Consolidated Annual Report **2010**

NORDEN

Dampskibsselskabet NORDEN A/S

Contents

Cover photo:
Handysize product tanker NORD FAST, Rotterdam
Raymon Kolthoorn

Company details and Group structure

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Financial year: 1 January – 31 December
Municipality of domicile: Gentofte

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Board of Directors
Mogens Hugo, Chairman
Alison J. F. Riegels, Vice Chairman
Erling Højsgaard
Karsten Knudsen
Arvid Grundekjøn
Benn Pyrmont Johansen (employee representative)
Bent Torry Kjæreby Sørensen (employee representative)
Lars Enkegaard Biilmann (employee representative)

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

Auditors
PricewaterhouseCoopers, Statsaut. Revisionsaktieselskab
44, Strandvejen
DK-2900 Hellerup
Denmark

Annual General Meeting
The annual general meeting will be held on Monday, 11 April 2011 at 3.00 p.m. at Audience, Radisson Blu Falconer Hotel & Conference Center, 9, Falkoner Allé, DK-2000 Frederiksberg.

Group structure

Vision, Mission and Values

Vision

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

Mission

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

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

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

Values

Flexibility
Adapt and find better solutions.

Reliability
Honest, good intentions and no cheating.

Empathy
Respect diversity in people and opinions.

Ambition
Think ambition into every activity.

NORDEN in brief

Dampskibsselskabet NORDEN A/S (NORDEN) operates globally in dry cargo and tankers with one of the most modern and competitive fleets in the industry comprising 209* vessels.

In dry cargo, NORDEN is active in all major vessel types. The Company is one of the world's largest operators in Panamax and Handymax, in addition to having growing activities in the Handysize and Post-Panamax vessel types as well as activities in Capesize. NORDEN Handysize Pool and NORDEN Post-Panamax Pool operate the Company's owned vessels in addition to tonnage from Interorient Navigation Company Ltd. (INC).

In tankers, NORDEN's activities comprise Handysize, MR and LR1 product tankers. These are operated commercially by the 50% owned Norient Product Pool, which also operates vessels from INC and is one of the largest product tanker pools in the world.

NORDEN's core fleet consists of owned vessels and vessels on long-term charters with purchase option. The core fleet is supplemented by vessels chartered on a short-term basis or for individual voyages, and this mix allows the Company to rapidly adjust the size of the fleet and the costs to changing market conditions. A large number of purchase options for both active vessels and vessels for delivery increase flexibility and contribute to the value creation.

NORDEN has offices in Hellerup (Denmark), Singapore (Singapore), Shanghai (China), Annapolis (USA), Rio de Janeiro (Brazil) and Mumbai (India) as well as site offices at yards in Asia. The Company has 233* employees on shore and 570* at sea. Norient Product Pool has 44* employees in Hellerup, Singapore, Annapolis and Limassol (Cyprus).

NORDEN was founded in 1871 and is one of the oldest listed shipping companies in the world. Management focus is long term and is based on the Company's vision, mission and values. The goal is for the Company to continuously develop for the benefit of its stakeholders and to achieve high, stable earnings. The NORDEN share is listed on NASDAQ OMX Copenhagen A/S, and the Company has approximately 18,000 shareholders registered by name.

**Numbers are stated at 31 December 2010*

Consolidated annual report

For the sake of clarity and user friendliness, this year NORDEN has once again chosen to issue a consolidated annual report that excludes the financial statements of the parent company, Dampskibsselskabet NORDEN A/S. This consolidated annual report is an extract of the Company's full annual report pursuant to section 149 of the Danish Financial Statements Act. The full annual report, including the financial statements of the parent company, can be obtained by contacting the Company or viewed and downloaded at www.ds-norden.com. Following its approval by the shareholders at the annual general meeting, the full annual report can also be obtained from the Danish Commerce and Companies Agency. The appropriation of the profit for the year and the proposed dividend in the parent company are disclosed in note 30 to the consolidated annual report.

Highlights 2010-11

Fourth quarter 2010: Slightly better than expected
Operating earnings (EBITDA) was slightly higher than expected. The Company had built capacity in the Atlantic in anticipation of higher rates on fronthaul voyages to Asia and this initiative generated slightly better results than expected. Also, high coverage in Dry Cargo put a floor under earnings in a weak market. Tankers posted earnings in line with expectations in a market that was still under pressure.

Profit from the sale of vessels was USD 0 million against USD 18 million for the fourth quarter last year. As depreciation was up 60% at the same time, EBIT was lower than in the fourth quarter last year, while net results were in line with last year due to positive fair value adjustments of hedging instruments.

- Dry Cargo's EBITDA was USD 40 million (USD 61 million) while Tankers' EBITDA was USD 0 million (USD -5 million).
- NORDEN's EBITDA was USD 39 million (USD 53 million).
- EBIT was USD 23 million (USD 61 million).
- Net profit was USD 46 million (USD 48 million).

2010: Substantial growth in earnings
Earnings increased sharply in 2010 with EBITDA growing 91% and EBIT 42%. Results were well above the original March estimate and in the upper end of the range recently announced by NORDEN in November.

Growth was mainly generated by Dry Cargo where NORDEN's daily earnings were 7% higher than spot rates thanks to good coverage and operator activities. In addition to solid basic earnings, Dry Cargo had non-recurring income of USD 78 million. Exclusive of this non-recurring income, EBITDA rose by 23% in Dry Cargo.

Tankers recorded improved earnings as well. Results were significantly higher than the original March estimate and in the middle of the range announced by NORDEN in November. Spot rates rose during the year, and revenue from coverage and optimisations also contributed to Tankers' daily earnings being 23% above the 1-year T/C rates.

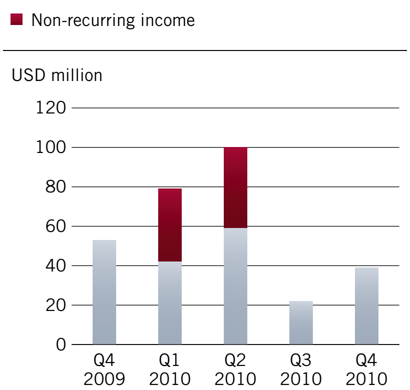
Profit from the sale of vessels was USD 28 million (and USD 4 million in joint ventures), considerably lower than recent years. This is due to, among other things, a strategic decision to expand the core fleet by purchasing tanker vessels and the fact that vessel prices made sales less attractive. Investments in vessels and newbuildings amounted to USD 663 million, while vessel sales generated proceeds of USD 296 million.

- In Dry Cargo, EBITDA increased to USD 249 million and in Tankers to USD 0 million.
- NORDEN's EBITDA increased by 91% to USD 240 million, and EBIT was up 42% to USD 223 million.
- Net profit increased by 13% to USD 245 million. Profit per share was DKK 33 (DKK 28).
- Net profit generated a return on equity of 13% (12%).
- Equity grew by 11% to USD 2 billion.
- Cash flows from operating activities went up by 86% to USD 298 million.
- The Board of Directors proposes a dividend of DKK 8 per share (DKK 7), and moreover, a share buyback programme has been initiated.

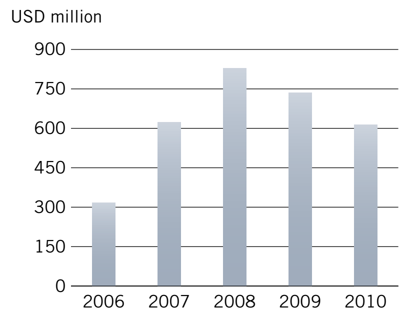
Outlook for 2011
In 2010, coverage for 2011 and onwards increased by 45,471 ship days. As a result, Dry Cargo begins the year with 85% coverage and NORDEN is therefore well prepared for a challenging dry cargo market. In Dry Cargo, focus is partly on generating higher earnings as operator, partly on increasing long-term coverage further. The aim is to increase the cargo programme by 15% annually in 2011-13. The tanker market is expected to gradually improve, with average spot rates being higher than in 2010. In Tankers, focus is still on purchasing more quality vessels in order to become an even more attractive partner for oil companies.

The outlook for 2011:
- Expected EBITDA in Dry Cargo: USD 125-155 million.
- Expected EBITDA in Tankers: USD 20-30 million.
- Expected EBITDA for NORDEN: USD 135-175 million.
- Expected EBIT for NORDEN: USD 55-95 million (including proceeds from agreed sales of vessels of USD 0 million).

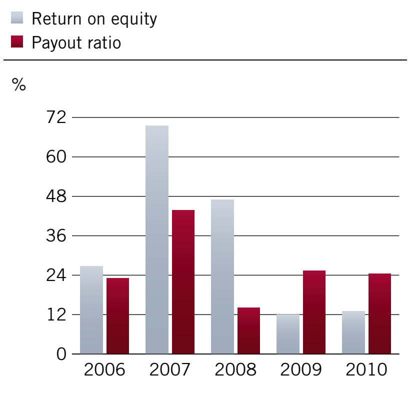
EBITDA



Cash and securities



Return on equity and payout ratio



Key figures and ratios for the Group

Key figures are in USD million	2010	2009	2008	2007	2006
Income Statement					
Revenue [1]	2,189.6	1,756.0	4,363.7	2,986.2	1,269.5
Costs	-1,950.0	-1,630.3	-3,858.0	-2,448.7	-1,103.4
Profit before depreciation, etc. (EBITDA)	239.6	125.6	505.7	537.5	166.1
Profits from the sale of vessels, etc.	28.1	69.6	290.0	163.1	55.4
Profit from operations (EBIT)	222.5	156.7	772.6	682.7	202.6
Fair value adjustment of certain hedging instruments	30.4	60.8	-81.1	19.9	-27.0
Net financials	-2.2	7.1	29.1	22.7	12.4
Profit before tax	250.8	224.5	720.5	725.3	188.0
Profit for the year	244.8	217.2	707.8	703.3	176.5
Profit for the year for the NORDEN shareholders	244.8	217.2	707.8	703.2	176.4
Statement of financial position					
Non-current assets	1,373.1	1,027.8	922.5	589.9	482.8
Total assets	2,250.5	2,031.7	2,041.7	1,609.4	960.6
Equity (including minority interests)	1,998.1	1,805.0	1,700.4	1,311.2	713.5
Liabilities	252.4	226.7	341.3	298.2	247.0
Invested capital	1,443.8	1,133.2	940.4	786.3	556.6
Net interest-bearing assets	554.3	671.8	759.9	524.9	157.0
Cash and securities	612.7	735.4	828.7	622.6	317.7
Cash flows					
From operating activities	298.4	160.2	540.9	466.7	123.1
From investing activities	-380.1	-80.0	-56.7	-4.6	-87.1
- hereof investments in property, plant and equipment	-565.7	-305.2	-424.9	-289.9	-215.9
From financing activities	-65.5	-112.6	-364.9	-176.2	-33.4
Change in cash and cash equivalents for the year	-147.2	-32.4	119.3	285.9	2.6
Financial and accounting ratios					
Share-related key figures and ratios:					
No. of shares of DKK 1 each (excluding treasury shares)	42,075,180	42,043,505	42,387,394	41,897,860	43,337,240
Earnings per share (EPS) (DKK)	5.8 (33)	5.2 (28)	16.7 (85)	16.5 (90)	4.0 (24)
Diluted earnings per share (diluted EPS) (DKK)	5.8 (33)	5.2 (28)	16.7 (85)	16.2 (88)	4.0 (24)
Dividend per share, DKK	8	7	13	35	5
Book value per share (DKK)	47.5 (267)	42.9 (223)	40.1 (212)	31.3 (159)	16.4 (93)
Share price at year-end, DKK	202.5	209.5	183.0	564.0	239.5
Price/book value	0.8	0.9	0.9	3.6	2.6
Net Asset Value (NAV) per share [2] (DKK)	47.4 (266)	40.5 (210)	43.0 (227)	57.3 (291)	26.6 (151)
Theoretical Net Asset Value per share [3] (DKK)	54.9 (308)	51.6 (268)	54.3 (279)	121.0 (614)	53.9 (305)
Other key figures and ratios:					
EBITDA ratio	10.9%	7.2%	11.6%	18.0%	13.1%
ROIC	17.3%	15.1%	89.5%	101.9%	34.5%
ROE	12.9%	12.4%	47.0%	69.5%	26.7%
Payout ratio (excluding treasury shares) [4]	24.4%	25.3%	14.1%	43.7%	23.1%
Equity ratio	88.8%	88.8%	83.3%	81.5%	74.0%
Total no. of ship days for the Group	66,044	55,951	77,448	67,393	47,425
USD rate at year-end	561.33	519.01	528.49	507.53	566.14
Average USD rate	562.57	535.45	509.86	544.56	594.70

The ratios were computed in accordance with "Recommendations and Ratios 2010" issued by the Danish Association of Financial Analysts except for Theoretical Net Asset Value. Moreover, "Profits from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section “Definitions of key figures and financial ratios”. The figures are adjusted for the Company’s holding of treasury shares.

1) Comparative figures have been adjusted in connection with changes in the recognition method for share of results of joint ventures. For further description, see note 1 to the financial statements, "Significant accounting policies".
2) Excluding purchase options on vessels.
3) Including value of 58 (60) charter parties with extension and purchase option on vessels, declared at the optimum time (before tax). The basis of calculation has been changed in 2009, and 2008 figures have been changed accordingly. Comparative figures for 2006-07 have not been changed. Please see page 45 for a comment on the uncertainty connected with the calculation.
4) The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.

Strategy update

General trends in 2010

Following the adjustments in organisation and capacity in the wake of the financial crisis in 2008-09, NORDEN expanded the scope of its business in 2010 and increased investments in both Dry Cargo and Tankers.

Altogether, NORDEN invested USD 663 million in vessel purchases and prepayments on newbuildings – the highest level ever. Tankers took advantage of the low market prices to purchase 6 vessels, which are expected to yield attractive returns as vessel prices and freight rates increase. Also Dry Cargo was active both as purchaser and as long-term charterer of vessels which will contribute to the long-term value creation. At the same time, the Dry Cargo order book was trimmed on an ongoing basis.

Investments were to some extent offset by proceeds from the sale of vessels, leaving NORDEN in a financially strong position. Equity gearing is very low, bank debt is insignificant and net commitments were reduced significantly.

Dry Cargo and Tankers both increased their activities and operating earnings, and Dry Cargo strengthened its long-term coverage through new COAs and charter agreements. Dry Cargo covered a total of 45,471 ship days for 2011 onwards, and with 85% coverage for 2011 and 46% for 2012, Dry Cargo is well prepared for more challenging market conditions. Tankers entered 2011 with its highest capacity ever, and with a growing fleet, Tankers is well positioned to take advantage of the expected market improvement. Overall, NORDEN is thus in a comfortable position at the outset of the 2011-13 strategy period.

Strategy plan 2011-13

Based on NORDEN's vision, the strategy plan *Long-term Growth in Challenging Times* defines a number of growth and earnings targets for the years 2011-13 and launches initiatives which will also enhance the Company's strategic prospects beyond this period.

All of NORDEN's regions and departments have contributed with input to the plan, which is based on a comprehensive analysis of possible macroeconomic scenarios. The strategy takes into account the changeability of the world and the volatility of the shipping industry. Accordingly, the plan describes the best way for NORDEN to position itself for long-term growth under various market conditions and also focuses on the options available to a financially strong shipping company such as NORDEN in cyclical markets.

TARGETS FOR THE GROUP

The strategy assumes that the dry cargo market may become very challenging until it has absorbed the massive increase in supply. The tanker market is expected to gradually improve, although a real upturn is expected, at the earliest, to materialise towards the end of 2011. The strategy is designed to produce solid, long-term earnings despite these market uncertainties.

Earnings for the period will be based on profitable coverage in Dry Cargo with solid counterparties, supplemented by income from operator activities. However, Tankers is also expected to begin contributing to NORDEN's earnings at EBIT level again over the period.

Total shareholder return

Through dividends, share buybacks and share price increases, NORDEN aims

Strategic development

2000

- Creating critical mass in Dry Cargo and Tankers
- Building overseas organisation

2005

- Expanding core fleet and controlled tonnage
- Establishment of Norient Product Pool

2006/2007

- Dry Cargo: Continued expansion, including new vessel types
- Tankers: Focus on product tankers, exit crude oil tankers

2008/2009

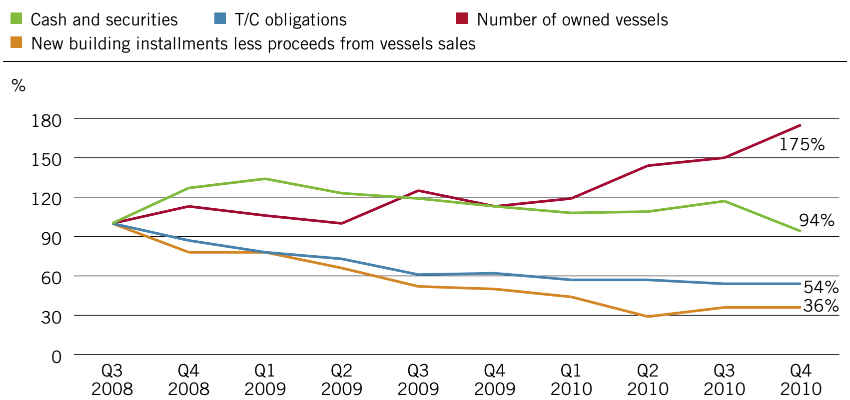
- Adjusting capacity and costs
- Reducing exposure, maintaining financial strength

2011+

Dry Cargo
- 15% annual growth in cargo volumes
- Joint ventures and strategic alliances
- Growth in core fleet

Tankers
- Increasing core fleet to 25 vessels
- Daily earnings above spot rates

Indexed development in key figures



The Company's financial strength has been a particularly high priority since the financial crisis broke out in the autumn of 2008. Despite the fact that NORDEN expanded its fleet of owned vessels by 75%; distributed USD 150 million in dividends and reduced its newbuilding liabilities by 64% in the intervening period, the Company's cash resources are practically unchanged, and T/C liabilities have been reduced by 46%.

to ensure that its shareholders receive a higher total return for the period than those of comparable shipping companies. It should be noted that for the financial years 2006-10, NORDEN distributed approximately DKK 3.5 billion to its shareholders (provided that the proposed dividend of DKK 8 is approved at the annual general meeting in April 2011 and that the share buyback in January-March 2011 is effected as planned). During the strategy period, the Company will distribute funds that exceed the amount required to meet the Company's strategic targets and cover the Company's liabilities on and off the balance sheet.

TARGETS FOR DRY CARGO

Cargo volume growth of 15% p.a.

NORDEN strives to be the first choice for large, well-established cargo owners, and the Company therefore aims to increase its market share with mining and commodity companies, energy producers, construction groups, commodity-intensive industries, etc. Consistent focus on concluding new COAs in 2011-13 is to produce average annual growth of 15% in both transported cargo and contractually secured cargo. Achieving this target will enable the Company to optimise logistics and utilise the fleet even more efficiently and in addition allow NORDEN to create new activity and earnings as operator in connection with the known routes in the cargo programme.

Growth through strategic alliances

NORDEN will enter into more joint ventures and strategic partnerships, for example sharing cargoes and vessels with selected customers. This will strengthen the Company's ties with key customers, and the closer collaboration will enhance NORDEN's experience and possibilities of improving its service concept. A growing number of customers have a strategic interest in participating in transports, and by virtue of its values, financial strength and long-term focus, NORDEN holds a strong position towards such customers.

Core fleet expansion

The expansion of the cost-efficient and modern core fleet will continue. NORDEN will monitor the market on an ongoing basis for opportunities to invest in quality secondhand tonnage or newbuildings, and the Company will also contract new vessels with customers under charter agreements or long-term COAs. At the same time, NORDEN is optimising the order book, for example by selling vessels with a view to reinvesting in tonnage with better specifications and for later delivery, when the market is expected to have improved.

TARGETS FOR TANKERS

Increase owned fleet to +25 vessels

A main target for Tankers is to take advantage of the challenging market conditions to invest in quality tonnage at attractive prices. During the period, NORDEN will seek to expand the owned fleet to more than 25 vessels. A larger owned fleet will provide economies of scale and make it easier for NORDEN to meet oil companies' stricter quality and safety requirements on vessels controlled by the Company itself. The expansion of the fleet will be combined with consistent efforts to ensure that NORDEN remains one of the best tanker companies in terms of quality, safety, work environment and other parameters.

Daily earnings above spot rates

Strict cost control, optimisation of systems and processes, cultivation of new business and good operator activities are factors that are to help ensure that NORDEN's daily earnings during the period continue to be above spot rates. This will contribute to realising the expectation that EBIT in Tankers will grow over the period as freight rates improve.

Other functions

Long-term growth over the strategy period places heavy demands on NORDEN's organisation. There is particular focus on the operation and manning of the growing fleet of owned vessels in a cost and energy efficient manner and with high standards. Moreover, it is of vital importance that NORDEN is able to continually strengthen systems, make processes more flexible, improve knowledge sharing and retain and attract key employees. A number of initiatives in these areas are described in the annual report in the sections "Initiatives in 2011".

Cargo volumes – here salt – are to be increased by 15% per year during the strategy period.

Financial position

- Net commitments and gearing reduced
- Cash and securities of USD 613 million
- Known investments of USD 329 million (net)

Strong capital structure
With its strong capital structure and significant financial resources, NORDEN is in a sound position to pursue opportunities in the still challenging dry cargo and tanker markets.

During the year, the Company maintained its equity ratio at 89% (89% in 2009). Cash and cash equivalents exceed net interest-bearing debt at year-end by USD 554 million, equalling DKK 74 per share.

Including NORDEN's operating lease liabilities, future payments for newbuildings and contractually secured cash flow from T/C contracts and COAs not included in the statement of financial position, the Company's total net commitments were reduced during the year from USD 773 million to USD 335 million. The change was mainly explained by vessel sales, the conclusion of new long-term COAs and T/C contracts, cash flows from operating activities and reduced lease liabilities as a result of lower T/C fleet costs.

The combination of lower net commitments and increased equity during the year reduced NORDEN's gearing to 0.2, against 0.4 at the end of 2009. Gearing is the ratio of the Company's net commitments divided by equity.

At the end of the year, NORDEN had cash and cash equivalents of USD 575 million (USD 711 million in 2009) and a portfolio of securities of USD 38 million (USD 25 million in 2009). The figures do not include NORDEN's share of cash and cash equivalents of joint ventures (legal entities). The vast majority of cash and cash equivalents are readily available, whereas a minor part is tied up as guarantees and deposits received relating to vessels sold. Cash is mainly placed as short-term deposits with major Danish banks. The increase in the portfolio of securities was due to NORDEN's decision to invest USD 13 million in corporate bonds from companies with good credit ratings in order to increase its financial returns.

Interest-bearing debt was reduced by USD 5 million to USD 58 million. The debt falls due within the next 2 years and relates to 4 product tankers. All other vessels are paid in cash.

To further strengthen its financial flexibility, NORDEN has entered into an agreement with BNP Paribas, China Construction Bank and the Chinese export guarantee fund SINOSURE for a USD 200 million credit facility secured on 7 newbuildings from Chinese shipyards. The term of the facility is 10 years on competitive terms. At year-end, the Company had yet to draw on this facility.

Gearing

Gearing shows net commitments in proportion to booked equity

Initiatives in 2011
At the beginning of 2011, NORDEN had known net investments of USD 329 million. The amount mainly comprises known newbuilding liabilities of USD 365 million and known proceeds from the sale of vessels of USD 36 million. The amount only includes payments in respect of the newbuilding and sales contracts that had been signed at year-end, and any further purchase, sales or contracting agreements could affect the total amount of investments.

NORDEN will furthermore distribute USD 90 million to its shareholders by way of share buybacks and dividends.

In addition to the above-mentioned credit facility, NORDEN is negotiating with other banks for further facilities in order to enhance the Company's ability to pursue any attractive investment opportunities that may arise.

Net commitments (at year-end), present values, USD million

	2010	2009	2008
Adjusted net interest-bearing assets*	542	679	660
T/C liabilities**	-1,925	-2,199	-3,085
Payments for newbuildings less proceeds from vessel sales**	-329	-456	-712
Contractually secured inflows of earnings** (T/Cs; COAs)	1,377	1,203	1,736
Net commitments	**-335**	**-773**	**-1,401**

* Adjusted for prepayments on vessel purchases and currency swaps
** Present values

Fleet development

- Fleet growth in both segments
- Core fleet optimised
- 26 deliveries to the core fleet in 2011

Back on the growth path

NORDEN came back on the growth path in 2010 which is emphasised by considerable growth in the active fleet both in Dry Cargo and Tankers.

The fleet of owned vessels grew by more than 50% to 28 units, and the active core fleet, counting both owned vessels and vessels on long-term charter with purchase option, grew by 40% to 70 units.

Both the fleet of owned vessels and the active core fleet are larger than ever before, and the cost efficient core fleet is considered a great asset to NORDEN.

In addition to the core fleet, NORDEN has a flexible portfolio of chartered vessels for periods of up to 5 years. At the beginning of the year, this fleet counted 114 units, but during the year, NORDEN chose to increase its operator activities in Panamax and Handymax, and therefore, the number of short-term chartered vessels without purchase option increased to 139 units at the end of 2010.

Collectively, NORDEN's active fleet thus grew considerably and at year-end, the Company operated 209 vessels which is close to the record level from mid-2008.

In Dry Cargo, the active core fleet counted 46 vessels at year-end – an increase of 10. During the year, the Company took delivery of 20 owned vessels and chartered vessels with purchase option, of which 6 vessels were already sold, and NORDEN delivered these directly to the new owners. In addition, NORDEN sold 4 active vessels. Thus, the Company delivered a total of 10 units to the new owners during the year.

Moreover, in consultation with the sellers, NORDEN chose to exercise purchase options for 4 long-term chartered vessels which were already a part of the core fleet. The vessels were purchased at reasonable prices compared to the market value of corresponding tonnage, 1 of these vessels was resold for delivery in 2011.

In Tankers, NORDEN executed the strategy of benefitting from the low market to build critical mass in the owned Handysize and MR fleet. During the year, NORDEN bought 6 modern product tankers, of which 5 were delivered in 2010 and the last in January 2011. Furthermore, NORDEN took delivery of 5 MR vessels on long-term charter with purchase option. The active core fleet in Tankers counted 24 units at year-end – an increase of 10 units – and the total active Tanker fleet grew from 27 to 40 vessels.

Continuing optimisation

NORDEN took several steps to optimise the core fleet in the long term. In Dry Cargo, the Company adjusted 2 orders for a total of 8 Handysize newbuildings during the year. The new agreements mean that NORDEN receives 1 extra vessel against accepting later delivery of the vessels, while the total acquisition price for both orders is reduced by USD 8 million.

As an additional measure to optimise the core fleet in Handysize, NORDEN sold 4 of its Chinese-built JNS vessels, and this sale released capital which the Company reinvested in newbuildings with other

Development in NORDEN's core fleet 2010

	Dry Cargo	Tanker	Total
Core fleet, beginning of 2010	85	22	**107**
Purchase of secondhand tonnage	0	6	**6**
Contracted newbuildings	4	0	**4**
Restructuring of newbuilding contract	1	0	**1**
Contracted long-term charters with purchase option	2	0	**2**
Sale and delivery of owned vessels	-10	0	**-10**
Core fleet, year-end 2010	82	28	**110**

Note: The table shows the development in NORDEN's total core fleet which includes active vessels as well as vessels to be delivered.

NORDEN's fleet at 31 December 2010

Vessels in operation	2010	2009
Owned vessels	28 A	18 A
Chartered vessels with purchase option	42	32
Total active core fleet	**70**	**50**
Chartered vessels without purchase option	139	114
Total active fleet	**209**	**164**
Vessels to be delivered		
Owned vessels	24 B	29 C
Chartered vessels with purchase option	16	28
Total for delivery to core fleet	**40**	**57**
Vessels chartered for more than 3 years without purchase option	6	10
Total for delivery to active fleet	**46**	**67**
Total gross fleet	**255**	**231**
Total chartered with purchase option	58	60

A Of which 1 unit sold
B Of which 2 units in 50%-owned joint venture
C Of which 3 units in 50%-owned joint venture; 3 units sold, of this 1 unit 50%-owned

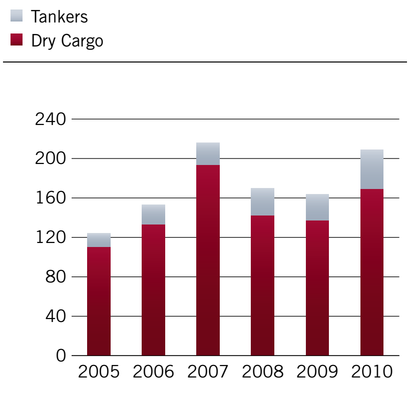
specifications. Thus, at the end of the year, NORDEN contracted 4 Handysize newbuildings – 2 custom built ice-class vessels from the Japanese shipyard Onomichi Dockyard and 2 vessels from the Hyundai-Vinashin shipyard in Vietnam.

Towards the end of the year and for the first time since the outbreak of the financial crisis, NORDEN contracted 2 new Panamax long-term charters with purchase option. NORDEN expects to take delivery of the vessels at the end of 2012 and mid-2013.

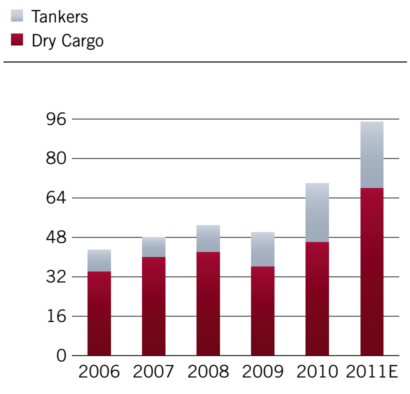
Core fleet development
NORDEN's total core fleet, which counts both the active core fleet and newbuildings and vessels on long-term charter with purchase option for delivery, grew during the year from 107 to 110 units.

Deliveries in 2011
NORDEN is headed towards a particularly active year in terms of deliveries since the Company, during the course of 2011, expects to take delivery of 17 owned newbuildings, 1 purchased tanker vessel and 8 vessels on long-term charter with purchase option. In total, NORDEN has 40 units for delivery from 2011 to 2013.

Active fleet at year-end 2005-2010



Active core fleet at year-end 2006-2011E



Note: No vessel sales have been assumed besides those already known at year-end 2010

The order book in Dry Cargo counts 36 vessels, of which Handysize accounts for more than half with 16 newbuildings and 3 long-term charters with purchase option, and these deliveries will contribute to NORDEN's objective of obtaining critical mass in this vessel type. The flexibility in Handysize is high as the vessels can be employed in many different trades, and NORDEN expects that demand for this vessel type will continue to increase.

Since the scrapping potential is high for a large part of the global Handysize fleet and the order book is reasonable, NORDEN continues to expect favourable returns on its investments in Handysize.

In Tankers, the order book totals 4 units, and NORDEN will continuously investigate the market for potential new investments.

Expected delivery of the Company's core fleet at end 2010

	2011				2012				2013			Total	Adjusted for ownership share
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Dry cargo vessels													
Post-Panamax	(2)		(1)			(1)						4	4
Panamax	1	1	(1)					(1)			(1)	5	5
Handymax	1	(2)		1[A] (1)		1[A]	(1)		(1)			8	7
Handysize	2	2 (1)	2	5	1 (1)		2 (1)	1		1		19	19
Product tankers													
MR		1	1					(1)				3	3
Handysize	1											1	1
Total	**7**	**7**	**5**	**7**	**2**	**2**	**4**	**3**	**1**	**1**	**1**	**40**	**39**

A 1 unit in 50%-owned joint venture

Note: Figures in brackets are deliveries of chartered vessels with purchase option, whereas deliveries from the Company's newbuilding program and purchased secondhand tonnage are stated without brackets. Totals have been calculated for the core fleet as a whole.

