MOGENS HUGO JØRGENSEN'S REPORT TO THE ANNUAL GENERAL MEETING OF NORDEN ON 25 APRIL 2006

INTRODUCTION

For three years in succession, we have now convened for the annual general meeting to review an annual report with record high earnings. And this is rather a fine tradition. Last year NORDEN recorded a net profit of USD 336 million, a much better result than expected – for reasons to which I will return later on in my report.

In the last two years, we have convened against the background of historically high dry cargo markets – a fact that NORDEN has, of course, derived advantage from. In 2005, we saw a normalisation of the markets, and the acid test of NORDEN's special business concept is precisely whether we are able to maintain a robust profit when the markets turn around – by taking a long-term view, by stringent risk management, by having the right people and by having the right flexibility in the composition of our fleet. I think that it is only fair to say that our business concept came out with flying colours in 2005, and that it is also living up to our expectations for 2006.

OPERATING ACTIVITIES AND RESULTS OF THE DEPARTMENTS

Today I will start by reviewing the results of our two departments – Dry Cargo and Tanker. I shall be rather brief since the course of the year has been described fully and in detail in the annual report.

In the dry cargo market, we entered 2005 expecting to see a falling and more volatile market after two years of super cycle and record freight rates.

2005 lived up to our expectations. The Baltic Dry Index started at a high level, but happiness was short-lived, for then followed 4-5 months' unrelenting downturn. Then we saw a certain stabilisation, but this was replaced by new drops. All in all, the Baltic Dry Index closed 25% down on 2004.

What happened? Well, overall we saw the growth in the demand for dry cargo transports decline to approx. 4%. This is a fair and decent growth, but it is not impressive after seeing the demand grow 10-11% annually in the previous two years. You could say that the market normalised, driven by two particular aspects: First, the growth in China's imports of iron ore decreased from 40% to just over 30%. Secondly, the demand for coal transports declined because Japan, among others, managed to get their atomic power stations going again. Conversely, we saw the supply – the global dry cargo fleet – grow by approx. 5%, making the increase in supply exceed that of demand.

In NORDEN, we decided, from the very first day of the year, to cover 71% of all the known ship days at freight rates agreed in better markets. It is part of our strategy to make us less sensitive to market fluctuations and to obtain as predictable cash flows and as robust earnings as possible. Therefore we employ a suitably large portion of the vessels under long-term charters based on reasonable agreements with good, sound customers.

The long-term coverage paid off particularly well in 2005. In our two largest segments - Handymax and Panamax – NORDEN's average daily earnings were 11% and 12% higher than in the spot market. In our smallest segment - Capesize – NORDEN's TC equivalent was lower than in the market because our active vessels are chartered out for three years at fixed rates. Conversely, this means that we have secured solid earnings from our Capesize vessels in 2006, and Capesize is the most volatile segment in the dry cargo market.

The total capacity – the number of ship days - rose 13%, and the Dry Cargo Department had a good 39,000 ship days available. This is the highest number ever. The growth was not as high as in previous years because we adjust our pace to the market conditions.

The Dry Cargo Department's earnings from operations before profits from the sale of vessels and depreciation - EBITDA – decreased 17% to USD 165 million. But this should be balanced against the fact that the dry cargo market generally dropped by25%.

Conversely, we had significantly higher earnings from the sale of vessels than the previous year, namely USD 80 million, which meant that the income from operations rose 2% to USD 239 million.

Considering the market conditions, this is a good result. The Dry Cargo Department generated 90% of NORDEN's revenue and 73% of its earnings from operations.

While we, in the Dry Cargo Department, entered 2005 with very high coverage, the Tanker Department started the year with relatively more open ship days, and there were two reasons for this. First, we expected a reasonable market; secondly, we wanted to give the new Norient Product Pool the necessary capacity to get off to a good start.

We were lucky and successful, because the market became really sound. It turned out better than in 2004 and more attractive than expected.

