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2004 financial calendar

Annual general meeting	26 April 2004
Payment of dividends	30 April 2004
Interim report, first quarter 2004	24 May 2004
Interim report, first half 2004	23 August 2004
Interim report, third quarter 2004	29 November 2004

The annual general meeting of the Company will be held at 11:00 am on Monday, 26 April 2004, at the House of Danish Insurance, 10 Amaliegade, 1256 Copenhagen K, Denmark.

To our shareholders

The Company's focus on creating value for its shareholders through controlled growth is bearing fruit. The DKK 392 million in profit posted for the year 2003 is a record high for the Company. Over the past five years, we have created added value totalling DKK 1,281 per share in the form of share price increases and dividends for our shareholders, growth that at the end of 2003 corresponds to a 2143% return on investment. "NORDEN" wishes to thank its shareholders, partners, clients and employees for their support, since it is their support that laid the foundation for this success.

DRY CARGO

The Company's dry cargo operations were the primary source of this vigorous growth and our high earnings level. The Dry Cargo Department has been selling off its own vessels in recent years; since the 1998 crisis in Asia, the Department has been building up a substantial fleet of chartered vessels at highly attractive and record-low rates with the options of extending charter periods at previously agreed favourable rates. At the beginning of 2004, our dry cargo fleet represents a minimum of 95,000 ship days, of which about 45% will be available within three years, and a maximum of about 135,000 ship days if the Company utilises all options to extend charter periods. By comparison, the Company had 23,850 ship days in 2003.

The Company's dry cargo fleet therefore is highly flexible and the number of ship days can be adjusted in line with the freight rates. The Dry Cargo Department also holds purchase options for 32 vessels, of which 6 can be acquired now. Due to the current high prices for secondhand tonnage, these options are "in the money", i.e. they hold real value for the Company. The Company did not own any dry cargo vessels itself at the end of the 2003, but when favourable opportunities arise, the Dry Cargo Department will place orders for vessels to be wholly owned by the Company. Five Handymax bulk carriers are currently under construction; one partly-owned vessel to be delivered in 2005 is sold.

The Company views that the dry cargo market will continue in a positive manner in the near future. We expect that the growth trend will continue in China and that the rest of the world will experience an upturn in market trends. In addition, we also know that there will only be a limited amount of new dry cargo tonnage entering the market in the next three years. We are positioned for continued growth in earnings, but our flexibility will allow us to react when the market turns. The value of the vessels we have chartered represents excellent earnings potential, and the four newbuildings remaining unsold by the Company also currently represent substantial added value.

TANKERS

Unlike the Dry Cargo Department, the Tanker Department has chartered vessels only to a limited extent, but it has expanded its activities by contracting new double-hull tankers. We have fewer tankers than dry cargo vessels, however, since the fleet at the beginning of 2004 primarily consists of new own vessels and new buildings, the ships of the Tanker Department still represent approximately 80,000 ship days – given that the ships are not sold before they are scrapped. By comparison, the Company had 3,404 ship days in 2003. Our portfolio is long-term, which is why the Tanker Department has especially employed the vessels on longer-term T/C parties, and the vessels are providing core clients with excellent service at attractive rates. In recent years, the Tanker Department has earned respectable profits on the sale of previously contracted vessels.

The Company sees a near future of stable earnings potential in the Tanker Department as a result of these attractive T/C parties. The potential lies in the value of the Company's own vessels; this is part of the Company's net asset value (NAV) at the end of 2003 in the form of added value of own vessels and newbuildings on order.

GENERAL DEVELOPMENT PLANS

In 2003, the Board of Directors and Management laid down general plans for the Company's development over the next three years, plans that continue to be based on sustainable and controlled growth in the dry-cargo and tanker sectors. The existing fleet and its earnings potential provide an excellent foundation for further growth, and "NORDEN" will also be expanding its dry cargo fleet further by the end of 2006. The Company continually seeks to manage the risks that growth entails, and especially 2004 will see the Company seeking to obtain a suitable risk coverage in the form of T/C parties, COAs (Contract Of Affreightments) and FFAs (forward freight agreements) for a suitable period of time.

The Company's goal continues to be to remain an industry leader by ensuring optimum satisfaction for its clients and its employees. We are constantly striving for getting closer to our clients and in 2003 we opened a new office in Rio de Janeiro.

The Company and its shareholders can look forward to a positive development which will enable the planned expansion. The Board proposes an extraordinarily high dividend of DKK 100 per share for 2003 reflecting the high earnings made in 2003 and because we estimate – on the basis of the strong dry cargo market and the Company's own transactions – a profit for 2004 in excess of DKK 1.4 billion, excluding profit from the sale of vessels.