Fleet values

- Fleet's market value estimated at USD 1.7 billion
- Value of charter parties with options of USD 316 million
- Theoretical NAV of DKK 308 per share

Development in asset prices

In the first 6 months, prices on both newbuildings and secondhand vessels increased in the dry cargo market, but during the summer, asset prices decreased slightly when a large number of new vessels were delivered to the global dry cargo fleet. Fleet growth was strongest in Capesize where the value of a 5-year-old vessel ended 5% lower than at the beginning of the year. For the smaller vessel types, the vessel values kept a more stable level.

In the product tanker market, period rates for MR vessels increased for most of the year and then decreased slightly during the fourth quarter. However, the value of secondhand vessels increased by 13% measured over the entire year, but from a very low starting point (source: Clarksons).

The volatility of the vessel prices influenced the market value of NORDEN's fleet. In the second and third quarters, brokers estimated that the market value exceeded the carrying amounts, whereas brokers, at the end of the year, estimated the fleet's total market value to be slightly below the carrying amounts. However, NORDEN still believes that the vessel investments in Dry Cargo and Tankers will contribute substantially to the Company's value creation in the long term as demand increases in the tanker market and the dry cargo market absorbs supply growth.

Market values of USD 1.7 billion

Based on assessments from 3 independent brokers, the market value of the Company's 28 owned vessels (1 of which has been sold) and 23 newbuildings on order was estimated at USD 1,693 million at the end of the year, which is just USD 5 million below the carrying amounts and costs of newbuildings. This corresponds to DKK -1 per share, and when this is subtracted from the book value of equity of DKK 267 per share, the Net Asset Value (NAV) (excluding the value of charter parties with purchase option) is calculated at DKK 266 per share against DKK 210 per share at the end of 2009.

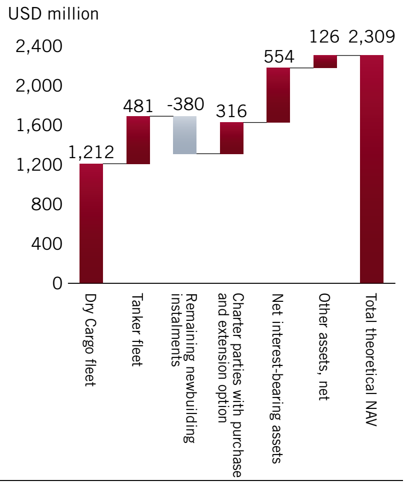
In comparison, the market values were USD 103 million below the carrying amounts and costs of newbuildings at the end of 2009. The improvement is most pronounced in Tankers where the 5 purchased tanker vessels are estimated to contain an additional value of USD 22 million. But also the dry cargo vessels which NORDEN purchased in 2010 are estimated to constitute additional value.

Calculated without vessels in joint venture and sold vessels, the market value in Dry Cargo was USD 15 million above the carrying amounts, while the value of the Tanker fleet was USD 23 million below the carrying amounts and costs of newbuildings. Following usual principles, NORDEN has therefore tested the vessels for impairment in accordance with IAS 36. In this test, the carrying amounts and costs are compared to the estimated cash flows for the remaining useful lives of the vessels. On this basis, the values of the Company's owned vessels and newbuildings were not found to be impaired.

See also the section "Impairment test" in the Financial review on page 44 and the section "Impairment test" in note 1 to the financial statements "Significant accounting policies" where significant accounting estimates are explained.

Theoretical Net Asset Value

Note: The graph illustrates the total net assets stated in market values. The figures exclude the investment in the acquired product tanker to be delivered during the first quarter of 2011



Independent brokers have assessed the market value of NORD STRAIT and the other tanker vessels purchased by NORDEN in 2010 to be USD 22 million above the carrying amounts.

Theoretical NAV of DKK 308 per share

Despite the decrease in period rates in the T/C market, the Company's purchase and extension options are still assessed to be of considerable value. At year-end, NORDEN's 58 long-term charter parties with purchase and extension option were estimated at a value of USD 316 million in total, corresponding to DKK 42 per share. At the end of 2009, the value totalled USD 468 million.

Thus, at year-end NORDEN's total theoretical NAV, including the value of charter parties with purchase option was estimated at DKK 308 per share against DKK 268 per share the previous year. This development is due to an increase in equity and a rise in the total additional value of NORDEN's owned vessels. Conversely, the value of the charter parties decreased mainly because of lower period rates in Dry Cargo. Finally, USD increased by 8.2% against DKK compared to year-end 2009 which has a negative influence on the value of the theoretical NAV measured in DKK per share.

It must be noted, however, that the valuations of both fleet and charter parties with purchase option are subject to uncertainty. See the description under "Financial review – Valuation methods for calculating theoretical NAV" on page 45 and "Risk management – Vessel price risks (commercial)" on page 64.

Fleet values (before tax) at 31 December 2010

USD million	Owned (active and newbuildings)				Calculated value of charter parties with purchase and extension option			
Dry Cargo	Number	Carrying amount/ cost	Market value*	Added value	Number	Charter party	Purchase and extension option	Value of charter party and purchase option
Capesize	3	104	171	67	1	10	9	19
Post-Panamax	4	209	185	-24	4	-28	3	-25
Panamax	5	182	187	5	13	39	80	119
Handymax	6	156	180	24	20	131	64	195
Handysize	17	543	489	-54	9	-8	6	-2
Tankers								
MR	6	219	203	-16	11	1	9	10
Handysize**	10	285	278	-7	0	0	0	0
Total	**51**	**1,698**	**1,693**	**-5**	**58**	**145**	**171**	**316**

Value at 31 December 2010	USD million	DKK per share
Equity excl. minority interests	1,998	267
Added value own fleet	-5	-1
NAV	**1,993**	**266**
Calculated value of charter parties with purchase and extension option	316	42
Total theoretical NAV	**2,309**	**308**

* Including joint ventures, assets held for sale and charter party, if any.
** Excluding the value of 1 purchased secondhand vessel to be delivered during first quarter of 2011

Number of purchase options that can be exercised during the period

Vessel type	2011	2012	2013	2014	2015	2016+	Total
Dry Cargo							
Capesize	-	-	-	1	-	-	**1**
Post-Panamax	-	-	-	-	-	4	**4**
Panamax	5	3	2	-	1	2	**13**
Handymax	6	4	5	3	-	2	**20**
Handysize	1	-	4	2	-	2	**9**
Tankers							
MR	-	2	3	1	4	1	**11**
Total	**12**	**9**	**14**	**7**	**5**	**11**	**58**
Total strike value, USD million	**454**	**340**	**590**	**324**	**282**	**733**	**2,725**

During 2011, NORDEN may exercise purchase options on 12 vessels for a total of USD 454 million. During 2010, NORDEN exercised 4 purchase options on dry cargo vessels.

Fleet costs

- Strict cost management
- Renegotiation of T/C agreements
- More vessels under external management

Cost management

Costs relating to NORDEN's owned vessels generally developed as expected in 2010. Operating costs on dry cargo vessels were slightly lower than anticipated but slightly higher than planned on tanker vessels as a result of increased expenses for the Company's vetting efforts and fight against pirates as well as higher pay to especially Philippine and Indian seamen.

In light of the growth in the fleet of owned vessels, management of vessel operating costs is becoming an increasingly important competitive factor. Therefore, NORDEN systematically identifies efficiency improvements and benchmarks processes and procedures. These initiatives make it possible to compare operating figures for the individual vessels, thereby identifying areas for improvement. In 2010, benchmarking improved thanks to a partnership with The Boston Consulting Group, and during the year, NORDEN's operating figures outperformed the benchmarks of other comparable shipping companies.

In 2010, NORDEN outsourced technical management of 2 product tankers to well-reputed external managers. At year-end, NORDEN had 4 vessels under the management of V.Ships and Executive Ship Management. The cooperation with external managers enhances flexibility and is also part of the Company's benchmarking efforts.

In order to reduce costs for the purchase of lubricating oil, paint, spare parts and services (including certifications), etc., NORDEN co-founded in 2010 SeaMall ApS, a procurement platform formed in a joint venture between 5 shipping companies.

Costs are under strict management without compromising safety, environment or quality. In 2010, NORDEN improved its results of vettings (oil company inspections) and Port State Controls (authorities inspections), and the Company's tanker vessels are approved for T/C voyages by all leading oil companies.

Adjustments in chartered fleet

Concurrently with improving efficiency on the Company's owned vessels, NORDEN continuously works towards reducing the costs of the chartered fleet. This is done partly by returning expensive chartered vessels and – where possible – replacing them with less expensive tonnage in the market, partly by renegotiating contracts at expiry. As an example, during the year Tankers entered into 2 new contracts with one of NORDEN's key suppliers of T/C vessels, from whom NORDEN since 2006-07 has chartered 7 Handysize product tankers at rates of USD 19-21,000 per day, and by means of the new contracts, the agreements were extended by 1 additional year at approximately half the daily rates, i.e. USD 11-12,000 per day.

Initiatives in 2011

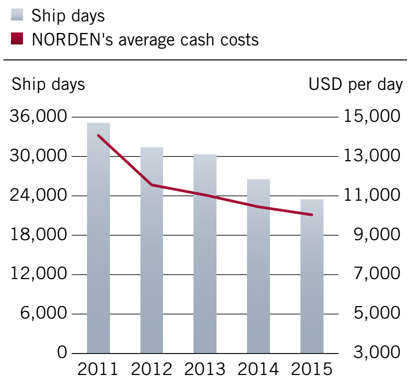
NORDEN will continue to strictly manage costs while taking into consideration the importance of operating quality vessels with high standards in Tankers in particular – but to an increasing extent also in Dry Cargo. Benchmarking will be strengthened further and economies of scale from fleet growth will be utilised. Furthermore, NORDEN's participation in SeaMall ApS is expected to reduce the price of selected purchases for more than 250 vessels from NORDEN and other shipping companies.

NORDEN will cooperate closely with selected technical managers in order to handle continued fleet growth. External technical managers should manage NORDEN's owned vessels in accordance with the same standards and quality requirements as employed on the vessels managed by NORDEN. Consequently, in addition to a number of performance requirements, the cooperation will also be based on joint training of dedicated NORDEN officers and seamen, seminars, recruitment, etc.

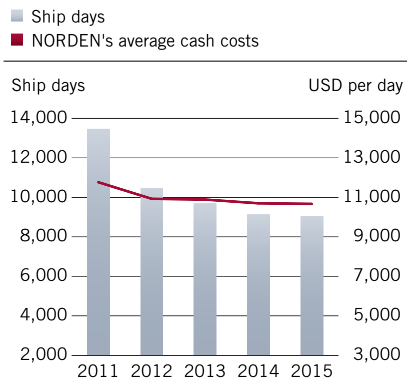
Costs going forward

In Dry Cargo, average costs of the known fleet will decline by almost 30% in coming years – from approximately USD 14,000 per day in 2011 to just more than USD 10,000 per day in 2015. In Tankers, costs of the known fleet will decline by just under 10% during the same period – from approximately USD 11,800 per day in 2011 to approximately USD 10,650 per day in 2015. Overall, NORDEN's average costs for 2011 for all vessel types are at the same level as or lower than the corresponding 1-year period rates at the end of 2010 (source: ACM and Clarksons), and consequently, NORDEN is well positioned.

Capacity and costs, Dry Cargo



Capacity and costs, Tankers



Outlook for 2011

- Dry Cargo: Lower operating earnings in challenging market
- Tankers: Increasing operating earnings in gradually recovering market
- Great acquisition potential in both Dry Cargo and Tankers

For 2011, NORDEN expects somewhat lower operating earnings (EBITDA) than in 2010, which was affected by significant non-recurring income. At EBIT level, earnings for 2011 will furthermore be affected by reduced profits from the sale of vessels and increasing depreciation, and the Group expects an overall EBIT for 2011 of USD 55-95 million, corresponding to a return on invested capital at the beginning of the year of 4-7%.

In Dry Cargo, 2011 is likely to be marked by lower freight rates. The Company will focus on optimising the portfolio and securing future cargoes and coverage, and NORDEN will seek out any interesting investment opportunities. Also in Tankers, the aim is long-term growth, and the Company will continue to invest in more vessels in a market that will remain under pressure from the numerous deliveries of new vessels in recent years.

Expected total EBITDA is USD 135-175 million (USD 240 million in 2010).

Based on the vessel sales known by mid-February, profits from the sale of vessels are not expected to contribute to EBIT in 2011. NORDEN has sold 1 Handymax vessel recognised on delivery in January 2011 at a profit of USD 0 million. In addition, the Company has concluded conditional agreements in Dry Cargo to sell up to 6 Handysize newbuildings for delivery in 2011-12. Profits from these sales cannot be determined before the buyer has given final indication of whether the transaction will be effected and how many vessels it will include, but profits will be immaterial in any case.

Outlook for 2011

(USD million)	Dry Cargo	Tankers	Group
EBITDA	125-155	20-30	135-175
Profits from the sale of vessels	0	0	0
EBIT	-	-	55-95
CAPEX	-	-	260-300

By comparison, NORDEN's profits from the sale of vessels last year amounted to USD 32 million, of which USD 4 million was included in "Share of results of joint ventures".

The limited profits from the sale of vessels reflect lower market prices as well as a strategic decision to expand the fleet of owned vessels in Tankers for the dual purpose of honouring the oil companies' increasing demands for quality tonnage and creating added value as rates and vessel prices continue to recover. In Dry Cargo, the Company sold several vessels in recent years, and in order to maintain critical mass in the core fleet, the Company expects to be less active in selling vessels in this segment in 2011. However, purchases and sales of vessels remain an integral part of NORDEN's business and consequently, the Company will consider further purchases and sales based on price, timing, capacity requirement and opportunities to optimise the fleet.

In 2011, NORDEN will take delivery of 12 owned newbuildings and 1 purchased tanker vessel (excluding the 6 Handysize vessels mentioned previously), which will lead to increasing depreciation. If all 12 newbuildings and the one tanker are delivered as planned and if NORDEN does not enter into any further sales agreements during the year, depreciation is expected to increase to approximately USD 75-80 million against USD 50 million in 2010.

To meet oil companies' demand for quality tonnage, the Tanker fleet will be expanded during the strategy period.

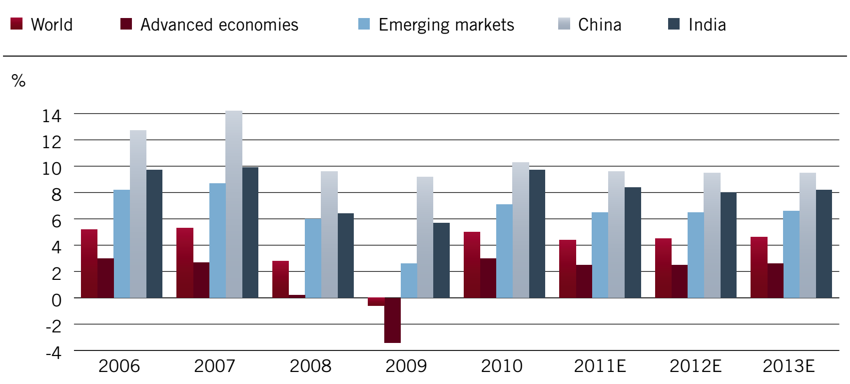
With no profits from known sales of vessels and significantly increasing depreciation as result of a larger fleet of owned vessels, NORDEN expects an EBIT of USD 55-95 million against USD 223 million in 2010.

Financial items will consist of foreign exchange adjustments arising from the translation of DKK, JPY and other currencies to USD, of interest income from cash deposits (less interest payable on bank debt) and of capital gains/losses on securities. With an assumed DKK/USD exchange rate for the full year of 5.5 and the budgeted cash flow from operating, investing and financing activities, financial items are expected to be negative.

In Dry Cargo, vessel prices may come under pressure as a result of weaker freight rates, while in Tankers prices are expected to be stable or increasing slightly from the current level. The above estimates do not include any impairment write-downs on owned vessels and newbuilding contracts, based on an expectation that the earnings expected to be generated during the economic life of the vessels in both segments will still justify the carrying amounts.

The cash flow effect of capital expenditure (CAPEX) is expected to be USD 260-300 million, net. CAPEX consists substantially of known investments in newbuildings of USD 300-340 million less proceeds from agreed sales of vessels.

Actual and expected growth in GDP



Source: IMF, October 2010 (January 2011)

Economic outlook

The global economy is expected to put the crisis years 2008-2009 further behind it in 2011. But recovery will be slightly slower than in 2010, when growth, compared to the very difficult year 2009, was supported by stockbuilding and massive financial stimulus packages in the advanced economies.

In its most recent forecast from January, the IMF raised the bar a little and now foresees global economic growth rates of 4.4%, against 5.0% in 2010. According to the IMF, growth will once again be driven mainly by the emerging markets in Asia and South America in general and in particular by China and India, the 2 main markets of NORDEN's Dry Cargo Department, where the IMF foresees GDP growth of 9.6% and 8.4%, respectively.

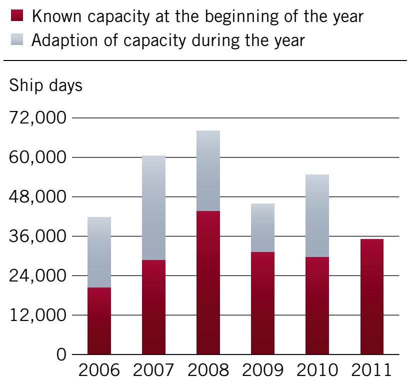
The economic growth rate for Asia as a whole is expected to be 8.4%, against 9.3% in 2010, while the growth rate of the advanced economies in Europe, Japan and elsewhere is reduced to 2.5% against 3% in 2010. Among the few areas in the world where the IMF foresees increased growth are the USA, Russia, the Middle East and southern Africa.

The IMF expects global trade to grow by 7.1%, measured in terms of volume, compared to 12.0% in 2010.

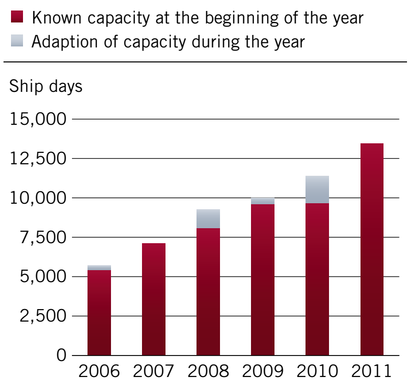
While global growth is thus expected to be robust – even if slightly lower than in the extraordinary year 2010 - and the increase in global trade also creates a strong basis for the shipping industry, major political and economic risks remain. In Europe as well as in the USA there is a risk that the focus on normalising fiscal and monetary policies may result in growth lower than expected. Moreover, it seems that rising inflationary pressure in several developing countries will require tightening of monetary policies, which may negatively impact the construction industry, which is very important to the dry cargo market in particular. Finally, the rapidly rising commodity prices, including oil prices exacerbated by recent geopolitical uncertainty, could dampen the increase in demand and the general level of activity.

For market-specific outlook, see the Dry Cargo and Tanker sections.

Development in Dry Cargo's capacity



Development in Tankers' capacity



Outlook for Dry Cargo

At the beginning of the year, NORDEN had more than 35,057 ship days at its disposal. 85% of these, or 29,783 ship days, are covered at average gross earnings of USD 5,986 per day. Coverage is above 100% in Capesize and Panamax, where spot rates are traditionally the most volatile, while coverage is lower in Handymax and Handysize, where spot rates are traditionally more resilient to negative market volatility. Capacity and coverage will be adjusted on an ongoing basis, based on an evaluation of the market conditions.

In the first 2 months of the year, the dry cargo market was somewhat weaker than in the same period last year. This was partly due to supply pressure as a result of the many deliveries to the global fleet, partly to the flooding in Australia, which is estimated to have reduced the important coal exports from Queensland by up to 15 million tonnes.

NORDEN's high degree of coverage offers good protection in a market which may become challenging and in which spot rates may drop compared to 2010 due to the sharp increase in supply. Dry Cargo's EBITDA is expected to be USD 125-155 million against USD 249 million in 2010. A significant part of the decrease is explained by the fact that 2010 was positively affected by large non-recurring income of USD 78 million as income for 2011-13 was moved forward to 2010. To this should be added that earnings in 2011 will be negatively impacted by the generally poorer market outlook. The estimate is based on the capacity at NORDEN's disposal at mid-February and is subject to, among others, the following assumptions:

- That open ship days can be employed at average rates corresponding to the forward rates in each vessel type at mid-February.

- That there will be no major problems with counterparties' inability to pay or non-performance of contracts thanks to Dry Cargo's strong focus on solid customers among commodity and mining companies, power plants and major industrial groups. Moreover, NORDEN does not include in its budget any income from the small number of arbitration proceedings against customers.

China's transformation to an industrial superpower is expected to result in GDP growth of 9.6% in 2011 according to the IMF.

Compared to the forward curve at mid-February, a drop or an increase of 10% in freight rates would, all other things being equal, cause Dry Cargo's expected EBITDA to decrease or increase by USD 10 million.

Outlook for Tankers

At the beginning of the year, NORDEN had more than 13,460 ship days at its disposal. 36% of these, or 4,821 ship days, were covered at average gross earnings of USD 2,452 per ship day. Coverage is highest in MR and Handysize with 34% and 40%, respectively, and lowest in LR1 with 4%. For now, however, NORDEN operates just 1 vessel of this type.

Capacity and coverage will be adjusted on an ongoing basis, subject to an evaluation of the market conditions. But the total level of activity – measured in ship days – will exceed the 2010 level as NORDEN has expanded its fleet by purchasing vessels and taking delivery of vessels on long-term charters with purchase option.

In the first 2 months of the year, the tanker market was slightly weaker than in the same period last year, when severe ice winter in the northern part of Europe, North America and Asia drove up rates. However, NORDEN still expects average product tanker spot rates in 2011 to be higher than in 2009 and 2010.

As a result of higher spot rates, greater capacity and lower fleet costs, Tankers is expected to improve operating earnings (EBITDA) to USD 20-30 million against USD 0 million in 2010. The estimate is based on the capacity at NORDEN's disposal at mid-February and is subject to, among others, the following assumptions:

- That open ship days can be employed at average rates corresponding to the 1-year T/C rate at mid-February. These are USD 14,000 per day in MR and USD 13,500 per day in Handysize.
- That agreements to charter out vessels are met and that counterparty risk in general will not constitute a problem thanks to Norient Product Pool's focus on solid oil companies and international oil traders.

Based on the forward curve at mid-February, the potential T/C equivalent revenue from open ship days in 2011 amounted to approximately USD 100 million. A 10% freight rate drop at that date would, all other things being equal, reduce Tankers' expected EBITDA by USD 10 million, and conversely, a 10% increase in freight rates would, all other things being equal, increase expected EBITDA by USD 10 million.

Events after the balance sheet date

In January, NORDEN signed a conditional agreement to sell up to 6 Handysize dry cargo vessels to a Greek buyer. The sale is subject to final approval by the buyer's board of directors before 30 March 2011. The sales agreement comprises up to 6 sister vessels to be delivered from a Chinese yard in 2011-12. The sale will have insignificant effect on the Company's results of operation, but reflects NORDEN's continued efforts to optimise the Handysize portfolio. The objective is to reduce tied-up capital and risk in the short term and to strengthen the business in the long term by reinvesting in new vessels with different specifications and later delivery.

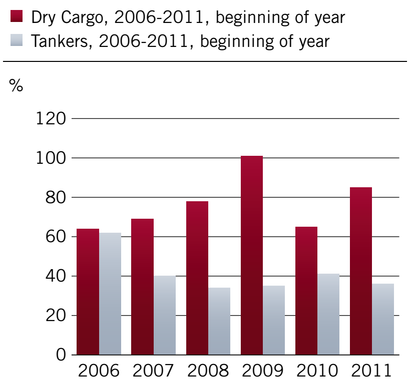
The Korean shipping company Korea Line Corp. suspended payments in January. NORDEN has chartered out 1 vessel to Korea Line on a 5-year T/C contract at attractive rates. Just over 2.5 years remain of the charter party, and even though NORDEN maintains its claim, it is conservatively assumed that the charter party will be terminated and that the vessel will have to be employed at market rates for the rest of 2011.

Moreover, an arbitration tribunal in January awarded NORDEN damages in a dispute with a customer dating back to 2008. NORDEN received and recognised income from the case of USD 9 million in February 2011, which is included in the forecast for the year.

At mid-February, Dry Cargo's capacity for the rest of the year was 31,700 ship days, 86% of which was covered. Similarly, at mid-February, Tankers' capacity for the remainder of the year was 11,800 ship days, of which 36% was covered.

No other significant events have occurred between the balance sheet date and the publication of this annual report that have not already been included and adequately disclosed in the annual report and that materially affect the Group's results of operations or financial position.

Coverage in Dry Cargo and Tankers



Forward-looking statements

This annual report contains certain forward-looking statements reflecting the management's present judgment of future events and financial results.

Statements relating to 2011 and the years ahead are inherently subject to uncertainty, and NORDEN's realised results may therefore differ from the projections.

Factors that may cause NORDEN's realised results to differ from the projections in this annual report include, but are not limited to: Changes in macroeconomic and political conditions - particularly in the Company's principal markets, changes to NORDEN's rate assumptions and budgeted operating expenses; volatility in freight rates and tonnage prices; regulatory changes; counterparty risk; any disruptions to traffic and operations as a result of external events, etc.

Capacity and coverage, at 31 December 2010

Dry Cargo

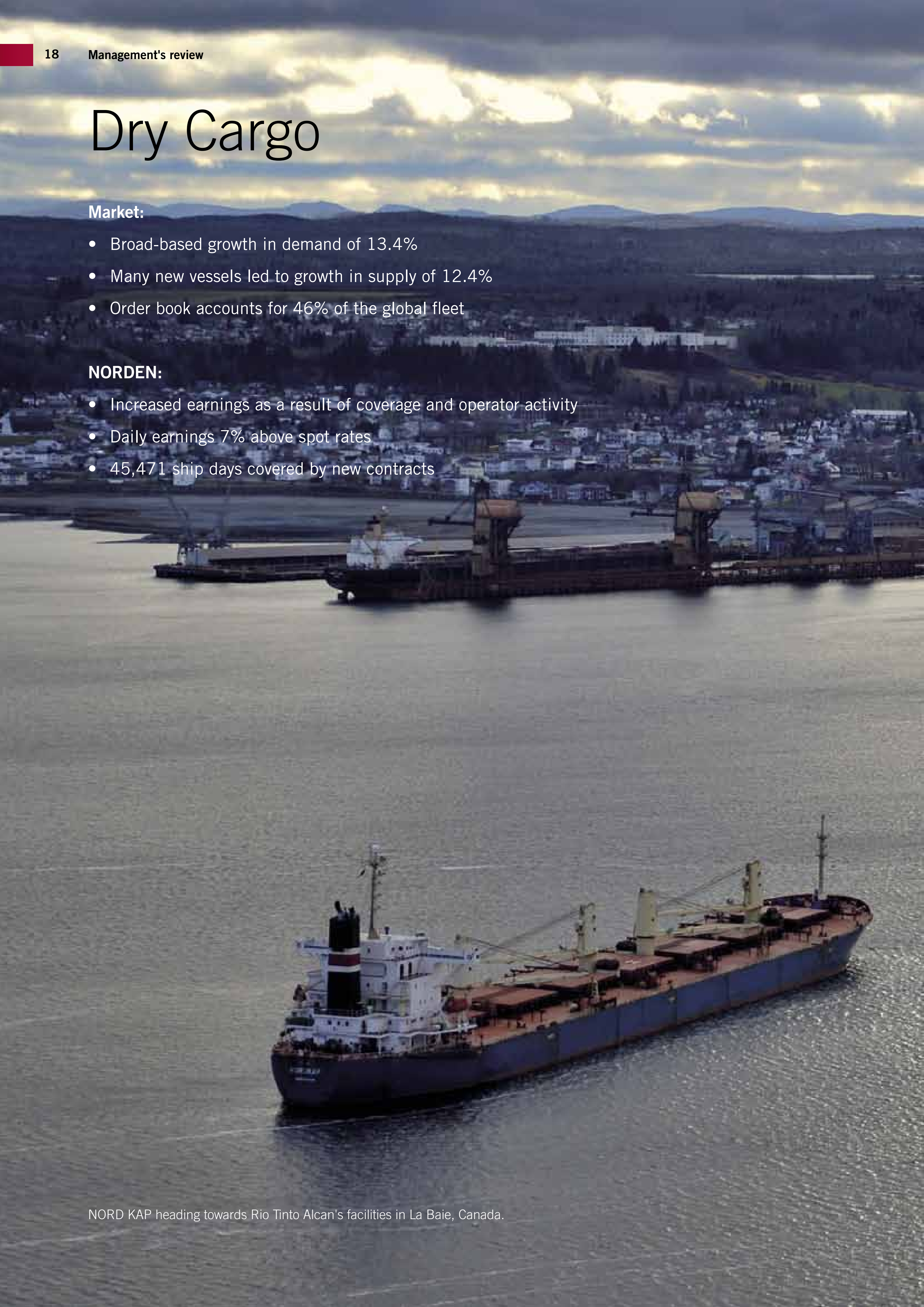
	Ship days				Costs for gross capacity (USD per day)			
	2011	2012	2013	2014+	2011	2012	2013	2014+
Gross capacity								
Capesize	1,460	1,464	1,460	14,199	10,117	10,117	10,117	8,260
Post-Panamax	2,325	2,776	2,920	34,911	10,853	12,103	12,448	10,146
Panamax	12,274	6,517	5,988	35,750	16,292	12,410	12,001	9,286
Handymax	12,524	10,519	8,919	42,249	14,596	12,960	12,182	9,297
Handysize	6,474	10,070	11,040	122,485	10,873	9,594	9,355	5,866
Total	**35,057**	**31,346**	**30,327**	**249,594**	**14,068**	**11,556**	**11,043**	**7,671**
Coverage					Revenue from coverage (USD per day)			
Capesize	1,480	732	553	0	36,660	45,899	45,554	0
Post-Panamax	1,157	0	0	0	21,063	0	0	0
Panamax	14,781	6,253	3,649	11,438	20,182	19,735	19,507	19,601
Handymax	9,770	5,501	2,337	2,935	19,029	21,004	17,441	15,155
Handysize	2,595	1,807	1,350	9,257	13,257	13,127	13,938	13,745
Total	**29,783**	**14,293**	**7,889**	**23,630**	**20,054**	**20,728**	**19,768**	**16,755**
Coverage in %								
Capesize	101%	50%	38%	0%				
Post-Panamax	50%	0%	0%	0%				
Panamax	120%	96%	61%	32%				
Handymax	78%	52%	26%	7%				
Handysize	40%	18%	12%	8%				
Total	**85%**	**46%**	**26%**	**9%**				

Capacity and coverage, at 31 December 2010

Tankers

	Ship days				Costs for gross capacity (USD per day)			
	2011	2012	2013	2014+	2011	2012	2013	2014+
Gross capacity								
LR1	365	12	0	0	16,967	15,500	0	0
MR	6,690	6,075	5,679	43,336	13,562	12,813	12,910	10,062
Handysize	6,406	4,378	4,015	55,629	9,596	8,296	8,028	8,028
Total	**13,460**	**10,465**	**9,694**	**98,965**	**11,767**	**10,926**	**10,888**	**8,919**
Coverage					Revenue from coverage (USD per day)			
LR1	13	0	0	0	13,834	0	0	0
MR	2,256	680	325	0	15,351	13,384	13,038	0
Handysize	2,553	347	0	0	13,220	12,699	0	0
Total	**4,821**	**1,027**	**325**	**0**	**14,219**	**13,152**	**13,038**	**0**
Coverage in %								
LR1	4%	0%	0%	0%				
MR	34%	11%	6%	0%				
Handysize	40%	8%	0%	0%				
Total	**36%**	**10%**	**3%**	**0%**				

Dry Cargo



Market:

- Broad-based growth in demand of 13.4%
- Many new vessels led to growth in supply of 12.4%
- Order book accounts for 46% of the global fleet

NORDEN:

- Increased earnings as a result of coverage and operator activity
- Daily earnings 7% above spot rates
- 45,471 ship days covered by new contracts

NORD KAP heading towards Rio Tinto Alcan's facilities in La Baie, Canada.