All in all, the rates – as measured by the Baltic Clean Tanker Index - closed 7% higher for the full year. In the first months, the rates were high owing to winter business. Then followed a certain decline when the summer season started, but this changed suddenly when the hurricanes Katrina and Rita laid waste to the Mexican Gulf and put several refineries in the USA out of operation. This gave a sudden boost to the rates, and the high rates lasted until November.

It may seem strange that the hurricanes had such a tremendous effect in a year when the global demand for tanker transport outgrew the supply. The global tanker fleet grew by 7.3%.

But we should interpret the market as follows: The capacity utilisation of the world's fleet is so high, and the balance between supply and demand is so delicate that even minor unexpected events can upset the balance - and make the rates escalate. It also contributes to such a situation that the refinery capacity of the USA and Europe is stretched to near breaking point, and new refineries are, on the whole, established only in the Middle East and Asia. In consequence, the refined products must be transported over longer distances in order to reach the consumers in the western world, which is, of course, to the advantage of NORDEN and other shipping companies.

Last year, NORDEN increased its tanker capacity by 25% to just over 5,500 ship days. And, as will appear from the columns, the entire increase fell within the two product tanker segments - MR and SR.

All NORDEN's MR vessels were employed in the spot market, and they earned over USD 29,000 daily, which was higher than both the spot market and the 12-month market average for T/C.

NORDEN's SR vessels ran in both the spot market and under long-term charters, and their daily earnings were a little below the 12-month market average and the spot market, but – as will be seen - NORDEN's T/C equivalent was much higher than in 2004.

It is different for our Aframax crude oil tankers, which sail for large oil companies on a regular basis under long-term agreements. For this reason, the earnings of these vessels are rather constant, but lower than in the spot market, although this declined.

Almost all our product tankers were operated by the Norient Product Pool, which NORDEN founded jointly with the Cypriot shipping company INC on 1 January. The idea behind the Pool was that, by joint-service cooperation, the vessels of the two shipping companies would obtain a greater critical mass and increase their geographical coverage; and I am pleased to say that the Pool has achieved its purpose beautifully. It has been a great pleasure to have more vessels at sea. We have increased our range of offers to customers, and we have also gained access to new business, including winter navigation with ice-class tankers in the White Sea, the Gulf of Bothnia and the Gulf of Finland.

The Tanker Department's earnings before profits from the sale of vessels and depreciation - EBITDA – increased 37% to USD 57 million. And after profits from the sale of vessels of USD 48 million, the Department realised an EBIT of USD 97 million. These are the best results in the history of the Department.

As mentioned before the Tanker Department will eventually take up more space in NORDEN's books. It is our aim to achieve a better balance between dry cargo and tanker, and this aim will not be achieved by scaling down the Dry Cargo Department, but by increasing the cadence of the Tanker Department. In 2005 we took a step in that direction, when the Tanker Department contributed 30% of NORDEN's income from operations.

KEY FIGURES

The profits of the two departments add up to the following key figures for NORDEN:

Revenue increased 11% to USD 1.3 billion. The major reasons for the increase were that we had more ship days at our disposal and that the product tankers had higher daily earnings. Growth has been high on the agenda in recent years. As can be seen from the columns in the diagram, NORDEN's revenue has, in round figures, increased five-fold since 2002. An impressive development.

EBITDA – the profit before depreciation and profits from the sale of vessels – decreased 7% to USD 216 million. I mentioned the reason for this earlier on: Rates in the dry cargo market dropped by 25%, and we had a good deal of open ship days that had to be employed at lower freight rates. The fact that we had to pay higher wages in order to charter vessels under short-term T/C agreements also played a part.

In the light of what happened in the dry cargo market, there is good reason to be satisfied with the income from operations.

Profits from the sale of vessels amounted to USD 120 million, to which should be added profits of USD 8 million included under the item "Share of results of joint ventures." We sold 12 vessels, two of which were partially owned, and capitalised on the market's strong appetite for modern tonnage, taking a considerable profit. It is an integral part of NORDEN's business concept to stabilise earnings and cash flows by selling vessels from time to time. We do this pragmatically by balancing the profit from a sale against the profit we might get by owning the vessel under certain given circumstances. And if the scales tip in favour of a sale, we usually sell the vessel if our requirements for capacity can be met otherwise.