Mogens Hugo Jørgensen
Chairman of the board of Directors

Steen Krabbe
President

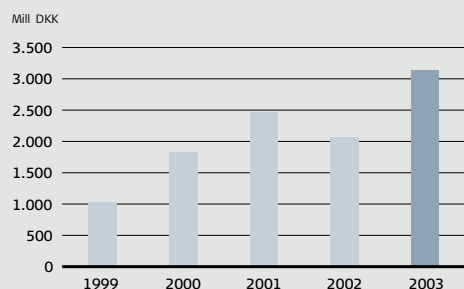
Key figures and ratios for the Group

Key figures are in DKK million	2003	2002	2001	2000	1999
INCOME STATEMENT					
Net revenues	3,133.1	2,071.8	2,470.8	1,823.8	1,030.4
Costs	-2,601.6	-1,941.2	-2,215.7	-1,570.2	-907.9
Profit before depreciation	531.5	130.6	255.1	253.6	122.5
Profit from sale of vessels	12.2	0.0	164.5	25.4	13.5
Depreciation and write-downs	-82.9	-76.3	-78.7	-58.6	-78.5
Operating profit	460.8	54.3	340.9	220.4	57.5
Share of profit before tax, associated undertakings	21.6	7.6	6.0	0.4	1.9
Net finance	-74.4	-36.6	-34.7	-56.4	-30.6
Profit before tax	407.9	25.3	312.2	164.4	28.8
Consolidated profit	400.2	196.2	239.4	114.9	19.4
Profit for the year	391.9	195.9	217.5	114.3	19.4
BALANCE SHEET					
Non-current assets	1,774.4	1,185.8	1,246.4	1,335.4	966.0
Total assets	2,469.9	1,655.2	1,915.8	1,706.1	1,225.2
Equity at year-end	1,338.7	848.8	639.8	465.9	356.3
Provisions	2.9	1.4	157.8	13.1	34.5
Liabilities	1,078.4	754.6	1,066.9	1,147.7	840.9
Invested capital	1,896.3	1,191.4	1,117.5	1,265.1	990.7
Net interest-bearing debt	507.7	292.3	426.4	771.4	541.1
Cash, cash equivalents and securities	360.2	286.2	507.7	213.3	158.8
CASH FLOWS					
From operating activities	413.8	50.6	244.6	205.8	46.9
From investment activities	-679.4	-31.5	231.9	-372.1	134.6
Of which investment in vessels (gross)	-839.0	-155.5	-1,221.7	-591.0	-415.0
From financing activities	388.4	-190.4	-188.9	221.6	-215.8
Change in cash equivalents at year-end	122.8	-171.4	287.6	55.4	-34.3
FINANCIAL AND ACCOUNTING RATIOS					
Number of shares (excl. own shares)	2,182,500	2,182,500	2,302,000	2,425,000	2,425,000
Profit per DKK 20 share	179.55	89.77	94.48	47.13	8.04
ROE	35.8%	26.3%	39.3%	27.8%	5.4%
ROIC	31.2%	5.2%	29.1%	19.6%	6.0%
Dividend per DKK 20 share (DKK)	100.00	10.00	12.00	10.00	2.40
Dividend for the year (%)	500%	50%	60%	50%	12%
Intrinsic value of equity per share (book value; DKK)	613.4	388.9	277.9	192.1	146.9
Equity ratio	54.2%	51.3%	33.4%	27.3%	29.1%
Share price at year-end	1,305.15	369.43	264.13	250.02	90.67
Share price/intrinsic value	2.13	0.95	0.95	1.30	0.62
Net asset value (NAV) per share ¹	746.7	442	401	308	235
USD rate at year-end	595.76	708.22	840.95	802.05	739.88
Average USD rate	658.99	788.12	831.88	809.03	698.34

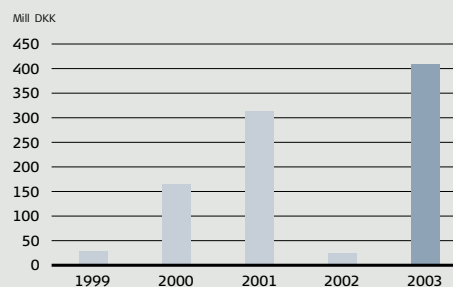
The ratios stated above were computed in accordance with the 1997 guidelines issued by the Danish Association of Financial Analysts («Recommendations & Ratios 1997»). Unadjusted figures, as defined by the Association, were used. (Please see the definitions in the section entitled "Other information" below.) The key figures for 1999 were adjusted to reflect the reduction in denomination of the Company's shares from DKK 100 to DKK 20; adjustments were also made to reflect the Company's holdings of own shares.

