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WAVES

JULY 2009



CEO
Lars Vang Christensen

Wei Ji

Any crisis holds inherent opportunities and they must taken advantage of.

Readers of this magazine will know that herring shipping is cooperating closely with a Chinese shipyard on a long-term newbuilding program. Also, herring shipping has an office in Singapore and vessels which are operating in the Pacific on a permanent basis. Herring shipping's physical presence in Asia is one way of reflecting that as a player in the international transport industry we must think and act globally. My objective of this introduction is to bring some Chinese aspects into this Waves edition.

The occasion is the global economic recession which has recently hit all corners of the transport industry, including our niche within the tanker and product tanker market. The Chinese expression for the word "crisis" is written by two signs "wei ji", usually being translated to "danger" and "opportunity", respectively. And the two words have an interesting connection which reflects a way of thinking, which could be worth giving a thought.

It is obvious that there is an element of danger in a crisis. It might go wrong. However, the sign "ji" also signals that changes might occur, that there are opportunities and that you must wake up from your daily routines and find new ways.

Therefore, "ji" is also on the herring shipping agenda

when it comes to dealing and coping with the actual situation and the intensified impact of the global recession in some areas. The markets in our niche are reacting with an extensive and unprecedented, historic volatility and nervousness. Our approach is clear, however we must act when the market shows danger signals by trimming the structure and reducing our costs. Also, we must constantly pay attention to our customers' expectations as well as to new business opportunities.

Our customers remain the focal point to us, and in every single detail he must feel that herring shipping is a professional and reliable business partner easy to do business with.

Therefore and on an ongoing basis, projects with focus on costs and internal processes must ensure a fleet which reflects the market, eliminates unnecessary costs and protects herring shipping's competitiveness. These steps are all essential elements in our efforts to maintain and enhance our objective to ensure herring shipping's further development. **All staff is kindly requested to pay full attention to these projects.**

With its modern fleet herring shipping is well prepared to cope with the immediate challenges. Our fleet has an average age of less than 4 years and thus counts among the absolutely youngest fleet within the product

WAVES TEAM

Publisher: herring shipping a.s.
Theresavej 1
DK-7400 Herning
Ph.: +45 9626 6666
Fax: +45 9626 6699
dk@herring-shipping.com
www.herring-shipping.com

Editors: Lars Vang Christensen
Kurt H. Jørgensen
Karen Christoffersen
Graphic design: Spectrum reklame:marketing
Print: Strandbygaard Grafisk A/S

and chemical tanker market having an average fleet age of about 12 years. Our fully certified fleet profile indicates high quality with build-in flexibility and comfort.

- A fleet which meets the highest quality standards of the international oil majors.

Although a major part of herring shipping's 2009 employment is based on long-term contracts, we are also subject to cyclical fluctuations for example in the spot markets, changed transport requirements, unprecedented low spot rates, counterpart risk and nervousness from shippers etc. It would therefore be wrong to ignore these facts, and we will therefore continue to ensure that our fleet is matching realistic market conditions and needs.

On the other hand we have committed ourselves to a proactive agenda. That is to take advantage of our young and specialized fleet in combination with a professional and competent staff of employees. And to be outgoing, committed, prepared for change and to be innovative. Thus let me conclude this editorial with another Chinese proverb:

"When the winds of change are blowing, some are building windbreaks, others are building windmills."



Lars Vang Christensen
CEO

New Board of Directors of the Danish Shipowner's Association

Lars Vang Christensen appointed Chairman of the Board of the Danish Shipowners' Association.

At the annual general meeting on 14 May 2009 Lars Vang Christensen, CEO and co-owner of herring shipping a.s., was appointed new Chairman of the Board of the Danish Shipowners' Association, replacing

Torben Janholt, CEO of J. Lauritzen A/S.

"Herring shipping and I are sincerely pleased by the appointment and I look very much forward to serving as Chairman for an association which continuously seek to fulfill our members aspiration and requirements. Also, I look forward to a close and constructive cooperation with our members, the Board of Directors and the competent staff of the Association", says Lars Vang Christensen.



The new Board of the Danish Shipowners' Association (from left) Søren Skou, A.P. Møller – Mærsk; Carsten Mortensen (vice chairman), D/S Norden; Lars Vang Christensen (chairman), herring shipping a.s.; Niels Smedegaard, DFDS; Peter Bjerregaard, Danish Shipowners' Association; Torben Janholt, J. Lauritzen A/S and Mikael Skov, TORM



Technical Manager
Tom Bach Mortensen

Newbuilding program trimmed

Two new vessels delivered to herning shipping from a newbuilding program trimmed to match the market situation.

