



**MOGENS HUGO JØRGENSEN'S REPORT TO
THE ANNUAL GENERAL MEETING OF NORDEN ON 25 APRIL 2007**

INTRODUCTION

2006 confirmed that shipping is a volatile business. The dry cargo market took a real roller coaster ride with a plunge in rates in the majority of the first half followed by continuous rate increases for the rest of the year. The tanker market was also volatile, ending the year lower overall than in 2005.

In these turbulent markets, NORDEN made a profit of USD 177 million - just over DKK 1 billion. This is certainly acceptable, and a great deal above our original forecast of a profit in the level of USD 110-130 million. This again confirmed to us that our business model works in volatile markets.

But equally important, 2006 was a year in which we made a strong effort to develop our business, expand the fleet, strengthen the organisation and position ourselves. The results of this effort are reflected in our expectations for 2007: A net profit of USD 380-410 million - in other words, on the right side of DKK 2 billion, which will be the best performance in the Company's long history.

BUSINESS DEVELOPMENT

First, let me present the major initiatives we took to strengthen the business in the long term:

In dry cargo, we entered two new segments: The first of these is Handysize with small vessels, which will operate locally in the Atlantic or the Far East. We are off to a good start - NORDEN already has 10 vessels in operation and 16 new vessels on order. The second new segment is Post-Panamax, which comprises relatively large vessels of 90-120,000 dwt, which fill the gap between Panamax and Capesize vessels for transports of coal and other cargoes. At year end, we had 4 Post-Panamax vessels on order - that is long-term charters with purchase option - and in fact we have rather great plans for this activity.

We also set up two new departments in dry cargo: One for long-term charters and acquiring and selling vessels, which is a vital activity for the Company. And another department for freight derivatives, to build more in-house competences in this important area.

In tankers, we began changing our approach to the Aframax tanker market. In this segment, we will now act as operators in order to avoid tying up capital in owned vessels, while remaining active. We will be able to use the capital thus liberated to further boost our product tanker activities, in which we have just reached a milestone. The Norient Product Pool has become one of the world's three largest pools with an extensive order book that will almost double the pool's fleet.



2006 also saw a record number of contracted new vessels. We ordered 28 new vessels for our core fleet in order to obtain the capacity necessary to continue our growth. We also strengthened the organisation quite considerably and fine-tuned our payroll systems. I will come back to our fleet and our people a little later on.

Finally, I want to mention our coverage. Last year, we held back on covering our dry cargo capacity in 2007 and onwards. We waited to fix our vessels until the last few months of 2006 and the first months of 2007, when freight rates had risen significantly. We interpreted the markets correctly and are very well positioned as a result thereof. This is part of the reason why we are positive about 2007.

THE FLEET AND ITS VALUES

The slide behind me shows the composition of the fleet. On the last day of the year, we operated 153 vessels - against 124 the year before. Of these vessels, 63 formed our core fleet - vessels in which we either own or have held on long-term charters for more than three years, which mean that they normally sail under our flag and with our funnel mark. We increased the core fleet by 23 vessels - or by 58%.

As mentioned, we were highly active in contracting new vessels for our core fleet. On the last day of the year, we had entered into agreements for the delivery of 67 vessels in the coming years - either in the form of owned newbuildings or long-term charters with or without purchase options.

Overall, NORDEN's gross fleet grew from 174 to 220 vessels. Of these, we had options to purchase 71.

The value of NORDEN's fleet is considerable. We always leave it to independent ship brokers to compute the market value, and according to the brokers the fleet's added value over carrying amounts and expected newbuilding prices was USD 440 million. That equals a total value of just over USD 1.1 billion, against some three quarters of a billion USD the previous year.

To this should be added the value of our 71 options - i.e. the value of these vessels' charter parties and the options to buy them. They have been calculated at almost USD 1.2 billion. The annual report carefully explains the calculation and points out that such calculations are subject to uncertainty, as they are based on forward-looking assumptions.

