Shanghai office, but also in Singapore and Annapolis.

Building of capabilities

In 2007, NORDEN carried out a major capability building programme, under which some 35 executives received training in commercial as well as personal leadership, coaching, communication and employee development. In addition, a number of workshops on negotiation technique and customer dialogue were held around the Company and many teambuilding activities took place in the individual departments themed around NORDEN’s new vision, mission and values, which were launched around the turn of the year 2006/2007.

In the first half, NORDEN conducted a major company performance driver analysis of how the employees perceive their workplace. The replies were generally positive, and a number of improvements were suggested in areas such as career development, performance interviews, task management, etc. This survey will from now on be conducted annually.

At sea

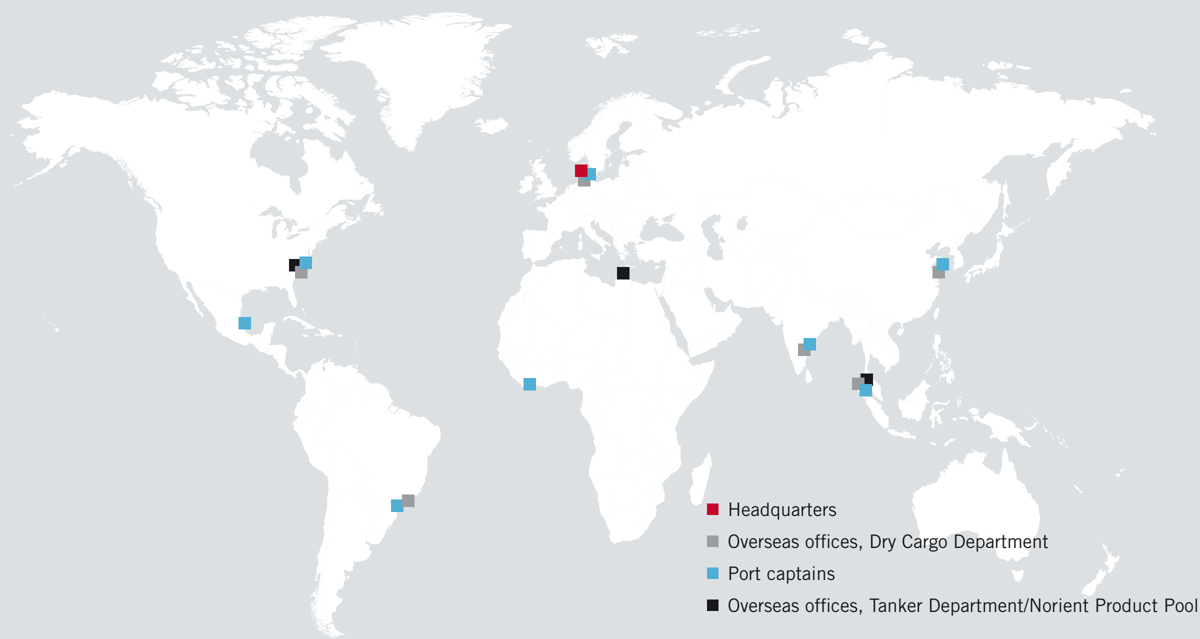
At sea, the workforce counted 332 employees at the end of 2007. Of these, 29 were apprentice officers as part of the Company’s investment in developing future senior officers. During 2007, the number of apprentice officers rose by 13, and this number is expected to increase further in 2008 in an effort to meet the intensified competition for senior officers. Furthermore, NORDEN promoted qualified officers from its own ranks.

In 2006, NORDEN entered into a collaboration with a Philippine recruitment office to build a pool of seamen and young officers to be signed on to NORDEN’s vessels exclusively. In 2007, the recruitment of Philippines was strengthened through the hiring of a number of staff to form a ”NORDEN crewing team” at the offices of the Company’s business partner in Manila. NORDEN also established a closer collaboration with the local maritime environment and launched a talent development programme by means of scholarships for students in local maritime training programmes. Finally, the Company introduced a healthcare plan for officers as well as well as ordinary seamen in the Philippines.

In the effort to attract and retain employees at sea, NORDEN focused on welfare and work environment onboard the vessels. The leisure facilities on board the Company’s owned vessels were upgraded, and from 2008 the employees’ means to keep in close contact with their families will be improved with the use of mobile phones, e-mails and chats. An officers' steering committee is to propose further welfare improvements. NORDEN’s communication to the employees was also enhanced with the quarterly ”ON BOARD” magazine.

Remuneration policy

The Board of Directors has set up a remuneration committee consisting of three members – the Chairman, the Vice Chairman and member Einar Fredvik – which sets out NORDEN’s



remuneration policy and discusses its implementation with the Board of Management. The remuneration committee convened 3 times during 2007.

The remuneration policy reflects the fact that incentive-based remuneration is customary among the shipping companies, which compete across borders for the best employees. Therefore, NORDEN must be able to offer a base salary conforming to market standards as well as incentives to high-performing individuals. The most important incentives are bonuses, share options and employee shares. NORDEN does not wish to lead in terms of salaries, but the recruitment and retention of qualified employees is essential in order to ensure maximum return on the Company's large investments. Therefore, remuneration has to be a competitive element in NORDEN's overall employee package, which also includes good career, secondment and supplementary training opportunities, short chains of command, extensive delegation and responsibility, a strong corporate culture, value-based management, etc.

NORDEN assesses that the remuneration policy is effective. The Company did not lose any key employees in 2007 and did not have any real difficulty in recruiting experienced specialists.

Bonuses of 3% of the net profit

In 2007, NORDEN allotted employees and executives bonuses in the total amount of USD 18.6 million (USD 9.8 million). The increase was due in part to the record earnings for the year and in part to the increased number of employees ashore. But although the amount is up, the proportion of bonuses to the Company's net profit was lowered to a level of approximately 3%. The previous year, bonuses constituted an extraordinary rate of approximately 5% of the net profit in recognition of the extraordinary performance leading to NORDEN's significantly improved earnings. But in previous years, the rate was about 3%, which will remain the guideline for bonuses in the future.

Of the total bonus amount, USD 16.4 million has been expensed. The remaining USD 2.2 million is conditional on selected executives remaining with the Company in 2008-2010, when the amounts will be expensed as they are earned.

As a collective bonus, all employees, including Danish and foreign seamen, received three months' additional pay, or a pro rata amount for employees with less than one year's seniority. In 2006, NORDEN distributed a collective bonus of two month's pay, but this did not include seamen and officers with collective agreements. NORDEN finds it important that all employees should be able to see it on their salary slip when the Company is doing really well, and will therefore continue to pay out collective bonuses like the rest of the business. However, individual bonuses are becoming increasingly important as a targeted effort to reward and retain high performers.

92 executives and employees received individual bonuses varying from half a month's salary to three years' salary (4.2 months' salary on average). In total, USD 10.9 million was distributed, in addition to which USD 2.2 million was, as mentioned, paid in the form of stay-on bonuses for six key individuals, including the Board of Management, which means that the payment of these is contingent on continued employment in 2008-2010.

The previous year, 52 executives and employees received individual bonuses in the total amount of USD 5.8 million.

The Board of Management's remuneration is disclosed in note 8, "Staff costs" and note 41 "Share-based payment".

Carsten Mortensen, President and CEO, and Jacob Meldgaard, Senior Vice President and head of the Dry Cargo Department, have bonus agreements which are renegotiated annually. Under both agreements a cash bonus is payable, which is dependent on the net profit of the Group and the Dry Cargo Department, respectively, taking into account a reasonable minimum shareholders' return.

Carsten Mortensen's agreement is based on NORDEN's market cap excluding treasury shares at the last stock exchange trading date (USD 1.8 billion at year-end 2006). Of this market cap, an effective rate of interest of 8% is calculated (USD 146.9 million), and Carsten Mortensen's bonus is then calculated as 1% of the Group's net profit over and above the USD 146.9 million, although subject to a ceiling of USD 2.8 million. In 2007, this mechanism resulted in a bonus of USD 2.8 million, half of which will be paid out at the approval of this annual report in March 2008 and the rest in 2009 and 2010, provided that Carsten Mortensen remains with the Company and that NORDEN's earnings reach a specific benchmark for each of the two years. Jacob Meldgaard's bonus is calculated in the same way, although based on 60% of the market cap, as the Dry Cargo Department accounts for 60% of NORDEN's investment framework, and with a personal ceiling of USD 1.8 million.

The two bonus agreements will be carried over into 2008, when Carsten Mortensen will receive a bonus only if NORDEN realises a net profit in excess of USD 373.6 million (8% of the market cap excluding treasury shares at the end of 2007) and Jacob Meldgaard will receive a bonus only if the Dry Cargo Department's net profit exceeds 60% of USD 373.6 million.

The bonus of Ivar Hansson Myklebust, Executive Vice President is rewarded at the discretion of the remuneration committee, and for 2007 amounted to USD 0.5 million. The bonuses of other executives are rewarded by the Board of Management on the basis of the Company's overall performance and that of the individual executive. Bonuses for other employees are rewarded in that the Management fixes a pool for each department. These pools are then allocated by the heads of department, who are deemed the best able to assess who have delivered outstanding performances.

Share-based incentive programmes

In order to promote the long-term conduct and to strengthen the community of interest between employees and shareholders, NORDEN uses share-based incentive programmes such as employee shares and share options.

In January 2008, NORDEN granted employee shares to the employees, just as the Company did in December 2005 and February 2007. All employees with at least one year's seniority received 53 shares each, totalling 11,713 shares with a market value of USD 0.9 million. The shares were taken from NORDEN's portfolio of treasury shares. This will also be the case for future grants.

At 10 March 2008, the Board of Directors furthermore granted share options to 50 employees. As in previous instances, the programme equals 1% of the share capital. Also as previously, the exercise price will be determined as a five-day average of the market price after the grant with the deduction of all dividend payments and the addition of an effective rate of interest of 8% p.a. until the exercise date, which means that the employees will only profit once the shareholders have received a return. A new requirement, however, is that the 11 top executives upon exercise of the options must reinvest 25% of any net gain in NORDEN shares and keep these for two years. In this way, the programme not only has an up-side, but also retains a stronger long-term community of interest between executives and shareholders.

The options are distributed with 72,400 to the President, Carsten Mortensen, 43,180 to Executive Vice President Ivar Hansson Myklebust, 39,980 to Senior Vice President Jacob Meldgaard, 143,320 to the eight other top executives and 147,180 to the 39 remaining key employees. The option grant is based on the salaries of the employees in question, weighted according to various allocation keys, depending on the seniority of the employees. The theoretical market value of the options has been calculated at USD 7.9 million according to the Black-Scholes model, provided that all options are granted and exercised at the earliest opportunity. The calculation is based on a two-year volatility of 42.3% (source: Bloomberg); an annual dividend of DKK 35 per share; a risk-free interest rate of 3.7% and a USD/DKK exchange rate of 511.

NORDEN's option programmes

Grant year	No. of options	No. of people	Exercise period	Board of Management's share
2008	446,100	50	2010-2012	26%
2007	500,300	41	2009-2011	27%
2006	500,000	35	2008-2010	29%

Corporate governance

NORDEN's Management
NORDEN's vision, mission and values are the cornerstone of the Company's management. The management focus is long term, and the goal is to ensure that the Company is continuously developing and achieving a high performance within the risk framework set out by the Board of Directors.

The Company has a two-tier management structure consisting of a Board of Directors and a Board of Management. There is no overlap of the members of the two boards.

Board of Directors
The Board of Directors determines strategies, action plans, goals and budgets and sets out the financial and market risk management framework. The Board of Directors is also responsible for appointing the Board of Management and set out its terms and tasks.

Five to six members of the Board are elected by the shareholders and three are elected by the employees. All board members elected by the shareholders are independent of NORDEN. They have never been employed by the Company and hold no interests in the Company other than their interests as shareholders or representatives of major shareholders.

The seniority of the board members is high, and although the Board has managed NORDEN during recent years' marked growth, it was also at the helm of the Company during times of more difficult economic climates and tougher market conditions. The experience and network of the Board of Directors constitute an important asset in the management of an increasingly large and complex business.

Since 2006, the Board of Directors has carried out annual, systematic self-assessments aimed at continuously improving the work of the Board and its interaction with the Board of Management. The Board of Directors has also set up a remuneration committee to set out a framework for the Company's remuneration and bonus payments. The Board of Directors is also planning to set up an audit committee in 2008.

The Board of Directors holds seven ordinary meetings each year, including two strategy meetings. In 2007, the Board of Directors held nine meetings, went for one visit to Singapore and had several telephone meetings. A fixed annual calendar ensures that all relevant issues are taken up and discussed during the year.

Board of Management
The Board of Management consists of the CEO and the CFO and is responsible for the day-to-day management of the Company in collaboration with the Company's other management structures. The tasks of the Board of Management include the Company's organisation and development, the preparation and implementation of the strategy and internal and external reporting and follow-up. The Chairman of the Board of Directors and the rest of the Board regularly evaluate the Board of Management's work.

Copenhagen Stock Exchange recommendations on corporate governance
The Copenhagen Stock Exchange has adopted a set of corporate governance recommendations. NORDEN complies with the vast majority of the recommendations, but has chosen a different practice in a few areas.

- NORDEN does not, as proposed in the recommendations, have a ceiling on the number of directorships a Board member may hold. NORDEN believes that the most important factor is the individual board member's capacity, competences and contribution to the Company's management.

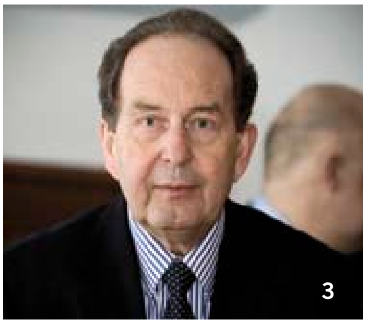
- The recommendations propose that board members should be up for re-election every year, and that the Board should in this connection make efforts to ensure the balance between replacement and continuity, particularly as regards the chairman and deputy chairman. In NORDEN, two of the five board members elected at the general meeting are up for re-election every year, and this model was chosen to ensure continuity.

- The recommendations propose that the remuneration of individual members of management should be disclosed. NORDEN believes that what is important is that shareholders are able to consider the total remuneration of the Management and the development thereof.

A systematic examination of NORDEN's corporate governance practice as compared with the Copenhagen Stock Exchange recommendations is shown in the Corporate Governance section at www.ds-norden.com


NORDKAP

Board of Directors



Directorships and shareholdings at 1 January 2008

1. **Mogens Hugo,** Managing Director, born in 1943.
Member of the Board and Chairman since 1995.
Most recently re-elected in 2005. Term expires in 2008.
Number of shares held: 11,000 (+3,600).
Directorships etc. in other companies and organisations in Denmark and abroad: GN Store Nord A/S (CB), Amminex A/S (CB), Danelec Electronics A/S (CB), Nordea Danmark-Fonden (CB), Aagaard – Bræmer Holding A/S (CB).

2. **Alison J. F. Riegels,** Managing Director, born in 1947.
Member of the Board and Vice Chairman since 1985.
Most recently re-elected in 2006. Term expires in 2009.
Number of shares held: 3,100 (unchanged).
Directorships etc. in other companies and organisations in Denmark and abroad: A/S Motortramp (MD, BM).

3. **Einar K. Fredvik,** Managing Director, born in 1938.
Member of the Board since 2005.
Most recently re-elected in 2007. Term expires in 2009.
Number of shares held: 0 (unchanged).
Directorships etc. in other companies and organisations in Denmark and abroad: Nortrans Touring AS (BM).

4. **Erling Højsgaard,** Managing Director, born in 1945.
Member of the Board since 1989.
Most recently re-elected in 2006. Term expires in 2008.
Number of shares held: 44,345 (+7,345).
Directorships etc. in other companies and organisations in Denmark and abroad: A/S Motortramp (VCB), Navision Shipping Company A/S (CB) og Danbulk A/S (BM).

5. **Dag Rasmussen,** Managing Director, born in 1968.
Member of the Board since 2007.
Most recently re-elected in 2007. Term expires in 2009.
Number of shares held: 0 (unchanged).
Directorships etc. in other companies and organisations in Denmark and abroad: Einar Rasmussen Investment A/S (BM), Rasmussengruppen AS (MD and BM) (also: BM of Avantor AS and other wholly-owned subsidiaries of Rasmussengruppen AS), Start Toppfotball AS (BM) and "Skipskredittforeningens stiftelse for maritime forskning på Sørlandet" (BM).

6. **Anton Kurt Vendelbo Christensen,** Third Engineer, born in 1946.
Elected employee representative since 2006.
Term expires in 2008.
Number of shares held: 5,200 (unchanged).

7. **Egon Christensen,** Captain, born in 1952.
Elected employee representative since 2004.
Term expires in 2008.
Number of shares held: 200 (unchanged).

8. **Ole Clausen,** Senior Claims Manager, born in 1956.
Elected employee representative since 2004.
Term expires in 2008.
Number of shares held: 200 (unchanged). Number of share options held: 6,620 (of which 3,780 were granted in 2006 and 2,840 in 2007).

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director.

Numbers in brackets next to number of shares represent the change in holdings of shares since the annual report for 2006. In addition to shares held personally or through companies controlled by them, Alison J.F. Riegels and Erling Højsgaard are associated with A/S Motortramp, which holds 11,851,240 shares and Einar K. Fredvik and Dag Rasmussen are associated with Kristiansands Tankrederi AS, which holds 9,592,700 shares.

Board remuneration
The ordinary emoluments of the members of the Board of Directors are determined by the shareholders in general meeting. For 2007, the total emolument is proposed to amount to USD 1.0 million (USD 0.5 million in 2006).

Board options
No members of the Board exercised share options in 2007. One employee representative on the Board of Directors received options in connection with his employment with the Company.