Regular visits to the Nantong Mingde Shipyard have been a natural part of Technical Manager, Tom Bach Mortensen's working life for several years. And it will continue to be so, he assures. Herning shipping and the Chinese shipyard are enjoying a mutually constructive and professional cooperation. Tom Bach Mortensen believes that the shipyard is pleased to be cooperating with herning shipping, which counts among the shipyard's first customers and thus indirectly caused the shipyard to initially extend its capacity.

For our part and since the beginning of the cooperation with the shipyard herning shipping has experienced reliable and regular deliveries of vessels contributing considerably to the renewal of the company's tonnage during recent years.

Early spring 2009 another two vessels were delivered to herning shipping namely m/t Karina Theresa and m/t Annelise Theresa. The two 8.000 dwt vessels are num-

ber four and five out of a planned series of 10 vessels.

m/t Karina Theresa was delivered in March and left the yard bound for Kunak in Malaysia, an area known for its production of palm oil. Thus, the tanks of the vessel were loaded with palm oil and this first cargo was destined for Kandala in India. From there the vessel sailed to Europe where it is now being in operation.

With captain Mukesh Kumar Singh in charge the second vessel, m/t Annelise Theresa left the yard in Nantong on its first voyage bound for Belawan in Indonesia, where it was loaded with palm oil destined for Yizheng in China. The vessel had another two cargos in the same area and is now operating in European waters.

- Our fine relationship and cooperation with the yard have made it easier to continuously assess and make adjustments to the design, building procedures etc. Hence, experience gained when building the first vessels have been incorporated into the following building process. But I wish to stress that there has not been many corrections, and this really underlines that already initially the quality has met our requirements,

says Tom Bach Mortensen. He now looks forward to the delivery of vessel number six this autumn.

Furthermore, the excellent cooperation between the shipyard and herning shipping has facilitated good and constructive discussions in respect to the global economic and financial recession which is currently putting pressure on the world trade and thus also on the pro-

m/t Annelise Theresa and m/t Karina Theresa





duct tanker business. We have agreed to prolong the current newbuilding program and postpone deliveries of the next new vessels. This agreement ensures a stable employment situation for the yard and reliable deliveries of vessels for herning shipping.

- Usually, a long-term contract provides an option to make adjustments as things are progressing, and we now making use of this option. In the light of the current global recession and the changed market situation it would be highly unfavourable for us not to trim and adjust the newbuilding program.

On the other hand, herning shipping will continue to be strongly ambitious and to pursue the renewal of our tonnage also in the future. There is no change of plan in that respect, says Tom Bach Mortensen.

Recently, the regular visits from Herning to China were repaid by the Chinese shipyard. Apart from visiting the head office of herning shipping the Chinese delegation had an opportunity to visit the Danish Shipowners' Association at a meeting which was also attended by the Chinese Embassy in Denmark.



Top management from Nantong Mingde Shipyard and China Chengdu Trading House at herning shipping head office

Namegiving of two Newbuildings

On 23 April 2009 herning shipping celebrated the namgiving of two tanker newbuildings from the Nantong Mingde Shipyard in China. The two sophisticated 8.000 dwt IMO II chemical tankers were named Annelise Theresa and Tina Theresa, respectively.

The Godmothers were Annelise Nielsen, married to

Group CFO Svend Erik Nielsen, and Tina Vig Nissen, married to MD Torben Vig Nissen, herning shipping asia pte ltd, Singapore.

The Godmothers wish the two vessels and their crew safe and prosperous sailing in the future!

Godmothers and guests after the ceremony





The traveling Workshop

- How is it? Is the baton passed from staff members ashore to colleagues at sea or vice-versa – and which category do I belong to? These questions are being asked by Georg Nolsøe Joensen. Officially, he is employed as one out of three colleagues in the Workshop in Herring, however he is in practice working more at sea than ashore. - In that sense, I suppose that I am a true sailor, he concludes.

Georg Nolsøe Joensen is the man, who confirms the saying that people from the Faroe Islands must go for a sail at some point in life. Already at age 13, he defied his parents' wishes that he got himself an education, and immediately after primary school he signed on a Faroese trawler bound for Icelandic waters. Later, he signed off to have an education as a mechanic with Ford in the Faroe Islands. With a commercial driver's license and certificates as a welder and a diver in his toolbox, Georg has traveled far and wide, for example to the Norwegian offshore industry, until he started working with herring shipping.

- The Workshop at "Krøjgård", situated outside of Herring and thus close to the herring shipping head office, is my base. As I have many travel days – more than 200 a year, I think – it could as well be a port somewhere in Europe.