Distributing the values on the shares, it looks like this graphically: The intrinsic value of the share was DKK 1,858 - that is the dark blue column based on the carrying amounts. If we add to this the added value of the owned fleet and newbuildings, we get a Net Asset Value per Share of just over DKK 3,000 - that is the light blue column. And if we add to this the value of the options, we get a total value of almost DKK 6,100 per share in 2006. That is what we call the Theoretical Net Asset Value.



We have only calculated the Theoretical Net Asset value for the past two years. But seen over the past five years, there is no doubt that NORDEN's expansion of our fleet and systematic use of options have created very significant values per share, as you see behind me. We are in a strong position to maintain this added value. Approximately 40 of the 71 options can be declared in the coming five years.

DRY CARGO

Now, I would like to add a few comments regarding our two departments, Dry Cargo and Tankers. I will be brief, because the departments are described quite thoroughly in the annual report.

First, dry cargo. Here, we are active in four segments - of which Handymax is the largest, followed by Panamax and Capesize. Handysize is the newest, and therefore naturally the smallest segment.

In round numbers, NORDEN's vessels transport approximately 1.5% of the global dry cargo volumes. Last year, this represented almost 45 million tons of cargo. In our largest segments, we are among the global market leaders with market shares of just over 5% in Handymax and approximately 3% in Panamax.

As mentioned before, the market was turbulent. If we look at 2005 first, the market was strong in the first half, followed by a downturn. In 2006, it was just the opposite - which was well in line with what we expected and based our planning on: The first half was weak, but just before summer rates began to climb, and they continued to do so for the rest of the year. The rise was so significant that the Baltic Dry Index ended the year 83% higher than at the beginning of the year. The increase has continued in 2007 - with only a minor pause around the Chinese New Year - and today the BDI is 30% higher than on 1 January.

China's imports and exports of raw materials give the market a very strong foundation and, as a result, the global demand for transports exceeds the supply.

China's imports of iron ore are particularly important, as shown in the figure to the left. These imports were up by 19% last year, and the ore is now collected from further away - for example from Brazil. This increases transport distances, which of course is to the benefit of the shipping companies.

Cement is another important cargo. China's exports of cement rose by 60%, making China the largest exporter of cement in the world. As a consequence, countries that previously got their cement from sources nearer to them now get it from China. This also adds to the longer transport distances.

Coal is also an important factor. As you can see on the right hand side of the figure, China used to be a major exporter of coal. But exports have dropped and, in turn, imports have increased to cover the country's insatiable appetite for energy. In January 2007, imports exceeded exports for the first time - making China a net importer. Countries that used to get



their coal from China now have to import coal from other countries farther afield. This, too, adds to transport distances.

There are other factors at play as well. Not least the global GDP increase as well as bottleneck problems in some ports. What is most important is that we are seeing a healthy rise in demand - of 5-6% in 2007. This more or less matches the expected growth in the global fleet this year, which means that the market is in balance. This may cause spot rates to drop a little later in the year.

TANKERS

In tankers, we are active in three segments: Aframax, carrying crude and fuel oil, in which we are manoeuvring into a pure operator role, as I mentioned earlier. And then the two product tanker segments: Handysize and MR, which primarily carry refined oil products. In both these segments we have a growing core fleet.

As the shareholders will remember, in 2005 we took profits and sold a number of vessels because we assessed that 2005 was a seller's year. In the Tanker Department, we operated 20 vessels at the beginning of the year, of which 19 were part of our core fleet - i.e. owned vessels or vessels on long-term charters. We also expanded our order book to 18 vessels, and this year alone 8 product tankers have been delivered to our fleet.

Our product tankers operate in the Norient Product Pool, which last year reached a fleet of 35 modern, double-hull product tankers in operation. We and our partner, Interiorient from Cyprus, have a total order book of 33 vessels, which will be added to the pool. Of these, 18 will come from NORDEN.