Senior Management

1. **Carsten Mortensen,** President (CEO), born in 1966. Carsten Mortensen joined NORDEN in 1997 as head of the dry cargo department. He became a member of Management and was appointed COO in 2004. In January 2005, he was appointed President (CEO). Carsten Mortensen was previously employed with A. P. Møller for 11 years, where he received his training. He has a bachelor of commerce degree in international trade from the Copenhagen Business School, and has completed executive training programmes at INSEAD and Wharton Business School. Number of shares held: 24,500 (+2,800). Number of share options held: 186,800 (of which 92,020 were granted in 2006 and 94,780 in 2007). Directorships: Danmarks Rederiforening (BM)

2. **Ivar Hansson Myklebust,** Executive Vice President (CFO), born in 1967. Ivar Hansson Myklebust joined NORDEN in 2007 as Executive Vice President & Chief Financial Officer. Ivar Hansson Myklebust holds an MSc from the Norwegian School of Economics and Business Administration in Bergen, where he also did post-graduate studies in finance. Ivar Hansson Myklebust was previously employed with Nordea in Oslo for 8 years, where he held various positions, including Executive Director and Head of Corporate Finance Norway; Head of Equity Research, Nordea Securities and Senior Advisor in the Shipping, Offshore and Oil Service Division. He has also worked for Anders Wilhelmsen & Co A/S and Pareto Fonds ASA. Number of shares held: 1,000 (+1,000). Number of share options held: 42,000 (of which 42,000 were granted in 2007).

3. **Jacob Meldgaard,** Executive Vice President (as of 1 April) and head of the Dry Cargo Department, born in 1968. Jacob Meldgaard joined NORDEN in 1997, was appointed General Manager in 2002 and Senior Vice President and head of the Dry Cargo Department in 2004. Jacob Meldgaard was employed for five years with A. P. Møller, where he received his shipping training, and for two years with J. Lauritzen A/S. He has a bachelor of commerce degree in international trade from the Copenhagen Business School and is a graduate of INSEAD and Wharton Business School. Number of shares held: 45,820 (+4,000). Number of share options held: 102,620 (of which 52,580 were granted in 2006 and 50,040 in 2007).

4. **Lars Bagge Christensen,** Senior Vice President and head of the Tanker Department, born in 1963. Lars Bagge Christensen joined NORDEN in 1993 and was appointed Senior Vice President and head of the Tanker Department in 1999. Lars Bagge Christensen was previously employed with A. P. Møller, where he received his training. He has also completed an INSEAD executive training programme. Number of shares held: 2,320 (+2,000). Number of share options held: 70,940 (of which 36,820 were granted in 2006 and 34,120 in 2007). Directorships: North of England P & I Club (BM).

5. **Lars Lundegaard,** Senior Vice President and head of the Technical Department, born in 1957. Lars Lundegaard joined NORDEN in 2002. His qualifications include a master's certification and an MBA. Lars Lundegaard previously held executive positions in shipping companies in Denmark and abroad, most recently as CEO of ASN Marine. Number of shares held: 200 (unchanged). Number of share options held: 44,820 (of which 22,080 were granted in 2006 and 22,740 in 2007). Directorships: SIMAC (BM), member of Intertanko's technical

committee and of the negotiations committee of the Danish Shipowners' Association.

6. **Kristian Wærness,** Senior Vice President and head of the Finance and Accounting Department, born in 1968. Kristian Wærness holds and M.Sc. in accounting from 1993 and joined NORDEN in 2002. In 2007 he was appointed Senior Vice President and head of the Finance and Accounting Department. Kristian Wærness previously held a position as accountant with PricewaterhouseCoopers. Number of shares held: 200 (unchanged). Number of share options held: 38,100 (of which 20,360 were granted in 2006 and 17,740 in 2007).

7. **Vibeke Schneidermann,** Senior Vice President (as of 1 April) in charge of Human Resources, born in 1962. Vibeke Schnei¬dermann has a bachelor of commerce degree in organisation and joined NORDEN in 2005. Vibeke Schneidermann has 15 years' experience in human resource management and was previously employed with Cultivator A/S. Number of shares held: 200 (unchanged). Number of share options held: 15,000 (of which 6,600 were granted in 2006 and 8,400 in 2007).

8. **Martin Badsted,** Senior Vice President (as of 1 April) in charge of the Corporate Secretariat, born in 1973. Martin Badsted holds an M.Sc. in international business from 1999 and joined NORDEN in 2005. Martin Badsted was previously employed with Carnegie Bank, Investment Banking. Number of shares held: 1,200 (unchanged). Number of share options held: 26,580 (of which 10,180 were granted in 2006 and 16,400 in 2007).

Directorships and shareholdings are stated at 1 January 2008. Figures in brackets represent changes since the annual report for 2006.

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director.

Other executives:
Jens Christensen, Vice President and Deputy Manager of the Technical Department – 200 shares (unchanged). Peter Norborg, Vice President, Deputy Manager of the Dry Cargo Department – 1,520 shares (+1,320). Christian Danmark, Vice President and head of Finance – 200 shares (unchanged). Peter Borup, Group Vice President Singapore/Asia – 6,950 shares (+250). Alex Christiansen, Vice President of the Dry Cargo Department – 2,097 shares (unchanged).

Executives of Norient Product Pool:
Søren Huscher, CEO, Norient Product Pool – 18,100 shares (unchanged).

Remuneration of the Board of Management
The Management's total remuneration amounted to USD 4.8 million including share-based payment in 2007, against USD 3.1 million the previous year.

NORDEN offers no pension plan to the Board of Management. The Board of Management's remuneration and employment terms are stated in note 8 to the financial statements ("Staff costs") and note 41 ("Share-based payment").

Shareholder information

NORDEN's master data	
Share capital	DKK 44,600,000
Number of shares	44,600,000
Denomination	DKK 1
Classes of shares	1
Voting restrictions	None
Stock exchange	OMX Nordic Exchange Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Index	OMX Copenhagen 20 (OMXC20)
	Nordic Large Cap
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

A lot happened in NORDEN's shareholder area in 2007. The share price more than doubled, the share's liquidity rose significantly as a result of a larger free float, NORDEN was included in the OMX C20 index, and Danish as well as international investors' interest in the Company soared.

Investor relations

It is the Company's goal that the share price reflects the Company's actual and expected ability to create value for its shareholders. The Company is promoting this goal by consistently providing timely, precise and relevant information on the Company's strategy, operation, results and expectations. Through detailed reporting, the Company aims to provide easy access to information and maintain an open dialogue with its stakeholders within the framework of the stock exchange rules of ethics.

In 2007, the Company launched a new website and continuously seeks to improve its reporting and general level of information. In addition, the Management regularly holds meetings with analysts, investors and the media. A list of the analysts following the NORDEN share can be found on the website.

Through an active information policy, the Company seeks to ensure open dialogue with its shareholders. All shareholders are therefore advised to have their shares registered in the register of shareholders. At the end of the year, the Company had a total of 7,741 shareholders registered by name, which is about four times as many as the previous year.

Share price increase, trading volume and share index

The share price opened at DKK 240 and closed on 28 December 2007 at DKK 564. This constitutes a price increase of 135%, making NORDEN one of the three highest performing shares on the OMX Nordic Exchange, Copenhagen. Including the dividend distributed in May of DKK 5 per share, the return for the year reached 138%. By comparison, the OMXC20 index rose by 5% and the Bloomberg DRYSHIP Index by 141%.

The liquidity of the share markedly improved in April 2007 after the Company's major shareholder, A/S Dampskibsselskabet TORM, decided to sell its shareholding through book building. In connection with this, NORDEN bought back 1,457,940 treasury shares, equalling 3% of the share capital. The NORDEN share's free float was thus increased from some 15% to approximately 50%, following which the average daily turnover of the share rose sharply. In the second to fourth quarters, the average daily turnover was approximately DKK 160 million.

The positive development in the share's liquidity and price meant that NORDEN at 27 December was included as a component of the OMXC20 Index on the OMX Nordic Exchange, Copenhagen. The index comprises the 20 most traded shares. At the time, the Company was the eighth most traded share in the OMXC20 index with a market cap of DKK 25 billion. The Company is included in the OMXC20 index with an index weighting of 2.53%.

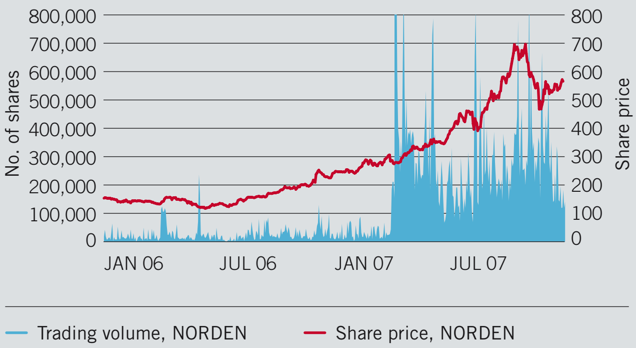
Shareholders and share capital

At the end of 2007, two shareholders, A/S Motortramp and Kristiansands Tankrederi AS (a wholly owned subsidiary of Rasmussengruppen AS), announced that they own 5% or more of the shares in the Company. The two shareholders own a total of 21,443,940 shares equal to 51.2% of the Company's share capital, excluding treasury shares.

As announced in a notice to the Copenhagen Stock Exchange on 11 October 2004, Rasmussengruppen AS and A/S Motortramp had the same day entered into an agreement whereby the parties, except for transfers of shares (i) to their respective shareholders and (ii) to their respective wholly owned subsidiaries, have undertaken not to make any transfer of shares in NORDEN without first offering these to the other party, and if the other party does not accept such offer to ensure that the transferee offers to acquire all of the other party's shares in the Company on identical or better terms and conditions. These rules do, however, not apply to the part of the parties' respective shareholdings that exceed 20% of the share capital in the Company.

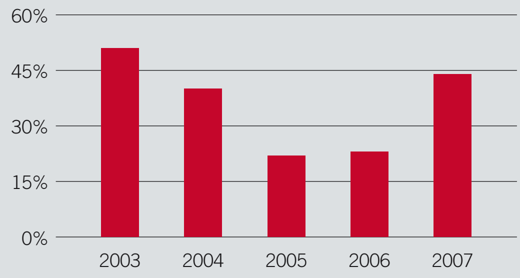
At the Company's annual general meeting on 25 April 2007, it was resolved to change the denomination of the shares from DKK 20 to DKK 1. Subsequently, at the Company's extraordi-

Share price performance and trading volume, 2006-2007



Source: OMX Nordic Exchange Copenhagen.

Payout ratio excl. treasury shares, 2003-2007



nary general meeting on 20 June 2007, it was resolved to reduce the share capital by a nominal amount of DKK 1,475,000 by cancelling 1,475,000 treasury shares. The cancellation was finalised after the end of a three-month statutory claims filing period. The Company's total share capital now amounts to DKK 44,600,000, comprising 44.6 million shares of DKK 1 each.

At 31 December 2007, the Company held 2,702,140 treasury shares, corresponding to 6.1% of the share capital. The Senior Management holds 74,040 shares in the Company in aggregate and the Board of Directors hold 64,045 shares.

Dividends and capital structure

NORDEN wishes to provide reasonable, long-term returns to shareholders through share price increases, dividends and occasional buy-backs of shares. However, shipping is a cyclical business, and even though NORDEN's business model as far as possible seeks to equalise the effect of the cyclical fluctuations, the Company finds it inappropriate to define a very fixed dividend or capital structure policy. The Board of Directors does, however, on an ongoing basis assess the proportion of the cash flows generated by the Company to be reinvested in the Company versus repaid to the shareholders in the form of dividends or a possible share buy-back.

This assessment is based on the size of the profit for the year and forecasts of future years' profits, market outlook, the number of attractive investment prospects and the Company's future liabilities on as well as off the balance sheet. In the opinion of the Board of Directors, the capital structure is adequate in relation to known as possible liabilities and the capital structure ensures that the Company can maintain the financial latitude to make the investments required to generate long-term return to its shareholders, also in more turbulent market conditions.

In line with this, the Board of Directors will at the annual general meeting on 23 April 2008 propose an ordinary dividend of DKK 35 per share, or a total of DKK 307 million. This equals a pay-out ratio of 44%. In the previous four years, the Company distributed between 22% and 51% of the profit for the year as dividends.

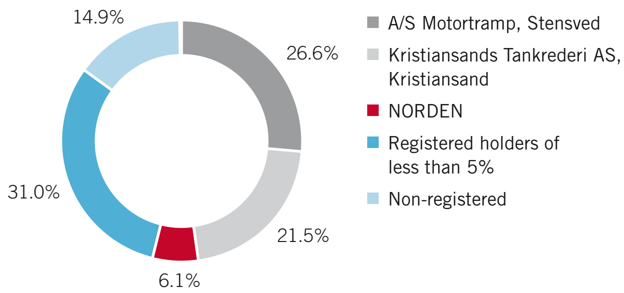
The Board of Management is responsible for the Company's investor relations.
The person responsible for the day-to-day IR tasks is:
Martin Badsted, Senior Vice President
E-mail: direktion@ds-norden.com
Telephone: +45 3315 0451

Further information about NORDEN, access to electronic editions of the Company's quarterly magazine, NORDEN News, subscription to mailing list and an overview of stock exchange announcements in 2007 are available on the Company's website: www.ds-norden.com.

Financial calendar for 2008

23 April:	Annual general meeting
29 April:	Payment of dividends
20 May:	Interim report for the first quarter of 2008
20 August:	Interim report for the first half of 2008
19 November:	Interim report for the third quarter of 2008

Composition of shareholders



Visit www.ds-norden.com for further details.

Financial review

The Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

No changes have been made to the accounting policies applied last year.

For additional information, please see note 1 ”Accounting policies”.

Profit for the year and shareholders' equity

The Company posted a profit for the year after tax of USD 703 million (USD 177 million) including profits from the sale of vessels totalling USD 163 million (USD 55 million) and a positive fair value adjustment of USD 20 million (negative adjustment of USD 27 million). Before tax, the profit was USD 725 million (USD 188 million).

This performance is in line with the profit forecast, which was USD 670-700 million including profits from the sale of vessels of USD 165 million and a fair value adjustment of certain hedging instruments of USD 13 million.

Equity amounted to DKK 1,311 million (DKK 714 million), equalling an 84% increase, which is specified as follows:

Change in equity USD million	
Equity at 1 January 2007	714
Profit for the year	703
Write-down of acquisition of treasury shares	-69
Value adjustment of hedging instruments and securities	2
Dividend paid	-39
Share-based payment	2
Change in equity attributable to minority shareholders	-2
Equity at 31 December 2007	**1,311**

Equity was written down by USD 0.2 million in 2007 through the cancellation of treasury shares of DKK 1.5 million nominal amount.

Significant accounting judgments

Vessels chartered by NORDEN in relation to which the risks and rewards of ownership, based on an overall assessment of the individual lease, has not been transferred to the Group, are accounted for as operating leases and recognised in the income statement on a straight-line basis over the term of the lease. As shown in note 35 to the financial statements, the Group at 31 December 2007 had operating lease liabilities in the amount of USD 3,661 million which will be recognised in the income statement over the period 2008-2022.

The lease liability does not represent the Group’s net exposure, as it is hedged on an ongoing basis through the Group’s risk management, see note 2 to the financial statements.

The Group’s vessels are recognised in the balance sheet at cost less accumulated depreciation and impairment.

The carrying amount of the vessels is continually compared with earnings opportunities and value indicators. If there are indications of impairment exceeding the annual depreciation, the vessels are written down to the lower recoverable amount.

Other accounting judgments and estimates are described in note 1, ”Accounting policies”.

Revenue

Revenue in the form of freight income rose by USD 1,699 million to USD 2,933 million, a 138 % increase, which was the result of increased activity and higher freight rates, particularly in the Group’s dry cargo segment.

Dry cargo

In dry cargo, the activity level in terms of ship days was 45% up in 2007. Freight income amounted to DKK 2,743 million (DKK 1,102 million), equalling a 149% increase.

The Dry Cargo Department’s operating profit (EBIT) was USD 548 million (USD 170 million), including profits from the sale of vessels of USD 59 million (USD 55 million).

Moreover, a profit of USD 4 million from the sale of vessels in 2007 was recognised in ”Share of results of joint ventures”.

Tankers

The tanker activity in terms of ship days was up by 22% on the previous year. Freight income amounted to DKK 191 million (DKK 132 million), equalling a 44% increase.

The Tanker Department's operating profit (EBIT) was USD 149 million (USD 41 million), including profits from the sale of vessels of USD 104 million (no vessels were sold in 2006).

Financials
Financial income amounted to USD 29 million (USD 20 million). The increase is due to higher interest income as well as exchange rate gains on translation to other currencies than USD, primarily DKK.

Financial expenses amounted to USD 6 million (USD 7 million).

Fair value adjustment of certain hedging instruments
Fair value adjustment of derivative financial instruments that did not qualify for hedge accounting under IFRS constituted income in the amount of USD 20 million (an expense of USD 27 million), of which a negative USD 5 million related to FFAs and a positive USD 25 million related to bunker hedging contracts.

The item covered value adjustments of realised contracts in 2007 which were recognised in 2006 and value adjustments of unrealised contracts regarding 2008-2012. For further specification, see note 12 to the financial statements.

Tax on profit for the year
The Company's taxable income comprises income related to shipping activities as computed in accordance with the Danish Tonnage Tax Act and other income computed in accordance with the general tax rules.

Tax on the profit for the year amounted to USD 22 million (USD 11 million), primarily relating to tax on the profits from the sale of vessels.

Balance sheet

Assets
The Company's total assets at 31 December 2007 amounted to USD 1,609 million, representing an increase of USD 649 million or 67%.

Non-current assets increased by USD 107 million to USD 590 million, mainly due to prepayments of vessels and newbuildings.

Current assets were up by USD 542 million to USD 1,020 million, primarily as a result of increased cash resources and funds tied up in freight receivables, inventories and prepayments.

Tangible assets held for sale totalled USD 76 million and related to two vessels and three newbuildings/prepayments for delivery in 2008.

Vessels
During 2007, the Group took delivery of 4 owned dry cargo vessels and 3 owned tankers.