- But I have settled down here. I live with my family in

a nice house in Kibæk, south of Herring, and we feel comfortable there. And it is close to herring shipping and the Workshop, where I spend my working days, when I am not on a job on board one of our vessels.

- I must say, that my work in the Workshop has changed in course of the time. Previously, our work was primarily focused on building up a stock of various spare parts. We used to have an engine, a cargo pump or some other spare parts in stock, and when a vessel was in a port or dock we simply just replaced the used spare part by one from our stock. Available time was spent in the Workshop repairing and maintaining parts and make them ready for replacement when required.

- Today our vessels have increased in size, and mostly it is not possible to move parts from one place to the other like we used to. This means, that repairs and maintenance works are mostly carried out on the spot and in practice when the vessel is in operation. I use to say that I always know in which port I sign on, whereas I only seldom know where and when the voyage ends.

- I have two colleagues at the workshop. Erik Fredsgaard is in charge of the daily operation and handling of the stock and supplies to the vessels, whereas Torben Meyer and I concentrate on jobs on board our vessels. Occasionally, Torben Meyer and I work on the same job. But usually we work alone on a

Quiz



Jenna wrote all the numbers from 300 to 400 on a piece of paper.

How many times did she write the digit 3?



Answer to the quiz to be forwarded to the editorial office to e-mail: kc@herring-shipping.com.

Answer to the latest Waves edition quiz

The correct answer to the quiz is: The breath is light as a feather, and even the strongest man can't hold it for much more than a minute.

The winners are: Eigil Schmidt, master at m/t Sofie Theresa, and Laurence Cussen, ACM H & D. They will each receive three bottles of red wine from the editorial office.

job and that means in cooperation with the crew of the vessel and some time also with external assistance.

- For example when a newbuilding arrives European port, she has been in operation for some months. It is then time for a service check and to carry out fine-tuning and adjustments in order to adapt the vessel to future cargos and to meet our customer requirements. Because the vessels are being new, external expertise from the yard or other suppliers is usually required. In that case we act as a coordinator and a supervisor, and we work with our own repairs at the same time.

- Our work is a success, if the vessel does not notice our presence on board. It is our aspiration that the vessel can transport her cargo as unaffected as possible, and we therefore accommodate our working day to

the routines of the vessel. The vessel determines our schedule, and we are always ready to leave for a job on short notice. Our focus is on the job until it has been completed, - says Georg Nolsøe Joensen and at the same time explains why long working days are usual at sea.

Apart from watching film and sports on TV, he does not seek to distract life very much. - I have seen all ports, he says. And he is very pleased with his recent job on board m/t Charlotte Theresa. On board this vessel you find the most well-equipped fitness room in the fleet, and Georg was a frequent user of this facility.

Finally, I am pleased to pass the baton to Kristian Normann Olesen, Nantong Site Team.



*Georg Nolsøe
Joensen
at the
Workshop*



CFO
Svend Erik Nielsen

Financial Results for 2008 for herring shipping group

The herring shipping group ended 2008 with a net profit of DKK 51 million. The fleet's operating profits met expectations. The consolidated results are slightly below expectations, among other things as a result of delivery of a vessel sold by an associated company being postponed and loss of a considerable supplier of tonnage.

The Company's annual general meeting in April 2009 expressed their satisfaction with the results achieved in a market with increasing volatility and uncertainty on the financial markets.

In 2008 herring shipping sold two older vessels and took delivery of one 11.000 dwt newbuilding from China. The fleet operated by the beginning of 2009

has an average fleet age of 3.8 years, and is thus well prepared for the future. After closure of the financial year herring shipping has taken delivery of another 4 newbuildings.

- In 2008 we have simplified our administration and structure of the Company. Being previously a ship-owning entity with underlying partnership structures, we have now completed a number of mergers in order to combine the shipowning activities in Denmark in one company, says CFO Svend Erik Nielsen.

- This has facilitated a good platform for us to effectively operate in the future, Svend Erik Nielsen concludes.

Honorary Citizen of Herning

Herring shipping's founder, Vitta Theresa Lysgaard, was appointed the fourth but first female Honorary Citizen of Herning at an official ceremony at the Townhall of Herning on 23 March 2009.

The appointment as Honorary Citizen of Herning is a recognition and acknowledgment of Vitta Theresa Lysgaard's career as a strong and innovative Danish business woman, founder of a Herning based inter-

nationally working company and of her significant contribution to Herning's sports and cultural activities.

Congratulations to Vitta Theresa Lysgaard with this fine recognition!



