To the Copenhagen Stock Exchange

Announcement no. 19
24 May 2004

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Interim report first quarter 2004

FIRST QUARTER HIGHLIGHTS

- The result for the first quarter of 2004 was USD 49 million (DKK 304 million*) which is in line with expectations and very satisfactory. The Tanker department's result was USD 4 million and the Dry Cargo department's result was USD 45 million

- The tanker market was positively affected by increased demand for oil products which is expected to continue.

- During the first three months, the Dry Cargo market was record high as a result of the economical growth in China. During May the rates dropped significantly, especially in the future market for second half and onward. The decrease is due to the Chinese premier's announcement on 29 April aiming at avoiding a sudden overheating of the Chinese economy and securing a long-term and more stable economical development.

- The result for the second quarter is expected be in line with expectations and to be considerably higher than the first quarter result.

- As announced at the annual general meeting, 30% of the "NORDEN"s Dry Cargo activities are uncovered for second half of the year. The significantly falling spot and future rates during the month of May entail much uncertainty about the result for second half. Consequently, the Company expects the result for second half to be lower than expected.

- The expected result for the year, which was previously announced to be USD 250 million (DKK 1,550 million*) is now expected to be around USD 200 million (DKK 1,240 million*)This should be compared to the annual result for 2003 which was DKK 392 million, the best yet in "NORDEN"s history.

* At a USD/DKK exchange rate of 6.20.

Dampskibsselskabet "NORDEN" A/S

Mogens Hugo Jørgensen Chairman of the Board	Steen Krabbe President

A detailed interim report is attached.

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INTERIM REPORT – FIRST QUARTER 2004

At a Board meeting today, the Board of Directors of Dampskibsselskabet "NORDEN" A/S have reviewed the accounts for the period of 1 January – 31 March 2004.

The profit for the period after tax and minority interests was USD 49 million compared to USD 5 million in the same period last year.

During the period the equity has increased by USD 60 million from USD 185 million at 31 December 2003 to USD 245 million at 31 March 2004, equivalent to an increase of 32%.

As at 1 January 2004, "NORDEN" has changed its accounting policies regarding the recognition and reporting of Company transactions. Henceforth, transactions will be recorded and reported in US dollars. The conversions result in a difference between the equity in Danish kroner at the end of 2003 converted to US dollars to the end-of-period exchange rate and the equity in US dollars according to the new accounting policies at 1 January 2004. The difference amounts to USD -40 million, and the equity amounts to USD 185 million at 1 January 2004 compared to USD 225 million at the end of 2003 according to the old accounting policies.

The first quarter 2004 result is in line with expectations and is due to the favourable market conditions for the dry cargo segment especially.

1. CONSOLIDATED FINANCIAL HIGHLIGHTS:

INCOME STATEMENT	1/1 - 31/3 2004	1/1 - 31/3 2003	1/1 - 31/12 2003
	USD '000	**USD '000**	**USD '000**
Freight income, etc.	229,737	91,565	478,490
Expenses	-174,138	-82,509	-396,686
Profit before depreciation	**55,599**	**9,056**	**81,804**
Earnings from the sale of ships and other fixed assets	0	0	3,268
Depreciation and write-downs	-3,176	-2,637	-11,512
Operating profit	**52,423**	**6,419**	**73,560**
Income from associated undertakings	99	245	3,310
Net finance	-3,167	-1,259	-5,333
Profit before tax	**49,355**	**5,405**	**71,537**
Tax on the profit for the period	-343	-219	-1,181
Consolidated profit	**49,012**	**5,186**	**70,356**
Minority interests	-104	-5	-1,258
Net profit for the period	**48,908**	**5,181**	**69,098**

BALANCE SHEET

ASSETS	31/3 2004 USD '000	31/3 2003 USD '000	31/12 2003 USD '000
Ships	184,616	167,274	165,468
Prepayments	39,052	10,630	43,120
Ships acquired on finance leases	28,919	0	32,262
Properties	4,078	4,107	4,060
Other fixed assets	3,522	1,951	3,408
Investments in associated undertakings	9,819	12,010	9,721
Fixed assets	**270,006**	**195,972**	**258,039**
Inventories	4,671	7,270	8,785
Receivables	68,279	30,867	47,493
Receivables from associated undertakings	0	292	4
Securities	594	285	594
Cash and cash equivalents	99,914	54,984	59,866
Current assets	**173,458**	**93,698**	**116,742**
Total assets	**443,464**	**289,670**	**374,781**