Key figures and ratios (USD million)	2010	2009	2008	2007	2006
Revenue	1,946	1,516	4,002	2,743	1,102
EBITDA	249	139	455	497	126
Profits from the sale of vessels	28	70	247	59	55
EBIT	260	188	687	548	170
Non-current assets	850	646	566	369	287
EBITDA margin, %	13%	9%	11%	18%	11%
EBIT margin, %	13%	12%	17%	20%	15%
Average number of employees	325	329	372	269	244
Number of ship days	54,661	45,945	68,172	60,425	41,724

NORDEN's Dry Cargo fleet at 31 December 2010

Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	2010	2009
Size (dwt.)	>150,000	85-120,000	65-82,500	40-60,000	25-40,000		
Length (meter)	289	245	225	190	170		
Main cargoes	Iron ore, coal	Iron ore, coal	Iron ore, coal, grain, bauxite	Iron ore, coal, steel, bauxite, cement	Cement, steel, salt, petcoke, alumina		
Vessels in operation							
Owned vessels	3	4	3	3 [A]	1	14	9
Chartered vessels with purchase option	1	-	10	15	6	32	27
Total active core fleet	**4**	**4**	**13**	**18**	**7**	**46**	**36**
Chartered vessels without purchase option	-	-	75	37	11	123	101
Total active fleet	**4**	**4**	**88**	**55**	**18**	**169**	**137**
Vessels to be delivered							
Owned vessels	-	-	2	3 [B]	16	21	27
Chartered vessels with purchase option	-	4	3	5	3	15	22
Total for delivery to core fleet	**-**	**4**	**5**	**8**	**19**	**36**	**49**
Vessels chartered for more than 3 years without purchase option	-	-	1	1	4	6	10
Total for delivery to active fleet	**-**	**4**	**6**	**9**	**23**	**42**	**59**
Total gross fleet	**4**	**8**	**94**	**64**	**41**	**211**	**196**
Total chartered with purchase option	1	4	13	20	9	47	49
Global fleet (no.)	**896**	**-**	**1,640**	**1,823**	**3,175**	**7,534**	**7,312**
On order, global fleet (no.)	**616**	**-**	**887**	**607**	**583**	**2,693**	**3,120**

Source: R.S. Platou

A Of which 1 unit sold
B Of which 2 units in 50%-owned joint venture

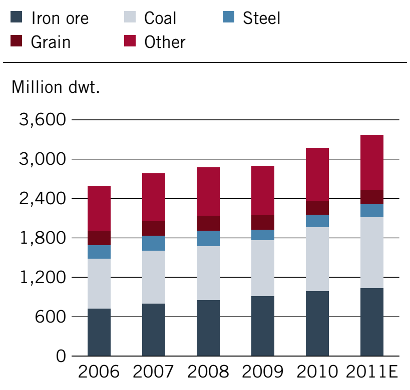
Market development in 2010

While in 2009, the demand for dry cargo transport was primarily driven by China's imports of iron ore and coal, several factors contributed to a more broad-based demand in 2010. Europe, Japan, India and other Asian countries raised imports of commodities, and China's imports of coal rose by 31%. In contrast, Chinese imports of iron ore declined by 1.4% (source: the Chinese customs authorities) following several years' substantial growth.

The demand for dry cargo tonnage was highest during the first 6 months of the year with growth of approximately 18% which was also driven by restocking following the crisis. Demand for the full year is estimated to have increased by 13.4% (source: R.S. Platou). Several factors contributed to this development: Total seaborne transport of dry cargo increased by 8.8% according to R.S. Platou, and local transports of coal along China's coasts added a further 1.6% to the demand. To this should be added the effect of bottleneck problems which caused increased waiting time in ports during the year as well as inefficiency.

Spot rates in the Baltic Dry Index (BDI) peaked in May reaching approximately 4,000. From this point on, rates decreased under considerable volatility, and BDI ended the year at 2,000 – 44% lower than at the beginning of the year. For the full year 2010, BDI was on average on par with the previous year.

Global seaborne transport



Source: R.S. Platou

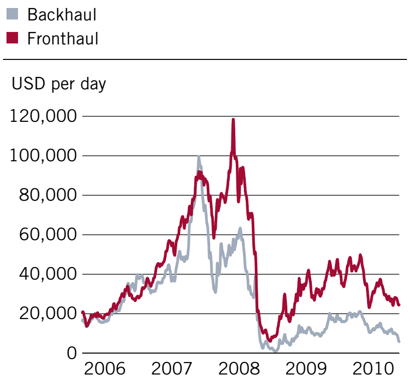
In addition to the sizeable growth rates of essential commodities, increased inefficiency in the global fleet also supported the market. The inefficiency is a result of both permanent and temporary changes in the transport patterns, which lead to a demand for an increased number of vessels to carry the same quantities of commodities when cargoes are to be transported over longer distances.

Overall, the flow of goods is characterised by imbalance since demand is highest in Asia. For that reason, many vessels sail to Asia carrying cargo but part of the vessels return empty. Therefore, freight rates from the Atlantic Ocean to the Pacific Ocean with cargo (fronthaul) increased in 2010 compared to voyages in the opposite direction (backhaul). NORDEN believes that this trend will continue to have a positive effect on the market in future due to the Asian countries' imports of commodities for industrialisation and infrastructure.

Political and weather-related conditions in commodity exporting countries also play a part and contribute to longer transport distances. In 2010, Russia banned export of grain after extensive drought, forcing countries in North Africa and the Middle East to source grain from Argentina, Brazil and the USA (source: SSY, USDA). Furthermore, India introduced a partial ban on export of iron ore and as a consequence, the Chinese steel industry had to increase imports from Brazil and Australia. Moreover, at the end of the year, the market was also affected by the weather, especially by floods in Australia and to a lesser extent by cold winter in Northern Europe from which the effects, however, will not be seen until 2011.

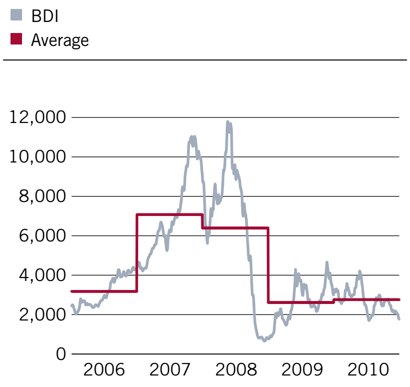
Panamax, Handymax and Handysize earned attractive rates during the first half of the year in the wake of heavy demand growth. During long periods, rates in Panamax were at the same level as the rates in Capesize, despite the fact that rates in Capesize are historically twice as high. However, the ratio between Panamax and Capesize normalised to some extent during the second half of the year when India's ban on export of iron ore forced China to increase its import of iron ore from Brazil using Capesize vessels. Spot rates in Capesize declined by 22% on average for the full year, while rates in the small and medium sized vessel types, on aver-

Development in Panamax



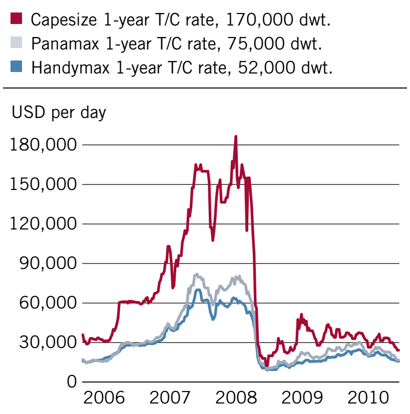
Source: Baltic Exchange

Baltic Exchange Dry Index



Source: Baltic Exchange

Handymax, Panamax, Capesize T/C rates



Source: Clarksons

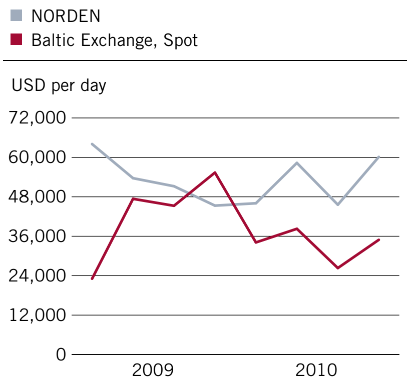
age for the year, performed 30-45% better than in 2009 (source: Baltic Exchange).

The price development for 5-year tonnage followed the freight market and increased by close to 20% at first, only to decrease again. Prices ended the year at the same level as at the beginning of the year (source: Clarksons).

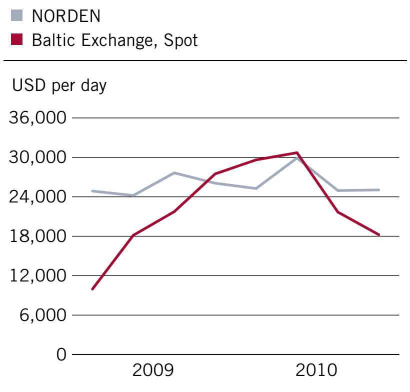
The number of deliveries of new vessels was at a historically high level, and the global fleet experienced net growth of 74 million dwt. (12.4%). This increase reflects large differences between the individual vessel types, and fleet growth was thus 23% in Capesize, 9% in Panamax, 14% in Handymax and 4% in Handysize (source: R.S. Platou). Even though the increase as expected was well below the known order book, the actual deliveries grew steadily throughout the year, and towards the end of the year, the deliveries amounted to 67% of the planned vessels (source: R.S. Platou).

The attractive market at the beginning of the year led to a large but short-lived wave of contracted newbuildings. Therefore, despite the extensive deliveries of vessels throughout the year, the expected dent into the order book was not made. At year-end, the order book totalled 247 million dwt. or 46% of the global fleet against 61% the year before. Again the vessel types varied considerably in this respect. The order book totalled 59% of the global fleet in Capesize, 16% in

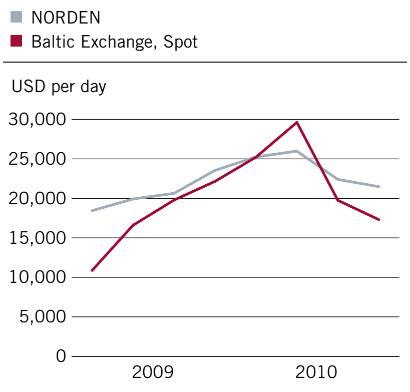
Capesize T/C-rates



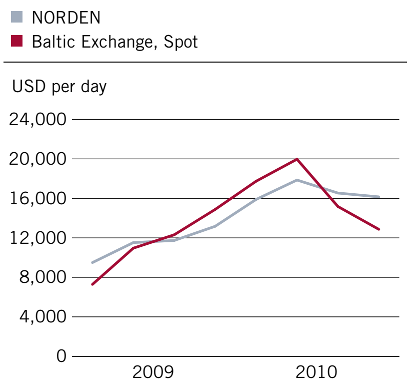
Panamax T/C-rates



Handymax T/C-rates



Handysize T/C-rates



Panamax, 32% in Handymax and 22% in Handysize (source: R.S. Platou).

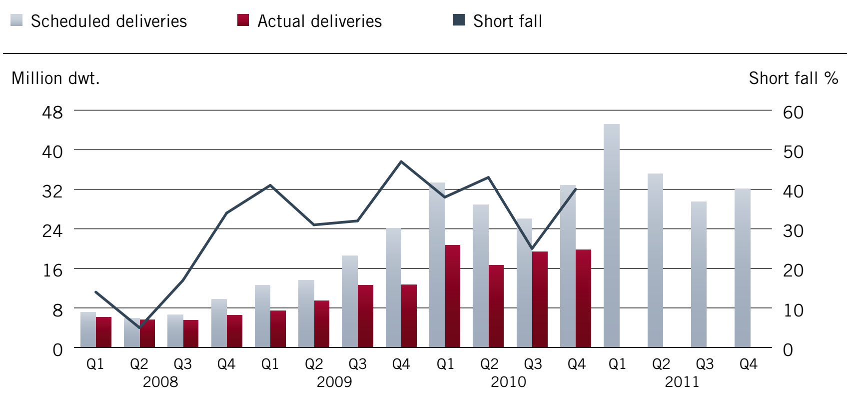
NORDEN in 2010

NORDEN started the year with a conservative market approach in Capesize and Panamax where the level of coverage was high. As a result, NORDEN was only to a lesser extent affected by the rate drop in Capesize. In contrast, the Company had more open ship days in Handymax and Handysize, and this decision led to solid earnings in the first 6 months of the year where spot rates increased, whereas NORDEN was affected by weaker market conditions in the small vessel types at the end of the year.

Because of solid revenue from coverage and profitable operating activities, NORDEN's total earnings were 7% above spot rates. In the most important vessel types, Handymax and Panamax, the Company's earnings per day were 5% above spot rates.

With an EBITDA of USD 249 million, operating earnings in Dry Cargo consid-

Scheduled vs. actual deliveries



Source: R.S. Platou

Employment and rates, Dry Cargo, 2010

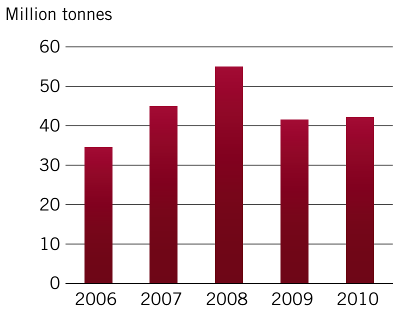
Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total**
NORDEN ship days	1,625	910	25,349	20,301	6,477	**54,661**
NORDEN T/C (USD per day)	51,943	24,731	26,198	23,639	16,785	**24,873**
Spot T/C (USD per day)*	33,298	25,014	25,041	22,456	16,427	**23,305**
NORDEN vs. spot T/C	56%	-1%	5%	5%	2%	**7%**

* Source: Baltic Exchange ** Weighted average

erably exceeded the expectations from the beginning of the year (USD 190-220 million) and ended in the upper end of the range announced by NORDEN in November. Earnings from operations were solid, and in addition, NORDEN received income from a settlement with 1 customer and compensation from 2 customers for the cancellation of T/C contracts. These non-recurring items amounted to a total of USD 78 million.

At 1 January 2010, the Company and Interorient initiated activities in the new NORDEN Post-Panamax Pool and NORDEN Handysize Pool. Both pools developed as expected and the new Post-Panamax vessel type gained increasing acceptance from customers. Thanks to deliveries to the new pools as well as to Handymax and Panamax, the active fleet grew to 169 vessels, and Dry Cargo had 19% more ship days at its disposal.

NORDEN's transported quantities



NORDEN carried a total of 42.1 million tonnes of cargo under its cargo programme (excluding cargo on vessels chartered out). Approximately 42% of the transported volumes were destined for the emerging markets in Asia. China and India were NORDEN's largest discharging countries along with the USA, Italy and Great Britain. The 5 largest loading countries were Australia, the USA, Indonesia, Columbia and Chile, and consequently, NORDEN maintains a good and healthy geographical diversification.

During the year, NORDEN entered into agreements to charter out 4 vessels for approximately 14,500 ship days to an industrial customer. In addition, NORDEN entered into a large number of COAs to carry bauxite, coal, salt, wood/biomass and other commodities. These agreements contributed to Dry Cargo increasing coverage from 2011 onwards by a total of 45,471 ship days at reasonable rates. NORDEN currently has COAs for the transport of a little more than 75 million tonnes of commodities from 2011-26, with coal, wood/biomass, salt, bauxite and cement being the most important.

Finally, NORDEN followed the strategy to enter into partnerships with selected customers through sharing of vessels and cargoes. These agreements are based on, among other things, NORDEN's enhanced capabilities to navigate in ice-covered waters. The Company has 3 ice-class vessels at sea and 5 on order.

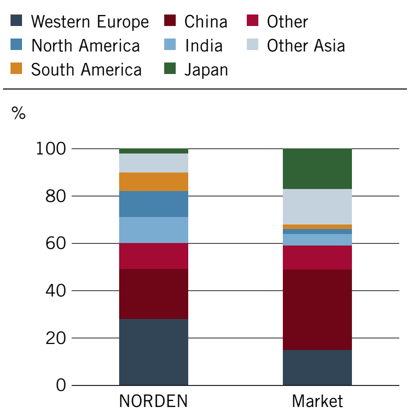
Short-term market development 2011-12

Demand is expected to develop positively also in 2011 with growth above historical levels. R.S. Platou expects demand to grow by approximately 10.3% primarily driven by coal and iron ore. Due to its infrastructure limitations, China is expected to continue getting the majority of its consumption of iron ore and coal from remote regions. Other emerging markets in Asia are also expected to contribute to growth.

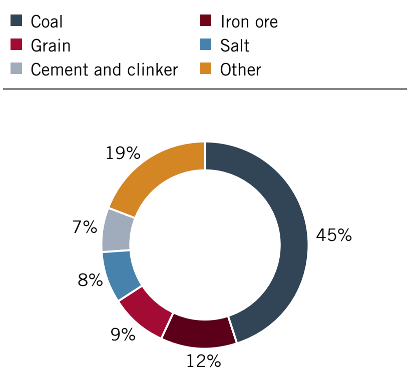
However, supply is expected to increase considerably in 2011 as the order book, even adjusted for a 40% short fall in deliveries, indicates global fleet growth of 16% gross. Even though weak periods in the spot market may increase scrapping of old vessels, net growth is also expected to be high – approximately 14% according to R.S. Platou.

Thus, NORDEN expects average spot rates in 2011 to be lower than in 2010.

Geographical distribution of imports (2010)



Transports, Dry Cargo 2010



Long-term market development

The long-term need for dry cargo tonnage will be driven by China's and India's demand for commodities in particular. Spot prices of more than USD 100 per tonne of iron ore and more than USD 200 per tonne of coking coal have during recent years encouraged mine owners to raise investments in capacity and infrastructure, and thus production of commodities is expected to increase from 2013 onwards. This is expected to boost demand for dry cargo transport, and even if commodity prices were to decrease due to increasing commodity supply, demand for transports will remain high as long as imported commodities are better and less expensive than domestically produced commodities.

Brazil's export of iron ore to China is particularly important. With the known expansions, the capacity of the Brazilian mines is expected to grow by 33% from 2010 to 2013 (source: World Steel Dynamics). The effect on demand in the dry cargo market is greater still when the long distances to China are factored in.

If the market becomes challenging in the short term as expected, the number of contracted newbuildings will decrease and this will quickly restore the balance between supply and demand.

NORDEN's positioning

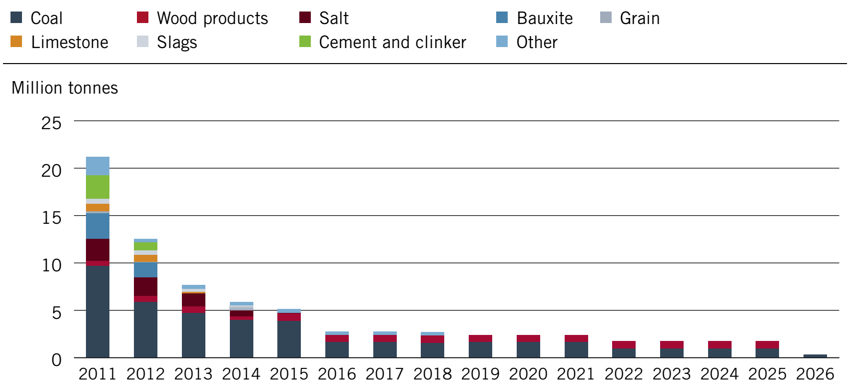
NORDEN has positioned itself based on the possibility that in the short term, the market could become challenging due to the extensive addition of new vessels. Coverage is high – 85% in 2011 – and therefore, focus is partly on generating extra earnings on operating activities in connection with the known routes in the cargo programme, partly on increasing long-term coverage by entering into new COAs with solid mining and commodity companies, power producers, industrial groups and large trading houses. Customers give priority to stability and security when finding solutions to their transport needs, and in this context, NORDEN holds a great advantage thanks to its financial strength, brand, size, quality and flexibility of the fleet, and the tradition of partnerships.

NORDEN will continuously optimise its growing fleet of owned vessels and adapt the total fleet to the market conditions. At the same time, the Company will contract newbuildings for later delivery in order to benefit from the improvement of the market conditions that is expected to occur when the market has absorbed the high supply growth.

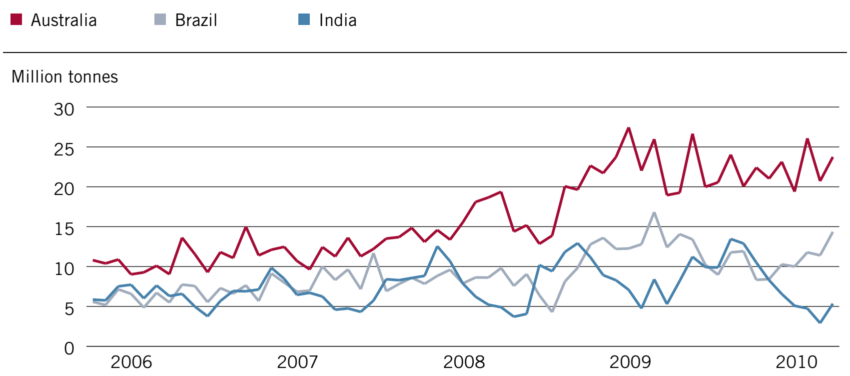
10 largest client contracts, end 2010

Customer	Contract year (primary contract, if more than one)	Contract type	Ship days
Global mining company	2010	T/C	14,971
European power company	2009	COA	7,413
Asian power company	2008	COA	4,970
South American power company	2009	COA	2,962
Asian power company	2009	COA	2,375
Asian shipping company	2010	T/C	2,290
American construction company	2009	COA	2,079
Asian shipping company	2010	T/C	2,013
Global trading company	2010	T/C	1,979
Asian mining company	2009	COA	1,680

NORDEN's cargo programme



Development in China's import of iron ore



Brazilian mining capacity is expected to increase by 33% during the years 2010-2013, and with the distance from Brazil to China being 3 times as long as from Australia to China, Brazilian growth could contribute significantly to long-term tonnage demand in the dry cargo market.

Source: the Chinese customs authorities

Tankers

Market:

- Demand for transport grew by 5.9%
- Rates still under pressure but higher than in 2009
- Minor and decreasing fleet growth

NORDEN:

- Optimisation of business and logistics
- Daily earnings higher than spot and period rates
- Purchase of 6 product tankers

NORD PRINCESS heading into the port of Genova, Italy.

Key figures and ratios (USD million)	2010	2009	2008	2007	2006
Revenue	243	240	362	243	168
EBITDA	0	-4	67	53	48
Profits from the sale of vessels	0	0	36	104	0
EBIT	-25	-18	97	149	41
Non-current assets	469	327	300	212	188
EBITDA margin, %	0%	-2%	19%	22%	29%
EBIT margin, %	-10%	-8%	27%	61%	24%
Average number of employees	323	241	170	164	175
Number of ship days	11,383	10,006	9,276	6,968	5,701

NORDEN's Tanker fleet at 31 December 2010

Vessel type	LR1	MR	Handysize	2010	2009
Size (dwt.)	60-75,000	42-60,000	27-42,000		
Length (meter)	230	180	170		
Main cargoes	Fuel and heating oil, gasoline, diesel, jet fuel, naphtha	Fuel and heating oil, gasoline, veg. oil, diesel	Fuel and heating oil, gasoline, veg. oil, diesel		
Vessels in operation					
Owned vessels	-	4	10	14	9
Chartered vessels with purchase option	-	10	-	10	5
Total active core fleet	**-**	**14**	**10**	**24**	**14**
Chartered vessels without purchase option	1	5	10	16	13
Total active fleet	**1**	**19**	**20**	**40**	**27**
Vessels to be delivered					
Owned vessels	-	2	1	3	2
Chartered vessels with purchase option	-	1	-	1	6
Total for delivery to core fleet	**-**	**3**	**1**	**4**	**8**
Vessels chartered for more than 3 years without purchase option	-	-	-	-	-
Total for delivery to active fleet	**-**	**3**	**1**	**4**	**8**
Total gross fleet	**1**	**22**	**21**	**44**	**35**
Total chartered with purchase option	-	11	-	11	11
Global fleet (no.)	**430**	**1,027**	**818**	**2,275**	**2,225**
On order, global fleet (no.)	**63**	**188**	**49**	**300**	**531**

Source: SSY

Market development in 2010

The market for transport of refined products is closely connected to the demand for oil, and this grew globally by 2.7 million barrels per day in 2010, an increase of 3.2%. This was the second-highest increase in a single year since 1979, and it brought the demand for oil back to the pre-crisis level from 2007 (source: IEA). The increase was driven particularly by massive structural growth in Asia where demand rose by 1.1 million barrels per day (source: IEA). Growth was particularly pronounced in China where 18 million cars were sold (+32%), and China thereby replaced the USA as the world's largest car market (source: China Automotive Information Net).

The considerable increase in oil consumption led to additional demand for tanker tonnage. It is estimated that total transport demand grew by 5.9% (source: MSI), but it did not lead to any significant improvement of freight rates as the market was still affected by previous years' substantial deliveries to the global fleet. Consequently, rates were under pressure for a large part of the year but were, however, higher than the very weak rates of 2009. In MR, spot rates increased by 19% on average compared to 2009 (source: Baltic Exchange), while 1-year T/C rates decreased by 8% on average (source: ACM).

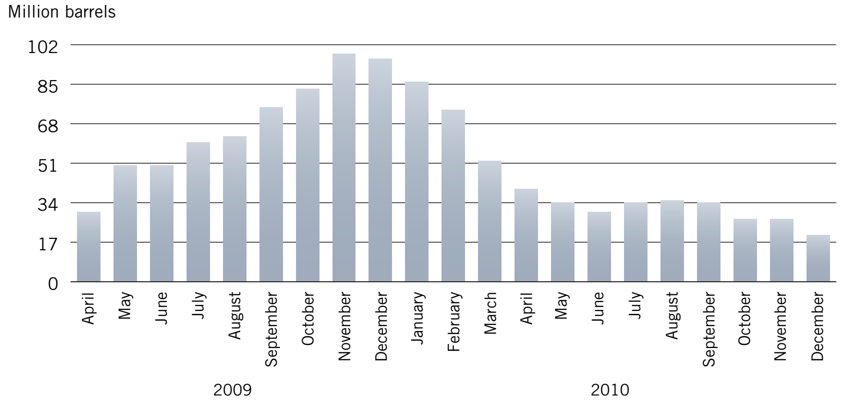
An unusually cold winter pushed up rates in January and February where MR vessels in some areas got ice premiums and earned USD 16-18,000 per day, whereas the average was USD 12,000 per day. Winter weather caused demand for gas oil for heating to increase and concurrently waters in the northern part of Europe, North America and Asia quickly iced over, with the ice being thicker than usual. This created additional demand for ice-class vessels.

The effect of the winter weather faded in March and then rates were low throughout the second quarter in which the market absorbed the floating oil stocks built up during the previous year, where oil future prices were higher than spot prices (the so-called contango effect). At the end of 2009, approximately 96 million barrels of product were held at floating storage facilities (vessels) but by June, this quantity had been reduced to 30 million barrels (source: IEA). The emptying of the stocks resulted in vessels lying idle and put rates under pressure.

The market went up briefly in July as a result of heavy growth in the US gasoline imports pushing up spot rates to USD 15,000 per day. Traditionally, the US imports of gasoline from European refineries are higher during the second quarter before the US driving season. In 2010, this increase in imports came late, indicating, however, that US gasoline consumption showed encouraging signs. For the full year, US gasoline consumption increased by 0.4% compared to 2009 (source: EIA).

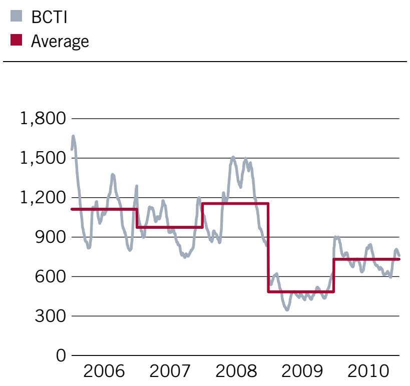
From July, spot rates decreased again to levels below USD 10,000 per day until

Floating products storage



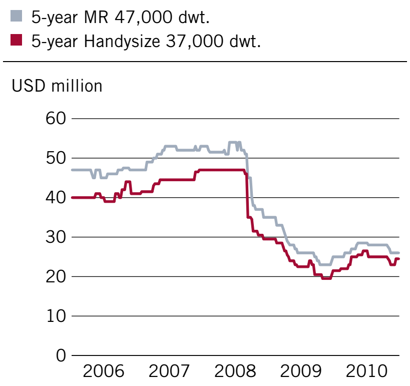
Source: IEA

Baltic Clean Tanker Index



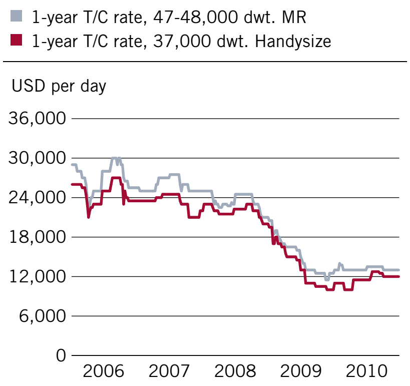
Source: Baltic Exchange

Prices, modern MR and Handysize tankers



Source: Clarksons

MR and Handysize T/C rates



Source: Clarksons

the winter market began in November-December with MR rates of up to USD 14,000 per day (source: Baltic Exchange).

Following a substantial drop in prices the previous year, vessel prices recovered to some extent, but were still subject to large fluctuations. The market price of a 5-year old MR unit was USD 26 million at year-end, 13% higher than at the beginning of the year (source: Clarksons).

The low market in both 2009 and 2010 had the positive effect that only a limited number of vessels was ordered, and at the same time, the number of actual deliveries from yards was well below the number of scheduled deliveries as a result of cancelled and deferred orders, conversions, etc. Future fleet growth is thus moderate and declining.

In NORDEN's 3 vessel types, - LR1, MR and Handysize – global fleet growth declined from 10.5% in 2009 to 4.8% in 2010. However, the 3 vessel types differed greatly. The global MR fleet grew by 9.3%, whereas the Handysize fleet decreased by 5.5%. The total tanker market realised fleet growth of 13%. At year-end, the order book was 6.4% of the Handysize fleet, 15.2% of the MR fleet, 16.3% of the LR1 fleet and 26.7% of the total tanker fleet due to a large order book for crude oil tankers, especially VLCCs (source: SSY).

Employment and rates, Tankers, 2010

Vessel type	LR1	MR	Handysize	Total**
NORDEN ship days	365	4,403	6,615	**11,383**
NORDEN T/C (USD per day)	15,309	15,460	14,974	**15,173**
1-year T/C (USD per day) *	16,314	13,000	11,672	**12,334**
NORDEN vs. 1-year T/C	-6%	19%	28%	**23%**

* Source: ACM ** Weighted average

Capacity utilisation in Norient Product Pool (excluding vessels chartered out)

	2006	2007	2008	2009	2010
Ship days laden	4,513	7,328	9,982	9,648	9,705
Ship days ballast	1,035	1,747	2,054	2,020	2,570
Total number of ship days	**5,548**	**9,075**	**12,036**	**11,668**	**12,275**
Capacity utilisation in %	81%	81%	83%	83%	79%

Again in 2010, the increase in the effective capacity in the tanker market was limited by the fact that many vessels sailed at a lower speed – slow steaming – in order to save fuel and make voyages more economical.

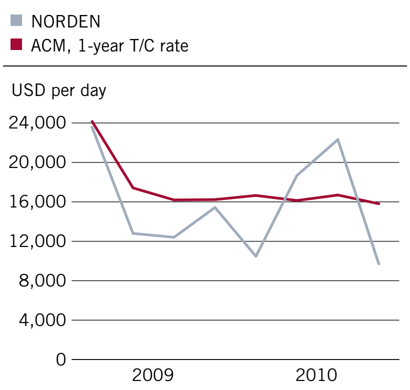
NORDEN in 2010

Especially at the beginning of the year, Norient Product Pool, which operates the Company's vessels, entered into several T/C contracts with the world's leading oil companies, which chartered NORDEN's vessels for 1-2 years at reasonable rates. Otherwise, Norient Product Pool and NORDEN assessed that spot market rates were more attractive, and consequently, a large part of the fleet was operated in the spot market. Therefore, earnings in Tankers followed the trend in the spot market to some extent, but thanks to optimisation of the business and logistics as well as revenue from coverage, NORDEN's earnings were also in 2010 well above average spot and period rates.