*Vitta Theresa Lysgaard
and mayor Lars Krarup*



2009 – a challenging Year

Like most of the world also herring shipping has experienced a rough 1st half of 2009.

The effect of the unexpected and global recession is clearly reflected in cargo volumes, and all links in the supply chain have suffered and will continue to suffer one way or the other from its impact. This crisis is a global phenomenon and must also be solved globally, however for the present we must all act to the fact that the recession has triggered an unavoidable strong pressure on the rate levels and thus made the task of running product and chemical tankers within the small tank niche very challenging.

That charterers benefit from a market like this is understandable, unavoidable and in reality a result of traditional supply/demand market forces. Nevertheless, it is surprising to see how some major long-term players in the market of small chemical carriers have spared no efforts in squeezing the rates to levels at which the running of modern sophisticated and safe vessels are not just challenging - but in reality impossible to make a sustainable business from. That some of these players are being prepared to charter in vessels, even on long-term contracts, at levels below the mere running costs - with one hand - and requesting an ever increasing quality service - with the other hand - is an incomprehensible and untenable situation!

On the positive side, we at herring shipping are pleased and grateful to see that the majority of herring shipping's long-term contract partners have continued to honour the agreements and the professional relationships which have been built during the past many years of fruitful cooperation and business relationship.

By the end of 2008 herring shipping sold one of our older and used vessels. M/t Grete Theresa has now been delivered to local buyers in New Caledonia after many years of operation in the Pacific. Also, we have reduced our fleet during the initial 6-7 months of the year by redelivering time charter vessels - primarily due to operational changes and/or considerable delays in respect to the agreed date of delivery. Newbuildings scheduled to be delivered from our newbuilding program will however to some extent make up for this immediate shortfall. The number of vessels operated by our fleet by the end of 2009 is currently expected to be below 2008 level.

For the remaining 6 months of 2009 we anticipate the markets, which seem to have recently started to stabilize, to show some improvements following the positive signals in the global economy. An increased protectionism and the bank situation as such may have a less favourable impact on the recovery of the economic situation, however we believe that by the beginning of 2010 we will be approaching a situation both on the charterers' and the owners' side where sustainable business is possible for all parties - although there will always be some degree of discrepancy in the way a market is valued from one side to the other, and likely we will never reach a situation where a market is declared satisfactory for all.

Herring shipping takes this opportunity to thank our loyal customers for the firm commitment and the professional and focused way of handling the temporary uncertainty in the market and the global recession.

We wish you a great summer!



H.S.E.Q. Manager (DPA)
Tim Engell Pedersen

Performance Improvement

Focus on quality and overall performance has been a fundamental element for herring shipping since the Company was founded in 1963. The targeted areas for improvements are closely linked to the sphere of operation, market as well as current and coming customer requirements which all have herring shipping's full attention. Currently, the following two areas are – among others – being targeted.

Sustainable Cost Improvement Program (SCIP)

As a part of the ongoing development of herring shipping, as well as our continuous focus on strengthening our competitiveness and coping with the current global financial challenges, all cost areas are reviewed on a regular basis to ensure a sustainable cost level. In addition, the recent fleet expansion has facilitated synergy for reviewing the cost areas.

The fleet's trading area is constantly expanding, and hence our business scope is developing in an increasingly complex and global way. One of the current initiatives is to adapt our operation to these challenges and to improve the procedures for provision purchase and supply in order to optimize and improve both the supply chain as well as to provide us with a volume based cost picture. The new setup is currently being introduced in some parts of the fleet and will be fully implemented in the entire fleet by the end of 2009.

Quality Improvement Program (QIP)

Based on recent years' performance evaluations and trends, it was decided to introduce a quality improvement program by the beginning of 2009 with a view to strengthen our overall performance. The QIP have lead to several alterations, securing a stronger control of the performance improvement, such as procedure changes and a more clear distinguished follow up on performance deviations.

The vetting results are one of the KPI's (Key Performance Indicators) which clearly reflects the performance. After introduction of the QIP, a significant improvement has been noted initially – thus it will require continuous strong focus to maintain an ongoing positive development. The achievements are of course due to hard and dedicated work by our staff – ashore and at sea - and we thank you all for your efforts.

Previous improvement programs within safety and environmental areas have proven to be long-term effective and again not least due to our dedicated and committed staff.



Board of Directors

Klaus Kjærulff has been appointed new member of the Board of Directors.

