



Copenhagen Stock Exchange
Nikolaj Plads 6
1067 København K

Announcement no. 5
29 March 2005
Page 1 of 79

Record year for D/S "NORDEN" A/S

The Board of Directors of D/S "NORDEN" A/S has today approved the Annual Report for 2004. The report will follow in full after this page and presents following highlights:

- Revenue increased by 156% for dry cargo and 67% for tankers. A total growth of 144%.
- Expansion of the fleet continued, and the number of ship days rose by 49% to 39,197 days.
- At the end of the year, the fleet consisted of 123 active vessels and 36 still to be delivered, an increase of 47 vessels.
- "NORDEN" was able to employ this extra capacity at very attractive rates for both dry cargo and tankers.
- The Company had profit of USD 50 million from sale of vessels.
- The operating profit of USD 269 million corresponds to a profit ratio of 23% (15% in 2003).
- The return on equity based on the profit of USD 264 million, which is better than expected, was 101%. Translated to DKK the profit has increased from DKK 392 million in 2003 to DKK 1,579 million.
- The Board of Directors proposes an ordinary dividend of DKK 100 per share on top of the extraordinary dividend of DKK 175 which was distributed in October.
- The Board of Directors proposes that the denomination of the Company's share be reduced from DKK 20 to DKK 1.

Expectations for 2005

- Expansion of the fleet continues in 2005 via long- and short-term charters and by exercise of purchase options. At the end of 2004, "NORDEN" had purchase options for 49 vessels. Since then the number has increased by 3 as "NORDEN" has recently chartered another Panamax bulkcarrier and 2 MR product tankers with purchase options.
- For this year, "NORDEN" expects attractive market conditions for both dry cargo and tankers, however, not quite at the same level as in 2004, which was an exceptional year.
- "NORDEN" expects a profit after tax for the year in the range of USD 250 million. The expectation includes profit of USD 75 million from 6 already realised sales of vessels, including m.t. Nordpacific, which has now been sold for delivery to the new owners in the 4th quarter of 2005.

The management of "NORDEN" will today (29 March) present the annual report at a meeting at 11:00 hours at the head office, Amaliegade 49, and will answer questions from analysts, investors and the press. The presentation used at the meeting can be seen from 11:00 hours at the Company's homepage: www.ds-norden.com.

Mogens Hugo Jørgensen
Chairman

Carsten Mortensen
President

Further information: President Carsten Mortensen, phone +45 33 15 04 51



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Company details

The Company

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Amaliegade 49
DK-1256 Copenhagen K

Telephone: +45 33 15 04 51

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Company registration (CVR) no.: 67 75 89 19

Financial year: 1 January-31 December

Municipality of domicile: Copenhagen,
Denmark

Fax, tanker department: +45 33 93 15 99

Fax, dry cargo department: +45 32 71 07 99

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Website: www.ds-norden.com

E-mail: admin@ds-norden.com

Board of Directors

Mogens Hugo Jørgensen, Chairman
Alison J. F. Riegels, Vice Chairman
Erik Gregers Hansen
Erling Højsgaard
Frederick W. Meier, Jr.
Kirsten Hansen (employee representative)
Ole Clausen (employee representative)
Egon Christensen (employee representative)

Management

Carsten Mortensen, President (CEO)
Jens Fehrn-Christensen (CFO)

Auditors

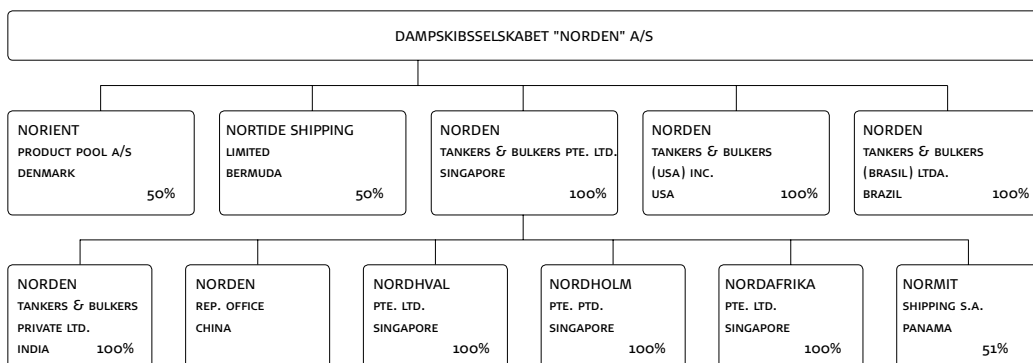
KPMG
Borups Allé 177
DK-2000 Frederiksberg

PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup

Annual general meeting

The annual general meeting will be held at 11.00 a.m. on Monday, 25 April 2005 at Forsikringens Hus, Amaliegade 10, DK-1256 Copenhagen K.

Group structure





“NORDEN” in brief

Dampskibsselskabet “NORDEN” A/S was founded in 1871, making it one of Denmark’s oldest internationally operating shipping companies. “NORDEN” has its head office in Copenhagen as well as overseas offices in Singapore, Shanghai (China), Annapolis (USA), Rio de Janeiro (Brazil) and Mumbai (India). At the end of 2004, the Company had approximately 300 employees.

“NORDEN” operates dry cargo and tanker vessels world-wide and is one of the world’s main operators of Handymax bulkcarriers. The Company is also active in the Capesize and Panamax dry cargo segments and in the Aframax, MR and SR tanker segments.

“NORDEN” fleet is among the most modern and competitive in the industry. At the end of 2004 it comprised 107 bulkcarriers and 16 tankers, of which 7 were the Company’s own vessels. In addition to this, the Company has a newbuilding programme of 10 vessels and has 25 on long-term charters with purchase options, which had yet to be delivered at year-end.

“NORDEN” is listed on the Copenhagen Stock Exchange, and at year-end 2004 the Company’s market value exceeded DKK 6.2 billion.



To the shareholders

The controlled expansion of the fleet continued in 2004, and during the year “NORDEN” had at its disposal 39,197 ship days. This represents a 44% increase compared with 2003 and almost a doubling of ship days over the past three years.

“NORDEN” has in recent years systematically built up a large fleet of primarily chartered vessels contracted on a long-term basis at favourable, low rates. The Company succeeded in employing this modern fleet at highly attractive terms as the dry cargo market rates rose to a record high in 2004.

As a consequence, the revenue of the dry cargo department rose by 156%. Meanwhile, the tanker department realised a growth rate of 67% – not least because the tanker market, particularly in the second half of 2004, reached levels that few would have anticipated.

The high growth level in extremely good market conditions meant that “NORDEN” almost quadrupled its net profit for 2004 to USD 264 million (DKK 1,579 million at the average exchange rate for the year). This is without comparison the best performance in the long history of the Company, and the Board of Directors therefore proposes an ordinary dividend of DKK 100 per share in addition to the DKK 175 per share extraordinary dividend already allocated in October.

CRITICAL MASS

The Company has used considerable resources to strengthen its staffing and systems in order to manage and control the steadily expanding operations. In all major areas, the Company has now achieved a critical mass to maintain the vital functions in a meaningful, efficient and profitable manner.

LONG-TERM ACTIONS

Had “NORDEN” chosen to operate even more in the volatile spot market, its earnings for 2004 could have been higher. However, the Company has acted in accordance with its business model and systematic risk management. These are designed to ensure high, long-term earnings that are less exposed to the cyclical fluctuations inherent in the industry. Accordingly, the Company focuses on long-term employment and faces 2005 and a large part of 2006 with the assurance that a significant portion of the fleet’s ship days are already covered at reasonable rates even if the markets should experience a serious downturn.

In its day-to-day business, “NORDEN” has remained conservative and has been selective in its choice of contracts. In positive market conditions with a large demand for tonnage, it is particularly important not to be seduced by the prospect of large short-term gains, but instead be governed by a consideration for long-term profit and focus on the customers.

STRONG FOUNDATION

After 2004 “NORDEN” is in a strengthened position. The organisation is broader and stronger than before. In collaboration with the shipping company Interior Navigation Company (INC), “NORDEN” established a product tanker pool, for which the Company has great expectations. It will contribute to enhancing the importance of “NORDEN” tanker department in the years to come. Despite the large dividend allocations to its shareholders, the Company has no net debt and possesses the financial strength to pursue its strategic objectives. The fleet is larger than ever. At the beginning of 2005, the dry cargo fleet represents at least 120,882 ship days, of which approximately 43% is available within three years, and a maximum of 176,560 ship days if the Company exercises all its options to extend the charter periods. At the beginning of 2005, the tanker department’s fleet represents at least 79,059 ship days, of which approximately 21% is available within three years, and a maximum of 82,906 ship days if the Company exercises all its options to extend the charter periods.

In addition to this, “NORDEN” has purchase options on 49 vessels. This would allow the Company to expand its fleet of own vessels at very advantageous prices. “NORDEN” will use this unique position to expand the fleet of own vessels as well as to realise profits on the sale of vessels.

The freight market outlook is reasonable for 2005 as well, with world trade expected to grow, however, the markets are expected to become more volatile and are therefore not expected to be as exceptionally favourable as in 2004. “NORDEN” expects a profit after tax for the year in the range of USD 250 million. The expectation includes profit of USD 75 million from 6 already realised sales of vessels, including m.t. Nordpacific, which has now been sold for delivery to the new owners in the 4th quarter of 2005.

The Company wishes to thank its shareholders, partners, customers and employees for their support to “NORDEN”.

Mogens Hugo Jørgensen
Chairman

Carsten Mortensen
President

Key figures and ratios for the Group

Key figures are in USD million	2004	2003	2002	2001	2000
INCOME STATEMENT					
Revenue	1,166.6	477.7	262.7	298.4	226.4
Costs	-933.6	-397.5	-246.0	-266.3	-194.1
Profit before depreciation	233.0	80.2	16.7	32.1	32.3
Profit from sale of vessels	50.0	3.3	0.4	16.4	7.0
Depreciation	-13.9	-11.5	-7.3	-10.5	-10.1
Operating profit (EBIT)	269.1	72.0	9.8	38.0	29.2
Investments before tax, associated enterprises	0.2	3.3	1.0	0.7	0.0
Net financials	-2.4	-0.8	3.4	-5.3	-8.2
Profit before tax	266.9	74.5	14.2	33.4	21.0
Consolidated profit	263.9	73.3	35.8	24.7	14.9
Profit for the year	263.7	72.0	35.8	22.1	14.8
BALANCE SHEET					
Fixed assets	274.1	258.1	159.0	162.6	183.2
Total assets	520.2	374.8	225.3	242.2	231.0
Equity at year-end	336.4	184.9	111.4	90.5	76.4
Provisions	0.1	0.5	0.2	18.8	9.6
Liabilities other than provisions	181.8	181.0	106.6	126.9	134.6
Invested capital	320.7	278.5	159.8	147.3	176.0
Net interest-bearing debt	-17.7	85.2	41.3	50.7	96.2
Cash and securities	135.6	60.4	40.4	60.4	26.6
CASH FLOWS					
From operating activities	190.1	65.3	15.9	23.8	44.2
From investing activities	20.2	-104.1	-2.3	32.2	-71.2
- of which investment in vessels (gross)	-57.8	-110.3	-19.7	-146.9	-73.1
From financing activities	-135.0	59.0	-33.5	-22.3	32.4
Change in cash and cash equivalents for the year	75.3	20.2	-19.9	33.7	5.2
FINANCIAL RATIOS AND PER-SHARE DATA					
Number of shares (excl. own shares)	2,200,890	2,182,500	2,182,500	2,302,000	2,425,000
Earnings per DKK 20 share (DKK) ¹⁾	119.8 (718)	33.0 (217)	16.4 (129)	9.6 (80)	6.1 (49)
ROE	101.2%	48.6%	35.5%	26.5%	21.6%
ROIC	89.9%	34.3%	7.0%	24.0%	18.8%
Dividend in DKK per DKK 20 share ²⁾	275	100	10	12	10
Dividend for the year (%)	1375%	500%	50%	60%	50%
Book value per share (DKK) ³⁾	152.85 (836)	84.72 (505)	51.04 (362)	39.31 (331)	31.51 (253)
Equity ratio	64.7%	49.3%	49.5%	37.4%	33.1%
Share price at year end	2,725.52	1,305.15	369.43	264.13	250.02
Price/book value	3.26	2.59	1.02	0.80	0.99
Net Asset Value (NAV) per share ⁴⁾ (DKK) ³⁾	259.6 (1,419)	106.7 (636)	58.2 (412)	52.3 (440)	43.7 (351)
USD rate at year end	546.76	595.76	708.22	840.95	802.05
Average USD rate	598.93	658.99	788.12	831.88	809.03

The ratios for the period 2000-2003 were worked out in accordance with the change in accounting policies concerning recording and presentation of transactions in USD.

The ratios stated above were computed in accordance with the 2005 guidelines issued by the Danish Association of Financial Analysts. Unadjusted figures, as defined by the Association, were used. Please see the definitions in the section "Other information" below. The figures are adjusted for the Company's holding of own shares.

1) Translated to the average USD/DKK rate for the year.

2) For 2004 incl. extraordinary dividend paid in October, DKK 175 per share.

3) Translated to the USD/DKK rate at year end.

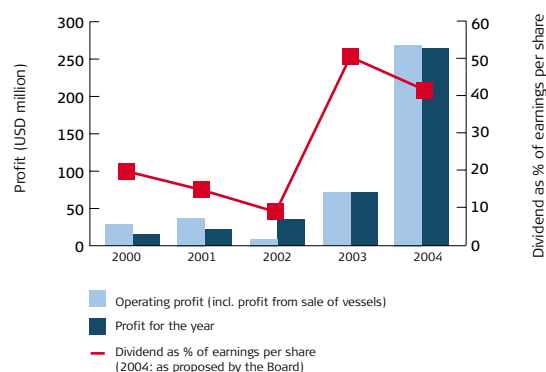
4) Excl. vessel purchase options. Added value of vessels on order was not included for the period 2000-2002.

Highlights of 2004

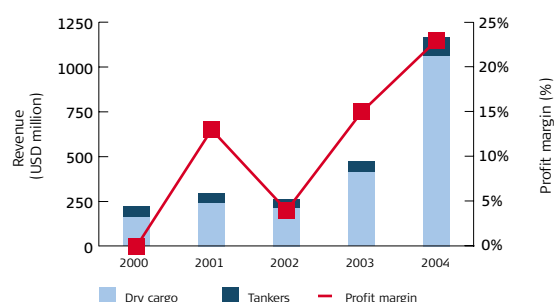
- 2004 proved the best year in the history of the Company with a profit for the year of USD 264 million compared to USD 72 million in 2003. Included in this amount is a USD 50 million profit from the sale of vessels, compared to USD 3 million for the previous year.
- The operating profit amounted to USD 269 million against USD 72 million in 2003. The profit margin was therefore increased from 15% to 23%.
- Cash flows from operations for the year amounted to USD 190 million (2003: USD 65 million). The change in cash and cash equivalents for the year was USD 75 million (2003: USD 20 million)
- Equity grew by USD 151 million to USD 336 million from USD 185 million in 2003. The return on average equity was 101% (2003: 49%)
- The total number of ship days rose by 44% to 39,197 – the highest number in the history of the Company.
- The Board of Directors proposes a dividend of DKK 100 per share, bringing the total dividend for the year to DKK 275 per share from DKK 100 per share in 2003. The total return on shares before tax – in the form of price increases and shareholder dividends – was 130% against 256% the previous year.
- The entire fleet and the orders for the 10 newbuildings have a total estimated added value of USD 235 million over their carrying amount.
- For 2005, “NORDEN” expects profit after tax in the range of USD 250 million. The expectation includes profit of USD 75 million from 6 already realised sales of vessels, including m.t. Nordpacific, which has now been sold for delivery to the new owners in the 4th quarter of 2005.

*) **Net Asset Value** comprises added value of own vessels and vessels on order. For the period 2000-2001, added value of vessels on order was not included.

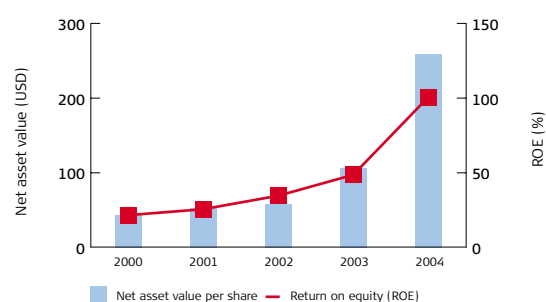
EBIT AND NET PROFIT



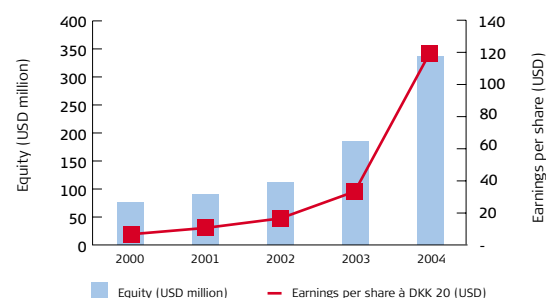
REVENUE AND PROFIT MARGIN



NET ASSET VALUE* AND RETURN ON EQUITY



EQUITY AND EARNINGS PER SHARE



Events after the balance sheet date

GENERATIONAL CHANGE

The President of "NORDEN" since 1988, Steen Krabbe, passed away on 12 January 2005 after a long period of illness. On the same day, the Board of Directors appointed Carsten Mortensen as the new president of the Company.

Carsten Mortensen was appointed to the Management on 1 June 2004 as COO with responsibility for the overall shipping activities in connection with the planned generational change in connection with Steen Krabbe's intended retirement in the summer of 2005. When Steen Krabbe passed away, the succession was brought forward.

OTHER EVENTS

At the end of January the Company sold 2 Handymax bulkcarriers that are currently under construction at a Japanese shipyard. The vessels – both about 56,000 dwt – are expected to be delivered during the 1st and 4th quarter 2005 respectively, and "NORDEN" has taken the latter vessel back on long term timecharter with purchase option at market terms.

Furthermore, in February the Company sold 1 Handymax bulkcarrier with expected delivery during the 3rd quarter 2005.

In addition, the Company sold 1 bulkcarrier and 2 product tankers with delivery in 2005 as previously announced.

The sales are done in order to capitalise a profit in the positive market conditions. At the same time, "NORDEN" continues expansion of its fleet, and in 2005 the Company will charter 1 SR product tanker without purchase option with delivery in 2007. Furthermore, the Company will charter 2 MR product tankers and 1 Panamax bulkcarrier with delivery in 2008, all with purchase options.

The Aframax product tanker m.t. Nordpacific has been sold with delivery to the new owner in 4. quarter 2005.

After the balance sheet date, no other significant events have occurred up to the publication of this annual report that materially affect the profit for the year or total assets.

Tribute to the memory of Steen Krabbe

In tribute to the memory of Steen Krabbe, Chairman of the Board Mogens Hugo Jørgensen said:

"His personality and activities made Steen Krabbe a highly respected person in Danish and international shipping, also outside "NORDEN", as he has held a number of honorary offices in the industry, including that of Chairman of the Danish Shipowners' Association.

With Steen at the helm, "NORDEN" has grown dramatically and is now one of the world's leading bulkcarrier operators, with significant tanker activities. This development and growth was based on a set of values very much reflecting Steen Krabbe's own values, and which will also pervade "NORDEN" in future. They include a focus on customers and their needs, humility, keeping one's word, respect for other people and other cultures, and professionalism.

One of Steen's many strong sides as a leader was that he was good at allowing young people to try their hand, and that he gave them room to develop and take responsibility. Although it is a poor consolation, we have a highly talented and competent staff and management group that can take over.

Steen Krabbe leaves a void. He will be remembered – and missed – for his integrity and his always solid, well-founded and highly professional management of "NORDEN" during more than 16 years. He was a gentleman; he had a good sense of humour; and during the past months' illness he showed impressive love of life and courage in life in a difficult situation.





EMPLOYEES AT "NORDEN"
OFFICE IN SINGAPORE.



EMPLOYEE AT "NORDEN"
OFFICE IN COPENHAGEN.



Management's review

STRATEGIC DEVELOPMENT of "NORDEN"

Developments in 2004

In 2004, "NORDEN" developed in accordance with the Company's strategy. Central to the strategy was a substantial, yet controlled, expansion of dry cargo activities in particular, focus on customers, the long-term employment of the fleet, systematic risk management and strengthening of the organisation.

In 2004, the Company added 40 bulkcarriers and 7 tankers to its fleet, which at the end of the year counted 134 bulkcarriers and 25 tankers, of which 123 had been delivered. The fleet is a combination of own vessels, vessels on long-term charter (with purchase options) and vessels on long or short-term T/C. Dry cargo activities rose by 46% and tanker activities by 31% to a combined total of 39,197 ship days.