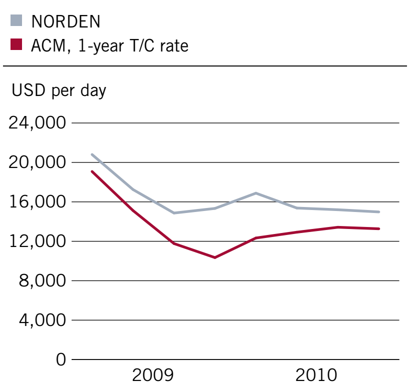
On average for the year, NORDEN earned USD 15,309 per ship day in LR1 and in the primary vessel types USD 15,460 per day in MR and USD 14,974 per day in Handysize. In MR and Handysize, these amounts were 19% and 28% above the 1-year T/C rates, respectively (source: ACM).

Results in Tankers exceeded expectations. EBITDA was USD 0 million, while the Company, at the beginning of the year, expected a loss of USD 5-25 million. Several factors caused this posi-

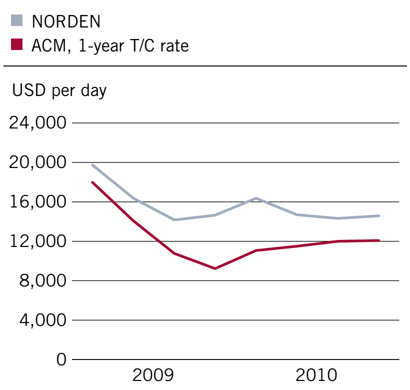
LR1 T/C rates



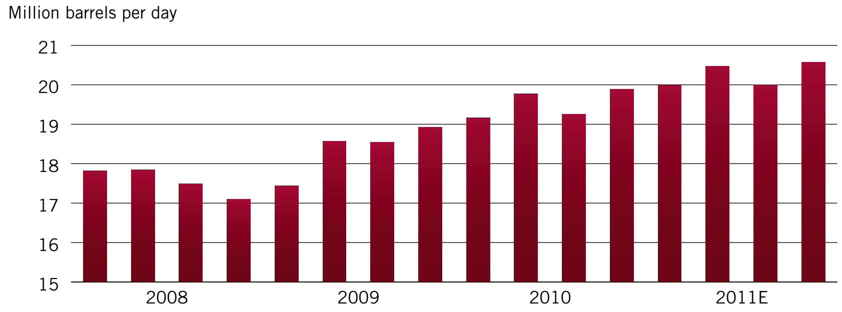
MR T/C rates



Handysize T/C rates



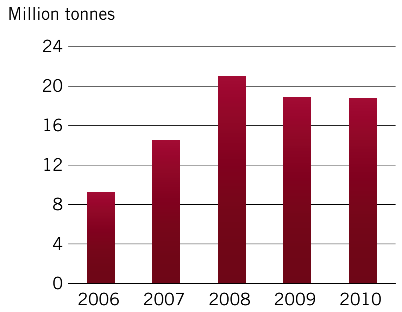
Oil demand in Asia (excl. OECD countries)



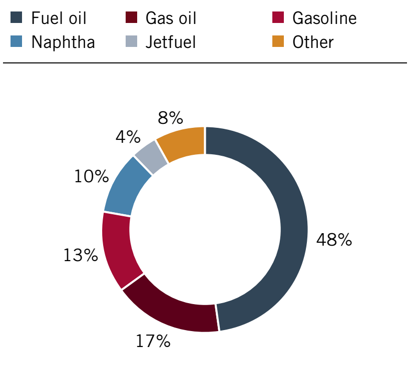
Source: IEA

tive change. Firstly, the market was periodically better than expected, and NORDEN's ice-class vessels earned ice premiums of USD 2-3,000 per day at the beginning of the year. Secondly, Norient Product Pool raised its focus on new markets in South America and West Africa where rates were higher (and voyages longer) than on the traditional routes in the Baltic, the Mediterranean and across the Atlantic. Finally, Norient Product Pool

NPP total transported quantities



NPP transports, 2010



benefitted from the new operations system MOEPS (Master's Operations Environmental Performance System), which was employed on 34 vessels in the spot market for the majority of the year. Better planning of voyages through MOEPS led to considerable fuel savings.

During the year, NORDEN's active Tanker fleet grew from 27 to 40 vessels. As a result of the strategy to grow in Tankers, NORDEN took advantage of periods with attractive prices to purchase 6 vessels at a total price of USD 160 million. The vessels have created positive cash flows from delivery, and the investments are expected to generate positive returns as market conditions improve.

The total number of ship days in the pool increased by 5.2%. To increase flexibility and make use of its market knowledge, the pool began to charter tonnage for short periods from the third quarter. Such vessels are taken in for periods of 3-12 months and are operated in the spot market. At year-end, the pool operated 6 such vessels. In total, the pool operated 76 vessels from NORDEN and Interorient.

Again, the pool capacity utilisation rate was high at 79%, and just 21% voyages without cargo is satisfactory in a strained market. The pool transported 18.8 million tonnes of liquid cargo (-1%) and with 48% (46% in 2009) fuel oil was the most important commodity followed by gas oil and gasoline.

Short-term market development 2011-12

In the short term, the market will remain challenging, but NORDEN expects market conditions to improve gradually, causing average spot rates in 2011 to become higher than in 2010, which for their part were higher than in 2009.

Following historically high oil demand growth in 2010, the development is expected to return to more normal growth rates in future. Increasing oil demand in Asia, South America and other non-OECD areas is expected to raise global demand by 1.5 million barrels per day in 2011 (source: IEA) – an increase of 1.7% from 2010. Also changes in the refining capacity are expected to contribute to growing demand for product tanker transport.

Part of the refining industry is squeezed by low rates of utilisation and poor profitability. Furthermore, the crisis has enhanced the tendency towards refinery closures in the USA and Europe, while scheduled projects in Europe and the Pacific region have either been abandoned or postponed to after 2014 (source: IEA). The phase-out of old refineries is expected to gradually lead to a situation where the USA and especially Europe are forced to increase imports from modern refineries east of the Suez Canal and this creates a demand for additional vessels to carry the cargoes over longer distances.

Product-specific demand is also expected to contribute towards raising the market due to a growing imbalance between the regions' specification requirements and their production. This is to a wide extent the case in the OECD countries where requirements regarding sulphur content, etc. in gasoline and other distilled products are toughened. However, the local refineries are unable to meet these requirements, and consequently, Europe and the USA are forced to import high-quality products from the Middle East and Asia.

Finally, the limited order book in NORDEN's vessel types MR and Handysize will also contribute to creating a better balance in the product tanker market more rapidly.

Long-term market development

In the long term, increasing demand for oil, growing economic activity and changes in specification requirements are also expected to contribute to improved market conditions. The relatively old refineries in the West will to a higher extent export their products to Asia and other regions. Conversely, the new and modern refineries in the Middle East, India and China will generate products which comply with the stricter environmental requirements in the OECD region and the export to this region. Therefore, NORDEN expects the trade in and transport of refined products to increase. The IEA predicts that the total distillation capacity of crude oil will increase by 9 million barrels per day towards 2015 – an increase of 9.9% (source: IEA).

NORDEN's positioning

With a no-risk approach, oil companies continuously tighten the requirements to operators and charterers regarding technical conditions, safety, quality, maintenance, systems and employee qualifications. NORDEN and Norient Product Pool seek to be a first-class operator of modern vessels and the obvious choice of partner for the oil companies by setting high standards and continuously optimising systems and processes. NORDEN wishes to take advantage of the weak market to increase its number of owned vessels in order to meet the requirements of the oil companies with respect to technical performance of the vessels, while also adding economy of scale.

Norient Product Pool will continue to keep its main focus on top tier customers among large oil companies and oil traders. The pool seeks a suitable balance between the spot market and long-term chartering of vessels to top tier customers, where agreements on long coverage will also to some extent be of a strategic nature.

Global fleet growth

	2009	2010	2011E
LR1	12.1%	6.5%	4.8%
MR	15.9%	9.3%	4.9%
Handysize	0.3%	-5.5%	-5.7%

Source: SSY

Handysize vessel NORD FARER in the North Sea Canal in the Netherlands. NORD FARER is one of the tankers that NORDEN purchased in 2010.

Organisation and capabilities

- Expanding workforce
- New shipping trainee programme
- Focus on development of competences

Employee development on shore
After the 2009 layoffs and hiring freeze, NORDEN in 2010 once again expanded the organisation on land in order to handle the growing business volume. At the end of the year, the workforce on shore had grown to 233 employees in NORDEN and 44 in Norient Product Pool. As the net increase in NORDEN was greatest towards the end of the year, the average number of employees on shore for the year as a whole was more or less in line with 2009.

The retention rate was under pressure during the first half of the year in particular and ended at 82.5% for the full year, compared to some 90% in recent years. There was no clear-cut explanation for this development, and the Company Performance Drivers survey in February indicated a high level of employee satisfaction. Thus, more than 90% of those asked would recommend NORDEN to others as a place to work. However, the situation in the first half of the year made the Company's efforts to strengthen areas such as welfare, career development and additional training all the more relevant.

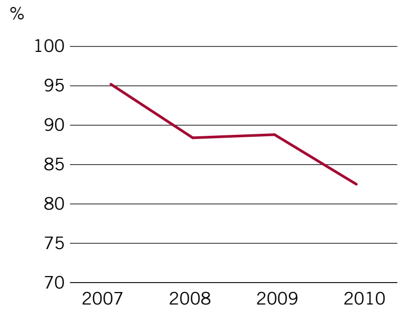
NORDEN did not experience any difficulties in recruiting new, qualified and often more experienced employees. Key employees were retained and, overall, the Company's core competences are considered intact.

Recruitment of trainees
10 shipping trainees were recruited under NORDEN's own international training programme, which was launched in 2010. The Company markets itself to young Danish candidates indirectly through the Danish Shipowners' Association's "Blue Denmark" campaign and directly through job adverts, information meetings and the website www.shippingtrainee.dk. In China, Singapore and the USA, trainees are recruited directly from maritime training institutions. 6 Danish and 5 international trainees completed their training in 2010. At the end of the year, the Company had 13 shipping trainees.

Employee development at sea
At the end of the year, the Company had 570 seamen and officers, against 376 at the end of 2009. The significant growth is due to 10 owned vessels being added to the fleet during the year. To this figure should be added 147 Philippine seamen on shore in the pool run by a dedicated NORDEN team from a recruitment office in Manila. The seamen in this pool sign on to NORDEN's vessels exclusively, but according to local collective agreements they do not receive a service contract until they actually sign on. Moreover, in 2010 NORDEN began signing on Indian seamen through a recruitment office in Mumbai.

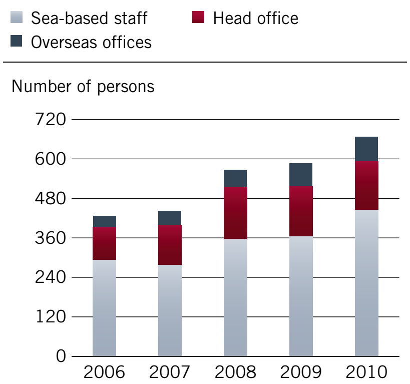
NORDEN's investment in training its own officers continued. The Company hired 10 new students from Svendborg International Maritime Academy (SIMAC) and Marstal Navigationsskole (MARNAV) and now has 32 apprentice officers from Danish institutions and 40 apprentice officers (cadets) from the Holy Cross of Davao College in the Philippines. In its close collaboration with the Holy Cross of Davao College, NORDEN has focused on the many cadets with whom contact has already been established. 20 cadets are close to completing their onboard training. In addition, NORDEN is sponsoring

Retention rate on shore



Intake of trainees and apprentices

Average workforce



10 shipping trainees started in 2010 as the first trainees under NORDEN's own training programme.

20 cadets who are expected to sign on to the Company's vessels once they pass their exam.

It proved a challenge to retain seamen from the Philippines, where the market has been under pressure as more shipping companies have started recruiting Philippine seamen, and the merchant fleet has grown considerably in recent years. In order to attract and retain seamen, NORDEN offers cadet programmes, scholarships, health care insurance, training for seamen and their families and potential bonuses. Also, the Company offers a wide range of seminars including training, development of officers and topical issues, and internet access, sport facilities, etc. onboard vessels. The retention rate, calculated according to INTERTANKO's standard, is on the same level for Danish and non-Danish officers, compared to the period average.

Competences, organisation and systems

Several systems and processes were strengthened in order to achieve a more efficient and scalable business. For example, in Dry Cargo, a new customer relations management (CRM) system was implemented, and in Tankers, Norient Product Pool upgraded the MOEPS system to also include correspondence with agents, performance reporting and surveillance of vetting.

Also, the Company rolled out a cross-departmental electronic document management (EDM) system which strengthens and optimises registration and approval procedures and improves access to accounting documentation.

In spring, a new IT strategy was introduced. Its purpose is to optimise NORDEN's IT systems and ensure that they provide the functionality best suited to support the performance and goals of the business. Important elements of the strategy include analysis of a new shipping system, replacement of the HRM system, introduction of mobile business solutions and upgrade of the intranet.

Human Resources focused on, among other things, the training and development of managers and employees. Based on the internal Company Performance Drivers survey, all employees on shore completed personal communication courses to strengthen cross-departmental knowledge-sharing and collaboration.

The Company updated the structure of job titles on shore to ensure that managers' job titles were completely consistent with the scope of their work and their areas of responsibility. In connection with this, a new level of management was introduced, Director, between Vice President and General Manager, and at 1 January 2011, 5 employees were appointed Vice President and 5 employees were appointed Director.

At sea, focus on vettings was maintained in Tankers in 2010. In 2009, NORDEN launched a programme to further heighten quality, and the results of this programme were clear: the number of remarks was considerably reduced and NORDEN was approved for T/C operations by all the major oil companies. Port State Control (PSC) showed a similar trend with a very satisfactory level during the year and the number of remarks per inspection almost halved.

Initiatives in 2011

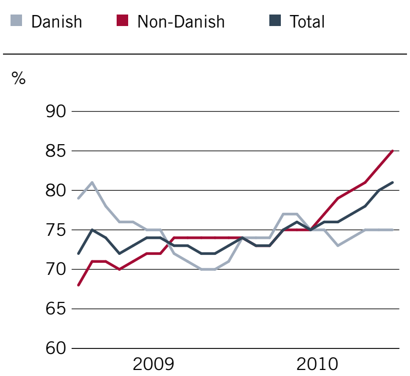
At sea, NORDEN will focus on recruiting senior officers in order to handle the continued increase in the number of owned vessels. This will involve focus on retention of the best employees, hiring and acceleration of the promotion of junior officers to senior officers.

On shore, a limited number of new employees will be recruited, and the Company will once again recruit shipping trainees internationally. The structure of job titles below the level of General Manager will be evaluated.

In the course of 2011, NORDEN will decide on a new HRM system that is able to handle staff administration, performance interviews and various types of reporting for the annual report, the CSR report, etc. In addition to this, the Company will analyse selected shipping systems before deciding which system best supports NORDEN's business.

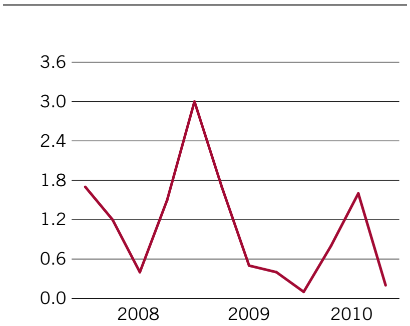
Another employee satisfaction survey will be conducted and NORDEN will focus on developing employee and management competences and on other measures to further strengthen cross-departmental relations within the Company.

Retention rate - Officers



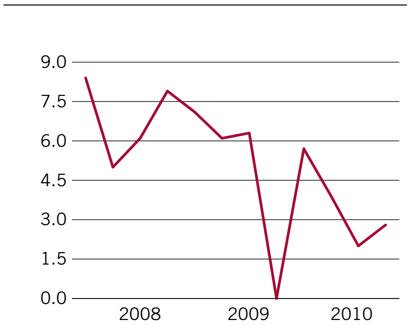
PSC (Port State Control)

Deficiencies per inspection



Vetting

Average no. of remarks per vessel



Remuneration

- Higher individual bonuses
- Extraordinary collective bonus
- Remuneration policy to be revised in 2011

Remuneration policy
NORDEN's remuneration is determined according to the remuneration policy adopted at the annual general meeting in April 2008. The policy, which is available on the website under the section "Remuneration", is implemented by a remuneration committee answering to the Board of Directors. The policy is to ensure that NORDEN's remuneration enables the Company to recruit and retain competent managers and employees, which is crucial in order for the Company to obtain the maximum return on its investments. Therefore, NORDEN offers a competitive base salary and pension scheme as well as bonuses, employee shares and share options. The share-based programmes are particularly designed to promote the long-term conduct of the employees and strengthen the community of interests between shareholders and employees.

The remuneration committee continuously ensures that the individual elements of the policy match NORDEN's needs, results and current challenges.

Implementation of the policy
On land, fixed salaries were raised by approximately 4% in Denmark and slightly more in the overseas offices. This should be seen in light of the general pay freeze on land in 2009 and the sharper competition for competent employees internationally. The total payroll costs rose further, however, due to the recruitment of a number of new employees. At sea, wages and salaries rose by approximately 1% for Danish officers and slightly more for non-Danish seamen.

In 2010, NORDEN allotted a number of managers and employees individual bonuses amounting to a total of USD 6.9 million, against USD 3.4 million the previous year. The allotted bonuses equalled 2.8% of the net profit (1.5% in 2009). The total bonus allotment included stay-on bonuses of USD 0.6 million (USD 0.4 million in 2009) for selected managers, including the members of the Board of Management. This amount is payable on the condition that the managers remain with the Company for the period 2011-13, and for the CEO, the amount is also conditional on NORDEN earning a certain profit in the coming years.

Managers' bonuses are determined by the Board of Directors upon the recommendation of the Board of Management. Bonuses for other employees are awarded by the Board of Management in collaboration with the heads of department.

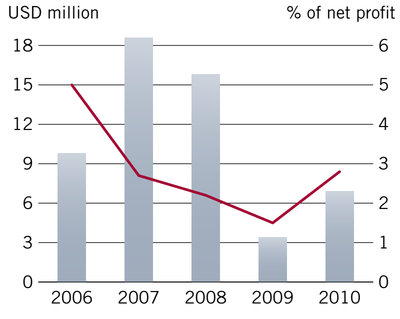
In 2010, the Board of Directors also found that it was justified to award the employees an extraordinary collective bonus to appreciate their commitment and contribution to NORDEN's solid financial performance under difficult market conditions. Each full-time onshore employee with 1 year of seniority received DKK 25,000, while employees with lower seniority received a pro rata share of this amount. Employed officers also received a collective bonus.

In March 2010, the Board of Directors granted share options to selected employees. 59 people received a total of 350,000 share options on the same terms as the previous year. The theoretical value of the options was USD 3.3 million according to the Black-Scholes model. Senior Management is required to reinvest 25% of any net gain on their options in NORDEN shares and keep these shares for 2 years.

Option programmes

Year of grant	No. of people	No. of options	Exercise period	Board of Management's portion
2011	65	350,000	2014-2017	23%
2010	59	350,000	2013-2016	25%
2009	59	379,185	2012-2015	27%
2008	50	446,100	2010-2012	26%
2007	41	500,300	2009-2011	27%
2006	35	500,000	2008-2010	29%

Bonus granted



Finally, in 2010 NORDEN granted 31,675 shares as employee shares with a value of USD 1.3 million.

Initiatives in 2011
In January 2011, NORDEN again granted employee shares, which are tax-exempt for employees in Denmark. All employees with at least one year's seniority received 122 shares each, totalling 36,356 shares with a market value of USD 1.5 million. The shares were taken from the Company's portfolio of treasury shares.

In March 2011, the Board of Directors will grant 350,000 share options to a number of managers and employees. In determining the strike price, a 20% margin is added compared to the market price at the date of grant (against previously 8% p.a. up to the exercise date) to ensure that the employees will only profit once the shareholders have received a return of 20%. Otherwise, the terms are unchanged from previous years. The theoretical market value of the options has been calculated at USD 3.4 million according to the Black-Scholes model, provided that all options are granted and exercised at the earliest opportunity. The calculation presupposes a 3.25-year volatility of 58.8%, an annual dividend of DKK 5 per share, a risk-free interest rate of 2.06% and a USD/DKK exchange rate of 549.26.

Bonus allotments for 2011 will be determined towards the end of the year.

NORDEN's remuneration policy from 2008 will be revised and the revised policy will be submitted at the annual general meeting on 11 April.

Corporate governance

- Long-term management focus
- New corporate governance recommendations
- Unchanged Board remuneration

Two-tier management structure
NORDEN's vision, mission and values are the cornerstone of the Company's management. The management focus is long term, and the goal is for the Company to continuously develop for the benefit of its stakeholders and to achieve stable, high earnings within the risk framework set out by the Board of Directors.

As a Danish company, NORDEN has a two-tier management structure consisting of a Board of Directors and a Board of Management. There is no duality between the 2 bodies.

The Board of Directors determines strategies, policies, action plans, goals and budgets and it sets out the risk management framework and supervises procedures, etc. According to the Articles of Association, the Board of Directors has the authority to distribute extraordinary dividends and a 1-year authority to authorise NORDEN's acquisition of treasury shares. The Board of Directors is not authorised to increase the Company's share capital, however.

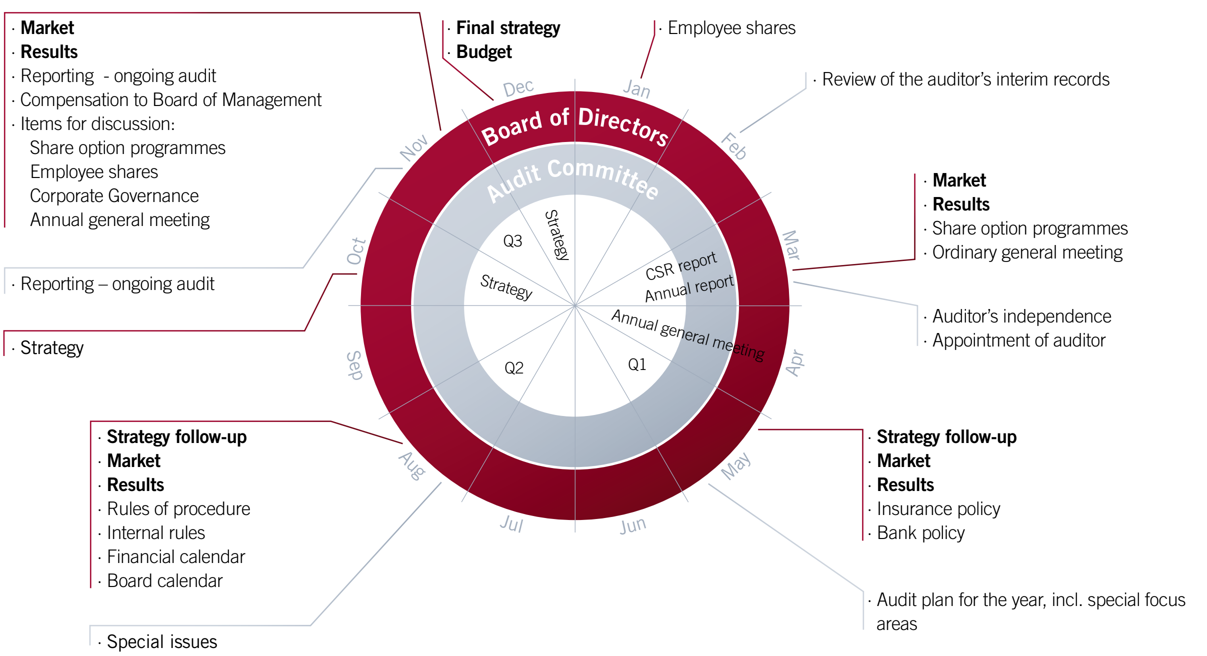
The Board of Directors appoints the Board of Management and sets out its terms and responsibilities. The Board of Management prepares and implements a strategy and is responsible for the day-to-day management, organisation and development of NORDEN, for managing assets and liabilities, accounting and reporting. The Board of Directors evaluates the Board of Management's performance.

The annual general meeting is the supreme authority of the Company. Resolutions are adopted by the shareholders by a simple majority of votes, unless otherwise is provided by legislation or the Articles of Association. Resolutions to amend the Articles of Association or to dissolve the Company require that 2/3 of the shareholders attend the meeting and that 2/3 of the attending shareholders vote in favour of the resolution.

Corporate governance
In April 2010, the Danish Corporate Governance Committee (www.corporategovernance.dk) issued revised recommendations. NORDEN's Board of Directors reviewed and discussed the revised recommendations at 2 meetings held last autumn and consequently altered the practice in some areas where NORDEN did not comply with the new recommendations. On NORDEN's website under the section "Corporate Governance", the Company systematically sets out its views on all recommendations. The Company complies with the vast majority of the recommendations, but has chosen a different and more suitable practice in the following areas:

- The board members' directorships in Danish and foreign companies and foundations are disclosed on page 35, but the Board of Directors has chosen not to include a few directorships in personally owned companies that are considered insignificant.
- The recommendations set out a new definition of the independence of a board member. According to this new definition, 3 of NORDEN's board members elected by the shareholders are no longer independent as they have close ties to a major shareholder and have been members of the Board of Directors for more than 12 years, respectively. NORDEN is of the opinion that it is a valuable asset to have a nucleus of members highly experienced in managing a growing and complex business in a special industry like shipping. To this should be added that there is an ongoing renewal of the Board of Directors: 2 of the board members elected by the shareholders and all board members elected by the employees are serving their first term of office.
- According to the recommendations, all board members elected by the shareholders should stand for re-election every year, but in NORDEN, the 2 board members elected by the shareholders with the longest term retire every year. This model ensures reasonable continuity.
- According to the recommendations, the Board of Directors should normally not perform the functions of the audit committee. NORDEN has decided that all members of the Board of Directors are members of the audit committee because matters such as

Annual calendar of the Board of Directors and the audit committee



financial conditions, risk, accounting policies and audit and accounting estimates are considered to be of such importance that they need to be discussed by the entire Board. To this should be added that the Board of Directors consists of relatively few members, and discussions about relevant matters may therefore easily be conducted by all members of the Board. Since the audit committee consists of the entire Board of Directors, it is only natural that the Chairman of the Board of Directors is also the Chairman of the audit committee, although this is not in compliance with the recommendations.

- According to the recommendations, companies should establish a nomination committee. NORDEN does not have a nomination committee. The Chairman of the Board is in charge of ongoing discussions being held to evaluate the structure, size, skills, knowledge and composition of the Board of Directors and decisions are made by the entire Board.
- According to the recommendations, performance criteria should be established for the variable component of the remuneration to the Board of Management. NORDEN has fixed criteria for the CEO but not for the CFO for whom bonuses are awarded at the discretion of the remuneration committee.
- Severance payments to the Board of Management may in case of "change of control" (e.g. takeover or merger) constitute 3 years' salary in total while the recommendation is 2 years.
- NORDEN does not disclose the remuneration of each member of the Board of Management and the Board of Directors as recommended, but instead the total amount of remuneration. NORDEN believes that what is important is that the shareholders are able to consider the total amount and development of remuneration.

Composition of the Board of Directors

The Board of Directors currently has 8 members – 5 elected by the shareholders and 3 elected by the employees in NORDEN. None of the members elected by the shareholders have previously been employed with the Company, nor do they have any interest in NORDEN other than their natural interests as shareholders.

The Board of Directors is composed so that it possesses the skills required to perform its managerial and strategic tasks and act as a good sparring partner to the Board of Management. Particularly relevant skills are: insight in the shipping industry in general and specifically within the areas of dry cargo and tankers, general management, strategic development, risk management, investment, finance and accounting. The current Board of Directors is considered to possess these skills. The retirement age is 72 years for members of the Board of Directors of NORDEN.

At the annual general meeting in 2010, Mogens Hugo and Alison J. F. Riegels were re-elected.

The work of the Board of Directors

In 2010, the Board of Directors held 13 meetings. Attendance was 98% for the shareholder-elected board members while the figure was 56% for the employee-elected board members. To this should be added, however, that the employee-elected members are seamen who might be at sea during meetings.

The Board of Directors sets out a work schedule (see page 33) to ensure that all relevant issues are discussed during the year and that important policies, rules of procedure, internal rules, etc. are discussed at least once a year. The strategy and budget process is initiated in October and the Board of Directors holds a strategy seminar in November, while the strategy and budgets are finally adopted at a meeting in December. As a result of the revised recommendations for corporate governance and the increasing general focus on corporate social responsibility, the Board of Directors has attached more importance to this work in 2010.

The task of the audit committee is to supervise control and risk management systems, audits, financial reporting, etc. Its terms of reference are available on the website. The responsibilities of the audit committee are undertaken by the Board of Directors in unison, and 4 meetings included this work, with discussions of, among other things, counterparty risk, impairment test, management and reporting tools and IT systems. An explanation of control and risk management in connection with the financial reporting can be seen on the website at www.ds-norden.com/corporategovernance/riskmanagement.

The remuneration committee under the Board of Directors held 3 meetings. The members of the committee are Mogens Hugo, Karsten Knudsen and Arvid Grundekjøn, and their responsibility is to oversee the implementation of the remuneration policy. Its terms of reference are available on the website.

Previously, the Board of Directors has evaluated its work and interaction with the Board of Management on the basis of a questionnaire. In 2010, no structured evaluation was performed but the issues were debated on an ongoing basis. In 2011, the Board of Directors will evaluate its performance, the internal co-operation between the members of the Board of Directors and the interaction with the Board of Management with assistance from an external and independent person in order to go into more depth with the evaluation.

Board remuneration

It is recommended that the Board's basic remuneration remain unchanged, and the supplement paid to the Chairman and the Vice Chairman be unchanged as well. Thus, the total remuneration is still USD 1 million.

Initiatives in 2011

The Board of Directors has planned 11 ordinary meetings in 2011.

The Board of Directors' opinion is to maintain its remuneration for 2011. During the year, the Board of Directors will, however, discuss its remuneration in light of workload, requirements, market conditions, etc. and present the result of these discussions to the shareholders at the annual general meeting in 2012.

At the annual general meeting on 11 April 2011, it will be proposed that Karsten Knudsen and Erling Højsgaard be re-elected to the Board of Directors.

Mogens Hugo's report at the annual general meeting in 2010.

Board of Directors

1 **Mogens Hugo**,
Managing Director, born in 1943, 67 years. Board member and Chairman since 1995. Most recently re-elected in 2010. Term expires in 2012. Other directorships: Amminex A/S (CB), Nordea-Fonden (CB), Capidea Management ApS (CB), Aagaard – Bræmer Holding A/S (CB) and Twins ApS (BM). Relevant skills: Experience in both operational and strategic management of several listed international groups, including strategic development and risk management and shipping knowledge.

2 **Alison J. F. Riegels**,
Managing Director, born in 1947, 63 years. Board member and Vice Chairman since 1985. Most recently re-elected in 2010. Term expires in 2012. Other directorships: A/S Motortramp (MD, BM), Stensbygaard Holding A/S (MD, BM), Stensbygaard, Aktieselskabet af 18. maj 1956 (BM) and Ejendomsselskabet Amaliegade 49 A/S (BM). Relevant skills: General management and considerable shipping knowledge from her long-standing engagement in NORDEN and other companies.

3 **Erling Højsgaard**,
Managing Director, born in 1945, 65 years. Board member since 1989. Most recently re-elected in 2009. Term expires in 2011*. Other directorships: A/S Motortramp (VCB), Navision Shipping Holding A/S (CB) (including CB in a subsidiary), Danbulk A/S (BM) and Dubai Commercial Investment A/S (BM). Relevant skills: General management and long-standing experience in shipping, especially dry cargo, from management of own companies and his position as member of i.a. NORDEN's Board of Directors.