Equity and liabilities
The Group's equity rose by USD 598 million to USD 1,311 million, or by 84%. In 2007, the Company distributed dividends totalling USD 39 million, consisting of ordinary dividends for 2006 of DKK 5 per share.

The Group's liabilities rose by USD 51 million to USD 298 million.

Non-current liabilities declined by USD 46 million in 2007 to USD 85 million as a result of repayment of loans and the reclassification of loans to current liabilities as a result of the sale of vessels in 2008.

Prepayments and deferred income
Prepayments amounted to USD 119 million (USD 37 million) and mainly consisted of prepaid T/C hire, USD 109 million (USD 31 million), which is expensed on a straight-line basis over the T/C hire period.

Deferred income amounted to USD 61 million (USD 24 million) and mainly consisted of prepaid freight and hire, USD 51 million (USD 16 million), which is taken to income over the duration of the voyage.

Cash flows

The Group's cash and cash equivalents represents the Group's total liquidity at 31 December 2007.

The Group's cash flow statement has been adjusted for cash and cash equivalents which are not at the Group's disposal within three months of the balance sheet date, USD 16 million.

The Group's cash and cash equivalents increased by USD 286 million in 2007 to USD 603 million. Cash and cash equivalents at year end consisted mainly of USD and DKK bank deposits.

Cash flows from operating activities were a net inflow USD 467 million against USD 123 million in 2006.

In 2007, USD 348 million was invested in vessels and newbuildings, and profits from the sale of vessels amounted to USD 329 million. Cash flows from investing activities were a net outflow of USD 5 million.

Cash flows from financing activities were a net outflow of USD 176 million. Of this, shareholder dividends represented an outflow of USD 39 million, purchases of treasury shares an outflow of USD 69 million, net reduction of debt an outflow of USD 65 million and distribution to minority shareholders an outflow of USD 2 million.

Signatures

Statement by the Board of Directors and Management

The Board of Directors and Management have today reviewed and approved the annual report of Dampskibsselskabet "NORDEN" A/S for 2007.

The annual report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the financial position at 31 December 2007 of the Group and the parent company and of the results of the Group's and the parent company's operations and cash flows for the financial year 2007.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 10 March 2008

Board of Management

Carsten Mortensen PRESIDENT	Ivar Hansson Myklebust EXECUTIVE VICE PRESIDENT

Board of Directors

Mogens Hugo CHAIRMAN	Alison J. F. Riegels VICE CHAIRMAN	Einar K. Fredvik
Dag Rasmussen	Erling Højsgaard	Anton Kurt Vendelbo Christensen
Egon Christensen	Ole Clausen	

Independent auditors' report

To the shareholders of Dampskibsselskabet "NORDEN" A/S
We have audited the annual report of Dampskibsselskabet "NORDEN" A/S for the financial year 1 January to 31 December 2007, including highlights, key figures and ratios, management's review as well as consolidated and parent company financial statements. The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

Management's responsibility the annual report
Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish auditing standards. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the financial position at 31 December 2007 of the Group and the parent company and of the results of the Group and parent company operations and cash flows for the financial year 1 January – 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 10 March 2008

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Jens Otto Damgaard	Bo Schou-Jacobsen
STATE AUTHORISED	STATE AUTHORISED
PUBLIC ACCOUNTANT	PUBLIC ACCOUNTANT


NORD RIO

Income statement 1 January – 31 December

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
3/4	**Revenue**	**2,933,140**	**1,234,197**	**2,861,330**	**1,185,229**
5	Other operating income	5,192	248	63	45
6	Vessel operating costs	-2,333,550	-1,026,121	-2,367,336	-1,024,897
7	Other external costs	-15,548	-10,385	-18,113	-11,456
8	Staff costs	-51,742	-31,874	-44,897	-27,596
	Profit before depreciation, etc. (EBITDA)	**537,492**	**166,065**	**431,047**	**121,325**
9	Profits from the sale of vessels, etc.	163,132	55,409	142,282	36,610
10	Depreciation	-19,567	-20,318	-18,515	-19,022
11	Share of results of joint ventures	1,611	1,379	-	-
	Profit from operations (EBIT)	**682,668**	**202,535**	**554,814**	**138,913**
12	Fair value adjustment of certain hedging instruments	19,884	-26,986	19,884	-26,986
13	Financial income	29,084	19,722	24,021	31,351
14	Financial costs	-6,339	-7,297	-5,677	-7,441
	Profit before tax	**725,297**	**187,974**	**593,042**	**135,837**
15	Tax for the year	-21,957	-11,468	-19,464	-10,759
	PROFIT FOR THE YEAR	**703,340**	**176,506**	**573,578**	**125,078**
	Attributable to:				
	Shareholders of NORDEN	703,228	176,394		
	Minority interests	112	112		
		703,340	**176,506**		
16	**Earnings per share (EPS), USD**				
	Basic earnings per share	16.64	4.07	13.58	2.88
	Diluted earnings per share	16.42	4.05	13.39	2.87

Balance sheet at 31 December – Assets

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
17	Land and buildings	5,571	3,975	5,571	3,975
18	Vessels	277,814	329,166	258,163	297,136
19	Vessels acquired under finance leases	0	26,808	0	26,808
20	Fixtures, fittings and equipment	4,436	4,177	3,725	3,676
21	Prepayments on vessels and newbuildings	281,318	97,117	76,444	12,511
	Tangible assets	**569,139**	**461,243**	**343,903**	**344,106**
22	Investments in subsidiaries	-	-	18,164	17,967
23	Investments in joint ventures	20,755	17,532	2,882	1,270
	Financial assets	**20,755**	**17,532**	**21,046**	**19,237**
24	Other receivables	0	3,981	0	3,981
	Other non-current assets	**0**	**3,981**	**0**	**3,981**
	Non-current assets	**589,894**	**482,756**	**364,949**	**367,324**
	Inventories	44,988	26,091	44,062	25,960
24	Freight receivables	87,738	53,090	79,670	47,644
24	Receivables from group undertakings	-	-	9,255	0
24	Receivables from joint ventures	9,008	7,320	4,770	2,460
15	Company tax	4,876	39	5,644	39
24	Other receivables	55,222	18,902	49,766	17,017
25	Prepayments	119,174	36,658	118,215	34,754
26	Securities	3,172	2,738	3,172	2,738
27	Cash and cash equivalents	619,388	314,943	474,402	258,687
		943,566	459,781	788,956	389,299
28	Tangible assets held for sale	75,983	18,014	55,601	18,014
	Current assets	**1,019,549**	**477,795**	**844,557**	**407,313**
	ASSETS	**1,609,443**	**960,551**	**1,209,506**	**774,637**

Balance sheet at 31 December – Equity and liabilities

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
	Share capital	7,087	7,321	7,087	7,321
29	Reserves	3,659	1,501	4,123	1,501
	Retained earnings	1,300,380	702,325	944,706	476,301
	Equity (NORDEN's shareholders)	1,311,126	711,147	955,916	485,123
	Minority interests	74	2,391	-	-
30	**Equity**	**1,311,200**	**713,538**	**955,916**	**485,123**
32	Bank debt	68,796	84,748	68,796	63,848
32	Danmarks Skibskredit	0	19,177	0	19,177
32	Lease liabilities	0	23,667	0	23,667
32	Prepayments received on vessels for resale	16,600	3,981	0	3,981
	Non-current liabilities	**85,396**	**131,573**	**68,796**	**110,673**
31	Provision for docking costs (bareboat)	0	200	0	200
32	Current portion of non-current debt	5,187	13,118	5,187	11,618
32	Bank debt	0	20,000	0	20,000
	Trade payables	84,510	40,209	71,270	34,068
	Payables to group undertakings	-	-	9,021	77,267
	Other payables	14,986	17,876	12,640	17,334
33	Deferred income	61,205	24,037	58,757	18,354
		165,888	**115,440**	**156,875**	**178,841**
34	Liabilities relating to tangible assets held for sale	46,959	0	27,919	0
	Current liabilities	**212,847**	**115,440**	**184,794**	**178,841**
	Liabilities	**298,243**	**247,013**	**253,590**	**289,514**
	EQUITY AND LIABILITIES	**1,609,443**	**960,551**	**1,209,506**	**774,637**

Cash flow statement 1 January – 31 December

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
	Profit from operations	682,668	202,535	554,814	138,913
10	Reversed depreciation	19,567	20,318	18,515	19,022
9	Reversed profits from the sale of vessels, etc.	-163,132	-55,409	-142,282	-36,610
31	Reversed change in provision for docking costs	-200	-216	-200	-216
23	Reversed share of results of joint ventures	-1,611	-1,379	-	-
44	Other adjustments	1,068	-1,635	5,318	3,324
45	Change in working capital	-59,853	-38,484	-141,387	-37,659
	Financial payments received	21,322	16,136	16,259	10,627
	Financial payments made	-6,339	-7,242	-5,677	-7,386
	Company tax paid	-26,794	-11,481	-25,069	-10,772
	Cash flows from operating activities	**466,696**	**123,143**	**280,291**	**79,243**
18/28	Investments in vessels and vessels held for sale, excluding vessels acquired under finance leases	-114,395	-94,123	-88,762	-93,994
17/20	Investments in other tangible assets	-4,199	-1,283	-3,736	-940
23	Investments in joint ventures	-1,612	-18,553	-1,612	-1,226
23	Liquidation of joint ventures	0	20,738	0	20,738
21	Additions in prepayments on newbuildings	-233,723	-136,981	-98,867	-61,617
	Additions in prepayments received on sold vessels	35,911	-2,869	271	-2,869
	Hereof held in restricted accounts	-16,600	0	0	0
	Proceeds from the sale of vessels and newbuildings	329,148	145,683	276,914	89,613
	Proceeds from the sale of other tangible assets	869	292	834	222
46	Investments in subsidiaries	0	0	-197	-352
	Acquisition of securities	-4	-36	-4	-36
	Cash flows from investing activities	**-4,605**	**-87,132**	**84,841**	**-50,461**
47	Dividend paid to shareholders (excluding dividend on treasury shares)	-38,880	-74,542	-38,880	-74,542
	Distribution to minority shareholders	-2,429	0	0	0
30	Acquisition of treasury shares	-69,335	-4,527	-69,335	-4,527
30	Sale of treasury shares	0	930	0	930
	Net distribution to shareholders	-110,644	-78,139	-108,215	-78,139
	Bank loans and vessel loans	20,000	100,200	20,000	77,800
	Lease payment, assets acquired under finance leases	-3,285	-3,286	-3,285	-3,286
	Instalments on/repayment of other non-current borrowings	-82,285	-52,172	-59,885	-52,172
	Loan financing	-65,570	44,742	-43,170	22,342
	Cash flows from financing activities	**-176,214**	**-33,397**	**-151,385**	**-55,797**
	Change in cash and cash equivalents for the year	**285,877**	**2,614**	**213,747**	**-27,015**
	Cash and cash equivalents at 1 January	314,943	312,384	258,687	285,757
	Exchange rate adjustments	1,968	-55	1,968	-55
	Change in cash and cash equivalents for the year	285,877	2,614	213,747	-27,015
27	**Cash and cash equivalents at 31 December**	**602,788**	**314,943**	**474,402**	**258,687**

Statement of changes in equity 1 January – 31 December

GROUP		SHAREHOLDERS OF NORDEN					
		Share capital	Reserves	Retained earnings	Total	Minority interests	Total
	Equity at 1 January 2006	**7,321**	**-1,730**	**603,333**	**608,924**	**2,279**	**611,203**
29	Value adjustment of hedging instruments	-	3,086	-	3,086	-	3,086
29	Fair value adjustment of securities	-	145	-	145	-	145
	Net gains recognised directly in equity	**0**	**3,231**	**0**	**3,231**	**0**	**3,231**
	Profit for the year	-	-	176,394	176,394	112	176,506
	Total recognised income for the year	**0**	**3,231**	**176,394**	**179,625**	**112**	**179,737**
30	Acquisition of treasury shares	-	-	-4,527	-4,527	-	-4,527
30	Sale of treasury shares	-	-	930	930	-	930
47	Distributed dividends	-	-	-78,284	-78,284	-	-78,284
	Dividends, treasury shares	-	-	3,742	3,742	-	3,742
41	Share-based payment	-	-	737	737	-	737
	Changes in equity	**0**	**3,231**	**98,992**	**102,223**	**112**	**102,335**
	Equity at 31 December 2006	**7,321**	**1,501**	**702,325**	**711,147**	**2,391**	**713,538**
	Equity at 1 January 2007	**7,321**	**1,501**	**702,325**	**711,147**	**2,391**	**713,538**
29	Value adjustment of hedging instruments	-	1,729	-	1,729	-	1,729
29	Fair value adjustment of securities	-	429	-	429	-	429
	Net gains recognised directly in equity	**0**	**2,158**	**0**	**2,158**	**0**	**2,158**
	Profit for the year	-	-	703,228	703,228	112	703,340
	Total recognised income for the year	**0**	**2,158**	**703,228**	**705,386**	**112**	**705,498**
30	Acquisition of treasury shares	-	-	-69,335	-69,335	-	-69,335
30	Capital reduction	-234	-	234	0	-	0
47	Distributed dividends	-	-	-42,218	-42,218	-	-42,218
	Dividends, treasury shares	-	-	3,338	3,338	-	3,338
	Distribution to minority shareholders	-	-	-	0	-2,429	-2,429
41	Share-based payment	-	-	2,808	2,808	-	2,808
	Changes in equity	**-234**	**2,158**	**598,055**	**599,979**	**-2,317**	**597,662**
	Equity at 31 December 2007	**7,087**	**3,659**	**1,300,380**	**1,311,126**	**74**	**1,311,200**

See the parent company's statement of changes in equity for a description of limitations to reserves available for distribution as dividend, as detailed in notes 30 and 47.

Statement of changes in equity 1 January – 31 December

PARENT COMPANY

		Share capital	Reserves	Retained earnings	Total
	Equity at 1 January 2006	**7,321**	**-1,730**	**428,625**	**434,216**
29	Value adjustment of hedging instruments	-	3,086	-	3,086
29	Fair value adjustment of securities	-	145	-	145
	Net gains recognised directly in equity	**0**	**3,231**	**0**	**3,231**
	Profit for the year	-	-	125,078	125,078
	Total recognised income for the year	**0**	**3,231**	**125,078**	**128,309**
30	Acquisition of treasury shares	-	-	-4,527	-4,527
30	Sale of treasury shares	-	-	930	930
47	Distributed dividends	-	-	-78,284	-78,284
	Dividends, treasury shares	-	-	3,742	3,742
41	Share-based payment	-	-	737	737
	Changes in equity	**0**	**3,231**	**47,676**	**50,907**
	Equity at 31 December 2006	**7,321**	**1,501**	**476,301**	**485,123**
	Equity at 1 January 2007	**7,321**	**1,501**	**476,301**	**485,123**
29	Value adjustment of hedging instruments	-	2,193	-	2,193
29	Fair value adjustment of securities	-	429	-	429
	Net gains recognised directly in equity	**0**	**2,622**	**0**	**2,622**
	Profit for the year	-	-	573,578	573,578
	Total recognised income for the year	**0**	**2,622**	**573,578**	**576,200**
30	Acquisition of treasury shares	-	-	-69,335	-69,335
30	Capital reduction	-234	-	234	0
47	Distributed dividends	-	-	-42,218	-42,218
	Dividends, treasury shares	-	-	3,338	3,338
41	Share-based payment	-	-	2,808	2,808
	Changes in equity	**-234**	**2,622**	**468,405**	**470,793**
	Equity at 31 December 2007	**7,087**	**4,123**	**944,706**	**955,916**

Retained earnings and reserves are available for distribution as dividend, see notes 30 and 47.

Notes to the financial statements

Notes to the financial statements

1 Accounting policies

Dampskibsselskabet ”NORDEN” A/S with its subsidiaries is one of Denmark's oldest internationally operating shipping companies. NORDEN operates in dry cargo and tankers worldwide.

Dampskibsselskabet ”NORDEN” A/S is a public limited company incorporated in Denmark and is listed on the OMX Nordic Exchange, Copenhagen.

The Annual Report of Dampskibsselskabet ”NORDEN” A/S for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Annual Report has also been prepared in accordance with the IFRS issued by IASB.

The Annual Report for the period 1 January – 31 December 2007 with comparative figures comprises the consolidated financial statements of Dampskibsselskabet ”NORDEN” A/S and its subsidiaries and the Annual Report of the parent company.

USD is the functional currency of all enterprises in the Group as well as the parent company. In the Annual Report, USD is used as the presentation currency, and amounts are presented rounded off to the nearest USD 1,000.

Implementation of new international financial reporting standards (IAS/IFRS) and interpretations (IFRIC)
Effective as from 1 January 2007, the Group and the parent company have implemented IFRS 7 ”Financial Instruments: Disclosures” and IAS 1 (revised 2005) ”Presentation of financial statements”.

IFRS 7 “Disclosure of financial instruments” and the changes to IAS 1 on capital disclosures have required a few additional disclosures on the Group's and the parent company's financial risks and capital.

The new financial reporting standards do not affect recognition or measurement and, consequently, the accounting policies are consistent with those applied last year. The new standards only result in changes to disclosures in the notes to the financial statements. Comparative figures in the notes to the financial statements have been restated. IFRIC 7, 8, 9 and 10, which became effective in 2007, are not relevant to the Group or the parent company.

New financial reporting standards (IAS/IFRS) and interpretations (IFRIC) approved
The EU has adopted the following new financial reporting standards and interpretations, which will come into force in the Company's next financial year, and which are relevant to the Group or the parent company:

- IFRS 8 “Operating segments”, which is effective for financial years beginning on or after 1 January 2009. The Company will conduct a detailed analysis of the resulting changes to segment disclosures.

- IFRIC 11 “Group and treasury share transactions”. The interpretation, which is effective for financial years beginning on or after 1 March 2007, is not expected to affect the Group's or the parent company's future results or equity or result in any material changes to disclosures in the Annual Report.

