Economic superpower in the making

Theme on the dry cargo market in India.
Pages 6-9

Closer to the customers
New office in the USA to strengthen Norient Product Pool in the North and South American market.
Page 5

Teamwork in high gear
Laser beams, motor boats and big screens. Coverage of this year’s NORDEN weekend.
Pages 10-11

They provide the tonnage
The Projects Department is in charge of purchase, sale and chartering in of NORDEN’s tonnage in the dry cargo segments.
Page 13
In rough seas

The heavy downturn in the financial markets and the related drop in freight rates in dry cargo illustrate that the shipping business is cyclical and is naturally influenced by the global economic development.

NORDEN has also taken a hit. Early October, we adjusted the 2008 guidance to a net profit of USD 800-880 million as earnings on open ship days were affected by the plunging dry cargo freight rates and, on top of that, we had to book a negative fair value adjustment on hedging instruments. Still, we are well on track to post a full-year profit, which will exceed last year’s record result of USD 703 million significantly. A net profit of more than DKK 4 billion must be perceived a solid performance in today’s world.

We are all looking for answers to today’s key questions: where is the financial crisis leading us and when does it stop hurting the global economy? But I am afraid that there are no precise answers to these questions. In times of such uncertainties, it is imperative that we in NORDEN rely on our own skills, stay 100% focused and customer-oriented – and that we all do a good job even better.

In 137 years, NORDEN has, as a global shipping company, experienced many up- and downturns in the markets. We have learned from rapid changes to think long-term and constantly to focus on risk management and high tonnage coverage. Dry Cargo has managed to increase next year’s coverage markedly, and 65% of the 32,000 known ship days are fixed at rates considerably above the current spot rates. Our “book” remains very cost-effective with average costs of USD 13-16,000 per open ship day in Handymax and Handysize next year and approximately USD 13,000 going forward. This provides us with a strong off-take in Dry Cargo. Moreover, our Tanker Department continues to produce fine and better than expected results as they benefit from their positions in strong markets.

NORDEN’s business model has demonstrated its viability both in calm waters and heavy sea. It will now prove its worth once again. At the same time, we must examine our costs and internal practices on a continuous basis so that what we do is both efficient and adds value for our customers. Our organisation has very quickly readjusted to the challenging market conditions, and we must stay flexible and willing to readjust. When the going gets tough, the tough gets going. Also, we must continue to look for the opportunities. An expected year-end equity of USD 1.8 billion, expected net cash positions of USD 7-800 million as well as substantial cash-flow from fixed coverage provide NORDEN with the financial strength to both resist fluctuations and take advantage of the opportunities that may arise.

And let’s not forget the nuances. Even though rates in some segments have dropped 70% in just one month, the dry cargo rates still remain well above the historic average – currently at the level seen in the summer of 2006. It is also important to remember that the baton in the shipping market is not being held solely by the USA and Europe, but to a large extent also by the strong economies in Asia. China and India are crucial to the dry cargo market, and the growth rate in the world’s two most densely populated countries makes our confidence in the long-term story in dry cargo remain undiminished, although the road may get very bumpy in the near future. We follow the development in Asia closely and will in NORDEN News focus especially on the Asian markets. In this issue, we concentrate on the dry cargo market in India. Enjoy your reading.

CARSTEN MORTENSEN
### New management of NORDEN’s Dry Cargo Department

With effect from 16 September 2008, NORDEN has appointed the new management of the Company’s largest operation, the Dry Cargo Department which operates approximately 180 vessels, more than 80 vessels for delivery and employ around 135 people.

Peter Norborg is appointed Senior Vice President and head of the Dry Cargo Department. Peter Norborg is 42 years old, has a shipping education as well as an Executive MBA from IMD. Peter Norborg has been employed at NORDEN since 1998 and has been a key figure in the development of the activities in dry cargo. He was managing director of the USA office from 2001-2004, and in 2004, he was promoted to Deputy of the Dry Cargo Department and head of the activities in the Handymax segment. In 2006, he was appointed Vice President. In connection with today’s appointment, Peter Norborg joins the Company’s Senior Management.

Peter Borup is appointed Senior Vice President and continues to be in charge of the activities in Asia as well as joining the Company’s Senior Management. Peter Borup also joins the boards of NORDEN’s companies in the USA and Brazil. Peter Borup is 39 years old, has a shipping education from A.P. Møller and an MBA from IMD. Furthermore, he has completed the Advanced Management Programme at Wharton Business School. Peter Borup has been employed at NORDEN since 2002, and as Managing Director for NORDEN Tankers and Bulkers in Singapore, he is responsible for NORDEN’s activities in Asia. In 2006, he was appointed Vice President.

Alex Christiansen, Vice President, is appointed Deputy of the Dry Cargo Department and will be commercially in charge of the Panamax, Post-Panamax, Cape-size, Handymax segments and derivatives. Alex Christiansen is 34 years old, has a shipping education from A.P. Møller and has furthermore completed management programmes at IMD and internal management courses. Alex Christiansen has been employed at NORDEN since 2003 in various functions in Singapore and Copenhagen.