Twelve vessels sounds impressive, and it is a large number. The reason that we were such active sellers was that we estimated that 2005 was, to a large degree, a seller's market. It was a good year to take profit and then reinvest the money in coming years with lower vessel prices. I also want to point out that, despite the sale of vessels, our fleet of owned vessels actually grew. I shall return to this later on.

The profits from the sale of vessels contributed to NORDEN's EBIT of USD 328 million. Historically, we have, in the period when our revenue increased five-fold, actually increased the profit margin six-fold. It increased from approx. 4% in 2002 to more than 25% last year. This certainly underlines the value of NORDEN's continued growth.

The financial statements include, for the first time, the item "fair value adjustment of certain hedging instruments". The item is the direct result of the fact that NORDEN has switched to presenting its financial statements under the International Financial Reporting Standards - IFRS. Under the former accounting policies, we could take these value adjustments of hedging instruments to the shareholders' equity, but now this is no longer possible. So this item is now found in the income statement, with a profit of USD 26 million.

After financials, tax and shares to minority shareholders, NORDEN's net profit was USD 336 million, in round figures DKK 2 billion. The profit is rather better than expected and the positive surprises come from the improved income from operations in tankers, higher profits from the sale of vessels and, as mentioned, value adjustment of hedging instruments.

This was the income statement. Before we leave the financial figures, we will take a look at NORDEN's cash flows and values.

First the cash flows: Operations generated liquid funds of almost a quarter billion USD compared to just over USD 190 million the previous year.

The investment generated cash flows of USD 10 million, and it may look odd that we actually generated cash flows by investing. The reason is that we did indeed invest USD 336 million in vessels and newbuildings. But the profits from the sale of vessels exceeded this amount. The figure shows that 2005 was a very active year with tonnage purchases and sales – in fact, the most active year ever.

We spent USD 76 million on financing. Half of this was dividends for shareholders; the rest was spent on two purchases of own shares and on repayment and servicing of loans.

The result was that the cash flows increased by USD 178 million, so that at year-end NORDEN had, popularly speaking, USD 312 million in its cash box. The cash balance exceeds the interest-bearing debt by just over USD 200 million. So NORDEN is free from debt and, financially, extremely well prepared to face the future. Later on in my report, I will tell you how we will put this financial strength to use – and why it is so vital to NORDEN.

The fine results meant that the shareholders' equity increased to USD 611 million - almost DKK 3.4 billion – which is another key indicator showing NORDEN's financial strength.

When we make up the balance sheet, NORDEN's owned vessels are recognised at cost less depreciation and impairment losses. It is thus the carrying amount of the vessels, computed conservatively. But we have also asked independent shipowners to assess the market value of our vessels and newbuildings, and the shipowners agreed that the market value of the fleet at year-end exceeded the carrying amount by USD 246 million – almost a quarter billion.

If we allocate the values to the shares, the book value of the share increased last year to almost DKK 1,800 – based on the carrying amounts. But if we take the increase in the value of the vessels into account, we end up with the Net Asset Value, and this increased 76% to DKK 2,500. The increased values are the dark blue areas in the columns. And if you look at the columns, you will get a clear picture of how the expansion of NORDEN's fleet has increased the value creation for the shareholders.

The Net Asset Value does not include the value of NORDEN's many purchase options. And these purchase options represent a value because many option contracts have been closed when prices of both used tonnage and new-buildings were lower than they are today, and when freight rates were generally lower than today. So the prices at which NORDEN may either buy the vessels on options or run them under long-term charters – well, those prices are somewhat lower than the prices we would see in today's market if we were to charter and buy similar vessels.