As I mentioned before, the tanker market was volatile. But we did not see the usual seasonal fluctuations late in the year, when rates normally go up due to hurricanes in the Gulf and strong demand for fuel and heating oil going into the winter season. We saw this trend in 2005, as the curve behind me illustrates. But last year was different. There were no hurricanes, and in addition the winter was very mild in many countries. Consequently, the Baltic Clean Tanker Index dropped by a total of 16%, which was more than we expected.

Looking forward, the increase in global oil consumption is expected to accelerate this year - at least according to the International Energy Agency, whose latest quarter-by-quarter forecast you see behind me. The IEA expects an increase of almost 2% against less than 1% last year, mainly as a result of increased consumption in the USA, China and the Middle East. China's thirst for crude oil and refined products is important, because the products are acquired from far away regions - from refineries on other continents. Like last year, we expect the longer transport distances to cause the actual demand for tanker tonnage to increase by more than the 2%. In fact, we expect demand to rise by 2-3 times the increase in global oil consumption.

The market is unchanged with a fine balance between supply and demand. This means that even minor events can make the rates go up significantly. In the absence of such events, we expect a market with rates that are slightly lower than last year's.



The global tanker order book is significant, as is illustrated by the blue columns, which show vessels on order - stated in per cent of the current global fleet in the various segments. The market may therefore become slightly more unstable than we have been used to - more unstable, but still at a very attractive level from a historic perspective, mind you. The major joker is when the scrapping of old, single-hull vessels will start in earnest. Looking at the number of vessels to be scrapped in consequence of the IMO rules - the green columns - scrapping will significantly curb growth in the global fleet. Right now, we are seeing the first weak signs of increased scrapping.

NORDEN'S KEY FIGURES

The performance of the two departments is summed up in the following key figures for NORDEN:

Revenue dropped by 5% to just over USD 1.3 billion. We had slightly more ship days at our disposal than last year, but T/C rates were lower in dry cargo. This explains the decrease in revenue.

EBITDA - operating profit before depreciation and profits from the sale of vessels - was 23% down on the record-breaking 2005. The drop was due to lower T/C rates in dry cargo due to the weak market in the first half and due to previous coverage of ship days into the second half at lower rates. Another factor was that tankers experienced higher costs due to the increased number of chartered vessels.

As the pie charts indicate, tankers generated 11% of total revenue and dry cargo the rest. Looking at the operating profit - EBITDA - tankers represent a much larger part, however. 29% of earnings were generated by tankers. Tankers' EBITDA margin was 36%, which is excellent and serves to underline the fact that tankers are very important to NORDEN's total earnings profile and overall business.

But let's go back to the key figures: Profits from sales of vessels, etc. were more than halved - at USD 55 million. We sold fewer vessels - just 4 as compared with 12 the previous year. We assessed that it was better to wait to sell until the market prices were higher, and at the same time we expanded the fleet of owned vessels. This proved a wise decision, in view of the significant increases in the prices of both secondhand and new vessels during the year. In 2007 we have been more active sellers, and as the shareholders are aware, buying and selling vessels are an integral part of NORDEN's business. We do it quite pragmatically by weighing the profit to be gained from selling a vessel against the benefits of keeping it. If the profit is attractive and we are able to cover our capacity needs in other ways, we sell.

The financial statements are marked by the item "fair value adjustment of certain hedging instruments", which represented a loss of USD 27 million - against a gain of USD 26 million the previous year. The item is necessary because the IFRS require us to adjust the instruments used in our risk management to hedge risks related to freight income and bunker costs. In other words, items that are not speculative.



As a result of the lower operating profit, fewer vessels sold and these fair value adjustments, the profit for the year fell to USD 177 million. It may look a bit weak that earnings are thus halved relative to the previous year. But in light of the market development, it is a good, sound profit, representing a 27% return on equity, and is in fact the third highest profit in NORDEN's history.

I also want to draw your attention to the figure on my right, which shows our quarterly earnings over the past two years. As you can see, earnings are clearly increasing. In fact, in the second half earnings were up by 23% as compared with the same period of the previous year, and it is precisely this strong earnings momentum that we expect to build on in 2007.

