



Interim report - first half 2004

First half 2004 highlights

- The result after tax and minority interests in the first half of 2004 was USD 151 million (DKK 923 million*), which is the best half-year result ever in the Company's history. The result for the second quarter was USD 102 million, which is very satisfactory. Primarily a continued strong bulk market has contributed to this result as well as profit of USD 33 million from the sale of one product tanker and one bulkcarrier.
- The result for the Dry Cargo department was USD 134 million including profit of USD 20 million from the sale of one Handymax newbuilding. The result for the Tanker department was USD 21 million including profit of USD 13 million from the sale of the product tanker m.t. Nordamerika.
- In the first half of 2004 the Company had a positive cash flow of USD 90 million after payment of dividends to the shareholders, corresponding to USD 36 million.
- The dry cargo market experienced a strong decline in May and June as a result of the political initiatives from China, but the markets have subsequently rebounded.
- The tanker market is still strong due to high demand for oil.
- At present 85% of the bulk capacity and 54% of the tanker capacity is covered for the rest of 2004 (in terms of ship days).
- The Company's fleet including the value of two declared purchase options and the 10 newbuildings on order are at 30 June 2004 estimated to have an additional value of USD 151 million against book value.
- At present, the Company has 37 long-term chartered dry cargo vessels with purchase options - of which 19 have been delivered. The Company has declared two purchase options for dry cargo vessels this year – of which one has been delivered and one will be delivered in the fourth quarter of 2004. The Tanker department has three long-term chartered vessels with purchase options – all of which have been delivered.
- The Company has as of today estimated a theoretical value of the purchase options for the 39 long-term chartered vessels, and has estimated the value of the options to USD 458 million (before tax) upon exercise of the options when the vessels are five years old and USD 403 million (before tax) upon exercise of the options as late as possible. However, it shall be noted that the assessment of the theoretical value of the options is connected with substantial uncertainty, and the value will depend on future development in the ships' prices.
- The Company owns two dry cargo vessels and five tankers (one is partly owned) of which one dry cargo vessel – m.v. NORDEN – has been sold and will be delivered in the fourth quarter of 2004. The profit from the sale is approx. USD 16 million which will be included in the income statement in the fourth quarter of 2004.



- Net profit for the year, which was earlier announced to be around USD 200 million (DKK 1,220 million*), is now expected to be around USD 240 million (DKK 1,464 million*). The upward adjustment reflects the strong tanker and dry cargo markets and the profit of USD 29 million from the sale of the tanker m.t. Nordamerika and the dry cargo vessel m.v. NORDEN.

*At a USD/DKK exchange rate of 6.10

Mogens Hugo Jørgensen
Chairman of the Board

Steen Krabbe
President

Contact person:

Steen Krabbe, President, Tel. +45 33 15 04 51

www.ds-norden.com





Financial highlights and key ratios

The Company's accounting policies have been changed as at 1 January 2004 to the effect that all future transactions will be recorded and presented in USD. The effect of such changes is described on page 12. The comparative figures are adjusted to show result and balance sheet in USD in compliance with the new policies. Apart from changing the reporting currency the accounting policies have remained the same. The interim report is unaudited.