IASB has approved the following new financial reporting standards and interpretations which had not been adopted by the EU at 31 December 2007 and which are deemed to be relevant to the Group or the parent company:

- Amendments to IAS 1 requiring a different presentation of the consolidated financial statements.
- Amendments to IAS 23 requiring borrowing costs to be included in the cost of certain assets with longer production times. The amended standard does not affect recognition or measurement, as the Group's practice is already consistent with the standard.

The following new interpretations (IFRIC), which will come into force in the Company's next financial year, are not relevant to the Group or the parent company:

- IFRIC 12 ”Service Concession Arrangements”, which becomes effective for financial years beginning on or after 1 August 2008.
- IFRIC 13 ”Customer Loyalty Programmes”, which becomes effective for financial years beginning on or after 1 July 2008.
- IFRIC 14, IAS 19 ”The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, which becomes effective for financial years beginning on or after 1 January 2008.

In general
The Annual Report is prepared on the basis of the historical cost principle. Assets and liabilities are measured as described below in respect of each individual item.

Critical choices and judgments in the accounting policies
The Group's choice of historical cost rather than fair value as the basis for measuring tangible assets – vessels – has a material impact on the calculation of the Group's and the parent company's results and equity. See the below section on ”Tangible assets” for a more detailed description of the Group's and the parent company's accounting policies. The fair value of vessels, based on external broker assessments, is disclosed in the note to the item “Vessels”.

Management's judgments of whether leases regarding vessels should be classified as financial leases or operating leases for accounting purposes are based on an overall assessment of the individual leases. A finance lease is recognised as a tangible asset and as a liability. For leases classified as operating leases, lease payments are recognised over the term of the lease. See the below section on "Leases" for a more detailed description of the Group's and the parent company's accounting policies.

On recognition of freight income and income from pool arrangements upon delivery of the freight services (percentage of completion), management has made decisions as to the start and end dates of journeys, etc. See the below section on "Revenue" for a more detailed description of the Group's and the parent company's accounting policies.

Significant accounting estimates
In the preparation of financial statements in accordance with IFRS, the management is required to apply estimates and assumptions that may affect the accounting policies applied as well as the carrying amounts of assets and liabilities, income and expenses. These include, among other things, estimates of the useful lives and scrap values of tangible assets and impairment losses. The carrying amounts of these items are disclosed in notes 17-20.

Estimates and underlying assumptions are based on historical data and a number of other factors that the management considers relevant under the given circumstances.

Estimates and underlying assumptions are reassessed on a regular basis. Changes to accounting estimates are recognised in the period when the estimate is changed if the change affects this period only or in the current and future periods if the change affects the current as well as future periods.

Consolidation principles
The consolidated financial statements comprise the parent company, Dampskibsselskabet "NORDEN" A/S, and undertakings in which the parent company controls the operational and financial decisions, usually by directly or indirectly holding the majority of the voting rights (subsidiaries). In the determination of voting rights, share options exercisable by the Group at the balance sheet date are included.

On consolidation, intra-group income and expenses, shareholdings, dividends and accounts as well as unrealised intragroup gains and losses on transactions between the consolidated undertakings are eliminated.

The financial statements used in the consolidation are prepared in accordance with the Group's accounting policies. The Group's Annual Report is prepared on the basis of the financial statements of the parent company and the subsidiaries by aggregating items of a uniform nature.

Newly acquired or newly established undertakings are recognised in the consolidated financial statements from the date of acquisition using the purchase method. Undertakings divested or wound up are included in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Undertakings which are contractually operated jointly with one or more other undertakings (joint ventures) and which are thus jointly controlled are recognised according to the equity method.

Leases
The Group and the parent company as lessee
Agreements to charter vessels and to lease other tangible assets where substantially all risks and rewards of ownership have been transferred to the Group and the parent company (finance leases) are recognised in the balance sheet. Vessels and other tangible assets are recognised at the delivery date at a value corresponding to the present value of the finance charges set out in the agreements, including any purchase options expected to be exercised. For the purpose of calculating the present value, the zero-coupon rate with the addition of an interest margin is used as discount factor. Vessels and other tangible assets acquired under finance leases are depreciated and written down for impairment according to the same accounting policy as assets owned by the Group.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement as incurred.

Other agreements to charter vessels and other leases are considered operating leases. Payments in connection with operating leases are recognised in the income statement over the terms of the leases.

The Group and the parent company as lessor
Agreements to charter out vessels on timecharters where substantially all risks and rewards of ownership have been transferred to the lessee (finance leases) are recognised as a receivable in the balance sheet. The receivable is measured in the same way as the lease liability in cases where the Group or the parent company is the lessee, as described above.

Other agreements to charter out vessels are considered operating leases. Payments in connection with operating leases are recognised in the income statement over the terms of the leases.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and

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losses arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as “Financial income” or “Financial costs”.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the transaction date and the exchange rates at the balance sheet date are recognised in the income statement as “Financial income” or “Financial costs”.

Exchange rate adjustments of shares denominated in foreign currencies held for sale are recognised in equity together with unrealised fair value adjustments of shares.

Derivative financial instruments
Derivative financial instruments are recognised in the balance sheet at fair value at the date of transaction. Positive and negative fair values of derivative financial instruments are recognised as assets under “Other receivables” or as liabilities under “Other payables”, respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement in the same item as any changes in the carrying amount of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future transactions are recognised in equity under “Reserve for hedge transactions”. Where the expected future transaction results in the acquisition of non-financial assets, any amounts deferred under equity are transferred from equity to the cost of the asset. Where the expected future transaction results in income or expense, amounts deferred under equity are transferred from equity to the income statement in the same item as the hedged transaction.

The majority of the Group’s derivative financial instruments provide effective financial hedging in accordance with the Group’s risk management policy. Certain of the derivative financial instruments (FFAs and bunker hedging contracts) are not considered to qualify for hedge accounting according to accounting regulations. Changes in the fair value of derivative financial instruments not considered to qualify for hedge accounting are recognised in the income statement in a separate item under financials called “Fair value adjustments of certain hedging instruments”. As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same item as the hedged transaction.

Some of the Group’s derivative financial instruments in the form of FFAs which were not entered into for hedging purposes are classified as held for trading and recognised at fair value. Fair value adjustments are recognised under “Other operating income” in the income statement.

Determination of fair value
Listed derivative financial instruments and securities traded in an active market are measured at fair value at the balance sheet date using the selling price. Initial recognition is based on the fair value at the trade date.

In determining the fair value of unlisted derivative financial instruments and other financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques. Market-based parameters such as market-based yield curves and forward exchange prices are used for the valuation. For non-current liabilities and other interest rate-based financial instruments, the fair value is based on a discounted value of future cash flows. The zero-coupon rate with the addition of the undertaking’s interest margin is used as discount factor.

The fair values of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their face values less any estimated credit adjustments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group or the parent company for similar financial instruments.

Segment information
Information is specified on the Group’s two business segments, tanker and dry cargo. The information is based on the Group’s returns and risks and on the Group’s organisation and business management, including internal financial management.

Information is not provided by geographical segment because the Group considers the global market as a whole, and the activities of the individual vessels are not limited to specific parts of the world.

The items included in the segment profit, including the share of results of joint ventures, are allocated to the extent that the items are directly or indirectly attributable to the segments. Items that are allocated through both direct and indirect calculation comprise “Staff costs” and “Other external costs”. Parts of these items are not attributable, whether directly or indirectly, to a segment and are therefore not allocated. Items allocated by indirect calculation are allocated on the basis of allocation keys that have been defined on the basis of each segment’s drawings on key resources.

Non-current segment assets consist of the assets used directly in segment operations, including “Vessels and prepayment on newbuildings” and “Investments in joint ventures”.

"Land and buildings", "Fixtures, fittings and equipment" and "Software" are not allocated as they are primarily used for the Group's headquarters.

Current assets are allocated to segments to the extent that they are directly attributable to these, e.g. "Inventories" and "Freight receivables". Some of the freight receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Segment liabilities comprise operating liabilities, including "Provision for docking costs", "Trade payables" "Payables to joint ventures" and "Other payables". Some of the liabilities are either not allocated or allocated solely by indirect allocation.

Income statement

Revenue
Revenue comprises freight income from vessels and management income. Revenue is recognised in the income statement for the financial year as earned. The determination of whether revenue and other operating income is considered earned is based on the following criteria:

- a binding sales agreement has been made;
- the sales price has been determined;
- delivery has taken place; and
- payment has been received or may reasonably be expected to be received.

Accordingly, freight income is recognised upon receipt of the services (percentage of completion) in accordance with the charter parties concluded, from the vessel's departure to the delivery of the cargo (discharge). The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge (discharge to discharge). For vessels operating on timecharters, the charter hire is recognised over the term of the agreement. Management income is recognised upon receipt of the services in accordance with the management agreements concluded.

For vessels operating in pools, income is recognised on a timecharter basis, i.e. after set-off of direct voyage costs, including bunker oil consumption, commissions and port charges.

Other operating income
Other operating income comprises items of a secondary nature relative to the Group's and the parent company's principal activity. The item mainly relates to the part of the Group's trading in derivative financial instruments (FFAs) that is not for hedging purposes. The item, furthermore, comprises rents received.

Vessel operating costs
Vessel operating costs comprise the expenses, excluding depreciation and staff costs, incurred to generate the revenue for the year. Vessel operating costs therefore include charter hire for chartered vessels (operating leases), bunker oil consumption, other voyage costs such as commissions and port charges, repair and maintenance costs, insurance costs, provision for docking costs and other operating expenses. Like revenue, vessel operating costs are recognised upon receipt of services in accordance with the charter parties concluded.

Other external costs
Other external costs comprise costs of properties, office expenses, external assistance, etc.

Profits from the sale of vessels, etc.
Profits from the sale of vessels are stated as the difference between the sales price for the vessel less selling costs and the carrying amount of the vessel in question at the time of delivery. Furthermore, any gains and losses upon repayment of related loans are included.

Profits from the sale of other tangible assets are also included.

Income from investments in subsidiaries and joint ventures
In the parent company's income statement, the subsidiaries' and the joint ventures' dividends are recognised in the financial year when they are declared.

In the Group's income statement, the Group's shares of the joint ventures' results after tax are included in the item "Investments in joint ventures".

Net financials
Financial income and costs comprise interest, financing costs of finance leases, realised and unrealised exchange rate adjustments, fair value adjustments of forward exchange contracts, market value adjustments of securities and dividends received on shares recognised in securities.

Fair value adjustments of certain hedging instruments
Fair value adjustments of certain hedging instruments comprise changes in the fair values of derivative financial instruments that are used to hedge future bunker purchases and freight income, but do not qualify for hedge accounting. As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same income statement item as the hedged transaction.

Tax on the profit for the year
The Company's current tax consists of tax paid according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for other activities. Other activities comprise derivatives trading, letting of the Company's domicile and management income.

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Balance sheet

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use.

Interest costs on loans taken up directly to finance the construction of tangible assets are included in cost over the period of construction. All other borrowing costs that are directly attributable are also included in cost.

The basis of depreciation is calculated as the excess of cost over the estimated scrap value. The scrap value of vessels is determined based on the market price per lightweight ton for scrapping of the vessel.

Depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Vessels, including vessels acquired under finance leases	Max. 20 years
Fixtures, fittings and equipment	3 – 10 years

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period does not exceed 20 years from delivery from the shipyard.

Docking costs relating to vessels recognised in the balance sheet are added to the carrying amounts of the vessels when incurred. Docking costs are allocated on a straight-line basis over the estimated useful lives of the improvements.

Useful lives and scrap values are reassessed annually.

Prepayments on newbuildings are recognised in assets as vessels under construction as payments are made. At the delivery of the vessel, they are reclassified to the item “Vessels”.

Impairment of tangible and financial assets
The carrying amounts of tangible and financial assets are analysed annually to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciation. An impairment test is conducted if there is an indication that the carrying amount of an asset may exceed the expected future cash flows from the asset. If there is such an indication, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is determined as the higher of the fair value less costs to sell and the value in use. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount (cash-generating unit) is analysed for impairment.

For investments in joint ventures, the cash-generating unit is the individual joint venture, and the recoverable amount is usually determined based on value in use. The same applies to investments in the parent company’s subsidiaries.

For vessels, the cash-generating unit is usually the total fleet within the Group’s individual segments, and for financial assets (other than investments in subsidiaries and joint ventures) it is the individual paper or investment. For vessels, the recoverable amount is usually determined based on the selling price including charter parties concluded, assessed by external brokers. For financial assets (other than investments in subsidiaries and joint ventures), the recoverable amount is also determined based on the selling price. In both cases, the selling price is used as a basis because active markets exist.

Investments in joint ventures and subsidiaries
Investments in joint ventures and subsidiaries in the parent company’s financial statements are measured at the lower of cost and recoverable amount.

In the Group’s balance sheet, the Group’s share of the net asset value of joint ventures is included in the item “Investments in joint ventures”, calculated on the basis of the Group’s accounting policies and after deduction or addition for the Group’s share of any unrealised intra-group gains or losses.

Joint ventures with negative net asset values are measured at USD 0 million. If the Group has a legal or constructive obligation to cover the associate’s negative balance, such obligation is recognised under liabilities.

Inventories
Inventories primarily comprise bunker oil kept on board vessels. Inventories are measured at the lower of cost according to the FIFO method and net realisable value.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to the nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Securities
Shares and bonds available for sale are recognised under current assets at fair value at the trade date and are subsequently measured at market price in respect of listed securities and at fair value applying a valuation method in respect of unlisted securities.

If securities are impaired, they are written down. Value adjustments of shares are recognised in net financials when realised. Until realisation, value adjustments of listed securities are recognised in equity in the reserve for securities.

Cash and cash equivalents
Cash and cash equivalents are measured in the balance sheet at nominal value.

Tangible assets held for sale and related liabilities
Tangible assets held for sale comprise vessels which will be sold within 12 months of the balance sheet date and prepayments on newbuildings under construction which will be sold on delivery within 12 months of the balance sheet date.

Vessels and prepayments on vessels held for sale are measured at the lower of carrying amount and fair value less selling costs and are recognised under current assets.

Vessels classified as held for sale are not depreciated.

Assets and directly related liabilities are recognised in separate line items in the balance sheet. The items are specified in the notes.

Gains and losses are included in the income statement in the item "Profits from the sale of vessels, etc." and recognised on delivery.

Statement of changes in equity
Dividends
Dividends are recognised as a liability at the time of adoption by the shareholders in general meeting. Dividends proposed by the management in respect of the year are stated in the notes. Dividend is not paid in respect of treasury shares.

Treasury shares
The purchase and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Share-based incentive programme
The value of services rendered by employees as consideration for share-based incentive payments is measured at the fair value of the granted options and employee shares. For options, this fair value is recognised in the income statement over the vesting period. The fair value of employee shares is recognised at the grant date. A corresponding increase is recognised in equity.

The fair value of the options is determined using the Black-Scholes valuation model, taking into account the terms of the grant and the actual number of vested options. On recognition, the number of options expected to vest is estimated. The estimate is adjusted over the vesting period to the actual number of vested options. The fair value of the employee shares is the quoted price (all trades at 5 p.m.) at the grant date.

Provisions
Provisions are recognised when, as a consequence of an event that has occurred before or on the balance sheet date, the Group or the parent company has a legal or constructive obligation, and it is likely that economic benefits will flow from the Company to meet the obligation.

Provisions for docking costs are recognised for bareboat-chartered vessels where the agreement entails a commitment on the part of the Group or the parent company to bring vessels into dock regularly. Provisions are made on a current basis at an amount equal to a pro rata share of the estimated cost of the next docking of each individual vessel, as the value of the liability increases continuously. The provisions are recognised in the income statement in the item "Vessel operating costs".

Deferred tax
The Company entered the Danish tonnage tax regime with binding effect for a period of ten years as from 2001. Based on NORDEN's planned use of vessels and recovery of recaptured depreciation, respectively, the tonnage tax regime does not result in a liability, hence it does not result in any deferred tax in the balance sheet. The liability is merely a contingent tax liability. The amount of contingent tax is stated in the note "Company tax".

Other activities of the Group and the parent company are not subject to deferred tax.

Financial liabilities
Bank debt is recognised at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

The capitalised residual lease liability under finance leases is also considered a financial liability.

Other liabilities, comprising trade payables, prepayments received on vessels for resale, payables to joint ventures and other payables are measured at amortised cost, corresponding substantially to nominal value.

Prepayments and deferred income
Prepayments comprise costs incurred relating to subsequent financial years such as charter hire, rent, insurance premiums, subscription fees and interest.

Deferred income comprises payments received relating to revenue in subsequent years, such as freight income, charter hire, interest and insurance premiums.

Prepayments and deferred income are measured at nominal value.

Notes

Consolidated and parent company cash flow statement

The cash flow statement shows the Group's and the parent company's cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as the Group's and the parent company's cash and cash equivalents at the beginning and end of the year.

Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flows from operating activities
Cash flows from operating activities are stated as the profit/loss adjusted for non-cash operating items such as depreciation and impairment, profits from the sale of vessels, provisions, fair value adjustments of certain hedging instruments and exchange rate adjustments of non-current liabilities, changes in working capital, interest received and paid and plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from the purchase and sale of non-current assets.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments regarding shareholders, including dividends and the acquisition and sale of treasury shares.

Cash and cash equivalents
Cash and cash equivalents comprise marketable securities with a term of less than three months and cash not subject to significant limits to its availability.

2 Risk management

Active risk management is a cornerstone of NORDEN's strategy to ensure stable, high earnings. The shipping industry is highly sensitive to market fluctuations, which can be seen from the at times severe fluctuations in freight rates and tonnage prices.

The overall risk management objective is to reduce the sensitivity of the Company's earnings to cyclical fluctuations. The overall guidelines for financial and commercial risk management are set out annually by the Board of Directors.