SHAREHOLDER INFORMATION

One subject has come up in each of my reports on the past four general meetings, and that is NORDEN's ownership. Today it is five times lucky - and I stress the word "lucky".

In early April, Torm sold all its shares in NORDEN. Leading up to the sale was a short, intensive process of 3½ days from Torm's announcement that the shares were to be sold through a so-called book building to the book was actually closed. In this brief time span, NORDEN executives went out and presented the Company to prospective investors at short notice, based on our new annual report. In all, we held meetings and talks with 30 investors, primarily in Denmark, the USA and the United Kingdom, and they apparently liked what they heard, because we quickly succeeded in placing Torm's shareholding at a value of just over DKK 4 billion.

This was the end of an era which began in the summer of 2002, when Torm acquired a third of NORDEN's shares, a shareholding which they planned to use to merge NORDEN and Torm. As you know, that plan was rejected by the Board of Directors - and subsequently by many shareholders who, then as now, felt that NORDEN is best off as an independent, listed company. We are always open to alliances, collaborations and acquisitions if they generate value for our shareholders and customers. But it is as an independent company that NORDEN is best able to exploit our particular business model.

The ownership deadlock has not been ideal. When tensions were running high in newspaper reports, our employees may have doubted whether they were bought or sold. The situation has also taken up Management's time, which might have been better spent on other things. And finally, it has naturally also reduced the liquidity of the share that just 15% of the shares were in free circulation - the rest being tied up with three major shareholders or in treasury shares. We have often heard from major investors in Denmark and abroad that they liked our business model and were impressed by the Company's results - but that they didn't want to invest because they couldn't get enough shares.

So yes - it has been troublesome. But I am happy to say that the ownership turbulence has not curbed NORDEN's momentum. NORDEN is today a much stronger, larger organisation than it was in the summer of 2002, when Torm knocked quite loudly on our door. I think the dif-



ference between then and now is effectively illustrated by the fact that what was at the time the level of the Company's revenue - a couple of hundred million USD - has now become the level of our earnings.

The share price also speaks volumes about NORDEN's development. At the time, Torm offered DKK 360 per share - well above the market price of approximately DKK 300. Less than five years later, the market price is DKK 6,000 per share, and over the period, DKK 585 per share has been distributed in dividends. So the shareholders who followed the Board of Directors' advice and resisted the offer have truly been rewarded.

It is a great tribute to the quality and loyalty of our Management, Board of Directors, executives and employees that they have closed out the ownership trouble and instead kept on course and focused on managing and developing the Company. For that, I would like to extend my warmest thanks to them.

In connection with the book building, NORDEN has got a number of new shareholders, and this continues a positive trend as the number of shareholders has been increasing steadily for some years. Last year alone, the number of shareholders rose by 20% to a total of 1,758 registered shareholders at the end of the year. Now, in mid-April we have just over 3,000 shareholders - an increase of just over 70% this year alone.

Among the new, large shareholders are several Danish, Nordic, British and US pension funds, unit trusts and other institutional investors. Some are entirely new; others already had minor shareholdings, which they have increased. None of the new investors have registered holdings of more than 5%, so I am not able to mention any names, but the Board of Directors feels that we have obtained a more balanced and diversified group of owners.

The major shareholders remain Motortramp and Kristiansand Tankrederi. The third largest shareholder is NORDEN itself, holding 9.1% treasury shares, which I will get back to in a bit. As you can see on the slide, numbers 4 to 10 hold a total of almost 308,000 shares - or 13.3% of the share capital. Another 12.7% of the share capital is distributed among registered shareholders, while just over 18% is held by shareholders who have not registered by name.

INFORMATION ACTIVITIES

We have an obligation towards our shareholders, old and new. We must continue to work as goal-oriented as before on the creation of values for our shareholders and customers. And we must provide satisfactory information on our results and plans in due time, so that everyone has a chance to keep up with our development.