"With the new management team, three strong NORDEN profiles step up another level and are ready to secure both continuity and innovation in our important dry cargo segment where we are facing some exciting market challenges in maintaining and expanding our strong positions within Supramax and Panamax and establishing strong positions within Handysize and Post-Panamax. It is very satisfying that we at NORDEN possess such a high level of capacity that we, once again, can fill key positions internally," says CEO Carsten Mortensen.
In the beginning of September 2008, NORDEN’s office in Shanghai entered into the Company’s largest ever contract of affreightment covering transportation of more than 15 million tons of coal over a period of 15 years, equivalent to 14 annual Panamax cargoes.

The contract has been entered into with the Taiwanese power company, Ho-Ping Power Company (HPPC). At present, HPPC runs a 2 x 660MW electricity generating plant in Ho-Ping, Taiwan, which will be the receiver of the transported coal. Shipments will commence in 2011 and will entail coverage of about 400 ship days per year for 15 years.

“With this contract, which has been on its way for more than a year, Taiwan has been put on the map as one of NORDEN’s trading partners for good, and we hope that this could be a lever to create further progress in the transportation of coal and other dry cargo commodities to Taiwan. At the same time, the contract ensures NORDEN steady business for several years and is thus a part of the Company’s focus on creating long-term cash flows in a volatile market,” says the managing director of NORDEN’s office in Shanghai, Michael Bonderup.

Minister visit

On 3 September, former Danish Vice Prime Minster as well as Minister for Economic and Business Affairs Bendt Bendtsen visited NORDEN’s office in Shanghai in connection with business political promotion in China. During this visit, he was introduced to NORDEN’s activities and challenges in the Chinese market and met NORDEN’s employees in China. Above, Bendt Bendtsen and Carsten Mortensen are listening while Echo Zhang (with her back turned) is giving an introduction of the office’s work.

Best half-year profit in the Company’s history

NORDEN’s profit for the first half-year 2008 was USD 598 million. This is 110% higher compared to the same period last year, and it is the best half-year report in the history of the Company.

The profit has been influenced by profits from a total of five vessel sales of USD 177 million and a positive fair value adjustment of certain hedging instruments of USD 103 million predominantly due to the high oil price end-June.

NORDEN’s profit before depreciation (EBITDA) for the first half-year grew by 57% to USD 303 million. The increase is due to significantly higher freight income in a strong and volatile dry cargo market combined with increased activity in the Dry Cargo Department. The Tanker Department’s EBITDA decreased primarily caused by higher costs relating to the chartering of tonnage and a weaker spot market in the first quarter.

Adjustment of the expectations for 2008

On 1 October, NORDEN adjusted the expectations for 2008 to a net profit of USD 800-880 million.

The adjustment is primarily due to the plunging freight rates in dry cargo in September. On the other hand, the results in tankers continue to be better than expected, and the expectations for tankers are adjusted upwards. The expected net profit of USD 800-880 million compared to USD 703 million in 2007 is satisfactory considering the difficult market conditions in dry cargo.

At the same time, NORDEN has increased the coverage for 2009, now amounting to 65% in dry cargo in total and nearly 100% in the two segments which are affected the most by the current market disturbance. The coverage has been made at rates considerably above the current spot rates. The changed expectations for 2008 should be seen against the fact that NORDEN on 20 August in the interim report for the half-year expected a net profit of USD 950-1,030 million.

NORDEN’s profit for the third quarter will be published on 19 November.

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Norient Product Pool closer to the customers

Since Norient Product Pool ApS (NPP) was established in January 2005, it has developed into one of the world’s largest product tanker pools. Today, NPP has 35 employees and operates more than 50 product tankers within the LR, MR and Handysize segments, of which close to 40 vessels are ice-class certified. At the same time, the pool has a pipeline of an additional 30 vessels for delivery within the next 3 years. In order to strengthen its position and to get even closer to its customers in the North and South American markets, NPP set up an office in Annapolis in October 2008. Thus, activities are now managed from 4 offices around the world. In addition to the headquarters in Hellerup, north of Copenhagen, NPP has offices in Singapore and Cyprus.

More fieldwork
From the outset, the office in Annapolis has functions both within chartering and operations. Thomas Hechmann, 32, who previously held a position as Senior Chartering Manager at headquarters in Hellerup, will be General Manager and have the overall responsibility for the office. He will also manage the chartering function. The operations function will be managed by Benedicte de Nully Brown Wegener, 25, who previously held the position as Operations Manager in Hellerup.