The expansion of the organisation proceeded well in 2004 with a considerable upgrading of a number of functions in Copenhagen and at the overseas offices, a new office in India and a new tanker pool arrangement as well as strengthening of systems and routines.

The Company realised a profit for the year of USD 264 million. Initially, "NORDEN" forecasted a profit for the year

of at least USD 250 million, but following the dramatic fall in freight rates in April-May, "NORDEN" lowered its profit forecast to USD 200 million on 24 May 2004. As the markets soon recovered and the Company realised profits from the sale of vessels that were not budgeted for, the profit forecast was initially adjusted on 23 August 2004 to approximately USD 240 million. Again, on 29 November 2004, it was adjusted to approximately USD 260 million. The realised profit for the year is marginally above this forecast.

The good financial results sustain the strong returns that the Company's shareholders have received in recent years. The shareholders' returns for the past five years in the form of dividends and share price increases add up to 3247%. Simultaneously, the Company has secured a strong financial position, which is to be used to take advantage of new opportunities in the market when the timing is right.

The strategy for the coming three years

In the autumn of 2004, the Company planned its strategy for the coming three years based on the very strong markets due to the great demand for seaborne transport, particularly to and from China (dry cargo and oil), the USA (mainly oil) and India (mainly dry cargo). This situation persisted at the end of 2004. The market outlook for



EMPLOYEES AT "NORDEN"'S
OFFICE IN USA.



"NORDEN"'S OFFICE IN INDIA.



2005/06 is good, although the markets are not expected to maintain the record-high 2004 level and are likely to be more volatile as well.

"NORDEN" has chosen to focus on its long-term earning potential and reduce its vulnerability to the cyclical fluctuations that traditionally characterise the shipping industry. With its conservative market approach and strong focus on its customers, the Company intends to "control downside and maintain upside".

The principal points of the strategy are:

- Controlled growth
- Continued focus on risk management
- Changed financial strategy
- Systems for expanded operations

which are described in the following.

Controlled growth

In the coming years, "NORDEN" will expand both its dry cargo and tanker activities. The means to this end will be a combination of more owned vessels, more long-term charters with purchase options and more vessels on short-term T/C. This will ensure the maximum flexibility in operations, allowing "NORDEN" to provide the best possible service to its customers while maintaining earnings impervious to market fluctuations.

Central to the Company's market approach is the option-based business model. When "NORDEN" contracts vessels on long-term charters it usually obtains extension options allowing "NORDEN" to extend the charter period, typically by up to three years, as well as purchase options allowing the Company to buy the vessels.

At the end of 2004, "NORDEN" held 44 purchase options for bulkcarriers and 5 purchase options for tankers. The contracts were all entered into on favourable terms in a lower freight market and can therefore be exercised at a profit, as the prices on newbuildings and second hand tonnage today are considerably higher than the prices at which the options are exercisable.

The Company continually assesses when it is advantageous to exercise the options. If the purchase options are exercised, the Company can either sell the vessels in the attractive market in order to take profit at once, or operate the vessels at a competitive price. This should be weighed up against the possibility of continuing to operate the vessels at a competitive T/C agreement under the existing contract and the Company's own capacity requirement. All vessels with active purchase options are regularly inspected and assessed along with the rest of the portfolio. In 2004, the profit realised by the Company from the sale of vessels amounted to USD 50 million, and in 2005 the Company equally foresees significant profits from the sale of vessels.

Purchase and extension options are of great value and keep the flexibility of the fleet intact. As the Company can refrain from exercising the options if the market is declining, it is able to avoid unnecessary exposure.

Continued focus on risk management

Risk management will remain one of the Company's core principles. Strict management of both commercial and financial risks provides the optimal basis for stable earnings. "NORDEN" therefore constantly endeavours to reasonably cover its cargo capacity in the contract market, in which agreements are made for future cargo transport at predetermined rates.

At the end of 2004, the dry cargo department had already secured employment of 71% of its known ship days in 2005 and 36% of known ship days in 2006. Similarly, the tanker department had secured employment of 36% and 28% for 2005 and 2006 respectively. "NORDEN" thus reduces its exposure to market fluctuations while maintaining a certain flexibility in terms of short-term spot market operations, allowing the Company to increase earnings in periods when the spot markets are particularly attractive.

Changed financial strategy

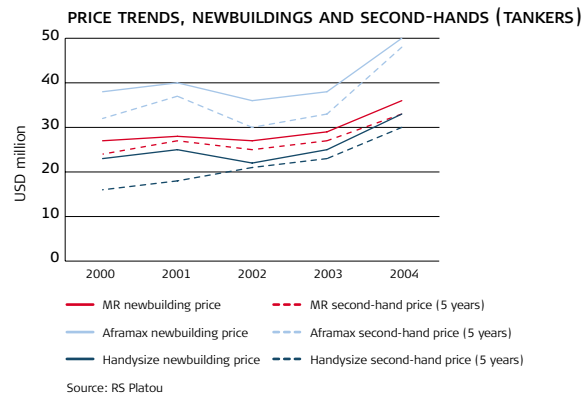
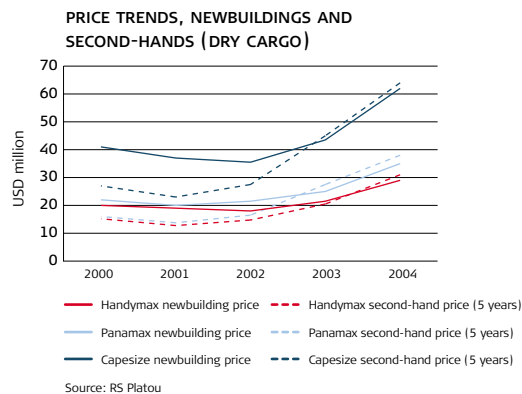
The overall objectives of the financial strategy are to ensure inexpensive, flexible financing of the ship activities and to strengthen non ship-related activities in a cost-effective, low-risk manner.

"NORDEN" has chosen a conservative cash flow and investment strategy that requires the Company to maintain a significant cash reserve buffer. The Company plans to use part of the cash flows from operations to expand the fleet by cash purchases of vessels. As a result, the Company will build up a significant borrowing potential in the debt-free vessels, which can be utilised in the Company's strategic plans. Moreover, the external financing risk is limited. Excess cash not used in connection with the Company's commercial activities, e.g. to exercise purchase options, is invested in bank deposits and liquid, interest-bearing securities with strong credit ratings and relative short maturity. This gives "NORDEN" flexibility, allowing the Company to act when attractive commercial investment opportunities arise.

According to the strategy, the market value of the Company's net liabilities is at no time allowed to exceed more than twice the value of the equity. Previously, this limit was three times equity, but this was changed in 2004 to avoid excess exposure in the extremely strong markets.

Systems for expanded operations

A particular challenge in the expansion of the fleet is to recruit and retain highly qualified staff, which may be in short supply in a rising market. The Company is addressing this by improving what it offers existing staff. It is also strengthening its recruitment of new staff with the setting up of a centralised HR department. The planned expansion





EMPLOYEES AT "NORDEN"'S
OFFICE IN COPENHAGEN.

sion of the fleet also requires the Company to upscale its technical department, so that it is capable of managing and maintaining a larger fleet. In mid-2005, the department's capacity and systems will be sufficient to manage a fleet twice the size of that in 2004.

The strategies for the dry cargo and tanker departments are detailed on pages 17 and 22 respectively.

"NORDEN"'s newbuilding programme

The price of all the Company's vessel types went up considerably in 2004, both for newbuildings and second hand tonnage. The shipyards' order books are full far into 2008, and the increase in tonnage is known for some years ahead. "NORDEN" assesses that this development reflects a real growth in demand.

In the short term, the risk of a drop in the price of vessels is limited. Practically all underlying factors point to rising prices. A rise in interest rates and a sharp downturn in China could pull in the opposite direction, however.

"NORDEN" has set up a newbuilding programme as detailed in the table below.

DRY CARGO DEPARTMENT NEWBUILDING PROGRAMME END 2004		
	DELIVERY	OWNERSHIP (%)
HANDYMAX (SOLD)	Q1 2005	51
HANDYMAX	Q1 2005	100
HANDYMAX	Q3 2005	100
HANDYMAX	Q4 2005	100

TANKER DEPARTMENT NEWBUILDING PROGRAMME END 2004		
	DELIVERY	OWNERSHIP (%)
PRODUCT TANKER - SR (SOLD)	Q2 2005	50
PRODUCT TANKER - SR (SOLD)	Q3 2005	50
PRODUCT TANKER - SR	Q2 2006	100
PRODUCT TANKER - SR	Q3 2006	100
PRODUCT TANKER - SR	Q1 2007	100
PRODUCT TANKER - SR	Q2 2007	100

The newbuildings were ordered in lower freight markets, and the prices are favourable by today's standards. Consequently, the newbuilding programme ensures that the Company has sufficient vessels to realise its plans while also allowing it to make a profit from the sale of newbuildings. "NORDEN" has already sold 4 bulkcarriers and 2 tankers that are due for delivery in 2005 at an expected profit of approximately USD 52 million. "NORDEN" will regularly monitor further opportunities to sell newbuildings on order.

Norient Product Pool A/S

With effect from 1 January 2005, "NORDEN" entered a strategic collaboration with the shipping company Interorient Navigation Company (INC) on the Norient Product Pool A/S. It initially comprised 18 Handysize and MR product tankers, 12 of which are supplied by "NORDEN".

Both companies will contribute more vessels to the pool as they are released from other contracts or delivered from shipyards. In the longer term, all "NORDEN" Handysize



LOADING OF STEEL
IN BRAZIL.



and MR product tankers will be included in the pool, which is expected to manage 35-40 modern double-hull product tankers by 2007.

Traditionally, the Company's main tanker activities have been in the Far East while the majority of INC's activities have been in the West. By combining the two companies' vessels in a pool, the geographic cover is increased and the larger fleet becomes more flexible. Customers only need to inquire in one place to obtain safe, reliable transport with modern double-hull tankers, and the customer will be offered an appropriately sized vessel in the right location.

The experience with pools in the tanker market is positive, and the collaboration with INC is expected to help the tanker department obtain economies of scale similar to those seen in the Company's dry cargo department.

When included in the pool, each vessel is assigned points according to factors such as carrying capacity, speed and condition. The freight income is allocated to the companies according to their total pool points. The manager of the Norient Product Pool is Søren Huscher, who previously held the position of deputy manager of "NORDEN" tanker department. In the longer term, the pool is prepared to take in other members.

Strong customer focus – sharing risks and returns

In recent years, "NORDEN" has shifted its primary focus from the spot market to long-term collaboration with cus-

tomers and partners. The objective for the coming years is to participate in further partnerships, sharing both risks and rewards in contracts with core and key customers. Examples of this are joint investments in newbuildings, joint investments in grabs and barges and structured, long-term charter collaborations with either manufacturers or purchasers of cargoes.

In the tanker department, the Norient pool is another example of sharing risks and rewards and scaling up activities without "NORDEN" necessarily having to make additional investments by itself.

"NORDEN" seeks development based on its core values – reliability, flexibility and empathy. This means that the Company delivers what was agreed – even when this is the most difficult option. It also means that "NORDEN" must always adapt to the customers' needs. Finally, it means that the Company's employees have to understand and respect local conditions and customs.

"NORDEN" will continue to be a conservative market participant. The Company favours customers and partners whom it knows and trusts and with whom it has a good, mutual understanding and acceptance. When long-term relationships with new customers or major activities are established, "NORDEN" evaluates the new partner very thoroughly. This evaluation is partly based on a system that classifies customers based on a number of parameters, e.g. credit worthiness.



M.v. NORD WHALE.

“NORDEN” will use its coverage strategy to make its earnings as impervious to freight rate fluctuations as possible.

FINANCIAL HIGHLIGHTS FOR DRY CARGO

USD 1,000	2004	2003
REVENUE	1,062,005	414,984
PROFIT FROM THE SALE OF VESSELS	37,349	3,268
OPERATING PROFIT (EBIT)	233,779	58,022
PROFIT FOR THE YEAR	231,700	56,172
FIXED ASSETS	54,923	13,268
LIABILITIES OTHER THAN PROVISIONS	52,936	26,290
OPERATING MARGIN	22%	14%
RETURN ON ASSETS	165%	111%
AVERAGE NUMBER OF EMPLOYEES (INCL. SEAFARERS)	85	44

Dry cargo

"NORDEN" dry cargo fleet

At 31 December 2004				
	Capesize	Panamax	Handymax	Total
Ships in operation:				
Own vessels			2	2
Chartered vessels ¹⁾				
(with purchase options)	3	4	14	21
Chartered vessels ²⁾				
(without purchase options)		29	55	84
Total	3	33	71	107
Vessels to be delivered:				
Newbuildings (own)			4	4
Chartered vessels ¹⁾				
(with purchase options)	2	10	11	23
Total	2	10	15	27
Total	5	43	86	134

1) Long-term charter

2) Long and short-term charter

For further information see the Company's fleet list on www.ds-norden.com.

FACTS

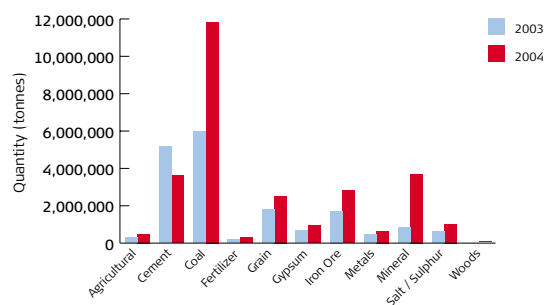
"NORDEN" operates ships in the Capesize, Panamax and Handymax segments. The large bulkcarriers (Capesize and Panamax) mainly transport iron ore and coal. The Handymax vessels also transport steel, grain, cement, sugar, fertiliser and other types of cargo. Handymax vessels are typically equipped with cranes, which enables them to operate more independently of port facilities.

HIGHLIGHTS OF 2004

2004 was the best year ever for the dry cargo department. This was primarily due to high freight rates and the resulting high tonnage prices. The department's profit was up by 312% to USD 232 million from USD 56 million the previous year. Due to its large expansion of the fleet with competitive vessels, "NORDEN" was able to benefit greatly from the historically strong dry cargo market.

The profit includes a gain of USD 37 million from the sale of 3 vessels, realised when "NORDEN" took advantage of the high market prices on newbuildings and second hand tonnage to take profit. In 2003, the profit from the sale of vessels was USD 3 million.

"NORDEN"'S TRANSPORTS IN 2004





M.v. NORD ACE.

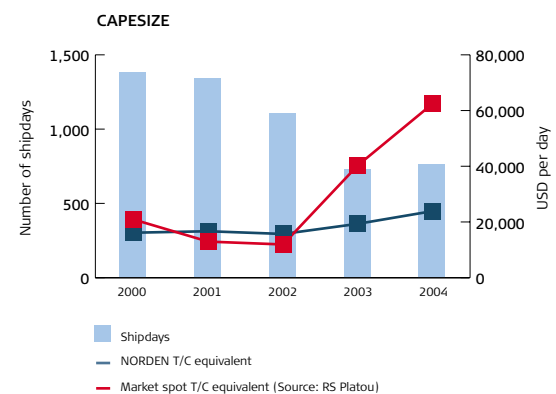
The total number of ship days rose by 46% to 34,753 for the three segments at “NORDEN”. The increased number of ship days has been achieved mainly by chartering vessels, and with this expansion of activities “NORDEN” has improved its market position. In the Handymax segment, “NORDEN” is now among the five largest operators in the world. In the Super Handymax subsegment, “NORDEN”’s market share is estimated at 10%. The large Handymax fleet has certain advantages, not least of which is increased flexibility and a larger geographical cover.

The Company’s average T/C equivalents in 2004 for Capesize were USD 23,893 per day, for Panamax USD 29,565 per day and for Handymax USD 23,958 per day. These levels are considerably higher than in 2003, but lower than in the spot market, which is in line with the Company’s strategy of ensuring stable, long-term and high earnings and minimised risk.

At year-end, the dry cargo department operated 107 vessels compared with 73 in the previous year. The very modern and competitive core fleet – own vessels, delivered and undelivered long-term charter vessels with purchase options and vessels on order – comprised 50 ships. The dry cargo department held purchase options on 44 vessels, of which one was exercised for delivery in 2005. In the very active fourth quarter, six bulkcarriers were contracted on long-term charters with purchase options.

Market development

Like the previous year, 2004 was a year to be remembered in the dry cargo market. In February 2004 the market rates reached 5,681 on the Baltic Dry Index which was the highest level ever seen. They were measured using the Baltic Dry Index. The index subsequently fell by almost 54% in the very volatile second quarter, but in the second half the rates again gained momentum and peaked at 6,208 in early December to end the year at 4,598. The rate increases during the second half were mainly the result of a rise in the transportation of minerals, particularly iron ore, to China. Also, the soaring oil prices caused a significant increase in the transportation of coal to Asia and Europe in particular.





LOADING OF COAL IN
HANDYMAX BULK CARRIER.



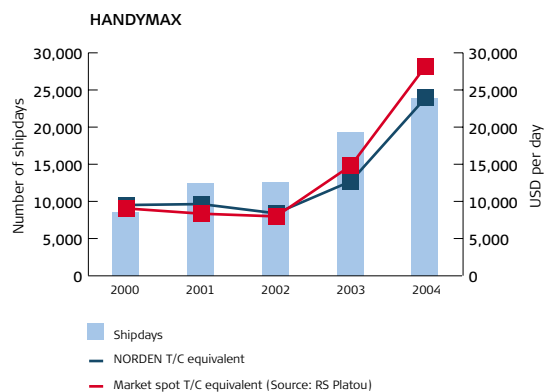
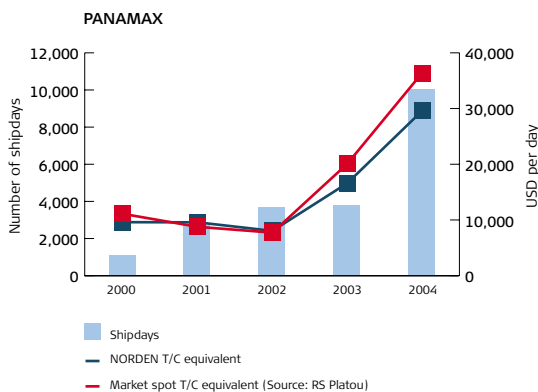
UNLOADING
STEEL COILS.

The general boom in China and the growth in steel production have been the main factors behind the development in the dry cargo market. In the spring, China attempted to slow the rate of the country's economic growth, which in the short term gave a strong negative reaction in the dry cargo market. The economic measures have not yet impacted imports of raw materials, however. In 2004, China's imports of iron ore rose by 35% to 208 million tonnes, and global transportation of iron ore was up by an estimated 15% to 600 million tonnes. Global transportation of coal, which is very important to "NORDEN", was up by an estimated 10% to 684 million tonnes (Source: RS Platou).

China is an important market to "NORDEN", in line with such countries as India, where the Company's activities grew significantly in 2004, and the USA, where "NORDEN" has major inbound transportation of cement and outbound transportation of petroleum coke to Europe and South America.

DEMAND

The demand for seaborne transportation of dry cargo is dictated by several factors. Most important of these is the economic level of activity and industrial production in the various regions, and the global economic growth directly affects the demand for seaborne transportation. In peri-



ods of strong economic growth demand rises which, combined with the high utilisation rate of the vessels, forces up freight rates. Conversely, in periods of low economic growth prospects, the demand for transportation falls, forcing down freight rates.

In 2005 the demand for transportation of dry cargo is expected to remain solid and rising in the wake of the globalisation of the world economy. The increase will in particular be generated by China's raw material imports and Japan's and India's growing coal imports. "NORDEN" expects that tonnage demand will rise by 2.3 % in 2005. "NORDEN" expects the general economic growth rate to slow down somewhat compared with 2004 due to factors such as the high oil prices, but the level of growth will remain high.

Expected GDP growth	2005
Global GDP	4.2 %
USA	3.5 %
Japan	1.1 %
Euro zone	2.0 %
China	8.2 %
India	8.0 %

Source: IMF

FLEET DEVELOPMENT

In 2004 the addition of new dry cargo tonnage to the world fleet was limited compared to demand. RS Platou assesses that the net addition approximated 16.9 million dwt, the global dry cargo fleet at year-end amounting to 322 million dwt. The limited addition of new vessels inflated the prices of both second hand tonnage and newbuildings.