Our option contracts are a distinctive feature of NORDEN. I don't know whether we are the shipping company in the world with most purchase options. But I'll wager that we are one of the shipping companies worldwide with most considerable pool of purchase options. We think that purchase options are a splendid instrument because they give us maximum flexibility. A purchase option gives us the right to either buy a vessel or extend our time-charters, depending on what is most lucrative, but we may also refrain from exercising this right – we make cool-headed assessments based on our requirements and market conditions. When we do exercise options, we act in complete agreement with our providers from Japan, in particular.

Precisely because our purchase options are a distinctive feature of NORDEN, we have in recent years received many invitations to disclose their value. The Board of Directors and the Management have been back and forth over this because such a value is, in the nature of things, theoretical. In calculating the value, you have to work on assumptions about how freight rates, vessel prices, interest and exchange rates will develop in future. And they will always be qualified assumptions based on comprehensive analyses of historical data.

But in order to give our shareholders a fair picture of NORDEN's theoretical values, we have finally taken the plunge. In future, we intend to disclose the value of the options at least once annually. Early this year, the value was USD 533 million before tax - or approx. DKK 3.2 billion. This is the equivalent of DKK 1,559 per share. And thereafter, the total value per share is almost DKK 4,100 – more than double the book value per share if we take solely the carrying amounts into account. The calculation principles are described on page 4 of the annual report.

VALUE CREATION

The value per share is one parameter for the value creation of NORDEN. Other parameters are, of course, the share price and dividends. And irrespective of the parameter used, our guiding principle is that, by making a difference for the better of our customers, business partners and staff, we also create shareholder value.

In the five years up to and including 2005, NORDEN shareholders had an average annual return of 71% in the form of dividends and increases in the share price. If we measure the value creation over three years, the annual shareholder return was 107%. We can therefore say that we have achieved our aim of creating a reasonable, long-term return in the form of dividends and share prices.

This aim still stands. Therefore the Board of Directors proposes that NORDEN distributes a dividend of DKK 200 per share. This is double the ordinary dividend in 2004, and it corresponds to a dividend of almost DKK 460 million to the shareholders. We find that, with this dividend we, on one hand, give the shareholders a reasonable return and, on the other hand, ensure that NORDEN will, also in turbulent markets, have the financial strength to make the necessary investments in order to create a long-term return for the shareholders.

I shall revert to these investments in a little while. But let me just mention that, in the coming years, NORDEN will, on a net basis, invest considerably larger amounts in the expansion of the fleet, and I say on a net basis because we do not expect to receive the same proceeds from sales as in 2005.

With a total dividend of DKK 200 per share, we return 22% of the net profit for the year to the shareholders. In comparing this with 2004, we should take into account that the ordinary dividend in 2005 was DKK 100. To this should be added an extraordinary dividend of DKK 175 in order to mark the quantum leap in earnings that we saw in 2004, when the net profit was quadrupled. We did not see the same quantum leap in 2005 and moreover we have more challenging markets in front of us. This requires a good financial buffer.

A LARGER NORDEN

No more accounting figures – at least for the time being. However, I would like to say a few words about another type of capital that is at least as important, namely the staff.

NORDEN is growing and NORDEN continues to grow.

At sea – onboard the vessels – the number of crew rose by 33%. At year-end we had 261 sailors on the payroll, and we will have more in future, with the increase in owned vessels. Last year, we were recruiting senior officers in Denmark and everyone in the industry can bear witness to the fact that they are a scarce commodity in great demand. Therefore it was very encouraging that we were able to appoint ten highly qualified Danish senior officers and were contacted by several captains, chief officers, engineers and chief engineers who were interested in working for NORDEN. Let us hope that we will benefit from their services in future.

We train officers ourselves and will continue to do so. There were 16 cadets on the vessels last year. This year we also intend to create a dedicated pool of young officers in the Philippines from which we can draw officers who are familiar with NORDEN's procedures and high requirements for safety and service.