4 **Karsten Knudsen**,
Group Managing Director in Nykredit, born in 1953, 57 years. Board member since 2008 (newly elected). Term expires in 2011*. Other directorships: CB in 2 other companies in the Nykredit Group. Relevant skills: Accounting and financing, including management of investment portfolios and risk management as well as general management and strategic development.

5 **Arvid Grundekjøn**,
Managing Director, born in 1955, 55 years. Board member since 2009 (newly elected). Term expires in 2011*. Other directorships: Norwegian Property ASA (CB), Sparebanken Pluss (CB), Creati AS (CB), Sigma Fondene AS (CB) and Vetro Solar AS (BM). Relevant skills: General management, strategic and operational management of international shipping groups, strategy, financial and legal issues.

6 **Benn Pyrmont Johansen**,
Captain, born in 1974, 36 years. Board member since 2008 (newly elected). Term expires in 2012. Elected by the employees.

7 **Bent Torry Kjæreby Sørensen**,
Chief Engineer, born in 1953, 57 years. Board member since 2008 (newly elected). Term expires in 2012. Elected by the employees.

8 **Lars Enkegaard Biilmann**,
Captain, born in 1964, 46 years. Board member since 2008 (newly elected). Term expires in 2012. Elected by the employees.

Age, directorships and shareholdings are stated at 1 January 2011. The directorships exclude directorships within the NORDEN Group and other directorships, for example in personally owned LLPs, which the Board of Directors considers insignificant. CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director.

In addition to the shares held personally by Alison J. F. Riegels and Erling Højsgaard or through their related parties (including companies controlled by them), both are associated with A/S Motortramp, which holds 11,851,240 shares.

Shareholdings of the Board of Directors

	No. of shares At 01.01.2011	Change in 2010
Mogens Hugo	11,000	-
Alison J. F. Riegels	3,100	-
Erling Højsgaard	45,770	-
Karsten Knudsen	800	-
Arvid Grundekjøn	5,000	-
Benn Pyrmont Johansen	320	+96
Bent Torry Kjæreby Sørensen	440	+96
Lars Enkegaard Biilmann	440	+96
Total	**66,870**	**288**

* If the term expires for more than 2 board members at the same time, lots are drawn to determine who will first be up for re-election the following year.

Management Group

Board of Management
The Board of Management is unchanged and consists of Carsten Mortensen, President and CEO, and Michael Tønnes Jørgensen, Executive Vice President and CFO.

Peter Norborg, head of the Dry Cargo Department, was appointed Executive Vice President on 1 January 2011 and has become a member of the Executive Management, which also consists of the Board of Management.

Together with 6 Senior Vice Presidents, the Executive Management constitutes the Senior Management. The Senior Management remained unchanged in 2010.

Terms and remuneration
The Board of Management's remuneration consists of a combination of fixed salary, variable bonuses and share-based payment. The members of the Board of Management have the usual benefits such as company cars, but no pension plan paid by the Company. If the members of the Board of Management wish to participate in NORDEN's general insurance and pension scheme, their pension contribution will be deducted from their gross salary.

The fixed salary of the Board of Management totalled USD 1.7 million in 2010.

Options granted

	2011
CEO Carsten Mortensen	53,582
CFO Michael Tønnes Jørgensen	26,214
Senior Management, other	96,673
Other executives and employees	173,531

President & CEO Carsten Mortensen had a bonus agreement for 2010, under which a bonus would be payable if NORDEN's earnings reached a specific benchmark after a reasonable return to the shareholders. The agreement was based on NORDEN's market capitalisation (excluding treasury shares) on the last trading day of 2009. Carsten Morten-sen's bonus is calculated as 1% of the share of NORDEN's operating profit (EBIT), which is beyond 8% of the market capitalisation, limited, however, to USD 2.8 million. This triggered a bonus of USD 1.0 million, half of which will be paid in March 2011 while the remainder is payable in 2012 and 2013 subject to Carsten Mortensen's continued employment with the Company, and to NORDEN reaching a given profit target in those years. The remuneration committee will make a new bonus agreement with Carsten Mortensen for 2011.

In addition, the Board of Directors decided to award Carsten Mortensen an extraordinary bonus of USD 0.5 million for his performance during the financial crisis in 2008-09 in which years NORDEN recorded satisfactory profits in spite of very difficult market conditions, although Carsten Mortensen had originally decided to waive his bonus for 2009.

For 2010, Michael Tønnes Jørgensen, CFO, received a bonus payment of USD 0.2 million, awarded at the discretion of the Board of Directors. Any bonus for 2011 will also be awarded at the committee's discretion.

The total remuneration to the Board of Management for 2010 including share options and employee shares amounted to USD 4.0 million against USD 3.5 million the previous year. The amounts are not directly comparable as Carsten Mortensen, as mentioned above, waived his bonus for 2009, whereas for 2010, he was awarded both an extraordinary and an ordinary bonus according to the agreement made.

Both the level and the balance between the individual components are within the scope of NORDEN's remuneration policy. NORDEN believes that the total remuneration package of the members of the Board of Management is competitive with those of similar companies.

Terms of retention and termination
The Board of Management's terms of notice vis-à-vis the Company are 6 months, while the Company's terms of notice vis-à-vis the members of the Board of Management are 12 months. If the members of the Board of Management step down following a "change of control", they will receive severance pay equal to 24 months' salary in addition to their normal salary in the 12 months' notice period.

4 other Senior Managers have similar terms under which the severance pay corresponds to 12 months' salary. The Company's normal terms of notice with respect to the Senior Management (except the Board of Management) are 4-12 months.

The Board of Management and certain members of the Senior Management are subject to a non-competition clause of 12 months and stay-on bonuses.

The above contains the major elements of NORDEN's terms of retention and termination.

Senior Management's shareholdings

	Shares		Share options			
	At 01.01.2011	Change in 2010	At 31.12.2010	Granted in 2010	Granted in 2009	Granted in 2008
Carsten Mortensen	30,490	+4,346	290,439	57,213	66,006	72,440
Michael Tønnes Jørgensen	96	+96	67,834	31,831	36,003	-
Peter Norborg	440	+96	97,647	23,405	26,402	21,300
Lars Bagge Christensen	2,560	+96	104,954	19,972	23,042	27,820
Lars Lundegaard	440	+96	67,378	12,857	14,401	17,380
Kristian Wærness	2,700	+1,199	58,012	11,671	12,961	15,640
Vibeke Schneidermann	440	+96	32,807	9,986	10,561	5,660
Martin Badsted	1,440	+96	54,880	11,859	12,721	13,900
Peter Borup	320	+96	76,289	16,227	18,722	18,600
Total	**38,926**	**6,217**	**850,240**	**195,021**	**220,819**	**192,740**

Detailed executive profiles are available on the website under the section "Corporate Governance".

Senior Management

1 **Carsten Mortensen**, President and CEO, born in 1966. Employed in NORDEN since 1997. Trained in shipping, holds a bachelor of commerce degree in international trade and has completed executive training programmes at INSEAD and Wharton Business School. Directorships: the Danish Shipowners' Association (VCB) and the executive committee of the International Chamber of Shipping.

2 **Michael Tønnes Jørgensen**, Executive Vice President and CFO, born in 1966. Employed in NORDEN since 2009. Trained in shipping, holds a bachelor of commerce degree in accounting and financial management as well as an M.Sc. in accounting and has completed executive training programmes at INSEAD and IMD.

3 **Peter Norborg**, Executive Vice President and head of the Dry Cargo Department, born in 1966. Employed in NORDEN since 1998. Trained in shipping and holds an Executive MBA from IMD.

4 **Lars Bagge Christensen**, Senior Vice President and head of the Tanker Department, born in 1963. Employed in NORDEN since 1993. Trained in shipping and has completed executive training programmes at INSEAD and Wharton Business School. Directorships: North of England P & I Club (BM), INTERTANKO Council (BM), INTERTANKO North European Panel and the business committee of Danish Shipowners' Association.

5 **Lars Lundegaard**, Senior Vice President and head of the Technical Department, born in 1957. Employed in NORDEN since 2002. Holds a master's certificate and an MBA from Henley. Directorships: the technical committee of INTERTANKO (VCB), SeaMall ApS (BM) and the negotiation committee of the Danish Shipowners' Association.

6 **Kristian Wærness**, Senior Vice President and head of the Finance and Accounting Department, born in 1968. Employed in NORDEN since 2002. Holds an M.Sc. in accounting.

7 **Vibeke Schneidermann**, Senior Vice President in charge of Human Resources, born in 1962. Employed in NORDEN since 2005. Holds a bachelor of commerce degree in organisation. Directorships: the shipping committee of the Danish Shipowners' Association, the relief foundation of the Danish Shipowners' Association and the foundation for the benefit of mariners and the maritime industry.

8 **Martin Badsted**, Senior Vice President in charge of the Corporate Secretariat and IR, born in 1973. Employed in NORDEN since 2005. Holds an M.Sc. in international business.

9 **Peter Borup**, Senior Vice President and in charge of activities outside Denmark, born in 1968. Employed in NORDEN since 2002. Trained in shipping, holds an MBA from IMD and has completed an executive training programme at Wharton Business School. Directorships: member of the Advisory Panel of the Singapore Maritime Foundation and adjunct professor at Shanghai Maritime University.

Directorships, etc. are stated at 1 January 2011. CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director. Positions in the NORDEN Group are not stated as directorships.

The Senior Management is subject to a duty of notification, and pursuant to section 29 of the Danish Securities Act, NORDEN shall report transactions in the Company's shares conducted by the members of the Senior Management and their close relations.

Other senior employees:
- Christian Danmark, Vice President, finance manager.
- Christian Ingerslev, Vice President, head of NORDEN's Handysize Pool.
- Dorte Nielsen, Vice President, head of the Dry Cargo operations section.
- Hans Bøving, Vice President, head of Corporate Communications & CSR.
- Jens Christensen, Vice President, deputy manager of the Technical Department.
- Michael Boetius, Vice President, head of NORDEN's Post-Panamax Pool and the Capesize chartering section.
- Mikkel Fruergaard, Vice President, head of the Panamax chartering section.
- Morten Ligaard, Vice President, head of the Legal Department.
- Thomas Jarde, Vice President, head of the Handymax chartering section.

Senior employees in Norient Product Pool:
- Søren Huscher, CEO.
- Jens Christophersen, Vice President.

Shareholder issues

- Continued growth in shareholder base
- 3 awards for IR activities in 2010
- Dividends and buyback of shares of USD 90 million in 2011

Master data	
Share capital	DKK 44,600,000
Number of shares	44,600,000 of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Shareholders and share capital

The number of NORDEN shareholders registered by name rose by 10.5% during the year to a total at year-end of 18,169 registered shareholders, in aggregate possessing 87.0% of the share capital.

3 shareholders have announced that they own 5% or more of the shares. They are A/S Motortramp, POLYSHIPPING AS and NORDEN itself with 2,524,820 treasury shares used mainly to cover share option programmes. Other major shareholders are mainly institutional investors from the Nordic countries, the USA and Great Britain. There are approximately 625 shareholders registered by name outside Denmark, owning a total of 30.3% of the shares.

Financial calendar for 2011	
2 March	Publication of the annual report 2010
11 April	Annual general meeting
14 April	Payment of dividends
12 May	Interim report for the first quarter of 2011
16 August	Interim report for the first half of 2011
15 November	Interim report for the third quarter of 2011

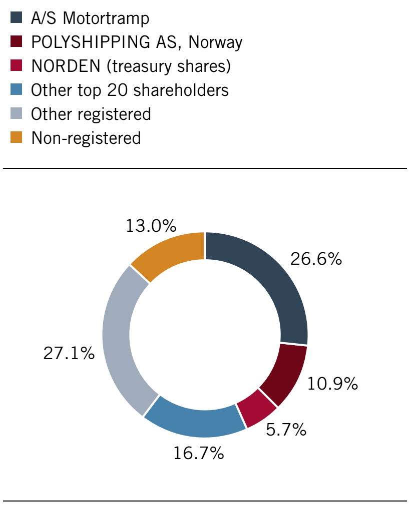
In March 2010, A/S Motortramp and POLYSHIPPING AS updated the shareholder agreement they entered into in 2009 with respect to 4,869,640 shares of each party's holdings. According to the shareholder agreement, each party is committed not to transfer any NORDEN shares – except intra-group transactions – without first offering the shares to the other party, and if the other party does not accept such offer, to ensure that the other party has the opportunity to sell its shares on equal or better terms (see Company announcement No. 10 of 25 March 2010).

All NORDEN's shares are listed, and neither share capital, nor rights or transferability changed during the year.

Price performance and trading volume

The share price opened the year at DKK 209.5, rising during the second quarter to DKK 264.5, but over the summer the development turned and the share price closed at DKK 202.5 at the end of the year. During the year, the Company paid out dividends of DKK 7 per share, making the shareholders' total return before tax 0%, against 13.2% in 2009. By comparison, the Bloomberg DRYSHIP Index (dry cargo companies) was down 5.7%, and the Bloomberg TANKER Index (tanker companies) was up 2.7%. The share's trading volume declined by 11.6% relative to 2009 to an average of DKK 61 million per day.

Composition of shareholders

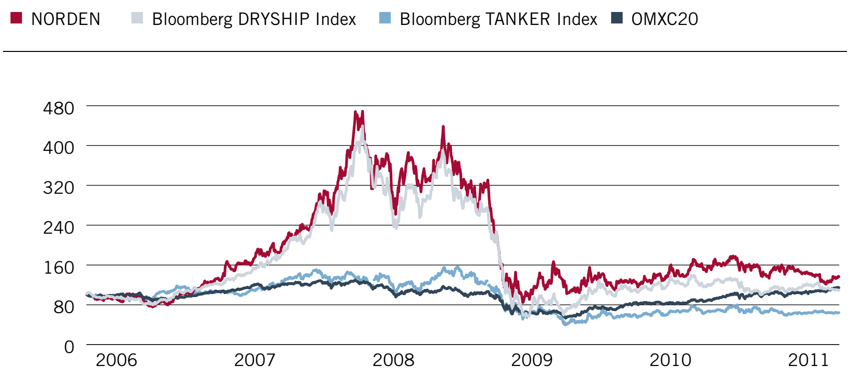


In June 2010, NASDAQ OMX Copenhagen A/S changed its principles for selecting companies for the OMXC20 index, adopting an approach based on a free-float adjusted market value. Despite remaining one of the most liquid shares on NASDAQ OMX Copenhagen A/S, the NORDEN share was hit by the new criteria as just 60% of the share capital is considered to be in free float, and the share was therefore excluded from the OMXC20 at the semi-annual revision of the index in December. NORDEN is still included in the Nordic Large Cap index of the largest shares on the Nordic stock exchanges, however.

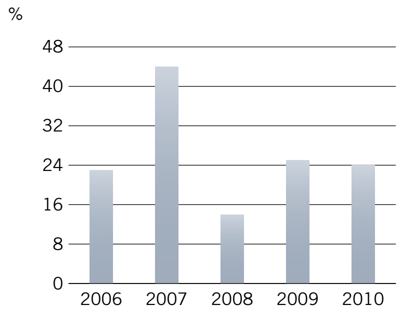
Dividends and capital structure

NORDEN wishes to provide reasonable, long-term returns to shareholders through share price increases, dividends and occasional buybacks of shares. The Board of Directors regularly assesses how the cash flows should be applied and distributed between the Company and its shareholders. This assessment is based on factors such as the actual earnings and cash and cash equivalents,

Indexed share price performance 5 years (1/1/2006 = 100)



Payout ratio excl. treasury shares



earnings forecasts, market outlook, risks, investment prospects and the Company's liabilities on and off the balance sheet.

In light of these factors, the Board of Directors proposes a dividend of DKK 8 per share, or a total of DKK 335 million or USD 60 million for 2010, based on the number of shares outstanding at the end of 2010. Accordingly, 24.4% of the net profit will be distributed to the shareholders, whereas the payout ratio (excluding treasury shares) was 25.3% in 2009.

Also, the Board of Directors decided to initiate a buyback of treasury shares for an amount of DKK 170 million or approximately USD 30 million in early 2011.

The payout totalling DKK 505 million or USD 90 million in the form of dividends and share buybacks is in accordance with NORDEN's objective to generate a reasonable, long-term return to shareholders through share price increases, dividends and occasional buybacks of shares. Following the payout, NORDEN will still have sufficient financial strength to seize attractive investment opportunities in Dry Cargo and Tankers as they occur.

Investor relations

It is NORDEN's goal that the share price reflects the Company's actual and expected ability to create value for its shareholders. For this reason, NORDEN seeks to consistently provide timely, precise and relevant information on the Company's strategy, operations, results, expectations and other matters affecting the assessment of the share.

In January 2010, NORDEN was presented with the Information Award by the Danish Society of Financial Analysts, receiving special praise for its "whole of information, which is impressive in depth as well as in width" with "extensive and very detailed information". In October, NORDEN won the award for Best Annual Report 2010 by FSR (the Institute of State Authorized Public Accountants in Denmark) and Danish business daily Dagbladet Børsen, as well as taking first prize in the category "Listed companies in the OMXC20 and state-owned public companies 2010".

NORDEN strives to give all interested parties easy access to information through the website and to maintain an open dialogue with its stakeholders within the framework of the stock exchange rules of ethics. In connection with the publication of its financial statements, NORDEN typically hosts a teleconference with an audiocast, and audiocast and presentation are available on the website www.ds-norden.com/investor. In addition, NORDEN attends investor seminars and conferences and regularly arranges meetings with analysts, investors and the media. In September 2010, NORDEN took part for the first time in the Danish Investor Show (Dansk Aktiemesse), attended by 1,800 private investors, and NORDEN started the production of a short, popular film on each interim report aimed mainly at private investors. The share is currently monitored by analysts from 12 banks.

In 2010, the Company issued 27 company announcements, 4 of which concerned insider trading in the share.

The Board of Management is responsible for the Company's investor relations. Senior Vice President Martin Badsted is responsible for day-to-day investor relation tasks. Information about NORDEN, access to electronic editions of the Company's magazine, NORDEN News and presentations, subscription to newsletters, company announcements, IR policy, calendar, outlook and more are available on www.ds-norden.com/investor.

Initiatives in 2011

In 2011, the Company will strengthen its channels of information and its information activities where appropriate, including examining the possibilities of obtaining a wider analyst coverage of the share. As mentioned, NORDEN will in 2011 pay out DKK 505 million or USD 90 million to shareholders in the form of dividends and buyback of shares, and at the annual general meeting on 11 April, the Board of Directors will present its thoughts on the cancellation of a part of the Company's holding of treasury shares.

Shareholders at the annual general meeting in 2010. The number of shareholders registered by name has exceeded 18,000.

Corporate Social Responsibility

- Increased effort against pirates
- 16% CO_2 reduction in Tankers
- Whistleblowing scheme

Corporate Social Responsibility in NORDEN

In 2010, NORDEN established a general CSR (Corporate Social Responsibility) policy: "Based on our core values, we strive on a voluntary basis to improve our corporate social efforts by integrating social, environmental, health and safety concerns in our activities. We will establish appropriate reporting systems to help us meet our targets while at the same time focusing on continual improvements. We will communicate openly with our stakeholders on these issues."

Moreover, NORDEN has formulated policies on human rights and labour rights, environment and climate, anti-corruption, etc. These can be seen on the website under the section "CSR".

To begin with, NORDEN focuses in its CSR work on climate, environment, safety at work, welfare/health and education, and efforts are aimed at the parts of the value chain which the Company can control, that is owned vessels, operations on shore and activities within the parent company, subsidiaries and joint ventures. In addition, the Company seeks to influence, among others, shipyards, suppliers, agents, organisations and T/C partners. Common to these efforts is that they should strengthen the Company and at the same time be directly beneficial to the surrounding society as well as to the Company's stakeholders.

UN Global Compact

In June 2010, NORDEN issued its first actual CSR report. It was structured in accordance with the UN Global Compact – a United Nations charter comprising 10 principles for human and labour rights, environment and anti-corruption – which NORDEN signed in December 2009. The report served as the Company's "Communication on Progress" for the UN Global Compact.

Social conditions

Safety at sea

NORDEN continuously strives to improve safety on its vessels in order to avoid personal injuries, grounding, wrecks, spills and other incidents that might impact the environment. These efforts include, among other things, computer-based training, campaigns, briefings and safety meetings, exercises, inspections and Key Performance Indicators (KPIs) for officers.

In 2010, like recent years, no incident took place on the vessels which harmed the external environment, however, there was a slight increase in the number of incidents, which could be due to growth in the fleet. The most severe incident was a fire in the auxiliary engine on NORDPOL. The fire was extinguished through a quick and decisive effort from the crew, but 1 month at a yard was needed before the ship was ready again.

NORDEN measures work-related incidents per 1 million working hours causing absence from work for more than 24 hours due to illness – the so-called LTI (Lost Time Injury) frequency rate. The LTI frequency rate is calculated as the average for the past 12 months and has for the past 3 years been at a stable level below 2 with none of the incidents being life-threatening. Also the number of incidents requiring medical treatment is measured on a regular basis. A core element in the prevention of accidents and injuries is the reporting of so-called near-misses – incidents that could have turned into accidents. These reports are evaluated on an ongoing basis on the individual vessels, and reports of a more fundamental nature are made available across the fleet to avoid injuries. Again in 2010, the number of near-miss reports was satisfactory and almost the double of the industry average.

Other indicators of safety and quality at sea are vettings and Port State Controls. Vettings are the inspections of vessels performed by the oil companies, and in recent years, increasingly higher requirements have been made. From 2009 to 2010, NORDEN received significantly fewer remarks. The same trend can be seen at the Port State Controls, where the number of remarks for NORDEN's vessels was almost halved.

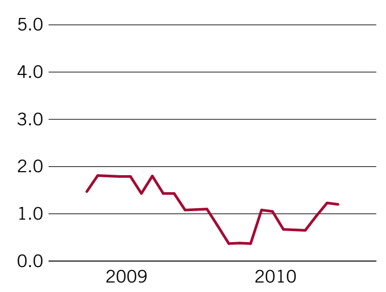
On shore, a workplace assessment was carried out in 2010. After this assessment, sun screens were put up on an extension to the head office in order to improve the indoor climate.

Whistleblowing scheme

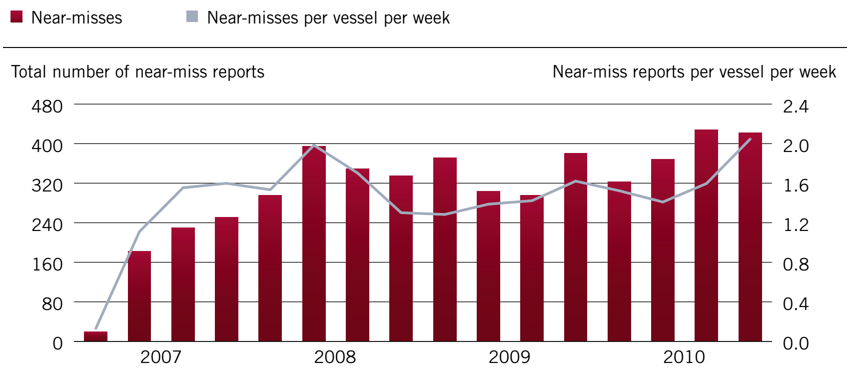
NORDEN has decided to establish a whistleblowing scheme, allowing, among others, employees to report any non-compliance with laws, the Company poli-

LTI frequency rate

Lost Time Injuries per 1 million working hours



Near-miss reporting



cies and Standard Operating Procedures or other significant irregularities to an independent ombudsman. The scheme is subject to approval by the Danish Data Protection Agency.

Piracy

According to the International Maritime Bureau, 445 pirate attacks were reported in 2010, which is 39 more than the year before, and 219 of these attacks took place off the coast of Somalia, in the Gulf of Aden and the Red Sea. Piracy is an increasing threat to international shipping, and the problem should be solved on an international scale. NORDEN therefore seeks through the Danish Shipowners' Association, the International Chamber of Shipping (ICS) and through a direct dialogue with politicians to maintain pressure on the international society to have significant fleet forces in the areas.

At the same time, NORDEN increases its efforts to protect crew, cargoes and vessels. In 2010, new safety measures were introduced on the vessels, among other things, citadels for crew on vessels which have to transit threatened areas. NORDEN's practices fully comply with the Best Management Pratice 3 standard and go even further in some areas.

The Company constantly monitors threatened areas, and risk zones are only transited after a case-by-case analysis. Currently, the Company has excluded certain ports, while the vessels in other areas are rerouted to lower the risk. In the Gulf of Aden, the Company's vessels sail in group transits in safe corridors, if possible under fleet protection. The vessels sail at the highest possible speed and have a certain freeboard, additional watchkeeping is ensured, and the vessels must have special equipment installed, including NATO razor wire, water spray and water curtains along the sides of the vessel.

In December 2010, pirates attacked NORD STRAIT approximately 950 nautical miles off the coast of Somalia and shot at the ship. The crew followed all safety procedures professionally, and the attack was fended off with no harm being done to crew or ship. Under special circumstances, or if the pirate attacks escalate, NORDEN will consider bringing armed guards onboard the vessels to protect crew, cargoes and vessels.

Sponsorship of training programmes

In 2010, NORDEN once again sponsored maritime training institutions. The goal is to have a dialogue with professors and students as well as to broaden the knowledge of NORDEN among potential employees. In addition to this, NORDEN has arranged for a donation of DKK 3.8 million for the SIMAC/Svendborg Søfartsskole.

Climate and environment

Through the Danish Shipowners' Association, the International Chamber of Shipping and INTERTANKO, NORDEN supports giving the IMO a mandate to enforce global regulation with equal environmental requirements for all shipping companies. Meanwhile, NORDEN works on own initiatives that benefit the Company as well as the climate and the environment on a broader scale.

Reduction of greenhouse gases

Since 2007, NORDEN has adhered to an action plan to reduce the propulsion resistance of its owned vessels and increase engine efficiency. This reduces bunker consumption and is the most effective way of limiting emissions of CO_2 and SO_x. In 2010, the plan was supplemented by further measures, for example NORDEN began the installation of electric boilers on Handysize product tankers, a system for trim optimisation was introduced on 4 new Post-Panamax dry cargo vessels, and the shift to new bottom paint began. Moreover, cleaning of propellers takes place to a significantly higher extent. It is estimated that these efforts in 2010 altogether increased energy efficiency on NORDEN's owned vessels equalling a 4.7% reduction of CO_2 emissions compared to a situation where NORDEN had done nothing. The effect is calculated on the basis of own measurements or conservative estimates based on INTERTANKO's guidelines.

Since 2007, NORDEN has sold 38 vessels on which some of the measures mentioned above were already implemented, and the new owners of the vessels – and in the end, the climate – will benefit from these. The ongoing addition and disposal of vessels make it impossible for NORDEN to ever reach full implementation of all measures. In 2010, the measures were effective for 51% of the ship months on average on owned vessels.

The CO_2 reduction of 4.7% is calculated excluding the effect of slow-steaming. Norient Product Pool has developed the MOEPS system which optimises the speed of the vessels and reduces bunker consumption. In 2010, MOEPS was used to operate an average of 34 vessels in the spot market, and it is estimated that MOEPS reduced the emissions of CO_2 and SO_x by 16%.

On shore, NORDEN also switched to low energy solutions in a number of areas.

Fuel-saving newbuildings

In addition to measures on existing vessels, NORDEN has made energy efficiency an important parameter when contracting new vessels or entering into agreements on long-term charters. The Company is in dialogue with yards and business partners in order to optimise the design of the vessels – for example the shape of the hull or the proportion between engine and propeller – to make the vessels more energy efficient and environmentally friendly.

In 2010, NORDEN entered into a long-term charter agreement for a Panamax vessel with a design expected to reduce bunker consumption and thereby emissions of greenhouse gases by 10-15% compared to standard vessel designs. Also, NORDEN optimised, in collaboration with a yard, 2 Handysize vessels on order by installing a larger main engine and a bigger propeller. These changes will cut bunker consumption by 11%.

CO_2 emissions

CO_2 emissions from the owned fleet were estimated to 510,200 tonnes in 2010, calculated on the basis of the factors in the "Second IMO GHG Study 2009". The calculation of NORDEN's CO_2 emissions from the vessels was performed in accordance with the Greenhouse Gas Protocol, in

CO_2 emissions in metric tonnes (in thousand)

	2007	2008	2009	2010
From all owned vessels	362	374	379	510
Owned and operated vessels	57	115	76	98
Chartered vessels	1,983	2,268	1,798	1,918
Total from operated vessels	2,040	2,384	1,875	2,016

which emissions from owned vessels and chartered vessels are calculated separately. For the part of the owned fleet which is operated by NORDEN, the emissions totalled approximately 98,200 tonnes.

The emissions from all vessels operated by NORDEN were estimated at 2.0 million tonnes of CO_2 (1.9 million tonnes). As above, this figure was calculated on the basis of the bunker consumption in the period during which NORDEN operated the vessels, and the duration of the voyages was accrued on a pro rata basis. Emissions are affected by a number of factors: the number of ship days (which increased in both segments), voyage duration, speed (slow-steaming) and routes, volumes transported, voyages without cargo, weather conditions and the climate and environmental measures taken by the Company. Therefore, emissions are not comparable from one year to another.

Reporting of greenhouse gas emissions to the Carbon Disclosure Project meant that NORDEN was included in the Carbon Disclosure Leadership Index 2010 as one of the best reporting companies.

Continuous sulphur reduction

NORDEN reduces on an ongoing basis the sulphur content in the bunker purchased for all the vessels operated by the Company and Norient Product Pool. The target for 2010 was to lower the sulphur content to an average of 2.2%, and with an actual content of 2.09%, this target was achieved. In total, NORDEN has reduced the sulphur content by 17% in the past 4 years.

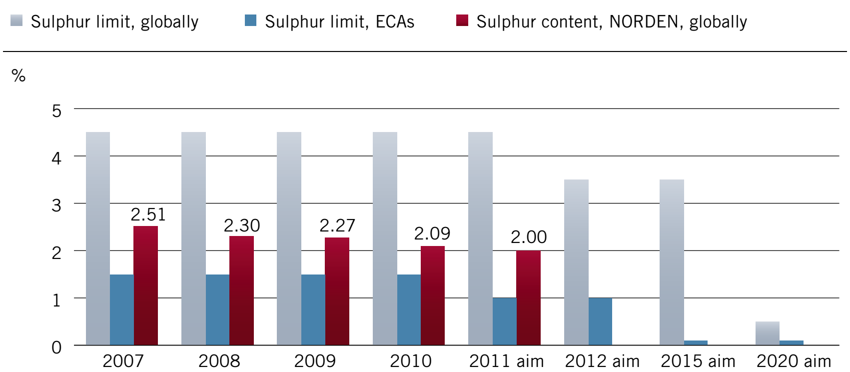
IMO rules permit a maximum sulphur content of 4.5% in international waters, but the IMO will lower this limit to 3.5% in 2012 and 0.5% in 2020. In special Emissions Control Areas (ECAs) such as the North Sea, the Baltic Sea and the English Channel, the limit is currently 1.5%, but this will be reduced to 0.1% in 2020. In addition, the IMO plans to designate waters around North America and Canada as ECAs.

The effect of climate changes

Climate changes affect NORDEN in several areas. There is a risk that green fees will be introduced on the purchase of bunker, which will inflict further costs on the Company, whereas on the other hand, possible lower port fees for environmentally friendly vessels will benefit NORDEN. Moreover, the Company is affected by the fact that extreme weather conditions are more common than previously, increasing the risk of damage to the vessels, which could mean more days of docking should damage happen.

Extreme weather conditions can also cause delays for the vessels or changes in the trading patterns and freight rates. An example of this is the flooding in Australia at the turn of the year 2010-11, which is likely to have reduced the area's coal export by as much as 15 million tonnes. Another example is the very hard winter of 2009-10, which closed down several ports in the Baltic Sea and the Black Sea. The hard winter is also an example of how extreme weather conditions can prove an advantage as it increased the demand for NORDEN's ice-class vessels. Also NORDEN's large contracts on the transport of wood pellets and wood chips for coal replacement are examples of new business as a result of greater focus on greenhouse gases.