The framework for the risk management is conservative and is handled by the Company's Finance Department in collaboration with the commercial departments, which report to the Board of Directors and the Board of Management monthly.

Chartering vessels implies a risk as the Company assumes a liability to pay T/C hire for an agreed period of time. The risk is less than that associated with the purchase of a vessel, however, as the Company charters vessels for a limited period of their economic lives only.

NORDEN's risk management policy is unchanged from last year.

The disclosure requirements as to financial risks are regulated under IFRS. Moreover, NORDEN provides descriptions of commercial and other risks below, despite the fact that such disclosures are not required under IFRS.

The following risks are relevant to the Company:

Commercial risks:
- The risk of fluctuations in the prices of vessels.
- The risk of fluctuations in freight rates.

Financial risks (IFRS 7):
- Foreign exchange risk – The risk that the fair value of or future cash flows from financial instruments will fluctuate as a result of changes in exchange rates.
- Interest rate risk – The risk that the fair value of or future cash flows from financial instruments will fluctuate as a result of changes in market interest rates.
- Liquidity risk – The risk that the Group will have difficulty meeting obligations in relation to financial instruments.
- Credit risk – The risk of counterparties in connection with financial instruments failing to repay their liabilities, thus incurring a loss on the other party.
- Other price risks – The risk that the fair value of or future cash flows from a financial instrument will fluctuate as a result of market price changes other than those attributable to interest rate risks or currency risks, regardless whether such changes are due to factors relating to the individual instrument or its issuer or to factors affecting all comparable instruments traded in the market.
- Capital management risk – The risk of an undesirable proportion of equity to net liabilities.

Other risks:
- The risk of incidents involving the Company's owned vessels.
- The risk of a lack of IT functionality.
- The risk of not being able to attract and retain key staff.

Commercial risks

Purchase and sales price fluctuations
The ongoing expansion of the fleet of owned vessels is associated with certain risks, particularly in relation to changes in the value of the vessels.

At the end of 2007, the Company held purchase options for 75 vessels (71 vessels). Risk is associated with the exercise of these options, in that the market value of the vessels may drop subsequent to acquisition. The risk is judged to be limited for the time being, however, as the majority of the options were entered into on favourable terms in lower freight markets. The Company's newbuilding programme was also entered into on favourable terms.

The value of the purchase options and the assumptions applied in the calculations are set out in the section "Fleet development and corporate values" in the management's review.

Freight rate fluctuations
The Company manages commercial risk from fluctuations in freight rates and imbalances in the ratio of cargo-to-cargo capacity (vessels) on a general level by employing some of its vessels on fixed-term COAs and timecharters.

One way of covering is to enter into COAs, which typically have a term of twelve months, although certain contracts have terms of several years. At the end of 2007, the value of future COAs corresponded to freight income of USD 1,012 million (USD 288 million). Most of the contracts covered 2008 and 2009, but a few of them ran to 2013. For more information, see note 38 "COAs and operating lease income".

NORDEN also uses FFAs to supplement the actual, long-term employment of the vessels. They typically run twelve months forward and are used when physical alternatives are more expensive or unattainable. At the end of 2007, the Company had bought FFAs with a contract value of approximately USD 93 million net (sold USD 27 million) up to and including 2008. For further information, see note 39 "Financial instruments".

Notes

Financial risks

The overall financial risk management guidelines are set out in NORDEN's finance policy, which has been approved by the Board of Directors. The finance policy determines the limits for the Group's currency, investment, finance and credit risks in relation to financial counterparties. All financial positions are recognised on a "market to market" basis.

Foreign exchange risks
The Group's functional currency is USD. Accordingly, the Company records and reports amounts in USD.

The Company endeavours to match expenses against income and liabilities against assets in terms of currency. Furthermore, as many expenses and liabilities as possible are denominated in USD. The actual foreign exchange risk is thus limited to those cash flows that are not denominated in USD, primarily administrative expenses (DKK), certain commercial payments (JPY and EUR) and the payment of shareholder dividends (DKK).

A 10% rise in exchange rates in foreign currencies against USD at the end of 2007 would, all other things being equal, have the following effect before tax on equity and income statement in the mentioned currencies stated in USD'000:

Currency	Income statement		Equity	
	2007	2006	2007	2006
DKK	31,528	6,077	0	0
JPY	109	3,598	8,397	3,403
EUR	341	307	0	0

The financial instruments denominated in foreign currencies largely consist of receivables and payables, bank deposits and forward exchange transactions.

In connection with the Group's payments relating to existing agreements to purchase 3 vessels in JPY, the foreign exchange risk has been hedged by means of forward buying of JPY. The payments amount to JPY 10,444, equalling the equivalent of USD 94 million. Exchange rate adjustments up to the payment dates are taken to equity and subsequently recognised together with the asset (vessel) to which the payment relates.

Receivables and payables in currencies other than USD represent a net liability of USD 4 million (USD 5 million), which has not been hedged.

In 2008, payments in DKK are expected to total the equivalent of approximately USD 75 million, excluding dividend. The Company hedges these payments for a period of between 6-24 months, depending on the development of the USD/DKK exchange rate.

Interest rate risk
As there seems to be no clear correlation between freight rates and vessel prices on the one hand and US interest rates on the other, it is Company policy to lock the interest rate for the entire loan portfolio for a period of between two and six years. The interest rate is normally locked for each vessel loan individually on the basis of the degree and term of financing, the loan repayment profile, the duration of the vessel's fixed employment, anticipated sale, the interest rate level and the yield curve.

In recent years, the Company has chosen to purchase vessels for cash and only raise loans secured on vessels if it is able to obtain highly favourable financing terms. In 2007, the Group raised loans on vessels in a nominal amount of USD 20 million (USD 80 million) at highly attractive financing terms.

It is the Company's general assessment that it is not attractive to mortgage vessels as an investment. This is due to the costs of mortgaging vessels and the risk/return ratio currently prevailing in the financial markets.

The Company's interest rate risk on non-current debt has been fixed for a period of 3.6 years at an interest rate of 3.96% including the lenders' margin.

At the end of 2007, the majority of the Group's excess liquidity was placed in short-term, fixed-interest deposits.

Based on the Group's liquidity and debt at the end of 2007, a 1% interest rate drop would, all other things being equal, have an effect of USD -6 million (USD -3 million) on the Group's financial performance before tax.

In 2008, the Company will continue to place excess liquidity in bank deposits and liquid interest-bearing instruments of short duration and low credit risk.

Liquidity risk
In order to ensure a sufficient cash reserve, it is the Company's policy that cash should at all times at least equal the Company's payment obligations one year ahead. The size of these obligations is continuously calculated and adjusted to ensure that the cash reserve is adequate.

Based on the expected activities for 2008, the Company estimates a positive cash flow from operations of USD 666 million.

Credit risk
The Company's credit risk primarily comprises freight receivables, prepayments to shipyards on newbuildings, cash deposits in bank accounts, forward sales of foreign currencies, bunker hedging contracts and forward freight agreements.

These items are included in the balance sheet at amounts corresponding to the maximum credit risk as of the balance sheet date and amount to USD 1,047 million (USD 491 million).

The Company's credit risks are limited. Financial instruments and commodity instruments are only entered into with major, recognised banks with a high credit rating and with large, well-known, reputable partners with an adequate credit rating and a good equity ratio.

The risk on customers is limited by such measures as systematic assessment of customers' credit rating and reputation and limits as to the size and duration of the Company's engagements with new, unknown customers.

The Company's cash deposits are placed exclusively with large, recognised banks with a credit rating of at least A+ (Moody's) or the equivalent and meeting the solvency requirements of the Danish Financial Supervisory Authority.

Other price risks

FFAs (forward freight agreements)

The Company uses the FFA market to cover future physical positions.

At the end of 2007, the Company had bought FFAs with a contractual value of USD 84 million (sold USD 35 million).

All other things being equal, a 10% decrease in the market price of the FFAs entered into by the Group at the end of 2007 for the purpose of covering physical positions would affect the Company's financial performance negatively by USD 8 million before tax.

In addition to this coverage activity, the Company sees a potential in using its knowledge of the market to take more controlled positions in the FFA market, independently of the Company's portfolio of vessels.

This activity is handled by the company NORDEN Derivatives A/S, which is a wholly owned subsidiary of the Company.

The activity is controlled within clearly defined limits which, among other things, mean that:

- Contracts may only be entered into in the Panamax and Handymax segments.
- Individual contracts may not exceed 6 months' duration.
- The expiry date of the contracts must be within the coming twelve months.
- The maximum net risk may not exceed 36 months.
- The maximum net risk with individual counterparties may not exceed 24 months.
- The company has introduced a stop/loss strategy.

At the end of 2007, NORDEN Derivatives A/S had bought FFAs with a contract value of approximately USD 9 million net (USD 8 million) up to and including 2008.

Bunker hedging contracts

The Company hedges its expected future bunker (fuel for the vessels) requirements to eliminate the risk of future oil price fluctuations. The Company uses so-called bunker hedging contracts, which lock in the price of the part of the bunker requirement related to loading contracts for a fixed period. At the end of 2007, NORDEN had purchased bunker hedging contracts for USD 168 million covering the period 2008-2012 (USD 66 million).

All other things being equal, a 10% decrease in bunker hedging contracts entered into at the end of 2007 would affect the Company's financial performance negatively by USD 20 million before tax.

For further information, see note 39 "Financial instruments".

Capital management risks

The Group's equity ratio (excluding minority interests) was 81% at the end of 2007 (74%) of total assets. This significant equity ratio should be seen in light of the Company's future payment obligations in the form of operating lease payments and payments for newbuildings on order.

Central to the Group's efforts to manage capital structure and gearing is NORDEN's risk model, which ensures that the Group's net liabilities do not exceed the ceiling fixed by the Board of Directors relative to equity.

This is measured by regularly calculating the present value of total net liabilities. Net liabilities are defined as the present value of future payments in respect of, among other things, timecharters excluding daily operating costs, lenders and shipyards, less expected known freight payments received excluding daily operating costs and cash and cash equivalents.

Net present values

At 31 December in USD million	2007	2006
Future payments	-3,673	-1,917
Expected known payments received including cash and cash equivalents	3,099	986
Net liabilities	-574	-981

The unrecognised gross liabilities are disclosed in notes 35 "Operating lease liabilities" and 36 "Unrecognised contingent liabilities".

The calculation of net liabilities and their relation to equity is an integral part of the current reporting to the Board of Directors.

The Board regularly assesses the Group's net liabilities and defines upper limits based on market outlook. The limit for 2007 was that the present value of total net liabilities was at no time to be more than double the equity. At the end of 2007, net liabilities equalled 0.4 times equity (1.4 times).

Notes

The Group's formal external capital adequacy requirement is limited to the subordinated loan capital of the parent company and the subsidiaries, which are significantly lower than the Group's equity.

Other risks

Insurance

If an incident involving a vessel causes a spill of environmentally hazardous material, the Company may incur considerable liabilities. The Company minimises this risk by operating a modern fleet and by investing large amounts in the maintenance of the vessels and in the staff's awareness of both external and internal environments. The Company's fleet is insured by recognised international insurance companies at competitive premiums and the vessels are always insured for an amount higher than their market values.

IT

The IT Department has established a technical emergency capacity with an IT environment distributed on two locations with twinned critical systems. This emergency capacity is consistent with the management's chosen alert level, which is to be able to ensure emergency operation within 4, 24 or 168 hours, depending on the system.

Also, the Company has established an IT Disaster Recovery Plan involving the entire organisation, which supports the IT Department in setting up emergency operations as soon as possible after a disaster.

Human Resources

Through a number of activities, NORDEN has increased the visibility and branding of the Group in order to attract necessary resources, among other things. Through a comprehensive development programme, NORDEN develops the qualifications of the employees on an ongoing basis, combined with a remuneration policy in order to maintain key employees.

Note	Amounts in USD'000	Dry cargo	Tankers	Not allocated	Group total
3	**Segment information 2007**				
	Revenue – external	**2,742,529**	**190,611**	**0**	**2,933,140**
	Other operating income	5,129	0	63	5,192
	Vessel operating costs	-2,209,435	-124,115	0	-2,333,550
	Other external costs	-9,903	-1,721	-3,924	-15,548
	Staff costs	-31,006	-11,685	-9,051	-51,742
	Profit before depreciation, etc. (EBITDA)	**497,314**	**53,090**	**-12,912**	**537,492**
	Profits from the sale of vessels, etc.	59,104	104,015	13	163,132
	Depreciation	-12,362	-5,881	-1,324	-19,567
	Share of results of joint ventures	3,475	-1,864	0	1,611
	Profit from operations (EBIT)	**547,531**	**149,360**	**-14,223**	**682,668**
	Vessels	177,999	99,815	0	277,814
	Prepayments on newbuildings	169,212	112,106	0	281,318
	Other tangible assets	941	0	9,066	10,007
	Investments in joint ventures	20,826	-71	0	20,755
	Non-current assets	**368,978**	**211,850**	**9,066**	**589,894**
	Current assets	**325,373**	**70,314**	**623,862**	**1,019,549**
	– hereof tangible assets held for sale	49,175	26,808	0	75,983
	ASSETS	**694,351**	**282,164**	**632,928**	**1,609,443**
	Non-current liabilities	16,600	0	68,796	85,396
	Current liabilities	173,796	31,470	7,581	212,847
	– hereof liabilities related to tangible assets held for sale	19,040	27,919	0	46,959
	LIABILITIES	**190,396**	**31,470**	**76,377**	**298,243**
	Investments in tangible assets	224,059	124,059	4,199	352,317
	Investments in joint ventures	0	1,612	0	1,612
	Average number of employees, excluding employees on timecharter vessels	269	164	13	446
	Profit margin	20%	78%	-	23%
	Return on assets	79%	53%	-	42%

Material non-cash expenses included in the segment results other than depreciation solely consist in activity-specific fluctuations in trade payables, other payables and do not consist of such non-recurring material expenses as provisions, bonuses, bad debts, etc.

Notes

Note	Amounts in USD'000	Dry cargo	Tankers	Not allocated	Group total
3	**Segment information 2006**				
	Revenue – external	**1,101,987**	**132,210**	**0**	**1,234,197**
	Other operating income	203	0	45	248
	Vessel operating costs	-952,347	-73,774	0	-1,026,121
	Other external costs	-7,171	-1,176	-2,038	-10,385
	Staff costs	-17,153	-9,202	-5,519	-31,874
	Profit before depreciation, etc. (EBITDA)	**125,519**	**48,058**	**-7,512**	**166,065**
	Profits from the sale of vessels, etc.	55,397	0	12	55,409
	Depreciation	-10,686	-8,140	-1,492	-20,318
	Share of results of joint ventures	-74	1,453	0	1,379
	Profit from operations (EBIT)	**170,156**	**41,371**	**-8,992**	**202,535**
	Vessels	180,348	175,626	0	355,974
	Prepayments on newbuildings	88,607	8,510	0	97,117
	Other tangible assets	1,154	0	6,998	8,152
	Investments in joint ventures	17,352	180	0	17,532
	Other receivables	0	3,981	0	3,981
	Non-current assets	**287,461**	**188,297**	**6,998**	**482,756**
	Current assets	**140,490**	**19,624**	**317,681**	**477,795**
	– hereof tangible assets held for sale	18,014	0	0	18,014
	ASSETS	**427,951**	**207,921**	**324,679**	**960,551**
	Non-current liabilities	0	3,981	127,592	131,573
	Current liabilities	73,980	7,135	34,325	115,440
	– hereof liabilities related to assets held for sale	0	0	0	0
	LIABILITIES	**73,980**	**11,116**	**161,917**	**247,013**
	Investments in tangible assets	162,339	68,765	1,283	232,387
	Investments in joint ventures	17,327	1,226	0	18,553
	Average number of employees, excluding employees on timecharter vessels	244	175	10	429
	Profit margin	15%	31%	-	16%
	Return on assets	40%	20%	-	21%

Material non-cash expenses included in the segment results other than depreciation solely consist in activity-specific fluctuations in trade payables, other payables and do not consist of such non-recurring material expenses as provisions, bonuses, bad debts, etc.

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
4	**Revenue**				
	Dry cargo				
	Freight income – owned vessels	102,693	56,982	93,431	50,864
	Freight income – chartered vessels	2,639,836	1,044,855	2,577,928	1,002,155
	Commercial management income	0	150	0	0
		2,742,529	**1,101,987**	**2,671,359**	**1,053,019**
	Tankers				
	Freight income – owned vessels	47,478	51,972	47,478	51,972
	Freight income – chartered vessels	142,493	80,238	142,493	80,238
	Commercial management income	640	0	0	0
		190,611	**132,210**	**189,971**	**132,210**
		2,933,140	**1,234,197**	**2,861,330**	**1,185,229**
5	**Other operating income**				
	Result of derivatives trading	5,129	203	0	0
	Rental income	63	45	63	45
		5,192	**248**	**63**	**45**
	For information on management of risk and financial instruments, see notes 2 and 39, respectively.				
6	**Vessel operating costs**				
	Charter hire for vessels chartered for less than one year	1,578,998	458,530	1,642,774	544,630
	Charter hire for vessels chartered for more than one year	272,131	272,247	253,369	190,699
	Bunker oil	208,788	136,705	204,665	135,442
	Other voyage costs	248,475	137,639	242,939	135,052
	Other operating costs	25,158	21,000	23,589	19,074
		2,333,550	**1,026,121**	**2,367,336**	**1,024,897**
7	**Fees to auditors appointed at the annual general meeting**				
	"Other external costs" include total fees to audit firms for the past financial year:				
	KPMG	49	175	15	117
	PricewaterhouseCoopers	253	271	184	271
	Including non-audit services of:				
	KPMG	49	60	15	50
	PricewaterhouseCoopers	45	177	30	177

Notes

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
8	**Staff costs**				
	Wages and salaries	45,547	28,641	39,263	24,744
	Pensions, defined contribution plans	2,313	1,716	2,313	1,716
	Other social security costs	1,074	780	638	443
	Share-based payment	2,808	737	2,683	693
		51,742	**31,874**	**44,897**	**27,596**
	Average number of employees, excluding employees on timecharter vessels	446	429	402	393

Salaries for 2007 include a bonus corresponding to 3 months' extra salary to a number of employees (2006: two months' salary to a number of employees).

