

NORDEN WIDENS APPROACH IN CHINA

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AN EYE FOR OPPORTUNITIES

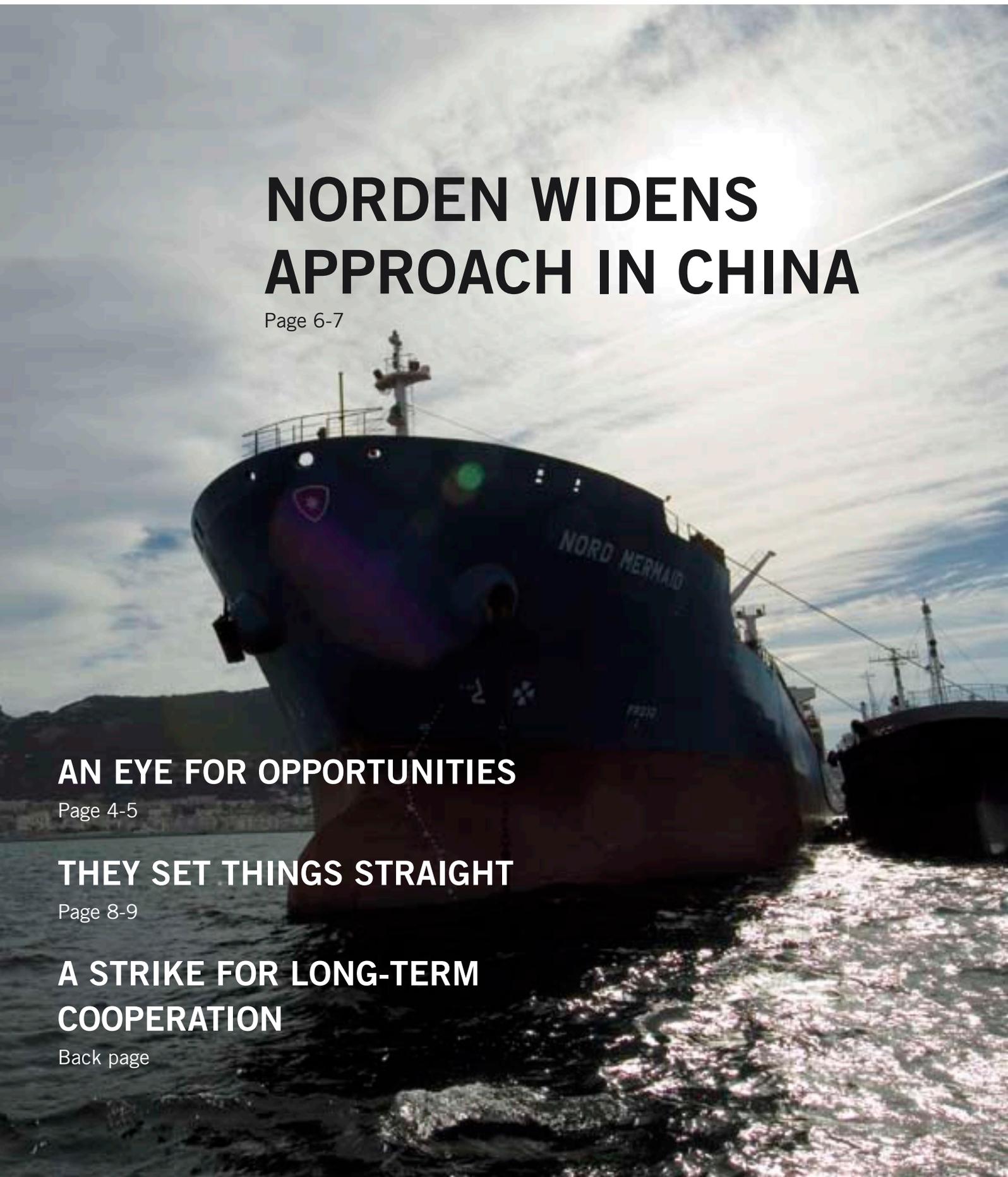
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Coming up

7 January 2009

Presentation at SEB Enskilda Nordic Seminar, Copenhagen.

10 March 2009

Publication of the annual report for 2008. Information meeting at 11:00 and telephone conference at 16:00 (CET).

11 March 2009 and following days

Road show presentations of 2008 annual report.

23 April 2009

Ordinary Annual General Meeting, Radisson SAS Falconer Center, Frederiksberg.



HAPPY – THOUGH CHALLENGING – NEW YEAR!

2008 became a lot more exciting than any of us would have imagined – let alone wished for.

It probably will not take long before it becomes part of the curriculum for students all over the world to explain how and why an, on the paper, isolated American subprime crisis suddenly turned into a global financial crisis, which, with lightning speed, spread into many other industries – especially shipping – and then caused global economic recession.

During the last few years of booming dry cargo markets, we at NORDEN have often reminded each other that shipping is a cyclical business. The markets will change one day, we said to each other. But the power and speed of the setback that we have experienced took us – and everybody else – completely by surprise.

Business models and financial readiness have been stress tested to the extreme everywhere, also at NORDEN. We have passed the test, and I am pleased that our employees have promptly adjusted to significantly changed conditions. This willingness to adjust and the Company's long-term coverage deserve the credit for the fact that we still expect 2008 to become a very good year profit wise, though not quite in the same level as we expected a few months ago.

2009 can easily become even more challenging for all of us in line with the global economies entering an actual recession. I have absolutely no doubts that NORDEN will get through the troubles as a stronger company. Our name and solid track record, our standards and extensive flexibility as well as our very healthy balance give NORDEN a very strong starting point. But it will be challenging. We have to be ready to adjust even further, and this will take great efforts from all of us.

I wish a merry Christmas and a happy and prosperous New Year to customers, business partners, employees, shareholders and everyone else who has an interest in NORDEN.

CARSTEN MORTENSEN, CEO

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NORDEN CONTINUES ENVIRONMENTAL AND CLIMATIC EFFORTS

In October, NORDEN reached its goal to reduce CO₂ emissions from its own vessels by 2% in 2008. Next year, the goal is another 2%, but the potential in the Company's environmental measures is larger

NORDEN continues its efforts to reduce CO₂ emissions from its vessels by improving the performance of the engines and reducing the propulsion resistance.

In 2009, the pivotal point of the efforts will again be the 14-points plan which the Company is implementing on its own vessels. Already in October, the 14-points plan resulted in the 2% CO₂ reduction, which was the goal for 2008. And a full implementation of all 14 measures on all vessels is expected to result in a further 2% reduction of CO₂ emissions in 2009.

NORDEN will also increase its support to research in this field, and improved route planning as well as slow-steaming will also get a prominent role: "We are going to differentiate our services to a higher extent so that the customers can choose between fast transport or green transport. A 10% reduction of the speed of the vessels reduces CO₂ emissions by up to 23%," says Senior Vice President Lars Lundegaard, head of the Technical Department.