Onshore, in line with our strategy of customer-orientation, we opened up our fifth overseas office in January last year – in India. It is important to be close to the customers. Personal contact cannot be replaced by telephone, fax or e-mail communication. Not in the long run, at any rate. Therefore it is important to be represented locally, and we can see that our overseas offices generate an increasing portion of NORDEN earnings. Therefore we are analysing how and where it makes sense to open new offices. In addition to offices, we have travelling port captains, who cover the most important ports worldwide. They assist our vessels and show the NORDEN flag locally.

We increased our onshore staff by 32% to 123 employees. Many of these are, of course Danish, but there are still many local people in our overseas offices. All companies know that it will become harder to recruit new staff in Denmark because of the scarcity of young people and the high employment rate. This is one of the reasons why we together with other shipping companies will this year take in the first trainees in a new shipping trainee programme. When it comes to recruiting more experienced staff, we tend to look outside the shipping industry and outside Denmark.

The Copenhagen staff is growing, which means that, much to our regret, we are about to outgrow Amaliegade 49. We already have requisitioned literally the entire attic of our old domicile as offices, but working conditions are still cramped, and though we are tremendously fond of the old domicile, steeped in tradition as it is and having housed NORDEN since 1892, we will inevitably, in the not-too-far future, have to relocate to a new domicile. We cannot allow cramped working conditions to block our continued growth.

In January, we completed a management succession, as Carsten Mortensen took over as CEO. The succession process was successful and went smoothly, and we now have a strong and competent management team with a good age composition.

All in all, we have a talented and dedicated staff, and we intend take good care of it. Therefore we have come up with a broader employee package. We have taken a more systematic approach to the personal and professional development of the staff - and this approach will be further strengthened in 2006. We also believe that NORDEN's special culture and values are very important parameters for the staff, and since there are many new joiners , we should ensure that they all interpret NORDEN's core values – reliability, flexibility and empathy – correctly, and that they all live up to our values vis-à-vis customers and one another. We therefore intend to start a value process in 2006.

When it comes to the staff's financial compensation, we find that we have a good combination of a fair market salary, incentive pay and, not least, bonuses.

We offer bonus schemes to ensure that we keep going full steam ahead – that the management and the staff work purposefully to create values for NORDEN and our customers and shareholders.

We also award bonuses as an incentive because our staff has once again in 2005 produced exceptional results. I think it is fair to call a profit of DKK 2 billion exceptional.

We also award bonuses because the shipping industry is fundamentally international. Incentive pay is customary in the shipping companies we are up against when competing for the best people. So if we want to come out on top, we have to use the same instrument as the rest of the industry.

Last year NORDEN awarded USD 7 million in individual bonuses to staff including the Management and executives. This sum remains the same in 2005, even though NORDEN's earnings increased. In addition, we have paid what corresponds to four months' salary to employees who met various criteria - in 2004, the pay-out was half a year's salary. And let me add, with specific reference to the Management's and the executive team's variable pay, that this is dictated by the results achieved by NORDEN. In exceptional years such as 2005, the variable pay is high. In years with lower earnings, the variable pay is, of course, lower.

In addition to bonuses, we awarded, in December 2005, six shares from NORDEN's own portfolio to a large group of employees. We did this in order to advance cohesion between staff and shareholders even further by acknowledging that both parties have an interest in an increasing share price.

Moreover, in March 2006, we granted 25,000 stock options to 35 executive staff. I informed at last year's annual general meeting that the members of the Board of Directors discussed what should replace NORDEN's old stock option plan. The result of our deliberations was the 25,000 stock options, which have a value of DKK 9.6 million. The option plan is obviously put together so that the options do not have any value until the shareholders have received their due in the form of an increasing share price.

NORDEN will continue to contemplate share-based incentives in order to strengthen the community of interests between staff and shareholders.

EMOLUMENTS OF THE BOARD OF DIRECTORS

NORDEN has no active option plan for the Board of Directors. The Board of Directors will not renounce its right to suggest setting up an option plan, because - although the award of options to the Board of Directors does not accord with the guidelines pertaining to Denmark – the Board of Directors finds that options may, under the right circumstances, be an excellent instrument for the persons who are creating the values - including the Board of Directors. And these ideas receive, in fact, widespread support in Anglo-Saxon countries.