EQUITY AND LIABILITIES			
Share capital	7,321	7,321	7,321
Accumulated profit carried forward	201,717	109,002	141,697
Dividend for the year (excluding dividend of own shares)	36,489	3,187	35,890
Equity	**245,527**	**119,510**	**184,908**
Minority interests	**8,488**	**7,119**	**8,384**
Provisions for docking costs	537	265	479
Total provisions	**537**	**265**	**479**
Bank debt	102,368	108,219	104,459
Lease debt	26,018	0	26,932
Long-term liabilities	**128,386**	**108,219**	**131,391**
Current portion of long-term debt	13,495	11,689	14,286
Creditors	32,325	32,730	16,871
Other debt and accruals	14,706	10,138	18,462
Current liabilities	**60,526**	**54,557**	**49,619**
Total liabilities	**188,912**	**162,776**	**181,010**
Total equity and liabilities	**443,464**	**289,670**	**374,781**
Change in cash for the period	**40,048**	**14,857**	**20,049**
Gross investments in property, ships and equipment	**21,472**	**43,501**	**167,283**

KEY FIGURES AND RATIOS FOR THE BALANCE SHEET

Amounts in USD '000	**31/3 2004**	**31/3 2003**	**31/12 2003**
Number of shares (excluding own shares)	2,207,850	2,182,500	2,182,500
Intrinsic value (book value) per share	111	55	85
Equity ratio	55.4%	41.3%	49.3%
Share price at year-end, DKK	2,570	390	1,305.15
Share price/intrinsic value [1)]	3.75	1.04	2.59
NAV per share excluding purchase options for ships, USD	185	60	107
Net interest-bearing debt	41,373	64,640	85,217
Invested capital	295,388	191,269	278,509
DKK/USD exchange rate at end of period	609.03	681.63	595.76

[1)] Intrinsic value is calculated as equity in US dollars translated into Danish kroner at end-of-period DKK/USD exchange rate.

STATEMENT OF CHANGES IN EQUITY

	31/3 2004	**31/3 2003**	**31/12 2003**
Equity at 1 January 2004	184,908	114,337	114,337
Sale of own shares	1,141	-	
Adjustment of hedging instruments	10,570	-8	4,660
Profit for the period	48,908	5,181	69,098
Dividend paid	-	0	-3,187
Equity at 31 March 2004	**245,527**	**119,510**	**184,908**

Financial highlights by segment 1 January - 31 March 2004

Amounts in USD '000	**Tankers**	**Dry Cargo**	**Not allocated**	**Total**
Freight income, etc.	19,721	210,017	-	229,738
Expenses	-10,503	-164,244	609	-174,138
Profit before depreciation	**9,218**	**45,773**	**609**	**55,600**
Profit from the sale of ships	0	0	-	0
Depreciation and write-downs	-2,964	-26	-186	-3,176
Operating profit	**6,254**	**45,747**	**423**	**52,424**
Income from associated undertakings	99	0	0	99
Net financial items	-1,736	2	-1,434	-3,168
Profit before tax	**4,617**	**45,749**	**-1,011**	**49,355**
Tax on the profit for the period	-81	-262	-	-343
Consolidated profit	**4,536**	**45,487**	**-1,011**	**49,012**
Minority interests	-104	-	-	-104
Net profit for the period	**4,432**	**45,487**	**-1,011**	**48,908**

Accounting policies

As at 1 January 2004, "NORDEN" has changed its accounting policies regarding the recognition and reporting of Company transactions. Henceforth, transactions will be recorded and reported in US dollars. As a result of the change, transactions in currencies other than US dollars – including Danish kroner – will in future be considered foreign currency transactions.

The switch to recognition and reporting of Company transactions in US dollars means that USD/DKK exchange rate fluctuations will have a negligible impact on the Company's financial reporting, the main part of "NORDEN"s transactions being in US dollars.