USD '000	2004	2003	2003
	1/1-30/6	1/1-30/6	1/1-31/12
INCOME STATEMENT			
Freight income (net revenues)	534,039	187,760	478,490
Costs	-402,445	-164,115	-396,686
Profit before depreciation and amortisation	131,594	23,645	81,804
Profit from sale of vessels and other non-current assets	32,997	0	3,268
Depreciation and write-downs	-6,654	-5,277	-11,512
Operating profit	157,937	18,368	73,560
Share of profit, associated undertakings	179	2,888	3,310
Net finance	-4,895	-2,410	-5,333
Profit before tax and minority interests	153,221	18,846	71,537
Profit, NORDEN	151,361	18,365	69,098
CASH FLOWS			
From operating activities	112,678	27,265	60,027
From investment activities, including vessels	33,160	-61,134	-101,046
From financing activities	-55,804	49,862	60,747
Change in cash equivalents for the period	90,034	15,993	19,728
KEY FIGURES FOR THE BALANCE SHEET			
Fixed assets	251,400	220,728	258,039
Total assets	496,836	306,662	374,781
Equity	315,276	129,818	184,908
Total provisions	593	331	479
Total liabilities	172,359	169,376	181,010
FINANCIAL AND ACCOUNTING RATIOS			
Number of shares (excl. own shares)	2,210,250	2,182,500	2,182,500
Intrinsic value per share (excl. own shares), USD (DKK ³)	143 (872)	59 (387)	85 (505)
Equity ratio	63.5%	42.3%	49.3%
Share price at year-end, DKK	2,064	445	1,305
Share price/intrinsic value ¹⁾	2.37	1.15	2.59
Net Asset Value per share excl. purchase options for vessels, USD (DKK ³)	211 (1,290)	65 (422)	107 (638)
Theoretical Net Asset Value per share incl. purchase options for vessels ²⁾ , USD (DKK ³)	418 (2,557)	-	-
Net interest-bearing debt, USD	-26,203	78,364	85,217
Invested capital, USD	297,681	215,319	278,509
USD rate at year-end	611.48	650.21	595.76

¹⁾ Intrinsic value is computed as equity in USD translated to the USD/DKK rate at end-period.

²⁾ Exercise of the options when the vessels are five years old (before tax). Computed as per August 2004.

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

The key figures and ratios are computed in accordance with guidelines issued by the Danish Association of Financial Analysts. Please see the quarterly statement for 2003/2004 on page 13 and the balance sheet as at 30 June 2004 on page 14.



Comments on the development during first half 2004

At a Board meeting today, the Board of Directors of Dampskibsselskabet "NORDEN" A/S reviewed the interim report for the period of 1 January - 30 June 2004.

The Company's freight income in the second quarter and the first half of 2004 was USD 304 million and USD 543 million respectively. This growth in freight income by 184% can be attributed to the continuing expansion of the fleet by both the Dry Cargo and Tanker departments and to a higher level of freight rates, especially in the dry cargo segment.

The number of ship days in the first half 2004 was 17,710 in total: an increase of 41% compared to the same period last year. The majority of the growth has come from the dry cargo segment. The increased activity reflects the Company's continued expansion of the fleet, primarily through chartering activity.

Profit before depreciation in the first half 2004 was USD 132 million against USD 24 million in the same period last year. The significant improvement reflects that the Company has been very well positioned to exploit the record-high bulk market.

Operating profit in the first half 2004 was USD 158 million of which USD 33 million was profit from sale of vessels in the second quarter. This constitutes a growth rate of 760% against USD 19 million compared to the same period last year where no sale was recorded.

Net financial items were USD -4.9 million in the first half 2004 against USD -2.4 million in the same period last year. The increased financial costs regarding financing activities is the result of more own vessels. The Company's cash position exceeds the interest-bearing debt by USD 26 million which reflects the strong increase in the cash position.

The Company's interest rate risk of long-term debt is hedged for an average period of 3.5 years at an interest at the rate of 4.7% including the lender's risk premium (margin).

The result after tax and minority interests was USD 102 million in the second quarter against USD 13 million last year and totalled USD 151 million in the first half against USD 18 million last year. The result is very satisfactory.

Expansion of the fleet

The Company will continue the planned expansion of the fleet and has 10 newbuildings on order at present - of which four are partly owned by the Company. One partly owned Handymax bulkcarrier and two partly owned product tankers are sold and will be delivered in the first and the second quarter, respectively, of 2005.

The controlled expansion of the Company is continuously subject to an overall risk management policy.

At the end of the first half 2004 the Company had 35 dry cargo vessels on long-term charter with purchase options - of which 18 have been delivered. In the first half 2004 the Company has exercised the purchase option for one Handymax bulkcarrier to be delivered in the third quarter of 2004.