Trim optimising

An important part of future environmental efforts could also be the GreenSteam system, which is currently installed as a pilot project on the product tanker NORD SNOW QUEEN. Using sensors and radars, GreenSteam collects data relating to wind and weather, draught, wave height, speed of the vessel, fuel consumption etc. during sailing. Based on this data, the system gives online recommendations to the bridge on optimum settings for the engine and optimum sailing.

NORDEN has received the first data from the pilot project, and the data indicates that there, with 95% certainty, is a theoretical possibility to reduce fuel consumption – and by that CO₂ emissions – by 4% just by using the system.

"It sounds so promising that we are now testing if it is also a practical possibility to achieve reductions in this level. Therefore, we are installing additional software, which makes it operationally possible to continuously adapt the vessel's trim to different weather and sea conditions e.g. by transferring ballast water between the tanks. We are going to test this for a couple of months, and then we have the foundation to decide if the introduction of the GreenSteam system on a broader scale will ensure noticeable fuel and CO₂ reductions," Lars Lundegaard explains.



Lars Lundegaard

In the longer term, NORDEN is also considering to invest in new variable geometric turbochargers, which will result in a better fuel economy, also when the engines are less loaded. It might also become relevant to introduce CO₂ measuring systems on the vessels. The systems provide information on the actual CO₂ level of the specific vessel and the specific types of vessels, and this information will provide the basis for continuous testing for optimising.

Open communication

In 2008, NORDEN participated in the Carbon Disclosure Project (CDP), which is the most comprehensive global mapping of large companies' efforts to reduce CO₂. 110 companies in Denmark, Sweden, Norway, Finland and Iceland participated in the survey, of which only three were shipping companies. NORDEN has decided to answer the questionnaire again in 2009.

"We participate because we would like to tell our stakeholders what we are doing, and because it helps us focusing our efforts. Focusing on a better climate and environment is also good business. It gives us the chance to differentiate our services, strengthen our technical know-how and competences as well as attracting employees. Finally, we and our customers can save money on fuel which is definitely also an important point," says Lars Lundegaard.

PORTRAIT OF: CFO MICHAEL TØNNES JØRGENSEN



AN EYE FOR OPPORTUNITIES

On land, at sea and in the air. NORDEN's new CFO, Michael Tønnes Jørgensen, has done a little of everything. He has worked with logistics in all parts of the transport chain, acquisition and merger of large container shipping companies and pruning and sale of an airline. Common to the tasks is that there have not been any manuals and that he has had to find new ways

"Several of my friends have said that I could not possibly have chosen a worse time to change job considering the international financial crisis and the pressure on the whole shipping industry. But I actually think that I could not have chosen a better time," says Michael Tønnes Jørgensen, 42, who takes up his position as CFO and Executive Vice President and member of the Board of Management on 1 January 2009.

Analysing drivers

"I am the kind of person who sees both opportunities and threats where others might especially see threats. In the last 3-5 years, the shipping market has been geared to economic growth with increasing cargoes, increasing freight rates and large investments in new tonnage. During the last few months, we have experienced a sudden end to this development. A number of countries have very reduced if not actually negative economic growth rates. The former growth locomotives in the emerging markets have slowed down, and freight rates and demand have been set back."

"We have also seen the first cases of scrapping of tonnage and cancellations of newbuildings as a result of the new situation. In a descending spiral like this, it is important that we analyse the markets and the demand drivers thoroughly, and that we are ready to seize the new opportunities that arise," says Michael Tønnes Jørgensen.

A good starting point

"After some good years with lots of prosperity, things are now going uphill. With its long history and robust business model, NORDEN has experienced times like these before. From my point of view, NORDEN has a good starting to get out of the current situation as a stronger company considering its strong financial foundation, its very flexible fleet with a few owned vessels and many chartered vessels and high continuous coverage in addition to considerable focus on risk management and a large and loyal customer base," says Michael Tønnes Jørgensen.

Short chains of command

Seen through the eyes of a financier, the task at NORDEN is to continuously analyse the situation, take intelligent measures at all

"In short, it is about getting the problems on the table as soon as possible so they can be nipped in the bud. This implies an open dialogue, clear speech and respect and trust both ways. I do everything in my power to live up to this myself," says Michael Tønnes Jørgensen, the new CFO at NORDEN

levels and to make full use of the Company's flexibility, which was done e.g. when adjusting the short-term chartered fleet.

"NORDEN prioritises financial management and planning, risk management and handling of credit risk, and there is – and has to be – extra focus on these areas during a financial crisis. Therefore, I am very much looking forward to getting started and working in an organisation with short chains of command. There are not so many links, and you can quickly see the result of your actions and decisions, and that is a great strength, especially in the current situation," he says.

Outdoor person

As a leader, he has a mantra – problem solving: "In short, it is about getting the problems on the table as soon as possible so they can be nipped in the bud. This implies an open dialogue, clear speech and respect and trust both ways. I do everything in my power to live up to this myself," says Michael Tønnes Jørgensen.

The new CFO at NORDEN has a high energy level. This is also reflected in his leisure time, which is mostly spent in the open where he enjoys nature and seeks physical challenges. Michael Tønnes Jørgensen and his wife are active members of the Scout Movement, and every year, he goes on a skiing trip to Norway where the participants, among other things, sleep in snow huts, which they build themselves. In the summer, he spends his leisure time in the family's summer house in Rørvig placed on a large nature site, and in the winter, Michael Tønnes Jørgensen cuts down trees in the woods and chops firewood for the fireplace. He is also planning to train for a marathon.

Michael Tønnes Jørgensen is married to Rikke, who is a graduate in agriculture, and together, they have 3 children; a 13-year-old daughter and two sons in the age of 11 and 8. They live in Køge, 40 kilometres south of Copenhagen.

Blue book: Broad ballast

As ballast, Michael Tønnes Jørgensen has more than 22 years of experience with economics, financing and strategy from A.P. Møller-Maersk as Senior Director, Finance at Maersk Line and as CFO at Maersk Air, Maersk Container Business, Maersk Line and Maersk Logistics/Damco, respectively.

Even though the positions have been in different corners of the same company, they have each represented large changes in focus, challenges, culture and everyday life, and many of the tasks have had a pioneer-like character. At Maersk Line, Michael Tønnes Jørgensen worked with e.g. establishing business control processes in offices all over the world. He then worked in Russia setting up a Maersk Lines office. As CFO at Maersk Air, financial turnaround and financing, sale and leasing of air planes were on the agenda. After that, at Maersk Line, he was responsible for the financial integration of Maersk Line and Seland among other things, and later followed the acquisition and financial integration of P&O Nedlloyd. In his recent position at Maersk Logistics, he has been responsible for the management of accounting and financing as well as the demerger of Maersk Logistics into an independent legal structure.