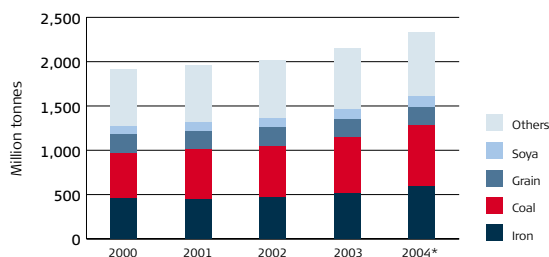
"NORDEN" estimates that the total net addition to the global fleet will be 17.7 million dwt in 2005 and 19.0 million dwt in 2006. Capacity is limited in many shipyards, so the rise in the supply of tonnage is once again not expected to match the rise in demand in 2005. "NORDEN" expects the utilisation rate of the global fleet to be extremely high, far above the historical average. This may result in major market fluctuations as there is an insufficient buffer on the supply side to absorb demand if, in 2005, too many vessels are again tied up by congestions in larger Chinese, Brazilian and Australian ports.

BALTIC DRY INDEX



Source: Clarkson

GLOBAL DEVELOPMENT IN SEABORNE TRADE OF DRY BULK COMMODITIES



*] Expected development

Source: RS Platou



EMPLOYEES AT
"NORDEN"'S OFFICE
IN BRAZIL



LOADING OF COAL
IN AUSTRALIA.



UNLOADING STEEL.

STRATEGY

The Company's high earnings in volatile markets are the result of its strategy of covering a major part of the fleet by long-term employment in the contract market. "NORDEN" uses COAs (contracts of affreightment), FFAs (forward freight agreements) and T/C agreements. This way, the exposure to market fluctuations is reduced.

The premise of the dry cargo strategy is that the Company expects the market to remain strong in 2005-06 with high rates and firm activity, although somewhat lower than in 2004. The market is expected to be very volatile, however.

The principal points of the strategy for the coming years are:

- Continued expansion of the fleet of own and chartered vessels to maintain maximum flexibility. The expansion in all three segments will be controlled, taking into account the market volatility. "NORDEN" is able to increase its fleet in a cost-effective manner by exercising attractive purchase options.

- Securing stable earnings through a coverage strategy designed to "control downside and maintain upside", to ensure that earnings remain as impervious as possible to freight rate fluctuations. The Company continually adjusts the coverage of the fleet to market expectations.
- Maintaining strong customer focus and competitiveness by strengthening relations with customers, for example through more risk and reward-sharing arrangements. The existing joint ventures will be developed and efforts to create new, attractive collaborations will be continued.
- Consolidating the business model by providing the organisation with sufficient resources and competences to pursue new business opportunities. The overseas offices play an important role as they are close to the customers and generate roughly 25% of the dry cargo department's business, measured in ship days. The interaction between the head office and the overseas offices is therefore a main priority.



M.T. NORDATLANTIC.

“NORDEN” builds a flexible fleet in 3 segments of the tanker market – Aframax, MR and SR product tankers.

FINANCIAL HIGHLIGHTS FOR TANKERS

USD 1,000	2004	2003
REVENUE	104,588	62,685
PROFIT FROM THE SALE OF VESSELS	12,674	0
OPERATING PROFIT (EBIT)	42,974	16,839
PROFIT FOR THE YEAR	36,420	13,924
FIXED ASSETS	211,227	237,923
LIABILITIES OTHER THAN PROVISIONS	128,687	154,719
OPERATING MARGIN	41%	27%
RETURN ON ASSETS	16%	6%
AVERAGE NUMBER OF EMPLOYEES (INCL. SEAFARERS)	159	180

Tankers

"NORDEN" tanker fleet

At 31 December 2004	Aframax	MR product tankers	Handysize (SR)	Total
Ships in operation:				
Own vessels	3		2	5
Chartered vessels (with purchase options)		3		3
Chartered vessels (without purchase options)	1	1	6	8
Total	4	4	8	16
Vessels to be delivered:				
Newbuildings (own)			6	6
Chartered vessels (with purchase options)		2		2
Chartered vessels (without purchase options)			1	1
Total		2	7	9
Total	4	6	15	25

For further information see the Company's fleet list on www.ds-norden.com.

FACTS

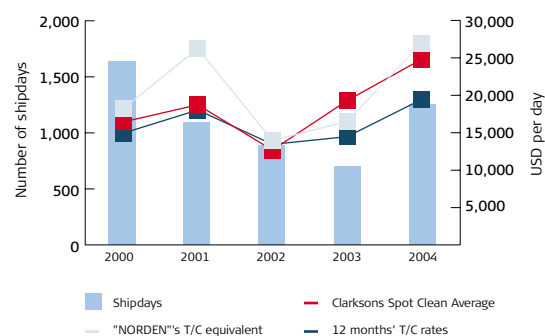
"NORDEN" operates ships in three segments in the tanker market, with Aframax, Medium Range (MR) and Handysize (Short Range) product tankers. The Aframax tankers transport crude and fuel oil and primarily sail in the North Sea and the Far East, while the MR and SR vessels primarily carry refined oil products in the Atlantic region and the Far East.

HIGHLIGHTS OF 2004

The market development in 2004 was a good deal stronger than expected. As a result, the profit for the year in the tanker department rose by 162% to USD 36 million, the highest in the history of the department. "NORDEN" has been in a strong position to take advantage of the favourable market conditions generated by the booming world economy and the resulting heavy energy and oil demand. The profit includes a USD 13 million profit from the sale of the product tanker m.t. Nordamerika. This compares to USD 0 in 2003.

The number of ship days in the tanker department was up by 31% to 4,444, which is the highest level ever. The growth primarily stems from the MR and SR segments.

MR PRODUCT TANKERS





LOADING OF CRUDE OIL
ON M.T. NORDASIA.



EMPLOYEES AT
"NORDEN"'S OFFICE IN USA.

Some 60% of the rest of the ship days were covered in the T/C market and the rest in the spot market, in line with the Company's strategy of securing stable, consistent earnings and minimising risk. In the second half of the year, "NORDEN" increased its exposure in the lucrative spot market. Nine of the vessels were employed in this market at the end of the year while the Company's four Aframax vessels and three product tankers were employed on long-term charter parties. The average T/C equivalent for Aframax vessels was USD 19,814 per day, for MR vessels USD 27,157 per day and for Handysize vessels USD 17,895 per day.

In the third quarter, "NORDEN" acquired the 34% minority shareholding in the company Nordafrika Pte. Ltd.,

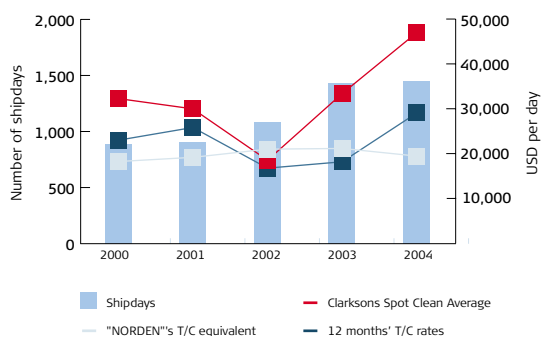
Singapore, and now wholly owns this company. Nordafrika Pte. Ltd. owns the product tanker m.t. Nordafrika.

MARKET DEVELOPMENT

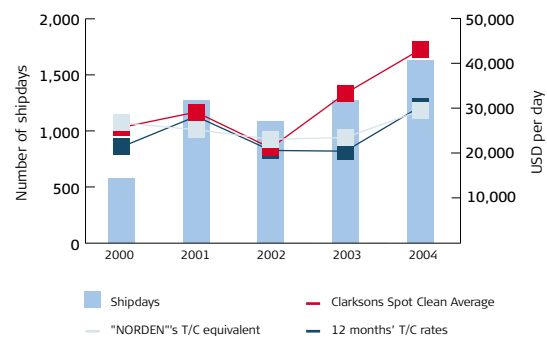
Freight rates were already at a high, stable level at the beginning of the year and subsequently rose sharply later in the year, particularly in the last quarter. The growth was driven by the global economic boom and the surge in the demand, particularly from China and the USA, for crude oil and refined products.

The utilisation rate of the world's tankers in 2004 was very high, and although the withdrawal of vessels was limited, freight rates remained solid.

AFRAMAX



HANDYSIZE PRODUCT TANKERS



M.T. NORDASIA
IN SYDNEY.



Demand

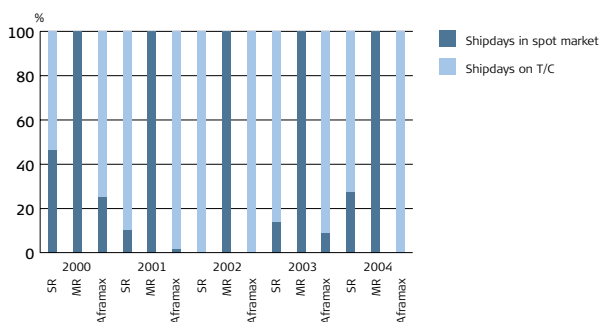
The seaborne tanker transport market is dependent on the production and consumption of crude oil and refined products such as petrol and diesel. The demand for transportation is generally expressed in tonne-miles and calculated as the transported volume of oil (measured in tonnes) multiplied by the transported distance (measured in miles). The transported distance is affected by the specification (in terms of sulphur content etc.) of individual oil products which determines where in the world the product may be used.

According to the International Energy Agency (IEA), global oil demand rose by 3.3% to 82.4 mbd (million barrels per day) – the highest increase since 1976. The rise was

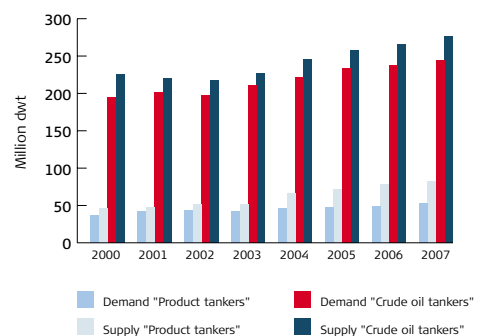
stimulated by the fact that production was moved from the OECD area to developing countries – principally China – which are more energy intensive. According to the IEA, China – the largest global growth engine – increased in 2004 its import of crude oil by 1.7 mbd to approximately 2.3 mbd. With a daily consumption of 6.3 mbd, China surpassed Japan as the world’s second largest oil consumer after the USA.

Global oil production rose to a record 84.4 mbd in November. The OPEC countries represented approximately a third of the production, and the increase in production outside OPEC has already boosted the demand for transportation using Aframax vessels. In future, this will increasingly be the case. The transportation pattern

DISTRIBUTION OF "NORDENS"'S SHIPDAYS BETWEEN T/C AND SPOT MARKET



DEMAND AND SUPPLY OF TANKERS



is expected to shift further in the future as new refineries are planned in especially China and the Middle East. Thus, the most modern refineries will more commonly be located far from the Western countries, which will remain responsible for the greatest consumption. This will be a plus for the product tankers, as an increased amount of refined oil products will then be transported over greater distances.

With a very large tonnage utilisation rate, even minor unforeseen events can temporarily affect market conditions – and several times did so during 2004. Strikes, local supply pressure, storms, power plant and refinery failures can enhance the demand as the transportation requirement is temporarily increased in the affected areas. In contrast, political instability in the Middle East or a sharp downturn in China are potential negative market influences.

The IEA conservatively estimates the global demand for oil in 2005 will rise by about 1.7%, pointing out that capacity and infrastructure limitations in several countries prevent further increase. Economic growth and, consequently, the demand for oil is therefore expected to be more moderate than in 2004, albeit still very high.

The total demand for tanker tonnage is primarily decided by demand for oil, transport patterns and congestion in ports and straits.

FLEET DEVELOPMENT

In 2004, the global tanker fleet grew by 4.9% net to 311 million dwt at year-end (source: SSY). As a result of the strong market, voluntary scrapping of old tonnage was limited, and many shipowners postponed scrapping in accordance with IMO's rules, which call for the phasing out of single-hull tonnage. As a result of these rules and other factors, some 29.4% of the total global tanker fleet is expected to be phased out before 2010 (source: SSY).

The effective utilisation (the ratio of tanker demand to available supply) of the global tanker fleet was very high in 2004 and is expected to fall only marginally in the coming year. While the addition of new tonnage is expected to be large, this will be countered by the legally required

scrapping of tonnage. According to SSY, the global tanker fleet is therefore expected to increase by just 3.3% in 2005 and by some 4.7% in 2006.

The "NORDEN" tanker fleet consists entirely of modern double-hull tonnage, and the IMO rules will therefore have a positive effect on the Company. At the end of 2004, the average age of "NORDEN" fleet was 2.3 years, while the average age of the global fleet was 11.4 years by comparison.

STRATEGY

The tanker department's strategy is based on the short-term expectation of a strong freight market as a result of a great demand for oil combined with the phasing out of old tonnage. But the market may also prove very volatile. Therefore, "NORDEN" will continue to follow the general strategy of employing its tonnage both long-term in the T/C market and short-term in the spot market.

The principal points of the department's strategy are:

- Consolidating and expanding the Norient Product Pool, making it among the world's leading pools within a few years. The collaboration was launched on 1 January 2005.
- Increasing the product tanker activities and spot market exposure to exploit attractive markets. In the crude oil segment (Aframax), "NORDEN" will still aim to employ the fleet on a long-term basis.
- Establishing a flexible core fleet in all three segments. The development will be controlled, taking into account the market volatility, and the department will take advantage of the opportunities to take profit by selling vessels at a high level and reinvesting later in weaker markets.
- Currently adjusting coverage to market conditions. At year-end 2004, 36% and 28% of all known ship days in 2005 and 2006 respectively were employed on T/C.

Expectations for 2005

EXPECTATIONS FOR DRY CARGO IN 2005

“NORDEN” assesses that conditions in the dry cargo market will remain very attractive in 2005, although somewhat less compared to the record year 2004. The Company expects a highly volatile market with spot market freight rates for the year as a whole slightly below the average level for 2004.

At the beginning of 2005, “NORDEN” dry cargo department had 22,921 ship days at its disposal in 2005. A total of 71% of these known ship days were already employed throughout the year. The department will currently assess if it is attractive to add ship days by increasing the size of the fleet, as described in the dry cargo strategy.

The dry cargo department is also expected to benefit further from the critical mass that “NORDEN” has achieved, particularly within the Handymax segment.

Based on this, the dry cargo department is expected to realise a very satisfactory profit for 2005.

EXPECTATIONS FOR TANKERS IN 2005

“NORDEN” expects the favourable conditions in the tanker market to continue in 2005, albeit at a slightly lower level than in 2004. Increased volatility is expected in 2005, which may affect those of the Company’s ship days that have not yet been covered, and the department will therefore proceed with its coverage while closely monitoring the market development.

At the beginning of 2005, the Company’s tanker department had 5,235 ship days at its disposal in 2005. 36% of these known ship days were already employed throughout the year. The department will currently assess if it is attractive to add ship days by increasing the size of the fleet, as described in the strategy for the tanker department.

The NORIENT pool collaboration will give the department greater flexibility and economies of scale.

Based on this, the tanker department is expected to realise a satisfactory profit for 2005.

PROFIT FORECAST FOR 2005 FOR “NORDEN”

Accordingly, “NORDEN” expects an overall profit after tax for the year in the USD 250 million range. The expectation includes profit of USD 75 million from 6 already realised sales of vessels, including m.t. Nordpacific, which has now been sold for delivery to the new owners in the 4th quarter of 2005.

The stated expectations for 2005 are based on accounting policies that are in accordance with the standards adopted by the European Union and the International Financial Reporting Standards (IFRS), which are expected to be in force at the time of the annual report for 2005.

FORWARD-LOOKING STATEMENTS

The annual report contains certain forward-looking statements reflecting the management’s present judgment of future events and financial results. Statements relating to 2005 and subsequent years are naturally subject to uncertainty, and the Company’s realised results may therefore differ from the projections. Factors that may cause such variance include, but are not limited to, changes in macro-economic and political conditions, particularly in the Company’s principal markets; changes to the Company’s rate assumptions and operating costs; volatility in rates and tonnage prices; regulatory changes; any disruptions to traffic and operations as a result of external events etc. The annual report should not be interpreted as a recommendation to trade shares in Dampskibsselskabet “NORDEN” A/S.

Risk profile

Running a shipping company involves a number of risks. The shipping industry is highly sensitive to market fluctuations, which can be seen from the, at times, severe fluctuations in freight rates and tonnage prices.

Chartering vessels enhances this risk as the Company assumes a liability to pay T/C hire for an agreed period of time. On the other hand, chartering vessels is subject to less risk than purchasing vessels, as the Company only charters vessels for a shorter period than their useful life.

Active risk management is a cornerstone of the “NORDEN” strategy to ensure stable, high earnings. The overall risk management objective is to reduce the sensitivity of the Company’s earnings to cyclical fluctuations. The Board of Directors has therefore set out a conservative framework for the management of commercial and financial risk.

The Company is particularly sensitive to the following risks:

Commercial risk

- The risk of fluctuations in the purchase and sale prices of vessels.
- The risk of fluctuations in freight rates and oil prices.

Financial risk:

- The risk of an undesirable proportion of equity to net liabilities.
- The risk of insolvency due to insufficient cash reserves.
- The risk of losses from changes in exchange rates (exchange rate risk).
- The risk of losses from changes in interest rates (interest rate risk).
- The risk of losses due to customers’ or suppliers’ default (credit risk).
- The risk of losses on financial instruments due to counterparties’ default (counterparty risk).

Other risks

- The risk of incidents involving the Company’s own vessels.
- The risk of not being able to attract and retain key staff.

COMMERCIAL RISK

The general commercial risk management framework is established by the Board of Directors and the commercial departments manage these on a day-to-day basis in close collaboration with the finance department.

Purchase and sales price fluctuations

The planned expansion of the fleet of own vessels is associated with certain risks, particularly in relation to changes in the value of the vessels.

At the end of 2004, the Company held purchase options for 49 vessels. Risk is associated with the exercise of these options, in that the market value of the vessels may drop subsequent to their purchase. The risk is judged to be limited, however, as the vast majority of the options were entered into on favourable terms in weaker freight markets. The Company’s newbuilding programme was also entered into on favourable terms.

COAs (contracts of affreightment) dry cargo

The Company manages commercial risk from fluctuations in freight rates and imbalances in the ratio of cargo-to-cargo capacity (vessels) on a general level by employing a large proportion of its vessels long-term at attractive rates.

One of the methods used is contracts of affreightment (COAs), which typically have a term of twelve months. Some, however, run over several years. At the end of 2004, the value of future COAs corresponded to freight income of roughly USD 276 million (2003: approximately USD 203 million). Most of the contracts cover 2005 and 2006, but a few of them run to 2010. For more information, see note 31 “COAs”.

FFAs (forward freight agreements)

FFAs are the only financial instrument “NORDEN” uses to supplement the actual, long-term employment of the vessels. They typically run twelve months forward and are used when physical alternatives are more expensive or unattainable. At the end of 2004, the Company had net sold FFAs with a contract value of about USD 44 million up to and including 2006. At year-end 2003, the Company had open FFAs amounting to approximately USD 3 million.

Bunker hedging contracts

The Company hedges its expected future bunkers (fuel for the vessels) requirements to eliminate the risk of future oil price fluctuations. The Company uses so-called bunker hedging contracts, which lock the price of the part of the bunker requirement related to loading contracts for a fixed period. At the end of 2004, “NORDEN” had purchased bunker hedging contracts for approximately USD 43 million covering 2005-2009 (2003: around USD 39 million). See also note 32 “Financial instruments”.

FINANCIAL RISK

The general financial risk management framework is set out by the Board and managed by the Company’s finance department. Central to the risk management is “The Limit Table”, which comprises:

Net liabilities

The risk of the Company’s net liabilities becoming too great in proportion to equity is measured by current calculation of the market value of total net liabilities. The Board regularly assesses the Company’s net liabilities and defines upper limits based on market outlook. Previously, the definition of the limit was that total net liabilities were not at any time to exceed equity by more than three times. But in late 2004, this limit was lowered to twice the size of equity in light of the strong freight markets and extremely high prices of both new and second hand tonnage. The change was designed to avoid overexposure in the booming markets.

Cash reserves

The determined minimum requirement of reserves is that liquidity should match the Company’s payment obligations (net) for one year ahead. The size of these obliga-

tions is continuously calculated and adjusted to ensure that the buffer remains intact.

Foreign exchange risk

The Company’s functional currency is USD, as the majority of the Company’s transactions are in this currency. “NORDEN” was one of the first companies listed on the Copenhagen Stock Exchange to choose to be registered and to report in USD. This was effective from 1 January 2004.

The Company endeavours to match expenses against income and liabilities against assets by denominating as many expenses and liabilities as possible in USD. The actual foreign exchange risk is thus limited to those cash flows that are not denominated in USD, primarily administrative expenses (wages and salaries), certain commercial payments and shareholder dividends. For 2005, these payments are expected to total about USD 40 million (excl. dividend). The Company hedges these payments for a period of between 6-24 months, depending on the expectations for the development of the USD rate. At the end of 2004, the Company had sold USD forward in the total amount of USD 30 million at an average USD/DKK rate of 6.68. For further information, see note 32 “Financial instruments”.