The Company has subsequently chartered three more vessels on a long-term basis with purchase options to be delivered in 2005-2008. The Company has furthermore exercised another purchase option and the vessel is to be delivered in the fourth quarter of 2004. As at today's date the Company holds 37 dry cargo vessels chartered on a long-term basis with purchase options - 19 of which are delivered.

The Company has sold the product tanker m.t. Nordamerika which was delivered in June 2004. The vessel was subsequently taken back on a four-year timecharter on market terms.

The Company has five own tankers - one of which is partly owned. Furthermore, the Company has six tankers chartered on a long-term basis - three of which with purchase options.

Cash flows

The Company's cash position has increased in the first half by USD 90 million from USD 60 million to USD 150 million which primarily reflects a high cash flow from operating profits of USD 112 million in total.

The Company's cash flow from investments was USD 33 million primarily from the sale of two vessels. Financing activities have accounted for USD -56 million as a result of repayment of loans from the sale of one vessel and distribution of dividends to the shareholders of USD 36 million for the accounting year 2003.



Equity

In the first half 2004 equity grew by USD 130 million from USD 185 million as at 31 December 2003 to USD 315 million as at 30 June 2004, which corresponds to a growth of 70%. In second quarter equity grew by USD 70 million which primarily reflects the result of the same period of USD 102 million and distribution of dividends to the shareholders of USD 36 million for the accounting year 2003.

In the same period intrinsic value per share (excl. own shares) grew from USD 85 (DKK 505) to USD 143 (DKK 872), which corresponds to a growth of 68%.

The Company's fleet including the value of two declared purchase options and the orders for 10 newbuildings is at 30 June 2004 estimated to have an additional value of USD 151 million against book value, corresponding to USD 68 (DKK 418) per share excluding own shares.

The Company's accounting policies have been changed as at 1 January 2004 concerning recording and presentation of the Company's transactions to the effect that they will be recorded and presented in USD in the future. As a result there will be a difference between equity in DKK at year-end 2003 translated to USD at closing rate and equity in USD according to the new accounting policies as at 1 January 2004. The differences amount to USD -40 million and equity is thus USD 185 million as at 1 January 2004 against USD 225 million at year-end 2003 according to the old accounting policies.

Value of purchase options for vessels

"NORDEN"s purchase options are typically included in charter-parties where "NORDEN" has chartered a vessel for several years at an agreed hire with the option to extend the charter period or to purchase the vessel. The purchase option can be exercised at any given time (American call). The value of the purchase option is regularly compared to the value of continuing the charter.

The Company has as of today estimated a theoretical value of the purchase options for the 39 long-term chartered vessels, and has estimated the value of the options to USD 458 million (before tax) upon exercise of the options when the vessels are five years old and USD 403 (before tax) upon exercise of the options at the latest possible date. The vessels will at that time be between 5 and 13 years old. The theoretical model is based on the Black-Scholes' model for valuing options. In utilising this model the following assumptions have been made: European purchase options anticipating that no payments will be made until the date of exercise, risk-free interest rate of 2.5%, volatilities of 16% for Handymax bulkers, 19% for Panamax bulkers, 22% for Capesize bulkers and 14% for MR tanker tonnage.

As a result of the high second hand prices all these options are "in-the-money" – i.e. they constitute a real value for the Company. However, it shall be noted that the assessment of the theoretical value of the options carry substantial uncertainty, and the value will depend on future development in the ships' prices.

The number of non-exercised purchase options can be declared at the earliest as follows:

Segment	2004	2005	2006	2007+
<u>Dry Cargo:</u>				
Capesize	1	0	1	3
Panamax	0	2	0	9
Handymax	3	5	3	9
<u>Tanker:</u>				
MR				3

"NORDEN" has sold its purchase option for a dry cargo vessel, and "NORDEN" has a tanker which is subject to a put option.