"I like challenges and projects which are something out of the ordinary. When I was young, I wanted to become an engineer, but then I got the opportunity to become financial trainee at A. P. Møller-Maersk and get the whole world as my working place. In many ways, I have had the opportunity to combine engineering with finance by constantly having to analyse problems and needs, develop solutions and systems and continuously adjust the solutions to new conditions, says Michael Tønnes Jørgensen.

He is educated in shipping, is a HD graduate in accounting and financial management as well as MSc in Business Administration and Auditing supplemented with internal management training at APMM and INSEAD. Currently, he is doing an Executive MBA at IMD in Switzerland, which will be completed in 2010.

COOPERATION ON THE CREST OF A WAVE

In November, employees from NORDEN's Tanker Department, Norient Product Pool (NPP) and the Tanker Department's greatest timecharter supplier, the Turkish shipping company Geden Lines, participated in a two-day workshop at NORDEN's headquarters in Hellerup. During this workshop, the cooperation so far between the parties was evaluated, and the lines for the future cooperation were drawn.

NORDEN has 7 modern product tankers from Geden Lines on long-term charter, and these vessels are operated along side with NORDEN's owned Handysize tankers through Norient Product Pool. The pool currently operates 60 vessels from NORDEN and Interorient Navigation Company Ltd., and in the course of 2009 it will total 70 vessels.

During the workshop, Astra Oil Trading also participated by briefing the parties on the latest developments in the large oil traders'

requirements to the shipping companies, on industrial standards within oil trading and on the interaction which is required between the oil traders and the shipping companies in order to be successful in the business. Afterwards, representatives from the two shipping companies' P&I clubs (North of England, West of England and The Swedish Club) informed the participants of the legal aspects in relation to the charter parties between the oil traders and the shipping companies, including a distinction between legal and commercial risk.

Following the more formal part of the workshop, everyone participated at a match race on Oresund at wind force 5. The participants were divided into 4 teams of 5-6 combining people from the shipping companies so that the teamwork could continue and be developed riding on the crest of a wave. Everyone fought bravely with both wheel, sails as well as wind calculation, and the value of precise communication and clear task distribution in all phases became very evident to everyone.



Senior Chartering Manager Laser Huang and his colleagues at NORDEN's office in Shanghai are experiencing a bit more caution from the customer side



NORDEN WIDENS APPROACH IN CHINA

Greater visibility in the market and more contracts within a wider field of cargo types. This is the Company's answer to the current slowdown in China's demand for dry cargo transports

"Currently, we are experiencing a bit more caution from the customer side as well as greater interest in entering into smaller and shorter agreements than previously. Our "recipe" is to be even more visible in the market. We bid in on far more and also much smaller deals within a wider field of cargo types, and we are doing so successfully. We are building many new, close contacts within a wide range of businesses, and this may turn out to be a great advantage in the long run when the market hopefully recovers, and we can then follow the customers on the upgrade," says Senior Chartering Manager Laser Huang from NORDEN's office in Shanghai.

"In the current situation, it is very important to be available locally and not only be able to understand the Chinese conditions, but also to speak Chinese to the customers, no matter whether you are closing a deal or solving problems at a port. Many of the new contracts we are entering into at present are with companies in which only few people speak English. In this situation, it is an extra strength that we have 14 Chinese-speaking employees," Assistant Documentation Manager Amy Gu explains.

Construction work everywhere

NORDEN's office in Shanghai has 16 employees responsible for all chartering to and from China, Hong Kong and Taiwan as well as operational support at Chinese ports.

The office is situated only a few kilometres from the area where the new Shanghai World EXPO city is being built. The city of 5 square kilometres must be ready for the world fair in May 2010.

"We can follow the progress day by day. When you move around in China, it is difficult – in spite of the slowdown – not to believe in substantial long-term growth. Currently, many new houses, factories, roads, railways and airports are being built everywhere. All the construction work must – all things being equal – create a demand for large amounts of iron ore, coal, oil and other raw materials both in the short and long term," says General Manager Michael Bonderup.

40,000 kilometre-long freeway

China's ambitions for the development of the country's infrastructure are huge: Currently, more than 60 airports are being built or expanded, and more than 40,000 kilometres of freeway will be added to the national road network in the coming years. At the same time, more than 70,000 kilometres of new railway tracks will be laid down before 2020, and China's power plant capacity is expected to be expanded by 50% within the next 5 years. A number of reports predict that based on this the Chinese imports of iron ore will increase from the current 400 million tons annually to 600 million tons within the next 5 years. At the same time, the country's demand for coal will grow substantially according to the reports.

CHINA SLOWS DOWN

While expecting negative growth in the USA, Japan and the Euro countries, China will still be the main engine in the development in the dry cargo market

Since the start of the millennium, China has experienced growth rates of 8-12%, which has made the country the main engine in the dry cargo market. Even though the barometer is now showing lower growth, China's actual and expected growth is still in its own league.

In its most recent prognosis in November, The International Monetary Fund, IMF, expects a Chinese economic growth rate of around 9.7% in 2008 against 11.9% last year. IMF expects China's future growth rates to be 8.5% in 2009 and 9.8% in 2010. In comparison, OECD expects negative growth in the USA, Japan and the Euro countries in 2009.

In need of raw materials

"During recent years, the driver in the Chinese economy – and in the demand for dry cargo transports – has particularly been the construction of housing, plants, ports, roads, airports and other kinds of infrastructure. Investments in these areas have been very large and have been followed by increasing foreign trade and a growing demand for essential raw materials such as iron ore and coal. International shipping and NORDEN have very much benefited from this," says Senior Vice President Peter Borup, who is head of the Company's activities in Asia.

Just how strong the growth has been appears from the following data:

- In 2001-2007, the import of iron ore more than quadrupled to 384 million tons.
- In the same period, the import of crude oil almost tripled to 163 million tons.
- The export of steel products increased by 13 times to 62.7 million tons in this period.
- China went from being self-sufficient in coal to become more of an importer. The import of coal almost tripled to 51 million tons in 2004-2007.

Some recession

But now, China is also experiencing the recession in the international economy, which the country, due to its considerable foreign trade, has become more dependent on. Several indicators show that even though huge cargoes are still shipped to and from China, growth in some areas has passed its peak – at least temporarily.

Iron ore: In the first nine months of 2008, the import set new records with levels of 36-43 million tons per month, but in October, the import dropped to 30.6 million tons, which is below the average for both this year and last year. On the other hand, it is positive that the Chinese are reducing stocks of iron ore at the ports week by week.

Coal: In October, the import decreased to 3.49 million tons against 3.7 and 3.79 million tons in September and August. During all of 2008, the import has been lower than in the record year of 2007.