GROUP	2007			2006		
	Parent company Board of Directors	Parent company Board of Management	Other executives	Parent company Board of Directors	Parent company Board of Management	Other executives
Salaries	964	4,218	6,452	504	2,926	3,395
Pensions – defined contribution plans	0	0	274	0	0	185
Other social security costs	0	1	10	0	1	11
Share-based payment	0	585	707	10	182	254
	964	**4,804**	**7,444**	**514**	**3,109**	**3,845**

PARENT COMPANY	2007			2006		
	Board of Directors	Board of Management	Other executives	Board of Directors	Board of Management	Other executives
Salaries	964	4,218	4,819	504	2,926	2,229
Pensions – defined contribution plans	0	0	179	0	0	114
Other social security costs	0	1	1	0	1	1
Share-based payment	0	585	511	10	182	236
	964	**4,804**	**5,510**	**514**	**3,109**	**2,580**

The Board of Management and a number of executives are covered by bonus and severance schemes. The bonus schemes are tied to predetermined performance targets after tax at group and department level. Parts of the bonuses awarded in 2006 and 2007 are conditional on employment continuing in 2008-2010 as well as future earnings, and will be recognised in those years. For a more detailed description of the bonus schemes, see the "Remuneration policy" section of the management's review.

If members of the Board of Management and three executives resign in connection with a takeover of the Company, e.g. if the Company merges with or in any other way is combined with one or more companies outside NORDEN, a special severance payment will be paid for a one-year notice period, corresponding to one year's salary (two years' salary for the president) in addition to the usual salary.

See note 41, which comprises a description of share-based payment.

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
9	**Profits from the sale of vessels, etc.**				
	Profit from the sale of vessels	163,070	55,397	142,189	36,594
	Profit from the sale of fixtures, fittings and equipment	62	12	93	16
		163,132	**55,409**	**142,282**	**36,610**
10	**Depreciation**				
	Vessels	18,030	18,612	17,165	17,450
	Buildings	94	94	94	94
	Fixtures, fittings and equipment	1,443	1,612	1,256	1,478
		19,567	**20,318**	**18,515**	**19,022**
11	**Share of results of joint ventures**				
	Norient Product Pool A/S, Denmark	-2,705	-320		
	Nortide Shipping Ltd., Bermuda	0	1,496		
	Nortide Shipping Ltd III., Bermuda	842	277		
	ANL Maritime Services Pte. Ltd., Singapore	63	14		
	Nord Summit Pte. Ltd., Singapore	3,414	-88		
	Nord Empros I Pte. Ltd., Singapore	-1	0		
	Nord Empros II Pte. Ltd., Singapore	-1	0		
	Nord Empros III Pte. Ltd., Singapore	-1	0		
		1,611	**1,379**		
	Including profits from the sale of vessels	3,604	0		

Notes

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
12	**Fair value adjustment of certain hedging instruments**				
	Fair value adjustment of derivative financial instruments that do not qualify for hedge accounting amounts to:				
	Bunker hedging:				
	2006	0	2,384	0	2,384
	2007	12,599	-3,765	12,599	-3,765
	2008	18,595	-234	18,595	-234
	2009	5,717	-258	5,717	-258
	2010	2,635	0	2,635	0
	2011	240	0	240	0
	2012	38	0	38	0
		39,824	-1,873	39,824	-1,873
	Realised fair value adjustment reclassified to "Vessel operating costs"	-14,891	-9,883	-14,891	-9,883
		24,933	**-11,756**	**24,933**	**-11,756**
	Forward Freight Agreements:				
	2006	0	-13,047	0	-13,047
	2007	-2,671	-3,955	-2,671	-3,955
	2008	-9,004	0	-9,004	0
		-11,675	-17,002	-11,675	-17,002
	Realised fair value adjustment reclassified to "Revenue"	6,626	1,772	6,626	1,772
		-5,049	**-15,230**	**-5,049**	**-15,230**
	Fair value adjustment at 31 December	**19,884**	**-26,986**	**19,884**	**-26,986**
	In addition to the above fair value adjustments, fair value adjustments of hedging instruments entered into before 31 December 2004 relating to 2008 and future years are recognised in equity up to the realisation date in accordance with the transitional provision in IFRS 1. For 2007, the amount is USD 806 thousand (2006: USD 1,652 thousand).				
13	**Financial income**				
	Dividends	488	282	488	282
	Interest income	21,058	13,490	15,336	7,960
	Net gain on forward exchange contracts	5,794	3,585	5,794	3,585
	Exchange rate adjustments, net	1,744	2,365	2,403	2,386
	Dividends from joint ventures	0	0	0	17,138
		29,084	**19,722**	**24,021**	**31,351**

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
14	**Financial costs**				
	Interest costs, non-current debt, etc.	6,248	5,049	5,586	5,193
	Net loss on interest rate swaps	91	2,248	91	2,248
		6,339	**7,297**	**5,677**	**7,441**
15	**Taxation**				
	Tax on the profit for the year	21,532	12,328	19,039	11,619
	Adjustment of tax regarding previous years	425	-860	425	-860
	Tax for the year	**21,957**	**11,468**	**19,464**	**10,759**
	which is broken down as follows:				
	Profit before tax	725,297	187,974	593,042	135,837
	Of which under the tonnage tax scheme	-580,008	-135,791	-580,120	-135,791
		145,289	52,183	12,922	46
	Calculated tax of this, 25% (2006: 28%)	36,322	14,611	3,230	13
	Higher/lower tax rate in subsidiaries	-30,599	-13,889	0	0
	Profits from the sale of vessels	12,988	9,887	12,988	9,887
		18,711	**10,609**	**16,218**	**9,900**
	Tonnage tax	2,821	1,719	2,821	1,719
		21,532	**12,328**	**19,039**	**11,619**
	The Company joined the tonnage tax scheme on 1 January 2001 for a binding period of 10 years.				
	If the Company's net investments in vessels decrease noticeably or if the Company is wound up, the contingent tax from before the Company joined the tonnage tax scheme will crystallise.				
	Contingent tax under the tonnage tax scheme	18,544	16,311	18,544	16,311
	Contingent tax is calculated at 25% (2006: 28%) equalling the current tax rate.				

Notes

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
16	**Earnings per share (EPS)**				
	Basic				
	Profit for the year for NORDEN's shareholders	703,228	176,394	573,578	125,078
	Weighted average number of shares (thousand)	42,249	43,383	42,249	43,383
	Earnings per share (USD per share)	**16.64**	**4.07**	**13.58**	**2.88**
	Diluted				
	Weighted average number of shares (thousand)	42,249	43,383	42,249	43,383
	Adjusted for share options (thousand)	586	203	586	203
	Weighted average number of shares for diluted earnings per share (thousand)	42,835	43,586	42,835	43,586
	Diluted earnings per share (USD per share)	**16.42**	**4.05**	**13.39**	**2.87**
17	**Land and buildings**				
	Cost at 1 January	4,436	4,436	4,436	4,436
	Additions for the year	1,690	0	1,690	0
	Cost at 31 December	6,126	4,436	6,126	4,436
	Depreciation at 1 January	-461	-367	-461	-367
	Depreciation for the year	-94	-94	-94	-94
	Depreciation at 31 December	-555	-461	-555	-461
	Carrying amount at 31 December	**5,571**	**3,975**	**5,571**	**3,975**
18	**Vessels**				
	Cost at 1 January	369,771	237,232	337,163	219,269
	Transferred during the year from prepayments on vessels and newbuildings	33,010	113,389	31,046	80,910
	Transferred during the year to tangible assets held for sale	-96,489	-55,297	-63,866	-37,334
	Additions for the year	51,992	77,588	34,119	77,459
	Disposals for the year	-52,293	-3,141	-52,293	-3,141
	Cost at 31 December	305,991	369,771	286,169	337,163
	Depreciation at 1 January	-40,605	-29,043	-40,027	-27,285
	Depreciation for the year	-18,030	-18,612	-17,165	-17,450
	Reversed depreciation on vessels disposed of	8,525	3,141	8,525	3,141
	Reversed depreciation on tangible assets held for sale	21,933	3,909	20,661	1,567
	Depreciation at 31 December	-28,177	-40,605	-28,006	-40,027
	Carrying amount at 31 December	**277,814**	**329,166**	**258,163**	**297,136**
	Capitalised borrowing costs	0	0	0	0
	Amount insured in USD million	932,5	814,2	857,1	763,9
	Brokers' valuations in USD million	923,5	654,2	841,5	609,3

See note 37 for security provided for vessels.

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
19	**Vessels acquired under finance leases**				
	Cost at 1 January	30,000	30,000	30,000	30,000
	Transferred during the year to tangible assets held for sale	-30,000	0	-30,000	0
	Cost at 31 December	0	30,000	0	30,000
	Depreciation at 1 January	-3,192	-3,192	-3,192	-3,192
	Depreciation for the year	0	0	0	0
	Reversed depreciation on tangible assets held for sale	3,192	0	3,192	0
	Depreciation at 31 December	0	-3,192	0	-3,192
	Carrying amount at 31 December	**0**	**26,808**	**0**	**26,808**
	Brokers' valuations in USD million	0.0	40.0	0.0	40.0
20	**Fixtures, fittings and equipment**				
	Cost at 1 January	8,856	8,541	8,040	7,964
	Additions for the year	2,509	1,283	2,046	940
	Disposals for the year	-1,140	-968	-1,032	-864
	Cost at 31 December	10,225	8,856	9,054	8,040
	Depreciation at 1 January	-4,679	-3,755	-4,364	-3,544
	Depreciation for the year	-1,443	-1,612	-1,256	-1,478
	Reversed depreciation on assets disposed of	333	688	291	658
	Depreciation at 31 December	-5,789	-4,679	-5,329	-4,364
	Carrying amount at 31 December	**4,436**	**4,177**	**3,725**	**3,676**
21	**Prepayments on vessels and newbuildings**				
	Cost at 1 January	97,117	95,557	12,511	32,190
	Additions for the year	233,723	136,981	98,867	61,617
	Disposals for the year	-3,385	-21,966	-3,385	-320
	Transferred during the year to vessels	-33,010	-113,389	-31,046	-80,910
	Transferred during the year to other items	0	-66	0	-66
	Transferred during the year to tangible assets held for sale	-13,127	0	-503	0
	Carrying amount at 31 December	**281,318**	**97,117**	**76,444**	**12,511**
	Brokers' valuations in USD million	1,556.4	432.0	257.7	49.2

Notes

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
22	**Investments in subsidiaries**				
	Cost at 1 January	-	-	17,967	17,615
	Additions for the year	-	-	197	352
	Cost at 31 December	-	-	18,164	17,967
	Carrying amount at 31 December	**-**	**-**	**18,164**	**17,967**
	Consolidated subsidiaries comprise:	Ownership	Ownership		
	"NORDEN" Tankers & Bulkers Pte. Ltd., Singapore	100%	100%		
	"NORDEN" Tankers & Bulkers Inc., USA	100%	100%		
	"NORDEN" Tankers & Bulkers Ltd., Brazil	100%	100%		
	"NORDEN" Tankers & Bulkers Pvt. Ltd., India	100%	100%		
	Nordhval Pte. Ltd., Singapore	100%	100%		
	Nordafrika Pte. Ltd., Singapore	100%	100%		
	Normit Shipping S.A., Panama	51%	51%		
	NORDEN Derivatives A/S, Denmark	100%	100%		
	For guarantees relating to subsidiaries, see note 36.				
	No significant restrictions apply to distributions from subsidiaries.				
23	**Investments in joint ventures**				
	Cost at 1 January	18,698	3,745	1,270	3,644
	Additions for the year	1,612	18,553	1,612	1,226
	Disposals for the year	0	-3,600	0	-3,600
	Cost at 31 December	20,310	18,698	2,882	1,270
	Value adjustments at 1 January	-1,166	14,593	-	-
	Share of results for the year	1,611	1,379	-	-
	Reversed value adjustment on disposals for the year	0	-17,138	-	-
	Value adjustments at 31 December	445	-1,166	0	0
	Carrying amount at 31 December	**20,755**	**17,532**	**2,882**	**1,270**

Liquidation of joint ventures in 2006 amounted to USD 20.7 million, of which dividends represented USD 17.1 million.

Note	Amounts in USD'000	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
23	**Investments in joint ventures – continued**				
	The carrying amount is specified as follows:				
	Nortide Shipping III Ltd., Bermuda	818	-23	500	500
	Norient Product Pool A/S, Denmark	-890	202	2,381	769
	Norient Cyprus Ltd., Cyprus	1	1	1	1
	ANL Maritime Services Pte. Ltd., Singapore	175	112	0	0
	Nord Summit Pte. Ltd., Singapore	14,499	11,085	0	0
	Nord Empros I Pte. Ltd., Singapore	2,339	2,340	0	0
	Nord Empros II Pte. Ltd., Singapore	2,339	2,340	0	0
	Nord Empros III Pte. Ltd., Singapore	1,474	1,475	0	0
		20,755	17,532	2,882	1,270
	Guarantees regarding joint ventures	29,995	50,095	0	0
	Liabilities regarding joint ventures	26,315	36,365	0	0
	Investments in joint ventures comprise:	Ownership	Ownership	Ownership	Ownership
	Nortide Shipping III Ltd., Bermuda	50%	50%	50%	50%
	Norient Product Pool A/S, Denmark	50%	50%	50%	50%
	Norient Cyprus Ltd., Cyprus	50%	50%	50%	50%
	ANL Maritime Services Pte. Ltd., Singapore	50%	50%	-	-
	Nord Summit Pte. Ltd., Singapore	50%	50%	-	-
	Nord Empros I Pte. Ltd., Singapore	50%	50%	-	-
	Nord Empros II Pte. Ltd., Singapore	50%	50%	-	-
	Nord Empros III Pte. Ltd., Singapore	50%	50%	-	-
	Key figures (100%) for joint ventures:				
	Revenue and other income	14,113	13,747	6,294	13,493
	Costs	12,575	10,051	11,705	9,642
	Non-current assets	55,778	25,117	10,799	3,005
	Current assets	30,726	7,182	9,461	6,655
	Non-current liabilities	16,650	800	0	800
	Current liabilities	9,380	6,807	1,485	6,572

No significant restrictions apply to distributions from joint ventures.

In addition, the Group and the parent company participate in normal profit sharing agreements (joint venture operations) for 15 vessels in which profit sharing for the vessels is 50%. No contingent liabilities or contribution requirements are related to joint ventures or profit sharing agreements.

Notes

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
24	**Receivables**				
	Freight receivables	87,738	53,090	79,670	47,644
	Receivables from group undertakings	-	-	9,255	0
	Receivables from joint ventures	9,008	7,320	4,770	2,460
	Other receivables	55,222	18,902	49,766	17,017
	Net receivables	151,968	79,312	143,461	67,121
	Non-current receivables	0	3,981	0	3,981
	Receivables	**151,968**	**83,293**	**143,461**	**71,102**
	All non-current receivables fall due within one year				
	The fair values of receivables amount to:				
	Freight receivables	87,738	53,090	79,670	47,644
	Receivables from group undertakings	-	-	9,255	0
	Receivables from joint ventures	9,008	7,320	4,770	2,460
	Other receivables	55,222	18,902	49,766	17,017
	The carrying amount of receivables is distributed on the following currencies:				
	USD	146,573	76,176	138,995	65,851
	DKK	4,466	5,251	4,466	5,251
	Other currencies	929	1,866	0	0
		151,968	**83,293**	**143,461**	**71,102**
25	**Prepayments**				
	Prepaid charter hire	109,161	31,429	109,161	31,429
	Other	10,013	5,229	9,054	3,325
		119,174	**36,658**	**118,215**	**34,754**
26	**Securities**				
	Shares	3,172	2,738	3,172	2,738
		3,172	**2,738**	**3,172**	**2,738**
27	**Cash and cash equivalents**				
	Demand deposits and cash in hand	45,673	73,140	32,937	58,008
	Money market investments	503,053	235,624	416,706	194,500
	Other cash and cash equivalents	70,662	6,179	24,759	6,179
	Cash and cash equivalents recognised in the balance sheet	**619,388**	**314,943**	**474,402**	**258,687**
	- hereof tied-up cash and cash equivalents	16,600	0	0	0
	Cash and cash equivalents according to the cash flow statement	**602,788**	**314,943**	**474,402**	**258,687**
	Money market investments at year end have maturities of up to	116 days	14 days	116 days	6 days

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
27	**Cash and cash equivalents - continued**				
	In connection with trading in derivative financial instruments, NORDEN has established margin accounts with Norwegian Future and Options Clearing House (NOS), UBS and Danske Bank in the form of cash.				
	At 31 December, cash held in margin accounts placed as security amounted to	34,964	6,177	24,723	6,177
28	**Tangible assets held for sale**				
	Carrying amount at 1 January	18,014	18,411	18,014	18,411
	Additions for the year from prepayments on vessels and newbuildings	13,127	0	503	0
	Additions for the year to tangible assets held for sale	62,403	16,535	54,643	16,535
	Additions for the year from vessels	101,364	51,388	70,013	35,767
	Disposals for the year	-118,925	-68,320	-87,572	-52,699
	Carrying amount at 31 December	**75,983**	**18,014**	**55,601**	**18,014**
	Which can be specified as follows:				
	Vessels	25,597	18,014	25,597	18,014
	Vessels acquired under finance leases	26,808	0	26,808	0
	Newbuildings	19,781	0	914	0
	Prepayments on vessels	3,797	0	2,282	0
	Carrying amount at 31 December	**75,983**	**18,014**	**55,601**	**18,014**
	Brokers' valuations in USD million	158.7	37.7	118.2	37.7
29	**Reserves**				
	Securities:				
	Fair value adjustment at 1 January	629	484	629	484
	Fair value adjustment for the year	429	145	429	145
	Fair value adjustment at 31 December	**1,058**	**629**	**1,058**	**629**
	Cash flow hedges:				
	Fair value adjustment at 1 January	872	-2,214	872	-2,214
	Fair value adjustment for the year	1,796	-952	2,260	-952
	Transferred to the income statement (vessel operating costs)	-1,019	1,352	-1,019	1,352
	Transferred to vessels	952	2,686	952	2,686
	Fair value adjustment at 31 December	**2,601**	**872**	**3,065**	**872**
	Fair value adjustment at 31 December	**3,659**	**1,501**	**4,123**	**1,501**

Unrealised fair value adjustments of listed securities denominated in foreign currencies are recognised in equity until realised.