Are we capable of properly servicing demanding, new professional international investors? We certainly are. In recent years, we have braced ourselves for the situation we are in now through a steady increase of the volume and depth of the information we send out. On page 10 of the new annual report, we have taken this even further by giving detailed information on our new book. How many ship days we have until 2010, and how the costs and revenues are



distributed on these ship days. On pages 4 and 5, we publish all information on the value of our options and when they can be exercised.

We present our interim reports on webcast or audiocast four times a year, and we meet many investors at eye level. Last year, NORDEN participated in 45 investor meetings in Denmark and abroad, with more to come this year that I can promise you. We have also launched NORDEN News as a newsletter to our shareholders, employees and others - with stories about the initiatives and people that create our results. We are also continuously expanding our website, where we have recently included a systematic outline of our management practice seen in the light of the recommendations of the Copenhagen Stock Exchange.

And now that I am talking about the website I would like to invite you, ladies and gentlemen, to participate in a preview: We will soon relaunch our website in a new design, with a good deal of new content and a structure that I am sure you will all see as an improvement. This is what it will look like.

We will have even more shareholders, because NORDEN is already among the 90 top shares in the Nordic countries, and because NORDEN is now close to being the largest shipping company in the world that is primarily involved in dry cargo, measured in terms of market value. It is no longer unrealistic that we will find ourselves among the most liquid shares in the C-20 index. In other words, we are facing a challenge with the prospect of an even larger and more demanding host of shareholders. But we are ready to take up this challenge!

REDUCTION OF THE DENOMINATION OF OUR SHARES

We must do everything we can to ensure that the NORDEN share remains attractive and liquid - and preferably even better than that. Today the Board of Directors therefore recommends under item E2 of the agenda that the denomination of the share is reduced from DKK 20 to DKK 1. With a price of approximately DKK 6,000 for one share we must face the fact that the NORDEN share today has one of the highest unit prices on the Copenhagen Stock Exchange. This is the result of the soaring increases in share prices in recent years - and especially during the last ten months.

Consequently, the share is traded today at a price which makes it a challenge for quite a few private investors to join in. And as we would like to have a fair distribution of owners and to enable all investors to join in, we therefore recommend a reduction of the denomination to DKK 1. As a result, the price will no longer be DKK 6,000, but one twentieth thereof: DKK 300.

PORTFOLIO OF TREASURY SHARES

Let me round off this section about NORDEN's ownership by repeating what we told the Copenhagen Stock Exchange earlier this month: That since NORDEN helped Torm by buying some of our own shares during the book building period, we have a relatively large portfolio of treasury shares today. The Company has a portfolio of 209,077 treasury shares, corresponding to 9.1% of the share capital.



I would like to emphasize strongly that this is not a permanent arrangement. NORDEN is not to own that many treasury shares in the future. Therefore, the Board of Directors will soon convene an extraordinary general meeting, where we will recommend that the share capital be reduced by 73,750 shares, corresponding to 3.2% of the share capital. Approximately the number of shares we repurchased from Torm earlier this month. I hope you will understand that we have not included this proposal on the agenda for today's annual general meeting, since we only acquired the shares in recent weeks, which meant that there was not enough time.

By reducing the share capital by 3.2%, we achieve a distribution of the values in NORDEN on fewer hands, since the share capital will be reduced.

After the 3.2% reduction of the share capital, NORDEN will own 6.1% treasury shares. This is close to the upper limit of what we need to cover our share option programmes, and in the next year or so we will therefore consider what to do with the rest of the shares.

CREATION OF VALUE FOR OUR SHAREHOLDERS

In NORDEN, the creation of value for our shareholders is generated by our efforts to neutralise the impact of the cyclical fluctuations that are characteristic of the shipping industry. By generating high long-term earnings, NORDEN is able to create an attractive yield for the shareholders in the form of dividends and an increasing price of the share.

If we look at the two components that make up the yield - dividend and share price - and start with the share price, we can see that it went up last year from 2,925 to 4,790. This corresponds to a yield of 64%, which is definitely in the top echelon of the Copenhagen Stock Exchange. And today the price is more than DKK 1,000 higher.