Steel: The steel export varies from month to month, but in October, it was approximately 30% lower than in September and 40% below

the level of July and August. In October 2008, the export was 4.6 million tons, which is 10% below the average for 2007.

Oil: The recession has not yet had any effect. In October, the import was 16 million tons against 13-15 million tons in the four months prior and 13.6 million tons on average for 2007.

"These figures are the official figures, but figures from various shippers indicate a larger decline e.g. within iron ore where the tonnes/miles factor has also decreased since there is currently no import of iron ore from Brazil. But everything is so new, and you should be careful not to base the future on the current situation. Governmental stimulation of the economy, for example, could change the picture," says Peter Borup.

Kick-starting the economy

In November, the government decided to kick-start the economy by investing massively in infrastructure and housing construction. In its 5-year investment package, the government has allocated USD 585 billion for e.g. housing, roads, railways, schools and hospitals.

"The investment package will definitely speed up the economy, when the projects really get started. But it is important to remember that not all the money in the package is new. Some of the projects were already included in the last 5-year plan for 2006-2010," General Manager Michael Bonderup, head of the office in Shanghai, points out.

"Literally every day, there are new forecasts of the investments' effect on the Chinese economy and of their influence on the short- and long-term demand for ship transports. At NORDEN, we do not take any of the forecasts or the expected effects on demand for granted, but we carefully follow the development day by day, and we take the current market as our starting point," says Michael Bonderup.

NORDEN in China

Discharging

Iron ore from Australia, India, Venezuela and Brazil
Coal from Australia, Indonesia and Canada
Soy beans from Brazil, Argentina and the USA
Bauxite from Indonesia and India

Loading

Steel to the USA, Europe, Africa, South East Asia and India
Coal to Japan, India, Korea, Taiwan and Europe
Coke to Brazil, Europe and India
Cement/cement clinker to the USA, Europe (especially Spain), West Africa and the Arabian Gulf.

Main ports

Qinhuangdao: Import of iron ore, import/export of coal
Xingang: Import of iron ore. Export of steel and coke
Qingdao: Import of iron ore and bauxite
Beilun: Import of iron ore
Zhanjiang: Import of iron ore
Rizhao: Import of iron ore. Export of cement/cement clinker

The Legal Department handles a wide range of tasks: In-house counselling on vessel and cargo contracts, education of employees in maritime and contract law, insurance matters, handling of claims and assistance in the collection receivables

THEY SET THINGS STRAIGHT



"In popular terms, the common denominator of our tasks is contracts – the contracts we enter into with our customers and cooperative partners on assignment solution and safeguarding our values and responsibilities," says Morten Ligaard, lawyer, who in February 2007 was appointed head of NORDEN's Claims & Insurance, which the Legal Department was called then.

The Legal Department primarily distinguishes between three different task types: traditional contracts, claims and insurance. All three have a legal basis in common, and they are all three connected in many different ways.

Deal or no deal?

When it comes to contract law, the Legal Department assists the departments by giving them legal advice on vessel contracts on chartering, on cargo contracts effective for a specific period, for a number of cargoes or for a single voyage, as well as on other contracts.

"If we look only at cargo contracts, NORDEN enters into a significant number of these every year. Naturally, we cannot be involved in all these contracts, which is why many of them are based on standard contracts or templates of former assignments," says Morten Ligaard.

Formally, the commercial departments are responsible for the cargo contracts. The Legal Department typically advises on general contract terms, differentiation in maritime law and terms in different countries – and on how to avoid certain clauses and deal breakers. It is usually aspects which NORDEN has no influence on such as local delays at ports.

"Rule of thumb is that we prefer to be involved as early in the process as possible. The larger and more comprehensive a contract is in terms of amount and time frame, the earlier and the more we would like to be involved so that any inaccurate conditions can be corrected at once," says Morten Ligaard.

Fair interpretation

When a contract is made, disputes may arise between the parties about the interpretation of the contractual terms, especially about liability and payment. In addition, the parties may disagree about the cleaning of the cargo hold, cargo defects or damages, stevedore damages during loading or discharge, calculation of lay time or similar. These cases are colloquially called claims.

"It is our job to come with a professional and fair view and at the same time make sure that we have satisfactory documentation on the dispute: what has happened at the ports? Who is liable for the defect or damage? With this, we cooperate with the operators in order to establish the necessary legal foundation, and we assist at drafting a solution. In most cases, the dispute is solved at this point," Senior Claims Manager Ole Clausen emphasises. He has a background in Dry Cargo Operations, but through his experience with and his interest in contracts and law, he gradually worked full-time with claims and established the department in 2005.

In-house training

On a current basis, NORDEN educates charterers and operators in contract law and maritime law in order to ensure that the commercial departments are well prepared and professionally informed. The Legal Department is responsible for this training and draws on the assistance from among others NORDEN's P&I clubs.

"Both the training and the daily case handling provide us with a good sense of which areas the employees have difficulties with or which they typically have close and long dialogues with their customers about – and which we therefore must be extra aware of in our counselling going forward," says Morten Ligaard.

Vessels, buildings and employees

When NORDEN is insuring its values, it is pivotal that the insurance conditions both cover what they are supposed to and comply with



Morten Ligaard, General Manager, and Ole Clausen, Senior Claims Manager

UTMOST ATTENTION AT THE GULF

The critical situation with the many pirate attacks in the Gulf of Aden off the Horn of Africa has made NORDEN further increase its safety preparedness.

Before sailing through the Gulf of Aden, NORDEN estimates the specific situation: Does the vessel have the size and speed which notoriously makes it difficult for the pirates to board the vessel? And is there a possibility of sailing in convoy under the protection of warships – or of other protection from naval units?

Based on this estimation, it is decided whether the vessel should immediately sail through the Gulf of Aden, await convoy sailing or if it should find an alternative route south of Africa. All NORDEN vessels in the area must use the MPSA corridor, which is protected by international navy vessels.

"We focus on each unit's passage and make decisions in the specific situation while considering the condition of the vessel – size, free board and speed – the possibility of participating in convoy sailing or sailing under other protection from naval units as well as estimating the present state of threats. We follow the policies of the Danish Shipowners' Association," says Senior Vice President Lars Lundegaard, head of the Technical Department.

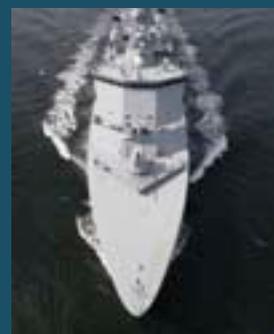
NORDEN has also made notes of the different considerations about having armed staff onboard the vessels and considers it to be a valuable option if it can be realised using actual soldiers from coalition vessels or forces with international authority. In this connection, NORDEN attaches particular importance to the fact that the solution should be adjusted in such a way that it avoids escalating the conflict in the best possible way, and in this case, the Company leans on the recommendations from the Danish navy.