Equity development

USD '000	2004 30/6	2003 30/6	2003 31/12
Equity 1 January	184,908	114,337	114,337
Sale of own shares	1,248	-	
Value adjustment of hedging instruments	13,425	303	4,660
Result	151,361	18,365	69,098
Dividends paid	-35,666	-3,187	-3,187
Equity year-end	315,276	129,818	184,908





Organisation

On 1 June Carsten Mortensen was appointed Chief Operation Officer (COO) by "NORDEN" and new member of the board of management in charge of overall shipping activities. The appointment of Carsten Mortensen is an important step in the ongoing reinforcement of the organisation preparing for a generational change when Steen Krabbe, President, retires in the summer of 2005. As head of the Dry Cargo department, Carsten Mortensen was replaced by the former deputy in the same department, Jacob Meldgaard, who was also appointed Senior Vice President.

As part of the Company's efforts to further strengthen relations with the clients, the Company will open an office in India at year-end 2004 and will thereafter be represented in six different countries, including Denmark.

The staff is expanded in line with the Company's continued growth rate, and in August 2004 there was a total staff of 100 at the offices in Denmark and abroad.



Highlights by segments

1 January - 30 June 2004

USD '000	Tanker	Dry Cargo	Undistri- buted	Total
Freight income, etc.	41,198	492,841	-	534,039
Costs	-22,525	-378,444	-1,477	-402,446
Profit before depreciation	18,673	114,397	-1,477	131,593
Profit from sale of vessels	12,674	20,323	-	32,997
Depreciation and write-downs	-5,931	-328	-395	-6,654
Operating profit	25,416	134,392	-1,872	157,936
Profit, associated undertakings	179	0	0	179
Net finance	-3,267	-19	-1,608	-4,894
Profit before tax	22,328	134,373	-3,480	153,221
Tax on the profit	-1,124	-512	-	-1,636
Consolidated profit	21,204	133,861	-3,480	151,585
Minority interests	-224	-	-	-224
Result for the period	20,980	133,861	-3,480	151,361

Dry Cargo

Financial highlights

The result after tax for the Company's Dry Cargo department was USD 134 million in the first half 2004 against a result after tax of USD 11 million in the same period last year.

The result for the first and the second quarters of 2004 was USD 46 million and USD 88 million, respectively. The spot market was lower in the second quarter than in the first quarter in all the three segments in which the Company operates. The decline in the spot market in the second quarter did not affect the Company's earnings significantly, since the majority of the fleet was already employed on long-term charter parties or

Contracts Of Affreightment (COA). For the Handymax segment, which represents 69% of the department's activities, the average earnings in T/C equivalents in the second quarter were higher than in the first quarter of 2004.

The result of the period must be described as very satisfactory. Apart from increased freight rates an important reason for the good results is that the department has been very well-positioned with vessels chartered on a long-term basis, which were concluded at historically attractive rates in 2000 – 2002. The result in the second quarter was positively affected by profit of USD 20 million from the sale of one new-built Handymax bulkcarrier.

Total activity in the first half was 15,724 ship days including single trips, an increase of 42% against the same period in 2003. The activity for the second quarter was 8,534 ship days, which is the largest number of ship days in the Company's history and an increase of 18% against the first quarter of 2004.

Market trends

China's industrial growth was the main cause of the record-high freight rates which the dry cargo market experienced in the first quarter of 2004 and continuing well into the second quarter too,

Employment and rates in the first half

	Number of ship days "NORDEN"	USD per day	
		T/C equiva- lents "NORDEN"	Spot T/C avr. mar- ket *
Capesize	364	20,452	65,520
Panamax	3,037	30,187	35,709
Handymax	9,726	23,450	29,150

* Source: The Baltic Exchange



and also the economic growth trend in Japan, U.S.A. and Europe. In April the Chinese government tried to cool off the economy as they feared it would be overheated. This had a major psychological effect on the rates in the dry cargo market which declined at the end of April until the end of June 2004, but the markets have subsequently experienced a correction.

It is still not clear what will be the long-term effect of the Chinese measures but in the short-term the effect has been a fall in the capital investments from a growth rate of 35% in 2003 to 18% in June this year. However, Chinese industrial production has continued at high growth rates, which can be seen, among other things, in China's import of iron ore and steel production which has increased by 35% and 21%, respectively, in the first half 2004 compared to the first half 2003.