Fair value adjustment of hedging instruments entered into before 31 December 2004 relating to 2008 and future years are also recognised in equity until realised.

Notes

Note	Amounts in USD'000

30 Equity

The share capital consists of 44,600,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions. In 2007, the share capital was written down by 1,475,000 shares of a nominal value of DKK 1 each.

Treasury shares

	2007	2006	2007	2006	2007	2006
	Number of shares		Nominal value (DKK'000)		% of share capital	
1 January	2,737,760	2,835,300	2,738	2,835	5.9	6.2
Purchased	1,457,940	203,900	1,458	204	3.3	0.4
Distributed / sold	-18,560	-301,440	-19	-301	0.0	-0.7
Cancelled	-1,475,000	0	-1,475	0	-3.3	0.0
31 December	**2,702,140**	**2,737,760**	**2,702**	**2,738**	**6.1**	**5.9**

The Company is authorised by the general meeting to acquire a maximum of 4,460,000 treasury shares, equal to 10% of the share capital. Treasury shares are among other things acquired for the purpose of share-based payment. See note 41.

In 2007, the Company acquired 1,457,940 treasury shares, equalling a purchase price of DKK 386,354 thousand (USD 69,335 thousand). Furthermore, the Company distributed employee shares from the Company's portfolio of 18,560 treasury shares with a value of DKK 4,501 thousand (USD 827 thousand) and cancelled 1,475,000 treasury shares, equalling a nominal value of DKK 1,475 thousand (USD 234 thousand).

In 2006, the Company acquired 203,900 treasury shares, equalling a purchase price of DKK 27,879 thousand (USD 4,527 thousand). Furthermore, the Company sold 301,440 treasury shares equalling a selling price of DKK 5,705 thousand (USD 930 thousand).

Of the Company's portfolio of outstanding shares, 538,460 have been lodged as security with Vækstfonden in connection with the employees' exercise of share options comprised by the Company's share option programme. The shares can be released for cash at the share price existing from time to time. Vækstfonden receives dividends as long as the shares are lodged.

The Company had 43,337,240 outstanding shares of DKK 1 each at 1 January 2007 and 41,897,860 shares of DKK 1 each at 31 December 2007.

Note		GROUP		PARENT COMPANY	
		2007	2006	2007	2006
31	**Provision for docking costs (bareboat)**				
	Balance at 1 January	200	416	200	416
	Provided during the year	0	654	0	654
	Utilised during the year	-200	-870	-200	-870
		0	**200**	**0**	**200**
	The terms of provisions are expected to be as follows:				
	Within one year	0	200	0	200
		0	**200**	**0**	**200**

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
32	**Non-current liabilities and current bank debt**				
	Interest-bearing liabilities are included in the following items:				
	Non-current liabilities	68,796	103,925	68,796	83,025
	Non-current lease liabilities	0	23,667	0	23,667
	Current portion of non-current debt	5,187	13,118	5,187	11,618
	Current bank debt	0	20,000	0	20,000
	Finance lease liability related to assets held for sale	23,667	0	23,667	0
		97,650	**160,710**	**97,650**	**138,310**
	Mortgages and security provided in relation to liabilities are disclosed in note 37.				
	Non-current liabilities and current portions of these, excluding finance lease liabilities, amount to:				
	Carrying amount:				
	- Floating-rate loans	0	59,098	0	36,698
	- Fixed-rate loans	73,983	57,170	73,983	57,170
	Total	73,983	116,268	73,983	93,868
	Fair value:				
	- Floating-rate loans	0	59,098	0	36,698
	- Fixed-rate loans	74,171	54,673	74,171	54,673
	Total	74,171	113,771	74,171	91,371
	The terms to maturity are:				
	Within one year	5,187	12,343	5,187	10,843
	Between 1 – 5 years	20,747	49,374	20,747	43,374
	More than 5 years	48,049	54,551	48,049	39,651
		73,983	**116,268**	**73,983**	**93,868**

Notes

Note Amounts in USD'000

32 Non-current liabilities and current bank debt – continued

	GROUP – 2007			GROUP – 2006		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within one year	25,574	1,907	23,667	3,285	2,510	775
Between 1 – 5 years	0	0	0	25,574	1,907	23,667
	25,574	**1,907**	**23,667**	**28,859**	**4,417**	**24,442**
Fair value			**25,019**			**26,668**

	PARENT COMPANY – 2007			PARENT COMPANY – 2006		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within one year	25,574	1,907	23,667	3,285	2,510	775
Between 1 – 5 years	0	0	0	25,574	1,907	23,667
	25,574	**1,907**	**23,667**	**28,859**	**4,417**	**24,442**
Fair value			**25,019**			**26,668**

The fair value has been calculated on the basis of discounted cash flows using a discount factor based on the borrowing rate at the balance sheet date. The fair values of current loans and current lease liabilities are assumed to be expressed by nominal values.

The lease liability comprises a vessel with a purchase option exercisable in 2008. On this vessel, NORDEN also has a put option against the Company, which is also exercisable in 2008. The purchase option will be exercised in 2008.

	GROUP		PARENT COMPANY	
	2007	**2006**	**2007**	**2006**
Prepayments received on vessels for resale				
Non-current prepayments received on vessels for resale:				
Carrying amount	16,600	3,981	0	3,981
Fair value	16,600	3,981	0	3,981
Maturities:				
Between 1 – 5 years	16,600	3,981	0	3,981
	16,600	**3,981**	**0**	**3,981**

Note Amounts in USD'000

Note		GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
33	**Deferred income**				
	Prepaid charter hire	51,905	11,770	51,905	11,770
	Prepaid freight	0	4,251	0	0
	Other	9,300	8,016	6,852	6,584
		61,205	**24,037**	**58,757**	**18,354**
34	**Liabilities related to tangible assets held for sale**				
	Current lease liabilities	23,667	0	23,667	0
	Prepayments received on vessels and newbuildings	23,292	0	4,252	0
		46,959	**0**	**27,919**	**0**

35 Operating lease liabilities, Group

Lease liabilities relating to delivered vessels on timecharter with purchase option

Number of delivered vessels with purchase option

	2007 Dry cargo	2007 Tankers	2007 Total	2006 Dry cargo	2006 Tankers	2006 Total
Within one year	31	3	34	26	2	28
Between 1 – 5 years	26	2	28	23	2	25
More than 5 years	11	0	11	7	0	7

Notes

Note	Amounts in USD'000	2007	2006

35 Operating lease liabilities, Group – continued

	Charter hire including daily operating costs (excluding value of purchase option)					
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	117,543	13,063	130,606	103,021	9,636	112,657
Between 1 – 5 years	343,780	32,819	376,599	273,988	9,913	283,901
More than 5 years	81,620	0	81,620	34,975	0	34,975
Total	**542,943**	**45,882**	**588,825**	**411,984**	**19,549**	**431,533**

Leases have been entered into with a mutually interminable lease period of up to 10 years. As a general rule, leases include an option to renew for one additional year at a time for up to three years. Leases include purchase options, typically exercisable as from the end of the third year to the expiry of the period of renewal. Exercise of the purchase option on the individual vessel is based on an individual assessment. None of the leases comprise contingent lease payments.

Lease liabilities relating to delivered vessels without purchase option

	Number of delivered vessels without purchase option					
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	146	16	162	86	11	97
Between 1 – 5 years	14	10	24	12	10	22
More than 5 years	0	0	0	0	0	0

	Charter hire, vessels on timecharter					
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	687,868	100,972	788,840	205,179	55,420	260,599
Between 1 – 5 years	99,672	67,898	167,570	51,674	62,301	113,975
More than 5 years	0	0	0	0	0	0
Total	**787,540**	**168,870**	**956,410**	**256,853**	**117,721**	**374,574**

In 2006, the Group had one tanker on bareboat-charter with a lease liability of USD 153 thousand within one year.

Operating lease payments in the form of charter hire including daily operating costs recognised in the income statement for the financial year is disclosed in note 6.

Note	Amounts in USD'000

35 Operating lease liabilities, Group – continued

Lease liabilities relating to vessels not delivered

	2007			2006		
	Number of vessels not delivered					
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	40	7	47	20	7	27
Between 1 – 5 years	45	13	58	36	15	51
More than 5 years	36	10	46	33	11	44

	Charter hire on vessels not delivered					
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	285,715	25,036	310,751	84,765	16,175	100,940
Between 1 – 5 years	670,590	227,136	897,726	460,815	228,897	689,712
More than 5 years	717,855	189,356	907,211	628,454	188,204	816,658
Total	**1,674,160**	**441,528**	**2,115,688**	**1,174,034**	**433,276**	**1,607,310**

	GROUP		PARENT COMPANY	
	2007	**2006**	**2007**	**2006**
36 Unrecognised contingent liabilities				
Guarantee commitments do not exceed	247	214	147	114
Guarantee provided to subsidiaries	0	0	1,225,111	701,431
The Company has entered into agreements for future delivery of vessels, etc. The total contract amount of such assets for delivery is	1,335,518	445,796	308,372	91,620
The total contract amount is payable as follows:				
Already paid	324,988	173,996	77,591	28,691
Before 1 year	327,235	134,540	117,169	31,098
Between 1 and 2 years	590,313	137,260	73,756	31,831
More than 3 years	92,982	-	36,856	-
	1,335,518	445,796	308,372	91,620
Cargo claims have been made against the Company. The Company and its legal advisors consider the claims unjustified and do not perceive that the Company will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	11,277	11,277	11,277	11,277

Notes

Note	Amounts in USD'000	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
37	**Mortgages and security**				
	As security for non-current liabilities	73,983	116,268	73,983	93,868
	a total number of vessels of	4	7	4	6
	with a carrying amount of	99,816	180,849	99,816	148,899
	have been mortgaged at	85,580	191,940	85,580	169,540
	Finance lease assets with a carrying amount of	26,808	26,808	26,808	26,808
	are provided as security for lease liabilities of	23,667	24,442	23,667	24,442

38 COAs and operating lease income

At 31 December, the Group had entered into COAs with customers amounting to:

	2007			2006		
	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	717,349	0	717,349	236,964	0	236,964
Between 1 – 5 years	286,743	0	286,743	51,147	0	51,147
More than 5 years	7,720	0	7,720	0	0	0
Total	**1,011,812**	**0**	**1,011,812**	**288,111**	**0**	**288,111**

The Group has operating lease income amounting to:

	Dry cargo	Tankers	Total	Dry cargo	Tankers	Total
Within one year	851,587	37,576	889,163	170,532	45,761	216,293
Between 1 – 5 years	506,963	13,763	520,726	47,552	56,535	104,087
More than 5 years	47,020	0	47,020	12,125	0	12,125
Total	**1,405,570**	**51,339**	**1,456,909**	**230,209**	**102,296**	**332,505**

39 Financial instruments

To hedge recognised and unrecognised transactions, the Group uses hedging instruments such as forward exchange contracts, interest rate swaps, FFAs and bunker hedging contracts.

For more information on the Company's overall risk management, see the description in note 2.

Forward exchange contracts

	2007	2006	2007	2006
	Forward exchange hedges			
	Trading portfolio DKK/USD		Cash flow hedge USD/JPY	
Contractual value	150,000	50,000	94,650	32,000
Market value:				
Contracts with an unrealised gain (asset)	1,072	4,955	2,485	952
Contracts with an unrealised loss (liability)	1,014	0	689	0
Recognised in equity at 31 December	0	0	1,796	952

Note	Amounts in USD'000

39 Financial instruments – continued

The purpose of the trading portfolio is to hedge the Group's income and expenses denominated in DKK.

All contracts entered into have a term to maturity of less than six months from the balance sheet date.

Gains and losses on hedging transactions taken to the fair value reserve are recognised in the balance sheet at the same time as the hedged item as an addition to/a deduction from cost. Recognition will happen within six months of the balance sheet date.

	2007	2006
Interest risk		
Interest rate swaps – cash flow hedging		
Contractual value (outstanding debt)	0	36,698
Market value:		
Contracts with an unrealised gain (asset)	0	173
Contracts with an unrealised loss (liability)	0	0
Recognised in equity at 31 December	0	173

Commodity instruments

Changes in the fair value of the hedging instruments are recognised in a separate item, "Fair value adjustment of certain hedging instruments". Accordingly, in equity at the end of 2007 remains only the value at 31 December 2004 of the hedging instruments not yet realised at the end of 2007.

	2007	2006	2007	2006
	Contractual value		Recognised in equity at 31 December	
Forward Freight Agreements – purchase, hedging	159,293	12,392	0	0
Forward Freight Agreements – sale, hedging	75,294	47,724	0	0
Bunker hedging contracts – purchase, hedging	168,483	66,452	806	1,652
Bunker hedging contracts – sale, hedging	0	0	0	0
Forward Freight Agreements – purchase, NORDEN Derivatives A/S	157,582	8,414	0	0
Forward Freight Agreements – sale, NORDEN Derivatives A/S	148,572	0	0	0

Notes

Note Amounts in USD'000

40 Related party disclosures and transactions with related parties

The Company has no related parties exercising control.

The Company's related parties exercising a significant influence comprise the companies' Boards of Directors, Boards of Management and executives and their close relatives. Related parties also include companies in which the above persons have significant interests.

Related parties also comprise the related parties of group undertakings and joint ventures, shown in notes 22 and 23, over which NORDEN exercises either control or a significant influence.

	GROUP		PARENT COMPANY	
	2007	**2006**	**2007**	**2006**
Trading and accounts with related parties comprise:				
Sales of goods and services				
– group undertakings	-	-	168,007	117,102
– joint ventures	1,828	1,265	831	604
Purchases of goods and services				
– group undertakings	-	-	5,256	3,202
– joint ventures	38	75	38	75
Liquidation proceeds				
– joint ventures	0	0	0	20,738
Interest received from group undertakings	-	-	268	0
Interest paid to				
– group undertakings	-	-	91	409
– joint ventures	0	636	0	636
Amounts owed by related parties				
– group undertakings	-	-	9,255	1.340
– joint ventures	4,470	59	4,470	59
Amounts owed to related parties				
– group undertakings	-	-	9,021	78,666
– joint ventures	0	2,001	0	2,001
Dividends paid to related parties				
– A/S Motortramp	10,859	19,354	10,859	19,354
– Kristiansands Tankrederi AS	8,790	15,049	8,790	15,049

Guarantees are mentioned in notes 23 and 36.

The emoluments, remuneration and share-based payment of the Board of Directors, Board of Management and other executi-ves are disclosed in notes 8 and 41.

No other transactions were made during the year with members of the Board of Directors, Board of Management, executive, major shareholders or any other related parties.

Note

41 Share-based payment

Employee shares
In connection with the employee share scheme for 2007, NORDEN granted 80 shares to all employees who either had, or during the course of 2007 would attain, one year's seniority. A total of 18,560 shares were granted. The price per share at the grant date was DKK 242.51. The fair value of the granted employees shares, which were expensed, in 2007 amounted to USD 827 thousand.

Share option programme – 2006
On 29 March 2006, the Board of Directors granted share options comprising a total of 500,000 shares to a number of executives. The options are exercisable from 29 March 2008 to 29 March 2010 and each entitles the holder to acquire one share at an exercise price which will be determined as the five-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise.

The share options may be exercised after at least two years and no more than four years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the company at the exercise date. Special terms apply in case of illness and death.

Share option programme – 2007
On 27 March 2007, the Board of Directors granted share options comprising a total of 458,300 shares to a number of executives. The options are exercisable from 27 March 2009 to 27 March 2011 and each entitles the holder to acquire one share at an exercise price which will be determined as the five-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise.

Upon joining the Company at 1 September 2007, the new CFO was awarded a total of 42,000 share options by the Board of Directors. The options are exercisable from 1 September 2009 to 1 September 2011, and give the holder the right to purchase one share per option at an exercise price determined as the five-day average of the market price with the addition of an effective interest rate of 8% p.a. until the exercise date.

The share options may be exercised after at least two years and no more than four years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of illness and death.

The change in the number of outstanding shares is as follows:

	2007	**2006**
	Number of options	
Outstanding at 1 January	480,440	0
Granted during the period	500,300	500,000
Lapsed during the period	-	-19,560
Exercised during the period	-	-
Expired during the period	-	-
	980,740	**480,440**

Notes

Note Amounts in USD'000

41 Share-based payment – continued

Outstanding share options are composed as follows at 31 December 2007:

	Number of shares			
	Board of Management	Executives	Other executives	Total
Granted 29 March 2006	144,600	201,900	133,940	480,440
Granted 27 March 2007	94,780	204,200	159,320	458,300
Granted 1 September 2007	42,000	0	0	42,000
Outstanding at 31 December 2007	**281,380**	**406,100**	**293,260**	**980,740**

	Per option, DKK			
	Exercise price at 31 December 2007	Allocation price	Number of options	Exercise period
Granted 29 March 2006	143.99	140.28	480,440	29/3 2008 – 29/3 2010
Granted 27 March 2007	287.24	275.79	458,300	27/3 2009 – 27/3 2011
Granted 1 September 2007	521.99	508.84	42,000	1/9 2009 – 1/9 2011
Outstanding at 31 December 2007	**227.12**		**980,740**	

The fair value of granted share options in 2006 and 2007 amounts to USD 1.6 million and USD 2.9 million, repectively, and is recognised in the income statement over the vesting period and set off against equity. The expense for the year is USD 1,981 thousand (USD 607 thousand).