EU force with clear authority

The EU has just sent warships and surveillance planes to the waters off the Horn of Africa, and the operation with the code name Atalanta has been given robust authority to preemptively intervene against the pirates. Other countries already have navy vessels in the area, and Denmark is participating with the support vessel Absalon until 1 April together with several other countries in the multinational union of international naval units, Combined Task Force 150.

None of NORDEN's vessels have been involved in incidents to this date, but mid-November, the crew on a long-term chartered vessel observed that armed men in fast-moving boats were

approaching. The vessel evaded, and the pirates disappeared when a helicopter from the coalition arrived.



The support vessel, Absalon, which is Denmark's contribution to the action against piracy

Photo: Søværnet

national as well as international legislation. The responsibility for NORDEN's insurances is therefore naturally with the Legal Department. The Department is among other things responsible for insuring the Company's owned as well as chartered vessels and for a number of insurance schemes for the employees – everything from health, liability and travel insurances to insurances for employees posted abroad.

The Legal Department is both responsible for making the insurance agreements, reporting claims as well as following up on claims and coverage. These responsibilities bring the employees in close and ongoing contact with largely every department in NORDEN, including the overseas offices.

Sudden high interest

Something which has recently begun to take up a lot of resources in the department is the legal hedging of NORDEN's receivables in case a customer, ship owner or another cooperative partner cannot meet their obligations in terms of payment, financial guarantee or delivery of a cargo or a vessel.

"In these types of cases, it is important that you act fast, take the correct formal legal measures right away – and in the right order – and assert your claims clearly," Morten Ligaard explains.

"This job has always been important, but due to the international finance crisis' effect on many of the different links in the transportation, supply and supplier chain, it has unfortunately become more important than ever. This also means that our job, which many might otherwise find a bit dry and dull, suddenly has become an area of high interest area," Ole Clausen says with a twinkle in his eye.

NORDEN:

BEST 9-MONTH PROFIT

During the first three quarters of the year, NORDEN made USD 718 million after tax – the best 9-month profit in the Company's history. The estimate for the whole year is a net profit of USD 740-800 million.

Due to the crisis in the dry cargo market, extra attention was paid to financial strength when NORDEN presented its latest interim statement, and in that respect the report stated that:

- Equity end-Q3 was USD 1.7 billion equalling an equity ratio of 86%.
- Cash and cash equivalents are expected to increase from USD 627 million by the end of the quarter to USD 700-800 million by year-end.
- Bank debt was USD 64 million relating to 4 product tankers.
- Outstanding liabilities on newbuildings of approximately USD 1 billion can be covered by the Company's cash and cash equivalents

(USD 700-800 million) and the profit from agreed sales of vessels (USD 212 million).

- Net Asset Value – including value added of owned vessels and newbuilding contracts – was USD 1.7-2 billion in early November.

The financial statements confirmed an unrealised loss on the value of certain hedging instruments. Accounting rules require that NORDEN must state the market value of contracts on bunker hedging and Forward Freight Agreements, and under these hedging instruments a large "theoretical profit" of USD 103 million in the Q2 interim report was changed into a "theoretical loss" of USD 41 million, chiefly due to the dropping oil price. Since the instruments are only used for coverage of physical cargoes and vessels, the loss will be offset by matching operating gains at a later point.

DRY CARGO:

QUICK FLEET ADAPTION

Costs and capacity are adapted to the new terms in the dry cargo market

NORDEN is at full blast reducing costs relating to the dry cargo fleet to only one-third of what they were in the late summer of 2008. By end 2009, the costs will be close to approx. USD 13,000 per ship day, whereas they were at about USD 40,000 on average per day in July this year.

"The flexibility of our business model proves its strength in situations with rapid changes in rates and demand, in which we can quickly adapt our costs and capacity," says Senior Vice President Peter Norborg, head of the Dry Cargo Department.

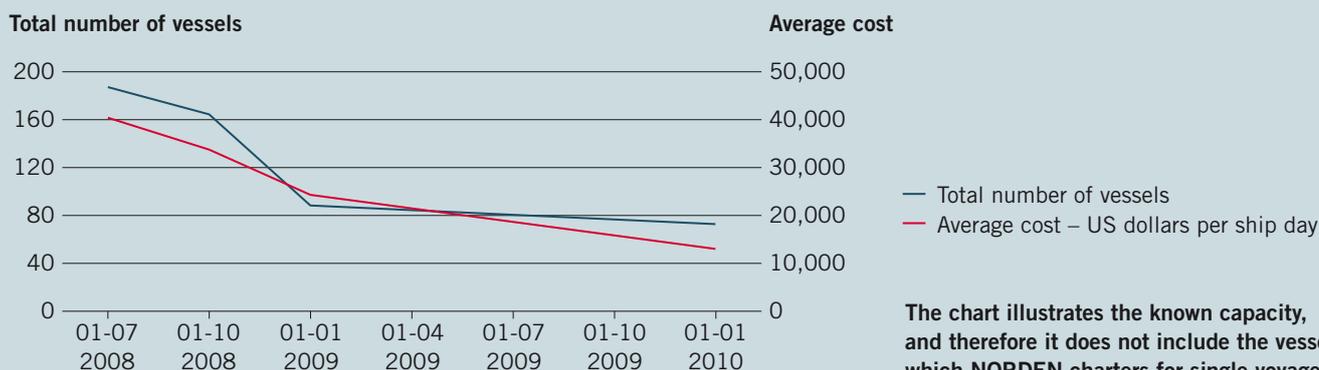
In the fourth quarter of 2008, NORDEN has redelivered a large number of short-term chartered vessels on expiry of the contract

periods. In this way, the capacity is adapted to current demand as well as the present freight and TC rates. At the same time, NORDEN has chartered in a number of vessels for single voyages only.

"We have redelivered a large number of vessels of which many had average costs at approximately USD 50,000 per day, so this adaption really strengthens our competitiveness," Peter Norborg explains.

Mid-November, NORDEN had a known capacity of approximately 30,000 ship days for 2009, which equals an average for the whole year of about 80 vessels. In addition to this, there are the vessels which NORDEN charters during the year for single voyages. Of the known capacity next year, 80% was covered mid-November.

Dry cargo fleet / cost development



The chart illustrates the known capacity, and therefore it does not include the vessels which NORDEN charters for single voyages.

MORE SHIPS UNDER MANAGEMENT

D/S NORDEN has agreed to manage 5 bulkcarriers technically as well as commercially and an additional 3 tankers commercially

In dry cargo, NORDEN has agreed to manage 3 Panamax and 2 Handymax bulkcarriers both technically and commercially. The 2 Handymax bulkcarriers are ice-class vessels. The 5 vessels were previously owned by a number of subsidiaries which were fully owned by insolvent Britannia Bulk Plc., and mid-November, the vessels were sold to an investor group. The contract with NORDEN is arranged by Nordea Bank Danmark, which has also financed the deal.