Permitted and actual sulphur content in bunkers



Initiatives in 2011

At sea, NORDEN will maintain its focus on the "zero incidents" effort to avoid incidents that are harmful to the external environment. Also the measures to increase quality and safety onboard the vessels will have a high priority.

The efforts to make existing vessels more energy efficient continue as NORDEN rolls out its current action plan and introduces some new measures. The target is to continue to reduce the CO_2 emissions of the Company's owned fleet. To this should be added the effect of MOEPS, which will be introduced in a special version in the Dry Cargo core fleet in 2011. The work to ensure energy efficiency in coming vessels is expected to be strengthened through NORDEN's internal project "NORDEN Eco vessel of the future" with participation of several departments. Moreover, in January, the Company chartered 2 Panamax vessels for a period of 8 years, and fuel consumption for these vessels is 10-15% lower than for standard designs.

The sulphur content in the bunker in all operated vessels is expected to be reduced to an average of 2%.

On 1 January, NORDEN established a dedicated CSR Department to particularly enhance the efforts on shore where investments in resource-saving solutions will continue. The Company's whistleblowing scheme will be implemented and reporting as well as the dialogue with stakeholders will be developed. In April, NORDEN expects to issue a CSR report in accordance with the Global Reporting Initiative (GRI).

Financial review

The Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. No changes have been made to the Group's accounting policies applied last year except for the recognition and presentation of pool arrangements.

Like last year, the financial statements of the parent company, Dampskibsselskabet NORDEN A/S, are presented in accordance with the Danish Financial Statements Act.

For additional information, please see note 1 to the financial statements, "Significant accounting policies".

Profit for the year and equity

The Group's EBIT for 2010 amounted to USD 223 million (USD 157 million), including a USD 28 million (USD 70 million) profit from the sale of vessels. This performance was in line with the latest EBIT forecast, which was USD 210-240 million.

Profit after tax was USD 245 million (USD 217 million) including a positive fair value adjustment of USD 30 million (USD 61 million). This performance equalled earnings per share (EPS) of USD 5.8 (USD 5.2).

Equity grew by 11% to USD 1,998 million (USD 1,805 million). The increase is specified as follows:

Change in equity, USD million	
Equity at 1 January 2010	**1,805**
Profit for the year	245
Purchase/sale of treasury shares, net	-8
Value adjustment of hedging instruments and securities	5
Dividend paid	-53
Share-based payment	4
Equity at 31 December 2010	**1,998**

Dividend paid amounted to DKK 7 per share, equalling a total of DKK 296 million, excluding treasury shares.

Significant judgments in applying accounting policies
Vessels chartered by NORDEN in relation to which the risks and rewards of ownership based on an overall assessment of the individual lease have not been transferred to the Group, are accounted for as operating leases and recognised in the income statement on a straight-line basis over the term of the lease. As shown in note 21 to the financial statements, the Group at 31 December 2010 had operating lease liabilities in the amount of USD 2,246 million (USD 2,416 million) which are to be recognised in the income statement over the period 2011-22.

The lease liabilities do not represent the Group's net exposure as it is hedged on an ongoing basis in accordance with the Group's risk management policy, see note 2 to the financial statements.

The Group's vessels are recognised in the statement of financial position at cost less accumulated depreciation and impairment.

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

Other accounting decisions are described in note 1 to the financial statements, "Significant accounting policies".

Significant accounting estimates
Receivables are measured at amortised cost less provisions for impairment losses. Estimates of provisions for losses are made on the basis of an evaluation of the customers' ability and willingness to pay, including credit rating and received collateral. For further specification of receivables, see note 13 to the financial statements.

Revenue
Revenue in the form of freight income rose by 25% to USD 2,190 million, primarily as a result of a 25% increase in the number of ship days.

Dry Cargo
In Dry Cargo, the activity level in terms of ship days was up 19% in 2010. Freight income amounted to DKK 1,946 million (DKK 1,516 million), equalling a 28% increase.

Operating profit (EBIT) was USD 260 million (USD 188 million), including profits from the sale of 10 vessels of USD 28 million (USD 70 million). Earnings in 2010 were also boosted by USD 78 million as a result of compensation received from counterparties regarding terminated T/C agreements and cancelled cargoes.

Tankers
The Tanker activity in terms of ship days was up 14% compared to 2009. Freight income amounted to USD 243 million (USD 240 million) and was in line with 2009.

Operating profit (EBIT) constituted a loss of USD 25 million (a loss of USD 18 million).

Financials
Financial income amounted to USD 6 million (USD 15 million) and related to interest income on demand deposits in bank accounts. The decrease was primarily due to lower levels of interest rates, as well as the fact that NORDEN's cash resources declined as a result of significant investments in vessels and newbuildings. The average 3-month USD LIBOR was halved from 2009 to 2010.

Financial expenses amounted to USD 8 million (USD 8 million), consisting of interest on fixed-rate loans of USD 2 million and foreign exchange adjustments of USD 6 million.

Fair value adjustment of certain hedging instruments
Fair value adjustment of derivative financial instruments that did not qualify for hedge accounting under IFRS constituted income of USD 30 million (USD 61 million), of which USD 33 million related to Forward Freight Agreements (FFAs), a negative amount of USD 2 million related to bunker hedging contracts and a negative amount of USD 1 million related to Credit Default Swaps (CDSs).

The item covered value adjustments recognised in previous financial years of contracts realised in 2010 in the amount of USD 11 million and value adjustments of unrealised contracts regarding 2010-14 in the amount of USD 19 million. For further specification, see note 6 to the financial statements.

Tax on profit for the year
The Company's taxable income comprises income related to shipping activities as computed in accordance with the Danish Tonnage Tax Act and other income, including net financial income if any, computed in accordance with the general tax rules. Tax on the profit for the year amounted to USD 6 million (USD 7 million).

Statement of financial position

Assets
The Company's total assets at 31 December 2010 amounted to USD 2,250 million (USD 2,032 million), equal to an 11% increase. The increase was due to a combination of addition of non-current assets in the form of vessels and newbuildings rising by approximately 34% and current assets in the form of receivables and cash and cash equivalents declining by 13%. Tangible assets held for sale totalled USD 35 million (USD 55 million) and related to 1 dry cargo vessel delivered to the new owner in January 2011.

Vessels
At the end of 2010, the Group had 28 owned vessels, which was an increase of 10 vessels compared to the previous year. The additions were 5 secondhand tankers, 4 dry cargo newbuildings and 1 secondhand dry cargo vessel. The number of newbuildings was reduced from 29 to 24 due to a combination of deliveries to the fleet and sales.

Impairment test
The net selling price of the Group's fleet and newbuildings, excluding joint ventures and assets held for sale, at the end of 2010, expressed as the average of 3 broker valuations, totalled USD 1,622 million, which was USD 8 million below the carrying amounts. Of this, the cash generating unit (CGU) Dry Cargo had an added value of USD 15 million, and the CGU Tankers had a value of USD 23 million below the carrying amounts.

Consequently, an impairment test was performed for Tankers as well as for Dry Cargo, despite the value of the latter being above the carrying amounts. This should be seen in light of market volatility, the general uncertainty related to broker valuations and the relatively limited added value (2%). Impairment tests are conducted by comparing the recoverable amounts obtainable from continued operation of the 2 CGUs, calculated as the present value of total estimated cash flows over the remaining useful lives of the assets, including COAs entered into, T/C coverage and estimated rates for uncovered capacity.

The Company estimated the value in use of the 2 CGUs applying 10-year and 20-year historical average rates as part of the basis of the evaluation of long-term values.

The carrying amounts of Dry Cargo and Tankers excluding joint ventures and assets held for sale were USD 1,126 million and USD 504 million, respectively. Applying 10-year average rates to uncovered days and a discount factor of 8%, value in use exceeds the carrying amounts of the CGUs Dry Cargo and Tankers by USD 1,289 million and USD 176 million, respectively.

In a similar calculation applying 20-year average rates, value in use exceeds the carrying amounts by USD 342 million for Dry Cargo and by USD 52 million for Tankers.

In the long term, the tanker market is expected to improve from the current, very low levels and to outperform the 20-year average rates. Among the reasons for this assessment are the fact that oil consumption is expected to grow at the same rate as previously, combined with a relatively minor order book. Moreover, transport distances are increasing because new refineries are typically established in areas further from the countries with the largest oil consumption.

Against this background, management assesses that the long-term values (value in use) of both the Dry Cargo fleet and the Tanker fleet at least correspond to their carrying amounts and, accordingly, there is no indication of need for impairment write-down.

Freight receivables
The Group's freight receivables amounted to USD 83 million (USD 77 million), and were thus in line with 2009.

Freight receivables totalling USD 9 million were subject to uncertainty, and a write-down of USD 7 million was therefore made in this respect. In 2009, the corresponding write-down was USD 4 million on a total amount of USD 6 million. Of these write-downs, USD 0.3 million was reversed in 2010.

Other receivables and Other payables
The reduction in "Other receivables" and the increase in "Other payables" mainly relate to the Group's variable part of basic currency swaps, which developed from a positive market value of USD 10 million at the beginning of 2010 to a negative market value of USD 9 million at year-end. The fair value adjustment of the hedged cash flows was made through the company's cash and cash equivalents as the investment of the cash (DKK) and the related currency hedge involved different legal counterparties.

Trade payables
The increase in the Group's trade payables was mainly due to NORDEN's increasing level of activity.

Cash flows

The Group's cash and cash equivalents represent total liquidity at 31 December 2010. All cash and cash equivalents are at the Company's disposal within 3 months.

The Group's cash and cash equivalents decreased by USD 128 million in 2010 to USD 575 million. Cash and cash equivalents consist mainly of USD and DKK bank deposits.

Operating activities contributed with USD 298 million (USD 160 million).

In 2010, USD 663 million (USD 533 million) was invested in vessels and newbuildings, and profits from the sale of vessels amounted to USD 319 million (USD 450 million). Cash flows from investing activities were a net outflow of USD 380 million (a net outflow of USD 80 million).

Cash flows from financing activities amounted to a net outflow of USD 65 million (a net outflow of USD 113 million). Of this shareholder dividends represented an outflow of USD 53 million, purchases of treasury shares an outflow of USD 8 million and reduction of debt represented an outflow of USD 5 million.

Valuation methods for calculating theoretical NAV

Valuation of the core fleet
NORDEN determines the value of its core fleet as the sum of the portfolio of owned vessels, including the value of any related charter parties, plus the value of charter parties including purchase options. The value of owned vessels is based on 3 independent broker valuations, while the value of chartered vessels is calculated as the present value of earnings from the fixed part of the charter party (based on the T/C rate curve) plus the value of related purchase and extension options.

Calculating the value of options
NORDEN's valuation of purchase and extension options follows standard pricing of American options, which simulates future scenarios for T/C rates and vessel prices under assumptions of price volatility and correlation between the change in T/C rates and the change in vessel prices. In each segment, the volatility and the correlation are assumed to be constant over time and are estimated based on historical T/C rates and vessel prices.

The current model assumptions for volatility and correlation are based on an analysis of historical data up to mid-2008, after which time the period is judged to have been very extraordinary and impacted by low market liquidity and consequently poor data quality. Historical volatility calculated on the basis of data up to end-2010 is considerably higher than the assumptions used by NORDEN and would therefore have resulted in higher option values. NORDEN continuously assesses if historical volatility estimates are still assumed to provide a good indicator of future volatility.

An important input to the model is the T/C rate curve for each segment. The curve consists of the following elements: expected market rates for the first 5 years, a long-term T/C rate (20 years), calculated as the implicit rate used to equate the discounted value of future cash flows with the market price of a secondhand 5-year-old vessel. Between year 5 and year 20, the T/C curve is determined by interpolation. In addition, market prices are used for interest rates, exchange rates and operating costs. On the basis of the future scenarios for T/C rates and vessel prices, the optimum value of the purchase and extension option for each vessel is determined. Purchase options under which the price of the vessel is stated in JPY are translated at the forward JPY/USD rate before the pricing.

Sensitivity
Based on the usual method of determination, the Company's 58 charter parties including purchase and extension options are estimated to have a theoretical value of USD 316 million, corresponding to DKK 42 per share. The theoretical value of charter parties with purchase and extension options depends on the level of the model's market rate input. If this level is assumed to be 10% higher or 10% lower, the theoretical value of the charter parties will be USD 511 million (up 61.7%) or USD 126 million (down 60,1%), respectively.

Assumptions for calculated value of charter parties with purchase option, at year-end 2010

	Ship prices and T/C rates		Assumed volatility	
	Secondhand price 5-year old vessel (USD million)	5-year T/C-rate (USD/day)	Freight rates (based on 3-year T/C)	Vessel values (based on 5-year secondhand prices)
Dry Cargo				
Capesize	52.0	22,833	34%	25%
Post-Panamax	45.5	17,000	34%	25%
Panamax	37.5	15,833	34%	25%
Handymax	31.3	15,750	26%	23%
Handysize	25.7	12,333	20%	18%
Tankers				
MR	25.3	15,000	14%	13%

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

Signatures

Consolidated annual report

This consolidated annual report is an extract of the Company's annual report pursuant to section 149 of the Danish Financial Statements Act. For the sake of clarity and user friendliness, NORDEN has chosen to issue a consolidated annual report that excludes the financial statements of the parent company, Dampskibsselskabet NORDEN A/S.

The financial statements of the parent company are an integral part of the full annual report, which is available from the Company on request, and the complete annual report is also available on and can be downloaded from www.ds-norden.com/investor. After approval at the ordinary general meeting, the full annual report is also available on request from the Danish Commerce and Companies Agency.

The appropriation of the profit for the year and the proposed dividend in the parent company are disclosed in note 30 to the consolidated financial statements.

The full annual report has the following statement by the Board of Directors and Board of Management and auditor's report:

Statement by the Board of Directors and Board of Management

The Board of Management and the Board of Directors have today considered and adopted the annual report of Dampskibsselskabet NORDEN A/S for the financial year 1 January - 31 December 2010.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act. Moreover, the consolidated financial statements and the financial statements of the parent company are prepared in accordance with additional Danish disclosure requirements for listed companies. The management's review is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the financial position at 31 December 2010 of the Group and the parent company and of the results of the Group's and the parent company's operations and the Group's consolidated cash flows for the financial year 2010.

In our opinion, the management's review includes a true and fair account of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

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

Copenhagen, 2 March 2011

Board of Management

Carsten Mortensen
President

Michael Tønnes Jørgensen
Executive Vice President

Board of Directors

Mogens Hugo
Chairman

Alison J. F. Riegels
Vice Chairman

Erling Højsgaard

Karsten Knudsen

Arvid Grundekjøn

Benn Pyrmont Johansen

Bent Torry Kjæreby Sørensen

Lars Enkegaard Biilmann

Independent Auditor's Report

To the shareholders of Dampskibsselskabet NORDEN A/S

We have audited the consolidated financial statements, the financial statements of the parent company and the management's review of Dampskibsselskabet NORDEN A/S for the financial year 1 January – 31 December 2010. The consolidated financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes. The financial statements of the parent company comprise income statement, balance sheet, statement of changes in equity and notes. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act. Moreover, the consolidated financial statements and the financial statements of the parent company are prepared in accordance with additional Danish disclosure requirements for listed companies. The management's review is prepared in accordance with Danish disclosure requirements for listed companies.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the financial statements of the parent company in accordance with the above mentioned legislation and disclosure requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements and the financial statements of the parent company that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. Furthermore, management is responsible for preparing a management's review that includes a true and fair account in accordance with Danish disclosure requirements or listed companies.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements, the financial statements of the parent company and the management's review based on our audit. We conducted our audit in accordance with Danish auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, the financial statements of the parent company and the management's review are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2010 and of the results of the Group operations and cash flows for the financial year 1 January - 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the financial statements give a true and fair view of the financial position of the parent company at 31 December 2010 and of the results of the Company operations for the financial year 1 January - 31 December 2010 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies.

In our opinion, the management's review includes a true and fair account of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 2 March 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Jens Otto Damgaard
State Authorised Public Accountant

Bo Schou-Jacobsen
State Authorised Public Accountant

Income statement 1 January – 31 December

Note	Amounts in USD'000	2010	2009
3	**Revenue**	**2,189,606**	**1,755,983**
3	Other operating income, net	3,456	1,018
	Vessel operating costs	-1,884,085	-1,566,826
4	Other external costs	-12,975	-13,862
5	Staff costs	-56,442	-50,666
	Profit before depreciation, etc. (EBITDA)	**239,560**	**125,647**
	Profits from the sale of vessels, etc.	28,148	69,576
11/16	Depreciation and impairment	-49,537	-39,494
12	Share of results of joint ventures	4,372	965
	Profit from operations (EBIT)	**222,543**	**156,694**
6	Fair value adjustment of certain hedging instruments	30,384	60,764
7	Financial income	6,328	15,302
8	Financial costs	-8,480	-8,227
	Profit before tax	**250,775**	**224,533**
9	Tax for the year	-5,973	-7,327
	PROFIT FOR THE YEAR	**244,802**	**217,206**
	Attributable to:		
	Shareholders of NORDEN	244,804	217,208
	Minority interests	-2	-2
		244,802	**217,206**
10	**Earnings per share (EPS), USD**		
	Basic earnings per share	5.83	5.16
	Diluted earnings per share	5.82	5.15

Statement of comprehensive income
1 January – 31 December

Note	Amounts in USD'000	2010	2009
	Profit for the year, after tax	244,802	217,206
17	Value adjustment of hedging instruments	4,339	-13,243
17	Fair value adjustment of securities	429	2,538
	Tax on fair value adjustment of securities	0	395
	Total	4,768	-10,310
	Comprehensive income for the year, after tax	**249,570**	**206,896**
	Attributable to:		
	Shareholders of NORDEN	249,572	206,898
	Minority interests	-2	-2
		249,570	**206,896**

Statement of financial position at 31 December – Assets

Note	Amounts in USD'000	2010	2009
11	Property and equipment	55,626	55,841
11	Vessels	880,330	497,613
11	Prepayments on vessels and newbuildings	401,884	442,526
	Tangible assets	**1,337,840**	**995,980**
12	Investments in joint ventures	35,225	31,770
	Financial assets	**35,225**	**31,770**
	Non-current assets	**1,373,065**	**1,027,750**
	Inventories	45,861	31,504
13	Freight receivables	82,567	76,645
13	Receivables from joint ventures	726	0
	Company tax	1,416	0
13	Other receivables	44,722	58,041
	Prepayments	54,026	47,764
14	Securities	38,150	24,563
15	Cash and cash equivalents	574,571	710,884
		842,039	949,401
16	Tangible assets held for sale	35,377	54,547
	Current assets	**877,416**	**1,003,948**
	ASSETS	**2,250,481**	**2,031,698**

Statement of financial position at 31 December – Equity and liabilities

Note	Amounts in USD'000	2010	2009
	Share capital	7,087	7,087
17	Reserves	7,004	2,236
	Retained earnings	1,983,894	1,795,620
	Equity (NORDEN's shareholders)	1,997,985	1,804,943
	Minority interests	68	70
18	**Equity**	**1,998,053**	**1,805,013**
19	Bank debt	14,666	58,423
	Non-current liabilities	**14,666**	**58,423**
19	Bank debt	43,757	5,187
	Trade payables	90,068	66,452
	Debt to joint ventures	35,896	6,580
	Company tax	0	1,064
	Other payables	29,189	17,106
	Deferred income	31,528	33,448
		230,438	129,837
20	Liabilities relating to tangible assets held for sale	7,324	38,425
	Current liabilities	**237,762**	**168,262**
	Liabilities	**252,428**	**226,685**
	EQUITY AND LIABILITIES	**2,250,481**	**2,031,698**

Statement of cash flows 1 January – 31 December

Note	Amounts in USD'000	2010	2009
	Profit from operations (EBIT)	222,543	156,694
11/16	Reversed depreciation and impairment	49,537	39,494
	Reversed profits on the sale of vessels, etc.	-28,148	-69,576
12	Reversed share of results of joint ventures	-4,372	-965
	Other adjustments	3,741	5,180
29	Change in working capital	73,982	35,824
	Financial payments received	7,245	15,352
	Financial payments made	-17,687	-11,754
	Company tax paid, net	-8,453	-10,036
	Cash flows from operating activities	**298,388**	**160,213**
11/16	Investments in vessels and vessels held for sale	-395,676	-266,623
11	Investments in other tangible assets	-2,982	-2,551
11	Additions in prepayments on newbuildings	-264,343	-263,497
	Change in additions in prepayments received on sold vessels	-31,101	-23,741
	Hereof change in restricted cash and cash equivalents held	8,300	25,950
	Proceeds from the sale of vessels and newbuildings	318,883	450,445
	Proceeds from the sale of other tangible assets	39	63
	Acquisition of securities	-14,207	-3
	Sale of securities	970	0
	Cash flows from investing activities	**-380,117**	**-79,957**
30	Dividend paid to shareholders (excluding dividend on treasury shares)	-52,705	-97,624
18	Acquisition of treasury shares	-7,566	-9,960
18	Sale of treasury shares	0	143
	Net distribution to shareholders	-60,271	-107,441
	Instalments on/repayment of other non-current debt	-5,187	-5,187
	Loan financing	-5,187	-5,187
	Cash flows from financing activities	**-65,458**	**-112,628**
	Change in cash and cash equivalents for the year	**-147,187**	**-32,372**
	Cash and cash equivalents at 1 January, non-restricted	702,584	772,467
	Exchange rate adjustments	19,174	-37,511
	Change in cash and cash equivalents for the year	-147,187	-32,372
15	**Cash and cash equivalents at 31 December, non-restricted**	**574,571**	**702,584**

Statement of changes in equity

Note	Amounts in USD'000	Shareholders of NORDEN: Share capital	Shareholders of NORDEN: Reserves	Shareholders of NORDEN: Retained earnings	Shareholders of NORDEN: Total	Minority interests	Total
	Equity at 1 January 2010	**7,087**	**2,236**	**1,795,620**	**1,804,943**	**70**	**1,805,013**
	Total comprehensive income for the year	-	4,768	244,804	249,572	-2	249,570
18	Acquisition of treasury shares	-	-	-7,566	-7,566	-	-7,566
30	Distributed dividends	-	-	-55,621	-55,621	-	-55,621
	Dividends, treasury shares	-	-	2,916	2,916	-	2,916
27	Share-based payment	-	-	3,741	3,741	-	3,741
	Changes in equity	**0**	**4,768**	**188,274**	**193,042**	**-2**	**193,040**
	Equity at 31 December 2010	**7,087**	**7,004**	**1,983,894**	**1,997,985**	**68**	**1,998,053**

Note	Amounts in USD'000	Shareholders of NORDEN: Share capital	Shareholders of NORDEN: Reserves	Shareholders of NORDEN: Retained earnings	Shareholders of NORDEN: Total	Minority interests	Total
	Equity at 1 January 2009	**7,087**	**12,546**	**1,680,673**	**1,700,306**	**72**	**1,700,378**
	Total comprehensive income for the year	-	-10,310	217,208	206,898	-2	206,896
18	Acquisition of treasury shares	-	-	-9,960	-9,960	-	-9,960
18	Sale of treasury shares	-	-	143	143	-	143
30	Distributed dividends	-	-	-103,117	-103,117	-	-103,117
	Dividends, treasury shares	-	-	5,493	5,493	-	5,493
27	Share-based payment	-	-	5,180	5,180	-	5,180
	Changes in equity	**0**	**-10,310**	**114,947**	**104,637**	**-2**	**104,635**
	Equity at 31 December 2009	**7,087**	**2,236**	**1,795,620**	**1,804,943**	**70**	**1,805,013**

See note 30 for a description of reserves available for distribution as dividends and note 17 for specification of distribution of reserves on securities and cash flow hedging.

Notes to the financial statements – contents

Notes

1. Significant accounting policies

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

Dampskibsselskabet NORDEN A/S is a public limited company incorporated in Denmark and is listed on NASDAQ OMX Copenhagen A/S.

The consolidated financial statements of Dampskibsselskabet NORDEN A/S for 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The additional Danish disclosure requirements are set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act and NASDAQ OMX Copenhagen A/S regulations. The consolidated financial statements and this additional information comprise the consolidated annual report.

The annual report for the period 1 January – 31 December 2010 with comparative figures comprises the consolidated financial statements of Dampskibsselskabet NORDEN A/S and its subsidiaries (the Group) and the financial statements of the parent company.

The financial statements of the parent company, Dampskibsselskabet NORDEN A/S, for 2010 have been prepared in accordance with the Danish Financial Statements Act.

In general

The annual report is prepared on the basis of the historical cost convention, with the exception of the following assets and liabilities:

- Derivative financial instruments and financial instruments classified as available for sale, which are measured at fair value.
- Non-current assets and groups of assets held for sale are measured at the lower of carrying amount before the changed classification and fair value less costs to sell.

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

Changes in accounting policies, including presentation and implementation of financial reporting standards

The accounting policies of the consolidated financial statements, including presentation, are unchanged compared to 2009, except for the below.

Pool arrangements

NORDEN has changed its accounting policies with respect to the presentation in the income statement of income and costs from vessels operating in pools. Previously, income from vessels operating in pools was presented on a T/C equivalent basis, i.e. after set-off of direct voyage costs, including bunker oil consumption, commissions and port charges. The presentation has been changed so that, in future, NORDEN's share of income and costs from vessels operating in pools will be recognised proportionately in the income statement, i.e. presented gross rather than net in the item "Revenue". The changed accounting policy does not affect either profit for the year, equity or total assets. The change affects the comparative figures for 2009 and 2010, with the item "Revenue" being increased by USD 80 million and USD 185 million, respectively, and the item "Vessel operating costs" being increased correspondingly. In segment information, the items "Voyage costs" and "Vessel operating costs" have been increased correspondingly.

The change is motivated by the increased use of pool arrangements in 2010, which means that NORDEN finds it relevant to disclose the scope of these activities and their effect on individual financial statement items.

The effect on individual items can be specified as shown in the below table.

New financial reporting standards

NORDEN implemented all new and amended financial reporting standards issued by IASB and adopted by the EU as well as the interpretations that are effective for the financial year 2010. These comprise the financial reporting standards IFRS 1; IFRS 2; IFRS 3; IAS 27 and IAS 39 and the interpretations IFRIC 17 and IFRIC 18 and the annual improvements to existing IFRSs. The implementation of these did not have any impact on NORDEN.

Consolidated financial statements

USD '000	2010 Dry Cargo	2010 Tankers	2009 Dry Cargo	2009 Tankers
Income statement:				
Revenue	96,135	88,860	-	80,120
Vessel operating costs	96,135	88,860	-	80,120
Segment information:				
Revenue – services rendered, external	96,135	88,860	-	80,120
Voyage costs	53,481	86,214		80,120
Charter hire for vessels	42,654	2,646	-	-

Other comparative figures in the annual report have been restated accordingly.

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New financial reporting standards (IAS/IFRS) and interpretations (IFRIC) approved

At 31 January 2011, IASB issued the following new financial reporting standards and interpretations, which are estimated to be of relevance to NORDEN:

- IAS 24 amending the rules on related party disclosures;
- The annual improvements to existing IFRSs, which cause minor amendments to a number of standards.

Other standard amendments issued by IASB, but which are irrelevant to NORDEN, comprise: IAS 32 and the interpretations IFRIC 14 and 19. The above have been adopted by the EU.

In addition to these, IASB has issued the following amendments to standards and new interpretations, which may be relevant to NORDEN, but which have yet to be adopted by the EU.

- IFRS 9 “Measurement and classification of financial assets and liabilities”. The number of categories of financial assets is reduced to 2: “amortised cost” and “fair value”. The classification is determined based on the nature of the business model and characteristics of the instrument, respectively. The new standard partially replaces IAS 39, Financial instruments: Recognition and measurement, and will be effective for financial years beginning on or after 1 July 2013. Its implementation is at present not expected to materially affect NORDEN, but this is subject to further assessment.
- IFRS 7 “Financial Instruments: Disclosures”. Its implementation is not expected to materially affect NORDEN.

NORDEN expects to implement the new standards and interpretations as and when they become mandatory.

Furthermore, IASB has issued changes to IAS 12 which are assessed to be irrelevant to NORDEN. The changes have yet to be adopted by the EU.

Significant accounting choices in accounting policies and significant accounting estimates

In preparing the annual report, NORDEN’s management makes a number of accounting choices and estimates. These are the basis for recognition and measurement of the Group’s and the parent company’s assets, liabilities, income and expenses. The most significant accounting choices and estimates are described below.

Significant choices

Tangible assets

The Group’s choice of historical cost rather than fair value as the basis for measuring tangible assets – vessels – has a material impact on the calculation of the Group’s and the parent company’s results and equity. See the below section ”Tangible assets” for a more detailed description of the Group’s and the parent company’s accounting policies.

Leases

Management’s judgments of whether leases regarding vessels should be classified as finance leases or operating leases are based on an overall assessment of the individual leases. A finance lease is recognised as a non-current asset and as a liability. For leases classified as operating leases, lease payments are generally recognised in the income statement as they are paid. See the below section ”Leases” for a more detailed description of the Group’s and the parent company’s accounting policies.

Recognition of revenue and voyage costs

On recognition of freight income and voyage costs, including net income from pool arrangements, management makes choices as to the start and end dates of voyages, etc. See the below section ”Revenue” for a more detailed description of the Group’s and the parent company’s accounting policies.

Significant accounting estimates

The determination of the carrying amounts of certain assets and liabilities requires judgments, estimates and assumptions about future events.

The applied estimates are based on historical data and other factors that management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Risk factors specific to the NORDEN Group are described in note 2.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

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

Estimates material to the financial reporting are made, among other things, in the calculation of depreciation, amortisation and impairment, the value of receivables, provisions as well as contingent liabilities and assets. The most significant estimates are:

Tangible assets, including vessels and prepayments on vessels and newbuildings

Significant accounting estimates include, among other things, estimates of useful lives, scrap values and impairment on tangible assets.

Impairment test

Management’s assessment of the need for write-downs on vessels and prepayments on newbuildings is based on the cash-generating units (CGUs) in which vessels, etc. are included. This is usually the total fleet within NORDEN’s 2 segments, Dry Cargo and Tankers.

If there are indications that the carrying amount of assets exceeds the value of future cash flows from the assets (recoverable amount), an impairment test must be carried out. The recoverable amount is calculated as the higher value of the net selling price (fair value less cost to sell) and the value in use at continued use.

If the net selling price of the Company's vessels and newbuildings, expressed by the average of 3 broker valuations, is lower than the carrying amounts and cost of newbuildings, an impairment test must be carried out. The impairment test is carried out within NORDEN's 2 cash-generating units, Dry Cargo and Tankers, as the vessels within these 2 segments can usually be handled on a portfolio basis. The impairment test is done by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives including entered COAs, time charters and by using estimated rates on the basis of historical data for uncovered capacity. If the value in use is lower than the carrying amounts, the asset is written down for impairment.

Onerous contracts
In assessing the need for provisions for onerous contracts, management has emphasised that contract performance can usually be achieved through substitution of vessels within the fleet in the segment concerned, and that this is reflected by the disposal of the fleet. For this reason, provisions for each of NORDEN's cash-generating units, Dry Cargo and Tankers, are stated in aggregate.

At 31 December 2010, the carrying amount of these items (tangible assets) was USD 1,338 million (USD 996 million). See also note 11.

Receivables
Receivables are measured at amortised cost less provisions for impairment losses. Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

The financial uncertainty attached to provisions for bad and doubtful debts is considered to have increased due to the economic trends. It is estimated that the provisions made are sufficient to cover any bad debts.

At 31 December 2010, the carrying amount of Group receivables was USD 128 million (USD 135 million). In addition, see note 13.

Deferred tax
At 1 January 2001, NORDEN joined the tonnage tax regime for a binding 10-year period. Based on NORDEN's business plans, the Company expects to continue under the tonnage tax regime after the end of the 10-year period. The contingent tax disclosed in note 9 may crystallise as current tax if the Company leaves the tonnage tax regime, if the Company's net investment in vessels is reduced significantly, or if the Company is wound up.

Contingent assets and liabilities
Information on contingent assets and liabilities and when recognition should be made as asset and liability, respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in considerable claims also include assessments obtained from external advisors including lawyers, among others.