Interest rate risk

The shipping industry is capital intensive, and the interest to be paid on the financing of vessels can have a significant impact on earnings. All loans to finance vessels are raised in USD and usually constitute 60% of the total investment in a vessel. The repayment profile on loans is usually equivalent to at least half of the expected useful life of the vessel.

As there seems to be no clear correlation between freight rates and vessel prices on one hand and the USD interest rate on the other, Company policy is to lock the interest rate for the entire loan portfolio for a period of between two and six years. The interest rate is normally locked for each vessel loan individually on the basis of the degree and term of financing, the loan repayment profile, the duration of the vessel’s fixed employment, anticipated sale, the interest rate level and the yield curve.



EMPLOYEES AT
"NORDEN"'S OFFICE
IN COPENHAGEN.



The Company has decided to use some of the liquidity generated from operations to increase its fleet by purchasing vessels for cash. The Company will thus create a considerable borrowing potential in the debt-free vessels while limiting the external financing risk.

Also, in 2005 the Company expects to place part of its excess cash in liquid interest-bearing instruments with a maximum maturity of three years and a high credit rating. The Company is able to borrow against security in the interest-bearing instruments, maintaining its flexibility to act when attractive opportunities to acquire vessels arise while also keeping its cash reserves in the event of a market downturn. See also note 32 "Interest rate risk".

Credit and counterparty risk

The Company's credit risk relating to customers and suppliers primarily comprises freight receivables, prepaid T/C hire, prepayments to shipyards on newbuildings and the placement of cash and cash equivalents. These items are included in the balance sheet at the maximum credit risk as of the balance sheet date.

The Company's counterparty risks include forward sales of foreign currencies; interest rate swaps; bunker hedging contracts; forward freight agreements; prepaid T/C hire; port charges and loading contracts.

The Company's credit and counterparty risks are limited. Financial instruments and commodity instruments are only entered into with major Nordic banks with a

high credit rating and with large, well-known, reputable partners with an adequate credit rating. See also note 32 "Financial instruments". The risk on customers is limited by such measures as systematic assessment of customers' credit rating and reputation and limits to the size and length of the Company's engagements with new, unknown customers.

OTHER RISKS

Insurance

If an incident involving a vessel causes a spill of environmentally hazardous material, the Company may incur liability. The Company minimises this risk by operating a modern fleet and by investing large amounts in the maintenance of the vessels and in the staff's awareness of both external and internal environments. For more information on this, see page 30. The Company's fleet is insured by recognised international insurance companies at competitive premiums and the vessels are always insured for an amount higher than their market values.

Recruiting and retaining key employees

"NORDEN" depends heavily on key employees – e.g. the management group and selected specialists – and the Company needs to be able to attract and retain competent employees in order to maintain its growth and develop the business. The Company assesses that the packages it offers to its executives and staff are sufficiently attractive to rise to this challenge. For more information on this, see page 27.

Organisation and human resources

GROWTH MANAGEMENT

In recent years, "NORDEN" has evolved into a larger, more complex organisation that handles a steadily increasing business volume. In 1998 the Company had 31 employees in Copenhagen in addition to the seamen. Since then, the land-based staff has more than tripled, "NORDEN" has set up offices in Singapore, China, the USA and Brazil, as well as an office in India from early 2005. During the same period, the fleet has increased almost eight-fold to 159 vessels (including vessels on order).

In 2004 the Company increased its staff both in Copenhagen and in the overseas offices, while those at sea remained more or less unchanged.

This continued growth presents a number of challenges. "NORDEN" must particularly be able to:

- attract new employees and integrate them
- strengthen HR, employee development and incentives in order to retain and develop competent employees
- maintain the advantages of a small organisation, avoid bureaucracy and improve efficiency regardless of the growth of the Company and its activities
- enhance collaboration across departments and locations
- develop management, reporting and control systems to help control growth and risks

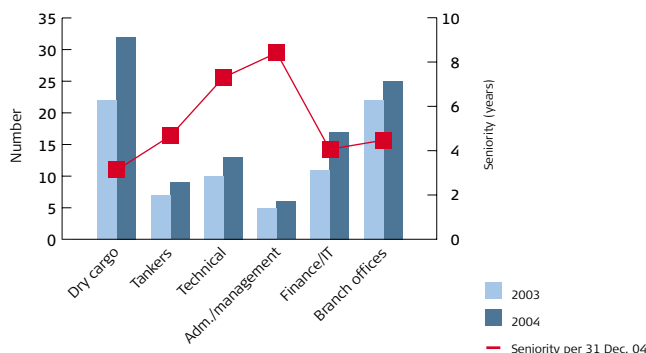
RECRUITMENT

The challenge of recruiting and retaining highly qualified employees may become even greater as the shipping industry as a whole has experienced high earnings levels in the past few years.

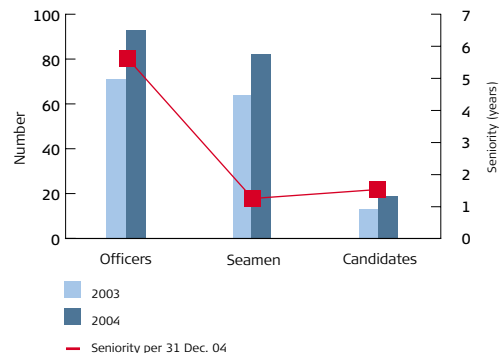
"NORDEN" is handling this challenge by offering competitive salaries and by rewarding exceptional performance through incentive-based pay (see the section Working conditions and pay). Also, "NORDEN" is taking on more trainees to build up a pool of highly qualified young people who are well trained and who understand the business. Previously, "NORDEN" took in three trainees a year, but in 2004 this figure was raised to five, and next year the Company also plans to take in five trainees. Finally, "NORDEN" is spending more resources on supplementary training, upgrading of qualifications and career planning for its employees (see the section Competences and culture).

In 2005, "NORDEN" will establish a centralised HR function, which means that general staff affairs will be handled centrally rather than by individual departments. The function is to strengthen recruitment, standardise policies and procedures and systematise competence development. In relation to the officers, the addition of new vessels to the world fleet means that the demand for, in

EMPLOYEE DISTRIBUTION AND SENIORITY (EXCL. SEAFARERS)



DISTRIBUTION OF SEAFARERS AND SENIORITY



particular, senior officers is growing. The challenges facing “NORDEN” in this area is to offer attractive career opportunities and to time the recruitment of new officers to the planned expansion of the fleet of the Company’s own vessels. In addition to establishing the central HR department, “NORDEN” is therefore aiming to strengthen crewing management in the technical department and to extend the competence development system to include all senior officers. Furthermore, the Company will itself train more officers. At the end of 2004 the Company had 19 apprentice and junior officers, and this figure is to be increased in the years to come.

PROFILE OF THE EMPLOYEES

In 2004 “NORDEN” had an average of 251 employees (an increase of 8%), and at the end of the year the number of employees was 296, of which some 2/3 were employed on the Company’s own vessels.

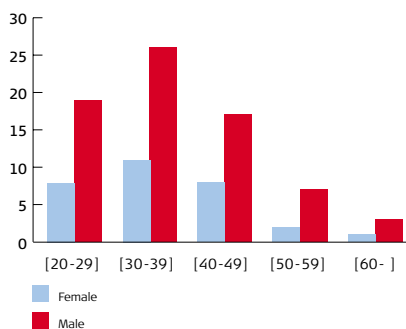
Over 75% of the land-based staff are located in Copenhagen, and the remaining 25% at the overseas offices, the largest of which are in Singapore, the USA and China. Staff numbers have increased in all departments in Copenhagen, but most markedly in the dry cargo department and in the finance and IT areas. Indeed, these two areas have the lowest seniority of 3.1 and 4 years, while the average seniority overall is 5.3 years. The growth in finance and IT reflects the greater need to manage the Company’s infrastructure and the greater activity and

reporting requirement. The increase in the dry cargo department is the result of a 46% increase in the department’s activities in terms of ship days – an increase which is continuing in 2005.

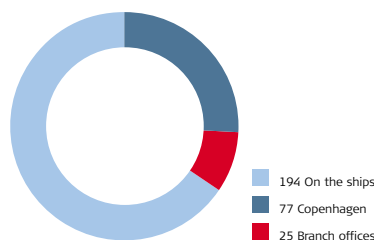
The largest group of employees in the offices is operations managers, charterers and controllers, who are typically trained in shipping. Just over 10% of all employees received their training at “NORDEN” and currently the Company has an additional eight trainees.

“NORDEN” flag policy is that the vessels owned by the parent company are to sail under the Danish flag and be registered in the Danish International Register (DIS). At the end of the year, six vessels were registered in DIS. The remaining vessels are registered in Singapore with Indian or Philippine officers and crews. In this way the Company uses DIS and Singaporian flag at present. Under DIS, vessels must have a Danish master, but the five “NORDEN” tankers have four Danish senior officers. More than half of the 93 officers on the Company’s vessels are Danish, while the remaining officers are Indians and Filipinos, and in addition, as mentioned, the Company has 19 Danish apprentice and junior officers. The average seniority measured from the date of employment with “NORDEN” is about six years for officers and around 2.5 years for seamen.

AGE AND GENDER PER 31 DEC. 04



GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES PER 31 DEC. 04



COMPETENCES AND CULTURE

“NORDEN” organisation is flat with short chains of command, open cross-departmental dialogue and extensive teamwork. Based on Company management’s general guidelines, there is a high degree of delegation of decision-making to the individual employees, particularly those in customer-oriented positions. Accordingly, the employees are given personal challenges and the Company achieves greater decision-making power.

However, this structure also requires more of the employees. They must be skilled, dedicated and independent, and they must be loyal to the “NORDEN” culture with constant focus on the long-term needs of the customers and the Company.

The central employee development tool is a system that was introduced in 2003 and further developed in 2004. Based on the Company’s overall strategy and the strategies of the individual departments, competency profiles have been prepared for all land-based employees as well as for the senior officers. These competency profiles describe the personal and professional competencies required from each employee in order to support the Company’s strategies. The employees are measured on the basis of 40 aspects in six main areas:

1. “NORDEN” competencies
2. Leadership
3. Clients and culture
4. Business conduct
5. Professional skills and knowledge
6. IT competencies

The staff development system forms the basis of the Company’s and the individual departments’ overall staff development and recruitment. The results are furthermore used to develop goals and action plans for the individual employees. The skills and performance of all employees are discussed in annual evaluation interviews. Meanwhile, it is also ensured that “NORDEN” values continue to pervade the organisation.

The Company’s overseas offices also play an important role in the supplementary training. They provide trainees,

new graduates and executives alike with an opportunity to develop personally and professionally in foreign countries and challenge the organisation’s approach, which enhances the dynamics of the Company.

In addition, “NORDEN” develops management potential at institutions such as IMD, at which 5 executives followed courses in 2004. This number is expected to grow in the coming years.

WORKING CONDITIONS AND PAY

The qualifications and personal contacts of the employees are vital. Increased focus on the development of competencies is therefore a tool to develop the Company as well as a way to retain competent employees by providing a personal development and career perspective.

Another critical factor is pay. Shipping is an international business, and “NORDEN” must match international levels, providing its employees with fair market pay and awarding them for extraordinary performance. To ensure that the employees’ interests match those of the shareholders, the Company has introduced bonus schemes tied up to the Company’s profit for the year and the performance of the share. Under these programmes, the bonus amount paid in 2004 equalled 6 months’ pay for all employees except those covered by the Company’s share option programme. On top of this, selected key employees received a special bonus. These bonuses totalled USD 7 million.

Apart from the bonus system, the two members of the executive management and other senior executives are covered by the Company’s share option programme (see also note 34 “Incentive programme”).

“NORDEN” is a young organisation as about 60% of land-based employees are under 40 years of age.

Measured by its total package of incentives for staff and Management, “NORDEN” assesses that the Company is currently able to compete successfully with other shipping companies for the best employees.



Safety and environment

ENVIRONMENT

It is the Company's objective to protect the environment as well as the health and safety of its staff. In 1997, the Company formulated its first policy on the internal and external environment for those vessels owned by "NORDEN", and this policy has since been updated and now forms the basis of standards and instructions. Chartered vessels must as a minimum comply with the IMO's rules and other international standards.

"NORDEN" acknowledges its responsibility to control and limit the impact that its operations have on the environment, and thus seeks to reduce and, where feasible, eliminate environmental contamination at the source.

The central objective is *Zero Incidents* in the form of groundings, collisions or fires on the vessels and no pollution as a result of oil spills from the Company's vessels. These objectives were again met in 2004, and the latest noteworthy incident in "NORDEN" dates back to 2001, when m.t. "Nordamerika" damaged its rudder and propeller during a port manoeuvre.

The primary means to this end (i.e. zero incidents) are:

- Continually investing in the fleet, both in contracting new vessels and in introducing new, environmentally-friendly technology on existing vessels. At year-end, the average age of the Company's own vessels was 4.0 years for dry cargo and 3.0 years for tankers.
- Meeting the Best Industry Practices which the oil companies set out for the shipping companies that provide them with long-term charters. The oil companies' requirements in terms of quality, security and equipping of the vessels far exceed both national regulations and the rules of the IMO and other international authorities.
- Continually measuring and registering of deficiencies and improvement possibilities in inspections by the Company's own inspectors, as well as oil companies' vettings and Port State Controls. The results, which form the basis of the improvements, are benchmarked against those of other shipping companies, and key indicators are drawn up of the efforts.
- A systematic effort to enhance the employees' knowledge and awareness of how important it is to respect the environment in one's daily work on land and at sea.



M.v. NORDPOL.

SAFETY

The Company measures its efforts to ensure working safety at sea by the number of incidents measured in millions of man-hours leading to loss of productive time. After an isolated unsatisfactory development in the first quarter of 2003, the number of incidents again stabilised at a low level. An analysis of the incidents in the first quarter of 2003 showed that there were no common features or system. Nonetheless, the Company is maintaining focus on the area.

Seamen and officers are required to report *Near Misses*, so that lessons can be learned from them right away and to ensure that employees may avoid personal injury, illness, accidents or material damage. In addition, frequent briefings are given on board the vessels, and the Company's own inspectors check all safety aspects in connection with their inspections.

FLEET EFFICIENCY

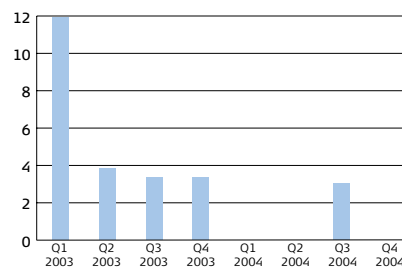
The technical department is responsible for environment and safety, as well as for the operation and maintenance of the Company's own vessels and grabs. It also inspects the vessels that "NORDEN" is planning to acquire and monitors all newbuildings, continually screens shipyards and supports the commercial departments.

The environmental and safety efforts are compatible with high efficiency. The costs (excluding docking) of operat-

ing the Company's own tankers are thus down from 2003 to 2004 as a result of the strong focus on budgeting and efficiency.

In 2004 "NORDEN" experienced three minor disruptions to the fleet's operations. In aggregate, they meant that the vessels involved were out of operation for 1.5 days and the Company suffered additional costs in the amount of USD 0.3 million. The disruptions were an error in the electrical generator of a vessel, inadequate cleaning of the tanks of a vessel and problems with the cooling system of a vessel, which were corrected on this ship as well as on its sister vessel. The scope of the disruptions is assessed to be minimal.

LOST TIME INJURY FREQUENCY
NUMBER OF INCIDENTS / MILL. MAN HOURS
(OCIMF STANDARD)



Corporate governance

THE COMPOSITION OF THE BOARD

The continuity in the Company's senior management is important to "NORDEN", and the Board of Directors' experience and insight into the business is all the more vital in the strong growth environment. This is especially so given the expansion of the Company's activities and organisation. The continuity is secured by a stable core of employee representatives, from time to time supplemented by new members who contribute the renewal and the extra competencies that the Company needs. Ahead of the annual general meeting in April 2005, the average seniority of the representatives elected by the general meeting on the Board is 11 years, which means that the core of the Board has led the Company through its remarkable development in recent years.

Counting the employee representatives, the seniority of the Board of Directors is 9 years. In April 2004, the employees re-elected crew manager Kirsten Hansen, newly elected Ole Clausen, senior operations manager, and Egon Christensen, captain. All were elected for a four-year period. The three representatives joined the Board immediately after the annual general meeting on 26 April 2004.

At each annual general meeting, two of the longest serving members elected by the general meeting retire. At the annual general meeting on 26 April 2004 Erling Højsgaard and Frederick W. Meier retired and were re-elected. At the annual general meeting on 25 April 2005, Mogens Hugo Jørgensen and Erik G. Hansen will retire and are proposed for re-election. Also, Frederick W. Meier has decided to retire. Instead, the Board of Directors proposes direc-

tor Einar Fredvik of Rasmussengruppen in Kristiansand, Norway, to be elected.

The age limit for board members is 72. No one is a member of both the Board of Directors and the Management of the Company, and no board members have any close relation to the Company other than as shareholders. Two of the five members of the board, elected at the annual general meeting, are related to or represent major shareholders of the Company.

THE ROLE AND ACTIVITIES OF THE BOARD OF DIRECTORS

The Board sets out the Company's strategies, action plans and budgets and supervise the Company's results, management and organisation. Active risk management is essential to the "NORDEN" strategy, and the Board has adopted a number of policies setting out the framework for the management of both financial and market risks (see page 24), and currently monitors these policies.

The Board's guiding principle is to add value for the benefit of shareholders, customers and employees through controlled growth of the dry cargo and tanker activities. The Board sees it as its most important role to ensure that, through the strategic and active risk management, the Company achieves stable, high earnings and added value despite the risks inherent in the shipping industry. The earnings are to form the basis for a reasonable, long-term return for the shareholders. Over the past five years, "NORDEN" has created added value totalling DKK 2,944 per share in the form of price increases and dividends.

In the calendar year 2004, the Board of Directors held 14 meetings and one strategy seminar. "NORDEN" does not have any permanent board committees.

The Board's work is set out in an order of business, which is revised annually. In addition, the Company is governed by the principles that regulate the interaction between its management and its stakeholders, e.g. the Danish Companies Act; the Danish Financial Statements Act; the rules of the Copenhagen Stock Exchange and "NORDEN" articles of association, policies and directives.

The Board has no formal self-evaluation procedure. The Board does not consider self-evaluation an annual event, but an ongoing process at and in between board meetings. It is based on the Company's performance and the Board's ability to handle the challenges of the Company. The Chairman is responsible for this process as well as for the ongoing evaluation of the Management and of the cooperation between the management and the Board of Directors.

BOARD REMUNERATION

The Board of Directors, management and executives are covered by an option programme established in 2001 and which runs for three years. At the end of 2004, the Company had issued a total of 97,012 options, each giving the holder the right to purchase one share in "NORDEN". No further share options will be issued under the programme. The programme for the Board of Directors was approved at the annual general meeting in 2001. The programme has fulfilled its purpose, judging by the added value gen-

erated for the shareholders over the period. Furthermore, the Board receives an emolument determined at the annual general meeting. For 2004, the proposed emolument is DKK 1,662,500 corresponding to DKK 175,000 for an ordinary member of Board and two and a half times that amount for the Chairman. Due to special circumstances in 2004, the Chairman and another member of the Board have undertaken extraordinary tasks, for which they have received a total remuneration of DKK 1.2 million.

The remuneration of the Board of Directors and the management is disclosed in note 6 "Personnel costs", while the share option programme is described in note 34 "Share option programme".

CORPORATE GOVERNANCE

The Board of Directors assesses that "NORDEN" complies with most of the corporate governance guidelines issued by the Copenhagen Stock Exchange. Some of the exceptions are the option programme for the Board of Directors, the lack of self-evaluation by the Board and the Board's seniority and election rules.

Information on the Company's annual general meeting, financial reporting, corporate governance, risk management, insider trading regulations and rules for trading in own shares can be found in the Investor Relations section on our website www.ds-norden.com.



THE PICTURE WAS TAKEN AT THE BOARD MEETING ON 29 NOVEMBER 2004.

LEFT: KIRSTEN HANSEN, FREDERICK W. MEIER, CARSTEN MORTENSEN, JENS FEHRN-CHRISTENSEN, OLE CLAUSEN, EGON CHRISTENSEN, MOGENS HUGO JØRGENSEN, STEEN KRABBE, ERIK G. HANSEN, ALISON J. F. RIEGELS AND ERLING HØJSGAARD.