"It will be an exciting challenge to establish even closer ties with our existing North American customers, thereby providing them with even better service than we do now. Alone being able to operate in their time zone will make a world of difference. In addition, we will have much better opportunities of making fieldwork in terms of finding new potential customers in both North and South America, which are markets of great potential. In this connection, the location in Annapolis is ideal – in the middle of the many refineries along the American Gulf, chiefly in Texas, as well as the many brokers and the shipping market on the American East Coast. At the same time – by sharing the address with NORDEN’s dry cargo office – we will profit by shared resources and experience across dry cargo and tankers, both on a professional and social level – just like the office in Singapore," says Thomas Hechmann.

Moving day in Annapolis

On 1 October, NORDEN’s office in Annapolis had a moving day changing location from the Marina to new and more spacious premises in the new One Park Place complex, a few hundred metres from the water. In this way, more space is available to NORDEN’s near 13 employees and to the two new colleagues from Norient Product Pool (NPP) with room left for further growth. The relocation was celebrated at a combined housewarming and customer event on 2 October for more than 100 NORDEN and NPP customers in the USA. It started off with a reception at the new premises and the night ended with dinner and dancing onboard the ship “Catherine Marie” on Severn River.
NORDEN has transported coal to and iron ore from India since 1990 and, in 2005, the Company set up an independent office in Mumbai – the commercial capital of India. The ambition was to strengthen the relationship to the brokers and customers in the rapidly growing dry cargo market. As head of the office, which covers a growing share of NORDEN’s activities within dry cargo, is Jesper W. L. Pedersen, who was appointed General Manager for the activities in India in 2006.

The NORDEN office in Mumbai covers India, Pakistan and the Gulf States and services both Indian and international customers’ transportation needs to and from India. The shipping community and many of the large companies’ headquarters are usually located in Mumbai or New Delhi, whereas the transportation jobs call at ports all over India, typically at 4-5 major ports on the east coast and 3-4 on the west coast. An increasing number of Indian companies are established in Dubai or Singapore, from where they run their business. If the Mumbai office is already in contact with these customers, this office will continue to service them. But if it is new Indian businesses with headquarters in Singapore, the NORDEN office in Singapore will undertake the customer contact.

Building of relationships
“The office solves day-to-day chartering tasks and seeks out new customers and market opportunities while being in close dialogue especially with the offices in Singapore and Shanghai as well as headquarters about open ships, strategy and market opportunities on a current basis. We recently expanded the office to five employees. Aside from myself, we are two Assistant Chartering Managers, a Secretary and a Port Captain, stationed in Kolkata in north-eastern India. From here, he covers the ports all over India supported by a local external agent on a fixed basis. He typically assists NORDEN’s vessels with such tasks as loading calculations, securing of grabs, solution of difficult cleaning tasks and contact to the port authorities. With the staff expansion, we are now ready to broaden our services and cultivation of the extensive Indian market as well as maintaining our steady increasing turnover,” says Jesper W. L. Pedersen.

"Much like in the American market, chartering in India goes through brokers, who we contact and offer open ships, which is contrary to Denmark, where the brokers typically contact us. This involves a lot of dialogue with the brokers on the telephone, but often we also visit brokers and customers. As is the case in most markets, the building of relationships and documentation of results mean everything. And in this connection, it is very crucial that, when working under distant skies as I do, you have both keen eyes and ears, remain open-minded, understand how to interact socially and respect the negotiation culture. Although all negotiation and talks are in English, there is a world of difference in what is being said “between the lines” – and also the humour – in the different countries,” he explains.

With a population of 1.1 billion, large reserves of iron ore, ambitious goals for the development of infrastructure, industry and IT as well as expected annual growth rates of 7-9%, India has the potential of becoming the world’s third economic super power only surpassed by the USA and China. But the development may go in different directions and at different paces.
Changed trading patterns

“The three dominant commodities in the Indian dry cargo market: Coal, iron ore and bauxite (see fact box) are of such a volume that changes in their trading patterns will not only be felt in the Indian market, but will also affect the international shipping markets to a great extent. It is therefore both exciting and essential how fast growth within the coal import will take place and how the development within iron ore and bauxite will go – whether there will be greater domestic use, which will then curb the exported volume, or reduced exports and perhaps the possibility of more coastal transports,” says Jesper W. L. Pedersen.

Uneven growth distribution

Another unknown factor for the Indian economy – and thereby also for the transportation market – is the uneven geographical growth distribution. On average, the economic growth rate in India is 7-9% annually, and it has been fixed at this level for the last 4-5 years. But the growth is very unevenly distributed and is centred at a number of economic growth zones – such as Mumbai (which is the financial capital), New Delhi (which is India’s political power centre, where many foreign businesses have their headquarters and where industry and retail trade is strong), Bangalore (which is India’s answer to Silicon Valley

Three dominant cargo types

India’s dry cargo market – and NORDEN’s dry cargo transportations to and from India – are dominated by three major cargo types: Imports of coal and exports of iron ore and bauxite. In each market, there are different scenarios which indicate that the development may go in different directions and at different paces.

Twofold increase of coal imports?