The change in the accounting policies means that at 1 January 2004 all balance sheet items are converted to US dollars. The conversion has been effected in the following manner:

- Non-current assets, inventories, securities, share capital and other reserves as well as provisions (non-monetary items) are converted into US dollars using the exchange rate at the transaction date.

- Current assets and liabilities (monetary items) are converted into US dollars using the exchange rate at 1 January 2004.

The conversions result in a difference between the equity in Danish kroner at the end of 2003 converted into US dollars at the end-of-period exchange rate and the equity in US dollars according to the new accounting policies at 1 January 2004. The difference amounts to USD -40 million, and the equity amounts to USD 185 million at 1 January 2004 compared to USD 225 million at the end of 2003 according to the old accounting policies.

The difference can be specified as follows:

Amounts in USD '000	31/3 2003	31/12 2003
Equity stated in US dollars end of period	132,831	224,700
Differencies:		
Ships etc.	-12,975	-38,617
Prepayments	-346	-1,175
Equity at end of period	**119,510**	**184,908**

Comparative figures for the income statement and the balance sheet for the first quarter of 2003 and total year 2003 are adjusted to reflect result and balances in US dollars according to the new accounting policies.

The profit for 2003 converted at the average rate of the year is USD 59 million against USD 69 million according to the new accounting policies. The difference is primarily due to exchange rate fluctuations when converting transactions and current assets and liabilities in US dollars to Danish kroner, which now disappears, as well as changed depreciations on ships. Calculations are now based on the actual acquisition prices in US dollars and on other non-current assets in Danish kroner based on the historical USD/DKK rates.

Except for the change in recognition currency and reporting currency, the interim report has been prepared according to the same accounting principles as applied in the annual accounts for 2003.

The fleet's market value

The Group's fleet and orders for 10 newbuildings are estimated to represent an added value of USD 162 million including charterparties at 31 March 2004, equivalent to USD 73 per share excluding own shares.

2. COMMENTS ON THE DEVELOPMENT DURING FIRST QUARTER 2004

Dry Cargo

The Company's Dry Cargo department achieved a result after tax for the first quarter of 2004 of USD 45.5 million compared to a result of USD 2.6 million in the same period last year. In the first quarter, the spot market was record high for the 3 segments in which "NORDEN" operates - Cape, Panamax and Handymax - due to the exceptionally high growth of transports to and from China. Although the result for the first quarter is very satisfactory, "NORDENS"s earnings were below the spot market as a consequence of the Company's long-term coverage strategy.

"NORDEN" has focused on future coverage during first quarter which is expected to contribute positively to the earnings for the rest of 2004 and 2005. Coverage of the employment for 2004 and 2005 is currently 70% and 50% respectively. "NORDEN"s two existing Cape ships are engaged on fixed timecharter employment until the summer of 2004 after which the 2 ships as well as another newbuilding (which will be delivered in November 2004) have all been secured long-term contracts at attractive rates.

The strong spot market during the first three months of the year imply considerably higher earnings for the second quarter versus the first quarter.

		USD/day	
	Number of ship days	T/C equivalent NORDEN	Spot T/C avg. Market*
Capesize	182	20,455	81,763
Panamax	1,266	32,148	42,841
Handymax	4,673	21,593	32,422

*Source: The Baltic Exchange

Total activity in the first quarter amounted to 7,190 ship days (including single voyages), which corresponds to an activity increase of 25% compared to the same period last year.

Tankers

"NORDEN"s tanker department achieved a profit of USD 4.4 million after tax. In the same period last year the profit was USD 4.5 million.

In the first quarter of 2004 the freight market was influenced by an improvement in the world economy, increased demand for oil from China and the USA especially as well as transports over longer distances than previously. Furthermore, congestion of tonnage, a.o. in the Bosporus Strait, occupied a part of the tonnage during the winter months.

		USD/day	
	Number of ship days	T/C equivalent NORDEN	Spot T/C avg. Market*
Aframax (95,000 – 115,000 dwt)	364	19,850	24,750
MR product tanker (45,000 dwt)	273	27,692	15,938
Handysize product tanker (35,000 – 37,000 dwt)	364	13,958	15,542

*Source: ACM Shipbroker Ltd.