The market value has increased steadily in recent years. We passed the DKK 10 billion milestone in the autumn of 2006, ended the year at DKK 10.4 billion, and today post a market value of DKK 12.5 billion.

As regards dividend, the Board of Directors today proposes a dividend of DKK 100 per share. This corresponds to a total appropriation of DKK 230.4 million or just over USD 40 million. This is half the appropriation adopted at last year's annual general meeting; the logic behind this is that net earnings were more or less halved compared to the record year of 2005.

The proposed dividend corresponds to returning 23% of the net profit for the year back to our shareholders, which is fairly equivalent to the level in recent years. Thus we returned 22% of the net profit for 2005, and the dividend level in real terms for 2004 was not that different. The ordinary dividend in 2004 corresponded to 15% of the net profit, but as you will remember, we decided on an extraordinary dividend in 2004 in order to emphasize that the Company's earnings had taken a quantum leap. Including the extraordinary dividend, 40% of the profit was paid out as dividends.



The Board of Directors finds that today's dividend of DKK 100 per share constitutes a fair yield for the owners while ensuring that the Company retains the financial muscle to make the investments that are the prerequisite for creating a long-term yield for the shareholders, also in more turbulent markets. We must not forget that NORDEN will have to invest approximately DKK 1.5 billion in the expansion of the fleet this year alone, and it looks like the investment level will be considerable in the future, as well. Nor may we by any means forget that we have substantial liabilities, both on and off the balance sheet. Consequently, we need a financial buffer to give substance to our strategy.

CHANGES IN THE BOARD OF DIRECTORS

Erik G. Hansen recently announced that he wishes to resign from the Board of Directors at this annual general meeting. Erik is heading towards new, time-consuming tasks and will therefore have to resign from a number of directorships, etc. We regret this, as Erik has been a super professional board member who has made a huge effort on the Board of Directors of NORDEN; however, we understand that after 11 years Erik feels he has made his contribution. Indeed, he has done more than that.

The Board of Directors had intended to propose a successor for Erik today, and you can see from the letter convening the annual general meeting that we wanted to propose a new candidate. However, we shall not propose any new candidate after all. The Board of Directors has found that as the Company's group of owners changed significantly only a couple of weeks ago, it is only fair to give ourselves a chance to appreciate whether this should have any consequences for the election of a new member to the Board of Directors. We will subsequently come up with a proposal for a new member that will be submitted at an extraordinary general meeting.

Against this background, the elections under item D are reduced to the proposal of Mr. Dag Rasmussen, Chief Executive Officer of the Rasmussen Group, as new member of the Board of Directors. I look forward to presenting Dag Rasmussen when we reach item D. In addition, we propose to re-elect Einar K. Fredvik, who is well known to the shareholders in addition to being described page on 35 of the Annual Report.

CHANGES TO THE EXECUTIVE GROUP

Now that we are talking about the people leaving us, Jens Fehr-Christensen, Chief Financial Officer, informed us almost two months ago that he wished to resign before this summer. Jens finds that the time has come to start a new life with increased focus on his family and spare time combined with a limited number of directorships. Jens has been with NORDEN for 15 years and been a member of the Management for the last seven years with responsibility for finance, risk management and control. It is fair to say that Jens has made an essential contribution to the development and growth of NORDEN in recent years.

Thanks to Jens' early announcement, we are close to deciding on a new CFO. We have had a wide range of highly qualified candidates to choose between, and the number of candidates has now been narrowed down so that we hope to be able to announce Jens' successor within the next month or so.



The new CFO will constitute NORDEN's Management together with the Chief Executive Officer, Carsten Mortensen. In addition to these two, the Executive Group comprises three long-standing members, Jacob Melgaard (Manager of the Dry Cargo Department), Lars Bagge-Christensen (Manager of the Tanker Department) and Lars Lundegaard (Manager of the Technical Department). To these should be added a new face - Kristian Wærness, who was promoted to Senior Vice President at the beginning of the year and appointed as Manager of the Economy and Finance Department as replacement for Kjeld Rasmussen who has retired after 20 years of fine and appreciated work in the Company's service. Profiles of our Executive Group can be found on pages 36-37 of the Annual Report.