Import of coal (steam coal and coking coal) mainly occurs from South Africa, Australia and Indonesia to various ports in India. In 2007, India imported a total of 60-65 million tons of coal, and it is expected that this figure will increase to approximately 130-135 million tons in 2012 – that is more than a twofold increase in five years. The substantial increase in coal imports, which is to cover the rapidly growing energy demand especially from the industry and an expansion of the steel production, will require massive development of port facilities, roads and railways. The rate at which the development is undertaken will be decisive for the rate at which the coal import will take place.

Increasing own consumption of iron ore?

In the recent three years, India has exported iron ore in the range of 90-92 million tons on an annual basis, of which 70-80% has gone to China. At governmental level, there is currently an ongoing discussion on securing raw materials for the many planned infrastructure projects and improvement of factories, houses and office facilities in India, and on how large a part of the iron production the country needs itself. Looking ahead, there are two possible scenarios resulting hereof: 1. Continued export at the current level (and perhaps gradually expanded) – or 2. An increased use of iron ore domestically in India resulting in a decrease in the exported volume. The latter scenario will change the trading patterns in India considerably. It is, however, difficult to predict at what rate this will happen if this is the case.

“Every man his own car”?

In 2007, India exported approximately 8-10 million tons of bauxite, chiefly to China. The bauxite is used for the production of aluminium and is a main component in both the auto and building industries. The Indian government’s vision of “every man his own car”, which is to be realised through inexpensive and locally manufactured “nano cars”, will require massive amounts of bauxite. Currently, there are therefore also discussions between the national government, local governments and the benchmarking companies in the raw material market about an export strategy and domestic use of the raw materials, respectively. Among other things, a general export duty has been discussed.

In addition to these three major cargo types, NORDEN has transportations in relation to imports of limestone, fertilizer and pet coke as well as exports of cement clinker and barytes.
with a great IT industry), Chennai (which is the centre of the auto industry) and Gujarat (where bauxite is mined and where the world’s largest oil refinery is located).

“The uneven development between the regions implies that for some time going forward there may be large variations in the quality of infrastructure, especially on land – roads, railways, means of communication and energy supply – and for the ship transportations this may entail both decreased transport volume of commodities to states with inadequately developed infrastructure and increased transport volume for coastal transport,” he explains.

The monsoon
A third factor, which must always be taken into account when considering the development in India, is wind and weather.

“You tend to forget this, when you’re sitting in a west European country. On 26 July 2005, more than 1 metre of rain came down in just 24 hours, and often heavy monsoon downpours and storms lead to a collapse of the infrastructure, roads and railways being flooded and ruined and electric systems breaking down, etc. For instance, most anchorage ports on India’s west coast are closed from 15 May to 15 September every year due to the monsoon, high waves and large water masses, or the trans-ports have been rerouted to ports with lower draft than the ones we usually call at. This naturally sets some limitations not only for the ship transportations, but for the entire transportation chain and the rate at which the development may take place. It happens a lot in jerks,” Jesper W. L. Pedersen explains.

Two years in “a land of contrasts”
"On both a professional and personal level, it is both exciting and challenging to work in “a land of contrasts” and to follow an economy and society undergoing such a great process of change,” he states.

“After 3 years at the office in Annapolis, it was the plan in September 2006 that I was going to return to headquarters in Copenhagen and enjoy everyday life in known surroundings. But I was offered the opportunity to consolidate and develop the office here in Mumbai, thereby contributing to influence NORDEN’s efforts in the Indian market. The first two years has flown by. The first half year went with getting to grips with the business side of things, getting to know the customers and colleagues and adjusting to the local conditions in order to fit in to the milieu out here. After one year, my girlfriend, Marie, moved here, and she was employed at an American school as a children’s psychologist. This has now given a calmer and more steady set-up – even though things around us are rapidly changing,” Jesper W. L. Pedersen says.
Raw materials

- Iron ore is mined in the states: Goa, Orissa, Jharkand and Andhra Pradesh.
- Bauxite is mined in Gujarat.
- Coal is used where it is imported: Mumbai, the state Orissa (Paradip), in Gujarat, in Bengal (Haldia and Kolkata). India also has its own coal mines, from which New Delhi gets its coal.

Economic key zones

- Jamnagar in Gujarat: The world’s largest oil refinery.
- New Delhi: Political power centre/capital, many foreign businesses, various industries, retail trade, clothing and tourism.
- Bangalore: India’s IT capital/Silicon Valley.
- Chennai: Auto industry.

Major ports

East coast
All ports typically ship iron ore to China and receive coal imports.
- Haldia
- Paradip
- Vishakhapatnam (Vizag)
- Chennai

West coast
- Mumbai (port of anchorage): Imports of coal.
- Goa: Iron ore exports.