BOARD OF DIRECTORS

THE BOARD MEMBERS' OTHER DIRECTORSHIPS AND SHAREHOLDINGS IN "NORDEN"

	No. of shares	Directorships etc. in other companies in Denmark and abroad
Mogens Hugo Jørgensen , Managing Director, born in 1943. Member of the Board and Chairman since 1995. Most recently re-elected in 2003.	0	GN Store Nord as (CB), Nordea Danmark-Fonden (CB) and Twins Consulting ApS (BM)
Alison J. F. Riegels , Managing Director, born in 1947. Member of the Board and Deputy Chairman since 1985. Most recently re-elected in 2003.	325	A/S Mototramp (MD, BM)
Erik G. Hansen , Erik G. Hansen, Managing Director, born in 1952. Member of the Board since 1996. Most recently re-elected in 2002.	8.520	Rigas Invest ApS (MD), DTU Innovation A/S (CB), Investeringselskabet Energy Holding A/S (CB), enXco Invest A/S (CB), Polaris Management A/S (CB), T.T.i T. A/S (CB), Bagger-Sørensen & Co. A/S (BM), Danionics A/S (BM), PFA Holding A/S (BM) and Skandinavisk Group A/S (BM)
Erling Højsgaard , Managing Director, born in 1945. Member of the Board since 1989. Most recently re-elected in 2004.	2.100	A/S Mototramp (VCB), Navision Shipping Company A/S (CB) and Danbulk A/S (BM)
Frederick W. Meier , Managing Director, born in 1943. Member of the Board since 2001. Most recently re-elected in 2004.	0	Lord Baltimore Capital Corp. (MD), Provident Bankshares Corp. (MD), Rodney Trust Company (MD), Attransco, INC (MD), Board of Finance of Baltimore City (BM), Maryland Health and Higher Education Financing Authority (BM), Investment Committee, Baltimore Museum of Art (BM)
Kirsten Hansen , Crew Manager, born in 1959. Employee representative since 1992. Most recently re-elected in 2004.	265	
Egon Christensen , Captain, born in 1952. New employee representative elected in 2004.	0	
Ole Clausen , Senior Operations Manager, born in 1956. New employee representative elected in 2004.	0	



LEFT: LARS LUNDEGAARD, KJELD RASMUSSEN, CARSTEN MORTENSEN, JACOB MELDGAARD, JENS FEHRN-CHRISTENSEN, AND LARS BAGGE CHRISTENSEN.

MANAGEMENT GROUP

The Company's senior executives are:

Carsten Mortensen, President (CEO), born in 1966. Carsten Mortensen joined "NORDEN" in 1997 as head of the dry cargo department after 11 years at A. P. Møller, where he received his shipping training. He has a bachelor of commerce degree in international trade from the Copenhagen Business School, and has completed executive training programmes at INSEAD and Wharton Business School. Carsten Mortensen became a member of management and was appointed COO in the month of June, 2004. On 12 January 2005, Carsten Mortensen was appointed President (CEO). Number of shares: 0.

Jens Fehrn-Christensen, Executive Vice President (CFO), born in 1952. Jens Fehrn-Christensen joined "NORDEN" in 1992 as head of finance and was appointed a member of management in 2000. He has a master's degree in economics and business administration from the Copenhagen Business School. Jens Fehrn-Christensen was previously head of finance at J. Lauritzen A/S and a deputy director of Ove Skou Rederiaktieselskab. He is chairman of NCS Holding A/S, a board member of Sun-Air of Scandinavia A/S and a member of the board of representatives of Danish Ship Finance. Number of shares: 0.

Lars Bagge Christensen, Senior Vice President, born in 1963. Lars Bagge Christensen joined "NORDEN" in 1993 after ten years at A. P. Møller, where he received his shipping training. He has also completed an INSEAD executive training programme. Lars Bagge Christensen has been in charge of the tanker department since 1999. He is a member of the Intertanko PR committee. Number of shares: 42.

Lars Lundegaard, Senior Vice President, born in 1957. Lars Lundegaard joined "NORDEN" in 2002 and heads the technical department. His qualifications include a master's certification

and an MBA. Lars Lundegaard previously held executive positions in shipping companies in Denmark and abroad, most recently as CEO of ASN Marine. He is a member of both the Intertanko technical committee and the negotiations committee of the Danish Shipowners' Association. Number of shares: 3.

Jacob Meldgaard, Senior Vice President, born in 1968. Jacob Meldgaard joined "NORDEN" in 1997 after working for five years at A. P. Møller, where he received his shipping training, and for two years at J. Lauritzen A/S. Jacob Meldgaard also has a bachelor of commerce degree in international trade from the Copenhagen Business School and completed an INSEAD executive training programme. He was appointed general manager on 1 January 2002 and senior vice president and head of the dry cargo department in 2004. Number of shares: 1.

Kjeld Rasmussen, Senior Vice President, born in 1941. Kjeld Rasmussen joined "NORDEN" in 1987 and is in charge of finance, accounts and insurance. He received his training from the East Asiatic Company (EAC) and holds a bachelor of commerce degree in management accounting. Kjeld Rasmussen has held executive positions both in Denmark and abroad at EAC and other shipping companies. Number of shares: 0.

Other senior executives: Kristian Wærness, Vice President (0 shares), Søren Huscher, General Manager in the tanker department, who per 1 May 2005 will be lent to the Norient Product Pool A/S as CEO, (33 shares), Jens Christensen, Deputy Manager in the technical department (0 shares) and Peter Norborg, Deputy Manager in the dry cargo department (0 shares).

Shareholder information

The Company's objective is to create a stable, reasonable return for its shareholders in the form of a combination of dividends and share price increases.

ISIN CODE AND SHARE CAPITAL

Dampskibsselskabet "NORDEN" A/S' shares are listed on the Copenhagen Stock Exchange under the symbol DNORD. The ISIN code is DK0010269844. The Company is included in the specialist indices KFMX and KAX and the sector indices CSE20PI, CSE 2030PI and CSE203030PI.

The share capital consists of 2,303,750 shares of DKK 20 each, equalling DKK 46,075,000. No changes have been made to the share capital during the year. The Company has a single class of shares, and the shares are freely negotiable. There are no limitations to the shares' voting rights.

SHARE PERFORMANCE

"NORDEN" share ended the year at DKK 2,726, an increase of 109% in 2004. For the second year running, the Company's share was among the ten showing the highest increases on the Copenhagen Stock Exchange. With almost constant price increases during recent years, "NORDEN" share's value increase over the past five years is significantly higher than that of all shares listed on the exchange (the KAX index) and the ultra-liquid shares in the KFX index.

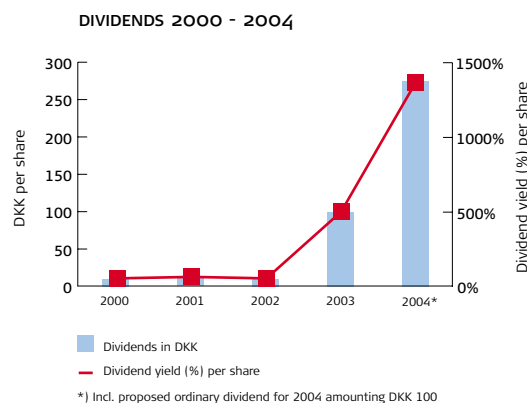
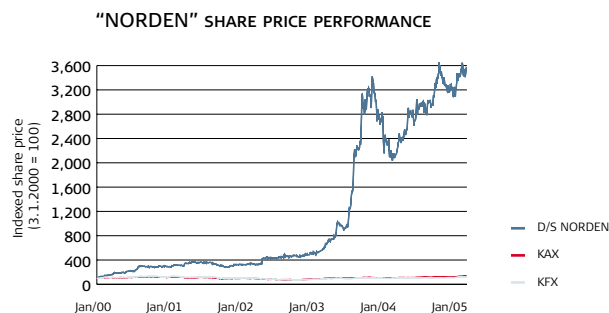
Since year-end, the price of the Company's share has risen further, and at the beginning of March 2005 it was at DKK 2,957.

DIVIDEND POLICY

"NORDEN" pays dividends in due consideration of the Company's actual earnings, risk management, strategy and investment plans.

In light of the Company's record high earnings in 2003, "NORDEN" shareholders decided at the annual general meeting in April 2004 to raise the dividend payment to DKK 100 per share from the DKK 10-12 paid in the previous years. As the Company's earnings in 2004 made another quantum leap, the Board of Directors was authorised at an extraordinary general meeting on 30 September to declare an extraordinary dividend of DKK 175 per share for 2004. This authorisation was used in October when "NORDEN" distributed DKK 403 million in dividends, paid extraordinarily. The Company was thus among the first to take advantage of the new rules on extraordinary dividends.

At the annual general meeting on 25 April 2005, the Board of Directors will propose ordinary dividends of DKK 100, bringing the total dividend per share for 2004 to DKK 275 corresponding to total DKK 634 million (USD:





EMPLOYEES AT "NORDEN"
OFFICE IN CHINA.

109 million). This is the largest dividend distribution in the history of "NORDEN" and means that 41% of the profit for the year is distributed as dividends, compared with a dividend distribution of 51% of the profit for the previous year.

SHAREHOLDERS' RETURN

The Board continually strives to ensure that the Company provides a basis for a reasonable, long-term return for the shareholders. This is to be achieved through the Company's strategy, including risk management.

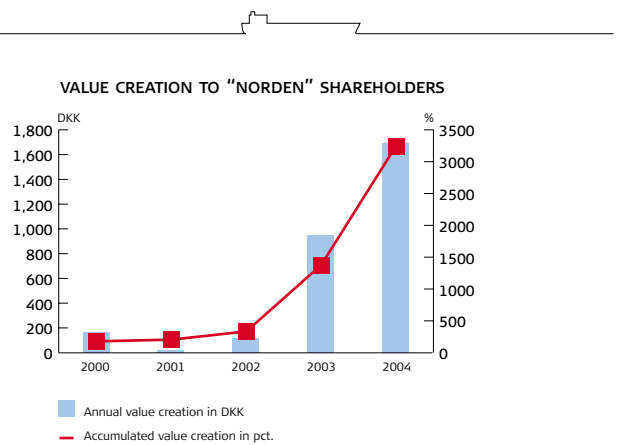
Adding up the ordinary dividend of DKK 100 per share in April, the extraordinary dividend of DKK 175 per share in October and the share's performance through 2004, the

shareholders' total return for the 2004 financial year is 130%.

Seen over a longer perspective, the objective of a reasonable, long-term return has also been met. On average, the shareholders' return in terms of share performance and dividends (excluding proposed dividend for 2004) is 649% p.a. over the past five years and 348% p.a. over the past three years.

OWNERSHIP

At the beginning of March 2005, the following shareholders had registered ownership of 5% or more of the Company's shares:



	Registered office	Number of shares	Ownership share (%)
A/S Dampskibsselskabet TORM	Copenhagen, Denmark	727,803	31.6%
A/S Motortramp	Stensved, Denmark	592,562	25.7%
Rasmussengruppen AS	Kristiansand, Norway	460,767	20%
Total major shareholders		1,781,132	77.3%
"NORDEN" (own shares)		102,860	4.5%
Registered holdings below 5%:		291,434	12.6%
Unregistered shares:		128,324	5.6%
TOTAL		2,303,750	100%

At the beginning of March 2005, "NORDEN" had 1,301 registered shareholders. This number has grown steadily

since 1 January 2004, when there were 514 registered shareholders.

In September, two of the Company's major shareholders – Attranco (Bermuda) Ltd. (51%) and A/S Motortramp – notified "NORDEN" that they had initiated an investigation that might lead to the sale of all or part of their holdings in the Company. The investigation was concluded on 11 October with the outcome that Rasmussengruppen AS acquired all the shares of Attranco (Bermuda) Ltd., as well as taking over 5% of the shares from A/S Motortramp. Rasmussengruppen and Motortramp concluded a shareholders' agreement in which the parties among other things undertook not to sell or transfer ownership of their shares in the Company for a two-year period.

INVESTOR RELATIONS

Although "NORDEN" was the 26th largest share on the Copenhagen Stock Exchange in terms of market value at the end of 2004, the trading volume in the Company's share is limited. This is despite growing interest in the Company from the capital markets and from the media.

An average of 85,831 shares per month were traded in 2004 (corresponding to 3.7% of the share capital) against an average of 0.4% of the share capital per month in 2003. The primary cause of the increase is Rasmussengruppen's acquisition of 20% of the shares in October, while the explanation for the low trading volume is that 81.8% of the share capital was held by the four major shareholders at the end of 2004 (including the Company's holding of own shares).

At the annual general meeting, the Board of Directors will propose a reduction of the denomination of the shares to DKK 1 in order to improve the liquidity of the share. In addition, the Company is working on developing its dialogue with shareholders, analysts, potential investors and other stakeholders through open, honest and easily accessible information. Over the past few years, "NORDEN" has significantly improved the information level in the annual and interim reports, and this development will continue. At the same time, the Company will actively service the capital market.

Shareholders, analysts, investors and other stakeholders who have questions concerning investor relations should contact:

D/S "NORDEN" A/S
Amaliegade 49
DK-1256 Copenhagen K
Denmark
Tel: +45 33 15 04 51
Fax: +45 33 15 61 99

The Company's contact person for investor relations is: Carsten Mortensen, President.

Further information about "NORDEN" is available on the website: www.ds-norden.com and includes a list of stock exchange announcements in 2004. It is also possible to join the Company's e-mail news service and receive stock exchange announcements, interim reports and other information.

FINANCIAL CALENDAR FOR 2005

25 April	Annual general meeting
29 April	Declaration of dividends
31 May	Interim report for Q1
23 August	Interim report for the first half
29 November	Interim report for Q3

Board proposals for submission at the 2005 general meeting

Among the proposals the Board of Directors will submit at the annual general meeting to be held on 25 April 2005 are the following:

- that the Board of Directors be authorised, such authorisation to be valid until next year's annual general meeting, to acquire for the Company up to 10% of the share capital at the market price prevailing at the time of acquisition plus/minus 10%;
- that the denomination of the Company's shares be reduced from DKK 20 to DKK 1.

Financial review 2004

Effective from 1 January 2004, the Company has changed its accounting policy regarding the recording and presentation of the Company's transactions, so that these are now recorded and presented in the Company's functional currency which is USD. As a result, the effect of USD/DKK exchange rate fluctuations on the financial reporting will be reduced considerably as the majority of the Company's transactions take place in USD.

In addition, this change is an important step in the transition to IFRS at 1 January 2005, as it will subsequently be a requirement that amounts are recorded in the Company's functional currency.

The effect on the annual report for 2004 in terms of amounts is further described in the section "Accounting policies".

PROFIT FOR THE YEAR AND EQUITY

The Company posted a profit for the year of USD 264 million after tax against USD 72 million in 2003 including profits on the sale of vessels totalling USD 50 million in 2004 and USD 3 million in 2003. Before tax, the profit was USD 267 million against USD 74 million in 2003.

Equity amounted to USD 336 million against USD 185 million at year end 2003, equalling an 82% increase, which is specified as follows:

	USD million
Equity at 1 January 2004	185
Profit for the year	264
Write-down of acquisition of own shares	-6
Value adjustment of hedging instruments	-7
Dividends paid	-100
Equity at 31 December 2004	336

Activities and profitability

Revenue, in the form of freight income, increased by USD 689 million to USD 1,167 million, a 144% increase, which is attributable to a high level of activity as a result of the

Company's continued expansion of the fleet, primarily of bulk carriers but also of tankers, and the historically high freight rates, especially in the dry cargo market.

Dry cargo

Freight income for bulk carriers rose by USD 647 million to USD 1,062 million due to a significant rise in freight rates and in the number of ship days to 34,753, equalling a 46% increase, primarily based on chartered tonnage.

The Company sold three bulk carriers in 2004 at a profit of USD 37 million.

The Dry Cargo Department's profit for the year totalled USD 232 million against USD 56 million in 2003.

Tankers

Freight income for tankers rose by USD 42 million to USD 105 million. The increase was primarily generated in the MR and SR segments as the Company's four Aframax tankers and three product tankers operated on long-term charter parties. The number of ship days totalled 4,444 equalling a 31% increase.

The Company sold one product tanker in 2004 at a profit of USD 13 million.

The Tanker Department's profit for the year was USD 36 million against USD 14 million in 2003.

Financials

Financial income was down USD 1 million to USD 4 million. Financial costs remained USD 6 million.

Vessels

In 2004, the Company took delivery of five bulk carriers, of which three were sold.

Value of vessels

The Company's vessels are recognised in the balance sheet in USD at cost less accumulated depreciation and impairment.

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

To help in evaluating the carrying amount of the vessels, the Company regularly has its vessels valued by two independent brokers.

Average broker valuations (January 2005) of the Group's fleet and orders for ten newbuildings were computed to have an added value, including charter parties, of some USD 235 million at 31 December 2004 over their carrying amounts.

Associated undertakings

The Company's share (50%) in Nortide Shipping Limited is included in associated undertakings.

Effective from 1 January 2005, "NORDEN" and the shipping company Interorient Navigation Company have jointly set up a product tanker pool. The pool is managed by a Danish company, in which the Company's share is 50%.

BALANCE SHEET

Assets

The Company's total assets at 31 December 2004 amounted to USD 520 million, representing an increase of USD 145 million or 39%.

Fixed assets rose by USD 16 million to USD 274 million, primarily due to the addition of new tonnage and prepayments on newbuildings.

Current assets rose by USD 129 million to USD 246 million. Receivables and inventories increased by USD 54 million as a result of the high level of activity. Cash and cash equivalents increased by USD 75 million, as shown in "Cash flows" below.

Equity and liabilities

The Company's equity rose by USD 151 million to USD 336 million, or by 82%. In 2004 distributed dividends totalled

USD 100 million, comprising ordinary dividend for 2003 of DKK 100 per share and extraordinary dividend for 2004 of DKK 175 per share.

Minority interests were reduced by USD 6 million as a result of the acquisitions in the third quarter of the 34% minority holding in the subsidiary Nordafrika Pte. Ltd., Singapore and 49% in the subsidiary Nordholm Pte. Ltd. The Group now wholly owns these companies.

The Company's liabilities remained in general the same, as the long-term liabilities have decreased by USD 40 million as a consequence of repayment and instalments while the short-term liabilities have primarily increased due to the increased activity.

Cash flows

The Company's cash and cash equivalents increased by USD 75 million in 2004. Cash and cash equivalents consist mainly of USD bank deposits.

Operating activities contributed by USD 190 million against USD 65 in 2003.

In 2004, USD 57 million was invested in vessels, and the net proceeds on the sale of vessels were USD 87 million. The increase in prepayments on newbuildings amounted to USD 6 million. Cash flows from investing activities totalled USD 20 million.

Cash flows from financing activities amounted to USD -135 million and primarily resulted from shareholder dividends of USD 100 million, net repayment of long-term debt amounting to USD -28 million and other items to USD 7 million.

The change in cash and cash equivalents for 2004 totalled USD 75 million.

Tax on the 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 computed in accordance with the general tax rules.

Income calculated in accordance with the Tonnage Tax Act comprises both taxable income calculated on the basis of the tonnage employed by the Company during the year and profits from the sale of vessels.

Other income is based on the taxable income for the individual activity, calculated as the difference between the taxable income and the deductible costs.

Tax on the profit for the year amounts to USD 3.9 million, of which USD 1 million has been recognised in equity.

Transition to IFRS at 1 January 2005

The Company has at 1 January 2005 changed its accounting policies to comply with the standards approved by the European Union, the International Financial Reporting Standards (IFRS) and such other financial reporting requirements as apply to listed companies.

The explanation of changes to the accounting policies is based on the IFRS accounting standards that are expected to be in force at 31 December 2005, and may therefore be affected by any changes to existing standards or the introduction of any new IFRS accounting standards before the presentation of the annual report for 2005.

As a consequence of the transition to IFRS, the accounting policies and presentation for the Group as well as for the parent company will be changed in the following areas:

- 1) **Depreciation** of vessels is changed in that the scrap value is taken into consideration in the calculation of depreciation. The scrap value is to be assessed at the end of each financial year and determined based on the market price per ton for scrapping of the vessel.
- 2) **Minority interests'** proportionate share of the profit/loss and equity of subsidiaries is to be presented as separate items in the income statement and in equity in the group accounts. Previously, the minority interests' proportionate share of the profit/loss was presented before the parent company's share of the Group's profit/loss, while the minority interests' proportionate share of equity was presented as a separate item between equity and liabilities.

3) **Share-based payment programme:** The value of services received as consideration for incentive arrangements is measured at the fair value of the granted options. For equity-settled arrangements granted after 7 November 2002, for which the earliest possible exercise date is after 1 January 2005, fair value is measured at the grant date and recognised as salary costs in the income statement in the period when the options vest and set off on the equity. Previously, the costs of share-based payment were not recognised.

4) **Recognition of subsidiaries and associated undertakings.** The parent company's investments in subsidiaries and associated undertakings are measured at cost. Previously, investments were measured according to the equity method. In the balance sheets at 1 January 2004 and 31 December 2004, respectively, value adjustments from cost to net asset value are reversed. In the profit for the year 2004, the share of the profit for the year is reversed.