Declaration of confidence

"We see it as a declaration of confidence that the owners of these vessels have chosen our technical and commercial expertise to operate the vessels during these difficult times in the dry cargo market. We are not establishing a new business segment in NORDEN, but as the current situation is in the dry cargo market, a great number of vessel and owners will be on the lookout for a safe port. NORDEN can provide this, and we will therefore consider such deals going forward," says President & CEO Carsten Mortensen.

According to the agreement, the Dry Cargo Department and the offices in Singapore, Shanghai, Mumbai, Annapolis and Rio de Janeiro will handle chartering and operation of the 5 vessels, whereas the Technical Department will handle crewing, purchasing, control/repairs, inspections, classification and authorisation matters, environment and safety, etc. The Technical Department already manages NORDEN's owned dry cargo vessels and product tankers.

3 additional tankers

Some years have passed, since NORDEN last handled both the commercial and technical management of foreign tonnage. On the other hand, NORDEN manages a number of vessels commercially, and now an additional 3 vessels have joined in through a deal with Dubai-based United Arab Chemical Carriers (UACC).

According to the agreement – which is in effect – NORDEN's Tanker Department handles the commercial management of 3 MR product tankers from UACC – in addition to the 2 MR product tankers from UACC which NORDEN already has under management. NORDEN's product tankers are operated by the 50%-owned Norient Product Pool.

The reason for the deal is UACC's wish, as a relatively new shipping company within tankers and chemical shipping, to gain a foothold in the market and benefit from the good and solid customer relationship which Norient Product Pool has developed.

"To NORDEN and Norient Product Pool, this deal not only means more tasks for our charterers, but also a build-up of further critical mass in the MR segment which at the same time improves our total offer to our customers in this segment even further," says Lars Bagge Christensen, head of NORDEN's Tanker Department, and Søren Huscher, CEO of Norient Product Pool.



Lars Bagge Christensen, head of NORDEN's Tanker Department, and Jens Grønning, CEO of United Arab Chemical Carriers (UACC), signing the deal on the 3 product tankers

TANK:

FAREWELL – FOR NOW – TO AFRAMAX

NORDEN has decided to quit the activity as operator in the Aframax crude oil tanker market and instead focus on product tankers. NORDEN has therefore redelivered all chartered tankers in the Aframax segment.

"We have thoroughly assessed the relation between the TC (time charter) levels and our expectations to the freight rates in future, and we believe that it will not be commercially interesting for us to be in this

segment in the period ahead. We will follow the development closely in the time to come in order to see if there are indications of change and when the time will be right for *re-entry*," says Lars Bagge Christensen, head of NORDEN's Tanker Department.

NORDEN NOTES



Premiere of new film

A new, up to date NORDEN film is soon ready to be premiered. In words and pictures, the five-minute-long film introduces the Company as a business, working place and cooperative partner. The film offers the viewers footage from the offices in Asia and Hellerup and also from the fleet where the product tanker NORD SNOW QUEEN plays a leading role.

From New Year, the film can be seen on NORDEN's website and on big screens in the headquarters' reception area. It will also be featured at the general meeting and in connection with customer and investor meetings as well as recruitment.

Green parking in place

The month long building and construction work outside NORDEN's new headquarters, Bryghuset in Hellerup, is nearly completed.

A new parking basement has been built with space for 57 cars, and at the same time, an additional 22 parking lots have been established close to the main entrance, a roofed bicycle parking place has been put up and a staircase from the open space in front of the main entrance to Strandvejen has been built.

During the spring of 2009, a public car park with lawns and trees will be established on top of the parking basement. From the park, you will have direct access to the canal which is situated only few metres from Bryghuset and runs into Oresund.

Reception at Bryghuset postponed

The grand housewarming party and reception at NORDEN's new headquarters, Bryghuset, planned for 17 December has been postponed until more suitable and better times. The reason for the postponement is the turbulent international shipping market and the consideration for the many guests invited especially from abroad. Many of the guests, who have been invited, come from parts of the world where the global finance and freight crisis weighs heavily and thus demands the executives' undivided attention. It was therefore predictable that a lot of the people invited would have to decline the invitation; while others may have felt an obligation to partake even though their resources and time were scarce. Out of respect for both groups, the event has been postponed until better times.

DS Orients Fond buys no. 49 Amaliegade

NORDEN's former headquarters at 49 Amaliegade in central Copenhagen has now been sold. The new owner is DS Orients Fond, which was the highest bidder in an open bidding round. The property will now be renovated and modernised with proper respect for the protected surroundings.

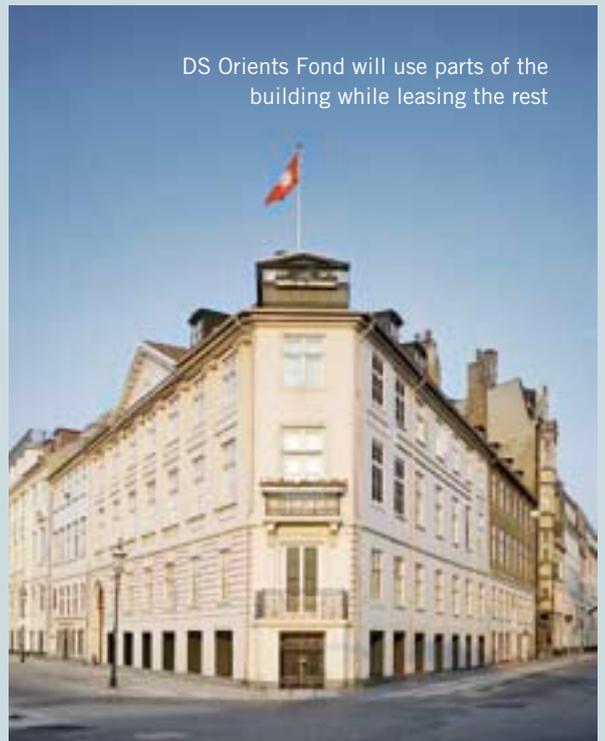
The house was built in 1790, and – from 1892 until the summer of 2008 – it was the headquarters of NORDEN for 116 years. To begin with, the Company rented the property, but took title in 1916.

“There are several reasons why we bought the property,” according to Steen E. Christensen, lawyer and chairman of the Board of Directors of DS Orients Fond.

“We consider it a smart investment as the property has one of the very best locations in Copenhagen and a lot of potential in the long run. At the same time, DS Orients Fond has formerly had offices and meeting facilities in the building and is therefore closely connected to the place. We will also keep some of the rooms to be at our disposal, but the majority will be let out to one or more businesses when renovations are completed. The top floors of the property will continue to be leased for residence,” Steen E. Christensen explains.