The strong freight rates have had strong impact on the price for tonnage. As a result the shipyards' order books are full until late 2007, so the tonnage supply is known for some years ahead.

In the short and medium term the Company sees no imminent threat from the current dry cargo order book.

Employment of the fleet

As part of the Company's overall management of risk for the total fleet there is continued focus on adequate cover of the Company's cargo capacity measured in ship days. At present, the Company has covered 85%, 58% and 36% for the rest of 2004, 2005 and 2006, respectively, of which Forward Freight Agreements (FFA) amount to 2%, 3% and 6%, respectively. The Company only uses FFAs as supplement to the physical activity for covering of actual cargos and ships.

At the end of the first half 2004 the Company had 35 dry cargo vessels chartered on a long-term charter with purchase options – of which 18 vessels were delivered. At present, the Company has declared two purchase options and can declare an additional four purchase options.

After the end of the first half 2004 the Company has fixed an additional three units on long-term charter with purchase options to be delivered in 2005 – 2008. The fleet of long-term chartered vessels with purchase options today totals 37 vessels - of which 19 are delivered.

In the first half 2004 the Company sold one new Handymax bulkcarrier from the yard which was delivered in the second quarter of 2004. The Company furthermore sold the Handymax bulkcarrier m.v. Norden to be delivered in the fourth quarter of 2004 at a profit of approx. USD 16 million. In the second quarter of 2004 the Company contracted one additional partly

owned Handymax bulkcarrier to be delivered in the fourth quarter of 2005.

The development of the Company's fleet within the three segments Capesize, Panamax and Handymax is made on the basis of the differences in the volatility of the markets through a combination of newbuildings and long-term charter tonnage, with purchase options.

Within the Capesize segment the two existing vessels and one additional unit, which is expected to be delivered in November 2004, are all concluded for longer time charters. In the first half 2005 the Company will take delivery of one additional Capesize unit which is not yet employed.

The activity for the Panamax segment has continued to be expanded, especially focusing on long-term charterparties, with purchase options to obtain a sufficiently critical mass to adapt our services to meet our industrial customers' needs. The Company has a total of 11 units chartered on a long-term basis in the Panamax segment – of which three are delivered.

The expansion continued in the Handymax segment by way of simultaneous expansion of the portfolio of Contracts Of Affreightment (COA) and the fleet. Today the Company is one of the world's leading operators in the Handymax segment. Within the Superhandymax segment (50,000 – 60,000 dwt) the Company controls more than 10% of the world fleet.

The Dry Cargo department's newbuilding programme

	To be delivered	Ownership %
Handymax (sold)	1 st quarter 2005	51
Handymax	2 nd quarter 2005	100
Handymax	3 rd quarter 2005	100
Handymax	4 th quarter 2005	66



Tanker

Financial highlights

The result after tax for the Company's Tanker department was USD 21 million in the first half 2004 against a result after tax of USD 9 million in the same period last year. Profit from sale of the product tanker m.t. Nordamerika of USD 13 million is included in the result.

The result for the first and the second quarters of 2004 was USD 4 million and USD 17 million, respectively.

The satisfactory result, which was better than expected, is the result of the positive trends in the world economy having a favourable impact on the strong demand for energy and oil. At the same time as the older tonnage is being phased out, the oil companies' and the authorities' requirements for the tanker fleets have significantly increased which is affecting the Company's double-hulled tanker fleet positively.

The department was very well positioned for the improved market with 39% more ship days in the first half 2004 against the same period last year. In the second quarter of 2004 the activity was 1,001 ship days. The result has improved primarily in the MR segment where tonnage is employed in the spot market but the Company's Handysize segment has also been very favourable as one unit has been transferred from timecharter to the spot market. The Aframax units are still employed on attractive long-term charters, albeit the spot market has been even stronger.

The Company aims to obtain stable and acceptable earnings for the shareholders which is why the tonnage is employed in a combination of the spot market and on long-term time charters.