Assets are recognised when it is virtually certain that the claim will have a positive outcome for the Group. A liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. If this is not the case, the matter is stated in the notes to the financial statements. Rulings in connection with such matters may in coming accounting periods produce realised gains or losses which may differ considerably from the recognised amounts or information.

The financial uncertainty tied to the information and the recognised amounts is considered to have significantly increased due to the current economic trends.

In addition, see note 22.

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

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

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

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

Participation in pool arrangements
NORDEN's shipping activities are to some extent conducted through pool arrangements. In pools, revenue and related costs are recognised according to criteria corresponding to those applied by NORDEN. The below principles for the

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recognition of freight income and related costs also apply to pool arrangements. See the section "Revenue".

For vessels operating in pools, the pool's profit is allocated to the pool participants on the basis of an agreed formula. The agreed formula may differ from pool to pool. Generally, the pool profit is allocated to the participants according to the number of days the vessels have been at the pool's disposal, but weighted for the capacity and characteristics of the individual vessels.

Pool arrangements are considered jointly controlled operations. Accordingly, for vessels operating in pools the proportionate share of income and costs is presented as gross amounts in the income statement. For example, the share of revenue in pools is recognised in "Revenue", while the proportionate share of costs in pools, such as direct voyage costs (e.g. bunker oil consumption, commissions and port charges) and charter hire for chartered pool tonnage, is recognised in "Vessel operating costs". Similarly, NORDEN's share of assets and liabilities in pools is recognised, and NORDEN's share of other liabilities, etc. is disclosed in the notes to the financial statements.

NORDEN operates a few pools. As pool operator, NORDEN receives charter commissions to cover its costs in this respect. Commission income is calculated as a fixed percentage of charter/freight income for each individual agreement. The commission income is recognised in the income statement in the item "Other operating income" as the underlying charter/freight agreement is recognised.

Leases

The Group as lessee

Agreements to charter vessels and to lease other tangible assets where substantially all risks and rewards of ownership have been transferred to the Group (finance leases) are recognised in the statement of financial position. Vessels and other tangible assets are recognised at the delivery date at a value corresponding to the present value of the finance charges set out in the agreements, including any purchase options expected to be exercised. For the purpose of calculating the present value, the 0-coupon rate with the addition of an interest margin is used as discount factor. Vessels and other tangible assets acquired under finance leases are depreciated and written down for impairment according to the same accounting policies as assets owned by the Group.

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

Other agreements to charter vessels and other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

The Group as lessor

Agreements to charter out vessels on time charters where substantially all risks and rewards of ownership have been transferred to the lessee (finance leases) are recognised as a receivable in the statement of financial position. The receivable is measured in the same way as the lease liability in cases where the Group is the lessee, as described above.

Other agreements to charter out vessels are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis in the income statement over the terms of the leases.

Foreign currency translation

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

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as "Financial income" or "Financial costs".

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

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

Derivative financial instruments

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

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

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

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

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

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

In determining the fair value of unlisted derivative financial instruments and other financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques. Market-based parameters such as market-based yield curves and forward exchange prices are used for the valuation. For bunker contracts the price is based on observable stock markets, e.g. Rotterdam and Singapore. The value of FFAs is assessed on the basis of daily recorded prices from the Baltic Exchange. For non-current liabilities and other interest rate-based financial instruments, the fair value is based on a discounted value of future cash flows. The 0-coupon rate with the addition of the undertaking's interest margin is used as discount factor.

The fair value of financial assets and liabilities with a maturity of less than 1 year is assumed to approximate their face values less any estimated credit adjustments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

Segment information
Information is provided on the Group's 2 business segments, Tankers and Dry Cargo. The information is based on the Group's organisation, business management and internal financial management, including financial reporting to NORDEN's operative management.

NORDEN's operative management function comprises the Board of Management and the Board of Directors in unison. The Board of Management is responsible for the day-to-day management. The Board of Directors is in charge of strategy, action plans, targets and budgets and the financial and market risk limits, and it supervises the Board of Management. The Board of Management's and Board of Directors' functions and responsibilities are described in further detail in the section "Corporate Governance" in the management's review.

The services offered by NORDEN's Tanker segment comprise transport of crude oil or refined oil products, and the Dry Cargo segment offers transport of bulk commodities such as grain, coal, iron ore and sugar. NORDEN's segments generate revenue consisting of freight income from owned and chartered vessels and management income. Information is not provided by geographical segment because the global market is a unit, and the activities of the individual vessels are not limited to specific parts of the world. Nor does the internal financial reporting for the operative management provide such information. It is therefore not possible to provide geographical segment information on revenue from external customers or non-current assets.

The accounting policies governing the recognition and measurement of the segments are consistent with the policies described for NORDEN in this note. The accounting policies and presentation of segment information for the financial year under review are consistent with those for the previous financial year.

The segment income statement items and their order are consistent with NORDEN's consolidated income statement, except for voyage costs, which are not included in the item "Vessel operating costs" but presented as a separate item, and the segment income statement therefore comprises the subtotal "Contribution margin I". The names and contents of segment assets are consistent with the consolidated statement of financial position. In the internal financial reporting to the operative management, liabilities are not allocated to segments.

There are no inter-segment transactions.

The methods of allocating related assets, liabilities and income statement items to segments are consistent.

The allocation between Tankers and Dry Cargo is as follows:

- The items included in the segment profit, including the share of results of joint ventures, are allocated to the extent that the items are directly or indirectly attributable to the segments. Items that are allocated by both direct and indirect calculation comprise "Staff costs" and "Other external costs". Parts of these items are not attributable, either directly or indirectly, to a segment and are therefore not allocated. For the items allocated by

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indirect calculation, the allocation keys are defined on the basis of each segment's drawings on key resources. Financial income and costs are not allocated as they are considered to relate to NORDEN in general. Tax relating to financials is not allocated. Other non-allocated tax relates to non-allocated non-current assets.
- Non-current segment assets consist of the assets used directly in segment operations, including "Vessels" and "Prepayments on newbuildings" and "Investments in joint ventures".
- Current assets are allocated to segments to the extent that they are directly attributable to these, e.g. "Inventories" and "Freight receivables". Some of the freight receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Non-allocated items are primarily income and expenses and assets relating to the Group's administrative functions, investment activity and similar activities.

NORDEN has no single customer with whom the external revenue exceeds 10% of total revenue.

Income statement

Revenue
Revenue comprises the present value of services rendered, net of discounts. Services rendered comprise freight income, T/C income and management income. Revenue is recognised in the income statement for the financial year as earned. The determination of whether revenue and other operating income is considered earned is based on the following criteria:

- a binding sales agreement has been made;
- the selling price has been determined;
- the service has been rendered before the end of the financial year;
- payment has been received or may reasonably be expected to be received;
- costs incurred or to be incurred in respect of the transaction can be measured reliably and, in respect of freight income other than T/C income, the percentage of completion can be reliably determined.

All freight income and voyage costs are recognised as the freight services are rendered (percentage of completion). The percentage of completion is determined using the discharge-to-discharge method. According to this method, freight income and related costs are recognised in the income statement according to the charter parties from the vessel's departure date to the delivery of the cargo (discharge). The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge (discharge to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs). For voyages in progress at the end of an accounting period that will conclude in a subsequent accounting period, freight income and related costs are recognised according to the percentage of the estimated duration of the voyage concluded at the balance sheet date.

Demurrage is recognised if the claim is considered probable.

For vessels on time charters, that is operating leases, charter hire is recognised over the term of the lease.

Management income is recognised upon receipt of the services in accordance with the management agreements concluded.

Other operating income
Other operating income comprises items of a secondary nature relative to the Group's principal activity. The item mainly relates to management income in connection with the adminstration of pool arrangements. The item, furthermore, comprises rents received.

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

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

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

Profit from the sale of other tangible assets is also included.

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

Financials
Financial income and costs comprise interest, amortisation of financial assets and liabilities, including finance lease liabilities, realised and unrealised exchange rate adjustments, fair value adjustment of forward exchange contracts, market value adjustment of securities and dividends received on shares recognised in securities.

Fair value adjustment of certain hedging instruments
Fair value adjustment of certain hedging instruments comprises changes in the fair values of derivative financial instruments that are used to hedge future bun-

ker purchases and freight income but do not qualify for hedge accounting. As the hedging instruments are realised, the accumulated fair value adjustments are reclassified to the same income statement item as the hedged transaction.

Tax on profit for the year
The Company's current tax consists of tax paid according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for net financial income and other activities. Other activities comprise letting of the Company's domicile and management income. The Company is taxed jointly with the wholly owned Danish subsidiary.

Statement of financial position

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

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

Borrowing costs concerning either specific or general borrowing directly related to qualifying assets with an extended production period are included in cost over the period of construction.

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

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

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

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

Depreciation is not provided for vessels held for sale if the scrap value (the selling price) of the vessels equals or exceeds their carrying amounts. Impairment is made to the selling price if this is lower than the carrying amount. Docking charges relating to vessels recognised in the statement of financial position are added to the carrying amounts of the vessels when incurred. Docking charges are allocated on a straight-line basis over the estimated useful lives of the improvements.

Useful lives and scrap values are reassessed annually.

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

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

For investments in joint ventures, the cash-generating unit is the individual joint venture, and the recoverable amount is usually determined based on value in use.

For vessels, the cash-generating unit is usually the total fleet within the Group's individual segments, and for financial assets (other than investments in joint ventures), it is the individual instrument or investment. For vessels, the recoverable amount is usually determined based on the estimated selling price assessed by external brokers. For financial assets (other than joint ventures), the impairment is based on the selling price. Shares are written down when the decline in value is substantial or long term. Bonds are written down when there are objective indications of loss (suspension of payments, bankruptcy, etc.). In both cases, the selling price is used as a basis because active markets exist.

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

In the Group's statement of financial position, the Group's share of the net asset value of joint ventures is thus included in the item "Investments in joint ventures", calculated on the basis of the Group's accounting policies and after deduction or addition of the Group's share of any unrealised intra-group gains or losses.

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents are measured in the statement of financial position at nominal value.

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

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

Vessels classified as held for sale are not depreciated.

Assets and directly related liabilities are recognised in separate items in the statement of financial position. The items are specified in the notes to the financial statements.

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

Statement of changes in equity

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

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

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

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

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

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

Provisions for onerous contracts are recognised when a loss on performance of the contract is unavoidable. In each of the 2 cash-generating units, Dry Cargo and Tankers, the vessels are operated collectively. The cash-generating units are identical to the reporting segments. Contract performance can usually be achieved by substitution of vessels in the fleet within the 2 cash-generating units, Dry Cargo and Tankers. The unavoidable loss is assessed in consideration of this possibility. The provision is measured at the lower of the net cost of contract performance and damages payable on termination of the contract. Provisions for onerous contracts are recognised in the income statement in the item “Vessel operating costs”.

Deferred tax
The parent company entered the Danish tonnage tax regime for shipping enterprises with binding effect for a period of 10 years as from 2001. Based on the parent company’s planned use of vessels and recovery of recaptured depreciation, respectively, the tonnage tax regime does not result in a liability, hence it does not result in any deferred tax in the statement of financial position. The liability is merely a contingent liability. The amount of contingent tax is stated in note 9.

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

Financial liabilities
Bank debt is recognised at the time of contracting the loans at the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest at the inception of the loan, to the effect that the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan. Commission paid to set up a credit facility is recognised as transaction costs to the extent that it is probable that the facility will be utilised. To the extent that it is not probable that the facility will be partially or fully utilised, commission is recognised as a prepayment for making the facility available and amortised over the term of the credit facility.

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

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

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

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

Prepayments and deferred income are measured at nominal value.

Consolidated statement of cash flows

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

Positive amounts indicate inflows, whereas negative amounts indicate outflows.

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

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

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payment of dividends to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise marketable securities with a term of less than 3 months and cash not subject to significant limits to its availability.

Notes

2. Risk management

Active risk management plays a central role in NORDEN's strategy to ensure stable earnings. The Company's risk management efforts are aimed at minimising potential negative effects on earnings from commercial and financial activities and at limiting risks to acceptable levels.

It is NORDEN's policy to assume material risks only in relation to the freight markets and related risks. Other risks are mitigated as far as possible either through diversification, guarantees or by hedging the exposure when future risks are known.

The framework and objectives governing NORDEN's risk management are set out and approved annually by the Board of Directors. The framework covers commercial risks, financial risks and capital management risks. The Board of Management is responsible for identifying material risks and developing the Company's risk management strategies. Exposures and the utilisation of the framework are reported to the Board of Directors on a monthly basis.

NORDEN's overall risk management policies are unchanged from last year.

Commercial and financial risks
NORDEN's activities expose the Company to a number of risk factors, the most significant of which are assessed to be:

- freight rate volatility, affecting vessel values and the vessels' earning capacity;
- credit risk on customers in relation to COAs and T/C contracts;
- credit risk on banks and shipyards in relation to deposits and prepayments on newbuildings, respectively.

As the first two of these risk factors relate to future earnings and therefore do not have any direct impact on the Company's financial position at year-end 2010, these risks are discussed below in the section "Commercial risks". Risk factors relating to items already included in the financial position at year-end 2010 are discussed in the section "Financial risks".

Commercial risks
Freight rate risks (commercial)
Purchasing and chartering vessels imply a risk as the Company assumes a financial liability in expectation of an inflow of income which is dependent on the freight market. To limit the uncertainty relating to earnings, the future open ship days are covered by COAs, T/C contracts and financial instruments.

Coverage in 2011 constituted, at the end of 2010, a total value of USD 666 million for Dry Cargo and Tankers, corresponding to 85% and 36% coverage of capacity, respectively. Earnings on the remaining 15% and 64% of capacity in Dry Cargo and Tankers, respectively, are directly exposed to the future level of freight rates. A 10% drop in freight rates at the end of 2010 would, all other things being equal, result in a drop in expected future earnings for 2011 of USD 19 million (a drop of USD 22 million).

For further information, see the section on capacity and coverage in the management's review.

Vessel price risks (commercial)
One of NORDEN's most material risks relates to fluctuations in freight rates and vessel prices and the resulting changes in the value of the Company's owned vessels and charter parties with purchase options. At the end of 2010, the Company had 51 owned vessels and newbuildings and 58 charter parties with purchase options. The change in the value of owned vessels will directly affect the Company's estimated Net Asset Value (NAV), while a change in the value of charter parties with purchase options will only affect the Company's theoretical NAV.

Based on the portfolio of owned vessels and charter parties with purchase options as well as market prices at the end of 2010, a simultaneous 10% decline in vessel prices and the freight rate curve would cause the Company's theoretical NAV to drop by USD 359 million (USD 341 million). On the contrary, a 10% rise in prices and freight rates would cause the theoretical NAV to increase by USD 364 million (USD 328 million).

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

Credit risks (commercial)
NORDEN mitigates its credit risks through systematic credit assessment of counterparties and through regular monitoring of counterparties' creditworthiness.

The Company's Credit Risk Desk (CRD) monitors counterparties in close collaboration with the commercial departments.

The CRD uses information from external credit rating agencies, publicly available information and its own analyses. All counterparties are given an internal rating, which is used in determining whether the Company wishes to do business with the counterparty and, if so, the allowed scope of the commitment. Ratings range from A to D, A being the best category, which typically comprises counterparties with strong and transparent financial positions, available financial information and good reputations. Conversely, the Company does not enter into contracts with counterparties rated D. The creditworthiness of counterparties is assessed on an ongoing basis, and ratings are updated accordingly. The Company's internal ratings are not identical to the ratings issued by the international credit rating agencies.

The Company's largest commercial credit exposure is with counterparties in COAs and T/C contracts and totalled USD 1,637 million (USD 1,367 million) at the end of 2010. In 2011, coverage of known ship days in Dry Cargo involves

167 counterparties of which the 5 largest accounted for 41% of the covered revenue in the segment at the beginning of 2011. In Tankers, coverage is allocated on 43 counterparties, and the 5 largest counterparties represent 74% of the covered revenue.

Financial risks

The table on page 66 provides an overview of financial credit and market risks, including market risks associated with fluctuations in foreign exchange rates and interest rates.

Liquidity risks

In order to ensure sufficient cash reserves, it is the Company's policy that cash should at least equal the Company's payment obligations 1 year ahead. The size of these obligations is calculated on an ongoing basis and adjusted according to the profit forecast for the year and profit projections for future years, market outlook, the availability of attractive investment opportunities and the Company's future liabilities on and off the statement of financial position. See also the section on capital management below.

Capital management risks

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

The Group's equity ratio (excluding minority interests) was 89% (89%) at the end of 2010. This significant equity ratio should be considered relative to the Company's future payment obligations in the form of operating lease liabilities (T/C contracts) and payments for newbuildings not recognised in the statement of financial position.

As part of the management of NORDEN's capital structure, the Company's gearing, defined as net commitments relative to equity, is monitored on a monthly basis. The Board of Directors sets out a limit for this ratio, and in 2010, the ratio was not to exceed 1.5. At year-end 2010, the ratio of net commitments to equity was 0.2 (0.4). Please see the statement on page 7 in the management's review.

Net commitments are measured as the difference between the present value of total future T/C liabilities, payments to shipyards, instalments on loans less expected future contractual freight and T/C payments received and cash and cash equivalents.

Other operational risks (commercial)

Insurance

The operation of vessels is exposed to a number of risks. In terms of value, the most material events covered by insurance are oil spills and total loss (lost value of owned vessels, value of purchase options and charter parties). The Company covers these risks by taking out insurances with recognised international insurance companies. The Company further minimises these risks by operating a modern fleet and by investing in the maintenance of the vessels and in staff awareness of both external and internal environments.

IT

The IT Department has established a technical emergency capacity with an IT environment distributed on 2 locations with twinned critical systems. This emergency capacity is consistent with the management's chosen alert level, which is to be able to ensure emergency operation within 4, 24 or 168 hours, depending on the system. Also, the Company has established an IT Disaster Recovery Plan involving the entire organisation and supporting the IT Department in setting up emergency operations as soon as possible after a disaster.

Notes

Overview of financial risks

Credit risks	Nominal value 2010	Nominal value 2009	Comments on NORDEN's policy
Bank deposits	USD 558 million	USD 687 million	The Company's liquidity is for the most part placed with financial institutions with a Moody's rating of at least Aa or equivalent. Minor deposits may for short periods be placed with financial institutions with a Moody's rating of minimum A.
Bonds	USD 37 million	USD 25 million	A minor part of the Company's free capital is invested in securities, which as a minimum have a BBB rating in accordance with S&P ("investment grade") or a Moody's rating of Baa3.
Prepayments to yards (including joint ventures)	USD 400 million	USD 462 million	Newbuilding contracts with shipyards are mainly entered into with repayment guarantees issued by banks with good ratings. Of prepayments to yards of USD 400 million (USD 462 million) guarantees of USD 383 million (USD 445 million) have been obtained.
Freight receivables	USD 83 million	USD 77 million	The credit rating of counterparties is assessed on an ongoing basis.
FFAs	Sold net USD 83 million	Sold net USD 97 million	To limit credit risk, the Company's FFA contracts are only entered into through established clearing houses as these have daily margin settlement.
Bunker swaps	USD 159 million	USD 118 million	The Company's bunker swaps are entered into with financial institutions and with major, recognised business partners with good credit ratings. ISDA agreements are also entered into, ensuring continuous collateral.

Market risks	Nominal value 2010	Nominal value 2009	Sensitivity	Comments on NORDEN's policy
Freight rate risks (FFAs)	Sold net USD 83 million	Sold net USD 97 million	A 10% drop in freight rates at year-end would impact net profit by USD 7 million (USD 11 million).	The Company only uses FFA contracts to cover physical ship days. Regardless that they provide effective financial hedging, FFAs do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Bunker price risks	USD 159 million	USD 118 million	A 10% drop in bunker prices at year-end would negatively impact net profit by USD 17 million (negative impact of USD 14 million).	The Company only uses bunker swaps to cover its future known bunker consumption when entering into COAs. Regardless that they provide effective financial hedging, the swaps do not qualify for hedge accounting and are therefore recognised separately in the income statement.
Currency risks	USD 84 million	USD 39 million	A 10% change in the DKK and JPY exchange rates at year-end 2010 would impact net profit by USD 9 million (USD 4 million) and USD 0 million (USD 0 million), respectively, and equity by USD 0 million (USD 0 million) and USD 1 million (USD 4 million), respectively.	The Group's functional currency is USD. Currency risks therefore arise in connection with transactions in currencies other than USD, including administrative expenses in DKK, dividends in DKK, consideration paid for vessels purchased, typically in JPY, and investment of excess liquidity in DKK. The Company's exposure to other currencies than DKK and JPY is insignificant.
Interest rate risks			Based on the Group's liquidity and debt at year-end 2010, a 1% increase in interest rates would, all other things being equal, impact profit before tax by USD 6 million (USD 7 million).	The Company's interest rate risks relate to interest-bearing assets and non-current debt liabilities. At the end of 2010, the majority of the Company's excess liquidity was placed in short-term fixed-interest deposits. Moreover, the Company's loans were entered into at fixed rates, and the Company's interest rate risks are therefore limited. A minor share of the Company's liquidity is placed mainly in floating-rate bonds.

Note	Amounts in USD'000	Dry Cargo	Tankers	Not allocated	Total
3	**Segment information 2010**				
	Revenue – services rendered, external	1,946,160	243,446	0	2,189,606
	Voyage costs	-530,496	-86,816	0	-617,312
	Contribution margin I	**1,415,664**	**156,630**	**0**	**1,572,294**
	Other operating income, net	3,316	140	0	3,456
	Charter hire for vessels	-1,107,957	-118,703	0	-1,226,660
	Other vessel operating costs	-22,649	-17,464	0	-40,113
	Other external costs	-8,628	-1,713	-2,634	-12,975
	Staff costs	-30,395	-18,685	-7,362	-56,442
	Profit before depreciation, etc. (EBITDA)	**249,351**	**205**	**-9,996**	**239,560**
	Profits from the sale of vessels, etc.	28,150	0	-2	28,148
	Depreciation	-21,750	-25,145	-2,642	-49,537
	Share of results of joint ventures	4,163	209	0	4,372
	Profit from operations (EBIT)	**259,914**	**-24,731**	**-12,640**	**222,543**
	Fair value adjustment of certain hedging instruments	30,384	0	0	30,384
	Financial income	0	0	6,328	6,328
	Financial costs	0	0	-8,480	-8,480
	Tax for the year	-5,549	-381	-43	-5,973
	Profit for the year	**284,749**	**-25,112**	**-14,835**	**244,802**
	Vessels	472,555	407,775	0	880,330
	Prepayments on vessels and newbuildings	344,281	57,603	0	401,884
	Property and equipment	1,554	0	54,072	55,626
	Investments in joint ventures	31,306	3,919	0	35,225
	Non-current assets	**849,696**	**469,297**	**54,072**	**1,373,065**
	Current assets	**215,094**	**20,494**	**641,828**	**877,416**
	– hereof tangible assets held for sale	35,377	0	0	35,377
	Assets	**1,064,790**	**489,791**	**695,900**	**2,250,481**
	Investments in non-current assets for the year	394,784	167,957	2,983	565,724
	Average number of employees, excluding employees on T/C vessels	325	323	19	667
	Profit margin	13%	-10%	-	10%
	Return on assets	24%	-5%	-	10%

Material non-cash expenses included in the segment results other than depreciation solely consist of activity-specific fluctuations in trade payables, other payables and recurring material expenses such as provisions, bonuses, bad debts, etc.

In addition, see note 1 – section on segment information.

In the revenue is included USD 78 million resulting from compensation received from counterparties regarding terminated T/C agreements and COAs.

Notes

Note	Amounts in USD'000	Dry Cargo	Tankers	Not allocated	Total
3	**Segment information 2009**				
	Revenue – services rendered, external	1,516,336	239,647	0	1,755,983
	Voyage costs	-450,110	-80,586	0	-530,696
	Contribution margin I	**1,066,226**	**159,061**	**0**	**1,225,287**
	Other operating income, net	793	225	0	1,018
	Charter hire for vessels	-865,851	-136,506	0	-1,002,357
	Other vessel operating costs	-21,951	-11,822	0	-33,773
	Other external costs	-10,208	-1,258	-2,396	-13,862
	Staff costs	-30,242	-13,362	-7,062	-50,666
	Profit before depreciation, etc. (EBITDA)	**138,767**	**-3,662**	**-9,458**	**125,647**
	Profits from the sale of vessels, etc.	69,505	70	1	69,576
	Depreciation	-17,463	-15,402	-3,229	-36,094
	Impairment – tangible assets held for sale	-3,400	0	0	-3,400
	Share of results of joint ventures	234	731	0	965
	Profit from operations (EBIT)	**187,643**	**-18,263**	**-12,686**	**156,694**
	Fair value adjustment of certain hedging instruments	60,764	0	0	60,764
	Financial income	0	0	15,302	15,302
	Financial costs	0	0	-8,227	-8,227
	Tax for the year	-5,021	-311	-1,995	-7,327
	Profit for the year	**243,386**	**-18,574**	**-7,606**	**217,206**
	Vessels	203,352	294,261	0	497,613
	Prepayments on vessels and newbuildings	414,218	28,308	0	442,526
	Property and equipment	1,115	0	54,726	55,841
	Investments in joint ventures	27,229	4,541	0	31,770
	Non-current assets	**645,914**	**327,110**	**54,726**	**1,027,750**
	Current assets	**238,254**	**20,549**	**745,145**	**1,003,948**
	– hereof tangible assets held for sale	54,547	0	0	54,547
	Assets	**884,168**	**347,659**	**799,871**	**2,031,698**
	Investments in non-current assets for the year	261,307	41,700	2,202	305,209
	Average number of employees, excluding employees on T/C vessels	329	241	17	587
	Profit margin	12%	-8%	-	9%
	Return on assets	21%	-5%	-	8%

Material non-cash expenses included in the segment results other than depreciation solely consist of activity-specific fluctuations in trade payables, other payables and recurring material expenses such as provisions, bonuses, bad debts, etc.

In addition, see note 1 – section on segment information.

Note	Amounts in USD'000	2010	2009
4	**Fees to auditor appointed at the annual general meeting**		
	"Other external costs" includes the following fees to PricewaterhouseCoopers:		
	Audit	283	292
	Other assurance services	36	69
	Tax consultancy	74	43
	Other services	361	218
	Total	**754**	**622**
5	**Staff costs**		
	Onshore employees:		
	Wages and salaries	27,927	26,444
	Pensions – defined contribution plans	1,565	1,702
	Other social security costs	1,591	1,174
	Share-based payment	3,741	5,180
	Total	**34,824**	**34,500**
	Seamen:		
	Wages and salaries	19,599	14,329
	Pensions - defined contribution plans	1,506	1,391
	Other social security costs	513	446
	Total	**21,618**	**16,166**
	Total	**56,442**	**50,666**
	Average number of employees, onshore employees	222	223
	Average number of employees, seamen	445	364
	Total	**667**	**587**

The average number of employees excludes employees on T/C vessels.

	2010			**2009**		
	Parent company Board of Directors	Parent company Board of Management	Other executives	Parent company Board of Directors	Parent company Board of Management	Other executives
Wages and salaries	933	3,313	4,730	980	2,556	4,328
Pensions – defined contribution plans	0	0	338	0	0	343
Other social security costs	0	1	9	0	1	10
Share-based payment	0	651	969	0	923	1,630
Total	**933**	**3,965**	**6,046**	**980**	**3,480**	**6,311**

The Board of Management and a number of executives are covered by bonus and severance schemes. Parts of the bonuses awarded in 2009 and 2010 are subject to employment continuing in 2011-2013 and future earnings and will be recognised in those years. For a more detailed description of the bonus schemes, see the section "Remuneration policy" in the management's review.

If members of the Board of Management or 4 executives resign in connection with a takeover of the Company, e.g. if the Company merges with or in any other way is combined with one or more companies outside NORDEN, a special severance payment will be paid for a 1-year notice period, corresponding to 1 year's salary (2 years' salary for the Board of Management) in addition to the usual salary.

See also note 27, which comprises a description of share-based payment.

Notes

Note	Amounts in USD'000	2010	2009
6	**Fair value adjustment of certain hedging instruments**		
	Fair value adjustment of derivative financial instruments that do not qualify for hedge accounting amounts to:		
	Bunker hedging:		
	2009	0	35,850
	2010	-4,290	22,482
	2011	4,609	8,347
	2012	2,144	4,645
	2013	343	496
	2014	158	201
		2,964	72,021
	Realised fair value adjustment reclassified to "Vessel operating costs"	-5,138	27,660
		-2,174	**99,681**
	Forward Freight Agreements:		
	2009	0	-18,246
	2010	764	-19,314
	2011	15,149	997
	2012	1,282	0
		17,195	-36,563
	Realised fair value adjustment reclassified to "Revenue"	15,750	-904
		32,945	**-37,467**
	Credit default swaps	-387	-1,450
		-387	**-1,450**
	Total	**30,384**	**60,764**
7	**Financial income**		
	Dividends	3	8
	Interest income	6,293	15,294
	Gain on sale of shares	32	0
	Total	**6,328**	**15,302**
8	**Financial costs**		
	Interest costs, non-current debt, etc.	2,565	2,671
	Net loss on interest rate swaps	0	1,743
	Loss on forward exchange contracts	222	0
	Exchange rate adjustments, net	5,693	3,813
	Total	**8,480**	**8,227**

Note	Amounts in USD'000	2010	2009
9	**Taxation**		
	Tax on the profit for the year	5,930	7,432
	Adjustment of tax regarding previous years	43	-105
	Total	**5,973**	**7,327**
	Tax on the profit for the year is broken down as follows:		
	Profit before tax	250,775	224,533
	of which under the tonnage tax scheme	-76,810	-840
		173,965	223,693
	Calculated tax of this, 25%	43,491	55,923
	Tax effect from:		
	– Higher/lower tax rate in subsidiaries	-41,520	-51,375
	– Profits from the sale of vessels	1,069	731
		3,040	**5,279**
	Tonnage tax	2,890	2,153
	Total	**5,930**	**7,432**
	The Company joined the tonnage tax scheme on 1 January 2001 for a binding period of 10 years.		
	If the Company's net investments in vessels decrease noticeably or if the Company is wound up, the contingent tax from before the Company joined the tonnage tax scheme will crystallise.		
	Contingent tax under the tonnage tax scheme	18,544	18,544
	Contingent tax is calculated at 25% equalling the current tax rate.		
10	**Earnings per share (EPS)**		
	Basic:		
	Profit for the year for NORDEN's shareholders	244,804	217,208
	Weighted average number of shares (thousand)	41,985	42,086
	Earnings per share (USD per share)	**5.83**	**5.16**
	Diluted:		
	Weighted average number of shares (thousand)	41,985	42,086
	Adjusted for share options (thousand)	85	93
	Weighted average number of shares for diluted earnings per share (thousand)	42,070	42,179
	Diluted earnings per share (USD per share)	**5.82**	**5.15**

Notes

Note Amounts in USD'000

11 Tangible assets

2010	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
Cost at 1 January	569,023	66,606	442,526	1,078,155
Additions for the year	298,399	2,982	264,343	565,724
Disposals for the year	-3,367	-185	-87	-3,639
Transferred during the year	249,902	0	-242,982	6,920
Transferred during the year to tangible assets held for sale	-134,448	0	-54,996	-189,444
Transferred during the year to other items	0	0	-6,920	-6,920
Cost at 31 December	979,509	69,403	401,884	1,450,796
Depreciation at 1 January	-71,410	-10,765	0	-82,175
Depreciation for the year	-46,379	-3,158	0	-49,537
Reversed depreciation on vessels disposed of	3,366	146	0	3,512
Transferred during the year to tangible assets held for sale	15,244	0	0	15,244
Depreciation at 31 December	-99,179	-13,777	0	-112,956
Carrying amount at 31 December	**880,330**	**55,626**	**401,884**	**1,337,840**

Capitalised borrowing costs on vessels USD 0 million. Amount insured on vessels USD 1,235 million.