5) **Dividends received** from subsidiaries and associated undertakings are recognised as financial income in the parent company's income statement due to the change mentioned in item 4 above.

The below table indicates how the transition to IFRS is expected to affect the income statement for 2004 and equity at 1 January 2005 of the Group and the parent company, respectively:

2004 USD million	Group		Parent Company	
	Profit	Equity	Profit	Equity
Current accounting policies	263.7	336.4	263.7	336.4
1. Depreciation of vessels	0.5	1.6	0.3	1.5
2. Minority interests	0.2	2.0	-	-
3. Share-based payment programme	-0.2	0	-0.2	0
4. Investments	-	-	-42.6	-55.1
5. Dividends received	-	-	0	0
New accounting policies, IFRS	264.2	340.0	221.2	282.8

The changes in accounting policies do not affect tax of the profit for the year for 2004 or tax obligations calculated in the balance sheet as per 31 December 2004.

Derivative financial instruments

In accordance with IFRS 1, the provisions of IAS 39 on the recognition and measurement of financial instruments will only be applied effective from 1 January 2005.

As mentioned on p. 24 of the management's review, the Company has established a financial risk management framework. The financial risk management covers the Company's market, currency, interest rate and credit exposure. As part of the overall risk management, the Company uses derivative financial instruments to hedge this exposure. Although a derivative financial instrument acts as an effective financial hedge in accordance with the Company's risk management policy, the hedge cannot be treated according to the hedge accounting provisions of IAS 39 unless a number of restrictive conditions are met. In that case, the hedging instrument and the hedged item are to be accounted for separately, as if no hedge existed. Accordingly, changes in the fair value of the derivative financial instrument are to be recognised in the income statement.

Considering the significant resources that are assessed to be required to meet the hedge accounting provisions of IAS 39, the Company expects that, for financial reasons, it will not in all cases treat derivative financial instruments so that the rules regarding hedge accounting are fulfilled.

Cash flow statement

Following the transition to IFRS, cash and cash equivalents in the cash flow statement comprises only cash and securities subject to an insignificant risk of changes in value. A security is considered to be subject to insignificant risk when it has a maturity of three months or less from the date of acquisition. According to the previous accounting policies, cash and cash equivalents comprised all securities. As a consequence of the transition to IFRS, securities in the total amount of USD 0.7 million at 31 December 2004 are classified under investment activities.

There are no other material differences in the cash flow statement between the presentation under IFRS and the previous presentation under Danish accounting regulation.

Changes in standard format

In addition to the changes to the accounting policies, the transition results in reclassifications and changes to the layout of the financial statements. Provisions are no longer presented as a separate group of liabilities (provisions) in the balance sheet, but are incorporated under long-term and short-term liabilities. The item "Associated enterprises" is reclassified to "Joint ventures". The reclassification does not affect either profit or equity.

Statements

STATEMENT OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors and Management did today review and approve the Annual Report of Dampskibsselskabet "NORDEN" A/S for the 2004 financial year .

The Annual Report was prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the general requirements of the Copenhagen Stock Exchange regarding the financial reporting of listed companies.

We consider the accounting policies applied to be appropriate and the accounting estimates made to be adequate. Moreover,

Management

Carsten Mortensen
PRESIDENT

Board of Directors

Mogens Hugo Jørgensen
CHAIRMAN

Erik Gregers Hansen

Kirsten Hansen

Erling Højsgaard

we find the overall presentation of the annual report to present a true and fair view. The Annual Report therefore gives a true and fair view of the assets, liabilities, the financial position and results of the Group and the Parent Company and of the activities and cash flows of the Group and the Parent Company.

We recommend that the Annual Report be approved at the General Meeting.

Copenhagen, 29 March 2005

Jens Fehrn-Christensen
EXECUTIVE VICE PRESIDENT

Alison J.F. Riegels
VICE CHAIRMAN

Frederick W. Meier, Jr.

Ole Clausen

Egon Christensen

AUDITORS' REPORT

To the shareholders of Dampskibsselskabet "NORDEN" A/S

We audited the annual report of Dampskibsselskabet "NORDEN" A/S for the financial year 1 January - 31 December 2004, prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

The Company's Board of Directors and executive management are responsible for the annual report. It is our responsibility to express an opinion on the annual report based on our audit.

Basis of opinion

We performed our audit in accordance with Danish auditing standards. These standards require that we plan and perform our audit to obtain reasonable assurance that the annual report is free of material misstatement. The audit includes examination on a sample basis of evidence that supports the amounts and disclosures in the annual report. The audit

also includes assessing the accounting policies applied and significant estimates made by the Board of Directors and the management, as well as an evaluation of the overall presentation of the annual report. We believe that the audit performed provides a reasonable basis for our opinion.

Our audit did not give rise to any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the assets, liabilities and financial position of the Group and the parent company at 31 December 2004 and of the results of operations of the Group and the parent company, and of the cash flows of the Group for the financial year 2004 in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

Copenhagen, 29 March 2005

KPMG C. Jespersen

Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
STATE-AUTHORISED
PUBLIC ACCOUNTANT

Jørgen Skovbæk Johansen
STATE-AUTHORISED
PUBLIC ACCOUNTANT

PricewaterhouseCoopers

Statsautoriseret Revisionsinteressentskab

Per Nørgaard Sørensen
STATE-AUTHORISED
PUBLIC ACCOUNTANT

Kjeld Bøgild
STATE-AUTHORISED
PUBLIC ACCOUNTANT

Accounting policies

The annual report of Dampskibsselskabet "NORDEN" A/S for 2004 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to listed companies in accounting class D, current Danish accounting standards and the general requirements made by the Copenhagen Stock Exchange on the financial reporting of listed companies.

Change in accounting policies

Effective from 1 January 2004, the Company has changed its accounting policy regarding the recording and presentation of the Company's transactions, so that these are now recorded and presented in USD. This means that transactions denominated in currencies other than USD – including DKK – will in future be considered as foreign exchange transactions.

As a result, the effect of USD/DKK exchange rate fluctuations on the financial reporting will be reduced considerably as the majority of the Company's transactions take place in USD.

This change in accounting policy means that all balance sheet items at 1 January 2004 have been translated into USD. The translation was done in the following way:

- Fixed assets, inventories, share capital and other reserves as well as provisions (non-monetary items) were translated to USD at the exchange rate at the transaction date.
- Other assets and liabilities (monetary items) were translated to USD at the exchange rate at 1 January 2004.

This results in a foreign exchange difference between the 2003 closing equity in DKK translated to USD at the year-end exchange rate and the 2004 opening equity in USD according to the new accounting policy. The difference amounts to USD -40 million, and equity consequently amounts to USD 185 million at 1 January 2004 against USD 225 million at 31 December 2003 according to the previous accounting policy.

The difference is specified as follows:

USD'000	
Equity at 31 December 2003	
translated to USD/DKK at year-end	224,700
Differencies:	
Vessels etc.	-38,617
Prepayments	-1,175
Equity at 1 January 2004	184,908

The change in accounting policies has not effected tax for the year.

The 2003 comparative figures for the income statement and balance sheet have been restated to reflect the profit for the year and total equity in USD according to the new accounting policies.

The profit for 2003 translated at the average exchange rate for the year is USD 59 million compared with USD 72 million according to the new policy. The difference is mainly attributable to foreign exchange differences on the translation of transactions and inventories denominated in USD to DKK included in the income statement according to present accounting policies and changed depreciation of vessels. Depreciation is now calculated on the basis of actual acquisition cost in USD and for other fixed assets in DKK on the basis of historical USD/DKK rates.

Apart from the change in measurement currency and presentation currency, the accounting policies are consistent with those applied in 2003. The annual report is presented in USD thousands.

General recognition and measurement criteria

Income is recognised in the income statement for the accounting period as they are earned. Whether income qualifies as earned is determined on the basis of the following criteria:

- a binding sales agreement has been made,
- the sales price has been determined,
- delivery has been made, and
- payment has been received or may with reasonable certainty be expected to be received.

Financial assets and liabilities, measured at fair value or amortised cost, always qualify as earned.

Furthermore, all costs incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, write-downs and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable there will be an outflow of future economic benefits from the Group, and the value of the liability can be measured reliably.

Upon initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective yield to maturity. Amortised cost is calculated as original cost less repayments and with addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount payable upon maturity. Consequently, capital gains and losses are allocated over the term to maturity.

Recognition and measurement take into account all circumstances, including predictable risks and losses, occurring before the preparation of the annual report which confirm or invalidate circumstances existing at the balance sheet date.

Consolidation principles

The annual report comprises the parent company, Dampskibsselskabet "NORDEN" A/S, and undertakings in which the parent company directly or indirectly holds the majority of the voting rights (subsidiaries). Undertakings in which the Group holds between 20% and 50% of the voting rights and exercises significant influence but not control are classified as associated undertakings.

On consolidation, elimination has been made of intercompany income and costs, shareholdings, dividends and accounts as well as of realised and unrealised internal profits and losses on transactions between the consolidated undertakings.

The financial statements used for the purpose of the Group's annual report have been prepared in accordance with the accounting policies of the Group. The Group's annual report has been prepared on the basis of financial statements of the parent company and subsidiaries by combining accounting items of a uniform nature.

The parent company's investments in the consolidated subsidiaries are set off against the parent company's share of the net asset value of subsidiaries stated at the time when the group relationship was established.

Newly acquired or newly established undertakings are recognised in the consolidated financial statements as of the date of acquisition. Undertakings sold or wound up are recognised in the consolidated income statement up until the time of disposal. Comparative figures are not restated for newly acquired, sold or wound up undertakings. The management's review and the notes provide information to provide meaningful comparison where the composition of the Group has changed materially during the year.

Minority interests

In the computation of the group results and group equity, the share of the results and equity of subsidiaries attributable to minority interests are stated as separate items in the income statement and the balance sheet.

Leases

Agreements to charter vessels and to lease other property, plant and equipment where the individual group companies have substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet. Vessels and other property, plant and equipment are recognised at a value equal to the present value of the finance charges determined in the agreements, including any purchase options. For the purpose of calculating the present value, the interest rate implicit in the lease or an approximate value is used as a discount factor. Vessels and other property, plant and equipment acquired under finance leases are depreciated and written down under the same accounting policy as the vessels owned by the Group.

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

Accounting policies

At the time of the initial recognition of finance leases, the leased asset and the related liability are therefore recognised at the same value.

Other charter agreements concerning vessels and other leases are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Payments which the Group is committed to make under operating leases for vessels delivered (including any daily operating costs) are separately disclosed in a note. The note also discloses the present value of these lease liabilities reduced by any estimated daily operating costs. The present value is calculated for each contract by discounting the payments using the interest rate implicit in the individual contract. The interest rate implicit in the individual contract is calculated by comparing the lease payments exclusive of any estimated daily operating costs plus any purchase option with the estimated market value of the vessel at the time of conclusion of the contract.

Present values, lease payments and any purchase options are translated into USD at the exchange rates at the balance sheet date.

Foreign currency translation

Transactions in foreign currencies during the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and the exchange rates at the settlement date are recognised in “Financial income” or “Financial costs” in the income statement.

Receivables, payables and other monetary items in foreign currencies not 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 “Financial income” or “Financial costs” in the income statement.

Derivative financial instruments

All of the Group’s derivative financial instruments provide efficient financial hedging in accordance with the risk management policy of the Group, but certain derivative financial instruments are not considered to comply with the criteria for recognition as hedging instruments in accordance with Danish financial reporting regulations. Changes in the fair value of any derivative financial in-

struments which are not considered to comply with the criteria for recognition as hedging instruments are recognised in the income statement.

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at their fair value. Positive and negative fair values of derivative financial instruments are included in “Prepayments” and “Deferred income”, respectively.

Changes in the fair value of derivative financial instruments hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement under the same item as changes to the carrying amount of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments hedging expected future transactions are recognised in “Retained earnings” under equity. Where the expected future transaction results in the acquisition of assets or the assumption of liabilities, amounts deferred under equity are transferred from equity to the cost of the asset or liability. Where the expected future transaction results in an income or a cost, amounts deferred under equity are transferred from equity to the income statement and included in the same item as the hedged transaction.

Statement of fair value

The fair value of listed derivative financial instruments and securities is based on quoted market prices at the balance sheet date (the market value). The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. For long-term liabilities, the fair value is based on a discounted value of future cash flows. The discount factor used is the zero coupon rate plus the undertaking’s interest margin. For the remaining instruments, the value of similar listed instruments is used where possible. If this is not possible, the fair value is based on the discounted value of the future cash flows.

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

Segment information

Information is specified on the Group's two business segments tanker and dry cargo. The information is based on the Group's returns and risks and on the Group's organisation and business management, including internal financial management.

Information is not provided by geographical segment because the Group considers the global market as a whole, and the activities of the individual vessels are not limited to specific parts of the world.

The items included in net profit for the year, including income from associated undertakings and financial income and costs, are allocated to the extent that the items are directly or indirectly attributable to the segments. Items allocated both directly and indirectly comprise "Staff costs" and "Other external costs". Parts of these items are not attributable, whether directly or indirectly, to a segment and are therefore not allocated. Indirect allocation of items is based on distribution keys determined on the basis of the segment's drain on key resources.

Segment fixed assets consist of the fixed assets used directly for segment operations, including vessels, prepayment of newbuildings and investments in associated undertakings. Land and buildings as well as fixtures (except grabs), fittings and equipment are not allocated as they are primarily used for "NORDEN"'s headquarters.

Current assets are allocated to segments to the extent that they are directly attributable to segments, e.g. inventories and receivables. Some of the receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Segment liabilities comprise operating liabilities, including long-term liabilities, prepayments received on vessels for resale, trade receivables, payables to associated undertakings and other liabilities. Some of the liabilities such as trade receivables and other liabilities are either not allocated or allocated solely by indirect allocation.

INCOME STATEMENT

Revenue

Revenue comprises freight income from vessels and management income. Revenue is recognised if it meets the general criteria mentioned under "General recognition and measurement criteria". Accordingly, freight income and management income are recognised upon delivery of the services in accordance with the charter parties/ management agreements concluded.

Other operating income

Other operating income comprises items of a secondary nature to the Group's main activity. This includes rents received and profits on the sale of property, plant and equipment other than vessels.

Operating expenses vessels

Operating expenses vessels comprise the expenses, excluding depreciation and staff costs, incurred to generate the income for the year. Operating expenses vessels therefore include charter hire for chartered vessels (operating leases), bunker oil consumption, other voyage costs such as commissions and harbour charges, repair and maintenance costs, insurance costs, docking provisions and other operating expenses. Like revenue, operating expenses vessels are accrued upon delivery 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 sale of vessels

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

Income from investments in subsidiaries and associated undertakings

The item "Income from subsidiaries before tax" in the income statement of the parent company includes the parent company's pro rata shares of the subsidiaries' results for the year before tax, whereas the parent company's shares of the subsidiaries' tax are included in the item "Tax on the profit for the year".

Accounting policies

The item "Income from associated undertakings before tax" in the income statement of both the Group and the parent company includes their pro rata shares of the associated undertakings' results for the year before tax, while their shares of the tax of the associated undertakings are included in the item "Tax on the profit for the year".

Net financials

Financial income and costs comprise interest, financing costs of finance leases, realised and unrealised exchange rate adjustments, price adjustments of securities and dividends received on shares recognised in securities.

Tax on the 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 other activities. Other activities comprise letting of premises in the Company's property of residence and management income.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs. Land is not depreciated.

Cost comprises acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use. For assets of own construction, cost comprises direct and indirect costs of labour, materials, components, subsuppliers and capacity.

Interest costs on borrowings made directly for financing the construction of property, plant and equipment are included in cost over the period of construction. All borrowing costs that are indirectly attributable are recognised in the income statement.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets which are:

Establishment of rented premises	2 years
Buildings	50 years
Vessels, including vessels on finance leases	Max. 20 years
Fixtures, fittings and equipment	5 - 10 years

The depreciation period for second hand 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.

Docking costs relating to vessels recognised in the balance sheet are added to the carrying amount of the vessels at the time of payment of the expenses. Docking costs are allocated on a straight-line basis over the estimated useful life of the improvements.

New acquisitions below the minimum limit for tax purposes are expensed in the income statement in the year of acquisition.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is assessed on an annual basis to determine whether there are any indications of impairment other than that provided for by normal depreciation. In the event of such impairment, the asset is written down to its recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where the recoverable amount of the individual asset cannot be determined, the impairment requirement is assessed for the smallest group of assets for which the recoverable amount can be calculated.

Investments in subsidiaries and associated undertakings

Investments in subsidiaries and associated undertakings are recognised and measured in the parent company's annual report under the equity method.

The item "Investments in associated undertakings" in the balance sheet of the Group includes the Group's proportionate ownership share of the net asset value of the associated undertaking calculated according to the accounting policies of the parent company with deduction or ad-

dition of the proportionate share of unrealised intercompany profits and losses.

The items "Investments in subsidiaries" and "Investments in associated undertakings" in the balance sheet of the parent company include the proportionate ownership share of the net asset value of the companies calculated according to the accounting policies of the parent company with deduction or addition of unrealised intercompany profits and losses. However, in the case of associated undertakings these adjustments are made solely in proportion to ownership share.

Subsidiaries and associated undertakings with a negative net asset value are valued at DKK 0. Where the parent company has a legal or constructive obligation to cover the undertaking's negative balance, the obligation is recognised by way of a provision or a liability.

Upon profit distribution, the total net revaluation of investments in subsidiaries and associated undertakings is allocated to a "Reserve for net revaluation under the equity method" in the financial statements of the parent company.

Inventories

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

Receivables

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

Securities

Securities recognised in current assets comprise listed shares and bonds measured at fair value at the balance sheet date. Listed securities are measured at market price.

Cash and bank balances

Cash and bank balances are measured in the balance sheet at nominal value.

Statement of changes in equity

Dividends

Dividends are recognised as a liability at the time of adoption at the Annual General Meeting. Dividends for the year proposed by Management are shown as a separate item under equity. No dividend is declared on own shares.

Own shares

Own shares are recognised directly in equity at cost under "Retained earnings". Part of the portfolio of own shares is used to hedge the value of share options granted under "NORDEN"'s incentive programmes, cf. below. Upon subsequent disposal of own shares, the sales amount is also recognised directly in equity.

Incentive programme

The Board of Directors, the Management and a number of senior executives participate in a share option programme. Part of the portfolio of own shares is used to hedge share options granted under "NORDEN"'s incentive programme, cf. above. The value of share options granted is not expensed, either at the time of granting or at the later exercise date. At the exercise date the payments received are recognised directly in equity. The key terms and conditions of the programme are disclosed in the notes to the financial statements.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of events prior to or on the balance sheet date, and it is probable that an outflow of resources will be required to settle the obligation.

Provisions for docking expenses 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 "Operating expenses vessels".

Deferred tax

The Company has entered the Danish tonnage tax regime beginning in 2001. Based on "NORDEN"'s planned use of

Accounting policies

vessels and discontinuation 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 balance sheet. The liability is merely a contingent tax liability. The amount of contingent tax is stated in the note "Contingent tax".

Financial liabilities

Bank loans expected to be held to maturity are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods the loans are measured at amortised cost equal to the capitalised value by using the effective yield method in order for the difference between the proceeds and the redemption value (the debt discount) to be recognised in the income statement over the period of the loan.

Financial liabilities also include the capitalised residual lease liability on finance leases.

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

Prepayments and deferred income

Prepayments comprise expenses paid relating to subsequent financial years such as charter hire, rent, insurance premiums, subscription fees and interest as well as adjustments to the fair value of derivative financial instruments with a positive fair value.

Deferred income comprises payments received relating to income in subsequent years, such as freight income, interest and adjustments to the fair value of derivative financial instruments with a negative fair value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year broken down into operating, investing and financing activities, the change in cash and cash equivalents for the year and the Group's cash and cash equivalents at the beginning and end of the year.

Positive amounts indicate inflows, whereas negative amounts indicate outflows.

The cash flow statement cannot be derived solely from the financial records disclosed.

Cash flows from operating activities

Cash flows from operating activities are stated as the consolidated profit/loss adjusted for non-cash operating items (such as depreciation, profits from the sale of vessels, provisions and exchange rate adjustments), changes in working capital, interest received and paid and corporation taxes paid or received. Working capital comprises current assets less short-term 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 purchase and sale of property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term loans as well as payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise realisable securities (current assets), cash and bank balances and short-term bank debt.