Market trends

In the second quarter of 2004 the freight market was positively affected by the demand for oil, which was 5% higher than the

demand for oil in the same period last year. It is the highest nominal growth rate in 25 years. Demand has increased significantly, especially in China, Brazil and India with growth rates of 20%, 14% and 11%, respectively. In Europe and U.S.A. where economic growth has been slower, the demand for oil has increased by 6% and 3% respectively.

Furthermore, oil has been transported over longer distances compared to previous years and as a result a positive balance has been achieved between supply and demand for the shipping companies.

Employment of the fleet

As part of the Company's overall management of risk for the total fleet there is continued focus on adequate hedging of the Company's capacity in the form of ship days. At present, the Company has hedged 54%, 42% and 30% for the rest of 2004, 2005 and 2006, respectively.

The Company has sold the product tanker m.t. Nordamerika which was delivered in June 2004. The vessel was subsequently chartered back for four years on market terms.

The Company has five own tankers - one of which is partly owned. The Company has six tankers on long-term charter - three of which with purchase options.

By the end of the first half the Company has sold two partly owned product tankers under construction to be delivered in 2005 with an expected profit of USD 7 million.

Employment and rates in the first half

	Number of ship days "NORDEN"	USD per day	
		T/C equivalents "NORDEN"	Spot T/C avr. market*
Aframax (95,000 – 115,000 tdw.)	728	19,825	24,654
MR Product tanker (45,000 tdw.)	546	25,472	16,116
Handysize Product tanker (35,000 – 37,000 tdw.)	712	15,210	15,548

*Source: ACM Shipbroker Ltd.

The Tanker department's newbuilding programme

	To be delivered	Ownership %
Product tanker – SR (sold)	2 nd quarter 2005	50
Product tanker – SR (sold)	3 rd quarter 2005	50
Product tanker – SR	2 nd quarter 2006	100
Product tanker – SR	3 rd quarter 2006	100
Product tanker – SR	1 st quarter 2007	100
Product tanker – SR	2 nd quarter 2007	100



Expectations for the rest of 2004

Dry Cargo

The Company expects the strong freight market to continue into second half 2004 fuelled by the economic growth in China.

The Company's high cover for the rest of 2004 has the effect that earnings will only be modestly affected by fluctuations in freight rates, and the Company thus expects a very satisfactory result for the Dry Cargo department in 2004.

Tanker

The positive effects from the first half 2004 are expected to continue for the rest of the year. Moreover, the favourable world economy is expected to continue with a considerable growth in the demand for oil of 3% throughout 2004.

The Company expects a satisfactory result for the Tanker department for 2004.

Expected annual result for 2004

The Company anticipates an annual result of around USD 240 million (DKK 1,464*). On 24 May 2004 the Company announced an expected annual result of around USD 200 million (DKK 1,220*) incl. sale of one bulkcarrier. The upward adjustment is a result of the favourable dry cargo and tanker markets and profit from the sale of one tanker and one additional dry cargo vessel.

*At a USD/DKK exchange rate of 6.10

Description of the Company's positions for 2005 and 2006, respectively

In the past year the Company has experienced a considerable rise in activities especially within the dry cargo segment. This has occurred throughout a period where freight rates have reached record heights under increasing volatility. At present, the Company finds that it would be - extraordinarily - appropriate to report the Company's business position for 2005 and 2006. It is computed in the form of a Mark-to-Market statement of the positions for the Dry Cargo department and the Tanker department, respectively.

The Mark-to-Market is based on the value of activities already covered in the form of Contract Of Affreightment (COA), Time Charter (T/C) and Forward Freight Agreements (FFA). The value of uncovered activities, i.e. open vessel positions, is computed (dry cargo) on the basis of the average forward market (Source: SSY as at 13 August 2004). The open vessel positions for the Tanker department are based on the Company's own expectations to the rates due to an illiquid forward market.