2009	Vessels	Property and equipment	Prepayment on vessels and new-buildings	Total
Cost at 1 January	488,697	64,173	397,836	950,706
Additions for the year	39,161	2,551	263,497	305,209
Disposals for the year	0	-118	0	-118
Transferred during the year	187,746	0	-187,746	0
Transferred during the year to tangible assets held for sale	-146,581	0	-30,827	-177,408
Transferred during the year to other items	0	0	-234	-234
Cost at 31 December	569,023	66,606	442,526	1,078,155
Depreciation at 1 January	-51,832	-7,210	0	-59,042
Depreciation for the year	-32,484	-3,610	0	-36,094
Reversed depreciation on vessels disposed of	0	55	0	55
Transferred during the year to tangible assets held for sale	12,906	0	0	12,906
Depreciation at 31 December	-71,410	-10,765	0	-82,175
Carrying amount at 31 December	**497,613**	**55,841**	**442,526**	**995,980**

Capitalised borrowing costs on vessels USD 0 million. Amount insured on vessels USD 772 million.

See note 23 for security provided for vessels.

Note	Amounts in USD'000	2010	2009
12	**Joint ventures**		
	Cost at 1 January	22,771	22,771
	Cost at 31 December	22,771	22,771
	Value adjustments at 1 January	8,999	8,084
	Share of results for the year	4,372	965
	Dividends paid	-917	-50
	Value adjustments at 31 December	12,454	8,999
	Carrying amount at 31 December	**35,225**	**31,770**

Investments comprise:	Ownership share	Share of results of joint ventures		Carrying amount	
		2010	**2009**	**2010**	**2009**
Norient Product Pool ApS	50%	199	719	3,889	4,520
Norient Cyprus Ltd.	50%	9	12	29	21
ANL Maritime Services Pte. Ltd.	50%	45	79	131	171
Nord Summit Pte. Ltd.	50%	4,157	-132	18,535	14,379
Nord Empros I Pte. Ltd.	50%	-10	144	2,471	2,481
Nord Empros II Pte. Ltd.	50%	-9	149	2,477	2,486
Nord Empros III Pte. Ltd.	50%	-19	-6	7,693	7,712
Total		**4,372**	**965**	**35,225**	**31,770**
Hereof profits from the sale of vessels		4,276	0		

	2010	2009
Guarantees regarding joint ventures	0	18,688
Liabilities regarding joint ventures	29,232	40,209
Key figures (100%) for joint ventures:		
Revenue and other income	19,242	11,382
Costs	10,497	9,508
Non-current assets	14,115	35,379
Current assets	60,800	51,643
Non-current liabilities	0	8,300
Current liabilities	5,780	18,309

No significant restrictions apply to distributions from joint ventures.

Notes

Note	Amounts in USD'000	2010	2009
12	**Joint ventures – continued**		
	Jointly controlled operations The Group participates in jointly controlled operations in the form of pool arrangements. See note 1, accounting policies. Jointly controlled operations comprise the following pools: Norient Product Pool Norient Short Term Tank Pool Norient Post-Panamax Pool Norient Handysize Pool NORDEN acts as manager of the 2 last-mentioned pools. The following is an overview of NORDEN's total liabilities and coverage in respect of jointly controlled operations in the event that other pool partners are unable to meet their obligations.		
	Share of unrecognised liabilities for which the partners are jointly and severally liable	**5,591**	**5,434**
	Future operating lease liabilities:		
	Within 1 year	5,519	0
	Total*	**5,519**	**0**
	Future COAs:		
	Within 1 year	35,800	25,360
	Between 1 and 5 years	28,772	12,917
	After 5 years	67,545	0
	Total*	**132,117**	**38,277**
	Future operating lease income:		
	Within 1 year	131,479	117,485
	Between 1 and 5 years	65,296	56,050
	After 5 years	0	0
	Total*	**196,775**	**173,535**

There are no other contribution requirements or significant contingent liabilities in relation to jointly controlled operations.

* Note 21 and 24 "Operating lease liabilities" and "COAs and operating lease income" include NORDEN's expected share hereof.

In addition, the Group and the parent company participate in normal profit sharing agreements (joint venture operations) on 28 vessels where profit sharing for the vessels is 50%. No contribution requirements or significant contingent liabilities are related to joint ventures or profit sharing agreements.

Note	Amounts in USD'000	2010	2009
13	**Receivables**		
	Freight receivables	89,782	81,115
	Provisions for bad debts	-7,215	-4,470
	Freight receivables, net	82,567	76,645
	Receivables from joint ventures	726	0
	Other receivables	44,722	58,041
	Total	**128,015**	**134,686**
	The fair value of receivables amount to:		
	Freight receivables	82,567	76,645
	Receivables from joint ventures	726	0
	Other receivables	44,722	58,041
	Total	**128,015**	**134,686**
	Development in write-downs on freight receivables:		
	Write-downs at 1 January	-4,470	-4,342
	Applied during the year	2,620	1,104
	Reversed	300	2,989
	Addition during the year	-5,665	-4,221
	Total	**-7,215**	**-4,470**
	Freight receivables which have been written down in provision for bad debts amount to:	8,515	5,870
	Freight receivables due which have not been written down in provision for bad debts amount to:		
	– due for less than 3 months	7,108	7,741
	– due for more than 3 months	0	0
	Total	**7,108**	**7,741**
	Loss on other receivables and receivables from joint ventures is not expected, and thus, no write-downs have been made.		
	Regarding freight receivables, the Company usually has the opportunity to use the cargo as security. See also note 2.		
	The carrying amount of receivables is distributed on the following currencies:		
	USD	123,343	120,895
	DKK	1,510	10,033
	Other currencies	3,162	3,758
	Total	**128,015**	**134,686**
14	**Securities**		
	Shares	2,633	2,583
	Bonds	35,517	21,980
	Total	**38,150**	**24,563**

Notes

Note	Amounts in USD'000	2010	2009
15	**Cash and cash equivalents**		
	Demand deposits and cash in hand	44,758	61,512
	Money market investments	508,940	619,193
	Other cash and cash equivalents	20,873	30,179
	Cash and cash equivalents according to the statement of financial position	**574,571**	**710,884**
	– Hereof restricted cash and cash equivalents	0	8,300
	Cash and cash equivalents according to the statement of cash flows	**574,571**	**702,584**
	Money market investments at year-end have maturities of up to	269 days	181 days
	In connection with trading in derivative financial instruments, NORDEN has established margin accounts with Norwegian Future and Options Clearing House (NOS), UBS Limited and Danske Bank in the form of cash. At 31 December, cash held in margin accounts placed as security amounted to	16,197	15,311
16	**Tangible assets held for sale**		
	Carrying amount at 1 January	54,547	46,852
	Additions for the year to tangible assets held for sale	97,277	227,462
	Additions for the year from prepayments on vessels and newbuildings	54,996	30,827
	Additions for the year from vessels	119,203	133,675
	Disposals for the year	-290,646	-380,869
	Impairment for the year	0	-3,400
	Carrying amount at 31 December	**35,377**	**54,547**
	Which can be specified as follows:		
	Vessels	35,377	35,558
	Newbuildings	0	18,989
	Total	**35,377**	**54,547**
17	**Reserves**		
	Securities:		
	Fair value adjustment at 1 January	-705	-3,638
	Fair value adjustment for the year, net	429	2,933
	Fair value adjustment at 31 December	-276	-705
	Cash flow hedges:		
	Fair value adjustment at 1 January	2,941	16,184
	Fair value adjustment for the year	5,009	-7,830
	Transferred to the income statement (vessel operating costs)	0	-262
	Transferred to vessels	-670	-5,151
	Fair value adjustment at 31 December	7,280	2,941
	Total	**7,004**	**2,236**

Reserve for securities:
Unrealised fair value adjustments of listed securities denominated in foreign currencies and bonds are recognised through "Total comprehensive income" under equity until realised.

Note	Amounts in USD'000

18 Equity

The share capital consists of 44,600,000 shares of a nominal value of DKK 1 each. No shares are subject to any special rights or restrictions.

Treasury shares

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
1 January	2,556,495	2,212,606	2,556	2,212	5.73	4.96
Acquired	0	380,000	0	380	0.00	0.85
Distributed/sold	-31,675	-36,111	-32	-36	-0.07	-0.08
31 December	**2,524,820**	**2,556,495**	**2,524**	**2,556**	**5.66**	**5.73**

The Company is authorised by the general meeting to acquire a maximum of 4,460,000 treasury shares, equal to 10% of the share capital. Treasury shares are among other things acquired for the purpose of share-based payment. See note 27.

In 2010, the Company distributed 31,675 employee shares with an average value of DKK 4,991 thousand (USD 859 thousand) from the Company's portfolio of treasury shares.

In 2010, Vækstfonden released 188,460 shares against payment of DKK 43,647 thousand (USD 7,566 thousand). The shares have been lodged as security for fees to Vækstfonden in connection with employees' exercise of share options under the Company's share option programme.

In 2009, the Company acquired 380,000 treasury shares with a value of DKK 57,000 thousand (USD 9,960 thousand) and distributed 29,211 employee shares with an average value of DKK 4,602 thousand (USD 792 thousand). Furthermore, the Company sold 6,900 shares at a price of DKK 801 thousand (USD 143 thousand).

At 1 January 2010, the Company had a total of 42,043,505 outstanding shares of DKK 1 each, and at 31 December 2010, a total of 42,075,180 outstanding shares of DKK 1 each.

		2010	**2009**
19	**Bank debt**		
	Interest-bearing liabilities include bank debt, which is included in the following items:		
	Current portion of non-current debt within 1 year	43,757	5,187
	Non-current liabilities between 1 - 5 years	14,666	58,423
	Total	**58,423**	**63,610**
	Mortgages and security provided in relation to liabilities are disclosed in note 23.		
	Interest-bearing liabilities amount to:		
	Carrying amount:		
	– Fixed-rate loans	58,423	63,610
	Total	58,423	63,610
	Fair value:		
	– Fixed-rate loans	60,313	66,353
	Total	60,313	66,353
20	**Liabilities relating to tangible assets held for sale**		
	Prepayments received on sold vessels and newbuildings	7,324	38,425
	Total	**7,324**	**38,425**

Notes

Note Amounts in USD'000

21 Operating lease liabilities

Operating lease payments in the form of charter hire including daily operating costs recognised in the income statement are disclosed in note 3.

Leases have been entered into with a mutually interminable lease period of up to 12 years. Some leases include an option to renew for 1 additional year at a time for up to 3 years. Leases may also include purchase options, typically exercisable as from the end of the third year to the expiry of the period of renewal. Exercise of the purchase option on the individual vessel is based on an individual assessment. None of the leases comprise contingent lease payments.

	2010			2009		
	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total
Within 1 year	439,398	114,080	553,478	410,605	111,811	522,416
Between 1 to 5 years	948,464	214,219	1,162,683	1,004,080	235,373	1,239,453
More than 5 years	457,679	72,585	530,264	535,307	119,001	654,308
Total	**1,845,541**	**400,884**	**2,246,425**	**1,949,992**	**466,185**	**2,416,177**

For information on ship days distributed on years, please see capacity and coverage in the management's review. For information on the Company's charter parties with purchase option, see "Fleet development" and "Fleet values" in the management's review.

		2010	2009
22	**Unrecognised contingent assets and liabilities**		
	Contingent assets		
	The Group has raised claims against third party regarding non-performance of cargo contracts. The Group and its legal advisors consider the claims to be justified and probable. There is uncertainty as to when the claims will be settled as well as the financial result hereof. No recognition hereof has been made as the existence of the assets is dependent on several uncertain future events, which are beyond the control of the Group, and therefore, it is virtually certain that it is not an asset.	10,600	25,750
	Contingent liabilities		
	Guarantee commitments do not exceed	244	249
	The Company has entered into agreements for future delivery of newbuildings and purchase options, etc. The total contract amount is payable as follows:		
	Within 1 year	291,707	378,871
	Between 2 and 3 years	106,422	245,000
	Total	398,129	623,871
	Claims have been made against the Group, primarily concerning discharge responsibility and broker fees. The Company and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages. The maximum risk is assessed to be	1,300	15,077
23	**Mortgages and security**		
	As security for bankdebt	58,423	63,610
	a total number of vessels of	4	4
	with a carrying amount of	86,430	91,581
	have been mortgaged at	85,580	85,580

Note Amounts in USD'000

24 COAs and operating lease income

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

	2010			2009		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	253,128	10,242	263,370	196,880	11,824	208,704
Between 1 to 5 years	248,587	2,301	250,888	248,737	6,151	254,888
More than 5 years	120,896	0	120,896	140,629	0	140,629
Total	**622,611**	**12,543**	**635,154**	**586,246**	**17,975**	**604,221**

The Group has operating lease income amounting to:

	2010			2009		
	Dry Cargo	**Tankers**	**Total**	**Dry Cargo**	**Tankers**	**Total**
Within 1 year	202,056	55,199	257,255	189,288	53,839	243,127
Between 1 to 5 years	312,688	15,433	328,121	256,640	26,552	283,192
More than 5 years	133,485	0	133,485	12,648	0	12,648
Total	**648,229**	**70,632**	**718,861**	**458,576**	**80,391**	**538,967**

The above includes NORDEN's expected share of COAs and operating lease income. See note 12.

25 Financial instruments – hedge accounting

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

	Contractual value		Recognised in equity at 31 December	
	2010	**2009**	**2010**	**2009**
Cash flow hedging, purchase of vessels in JPY				
Forward exchange contracts, gain/loss	22,289	29,552	5,180	2,736
Fixed-term deposits, gain/loss	0	0	2,100	205
Total	**22,289**	**29,552**	**7,280**	**2,941**

Gains and losses on cash flow hedging transactions regarding forward exchange contracts taken to the fair value reserve are recognised in the statement of financial position at the same time as the hedged item as addition to/a deduction from cost. Recognition will take place up until 2011.

For the use of future payments in JPY, the Group has exchanged USD and placed JPY in fixed-term deposits. The money is dedicated as coverage of single payments in relation to the purchase of vessels.

Notes

Note	Amounts in USD'000	2010	2009
26	**Related party disclosures and transactions with related parties**		
	The Group has no related parties controlling NORDEN.		
	Subsidiaries are shown in note 31.		
	Related parties include the Board of Directors, Board of Management and executives as well as their close relatives. Related parties also include companies in which the above persons have significant interests as well as companies and foundations which have direct or indirect considerable influence through shareholdings.		
	In addition, related parties include joint ventures in which NORDEN has significant influence, see note 12.		
	Trading and accounts with related parties comprise:		
	Sale of goods and services		
	– joint ventures	2,211	1,649
	Dividends from		
	– joint ventures	917	50
	Interest expenses		
	– joint ventures	56	0
	Amounts owed by related parties		
	– joint ventures	726	0
	Debt to related parties		
	– joint ventures	35,896	6,580
	– Board of Directors, Board of Management and executives	2,727	4,258
	Dividends paid to related parties		
	– Board of Directors, Board of Management and executives	125	211
	– A/S Motortramp	14,772	27,401
	– POLYSHIPPING AS	6,070	11,259
	– D/S Orients Fond	553	1,025

Guarantees are mentioned in notes 12 and 22.

Accounts with related parties are related to operation, are unsecured and with usual interest rates.

The emoluments, remuneration and share-based payment of the Board of Directors, Board of Management and other executives are disclosed in notes 5 and 27.

No other transactions took place during the year with the Board of Directors, Board of Management, executives, major shareholders or other related parties.

Note Amounts in USD'000

27 **Share-based payment**

Employee shares

In connection with the employee share scheme for 2010, NORDEN granted 96 shares to all employees who either had, or during the course of 2010 would attain, at least 1 year's seniority. A total of 31,675 shares were granted. The price per share at the grant date was DKK 236.03. The fair value of the granted employees shares, which were expensed, in 2010 amounted to USD 1,306 thousand (USD 1,283 thousand).

Share option programme – 2007

On 27 March 2007, the Board of Directors granted share options comprising a total of 458,300 shares to a number of executives. The options are exercisable from 27 March 2009 to 27 March 2011 and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise.

The share options may be exercised after at least 2 years and no more than 4 years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of illness and death.

Upon joining the Company at 1 September 2007, the former CFO was awarded a total of 42,000 share options by the Board of Directors. The options are exercisable from 1 September 2009 to 1 September 2011, and give the holder the right to purchase one share per option at an exercise price determined as the 5-day average of the market price with the addition of an effective interest rate of 8% p.a. until the exercise date. In connection with resignation, it was agreed that final right of the options was acquired.

Share option programme – 2008

On 10 March 2008, the Board of Directors granted share options comprising a total of 446,100 shares to a number of executives. The options are exercisable from 10 March 2010 to 10 March 2012 and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise. Upon exercise, the Board of Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

The share options may be exercised after at least 2 years and no more than 4 years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of illness and death.

Share option programme – 2009

On 9 March 2009, the Board of Directors granted share options comprising a total of 379,175 shares to a number of executives. The options are exercisable from 9 March 2012 to 9 March 2015 and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise. Upon exercise, the Board of Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

The share options may be exercised after at least 3 years and no more than 6 years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of illness and death.

Share option programme – 2010

On 9 March 2010, the Board of Directors granted share options comprising a total of 350,000 shares to a number of executives. The options are exercisable from 9 March 2013 to 9 March 2016 and each entitles the holder to acquire one share at an exercise price which will be determined as the 5-day average of the market price following the grant, less all dividend payments after the grant date and plus an effective interest rate of 8% p.a. until any exercise. Upon exercise, the Board of Management and some of the executives must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. If the employee already owns shares, this can be included in the determination of the investment amount.

The share options may be exercised after at least 3 years and no more than 6 years from the grant date. The exercise of share options by the members of the Board of Management and other executives is subject to their continued employment with the Company at the exercise date. Special terms apply in case of illness and death.

Notes

Note Amounts in USD'000

27 Share-based payment – continued

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

	2010	2009
	Number of options	Number of options
Outstanding at 1 January	1,203,655	831,380
Granted during the period	350,000	379,175
Lapsed during the period	-45,386	0
Exercised during the period	0	-6,900
Total	**1,508,269**	**1,203,655**

Outstanding shares are composed as follows at 31 December 2010:

	Number of shares			
	Management	Executives	Other executives	Total
Granted 27 March 2007	94,780	198,920	84,000	377,700
Granted 1 September 2007	0	0	42,000	42,000
Granted 10 March 2008	72,440	166,320	133,680	372,440
Granted 9 March 2009	102,009	171,009	97,011	370,029
Granted 9 March 2010	89,044	159,988	97,068	346,100
Outstanding at 31 December 2010	**358,273**	**696,237**	**453,759**	**1,508,269**

	Per option, DKK			
	Exercise price at 31 December 2010	Allocation price	Number of options	Exercise period
Granted 27 March 2007	296.70	275.79	377,700	27/3 2009 – 27/3 2011
Granted 1 September 2007	592.42	508.84	42,000	1/9 2009 – 1/9 2011
Granted 10 March 2008	528.90	478.86	372,440	10/3 2010 – 10/3 2012
Granted 9 March 2009	155.99	155.03	370,029	9/3 2012 – 9/3 2015
Granted 9 March 2010	249.34	241.13	346,100	9/3 2013 – 9/3 2016
Outstanding at 31 December 2010			**1,508,269**	

The fair value of granted share options in 2007, 2008, 2009 and 2010 amounts to USD 2.9 million, USD 7.8 million, USD 2.9 million and USD 3.3 million, respectively, and is recognised in the income statement over the vesting period and set off against equity. The expense for the year is USD 2,435 thousand (USD 3,897 thousand).

The calculated fair value at the grant date is based on the Black-Scholes option valuation model. The calculation of the fair values of options granted in 2008, 2009 and 2010 was based on the following assumptions:
– That all options are granted and that the options are exercised at the earliest opportunity.
– A volatility of 42.3% (2008), 59.4% (2009) and 50.4% (2010).
– A dividend of 3500% (2008), 500% (2009) and 500% (2010).
– A risk-free interest rate of 3.7% (2008) 2.21% (2009) and 1.67% (2010).
– A revaluation of the strike price of 8% p.a. so that it is only the increase in value in addition to this which will be rewarded.

The expected volatility is based on the historical volatility (calculated at the weighted average remaining term of granted share options) adjusted for expected changes hereto as a result of publicy available information.

The expected term is based on the historical term of previously granted share options.
The assumed dividend per share is based on historical dividends.
The risk-free interest rate is based on Danish government bonds.

Total share-based payment
The recognised costs for the year of employee shares and share options amount to USD 3,741 thousand (USD 5,180 thousand).

Note Amounts in USD'000

28 Liquidity risk

The terms to maturity of financial assets and liabilities are disclosed by category and class, distributed on maturity periods. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined based on a 0-coupon interest structure. All cash flows are undiscounted.

	2010				
	Maturities				
	Within 1 year	Between 1 to 3 years	More than 3 years	Total	Carrying amount
Financial assets at fair value through profit or loss					
Forward exchange contracts, payments received[1)]	26,494	-	-	26,494	5,180
Forward exchange contracts, payments made[1)]	-21,314	-	-	-21,314	-
Bunker contracts[1)]	9,036	5,092	359	14,487	14,487
Forward Freight Agreements[1)]	12,629	1,282	-	13,911	13,911
Total	26,845	6,374	359	33,578	33,578
Financial liabilities at fair value through profit or loss					
Forward exchange contracts, payments received[1)]	355,320	-	-	355,320	-
Forward exchange contracts, payments made[1)]	-365,069	-	-	-365,069	-9,749
Bunker contracts[1)]	-840	-361	-	-1,201	-1,201
Credit default swaps[1)]	-569	-1,142	-	-1,711	-1,835
Total	-11,158	-1,503	-	-12,661	-12,785
Loans and receivables measured at amortised cost					
Cash and cash equivalents	574,571	-	-	574,571	574,571
Freight receivables	82,567	-	-	82,567	82,567
Receivables from joint ventures	726	-	-	726	726
Other receivables	44,722	-	-	44,722	44,722
Total	702,586	-	-	702,586	702,586
Financial liabilities measured at amortised cost					
Bank debt*	-45,260	-15,053	-	-60,313	-58,423
Payables to joint ventures	-35,896	-	-	-35,896	-35,896
Trade and other payables	-119,257	-	-	-119,257	-119,257
Total	-200,413	-15,053	-	-215,466	-213,576
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Shares[2)]	2,633	-	-	2,633	2,633
Bonds[2)]	10,000	19,300	8,000	37,300	35,517
Total	12,633	19,300	8,000	39,933	38,150

Notes

Note Amounts in USD'000

28 Liquidity risk – continued

	2009				
	Maturities				
	Within 1 year	Between 1 to 3 years	More than 3 years	Total	Carrying amount
Financial assets at fair value through profit or loss					
Forward exchange contracts, payments received[1)]	323,668	24,277	-	347,945	12,435
Forward exchange contrracts, payments made[1)]	-313,221	-22,289	-	-335,510	-
Bunker contracs[1)]	11,128	6,467	696	18,291	18,291
Forward Freight Agreements[1)]	1,824	-	-	1,824	1,824
Total	23,399	8,455	696	32,550	32,550
Financial liabilities at fair value through profit or loss					
Forward exchange contracts, payments received[1)]	11,026	-	-	11,026	-
Forward exchange contrracts, payments made[1)]	-11,032	-	-	-11,032	-6
Bunker contracts[1)]	-1,700	-1,132	-	-2,832	-2,832
Forward Freight Agreements[1)]	-	-3,518	-	-3,518	-3,518
Credit default swaps[1)]	-568	-1,711	-	-2,279	-1,448
Total	-2,274	-6,361	-	-8,635	-7,804
Loans and receivables measured at amortised cost					
Cash and cash equivalents	710,884	-	-	710,884	710,884
Freight receivables	76,645	-	-	76,645	76,645
Other receivables	25,491	-	-	25,491	25,491
Total	813,020	-	-	813,020	813,020
Financial liabilities measured at amortised cost					
Bank debt*	-7,687	-60,725	-	-68,412	-63,610
Trade and other payables	-75,754	-	-	-75,754	-75,754
Total	-83,441	-60,725	-	-144,166	-139,364
Financial assets which do not constitute a part of the cash resources					
Financial assets available for sale:					
Shares[2)]	2,583	-	-	2,583	2,583
Bonds[2)]	1,000	24,000	-	25,000	21,980
Total	3,583	24,000	-	27,583	24,563

Note Amounts in USD'000

28 Liquidity risk – continued

Financial instruments measured at fair value are divided in accordance with the following accounting hierarchy:
- Level 1: Observable market prices of identical instruments.
- Level 2: Valuation models primarily based on observable prices or trading prices of comparable instruments.
- Level 3: Valuation models primarily based on non-observable prices.

1) The fair value of NORDEN's forward exchange contracts and other derivative financial instruments (commodity instruments) is considered fair value measurement at level 2 as the fair value can be determined directly on the basis of the published exchange rates and forward interest rates and prices on the balance sheet day.
2) Fair value measurement of shares and bonds is at level 1 as the fair value is determined on the basis of share prices.

* The fair value of bank debt calculated as the present value of expected future repayments and interest payments amounts to USD 60,313 (USD 66,353). As discount rate at the calculation of present value, a zero-coupon interest with similar maturities has been used. The fair value of other items corresponds to the carrying amount. Bank debt relates to loans from Export-Import Bank of China/Nordea. The loans are repayable over 5 years from conclusion. The interest rate is 3.96%, including guarantee commission.

29 Change in working capital

	2010	2009
Inventories on board vessels	-14,357	-8,098
Freight and other receivables, etc.	30,791	108,394
Trade and other payables, etc.	53,209	-51,227
Fair value adjustments of hedging instruments taken to equity	4,339	-13,245
Total	**73,982**	**35,824**

30 Dividends

The amount available for distribution as dividends comprises:	938,920	919,716

Dividends paid in 2010 and 2009 amount to USD 55,621 thousand (DKK 7 per share) and USD 103,117 thousand (DKK 13 per share), respectively. The proposed dividend for 2010 is USD 63,563 thousand (DKK 8 per share). The proposed dividend for 2010 will be considered on the annual general meeting on 11 April 2011. The proposed dividend has not been recognised in the financial statements.

31 Subsidiaries

Consolidated subsidiaries comprise:	Ownership share	Ownership share
NORDEN Shipping Pte. Ltd., Singapore	100%	100%
NORDEN Tankers & Bulkers Inc., USA	100%	100%
NORDEN Tankers & Bulkers Ltd., Brazil	100%	100%
NORDEN Tankers & Bulkers Pvt. Ltd., India	100%	100%
Normit Shipping S.A., Panama	51%	51%
Nortide Shipping III Ltd., Bermuda – dormant company	100%	100%

32 Events after the balance sheet date

See page 16 in the management's review.

Definitions of key figures and financial ratios

The financial ratios were computed in accordance with “Recommendations and Ratios 2010” issued by the Danish Society of Financial Analysts. However, NORDEN deviates from the recommendation in the calculation of EBITDA as the Company does not recognise gains and losses from sale of vessels in EBITDA. This item is included in the operating profit (EBIT).

The ratios listed in the key figures and ratios section were calculated as follows:

Return on invested capital (ROIC)	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Average invested capital}}$
Return on assets	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Total assets at year-end}}$
Share price at year-end per DKK 1 share	=	The last-quoted average price on NASDAQ OMX Copenhagen A/S for all trade in the Company share at the balance sheet date
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation
EBITDA-ratio	=	$\frac{\text{EBITDA x 100}}{\text{Net revenues}}$
Return on equity in % (ROE)	=	$\frac{\text{Profit or loss for the year x 100}}{\text{Average equity, excluding minority interests}}$
Book value per DKK 1 share	=	$\frac{\text{Year-end equity, excluding minority interests}}{\text{Number of shares at year-end, excluding treasury shares}}$
Invested capital	=	Equity including minority interests + net interest-bearing debt at year-end
Price/intrinsic value	=	$\frac{\text{Share price at year-end per DKK 1 share}}{\text{Intrinsic value per DKK 1 share}}$
Net Asset Value (NAV) per share	=	$\frac{\text{Equity, excluding minority interests + added value of vessels and vessels on order relative to year-end carrying amounts}}{\text{Number of shares at year-end, excluding treasury shares}}$
Net interest-bearing debt	=	Interest-bearing debt less cash, cash equivalents and securities, at year-end
Profit margin	=	$\frac{\text{Profit or loss from operations x 100}}{\text{Net revenues}}$
Payout ratio	=	$\frac{\text{Dividend (excl. treasury shares) x 100}}{\text{Profit or loss for the year, excluding minority interests}}$
Net profit per DKK 1 share	=	$\frac{\text{Profit or loss for the year}}{\text{Number of shares at year-end, excluding treasury shares}}$
Equity ratio	=	$\frac{\text{Equity at year-end, excluding minority interests x 100}}{\text{Total assets}}$
Dividend yield	=	$\frac{\text{Dividend per share x 100}}{\text{Share price}}$
USD exchange rate at year-end	=	The USD exchange rate quoted by the National Bank of Denmark at year-end

Technical terms and abbreviations

A

ACM Shipbroking company.

B

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

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

Bloomberg Provider of financial news and data.

Bunker Fuel used by the vessel.

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

C

Capesize Bulk carrier of more than 150,000 dwt. capacity.

Carbon Disclosure Project Organisation registering company data, particularly on CO_2.

Charter party Lease or freight agreement between shipowner and charterer.

Clarksons Shipbroking company.

CO_2 Carbon dioxide.

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

Commercial management Agreement on operating a vessel for the account and risk of the shipowner.

Contract of Affreightment See COA.

Core fleet Owned vessels and vessels on long-term charters with purchase option.

Coverage Percentage indicating the part of ship days that are employed.

CSR (Corporate Social Responsibility) Companies' social responsibility.

D

Double-hulled vessel Vessel with both an outer and an inner hull. Gives extra protection in case of collision, for example.

Dry cargo vessel (bulk carrier) Vessel with no twin-deck, used for bulk transport of grain, coal, ore, sugar and cement.

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

E

EBIT Earnings Before Interest and Tax.

F

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

H

Handymax Bulk carrier of 40,000-60,000 dwt. capacity.

Handysize Bulk carrier of 25,000-40,000 dwt. capacity or product tanker of 27,000-42,000 dwt. capacity.

I

IAS International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organisation – shipping organisation under the UN.

K

KPI Key Performance Indicator.

L

Long-term charter Agreement to charter a vessel for a period of more than 3 years.

LR1 (long range) tanker Product tanker of 60,000-75,000 dwt. capacity.

M

MOEPS Master's Operations Environmental Performance System.

MR (medium range) tanker Product tanker of 42,000-60,000 dwt. capacity.

MSI Maritime Strategies International Ltd.

N

NO_x The nitrogen oxides NO and NO_2.

O

OECD Organisation for Economic Co-operation and Development.

P

Panamax Bulk carrier of 65,000-82,500 dwt. capacity.

Pool Group of vessels with different owners but commercially operated together.

Post-Panamax Bulk carrier of 85,000-120,000 dwt. capacity.

Product tank Transport of refined oil products, including gasoline, jet fuel, naphtha, diesel and gas oils.

Propulsion resistance The effect required by the main engine to push the vessel through the water. The force increases with the vessel's speed and growths and irregularities on the vessel's hull.

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

R

ROE Return on equity.

ROIC Return on invested capital.

R.S. Platou Shipbroking company.

S

Ship days Total number of days with available vessel capacity.

Short-term charter Agreement to charter a vessel for a period of less than 3 years.

SO_x The sulphur dioxides SO and SO_2.

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

SSY Shipbroking company.

Strike value Agreed option price.

T

Tanker Vessel transporting liquid cargo such as crude oil and refined oil products.

T/C (timecharter) Lease of a vessel whereby the vessel is hired out for a short or long period.

T/C (timecharter) equivalent Freight revenues minus bunker consumption and port charges.

Technical management Agreement to manage a vessel's technical operations and crew for the account and risk of the shipowner.

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

Tramp trading Voyages without fixed routes – unlike line trading, where the routes are predetermined.

U

UN Global Compact The UN's social charter for enterprises, etc.

USDA United States Department of Agriculture.

V

Vetting An audit of the safety and performance status of a tanker vessel made by all major oil companies prior to entry into a charter party.

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