Vessel types
The Handymax segment – with its own cranes and grabs and due to limitations at the Indian ports in terms of draft and facilities – has so far covered the greater part of NORDEN’s transports. In line with the development of the infrastructure, Panamax and Post-Panamax, which have greater draft, will take up a larger share. Similarly, growing demand for valuable cargoes in small parties, such as fertilizer, is expected to increase the demand for Handysize transports.
More than 250 employees, spouses and girlfriends/boyfriends took part in this year’s NORDEN Weekend 19-20 September at Hotel Skansen in Båstad, 60 kilometers north of Helsingborg in Sweden. Under the headline “Mission Impossible”, the theme for the event was co-operation and communication across departments and nationalities. Like in the popular action movies, the employees had to get to posts by twisting around laser beams in small rooms without activating alarms, by lowering colleagues 4 meters down without them touching the floor and by navigating motor boats following careful instructions. There were also exercises in precision shooting and in determining the location of posts by looking at photos taken from different angles. Each of the 14 NORDEN teams was divided into an action force unit which carried out the tasks in the field without a map but was equipped with a GPS – and a headquarter unit, which monitored the team’s position on a large screen and directed the team towards the next post by using mobile phones.

In addition to celebrating the team who cracked the code, the two teams who were best at cooperating and communication during the tasks received prizes.

“Besides having a good time and getting to know all the new colleagues, the aim of the weekend was to strengthen teamwork and the ability to communicate clearly and speak one’s mind which we, also on an everyday basis, have worked very
concentrated on during 2008 both on management level and across the departments. And it was a pleasure to see how the tasks went off. The weekend should rather have been named "Mission Possible", as the commitment and co-operation shown during the weekend indicate that there will not be many tasks impossible to solve at NORDEN in the future," says Head of the HR Department Vibeke Schneidermann.

After the exercises, it was time for dinner and dancing until the early hours. 8 officers from NORDEN vessels and around 20 colleagues from the overseas offices participated.

Views on the weekend

Pooja Jhamb, Assistant Chartering Manager, Mumbai

"It was a great experience. I felt wonderful in the fresh Swedish autumn air. I also thought it was exciting to meet colleagues from outside the Dry Cargo Department which is the department that we, at the office in Mumbai, normally co-operates with the most during our working days, or when we have our joint Christmas party for the offices in Asia. At the office in Mumbai, we are usually only 2-3 employees at a time, so to meet 160 NORDEN employees at the same time was overwhelming. I also saw the NORDEN headquarters for the first time. It looked like a great place to work."

Heidi Britt Jørgensen, Salary Manager, Finance Department

"I have been working at NORDEN for about six months so it was a welcome occasion to put a face on colleagues that I have been talking to on the phone or only know as pay numbers. It was fun, but tough, tracking down posts and clues in the open. Of course you get excited, and everybody gets very competitive. After a bit of a slow start figuring out the rules of the game, we picked up pretty quickly."

Henrik Christensen, Chief engineer, m.t. NORD NIGHTINGALE

"It was fun to try one’s skills on teamwork across work areas and backgrounds. I only knew one in my group beforehand so I got to know a lot of new colleagues – also from a less formal angle. It was a bit of a challenge to navigate my colleagues in the open from inside the "control center" as some of the posts were placed quite close to each other. But by joining our strengths, we managed to get through the competition quite decently, if you ask us."
On 2 September, former Danish Vice Prime Minister as well as Minister for Economic and Business Affairs Bendt Bendtsen visited Shanghai Maritime University (SMU)’s new campus together with representatives from NORDEN’s Board of Directors and management. The new campus will officially open on 18 October 2008 and will room no less than 20,000 students within various maritime-related educations. Since 2005, NORDEN has worked closely with SMU on developing future talents within Chinese shipping through scholarships granted to students as well as teachers. As an extension of the cooperation, D/S Orients Fond has, on behalf of NORDEN, sponsored SMU’s new Moot Court, where students conduct maritime inquiry and trials in a realistic setting. These activities are filmed and recorded, so that they may be followed and commented on live in a neighbouring lecture room and in this way form a basis for joint learning.

Director in D/S Orients Fond and Vice Chairman in NORDEN Alison Riegels unveiled the plaque at the entrance to the court room together with President for SMU Mr. Yu Shicheng. The delegation also had time to visit SMU’s new high-tech ship simulator.

Later same night, NORDEN in China hosted the fourth annual awards presentation of NORDEN’s scholarships, the Shanghai Maritime Awards, to the five students and two professors from SMU who have shown outstanding efforts throughout the class year.

On the student side, the awards went to: Mr. Yan Zengang (Navigation), Mr. Ding Yao (International Shipping), Mr. Han Xu (Maritime Law), Ms. Si Luyan (Communications & Transport) and Ms. Dong Zhiwen (Shipping Economics). They were granted the scholarships on the basis of their academic performance, their involvement in extra curricular activities and great personal integrity.