"NORDEN"s earnings for the Handymax product tanker tonnage, which was employed in the exceptionally strong spot market, were substantially above market level for a 12-months timecharter party while the earnings for Handysize product tankers and Aframax crude oil tankers were below market level. Naturally, the attractive long-term coverage within these two segments does not compare with the improved rates of the strong freight market during first quarter, but it is still on a level satisfactory to "NORDEN".

Financial items

The net financial items, USD -3 million, are primarily composed of interest expenses resulting from the financing of own ships less interest income on cash and cash equivalents.

The Company's interest risk on long term debt has been covered for an average period of approximately four years at an interest rate of 4.7% including lenders' risk premium (margin).

The fleet

"NORDEN" continues the planned expansion of the fleet, and presently 10 newbuildings are on order of which three are partly owned. Two Handymax bulkcarriers have been sold for delivery in the second quarter of 2004 and in the first quarter of 2005 respectively (the latter is partly owned).

Dry Cargo

The Company has taken delivery of a Handymax bulkcarrier, m.s. "NORDEN" in the first quarter of 2004. Since delivery the ship has been employed in the spot market.

In the first quarter of 2004, additionally three ships have been long-term timechartered with purchase options, and the Company now has 35 bulkcarriers on long-term timecharters with purchase options, of which 18 have been delivered. Six of these ships can be taken over now. Subsequently, one of these purchase options has been declared, and the ship will be taken over in August this year.

The Dry Cargo department's newbuilding programme as of the date of this interim report:

	Delivery	Ownership share %
Handymax (sold)	2nd quarter 2004	100%
Handymax (sold)	1st quarter 2005	51%
Handymax	2nd quarter 2005	100%
Handymax	3rd quarter 2005	66%

Tankers

The Tanker department's newbuilding programme as of the date of this interim report:

	Delivery	Ownership share %
Product tanker-SR	2nd quarter 2005	50%
Product tanker-SR	3rd quarter 2005	50%
Product tanker-SR	2nd quarter 2006	100%
Product tanker-SR	3rd quarter 2006	100%
Product tanker-SR	1st quarter 2007	100%
Product tanker-SR	2nd quarter 2007	100%

3. OUTLOOK FOR THE REMAINDER OF 2004

Dry Cargo

The economic growth in China has been the main engine driving the high freight rates on the bulk market during 2003 and in the first quarter of 2004.

During the first quarter China built up huge stocks of iron ore and steel products which are being reduced during second quarter. For example, at the end of first quarter 2004, the Chinese stocks of steel products were 30% higher than at the same time last year (Source: RS Platou). Imports of iron ore were 50% higher in the first quarter of 2004 compared to the same period last year whereas the steel production had "only" increased by 26% in the period. A stock reduction of this magnitude has an immediate effect on the shipping industry, resulting in significantly falling rates during the second quarter.

Expectations for the future market have also been lowered considerably. The development in China is being followed closely. Authorities are planning to reduce growth in order to avoid bottlenecks which initially would reduce the demand for transport, but it also indicates a stable long-term growth.

During the first quarter of 2004, "NORDEN" increased its business regarding transport to and from India; a country of added future importance.

"NORDEN" still expects a very satisfactory result for the Dry Cargo department in 2004, although, the significantly falling future rates during May are expected to have a negative impact on the Company's earnings from the uncovered part of the dry cargo fleet, which during May has decreased from 30% to approx. 25%.

Tankers

The positive development during the first quarter is expected to continue throughout 2004, however, during the second and third quarters the freight rates are expected to decrease slightly to a lower level.

The world economy is continuing its positive development, and the increase in demand for oil, at present 2.0 million barrels a day, has reached its peak since 1988 with USA and China as the primary importing and consuming countries. Recently, China tried to adjust it explosive growth of 9-10% to a level around 8% which is considered a positive step and is expected to result in more stable long-term growth in the country.

"NORDEN" will take delivery of another MR product tanker on long-term charter in the third quarter of 2004.

Expected annual result for 2004

"NORDEN" expects an annual result of around USD 200 million, including sale of a bulkcarrier. At the annual general meeting on 26 April 2004, the Company reported an expected annual result of at least USD 250 million including the sale of a bulkcarrier. The downward adjustment is due to the falling rates for the uncovered bulkcarriers representing around 25% of the bulk capacity for the second half of 2004.