However, the Board of Directors has its emoluments, which are accounted for on page 67 of the annual report. We recommend that the total emoluments should this year be increased from USD 518,000 to USD 607,000. We have compared NORDEN's emoluments with those of other companies, and the comparison shows that NORDEN is clearly lagging behind. We also find that the emoluments are not commensurate with the work involved in supervising a company that has become considerably larger and more complex. After a 2-year break, we therefore propose that the basic emoluments should be increased from DKK 175,000 to DKK 300,000 and that the vice-chairman and the chairman should receive 1.5 and 2.5 times that amount, respectively. With such emoluments, we will almost be on a par with comparable companies. In DKK, the total emoluments will then increase from DKK 1.6 million to DKK 3 million

In addition to his ordinary emoluments, the chairman – the undersigned – has received a fee of DKK 750,000 for extraordinary tasks exceeding beyond what may be expected of members of the Board of Directors.

OWNERSHIP

Recently, the Board of Directors decided the strategy for NORDEN's development over the next three years.

The starting point for the strategy is that NORDEN is an independent, listed shipping company. I have said this before – and would like to repeat it – that we are always open to alliances, business partnerships and acquisitions, provided that they create values for NORDEN's shareholders and customers. But it is as an independent shipping company that NORDEN acts out its special business concept to the best and derives advantage of the critical mass already accumulated in the Dry Cargo Department and about to be accumulated in the Tanker Department.

Three weeks ago, our largest shareholder, Torm, sent a notice to the Danish Stock Exchange in which Torm wrote that they were satisfied with, quote "the profit recorded by NORDEN and expectations for 2006. In the light hereof, Torm will in the coming period actively assess its shareholding in NORDEN." unquote.

These were the words. And though the exact meaning was perhaps not crystal clear, we soon became an indication when Torm's CEO stated that a share sale was definitely a possibility. We have therefore - in line with what has been done previously - offered Torm and their advisors our assistance in a possible sales process.

Obviously, it is not up to the management of a listed company to choose its shareholders, since a listed share can be bought by anyone. These are the rules, and so they should be. But having said that, I would like to add that it has been a considerable challenge to have Torm onboard because, right from the start, Torm had other intentions than the majority of NORDEN's shareholders, namely to merge the two companies.

This schism has existed since the summer of 2002, when Torm knocked very loudly on our door. The Board of Directors has, in the past four years, tried to shield the Management and the staff so that they could concentrate on running the business and developing NORDEN. It has, of course, been challenging for the staff that thay, at times, did not know where they stood – to put it bluntly. Therefore I would like to offer my best and warmest thanks to the managers and the staff because they have loyally stood their course despite competitors who have been fishing in, what they imagined to be, troubled waters. I trust the shareholders are behind me in offering these thanks because they are very much earned.

Now we hope that Torm's deliberations and declarations this time will result in a solution – preferably a solution that will give us a more liquid NORDEN share and many new shareholders to service. As already mentioned, we would be happy to assist in a professional sales process. In that context, I would like to add that, in recent years, we have improved our communication with the stock market and other interests and that, in June 2005, NORDEN was admitted to the Copenhagen Stock Exchange's second most important index - MidCap+. Today we have reached a reasonable stage, and I assure you that we know how we can become better.

STRATEGY

I also assure you that a possible clarification of the ownership will not become a pretext for doing nothing. The management will continue to be as steadily and purposefully to create values for shareholders and customers.

Overall we will follow the course followed since 1997-98: This means expanding the fleet at a steady and controlled pace, while concurrently managing all the risks by long-term employment of an appropriate portion of the fleet. We should also continue to focus on our large, good customers and service them to the best of our ability. We are not interested in short-term profits. We have been in the market for 135 years and intend to stay here for another 135. Therefore our strategy is long-term, prudent and sensible.