The two professors, who were chosen by the university’s students as the best teachers of the year and who were therefore granted NORDEN Best Educator Award were Mr. Sun Yongming (Merchant Marine College, Marine Engineering Department) and Mr. Wang Xuefeng (Communications & Transport College, International Shipping Department).
They provide NORDEN’s tonnage

The tasks in connection with securing NORDEN’s tonnage in the dry cargo segment have changed substantially in the last few years as a result of explosive growth in the Company’s dry cargo shipping, new vessel segments and an increasing focus on portfolio management. In the centre of the activities is the Projects Department which was created in June 2006.

“The Projects Department in its current shape is a good example of how NORDEN continuously adapts the organisation to changed market opportunities, new tasks and a new strategic focus. And at the same time gains benefits from new solutions,” says Kent G. Pisciutta, General Manager in Projects.

A wide range of tasks

Few years ago, a Tonnage Procurement function was connected to the Handymax Department at NORDEN. It was in charge of the Handymax Department’s chartering in and out as well as managing different tonnage options. There was no function which concentrated on acquiring tonnage across the departments. Purchase and sale as well as contracting were also managed by the management itself.

Today, long-term chartering, contracting and sale and purchase of vessels have been brought together under one function, i.e. Projects. It is primarily based in Hellerup, but has close cooperation with NORDEN shipping (Singapore) based on a geographical division of tasks. Projects in Hellerup manages all long-term charters and newbuildings from Japanese shipyards whereas NORDEN Shipping (Singapore) primarily manages contracting in China, Korea and Vietnam.

Projects makes a targeted effort to acquire the necessary tonnage in every dry cargo segment – Handysize, Handymax/Supramax, Panamax, Post-Panamax or Capesize. Projects is not responsible for chartering out. It is solely the commercial departments which manage this area.

More pro-active

“The idea of creating Projects was to take the tasks previously managed by the Tonnage Procurement Department to a higher level and achieve synergies by carrying out the tasks across the organisation. At the same time, it reflected a change in NORDEN’s strategy. We wanted to be more pro-active in this area, and by creating Projects, we have in many ways redefined the definition of “securing tonnage”. The new approach to the area has made the tasks a lot wider and the demands of knowledge of the specific segments in which we have activities have become correspondingly larger. This is visible in the composition of the staff. Very unusual for the trade, three out of six employees do not have a background in shipping but have core competences within project management, financing, law and economy,” says Kent G. Pisciutta.

With our set-up and competences, it has also become apparent that we can carry out tasks for NORDEN’s Tanker Department, e.g. in connection with acquisition of vessels or new contracts. It is a great strength that we, due to many common suppliers of tonnage, can look after each other’s interests,” he emphasises.

Close cooperation

“Many of the functions we manage today, we can only manage by cooperating closely with specialists in other departments of the organisation – in the Technical Department, the Finance Department etc. as well the different sections in the Dry Cargo Department. When we build new vessels, the Newbuilding Department is involved. When we have to pay a deposit prior to acquisition, we work together with the Finance Department or Accounting in Singapore or when a new vessel is delivered for long-term chartering, we interact with the Control Department in Hellerup or Singapore. It is actually a great satisfaction to cooperate across the organisation. We feel very privileged in our function,” he points out.

“On the external lines, the Projects Department works closely together with, among others, ship owners, ship yards and companies in Japan, China and Taiwan as well as partners in Europe e.g. in Denmark and Germany on new projects, financing and contracting. The large number of international contacts results in a lot of travelling during the year but also a very exciting and varied working day in the department,” says Kent G. Pisciutta.
**Management**

1 July 2008: Mette Krogh-Nielsen Mulipola, 29, was employed as Executive Financial Secretary in Administration.
1 August 2008: Nikolaj Lynge, 26, was employed as Analyst in Corporate Secretariat.
1 September 2008: Birgitte Jeppesen, 25, was employed as Analyst in Corporate Secretariat.
1 October 2008: Hans Bøving, 46, was employed as Head of Communications in the new Corporate Communications Department.

**Corporate functions**

1 July 2008: Jakob Krauthammer, 20, was employed as Piccolo in Internal Service.
22 August 2008: Marianne Teglhus Møller, 23, was employed as HR Student Assistant in Human Resources.
18 August 2008: Henrik Erich John, 24, was employed as IT Supporter 1st. level in IT.
20 August 2008: David Lawrence Culling, 42, was employed as IT Analyst in IT.
18 August 2008: Fathi El-Kilani transferred from a position as Student Assistant in IT to a position as IT Trainee.

**Financial Department**

1 September 2008: Karin Fangel, 57, was employed as Financial Assistant in Administration.
1 October 2008: Nancy Sayed, 35, was employed as Financial Controller.

**Technical Department**

1 August 2008: Peter Kiltgaard Brandt, 51, was employed as Superintendent in the Inspection Department.
1 August 2008: Christian Klynge, 31, was employed as Assistant QA Manager in Quality Assurance & Vetting.
5 September 2008: Jørn Andresen, General Manager, assumed responsibility for Crew Management.