Income Statement 1 January - 31 December

Note	Amounts in USD'000	THE GROUP		THE PARENT	
		2004	2003	2004	2003
1,2	Revenue	1,166,593	477,669	1,146,765	474,783
3	Other operating income	50	48	50	48
4	Vessel operating costs	-896,820	-378,371	-886,870	-376,525
5	Other external costs	-10,729	-5,184	-12,397	-5,831
6	Staff costs	-26,045	-13,969	-23,833	-12,607
	Profit before depreciation	233,049	80,193	223,715	79,868
	Profits from the sale of vessels	50,023	3,268	12,895	-848
7	Depreciation	-13,942	-11,511	-11,023	-10,245
	Profit from operations (EBIT)	269,130	71,950	225,587	68,775
8	Income from subsidiaries before tax	-	-	42,666	2,087
9	Income from associated undertakings before tax	195	3,313	195	3,313
10	Financial income	3,512	5,047	3,686	4,542
11	Financial costs	-5,937	-5,832	-5,481	-5,502
	Profit before tax	266,900	74,478	266,653	73,215
12	Tax on the profit for the year	-2,966	-1,192	-2,966	-1,192
	Consolidated profit for the year	263,934	73,286	263,687	72,023
24	Minority interests	-247	-1,263	-	-
	NET PROFIT FOR THE YEAR	263,687	72,023	263,687	72,023
Proposed profit distribution					
	Proposed ordinary dividend, DKK 100 per share* (2003: DKK 100)			42,116 **	38,669
	Allocation to reserve for net revaluation according to the equity method			42,626	5,293
	Allocation to retained earnings			178,945	28,061
				263,687	72,023

*If the proposal for the profit distribution is adopted, the Company will pay a total of DKK 275 per share (including extraordinary dividend) or USD 109 million based on the profit for 2004 corresponding to a payout-ratio of 41%.

**Translated to USD/DKK exchange rate 5.47.

Balance Sheet at 31 December - Assets

Note	Amounts in USD'000	THE GROUP		THE PARENT	
		2004	2003	2004	2003
13	Leasehold improvements	522	-	522	-
14	Land and buildings	4,154	4,060	4,154	4,060
15	Vessels	177,623	168,441	133,507	141,465
16	Vessels acquired under finance leases	27,793	29,289	27,793	29,289
17	Fixtures, fittings and equipment	4,530	3,429	4,248	3,242
18	Prepayments for newbuildings	49,560	43,118	30,511	29,648
	Property, vessels and equipment	264,182	248,337	200,735	207,704
19	Investments in subsidiaries	-	-	66,439	24,008
20	Investments in associated undertakings	9,959	9,721	9,959	9,721
	Investments	9,959	9,721	76,398	33,729
	Fixed assets	274,141	258,058	277,133	241,433
	Inventories	14,888	8,785	14,669	8,764
	Freight receivables	41,549	22,939	41,468	22,861
	Receivables from group undertakings	-	-	42,358	5,817
	Receivables from associated undertakings	1,715	4	1,715	4
	Company tax	0	381	0	381
	Other receivables	3,199	3,816	2,632	3,662
	Prepayments	49,083	20,359	47,312	20,305
	Receivables	95,546	47,499	135,485	53,030
21	Securities	660	594	660	594
22	Cash and bank balances	134,982	59,845	82,696	43,889
	Current assets	246,076	116,723	233,510	106,277
	TOTAL ASSETS	520,217	374,781	510,643	347,710

Balance Sheet at 31 December - Equity and Liabilities

Note	Amounts in USD'000	THE GROUP		THE PARENT	
		2004	2003	2004	2003
	Share capital	7,321	7,321	7,321	7,321
	Reserve for net revaluation under the equity method	-	-	55,142	12,516
	Retained earnings	286,959	138,918	231,817	126,402
	Proposed dividend for the year	42,116	38,669	42,116	38,669
23	Equity	336,396	184,908	336,396	184,908
24	Minority interests	1,961	8,384	-	-
25	Provision for docking costs (Bareboat)	104	479	104	479
	Provisions	104	479	104	479
	Bank debt	39,378	84,522	39,378	69,444
	Danmarks Skibskreditfond	27,523	19,938	27,523	19,938
	Lease liabilities	24,746	26,932	24,746	26,932
26	Long-term liabilities other than provisions	91,647	131,392	91,647	116,314
26	Short-term portion of long-term debt	11,325	14,286	11,325	13,080
26	Bank debt	15,000	0	15,000	0
	Prepayments received on vessels for resale	5,409	1,803	0	0
	Trade payables	24,952	15,067	24,598	14,496
	Payables to group undertakings	-	-	0	156
	Payables to associated undertakings	8	0	8	0
	Company tax	439	0	439	0
	Other payables	2,480	3,412	2,480	3,372
	Deferred income	30,496	15,050	28,646	14,905
	Short-term liabilities other than provisions	90,109	49,618	82,496	46,009
	Liabilities other than provisions	181,756	181,010	174,143	162,323
	TOTAL EQUITY AND LIABILITIES	520,217	374,781	510,643	347,710

- 27 Operating lease liabilities
- 28 Contingent tax
- 29 Other contingent liabilities
- 30 Mortgages and security
- 31 COAs
- 32 Financial instruments
- 33 Related party transactions
- 34 Share option programme

Statement of Changes in Equity

Note	Amounts in USD'000	THE GROUP		THE PARENT	
		2004	2003	2004	2003
23	Share capital at 1 January	7,321	7,321	7,321	7,321
	Share capital at 31 December	7,321	7,321	7,321	7,321
	Reserve for net revaluation under the equity method at 1 January			12,516	7,579
	Allocated from net profit for the year			42,626	5,293
	Allocated to "Retained earnings"			-	-356
	Reserve for net revaluation under the equity method at 31 December			55,142	12,516
	Profit carried forward at 1 January	138,918	100,837	126,402	93,258
	Allocated from net profit for year	221,571	33,354	178,945	28,061
	Allocated from "Reserve for net revaluation under the equity method"	-	-	-	356
	Extraordinary dividend, DKK 175 per share	-66,589	0	-66,589	0
	Acquisition of own shares	-5,598	0	-5,598	0
	Sale of own shares	1,410	0	1,410	0
	Reversal, dividend own shares	3,529	177	3,529	177
	Exchange rate adjustment on proposed dividend	1,680	-111	1,680	-111
	Opening adjustment of other hedging instruments	632	5,293	632	5,293
	Closing adjustment of other hedging instruments	-7,619	-632	-7,619	-632
12	Tax on changes in equity	-975	0	-975	0
	Retained earnings at 31 December	286,959	138,918	231,817	126,402
	Proposed dividend at 1 January	38,669	3,253	38,669	3,253
	Exchange rate adjustment on proposed dividend	-1,680	111	-1,680	111
	Dividend paid	-100,049	-3,187	-100,049	-3,187
	Dividend, own shares	-3,529	-177	-3,529	-177
	Extraordinary dividend	66,589	0	66,589	0
	Allocated from net profit for the year	42,116	38,669	42,116	38,669
	Proposed dividend at 31 December	42,116	38,669	42,116	38,669
	Equity at 31 December	336,396	184,908	336,396	184,908

Consolidated Cash Flow Statement

Note	Amounts in USD'000	2004	2003
	Profit from operations	269,130	71,950
	Reversal of depreciation	13,942	11,511
	Reversal of profits from sale of vessels, etc.	-50,023	-3,268
	Reversal of change in provision for docking	-375	273
35	Change in working capital	-37,111	-12,389
	Cash flows from operating activities before net financials	195,563	68,077
	Financial receipts	3,446	5,120
	Financial payments	-5,788	-6,179
	Cash flows from ordinary activities	193,221	67,018
	Company tax paid	-3,121	-1,730
	Cash flows from operating activities	190,100	65,288
	Investments in vessels	-57,812	-110,339
	Investments in vessels acquired under finance leases	0	-30,000
	Investments in other property, vessels and equipment	-3,232	-2,666
	Investments in associated undertakings	-43	0
	Change in prepayments for newbuildings	-6,442	-10,041
	Net proceeds from sale of vessels	87,494	43,419
	Net proceeds from sale of other property, plant and equipment	228	150
	Liquidation surplus, Nortide Shipping II Ltd.	0	5,354
	Cash flows from investing activities	20,193	-104,123
	Dividend paid to shareholders (ex dividend on own shares)	-100,049	-3,187
	Net investment in own shares	-4,188	0
	Takeover of minority holdings in Nordholm Pte. Ltd. and Nordafrika Pte. Ltd.	-6,670	0
	Paid to shareholders	-110,907	-3,187
	Lease debt	0	30,000
	Bank loans and vessel loans	15,000	45,475
	Instalments on/repayment of lease debt	-2,100	-968
	Instalments on/repayment of other long-term borrowings	-40,606	-10,508
	Change in prepayments received on vessels for resale	3,606	-1,817
	Loan financing	-24,100	62,182
	Cash flows from financing activities	-135,007	58,995
	Change in cash and cash equivalents for the year	75,286	20,160
	Cash and cash equivalents at 1 January	60,439	40,138
	Unrealised exchange adjustments on securities	66	273
	Exchange rate adjustments	-149	-132
	Change in cash and cash equivalents for the year	75,286	20,160
	Cash and cash equivalents at 31 December	135,642	60,439
	Cash and cash equivalents comprise:		
	Securities	660	594
	Cash	134,982	59,845
		135,642	60,439

Notes

Amounts in USD'000	Dry cargo	Tankers	Not allocated	Group total
1 Segment information*				
Revenue	1,062,005	104,588	0	1,166,593
Other operating income	0	0	50	50
Vessel operating costs	-847,242	-49,578	0	-896,820
Other external costs	-4,635	-2,754	-3,340	-10,729
Staff costs	-12,250	-10,423	-3,372	-26,045
Profit before depreciation	197,878	41,833	-6,662	233,049
Profit from sale of vessels	37,349	12,674	0	50,023
Depreciation	-1,448	-11,533	-961	-13,942
Profit from operations	233,779	42,974	-7,623	269,130
Profit before tax	233,936	37,741	-4,777	266,900
NET PROFIT FOR THE YEAR	231,700	36,420	-4,433	263,687
Leasehold improvements	0	0	522	522
Vessels	34,487	170,929	0	205,416
Prepayments for newbuildings	19,221	30,339	0	49,560
Other property, plant and equipment	1,215	0	7,469	8,684
Investments	0	9,959	0	9,959
Fixed assets	54,923	211,227	7,991	274,141
Current assets	86,838	23,076	136,162	246,076
TOTAL ASSETS	141,761	234,303	144,153	520,217
Provisions	0	104	0	104
Long-term liabilities other than provisions	0	91,647	0	91,647
Short-term liabilities other than provisions	52,936	37,040	133	90,109
Liabilities other than provisions	52,936	128,687	133	181,756
TOTAL LIABILITIES	52,936	128,791	133	181,860
Average number of employees excluding employees on time charter vessels	85	159	7	251
Operating margin	22%	41%	-	23%
Return on net assets	165%	16%	-	51%
Brokers' valuations of vessels, including new-buildings, cf. description in Management's review	182,670	462,000	-	644,670

*) For comparative figures, see segment information in the Management's review.

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
2 Revenue				
Tankers				
Freight income – own vessels	55,733	50,644	50,377	47,377
Freight income – chartered vessels	48,734	11,028	48,734	11,028
Commercial management income	121	1,013	121	1,403
	104,588	62,685	99,232	59,808
Dry cargo				
Freight income – own vessels	20,609	2,278	612	0
Freight income – chartered vessels	1,041,291	412,551	1,046,711	414,820
Commercial management income	105	155	210	155
	1,062,005	414,984	1,047,533	414,975
	1,166,593	477,669	1,146,765	474,783
3 Other operating income				
Rental income	50	48	50	48
	50	48	50	48
4 Vessel operating costs				
Charter hire for vessels chartered for less than 1 year	401,213	107,758	401,213	108,852
Charter hire for vessels chartered for more than 1 year	279,336	150,906	275,491	148,793
Bunker oil	81,571	47,170	80,431	47,123
Other voyage costs	120,350	65,013	118,183	64,493
Other operating costs	14,350	7,524	11,552	7,264
	896,820	378,371	886,870	376,525
5 Fees to auditors appointed at the general meeting				
“Other external costs” include total fees to audit firms for the past financial year				
KPMG	159	117	121	93
PricewaterhouseCoopers	353	124	353	124
Including non-audit services of:				
KPMG	65	42	65	42
PricewaterhouseCoopers	298	56	298	56

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
6 Staff costs				
Wages and salaries	24,327	12,638	22,375	11,490
Pensions	1,240	1,061	1,240	1,061
Other social security costs	478	270	218	56
	26,045	13,969	23,833	12,607
Remuneration to parent company Board of Directors	518	226	518	226
Remuneration to parent company Management	3,498	1,081	3,498	1,081
	4,016	1,307	4,016	1,307
Average number of employees excluding employees on time charter vessels	251	232	220	212
<p>Salaries regarding 2004 include six months' extra salary to all except Management and a number of executives. Remuneration to Management for 2004 comprises an average of 212 persons rather than the previous two, and bonuses.</p> <p>Management and a number of executives are covered by bonus and severance schemes. If members of Management 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 the "Norden Group", a special severance payment corresponding to one year's salary (two years' salary for the President) in addition to the usual salary for a one-year notice period will be paid.</p> <p>See note 34, which describes the share option programme for members of Management.</p>				
7 Depreciation				
Vessels - depreciation	11,159	9,970	8,326	8,775
Vessels under finance leases - depreciation	1,496	711	1,496	711
Buildings - depreciation	99	59	99	59
Leased premises - depreciation	75	-	75	-
Fixtures, fittings and equipment - depreciation	1,113	771	1,027	700
	13,942	11,511	11,023	10,245
8 Investments before tax, subsidiaries				
"NORDEN" Tankers & Bulkers Pte. Ltd., Sgp.			42,572	2,090
"NORDEN" Tankers & Bulkers Ltd., USA			54	33
"NORDEN" Tankers & Bulkers LTDA, Brasilien			40	-36
			42,666	2,087
Including profits from the sale of vessels			37,128	2,351
9 Investments before tax, associated undertakings				
Nortide Shipping Ltd., Bermuda	195	3,313	195	3,313
	195	3,313	195	3,313

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
10 Financial income				
Dividend	6	3	6	3
Interest income, group undertakings	-	-	408	60
Other interest income	880	275	696	189
Capital gain on securities	66	247	66	247
Foreign exchange adjustments	2,560	4,522	2,510	4,043
	3,512	5,047	3,686	4,542
11 Financial costs				
Interest costs, long-term debt, etc.	5,937	5,832	5,481	5,502
	5,937	5,832	5,481	5,502
12 Tax on the profit for the year				
Current tax for the year	3,941	1,275	3,706	1,168
Tax in subsidiaries	-	-	235	107
Adjustment of tax regarding previous years	0	-83	0	-83
Tax for the year	3,941	1,192	3,941	1,192
Which is broken down as follows:				
Tax on the profit for the year	2,966	1,192	2,966	1,192
Tax on changes in equity	975	0	975	0
Tax for the year	3,941	1,192	3,941	1,192
Tax on the profit for the year is calculated as follows:				
Profit before tax	266,900	74,478	266,653	73,215
of which under tonnage tax	-223,501	-67,144	-223,501	-67,140
	43,399	7,334	43,152	6,075
Calculated tax of this, 30%	13,020	2,200	12,946	1,823
Higher/lower tax rate in subsidiaries	-12,697	-1,885	-12,623	-1,508
Tax loss carried forward	0	-83	0	-83
Interest adjustment under tonnage tax scheme	44	0	44	0
Proceeds on vessels	941	0	941	0
	1,308	232	1,308	232
Tonnage tax	1,658	960	1,658	960
	2,966	1,192	2,966	1,192
Tax on changes in equity is calculated as follows:				
Capital gains on shares	975	0	975	0
	975	0	975	0

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
13 Leasehold improvements				
Cost at 1 January	0	0	0	0
Additions for the year	597	0	597	0
Cost at 31 December	597	0	597	0
Depreciation at 1 January	0	0	0	0
Depreciation for the year	-75	0	-75	0
Depreciation at 31 December	-75	0	-75	0
Carrying amount at 31 December	522	0	522	0
14 Land and buildings				
Cost at 1 January	4,236	2,946	4,236	2,946
Additions for the year	193	1,290	193	1,290
Cost at 31 December	4,429	4,236	4,429	4,236
Depreciation at 1 January	-176	-117	-176	-117
Depreciation for the year	-99	-59	-99	-59
Depreciation at 31 December	-275	-176	-275	-176
Carrying amount at 31 December	4,154	4,060	4,154	4,060
The official property valuation of Danish properties at 1 January amounted to	4,174	3,642	4,174	3,642
15 Vessels				
Cost at 1 January	192,084	122,317	164,329	122,317
Transferred during the year from other items	18,724	89,199	0	41,159
Additions for the year	39,088	853	18,564	853
Disposals for the year	-42,633	-20,285	-22,701	0
Cost at 31 December	207,263	192,084	160,192	164,329
Depreciation at 1 January	-23,643	-14,089	-22,864	-14,089
Depreciation for the year	-11,159	-9,970	-8,326	-8,775
Reversal of depreciation on vessels disposed of	5,162	416	4,505	0
Depreciation at 31 December	-29,640	-23,643	-26,685	-22,864
Carrying amount at 31 December	177,623	168,441	133,507	141,465
Amount insured in USD millions	368,9	316,5	279,3	278,5
Additions for the year includes financial costs in the construction period of	0	0	0	0

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
16 Vessels acquired under finance leases				
Cost at 1 January	30,000	0	30,000	0
Additions for the year	0	30,000	0	30,000
Cost at 31 December	30,000	30,000	30,000	30,000
Depreciation at 1 January	-711	0	-711	0
Depreciation for the year	-1,496	-711	-1,496	-711
Depreciation at 31 December	-2,207	-711	-2,207	-711
Carrying amount at 31 December	27,793	29,289	27,793	29,289
17 Fixtures, fittings and equipment				
Cost at 1 January	5,160	4,057	4,834	3,841
Additions for the year	2,442	1,376	2,183	1,261
Disposals for the year	-330	-273	-211	-268
Cost at 31 December	7,272	5,160	6,806	4,834
Depreciation at 1 January	-1,731	-1,088	-1,592	-1,015
Depreciation for the year	-1,113	-771	-1,027	-700
Reversal of depreciation on assets disposed of	102	128	61	123
Depreciation at 31 December	-2,742	-1,731	-2,558	-1,592
Carrying amount at 31 December	4,530	3,429	4,248	3,242
18 Prepayments for newbuildings				
Cost at 1 January	43,118	33,077	29,648	26,265
Additions for the year	44,725	152,319	18,073	85,020
Disposals for the year	-19,559	-53,079	-17,210	-40,478
Transferred during the year to other items	-18,724	-89,199	0	-41,159
Carrying amount at 31 December	49,560	43,118	30,511	29,648
Specified as follows:				
Prepayments for own newbuildings	42,477	41,382	30,511	29,295
Prepayments for newbuildings for resale	7,083	1,736	0	353
	49,560	43,118	30,511	29,648

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
19 Investments in subsidiaries				
Cost at 1 January			17,615	9,112
Additions for the year			0	8,503
Disposals for the year			0	0
Cost at 31 December			17,615	17,615
Value adjustments at 1 January			6,393	4,413
Profit for the year			42,431	1,980
Reversal of value adjustments on disposals			0	0
Value adjustments at 31 December			48,824	6,393
Carrying amount at 31 December			66,439	24,008
Net asset value is specified as follows:	Capital	Ownership	Net asset value	Net asset value
"NORDEN" Tankers & Bulkers Pte, Ltd., Sgp,	SGD 30,228	100%	66,141	23,775
"NORDEN" Tankers & Bulkers Ltd., USA	USD 10	100%	104	65
"NORDEN" Tankers & Bulkers Ltd., Brazil	USD 207	100%	194	168
			66,439	24,008
20 Investments in associated undertakings				
Cost at 1 January	3,600	8,600	3,600	8,600
Disposals for the year	0	-5,000	0	-5,000
Additions for the year	43	0	43	0
Cost at 31 December	3,643	3,600	3,643	3,600
Value adjustments at 1 January	6,121	3,166	6,121	3,166
Profit for the year	195	3,313	195	3,313
Reversal of value adjustments on disposals	0	-358	0	-358
Value adjustments at 31 December	6,316	6,121	6,316	6,121
Carrying amount at 31 December	9,959	9,721	9,959	9,721
Net asset value is specified as follows:	Capital	Ownership	Share of net asset value	Share of net asset value
Nortide Shipping Ltd., Bermuda	USD 7,200	50%	9,916	9,721
Norient Product Pool A/S, Denmark	DKK 500	50%	43	-
			9,959	9,721

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
21 Securities				
Shares	635	572	635	572
Bonds	25	22	25	22
	660	594	660	594
22 Cash and bank balances				
Short-term bank deposits	134,919	59,842	82,633	43,886
Other cash	63	3	63	3
	134,982	59,845	82,696	43,889
Weighted average interest rate on short-term bank deposits, year end	1%	1%	1%	1%
Short-term bank deposits at year end have an average term of	7 days	7 days	7 days	7 days

23 Equity

The share capital consists of 2,303,750 shares of a nominal amount of DKK 20 each.