At year-end 2005, NORDEN operated 124 vessels ten of which we owned. Our fleet of owned vessels increased by three, although we had, as already mentioned, sold some vessels. But more important than this is the fact that we increased the number of vessels for delivery by 39% - from 36 to 50. Last year we entered into long-term charter parties for 14 vessels with purchase options, and we also ordered more new-buildings. In February we added to the future stature of our fleet by chartering 4 MR tankers with purchase options under long-term contracts. These vessels will be delivered in 2009-2010.

I would like to dwell on the five new-buildings ordered in 2005: three double-hulled Handymax bulkcarriers and two double-hulled SR product tankers. The latter are sister vessels to a series of six that were already on order. All the vessels are built by Chinese shipyards.

Japan has for many years been the main source of new capacity in NORDEN. It is together with Japanese partners, we most often enter into structured agreements in which NORDEN undertakes to charter vessels under long-term contracts – often with purchase options. We value and strengthen the historically strong bonds between us and Japan, for they are vital to NORDEN. Korea is, of course, also important, and many of NORDEN's vessels have been built by Korean shipyards.

Relations with China are more recent, but no less important. China has built vessels for NORDEN since 2003, and today our status is that of "repeat customer" with the state-owned shipbuilding organisation CSSC. In December 2005, a large delegation of NORDEN staff and customers, business partners and suppliers visited China and thus contributed to seal the increasing importance of this enormous realm to NORDEN. In round figures, we had vessels calling at Chinese ports every three days in 2005. Our dry cargo transports on China increased by almost 50%. We are having vessels built in China, we are chartering vessels from Chinese owners and we have a growing office in Shanghai. During our visit, we therefore took the opportunity to repay China, partly by new orders, partly by establishing multi-annual scholarships at Shanghai Maritime University.

The culmination of the trip was, however, the ceremony when Her Highness, Princess Alexandra, named one of our new-buildings – an IMO 38,500 dwt product tanker from Guangzhou International Shipyard. The vessel was, of course, named NORD PRINCESS, and even to me and my colleagues, who have seen quite a few naming ceremonies, this ceremony was unique. The Princess did a fantastic job as godmother when she cut the ribbon and let the champagne spray the bow, wishing the vessel good luck. Likewise, she did an excellent job as NORDEN's guest on the several-days-long round trip in China.

Newbuildings and structured agreements – i.e. long-term charter parties with purchase options - and direct vessel acquisitions will become more important to NORDEN in the future.

Both in the Tanker and Dry Cargo Departments, we have seen a shift in style, where many owners are so financially strong after the good years that they take the chance and operate a vessel themselves – rather than outchartering it to NORDEN. Or they will only outcharter it to us on unreasonable terms. In both segments – but mainly in tankers – we also see that it is becoming strategically more important to control vessels and that both customers and competitors are growing larger.

In the light hereof, it is only natural that NORDEN stakes more on the growth of its core fleet, which are the vessels we either own or operate under long-term charter, and which sail under our flag and funnel mark. We have to own more vessels in order to obtain the capacity required for continued profitable growth. As a main principle, we will pay cash for these vessels in order to place NORDEN's liquid funds reasonably and productively. By paying cash we build up considerable equity in the vessels, on which we may raise loans, and which, together with our considerable financial strength, will give us scope for pursuing the investment openings that are also bound to emerge as the market turns – including acquisition of vessels and perhaps other shipping companies.

This year NORDEN will invest between USD 180 million and USD 220 million in our fleet. We will take delivery of four new-buildings and acquire five dry cargo ships, which will almost double the number of owned vessels. Concurrently, our core fleet will get 15 vessels under long-term charter in 2006. Up to 2009, NORDEN has 19 exercisable purchase options, and the way it looks at present, we intend to exercise a large number of these, and NORDEN's financial strength should, of course, be seen from this perspective. We must have the financial capacity to do what is reasonable and value-generating.