The calculated fair value at the grant date is based on the Black-Scholes option valuation model. The calculation of the fair values of options granted in 2006 and 2007 was based on the following assumptions:

– That all options are granted and that the options are exercised at the earliest opportunity.
– A volatility of 39.5% (2006) and 30.2% and 30,1%, respectively (2007).
– A dividend of 750% (2006) and 500% (2007).
– A risk-free interest rate of 3.8% (2006) and 4.1% and 4.3%, respectively (2007).

The expected volatility is based on the historical volatility (calculated at the weighted average remaining term of granted share options) adjusted for expected changes to this resulting from publicly available information.

The expected term is based on the historical term of previously granted share options.

The expected dividend per share is based on historical dividends.

The risk-free interest rate is based on Danish government bonds.

Total share-based payment
The fair value adjustment for the year of employee shares and share options amounted to USD 2,808 thousand (USD 737 thousand).

Note Amounts in USD'000

42 Liquidity risk

The terms to maturity of financial assets and liabilities are disclosed by category and class, distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined based on a zero-coupon interest structure. All cash flows are undiscounted.

	GROUP – 2007				
	Maturities				
	Within 1 year	Between 1 - 2 years	More than 3 years	Total	Carrying amount
Financial assets and liabilities at fair value through profit or loss					
Derivative financial instruments					
Forward exchange contracts – asset	196,348	7,195	22,085	225,628	1,850
Forward exchange contracts – liability	-194,226	-7,263	-22,289	-223,778	0
FFAs – asset	12,846	0	0	12,846	12,846
FFAs – liability	-2,238	0	0	-2,238	-2,238
Bunker heding contracts – asset	21,100	9,009	278	30,387	30,387
Bunker hedging contracts – liability	-1,716	0	0	-1,716	-1,716
Loans and receivables measured at amortised cost					
Cash and cash equivalents	602,788	8,300	8,300	619,388	619,388
Freight receivables	87,738	0	0	87,738	87,738
Other receivables	10,139	0	0	8,744	10,139
Financial liabilities measured at amortised cost					
Bank debt	-8,291	-15,582	-60,725	-84,598	-73,983
Trade and other payables	-95,542	0	0	-95,542	-95,542

	GROUP – 2006				
Derivative financial instruments					
Forward exchange contracts – asset	54,955	0	0	54,955	4,955
Forward exchange contracts – liability	-50,000	0	0	-50,000	0
Interest rate swaps – asset	2,546	0	0	2,546	2,546
Interest rate swaps – liability	-2,373	0	0	-2,373	-2,373
FFAs – liability	-1,873	0	0	-1,873	-1,873
Bunker heding contracts – asset	5,760	1,885	807	8,452	8,452
Bunker hedging contracts – liability	-3,468	-1,640	-410	-5,518	-5,518
Loans and receivables measured at amortised cost					
Cash and cash equivalents	314,943	0	0	314,943	314,943
Freight receivables	53,090	0	0	53,090	53,090
Other receivables	5,150	172	0	5,322	5,322
Financial liabilities measured at amortised cost					
Bank debt and Danmarks Skibskredit	-87,809	-8,035	-74,709	-170,553	-136,268
Finance lease liabilities	-3,285	-25,574	0	-28,859	-24,442
Trade and other payables	-50,694	0	0	-50,694	-50,694

Notes

Note Amounts in USD'000

42 Liquidity risk – continued

	PARENT COMPANY – 2007				
	Maturities				
	Within 1 year	Between 1 - 2 years	More than 3 years	Total	Carrying amount
Financial assets and liabilities at fair value through profit or loss					
Derivative financial instruments					
Forward exchange contracts – asset	192,989	0	0	192,989	2,108
Forward exchange contracts – liability	-190,882	0	0	-190,882	0
FFAs – asset	8,341	0	0	8,341	8,341
FFAs – liability	-443	0	0	-443	-443
Bunker heding contracts – asset	21,100	9,009	278	30,387	30,387
Bunker hedging contracts – liability	-1,716	0	0	-1,716	-1,716
Loans and receivables measured at amortised cost					
Cash and cash equivalents	474,402	0	0	474,402	474,402
Freight receivables	79,670	0	0	79,670	79,670
Other receivables	8,930	0	0	8,930	8,930
Financial liabilities measured at amortised cost					
Bank debt	-8,291	-15,582	-60,725	-84,598	-73,983
Trade and other payables	-81,751	0	0	-81,751	-81,751

	PARENT COMPANY – 2006				
Derivative financial instruments					
Forward exchange contracts – asset	54,955	0	0	54,955	4,955
Forward exchange contracts – liability	-50,000	0	0	-50,000	0
Interest rate swaps – asset	2,546	0	0	2,546	2,546
Interest rate swaps – liability	-2,373	0	0	-2,373	-2,373
FFAs – liability	-1,873	0	0	-1,873	-1,873
Bunker heding contracts – asset	6,606	3,496	0	10,102	10,102
Bunker hedging contracts – liability	-3,468	-1,640	-410	-5,518	-5,518
Loans and receivables measured at amortised cost					
Cash and cash equivalents	258,687	0	0	258,687	258,687
Freight receivables	47,644	0	0	47,644	47,644
Other receivables	1,614	173	0	1,787	1,787
Financial liabilities measured at amortised cost					
Bank debt	-64,425	-8,035	-74,709	-147,169	-113,868
Finance lease liabilities	-3,285	-25,574	0	-28,859	-24,442
Trade and other payables	-44,011	0	0	-44,011	-44,011

Note	Amounts in USD'000

43 Classification of financial instruments (disclosure requirement under IAS 39)

	GROUP – 2007					
	Financial assets				Financial liabilities	
Balance sheet item	Fair value through equity*	Fair value through profit or loss	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Tangible assets:						
Prepayments on vessels and newbuildings	0	0	281,318	0		
Current assets:						
Freight receivables	0	0	87,738	0		
Other receivables	2,976	43,500	8,746	0		
Securities	0	0	0	3,172		
Cash and cash equivalents	474	0	618,914	0		
Non-current liabilities:						
Bank debt					0	68,796
Prepayments received on vessels for resale					0	16,600
Current liabilities:						
Current portion of non-current debt					0	5,187
Trade payables					0	84,510
Other payables					3,173	11,813
Total financial instruments	**3,450**	**43,500**	**996,716**	**3,172**	**3,173**	**186,906**
Non-financial instruments	0	0	486,622	75,983	0	108,164
Total assets/liabilities	**3,450**	**43,500**	**1,483,338**	**79,155**	**3,173**	**295,070**

* Hedge accounting.

Notes

Note Amounts in USD'000

43 Classification of financial instruments (disclosure requirement under IAS 39) – continued

GROUP – 2006

	Financial assets				Financial liabilities	
Balance sheet item	Fair value through equity	Fair value through profit or loss	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Tangible assets:						
Prepayments on vessels and newbuildings	0	0	97,117	0		
Non-current assets:						
Other receivables	0	0	3,981	0		
Current assets:						
Freight receivables	0	0	53,090	0		
Other receivables	1,825	13,407	3,670	0		
Securities	0	0	0	2,738		
Cash and cash equivalents	31,606	0	283,337	0		
Non-current liabilities:						
Bank debt					0	84,748
Danmarks Skibskredit					0	19,177
Prepayments received on vessels for resale					0	3,981
Current liabilities:						
Current portion of non-current debt					0	12,343
Bank debt					0	20,000
Trade payables					0	40,209
Other payables					7,391	10,485
Total financial instruments	**33,431**	**13,407**	**441,195**	**2,738**	**7,391**	**190,943**
Non-financial instruments	0	0	451,766	18,014	0	48,679
Total assets/liabilities	**33,431**	**13,407**	**892,961**	**20,752**	**7,391**	**239,622**

Note	Amounts in USD'000

43 **Classification of financial instruments (disclosure requirement under IAS 39) – continued**

	PARENT COMPANY – 2007					
	Financial assets				Financial liabilities	
Balance sheet item	Fair value through equity	Fair value through profit or loss	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Tangible assets:						
Prepayments on vessels and newbuildings	0	0	76,444	0		
Current assets:						
Freight receivables	0	0	79,670	0		
Other receivables	2,976	38,995	7,795	0		
Securities	0	0	0	3,172		
Cash and cash equivalents	474	0	473,928	0		
Non-current liabilities:						
Bank debt					0	68,796
Current liabilities:						
Current portion of non-current debt					0	5,187
Trade payables					0	71,270
Other payables					3,173	9,467
Total financial instruments	**3,450**	**38,995**	**637,837**	**3,172**	**3,173**	**154,720**
Non-financial instruments	0	0	470,451	55,601	0	95,697
Total assets/liabilities	**3,450**	**38,995**	**1,108,288**	**58,773**	**3,173**	**250,417**

Notes

Note Amounts in USD'000

43 Classification of financial instruments (disclosure requirement under IAS 39) – continued

	PARENT COMPANY – 2006					
	Financial assets				Financial liabilities	
Balance sheet item	Fair value through equity	Fair value through profit or loss	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Tangible assets:						
Prepayments on vessels and newbuildings	0	0	12,511	0		
Non-current assets:						
Other receivables	0	0	3,981	0		
Current assets:						
Freight receivables	0	0	47,644	0		
Other receivables	1,825	13,407	1,785	0		
Securities	0	0	0	2,738		
Cash and cash equivalents	31,606	0	227,081	0		
Non-current liabilities:						
Bank debt					0	63,848
Danmarks Skibskredit					0	19,177
Prepayments received on vessels for resale					0	3,981
Current liabilities:						
Current portion of non-current debt					0	10,843
Bank debt					0	20,000
Trade payables					0	34,068
Other payables					7,391	9,943
Total financial instruments	**33,431**	**13,407**	**293,002**	**2,738**	**7,391**	**161,860**
Non-financial instruments	0	0	414,045	18,014	0	120,263
Total assets/liabilities	**33,431**	**13,407**	**707,047**	**20,752**	**7,391**	**282,123**

		GROUP		PARENT COMPANY	
Note	**Amounts in USD'000**	**2007**	**2006**	**2007**	**2006**
44	**Other adjustments**				
	Interest on finance leases	2,510	2,587	2,510	2,587
	Share-based payment	2,808	737	2,808	737
	Prepaid freight	-4,250	-4,959	0	0
		1,068	**-1,635**	**5,318**	**3,324**
45	**Change in working capital**				
	Inventories on board vessels	-18,897	-4,176	-18,102	-4,115
	Freight and other receivables, etc.	-121,263	-34,794	-130,142	-26,019
	Trade and other payables, etc.	78,579	-2,600	4,665	-10,611
	Fair value adjustments of hedging instruments taken to equity	1,728	3,086	2,192	3,086
		-59,853	**-38,484**	**-141,387**	**-37,659**
46	**Investments in subsidiaries**				
	In 2007, Dampskibsselskabet ”NORDEN” A/S invested further capital in ”NORDEN” Tankers & Bulkers Ltd., Brazil. The company is still wholly owned. The investment amounted to USD 197 thousand.				
47	**Dividends**				
	The amount available for distribution as dividends comprises:				
	Retained earnings			944,706	476,301
	Reserves			4,123	1,501
	Available for distribution			**948,829**	**477,802**

Dividends paid in 2007 and 2006 amount to USD 42,218 throusand (DKK 5 per share) and USD 78,284 thousand (DKK 10 per share), respectively, The proposed dividend for 2007 is USD 307,568 (DKK 35 per share). The proposed dividend for 2007 will be considered at the annual general meeting on 23 April 2008. The propsed dividend has not been recognised in the financial statements.

48 Events after the balance sheet date

See the management's review.

Definitions of key figures and financial ratios

The financial ratios were computed in accordance with guidelines issued by the Danish Society of Financial Analysts entitled "Anbefalinger & Nøgletal 2005" ("Recommendations & Financial Ratios 2005"). The ratios listed in the key figures and ratios section were calculated as follows:

Return on invested capital (ROIC)	=	Profit or loss before tax and financial items / Average invested capital
Return on assets	=	Profit or loss from operations x 100 / Total assets at year-end
Share price at year-end per DKK 1 share	=	The last-quoted average share price on the OMX Nordic Exchange Copenhagen A/S for all trade in the Company share at the balance sheet date
Return on equity in % (ROE)	=	Profit or loss for the year x 100 / Average equity, excluding minority interests
Intrinsic value per DKK 1 share	=	Year-end equity, excluding minority interests / Number of shares at year-end, excluding treasury shares
Invested capital	=	Equity, including minority interests + net interest-bearing debt at year-end
Price/intrinsic value	=	Year-end price per DKK 1 share / Intrinsic value per DKK 1 share
Net asset value (NAV) per share	=	Equity, excluding minority interests + added value of vessels and vessels on order relative to year-end carrying amounts / Number of shares, excluding treasury shares at year-end
Net interest-bearing debt	=	Interest-bearing debt minus cash, cash equivalents and securities, at year-end
Profit margin	=	Profit or loss from operations x 100 / Net revenues
Payout ratio	=	Dividend x 100 / Profit or loss for the year, excluding minority interests
Net profit per DKK 1 share	=	Profit or loss for the year / Number of shares, excluding treasury shares at year-end
Equity ratio	=	Equity at year-end, excluding minority interests x 100 / Total assets
Dividend per DKK 1 share	=	Dividend yield x nominal share value / 100
Dividend yield for the year	=	Parent company dividend yield
USD exchange rate at year-end	=	The USD exchange rate quoted on the OMX Nordic Exchange Copenhagen A/S at the balance sheet date

Technical terms and abbreviations

A **Aframax** Tankers in the order of 80,000-200,000 dwt, typically vessels with load capacities of 600,000 barrels of crude oil.

B **Baltic Exchange Clean Tanker Index (BCTI)** Index of the rate development on selected routes for the product tanker segments: Handysize, MR and LR1.

Baltic Exchange Dry Index (BDI) Index of the rate development on selected routes for the dry cargo segments:: Handysize, Supramax, Panamax and Capesize.

Bulk Expression for bulk commodities. A term for everything stowed in bulk without packaging.

Bulkcarrier (also known as dry cargo vessel) A vessel with no twin-deck, used for bulk transport of grain, coal, ore, sugar and cement.

Bunker Fuel used by the vessel.

Bunker hedging Forward agreement to purchase or sell bunker oil at a predetermined price.

C **Capesize** An indication of the size of a bulkcarrier in the order of more than 150,000 dwt.

Charter party Lease or freight agreement between shipowner and charterer.

Charterer The party chartering a vessel, e.g. a cargo owner leasing the vessel for one voyage or for a short or long period.

Clarksons Shipbroking company.

COA (Contract Of Affreightment) Agreement to transport one or more cargoes at a predetermined price per ton.

D **Double-hulled vessel** A vessel with two hulls, an outer and an inner hull. The double hull protects both cargo and the environment in case of collision or grounding.

Dry cargo Transport of non-liquid cargo, e.g. bulk commodities such as grain, coal, ore, sugar and cement.

Dry cargo vessel See Bulkcarrier.

Dwt Deadweight ton. A measure of a vessel's carrying capacity.

E **EBIT** Earnings Before Interest and Tax.

EBITDA Earnings Before Interest, Tax, Depreciation and Amortisation.

F **FFA (Forward Freight Agreement)** Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

H **Handymax** An indication of the size of a bulkcarrier in the order of 40,000-60,000 dwt.

Handysize bulkcarrier An indication of the size of a bulkcarrier in the order of 25,000-40,000 dwt.

Handysize tanker Product tanker in the order of 27,000-42,000 dwt, transporting refined oil products.

I **IAS** International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IISI International Iron and Steel Institute.

IMD International Institute for Management Development.

IMF International Monetary Fund.

IMO International Maritime Organisation - international shipping organisation under the UN.

K **KPI** Key Performance Indicator.

L **Loading contract** See COA.

Long-term charter Agreement to charter a vessel for a period of more than three years.

Lorentzen og Stemoco Shipbroking company.

LR1 (long range) tanker Produkt tanker in the order of 60,000-75,000 dwt, transporting refined oil products.

M **MARPOL** A set of international conventions on preventing pollution from ships. The IMO is responsible for the administration of MARPOL.

MR (medium range) tanker Produkt tanker in the order of 42,000-60,000 dwt, transporting refined oil products.

O **OECD** Organisationen for Economic Co-operation and Development. An association of the most industrialised nations with the main purpose of achieving increased economic growth.

P **Panamax** Bulkcarrier of about 65,000-82,500 dwt. The largest type of vessel able to pass through the Panama Canal.

Pool A group of vessels with similar characteristics, with different owners but commercially operated together.

Post-Panamax A new segment comprising bulkcarriers of about 85,000-120,000 dwt, which will be able to pass through the Panama Canal following its planned expansion in 2015.

Produkt tank The part of the tank segment covering voyages with refined oil products, including jet fuel, naphtha, diesel and gas oils.

Purchase option A right, but not an obligation to purchase a vessel at a predetermined price.

R **ROE** Return On Equity.

ROIC Return On Invested Capital.

R.S. Platou Shipbroking company.

S **Short-term charter** Agreement to charter a vessel for a period of less than three years.

Spot market Market in which vessels are contracted for a single voyage for immediate delivery.

SSY Shipbroking company.

Strike value Agreed option price.

Supramax (or Super Handymax) Sub-segment comprising the largest, most modern Handymax bulkcarriers. Comprises bulkcarriers in the order of 50,000-60,000 dwt.

T **Tank** General designation of all vessels transporting oil, both crude oil and refined oil products.

T/C (timecharter) A lease of a vessel whereby the vessel is hired out for a short or long perioid.

T/C (timecharter) equivalent Frieght revenues reduced by bunker oil consumption, and port charges, stated per day.

Ton-mile A measure of demand for capacity. Calculated as the amount of freight times the transport distance in nautical miles.

Translation of Danish original. In case of any inconsistencies, the Danish version shall be governing.

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