DEVELOPMENT OF THE WORKFORCE

I mentioned at the beginning of my report that we have done a great deal in 2006 to expand and develop the Company. Both in the form of business initiatives - as I mentioned before - and in the form of investments in the organisation. NORDEN is growing, and NORDEN will continue to grow.

At sea - on the vessels - the number of employees rose by 18%. On the last day of the year, we had 307 seamen on our payroll, and we will have more this year as our own fleet keeps growing. A good deal of this increase comes from the Philippines, where we have created a pool of seamen and young officers who sign exclusively on our vessels. Thus we are more capable of retaining good seamen who know our vessels and our safety and service requirements. As regards officers, we are also finding new ways with the introduction of individual contracts, bonuses and a broader recruitment base - both in the Philippines and among Danish candidates with a slightly different background - and finally we increase our training efforts. In the course of 2007, we will have as many as 30 trainee officers.

On land, we saw the biggest growth last year in the number of employees at the overseas offices with an increase of 43% to 40 employees. Local employees now constitute the majority in several locations - in particular in Shanghai, where we have extended our close collaboration with Shanghai Maritime University to more systematically hiring graduates from this excellent university. Our overseas offices are important, as the personal contact with the customers makes a difference, and it definitely adds to the benefit that our customers are able to talk to a fellow countryman. In addition to the offices, we also have our port captains, who assist our vessels in the most important ports, showing the NORDEN flag locally.

Also the workforce in Copenhagen grew - by 18% to 104 employees. All business executives will concur that it has become more difficult to recruit people in Denmark due to the smaller numbers of young people and the high employment rate. Therefore, we are seeking out new territories in order to find the right young people. We participated in the campaign "Blue Denmark". Together with other shipping companies we launched our own shipping training programme. We visited trade fairs and institutions of higher education, we organised our own meetings for candidates, and we have dedicated a section on our website to this purpose, including a new film.



In aggregate, NORDEN had 451 employees at year-end as a result of our growth worldwide. It is more than twice the number of five years ago.

NEW HEAD OFFICE

As a result of our growth, we have outgrown our head office at 49 Amaliegade. Although we occupy every square metre, and although our hearts cling to the historic property that has been home to NORDEN since 1892, we have to move on. We cannot allow our narrow limits to block our growth. Therefore, NORDEN will move into a new building in Hellerup north of Copenhagen at the beginning of 2008. Today, if you drive past on Strandvejen, you will see a building site, but this is how the new head office looks on the drawing board. We will have 5,200 square metres at our disposal.

NEW VISION AND VALUES

When an organisation grows as much as NORDEN, there is a need for a mutual understanding among the employees, old and new, of what NORDEN stands for, and what working for NORDEN means. Therefore, 30 executives struggled for a year to update NORDEN's vision, mission and values. When the result was presented to the employees at the end of last year, it was no fait accompli: The employees will have substantial influence on the conversion of the new targets and rules of conduct into concrete action - both in their everyday collaboration and in the strategy.

The new vision is: We are to be the preferred partner in global tramp shipping - we are to be number 1. This does not imply that we are going to be the biggest - but we are to be the preferred partner of our customers, of the shipping companies and of the shipyards. In order to reach this target, we need unique people who are open to change and to each other - and perceive themselves as a team. Or to quote our values: We must radiate Flexibility, Reliability, Empathy and Ambition.

REMUNERATION POLICY

The framework must be in place, we need a shared goal, and we need the right people to bring NORDEN towards these targets. Therefore, we have begun to work more systematically with our remuneration policy, especially in a special remuneration committee set up under the Board of Directors. This committee is to ensure that we have the right remuneration systems enabling us to recruit and retain qualified people, since this is essential for securing a maximum return on the Company's big investments.

Share-based incentive plans constitute a very important instrument in this connection. They are important because they encourage the long-term behaviour of the employees, and because they leave no doubt that the employees have the same interests as the shareholders: An increase of the share price.