The sale generated NORDEN a profit of USD 7 million. The renovation of the property is expected to finish in a couple of years.

DS Orients Fond will use parts of the building while leasing the rest





Santa Claus brought presents for the children

Christmas at the Old Brewhouse

Santa Claus did not have any problems finding his way to the many excited guests at NORDEN's traditional Christmas party on 7 December even though NORDEN has moved and for the first time celebrated the coming of Christmas at the Old Brewhouse in Hellerup.

75 children and 90 adults said hello to Santa Claus, who told a Christmas fairy tale, led the dance around the Christmas tree and of course brought presents for the children. Santa Claus' young pixies – who, by the way, looked exactly like the Company's first year trainees – handed out goody bags to all the children, and they had also arranged Christmas games, competitions and making of Christmas decorations. The kitchen provided the guests with a full range of traditional specialties such as "æbleskiver" (small round pastry eaten with icing sugar and jam), rice à l'impératrice (with presents for the ones finding the almond) and gløgg (which, for the sake of foreign readers, is warm red wine punch with chopped almonds, raisins, cloves, cinnamon and cardamom).

NORDEN's overseas offices have also celebrated the coming of Christmas locally.

137 years of vessels in words and pictures

The author Ole Stig Johannesen has written a lavishly illustrated book about NORDEN and the Company's vessels during 137 years. The book gives an outline of NORDEN's and the vessels' history – right from the establishment of the Company on 11 February 1871, when the enterprising Mads C. Holm closed the share offering which financed the acquisition and operation of the small steamship Norden, which, later on, probably became the first steamship trading in the East.

Later on, Mads C. Holm lent his name to two of the Company's vessels, which, by the way, both came to a sad end. The first *M. C. Holm* was delivered to NORDEN by an English shipyard in 1894, but the vessel ended its days on 31 December 1914 at 8 a.m. off Scarborough in the North Sea, when it hit a mine laid by one of the warring countries in World War 1 while carrying a cargo of cotton and phosphate. All members of the crew were saved.

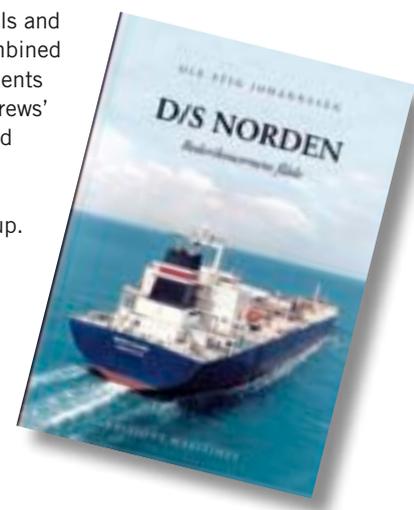
The next *M. C. Holm* was delivered by Helsingør Shipyard in 1924 and was originally contracted by D/S Dannebrog, but NORDEN took over the contract. *M. C. Holm* (II) did not get a very significant position in the Company's history. It was a steamship, and at this time, NORDEN was converting to diesel power. Furthermore, the vessel was small – 4,930 dwt – while the Company's other newbuildings at this time were vessels of around 8-9,000 dwt. *M. C. Holm* (II) was also laid up for a couple of years but finished in primarily inter-American coal trade. In 1939, the vessel was sold to Germany, and it was attacked twice during World War 2. The last attack – from allied fighters in the Kiel Bay on 3 May 1945 – became its final.

1932: The blackest year

The two *M. C. Holm* vessels are some of the few exceptions to the rule that "NORD" or "Nord" always forms part of the names of the Company's vessels.

Ole Stig Johannesen's book is updated up to and including the product tanker NORD NIGHTINGALE, which was delivered to NORDEN by Guangzhou Shipyard in March 2008. The newest long-term chartered vessel in the book is the product tanker NORD OBTAINER, which was built at Onomichi Zosen and was delivered in April 2008. The book contains 350 photos of the vessels and their technical specifications combined with chapters on significant incidents in the life of the ships, e.g. the crews' experiences during world wars and crises – as in 1932, the blackest year in shipping, when 13 of the Company's 14 vessels were laid up.

Ole Stig Johannesen's: D/S – NORDEN – rederikønsens flåde, 216 pages, DKK 460, Editions Maritimes. The book can be purchased at book stores and on the Internet.





EMPLOYEE NEWS

Management

1 October 2008: *Karina Skydt*, Webmaster, transferred to Corporate Communications.

Corporate functions

15 October 2008: *Michael Steinfeldt* transferred from a position as Senior Operations Manager in Norient Product Pool to a new position as Senior Training Manager in Human Resources.

1 December 2008: *Christian Barfoed Pedersen*, 26, was employed as IT supporter 1st level in IT.

Finance Department

1 November 2008: *Claus Pfeiffer Fischer*, 31, was employed as Team Leader (bulk pool).

17 November 2008: *Mette Brylov*, Financial Controller, went on maternity leave.

Technical Department

3 November 2008: *Peter Sundell*, Facility Manager, transferred to the Technical Department as Assistant Purchasing Manager.

Dry Cargo Department

28 October 2008: *Inga Masilionyte*, FFA Assistant, transferred from Derivatives to Control as Controller.

1 November 2008: *Mette Hahn Conradsen*, 36, was re-employed as Controller.

Annapolis

30 September 2008: *Majbritt Sundstrøm*, Assistant Operations Manager, is expected to be transferred to Operations in Annapolis during the first quarter of 2009.

Shanghai

1 September 2008: *Sandra Wang*, 42, was employed as Documentation Manager in Administration.

Singapore

4 November 2008: *Nor H. Ngatman*, 27, was employed as Administrative Assistant.

11 November 2008: *Hui Tiang Chua*, 24, was employed as Accounts Officer in Accounts & Finance.

Mumbai

6 October 2008: *Anjali Santosh Kedari*, 33, was employed as Administrative Assistant.

Norient Product Pool

7 October 2008: *Nikolaj Damgaard Lambertsen*, transferred from a position as Operations Manager in Operations to a position in Chartering as Assistant Chartering Manager.