More vessels do not however mean that NORDEN looses its flexibility. We will continue to operate a fleet that is a mix of owned vessels, vessels under long-term charter with and without purchase options and vessels under short-term charter. Via its purchase options, NORDEN is able to expand its fleet at prices that are low by today's standards. The fact that our core fleet is so inexpensive gives us a significant competitive edge. And our flexibility is intact because we do not have to acquire the vessels, but can extend the charter parties – beyond typically 5-7 years – if that is more profitable.

A larger fleet will give us volume leverage benefits, flexibility and increased geographical coverage. We already see this in the Dry Cargo Department, where NORDEN, in the Handymax segment, is one of the world's three largest operators with a market share of approx. 5%. This market share we intend to increase in the coming years. In order to create greater synergies, we also want to increase the market share in the Panamax segment, which is currently about 3%. In the third segment – Capesize – we wish to maintain the current fleet.

In the Tanker Department, we intend to upgrade in product tankers. In the SR segment, we expect to triple the active fleet to more than 20 vessels in 2008, which will give NORDEN a global market share of approx. 4%. SR vessels are the most efficient vessels for transport over short distances. In the MR segment, we intend to more than double the number of NORDEN vessels because MR tankers are so suitable for transport of refined products over long distances. So we continue our efforts to get the Tanker Department to take up even more space in NORDEN's books.

The strategy for both our departments is therefore continued growth. But we step lightly on the accelerator and are ready to use the brake pedal if the markets take an adverse turn.

EXPECTATIONS TO 2006

In the short term - 2006 – this strategy is reflected in the following expectations.

We expect a dry cargo market that will be a little lower than last year, but still well above the historic average.

Our Dry Cargo Department entered 2006 with just over 20,000 known ship days, 64% of which were sold at reasonable rates for the rest of the year, and the department is continuously assessing when coverage and capacity should be adjusted to market conditions. The market is at present rather robust, and there are several encouraging signs: increasing vessel prices, a high rate of growth in China and buoyant world economies. The unknown quantity is, however, the laying up of vessels. The good years have resulted in hardly any laid-up vessels. More than a quarter of the global bulkcarrier fleet is more than 20 years old, but there are no signs of any large-scale laying-up.

We expect the Dry Cargo Department to achieve an EBIT of USD 120-130 million.

The Tanker Department started the year with about 5,500 known ship days, 62% of which were employed the rest of the year. All Aframax ship days are covered, while we operate a good deal of tonnage in product tankers in the spot market via the NORIENT Product Pool. The Tanker Department will also continuously add new capacity when profitable, and the department will likewise observe whether coverage should be increased.

Even though rates are slightly lower at present, we expect a good market for the entire year – only marginally lower than in 2005. And we expect the Tanker Department to record an EBIT of USD 40-45 million with no income from vessel sales.

Altogether, this means that NORDEN expects a net profit of between USD 120 and USD 140 million. The forecast has, relative to the annual report, been revised upwards by the proceeds from the sale of NORD BULKER, which we sold early this month. And we are quite comfortable with this forecast; partly because USD 39 million is already secured by the sale of three vessels, partly because we find that we are reasonably positioned in both the dry cargo and tanker markets. Finally, NORDEN's activities in the first quarter have proceeded according to plan.

At last year's annual general meeting, I said that the resolutions passed then – when we were at the peak of a historic super cycle – should help ensure that NORDEN would also be a success when the markets normalised. Now the markets have normalised, and if you compare the forecast for 2006 to last year's results, you will see that even though the profits from the sale of vessels are expected to be USD 90 million lower, and even though last year's income of USD 26 million from adjustments of hedging instruments is transformed into an expected expense of USD 19 million – i.e. a loss of 45 million – our prognosis is anyway a net profit around three quarter of a billion DKK, which will be the third best result in NORDEN's history. And this is probably the best yardstick by which to measure that the growth strategy of recent years does indeed pay off - also in normal markets.

NORDEN is on the right course. Thank you to the staff and the Management for a good and dedicated performance. And thank you to the shareholders for your attention.