At the Company's annual general meeting in 2002 it was decided to reduce the share capital by a nominal amount of DKK 2,425 thousand, corresponding to 121,250 shares, by cancellation of own shares. There have been no other changes in the share capital over the past five years.

Own shares	Number of shares		Nominal value		% of share capital	
	2004	2003	2004	2003	2004	2003
At 1 January	121,250	121,250	2,425	2,425	5,3	5,3
Purchased	12,960	0	259	0	0,6	0,0
Sold	-31,350	0	-627	0	-1,4	0,0
At 31 December	102,860	121,250	2,057	2,425	4,5	5,3

The Company is authorised by the general meeting to acquire a maximum of 230,375 own shares, equal to 10% of the share capital. In 2004, the Company acquired 12,960 own shares.

In connection with the share option programme, the Company has lodged 13,556 own shares with Vækstfonden.

The Company has 2,200,890 outstanding shares at 31 December 2004 with a nominal value of DKK 20 each.

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
24 Minority interests				
Balance at 1 January	8,384	7,121		
Disposal on the acquisition of Nordafrika Pte. Ltd., 34% and Nordholm Pte. Ltd., 49%	-6,670	0		
Share of profit for the year	247	1,263		
Balance at 31 December	1,961	8,384		
25 Provision for docking costs (Bareboat)				
Balance at 1 January	479	244	479	244
Provided during the year	260	235	260	235
Utilised during the year	-635	0	-635	0
	104	479	104	479
The terms of provisions are expected to be as follows:				
Within one year	0	479	0	479
Between 1-5 years	104	0	104	0
	104	479	104	479
26 Long-term liabilities other than provisions and short-term bank debt				
Interest-bearing liabilities are comprised in the following items:				
Long-term liabilities other than provisions	66,901	104,460	66,901	89,382
Lease liabilities	24,746	26,932	24,746	26,932
Short-term portion of long-term debt	11,325	14,286	11,325	13,080
Short-term bank debt	15,000	0	15,000	0
	117,972	145,678	117,972	129,394

Loan agreements contain a special clause that the market values of vessels are to correspond to a minimum of between 110% and 115% of the outstanding debt (Minimum Value Clause).

Mortgages and security provided in relation to liabilities are disclosed in a separate note below.

Interest rate risk of the total interest-bearing debt is shown in note 32, from which it appears that the interest rate risk on the debt has been rescheduled from less than one year to 1-5 years.

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
26 Long-term liabilities other than provisions and short-term bank debt (continued)				
Long-term liabilities and instalments on these within one year, excluding finance lease liabilities amount to:				
Carrying amount	76,040	116,645	76,040	100,361
Fair value	76,040	116,645	76,040	100,361
The terms to maturity are:				
Within 1 year	9,139	12,186	9,139	10,979
Between 1 - 5 years	36,557	48,742	36,557	43,918
More than 5 years	30,344	55,717	30,344	45,464
	76,040	116,645	76,040	100,361

Terms to maturity for finance lease liabilities:

THE GROUP	2004			2003		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within 1 year	3,286	1,100	2,186	3,294	1,194	2,100
Between 1 - 5 years	27,027	2,281	24,746	30,313	3,381	26,932
More than 5 years	0	0	0	0	0	0
	30,313	3,381	26,932	33,607	4,575	29,032
Fair value			27,290			30,352
THE PARENT	2004			2003		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within 1 year	3,286	1,100	2,186	3,294	1,194	2,100
Between 1 - 5 years	27,027	2,281	24,746	30,313	3,381	26,932
More than 5 years	0	0	0	0	0	0
	30,313	3,381	26,932	33,607	4,575	29,032
Fair value			27,290			30,352

Notes

Amounts in USD'000

26 Long-term liabilities other than provisions and short-term bank debt (continued)

The fair value has been calculated on the basis of discounted cash flows using a discount factor based on the borrowing rate at the balance sheet date expected by Management. The fair value of short-term loans and short-term lease liabilities is assumed to be expressed by nominal values.

27 Operating lease liabilities

At the balance sheet date, the Group has the following lease liabilities in relation to vessels delivered with purchase options on time charter:

	2005	2006	2007	2008	2009	2010 ->
Number of bulk carriers	21	17	14	9	6	1
Number of tankers	2	2	2	2	1	0
Total number of vessels	23	19	16	11	7	1

Charter hire incl. daily operating costs

	2005	2006	2007	2008	2009	2010
Bulk carriers	74,231	55,500	39,786	27,044	12,932	16,918
Tankers	9,588	9,588	9,588	7,615	1,993	0
	83,819	65,088	49,374	34,659	14,925	16,918

Charter hire excl. estimated daily operating costs (excl. value of purchase option)

	2005	2006	2007	2008	2009	2010
Bulk carriers	49,361	36,609	26,024	17,159	8,292	11,598
Tankers	6,303	6,303	6,303	5,009	1,314	0
	55,664	42,912	32,327	22,168	9,606	11,598

THE GROUP

	2004	2003
Present values of charter hire excluding any daily operating costs calculated on the basis of the interest rate implicit in the individual leases		
Bulk carriers	165,024	88,247
Tankers	37,408	14,582

Notes

Amounts in USD'000

27 Operating lease liabilities (continued)

Leases have been entered into with a mutually interminable lease period of 10 years. As a general rule, leases include an option to renew for one additional year at a time for up to three years. Leases include purchase options, typically exercisable as from the end of the third year to the expiry of the period of renewal. The exercise of the purchase option on the individual vessel is based on an individual assessment.

At the balance sheet date, the Group has the following lease liabilities in relation to vessels delivered without purchase options:

	2005	2006	2007	2008	2009	2010 ->
Number of bulk carriers	72	18	4	0	0	0
Number of tankers	8	4	4	3	0	0
Total number of vessels	80	22	8	3	0	0

Charter hire for vessels
on time charter

Bulk carriers	252,197	62,558	9,776	0	0	0
Tankers	28,678	17,748	17,081	4,237	0	0
	280,875	80,306	26,857	4,237	0	0

Charter hire for vessels
on bareboat charter

Bulk carriers	0	0	0	0	0	0
Tankers	4,380	3,768	0	0	0	0
	4,380	3,768	0	0	0	0

Charter hire including daily operating costs recognised in the income statement for the financial year is disclosed in note 4 "Vessel operating costs".

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
28 Contingent tax				
At 1 January 2001, the Company joined the Danish tonnage tax scheme for a binding 10 year period				
Contingent tax under the tonnage tax scheme	20,396	17,374	20,396	17,374
Contingent tax is calculated at 30%, equalling the current tax rate.				
If the Company's net investments in vessels decrease noticeably or if the Company is wound up, recovered depreciation made before joining the tonnage tax scheme will be taxed.				
29 Other contingent liabilities				
Guarantee commitments do not exceed	772	430	572	430
The Company has entered into agreements for future delivery of newbuildings and vessels not yet delivered on long-term charter amounting to	884,428	645,854	565,973	554,513
Cargo claims have been made against the Company. The Company and its legal advisors consider the claims unjustified and do not perceive that the Company will incur any loss as a result of the actions for damages. The maximum risk is assessed to be	11,277	6,750	11,277	6,750
30 Mortgages and security				
As security for long-term liabilities	76,040	116,645	76,040	100,361
a total number of vessels of	4	6	4	5
with a carrying amount of	115,936	168,441	115,936	141,465
have been mortgaged at	136,960	153,244	136,960	136,960
Finance lease assets at a carrying amount of	27,793	29,289	27,793	29,289
are provided as security for lease liabilities of	26,932	29,032	26,932	29,032
As security for current accounts with Norwegian Future and Options Clearing House (NOS) liquid funds have been provided of	5,009	486	5,009	486

Notes

	THE GROUP		THE PARENT	
	2004	2003	2004	2003
Amounts in USD'000				
31 COAs				
"NORDEN" has entered into COAs with customers which within one year amount to	189,964	139,013	189,964	139,013
and in the following years amount to	86,528	64,671	86,528	64,671

32 Financial instruments

To hedge recognised and unrecognised transactions, the Group uses hedging instruments such as forward exchange contracts, interest rate swaps, forward freight agreements and bunker hedging agreements.

Recognised transactions and currency exposure

Receivables and payables in other currencies than USD amount to a net payable of USD 3,806 not hedged.

Future transactions

The Group's real currency exposure arises on costs not incurred in USD. The amount of the exposure is the equivalent value of USD 40 million, ex. dividend (2003: USD 50 mio.). It is the Group's policy to hedge these costs for a period of 6 - 24 months depending on the development of the USD rate.

	Period	Contractual value		Recognised in equity at 31 December	
		2004	2003	2004	2003
Forward exchange contracts DKK/USD	0 - 6 mths.	30,000	63,000	0	0
Forward exchange contracts USD/JPY	0 - 6 mths.	0	14,810	0	1,033
		30,000	77,810	0	1,033

Notes

Amounts in USD'000

32 Financial instruments (continued)

Interest risk

The Group's surplus cash is accumulated in USD as it is expected to be reinvested in vessels. As the Group wishes to limit its financial exposure, it has adopted the policy of fixing the interest rate for a period varying between two and six years for the Group's total loan portfolio excluding vessels acquired under finance leases.

As regards the Group's total financial assets and liabilities, the following contractual revaluation and maturity dates apply, whichever date is the earlier:

Category	Revaluation/maturity date				% effective interest
	Within 1 year	Between 1-5 år	More than 5 years	Fixed-interest part	
Cash	134,982	0	0	0	1
Receivables	46,463	0	0	0	-
Long-term liabilities	-78,226	-24,746	0	26,932	2
Other short-term liabilities	-48,288	0	0	0	0
Interest rate swaps (principal), floating leg	76,040	0	0	0	2
Interest rate swaps (principal), fixed leg	-9,139	-66,901	0	76,040	5
	121,832	-91,647	0	102,972	

The effective interest rates have been calculated on the basis of the interest rate level at 31 December 2004.

Commodity instruments

For the purpose of managing the Group's exposure to fluctuations in freight rates and oil prices, the Group enters into derivative financial instruments to hedge against this exposure.

	Contractual value		Recognised in equity at 31 December	
	2004	2003	2004	2003
Forward freight agreements - purchase	-3,858	0	-611	0
Forward freight agreements - sale	-47,649	3,040	-10,912	-251
Bunker hedging contracts - purchase	42,841	39,041	5,422	2,269
Bunker hedging contracts - sale	0	0	0	0

Notes

Amounts in USD'000

32 Financial instruments (continued)

Credit risk

The Group's credit risk relates primarily to freight receivables, prepaid T/C hire, prepayments to shipyards for newbuildings and cash and bank balances. Generally, the Group's receivables are spread, so that there is no concentration of credit exposure on any single customers.

The amounts at which the mentioned items are stated in the balance sheet correspond to the Group's maximum credit exposure.

The Group's credit exposure in relation to derivative financial instruments, including commodity instruments, is limited by the fact that these have been entered into with major banks in the Nordic countries with a high credit rating or with major, well-known manufacturers, shippers, consignees and traders with a satisfactory credit rating.

33 Related party transactions

The Company has no related shareholders exercising control. Shareholders with significant influence, subsidiaries and associated undertakings and the Company's Management are all considered as related parties.

Apart from intra-group transactions eliminated in the consolidated financial statements and Management remuneration as described in notes 6 and 34, no transactions have taken place with the Company's Management, major shareholders, group undertakings or other related parties during the year.

Notes

Amounts in USD'000

34 Share option programme

As from 2001, the Company has established an incentive programme by way of share options offered to the Board of Directors (7 persons), the Management (2 persons) and other executives (6 persons). The share option programme was expanded in 2002 by 1,200 share options as a result of an increase of the number of Board members, and the share option programme at 31 December 2002 therefore comprises 97,012 share options. Each share option entitles the holder to acquire one share in the Company of DKK 20 nominal amount. The share option programme corresponds to a right to acquire 4.21% of the share capital if all options are exercised.

The share options are granted in equal portions at four different dates, twice in 2001, once in 2002 and once in 2003. The value of the share options granted to each of the above persons equals a specified percentage of that person's annual pensionable salary or emolument for 2002.

The share options for 2003 (fourth round) were granted on 24 March 2003. The share options are covered by the Company through acquisition of own shares.

The option prices for the grant dates have been fixed at the average market price (price all deals at 5 p.m.) of the Company's shares listed at the Copenhagen Stock Exchange for the 10 days following the Company's announcement of its financial statements for the financial year preceding the respective grant year.

The share options may be exercised after at least three years and no more than five years from the respective grant dates. The Management and other executives may exercise their options on condition that person in question is not under notice at the exercise date. Special provisions apply in case of illness or death. The granting of share options to the Board of Directors was approved at the annual general meeting on 2 May 2001.

	Number of share options			
	Board of Directors	Management	Other executives	Total
Granted 15 January 2001	4,500	10,218	9,235	23,953
Granted 15 March 2001	4,500	10,218	9,235	23,953
Outstanding at 31 December 2001	9,000	20,436	18,470	47,906
Granted 22 March 2002	5,100	10,218	9,235	24,553
Outstanding at 31 December 2002	14,100	30,654	27,705	72,459
Granted 24 March 2003	5,100	10,218	9,235	24,553
Outstanding at 31 December 2003	19,200	40,872	36,940	97,012
Transferred	0	3,570	-3,570	0
Exercised in 2004	-6,000	-20,436	-18,470	-44,906
Outstanding at 31 December 2004	13,200	24,006	14,900	52,106

Amounts in USD'000

34 Share option programme (continued)

	Exercise price per option, DKK	Market value*	Exercise period
Granted 15 January 2001	250,00	135	15/1 2004 -15/1 2006
Granted 15 March 2001	295,31	161	15/3 2004 -15/3 2006
Value adjustment	-	-119	
Outstanding 31 December 2001	272,66	177	
Granted 22 March 2002	278,71	122	22/3 2005 - 22/3 2007
Value adjustment	-	938	
Outstanding 31 December 2002	274,71	1,237	
Granted 24 March 2003	394,50	376	24/3 2006 - 24/3 2008
Value adjustment	-	13,825	
Outstanding 31 December 2003	305,03	15,438	
Value adjustment	-	6,980	
Outstanding 31 December 2004	305,03	22,418	

* The theoretical market value is based on the Black-Scholes model for the valuation of options.

The calculation at 31 December 2004 is based on the following assumptions:

- that all options are granted and that the options are exercised at the earliest opportunity
- a volatility of 49.9% (2003: 40.8%)
- a dividend of 500% for 2004 (2003: 500%)
- a risk-free interest rate of 2.5% (2003: 2.5%)

	THE GROUP	
	2004	2003
35 Change in working capital		
Stocks on vessels	-6,103	-3,721
Freight and other receivables, etc.	-48,047	-26,694
Trade and other payables, etc.	24,026	13,365
Value adjustments of hedging instruments taken to equity	-6,987	4,661
	-37,111	-12,389

Definitions of financial ratios

The financial ratios were computed in accordance with guidelines issued by the Danish Society of Financial Analysts entitled “Anbefalinger & Nøgletal 2005” (“Recommendations & Ratios 2005”). The ratios listed in the financial highlights and key ratios section were calculated as follows:

Return On Invested Capital (ROIC)	=	$\frac{\text{Profit or loss before tax and financial items}}{\text{Average invested capital}}$
Return on assets	=	$\frac{\text{Profit or loss from operations + financial income} \times 100}{\text{Average total assets}}$
Year-end share price per DKK 20 share	=	The last-quoted average share price for all trade in the Company share at the balance sheet date
Return on equity (ROE)	=	$\frac{\text{Profit or loss for the year} \times 100}{\text{Average equity excluding minority interests}}$
Intrinsic value per DKK 20 share	=	$\frac{\text{Year-end equity excluding minority interests}}{\text{Number of shares at year-end, excluding own shares}}$
Invested capital	=	Equity + minority interests + net interest-bearing debt at year-end
Share price/intrinsic value	=	$\frac{\text{Year-end price per DKK 20 share}}{\text{Intrinsic value per DKK 20 share}}$
Net asset value (NAV) per share	=	$\frac{\text{Equity excluding minority interests + added value of ships, ships on order, land and buildings relative to year-end carrying amounts}}{\text{Number of shares excluding own shares at year-end}}$
Net interest-bearing debt	=	Interest-bearing debt minus cash, cash equivalents and securities, at year-end
Profit margin	=	$\frac{\text{Profit or loss from operations} \times 100}{\text{Net revenues}}$
Payout-ratio	=	$\frac{\text{Dividend} \times 100}{\text{Profit for the year, excluding minority interests}}$
Profit/(loss) per DKK 20 share	=	$\frac{\text{Profit or loss for the year}}{\text{Number of shares excluding own shares, at year-end}}$
Solvency ratio	=	$\frac{\text{Equity at year-end excluding minority interests} \times 100}{\text{Total assets}}$
Profit/loss per DKK 20 share	=	$\frac{\text{Dividend yield} \times \text{nominal share value}}{100}$
Dividend yield for the year	=	Parent company dividend yield
The US dollar exchange rate at year-end	=	The US dollar exchange rate quoted on the Copenhagen Stock Exchange at the balance sheet date

Technical terms and abbreviations

- A **Aframax** tankers in the order of 80,000-100,000 dwt, typically vessels with load capacities of 600,000 barrels of crude oil.
- B **Baltic Dry Index** Index of the rate development for Handymax, Panamax and Capesize.
- Bulk/Dry cargo** Expression for bulk commodities. A term for everything stowed in bulk without packaging.
- Bulkcarrier** with no tween-deck, used for bulk transport of grain, coal, ore, sugar, cement etc.
- Bunker** Fuel used by the vessel.
- Bunker hedging** Forward agreement to purchase or sell bunker oil at a predetermined price.
- C **Capesize** An indication of the size of a bulkcarrier. 100,000-200,000 dwt.
- Charterer** The party chartering a vessel, e.g. a cargo owner leasing the vessel for one voyage or for a short or long period.
- Charter Party** Lease or freight agreement between shipowner and charterer.
- Clarkson** Shipbroking company.
- COA** Contract Of Affreightment.
- The Company/the Group** Dampskibsselskabet "NORDEN" A/S.
- D **Daily operating costs** include crew costs, repair and maintenance costs, and lubricating oil.
- Dry cargo** Transport of non-liquid cargo, for example bulk commodities such as grain, coal, ore, sugar and cement.
- Dwt** Deadweight ton. A measure of a vessel's carrying capacity.
- F **Forward Freight Agreements (FFA)** Forward agreements to purchase or sell the transport of cargo at a predetermined price.
- H **Handymax** An indication of the size of a bulkcarrier. 43,000-55,000 dwt.
- Handysize** An indication of the size of a bulkcarrier. 20,000-35,000 dwt.
- I **IEA** International Energy Agency.
- IMF** International Monetary Foundation.
- IMO** International Maritime Organisation – international shipping organisation under the UN.
- L **Loading contract** A contract in which the underlying instrument is the freight rate.
- Lorentzen og Stemoco** Shipbroking company.
- M **MR (medium range) Product** Product carriers for transport of refined oil products in the order of 35,000-50,000 dwt.
- O **OECD** The Organisation for Economic Co-operation and Development. An association of the most industrialised nations with the main purpose of achieving increased economic growth.
- OPEC** Organization of the Petroleum Exporting Countries.
- P **Panamax** Bulkcarrier of about 60,000-80,000 dwt. The largest type of vessel able to pass through the Panama Canal.
- Pool** A group of vessels with similar characteristics, with different owners but commercially operated together.
- Product Tank** The part of the tank segment covering voyages with refined oil products including jet fuel, naphtha, diesel and gas oils.
- Purchase option** A right, but not an obligation to purchase a vessel at a predetermined price.
- R **Relet** Resale / sub-letting of loading contracts and vessels on timecharter.
- RS Platou** Shipbroking company.
- S **Shipping** Designates maritime activities.
- Spot market** Market in which vessels are contracted for a single voyage for immediate delivery.
- SR (short range) Product** Product tankers for transport of refined oil products in the order of 25,000-35,000 dwt.
- SSY** Shipbroking company.
- Super Handymax** Handymax in the size of 50,000-60,000 dwt.
- T **Tank** General designation of all vessels transporting oil, both crude oil and refined products.
- T/C Timecharter** A lease of a vessel whereby the vessel is hired out for a short or long period.
- Timecharter equivalent** Freight revenues reduced by bunker oil consumption, harbour charges and commission, stated per day.
- Ton - Mile** The distance covered by a quantity of cargo.

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