The figures do not express future budgets for 2005 and 2006 as the computations fail to have regard to a.o. administration costs, tonnage tax and profit from sale of own vessels and purchase option tonnage. Moreover, the assessments are based on currently known tonnage activity having no regard to additional new activities.

Dry Cargo

The development of the Company's dry cargo activity in ship days have been as follows since 2000:

2000	2001	2002	2003	2004E
11,071	16,455	17,463	23,850	31,250

The trend in activities will continue into 2005 and 2006 so the expected number of ship days in 2005 will be 33-35,000 ship days and 35-40,000 ship days in 2006. The Company's core fleet in the form of already long-term chartered vessels and own vessels, which is the largest to date, and which is distributed in the form of ship days, is as follows:

Ship days	2005	2006
Cape	1,323	1,460
Panamax	5,043	3,628
Handymax	11,809	9,491
Total	18,175	14,579

Open ship days are based on the following time charter equivalents:

USD/day	2005	2006
Cape	47,250	29,500
Panamax	26,250	17,000
Handymax	21,250	13,000

Total calculation of the Mark-to-Market for 2005 and 2006 is then as follows:

USD million	2005	2006
Total	132.5	72.5

As it is the Company's policy to hedge the expected future bunker demands for the company's Contracts Of Affreightment (COA), the above mentioned calculation will not be affected by fluctuations in the bunker prices.



Sensitivity to rate fluctuations of +/- USD 1,000 per day in each segment is as follows:

USD million	2005	2006
Cape	+/- 0.2	+/- 0.4
Panamax	+/- 1.4	+/- 2.2
Handymax	+/- 5.7	+/- 6.6

If the forward price for Handymax e.g. rises by USD 1,000 per day to USD 22,250 the value of the dry cargo portfolio will be improved for 2005 by USD 5.7 million to USD 138.2 million.

Tanker

The development of the Company's tanker activity in ship days have been as follows since 2000:

2000	2001	2002	2003	2004E
3,106	3,295	3,075	3,434	4,270

The core fleet of the Company in the form of already chartered vessels and own vessels are distributed as follows:

Ship days

	2005	2006
Aframax	1,460	1,460
SR/MR	3,285	3,682
Total	4,745	5,142

All the Company's Aframax units will be employed throughout 2005 and 2006. As we anticipate that the market for SR/MR tonnage will be USD 20,000 per day for 2005 and USD 17,500 per day for 2006, the total value is computed as follows:

USD million	2005	2006
Total	31.5	19.6

The sensitivity for rate fluctuations of +/- USD 1,000 per day is USD 2.4 million for 2005 and USD 3.2 million for 2006.

If the forward price for SR/MR tonnage thus rises by USD 1,000 per day to USD 21,000, the value of the tanker portfolio will be improved for 2005 by USD 2.4 million to USD 33.9 million.

Forward-looking statement

The report includes forward-looking statements reflecting the board of management's current perception of future trends and financial performance. The statements for 2004, 2005 and 2006 naturally carry some uncertainty and "NORDEN's" actual results may therefore differ from the expectations. Factors that may have the result that the results achieved differ from the expectations are, among other things, but not exclusively, changes in the macro-economic and political preconditions – especially in the Company's key markets, changes in "NORDEN's" assumptions of rate development, operating costs, volatility in rates and ship prices, changes in legislation, interruptions in traffic and operations as a result of external events, etc. The interim report is not meant as encouragement to purchase or trade in shares in Dampskibsselskabet "NORDEN" A/S.

The report is published in the Danish and the English languages. In the event of any discrepancies, the Danish version shall be governing.

Accounting policies

The Company's accounting policies have been changed as at 1 January 2004 regarding recording and presentation of the Company's transactions to the effect that they will be recorded and presented in USD in the future. As a result, transactions in other currencies than USD - including DKK - will be treated as transactions in foreign currency.

As a result, the effect of currency fluctuations in USD to DKK in financial reporting will be insignificant as the majority of the Company's transactions are carried out in USD.