Klaus Kjærulff started his career in the East Asiatic Company, following 32 years working in D/S TORM in various management positions and for the last decade as Chief Executive Officer. Apart from having served as deputy chairman of the Board of the Danish Shipowners' Association Klaus Kjærulff is member of the board of directors of ICC Denmark, SKULD, Norske Veritas and the Trade Council of Denmark. Lately, Klaus Kjærulff was appointed Chairman of Nordic Tankers A/S. Also, Klaus Kjærulff acts as Honorary Consul for Malaysia.

Lars Vang Christensen, CEO of herning shipping comments: - I am very pleased to welcome Klaus Kjærulff on board. The board of Directors and the management of our company look very much forward to a close cooperation with Klaus Kjærulff. We feel confident, that Klaus Kjærulff's extensive management experience and customer relations from

within the shipping industry will positively contribute to the further development of herning shipping.

- The business of herning shipping builds upon a long history and a strong and reliable brand in the market, and I look forward to join the Board of Directors of herning shipping and to cooperate with the Board and top management of the Company in joint efforts to strengthen and further develop the Company in years to come, says Klaus Kjærulff.

At the annual general meeting in April 2009 Søren Thygesen was appointed new Chairman of the Board of Directors, replacing Vitta Lysgaard.

The herning shipping a.s' Board of Directors include: Søren Thygesen (Chairman), Finn Ladefoged Jensen, Erik Hays Thøgersen, Tage Bundgaard, Alex Laudrup and Klaus Kjærulff.

Klaus Kjærulff



News about Names

New Employees:

Leow Ai Hin has started as Crewing Manager with herning shipping asia pte. ltd. per 28.01.09

Gäel Seyer has started as Operator with herning shipping france s.a.r.l. per 01.02.09

Cécile Chevallier has started as Senior Broker with herning shipping france s.a.r.l. per 01.03.09

Anne Mette Kristensen has started as interim accountant per 01.04.09

Michael K. Sandberger has started as Safety Officer per 18.05.09

Camilla Kiel Fuglsang has started as interim crewing assistant per 08.06.09

Vincent Hallegouet has started as trainee with herning shipping france s.a.r.l. per 12.06.09

Pernielle Sivebæk has started as Controller per 01.07.09

Jonna Pedersen has started as interim accountant per 30.06.09

Birthdays :

Erik Fredsgaard Jensen celebrated his 50th birthday on 28.01.09

Eric Poquita celebrated his 40th birthday on 29.01.09

Kim Møller Kristiansen celebrated his 40th birthday on 02.02.09

Marianne Schmidt Nielsen celebrated her 40th birthday on 12.02.09

Adelfredo Aralar Presbitero celebrated his 40th birthday on 25.02.09

Svend Aage Korup celebrated his 40th birthday on 19.03.09

Jerzy Walerowicz celebrated his 60th birthday on 21.03.09

Jione Atu Samuela celebrated his 50th birthday on 25.03.09

Ronnie Gedoria Sioco celebrated his 40th birthday on 07.04.09

Akariva Kila celebrated his 30th birthday on 11.05.09

Hans Thorsen celebrated his 40th birthday on 27.05.09

Svend Jensen celebrated his 50th birthday on 23.06.09

Knud Skovgaard celebrated his 50th birthday on 26.06.09

Completion of Traineeship :

Julie Louise Pia Nielsen completes her shipping trainee education on 31.07.09

Retirement:

Knud Stokholm Nielsen retired from work on 16.02.09

Jens Hoppe retired from work on 30.06.09

Congratulations!

Fleet List

m/t Alenya Mercan
m/t Amalia Theresa
m/t Anette Theresa
m/t Birthe Theresa
m/t Bitten Theresa
m/t Britta Theresa
m/t Brövig Wind
m/t Caroline Theresa
m/t Cecilie Theresa
m/t Charlotte Theresa
m/t Dagmar Theresa

m/t Ditte Theresa
m/t Else Marie Theresa
m/t Else Theresa
m/t Eships Bainunah
m/t Grete Theresa
m/t Haldoz
m/t Hanne Theresa
m/t Jette Theresa
m/t Karina Theresa
m/t Leoni Theresa
m/t Lycian

m/t Malou Theresa
m/t Mar Cristina
m/t Maria Theresa
m/t Marim
m/t MRC Emirhan
m/t MRC Semiramis
m/t Navajo
m/t Nordic Glory
m/t Nordic Victory
m/t Rikke Theresa
m/t Ruth Theresa

m/t Sara Theresa
m/t Serra Theresa
m/t Sofie Theresa
m/t Susanne Theresa
m/t Trine Theresa
m/t Vitta Theresa

Newbuildings (2009)

m/t Tina Theresa