27 October 2008: *Natasa Christou*, 22, was employed as Performance Controller in Cyprus.

1 November 2008: *Nicolatta Kyriacou*, 25, was employed as Demurrage & Freight Assistant in Cyprus.

1 November 2008: *Anders Thage Jensen*, 27, was employed as Operations Manager.

1 November 2008: *Ashfaq Khan*, 34, was employed as Operations Manager.

17 November 2008: *Eva Hald*, 26, was employed as Finance Trainee in Accounting.

NORDEN's vessels

13 October 2008: *Nils-Erik Hansen*, 44 år, was employed as Second Engineer onboard mv. NORD FLEX.

15 October 2008: *Sven Steenhoff Madsen*, 61 år, was employed as Chief Engineer onboard mv. NORD-KRAFT.

23 October 2008: *John Gunnar Sundemar*, 33 år, was employed as Third Officer onboard mt. NORD BELL.

9 November 2008: *Carsten Nuka Broberg*, 37 år, was employed as Third Engineer onboard mt. NORD BUTTERFLY.

Celebrations

Corporate functions

16 November 2008: *Ole Clausen*, Senior Claims Manager, celebrated his 10 years anniversary with NORDEN.

Finance Department

30 October 2008: *Birgitte Larsen*, Financial Assistant in Accounting, celebrated her 50th birthday.

Technical Department

15 December 2008: *Jørn Andresen*, General Manager, celebrated his 50th birthday.

Singapore

11 September 2008: *Wen Qing Li*, Operations Manager, celebrated his 40th birthday.

9 December 2008: *Peter Borup*, Group Senior Vice President, celebrated his 40th birthday.

NORDEN's vessels

18 November 2008: *Sven-Inge Ulf Stålberg*, Chief Officer onboard mt. NORD WHALE, celebrated his 50th birthday.

20 November 2008: *Carl Tousgaard*, Second Engineer onboard mt. NORD SNOW QUEEN, celebrated his 50th birthday.

14 December 2008: *Søren Morten Rasmussen*, Chief Engineer onboard mt. NORD THUMBELINA, celebrated his 60th birthday.

NORDEN FACTS

Dampskibsselskabet NORDEN A/S is a global operator of tanker and dry cargo vessels and an independent shipping company incorporated in Denmark and listed on NASDAQ OMX Copenhagen A/S. NORDEN was founded in 1871, making it one of Denmark's oldest internationally operating shipping companies. NORDEN operates in dry cargo and tankers worldwide.

Offices around the world

NORDEN has its head office in Hellerup, north of Copenhagen (Denmark) and offices

in Singapore, China, USA, Brazil and India. At its offices, NORDEN has in total 252 employees, and about 300 are employed on the Company's owned vessels.

Business model

NORDEN is a global operator of tanker and dry cargo vessels with a clear ambition to position itself as a service company which delivers high quality to customers. In order to do this, we continuously develop our customer focus and adjust our portfolio of capacity and cargoes. Through our offices around the world, we approach custom-

ers locally and adapt our services to their needs. Furthermore, we focus on building long-term partnerships with both shipyards and customers. A competent and dedicated staff is a prerequisite for our success.

Strategy

Key issues from NORDEN's strategy; organizational development – partner focus – risk management – financial strength – profitable growth – CSR – critical mass – expansion of the core fleet – portfolio management – expansion of the business.

Dry cargo

The Company is one of the world's largest operators of Handymax and Panamax bulkcarriers and has significant activities in the Handysize and Capesize segments. The most recent initiative is the entry into the Post-Panamax segment.

Tankers

NORDEN is active in the Handysize, MR and LR 1 product tanker segments. The product tanker activities are operated through the Norient Product Pool, which is managed by the 50% owned Norient Product Pool A/S.

Corporate Social Responsibility – Environment

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 minimizing propulsion resistance and optimizing 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 as well as other Corporate Social Responsibility (CSR) issues.

Financial highlights – third quarter of 2008

Profit: The profit for the first three quarters of 2008 was USD 718 million corresponding to DKK 3.5 billion. The profit is 49% up on the same period last year and is the best result for the first three quarters in the Company's history.

Outlook: For 2008, NORDEN expects an annual profit in the range of USD 740-800 million, against USD 703 million for 2007.

Our vision

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

Our values

- Flexibility
- Reliability
- Empathy
- Ambition

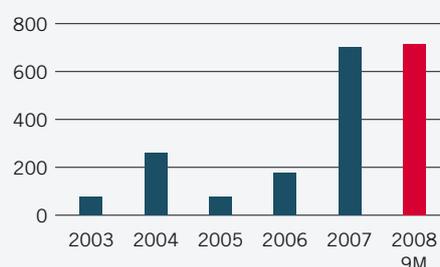
Our mission

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people. Through our values 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

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	NASDAQ OMX Copenhagen A/S
Ticker symbol	DNORD
ISIN code	DK0060083210
Index	OMX Copenhagen 20 (OMXC20) Nordic Large Cap
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Net Profit (USD m)



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MANAGEMENT

Chairman
Mogens Hugo

Board of Management
Carsten Mortensen, CEO
Michael Tønnes Jørgensen, CFO

NORDEN INVITATIONAL:

A STRIKE FOR LONG-TERM COOPERATION

Customers and partners gathered at the annual golf tournament NORDEN Invitational in Japan. Though everyone fought bravely against each other in the tournament, the event was all about cooperation

Along with executives from NORDEN, representatives of owners and from trading houses, banks, brokers and yards in Japan and Hong Kong tried their strength against clubs, irons and putters on the tricky rain-soaked golf course at Sunset Hills Country Club in Imabari on Shikoku Island in Japan, southeast of Hiroshima. During the tournament, all participants received instructions on how to perfect their swing technique as well as good advice on strategy from the Danish European Tour player Anders Hansen, who have won the prestigious BMW PGA Championship tournament twice.

This was the sixth NORDEN Invitational, and this year the tournament was won by President Hisaharu Hisamoto from Hisamoto Kisen

Co. Ltd. closely followed by General Manager Kazuhiro Suzuki from Phoenix Co., Ltd. and Chair Person Chihiro Kashiwagi from Kaiyo Kisen Kaisha Ltd. on second and third place. NORDEN's representatives politely kept out of the scuffle for the top placing.

Expand involvement

During the following reception at Imabari Kokusai Hotel, President & CEO Carsten Mortensen thanked the many attendees for a good and extensive cooperation: NORDEN has 72 long-term charter deals with Japanese owners, formalised partnerships as well as close cooperation with yards and banks, just like the Company has some of its best cargo and charter customers in Japan.

"Business builds on mutual benefit, and NORDEN will continue to expand our involvement here. We are always there for our close partners. We know that you relate to this way of thinking, which is another reason why coming back to Japan is always an extra pleasure," Carsten Mortensen said in his speech.

He also said that the present difficulties for parts of the shipping industry may also be at the root of something positive and prove to be a chance to return to traditional shipping values.



Carsten Mortensen presents the first prize, a golf trip for 2, to the winner of the golf tournament, President Hisaharu Hisamoto from Hisamoto Kisen Co., Ltd



European Tour player Anders Hansen gave lessons in the noble art of golf. Here a strong screw drive



CEO Carsten Mortensen (left) talking to Executive Chairman Toshiyuki Higaki from Imabari Shipbuilding Co. Ltd. (in the middle)