The change in the accounting policies has the effect that all items in the balance sheet have been translated to USD as at 1 January 2004. The transactions are carried out as follows:

- Fixed assets, inventories, securities, share capital and other reserves including provisions (non-monetary items) are translated to USD at the current rate on the day of the transaction.
- Other assets and liabilities (monetary items) are translated to USD at the exchange rate as at 1 January 2004.

As a result there will be a difference between equity in DKK at year-end 2003 translated into USD at closing rate and equity in

USD according to the new accounting policies as at 1 January 2004. The difference amounts to USD -40 million and equity is thus USD 185 million as at 1 January 2004 against USD 225 million at year-end 2003 according to the old accounting principles.

The comparative figures for income statement and balance sheet for 2003 are readjusted to reflect the result and balance sheet in USD in compliance with the new accounting policies.

The result for 2003 translated to the average rate of the year is USD 59 million against USD 69 million according to the new accounting policies. The differences is primarily the result of the differences in exchange-rates when translating transactions and cash in USD to DKK which will not be a problem any more, and also a change in depreciation of vessels. They are now assessed on the basis of the actual acquisition prices in USD and other fixed assets in DKK on the basis of the historic USD/DKK exchange-rates.

Apart from the change in recognition currency and reporting currency, the interim report is prepared in accordance with the same accounting policies as the annual report for 2003.

Equity translated to USD/DKK

USD '000	30/6 2003	31/12 2003
Equity, year-end	150,794	224,700
Differences:		
Vessels, etc.	-20,571	-38,617
Pre-payments	-405	-1,175
Equity, year-end period	129,818	184,908





Income statement

USD '000	2004		2003	
	1/1-30/6	1/1-30/6	1/4-30/6	1/4-30/6
Freight income, etc.	534,039	187,760	304,302	96,195
Costs	-402,455	-164,115	-228,307	-81,606
Profit before depreciation	131,594	23,645	75,995	14,589
Profit from sale of vessels and other fixed assets	32,997	0	32,997	0
Depreciation and write-downs	-6,654	-5,277	-3,478	-2,640
Operating profit	157,937	18,368	105,514	11,949
Profit, associated undertakings	179	2,888	80	2,643
Net finance	-4,895	-2,410	-1,728	-1,151
Profit before tax	153,221	18,846	103,866	13,441
Tax on the profit	-1,636	-463	-1,293	-244
Consolidated profit	151,585	18,383	102,573	13,197
Minority interests	-224	-18	-120	-13
Result for the period	151,361	18,365	102,453	13,184



Balance sheet

USD '000	2004	2003	2003
	30/6	30/6	31/12
ASSETS			
Ships	165,123	191,905	165,468
Pre-payments	39,763	7,475	43,120
Ships acquired on finance leases	28,543	0	32,262
Properties	4,056	4,093	4,060
Other operating equipment	4,016	2,546	3,408
Investments in associated undertakings	9,899	14,709	9,721
Fixed assets	251,400	220,728	258,039
Inventories	11,383	10,634	8,785
Receivables	83,559	18,183	47,493
Receivables from associated undertakings	0	689	4
Securities	594	297	594
Cash and cash equivalents	149,900	56,131	59,866
Current assets	245,436	85,934	116,742
Total assets	496,836	306,662	374,781
LIABILITIES			
Share capital	7,321	7,321	7,321
Accumulated profit carried forward	307,955	122,497	141,697
Proposed dividend for the year (excl. dividend on own shares)	0	0	35,890
Equity	315,276	129,818	184,908
Minority interests	8,608	7,137	8,384
Provisions for docking costs	593	331	479
Total provisions	593	331	479
Bank debt	85,312	123,103	104,459
Lease obligations	25,959	0	26,932
Long-term liabilities	111,271	123,103	313,391
Current portion of long-term debt	13,020	11,689	14,286
Trade payables	38,942	21,290	16,871
Other liabilities and accruals	9,126	13,294	18,462
Short-term liabilities	61,088	46,273	49,619
Total debts	172,359	169,376	181,010
Total liabilities	496,836	306,662	374,781