Last month we granted options for a total of 22,915 shares at a value of DKK 16 million to 40 employees. These options can be exercised from 2009 to 2011, and they will not be of value to the employees until after the shareholders have received a dividend. This is ensured by raising the redemption price by 8% per year compared to the price at the time when the options



were granted. The new option programme corresponds to approximately 1% of the share capital and is covered by treasury shares. The programme is similar to the one adopted in March last year, when 35 executives and key employees were granted 25,000 share options. The Board of Directors believes that in future NORDEN shall also issue options at suitable intervals according to the principle that the redemption price is to be higher than the market price at the time when the options were granted.

In February 2007, we have also awarded the employees 4 employee shares - a total of 668 shares at a value of DKK 3.2 million. It was our second such allocation of shares, and we expect to allocate shares again in 2008. The purpose is once again to make all employees think as shareholders.

Moreover, we allocate bonuses, which are quite decisive if we wish to stand out as competitive in our industry, which we do. Last year, we allocated a total of USD 9.8 million in bonuses, of which a minor part will not be carried as an expense until settlement. By far, the majority consists of individual bonuses for 52 employees, including the Management and the Executive Group, whereas the rest is a collective bonus for the employees on land and the officers employed under individual contracts. The aggregate amount of these bonuses corresponds to approximately 5% of the Company's net profit, which is an increase compared to the previous level of 3%. This does not reflect a permanently increased level, but is a consequence of, in particular, the competition in the industry aimed at retaining good employees.

REMUNERATION OF THE BOARD OF DIRECTORS

If we now turn to the remuneration of the Board of Directors, we propose once again a total fee of DKK 3 million to be paid to the Board of Directors. The basic fee for - excuse the expression - ordinary members remains unchanged at DKK 300,000, whereas the Vice-Chairman and the Chairman are paid 1.5 and 2.5 times this amount, respectively, which is also the status quo. These fees keep us, by and large, abreast of comparable companies, but not more. Despite a large amount of work, no remuneration has been paid for any contribution beyond the work as directors. Last year, the Board of Directors held 17 meetings.

EXPECTATIONS FOR 2007

Let me conclude by telling you about our expectations for 2007, where we expect to benefit from all of the initiatives launched in recent years to develop our business, and in particular from the strong dry cargo markets.

I will mostly talk about the earnings from operations - EBITDA and EBIT - because this enables us to avoid the interference of the rather technical fair value adjustments of hedging instruments which I mentioned earlier. We do not control these adjustments, even though they affect our net earnings.

Let us first look at dry cargo: We expect this department to double its operating profit - EBITDA - to USD 250-270 million. We feel comfortable making this announcement, as a very large part of our capacity is already fixed for the rest of this year, so that we know our earnings and costs. 70% of all ship days were covered at year end, and at the end of February



the coverage had been increased to 86%. It will probably interest our shareholders that we have already covered 28% of the known ship days next year, and we are constantly increasing the coverage at the present profitable market rates.

EBITDA in tankers is expected to be USD 40-50 million, which is on par with last year.

We have already announced that we have concluded an agreement to sell 4 vessels and 2 newbuildings at profits of USD 42 million in dry cargo and USD 53 million in tankers - or a total of USD 95 million. If we sell more vessels this year, the resulting profits are to be added to this figure. Including these profits from sales, we expect an operating profit - EBIT - in dry cargo of USD 280-300 million, in tankers of USD 90-100 million, and an aggregate profit for the Company of USD 385-405 million. In round numbers, this corresponds to twice the profit for last year.

And then there are the fair value adjustments, which we do not expect to have a major impact; however, this may change, as they are dictated by the development in oil prices and freight rates. All of this adds up to a net profit of USD 380-410 million.

Almost four months into the financial year, we can say that we are off to a good start. We therefore look forward to a year of reaping the benefit of our efforts and investments, where we will be able to set a new standard for earnings in NORDEN thanks to the initiatives taken in recent years. I thank the executives and employees for their excellent and dedicated effort. And I thank the shareholders for your attention.