**Dry Cargo Department**

1 July 2008: Rikke Bech Høngaard, 31, was employed as Controller in the Control Department.
1 August 2008: Sonia Lema Blanco, 26, was employed as Operations Manager in Operations Handysize, but was transferred to Handymax Chartering on 6 October.
1 August 2008: Agnieszka Małgorzata Zawistowska, 25, was employed as Administrative Assistant in Administration.
1 August 2008: Christian Munk Jensen, finished as Trainee, was employed as Assistant Chartering Manager in Handysize.
11 August 2008: Susan Flinthøj, 39, was employed as Assistant Operations Manager in Operations Handymax.
14 August 2008: Jesper Tarbensen Nielsen was transferred from Annapolis, and is now Assistant Operations Manager in Operations Handymax.
24 August 2008: Peter Norborg, Senior Vice President, celebrated his 10th anniversary.

### Fleet overview

**NORDEN’s fleet by end September 2008**

<table>
<thead>
<tr>
<th>Vessel type</th>
<th>Post-Panamax</th>
<th>Panamax</th>
<th>Handymax</th>
<th>Handysize</th>
<th>Total</th>
<th>Aframax</th>
<th>LR1</th>
<th>MR</th>
<th>Handysize</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size (dwt)</td>
<td>&gt;150,000</td>
<td>85-120,000</td>
<td>65-82,500</td>
<td>40-60,000</td>
<td>25-40,000</td>
<td>80-120,000</td>
<td>60-75,000</td>
<td>42-60,000</td>
<td>27-42,000</td>
<td>209</td>
</tr>
<tr>
<td>Vessels in operation</td>
<td>5 0 20 28 8</td>
<td>61 0</td>
<td>1 6 17</td>
<td>24</td>
<td>85</td>
<td>0</td>
<td>1 6 17</td>
<td>24</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Total active core fleet</td>
<td>6 0 83 73 16</td>
<td>178 2</td>
<td>1 9 19</td>
<td>31</td>
<td>209</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vessels to be delivered to core fleet</td>
<td>0 12 5 33 32</td>
<td>82 0</td>
<td>0 11 2</td>
<td>13</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total gross fleet | 6 12 88 106 48 | 260 2 | 1 20 21 | 44 | 304 |

* Of which 1 unit sold. ¹ Of which 4 units are 50%-owned. 5 units sold, of this 2 unit 50%-owned. ² Of which 2 units are in 50% joint venture. ³ Of which 2 units are 50%-owned. ⁴ Of which 1 unit is in 50% joint venture.
16 September 2008: Peter Norborg was promoted to Senior Vice President and Head of the Dry Cargo Department.
16 September 2008: Alex Christiansen, Vice President, was promoted to Deputy for the Dry Cargo Department.
22 September 2008: Andreas Hjorth Simonsen, Senior Chartering Manager in Handymax, transferred to Chartering Panamax.
26 September 2008: Christian Egholm Jacobsen, Senior Chartering Manager, celebrated his 50th birthday.
1 October 2008: Michael Witt, 44, was employed as Control Manager in the Control Department.
1 October 2008: Mark Vinther, 27, was employed as Freight Derivatives Manager in Panamax.
15 October 2008: Elaine Yu, Shipping Trainee, transferred from Shanghai to Hellerup in Chartering Handsizes.
15 October 2008: Jay Chen, Shipping Trainee, transferred from Shanghai to Hellerup in Operations Panamax.

Annapolis
1 August 2008: Mikkel Borresen, General Manager, celebrated his 10th anniversary.
1 October 2008: Peter Koch Hansen, finished as Trainee, was employed as Assistant Chartering Manager in Annapolis.

Singapore
23 July 2008: Andy Koh, 38, was employed as Operations Manager in Operations.
24 July 2008: Alvin Ng, 27, was employed as Accounts Officer.
1 August 2008: Kelly Lam, 33, was employed as Senior Accounts Executive.
1 September 2008: Jesper Rosenlund Nielsen, finished as Trainee, was employed as Assistant Chartering Manager in Singapore.
15 September 2008: Søren Tolbøll Nielsen, finished as Trainee, was employed as Assistant Chartering Manager in Singapore, Norient Product Pool.
16 September 2008: Peter Borup was promoted to Senior Vice President.
18 September 2008: Jean Tang, 49, was employed as Senior Projects Executive in the New-building Department.
18 September 2008: Kimmie Goh, 34, was employed as Controller.

6 October 2008: Michael Sarmark, Controller in Bulk, sat up Control Department in Singapore.

Mumbai
22 September 2008: Oliver Ritz, finished as Trainee, was employed as Assistant Chartering Manager in Mumbai.

Norient Product Pool
1 July 2008: Benedicte Wegener transferred from a position as Assistant Operations Manager to a position as Operations Manager.
1 July 2008: Thomas Hechmann transferred from a position as Chartering Manager to a position as Senior Chartering Manager.
1 July 2008: Hanne Kamp Larsen transferred from a position as Accounting Manager to a position as Finance Manager.
1 July 2008: Allan Wodstrup transferred from a position as Chartering Manager to a position as Senior Chartering Manager.
1 July 2008: Allan Jensen transferred from a position as Assistant Operations Manager to a position as Operations Manager.
1 July 2008: Koula Charalambous transferred from a position as Disbursement Controller to a position as Head of Control on Cyprus.
7 July 2008: Demetra Matheou, 27, was employed as Disbursement Controller in Control on Cyprus.
20 August 2008: Ulla Eiths Larsen, 36, was employed as Performance Manager in Operations.
15 September 2008: Per Navndrup Pedersen, 28, was employed as Operations Manager in Operations.
1 October: Thomas Hechmann transferred to a position as General Manager for Norient Product Pool’s new office in Annapolis.

NORDEN’s vessels
1 June 2008: Ole Borg Christiansen, 49, was employed as Chief Officer onboard m.t. NORD THUMBELINA.
26 June 2008: Morten Andersen, 52, was employed as Chief Officer onboard m.t. NORD NIGHTINGALE.
1 August 2008: Carl Tousgaard, 49, was employed as Second Engineer onboard m.t. NORD SNOW QUEEN.
1 August 2008: Flemming Lents, 38, was employed as Second Officer onboard m.t. NORD BUTTERFLY.

25 August 2008: Christian Hey Mortensen, 40, was employed as Second Officer onboard m.t. NORD SNOW QUEEN.
1 September 2008: Stig Kristensen, 54, was employed as Second Engineer onboard NORD BUTTERFLY.
7 September 2008: Sven-Inge Ulf Stålberg, 49, was employed as Chief Officer onboard m.v. NORD WHALE.
15 September 2008: Brian Michael Kristiansen, 24, was employed as Apprentice Officer, SIMAC.
15 September 2008: Jeppe Bechmann Poulsen, 27, was employed as Apprentice Officer, SIMAC.

NORDEN’s new Shipping Trainees 2008 have started in the following departments:

Hellerup
1 August 2008: Danni Hansen, 24, Chartering, Norient Product Pool.
1 August 2008: Alexander Allargui Sillehoved, 21, Operations Panamax, Dry Cargo Department.
1 August 2008: Michael Warming, 20, Handsmax Chartering, Dry Cargo Department.
1 August 2008: Mikkel Bonda Fogt, 21, Handsmax Chartering, Dry Cargo Department.
1 August 2008: Steffen Christian Lie, 22, Operations Handsmax, Dry Cargo Department.
1 August 2008: Morten Mattias Bang, 21, Chartering Panamax, Dry Cargo Department.

Annapolis
1 August 2008: Vanessa J. Anderson, 23, Operations, Dry Cargo Department.

Shanghai
1 July 2008: Iris Yu, 24, Chartering, Dry Cargo.
1 July 2008: Judy Chen, 25, Chartering, Dry Cargo.

Singapore
15 July 2008: Wei Tong Poh, 23, Chartering, Dry Cargo.
On 1 and 23 September, NORDEN’s two newest Handysize product tankers m.t. NORD SNOW QUEEN and m.t. NORD BUTTERFLY were named and delivered at GSI Shipyard in Guangzhou in South China. The godmother for NORD SNOW QUEEN was Kirsten Bendtsen, married to former Danish Vice Prime Minster as well as Minister for Economic and Business Affairs Bendt Bendtsen. Whereas Agnieszka Charewicz Huscher, married to CEO of Norient Product Pool Søren Huscher, was godmother to NORD BUTTERFLY. In total, 8 newbuildings are planned in the series of 38,500 dwt product tankers from GSI Shipyard, of which 7 have already been delivered.

**Less fuel and less CO₂**

NORDEN works in many areas to limit vessel fuel consumption thereby reducing emissions of CO₂ and micro-particles. As part hereof, m.t. NORD SNOW QUEEN has been equipped with a fully integrated optimization system, GreenSteam™, as a pilot project. It is a so-called intelligent system based on mathematical models of the factors that affect a vessel’s speed and consumption of bunkers. Data on wind, draft, wave height, the vessel’s GPS speed and logged speed, the angle of the rudder and how much the rudder works, fuel consumption, etc. are collected while at sea. Based on this, the system sends recommendations for optimal engine settings and vessel trimming to the bridge.

A Handysize product tanker like NORD SNOW QUEEN consumes 35 tons bunkers on average a day, the equivalent of 12,775 tons a year assuming that the vessel is sailing all hours a day all year long. A reduction in fuel consumption of only 2% will thus imply a reduction of 0.7 ton fuel a day or approximately 255 tons a year, and a further reduction in CO₂ emissions by 840 tons on an annual basis.

“There are great potential advantages both in relation to the environment and in terms of savings on the purchase of fuel. After 4-5 months in operation onboard NORD SNOW QUEEN, results from GreenSteam will be evaluated, and if these are satisfactory, the system will be installed on all NORDEN's current vessels and newbuildings in the pipeline,” says Carsten Mortensen.