¹ Excluding vessel purchase options. Added value of vessels on order was not included for the 1999-2001 period.

Net revenues



Profit before tax



HIGHLIGHTS OF 2003

- Profit for 2003 was DKK 392 million against DKK 196 in 2002. In 2002 DKK 158 million was tax carried back. The profit for the year includes a DKK 29 million profit on the sale of vessels (2002: DKK 0), of which DKK 17 million is included in the item "Profit/(loss) from associated undertakings".
- Profit from operations totalled DKK 461 million (2002: DKK 54 million), which corresponds to a profit margin of 15% (2002: 3%).
- Cash flow from operations for the year amounted to DKK 413.8 million (2002: DKK 50.6 million).
- Equity grew by DKK 490 million to reach DKK 1,339 million at year-end 2003 (2002: DKK 849 million at year-end).
- The share price rose by 253% in 2003 and the share price closed at year-end at DKK 1305 (2002: DKK 369).
- The Company opened a new office in Rio de Janeiro, Brazil, and is now represented in five countries including Denmark.
- At the close of the year 2003, the Dry Cargo Department operated more than 76 vessels, a total of 4.3 million dwt, and long-term chartered an additional six Handymax vessels and six Panamax vessels, all with purchase options.
- The Dry Cargo Department contracted four new Handy-max vessels, one of which – a vessel 51% owned by the Company – has been sold on delivery in 2005.
- At year-end 2003, the Tanker Department operated more than 11 vessels, a total of 0.7 million dwt, having expanded its fleet with two newbuildings and three long-term-chartered product tankers. "NORDEN" sold two 50% owned product tankers, one of which it then T/Ced back for five years.
- The Tanker Department has in 2003 contracted 6 Handy-size product tankers, of which 2 vessels are 50% owned.
- The entire fleet and the orders for the 11 newbuildings have a total estimated added value – including charter-parties – of DKK 289 million in addition to their book value.
- Interim and annual reports will from 2004 only be presented in USD.
- Profit for the year 2004 (after tax) is estimated to exceed DKK 1.4 billion (USD 234 million) exclusive profit from sale of ships based on a US dollar exchange rate of DKK 6.00.
- In the light of this year's profit and our forecast for 2004, the Board of Directors proposes a dividend of DKK 100 per DKK 20 share (DKK 10 in 2002).

Statements

STATEMENT OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors and Management today reviewed and approved the Annual Report of Dampskibsselskabet "NORDEN" A/S for the 2003 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.

Management

Steen Krabbe
President

Board of Directors

Mogens Hugo Jørgensen
Chairman

Erik Gregers Hansen

Kirsten Hansen

Erling Højsgaard

We consider the accounting policies applied to be appropriate, and in our opinion the Annual Report gives a true and fair view of the assets, liabilities, financial position and results of the Group and the Parent Company and of the cash flows of the Group.

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

Copenhagen, 15 March 2004

Jens Fehrn-Christensen
Executive Vice President

Alison J.F. Riegels
Vice Chairman

Frederick W. Meier, Jr.

Torry Sørensen

INDEPENDENT AUDITORS' REPORT

To the shareholders of Dampskibsselskabet "NORDEN" A/S

We have audited the Annual Report of Dampskibsselskabet "NORDEN" A/S for the 2003 financial year.

The Company's Board of Directors and 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 errors and omissions. The audit includes examination on a sample basis of evidence that supports the amounts and disclosures in the Annual Report. The

Copenhagen, 15 March 2004

KPMG C. Jespersen

Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State-authorized
Public Accountant

Jørgen Skovbæk Johansen
State-authorized
Public Accountant

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 qualifications.

Opinion

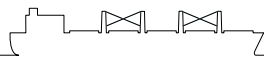
In our opinion, the Annual Report gives a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company at 31 December 2003 and of the results of operations of the Group and the Parent Company, and of the cash flows of the Group of the 2003 financial year in accordance with the Danish Financial Statements Act, Danish accounting standards and the general financial reporting requirements of the Copenhagen Stock Exchange.

PricewaterhouseCoopers

Statsautoriseret Revisionsinteressentskab

Per Nørgaard Sørensen
State-authorized
Public Accountant

Kjeld Bøgild
State-authorized
Public Accountant



Management



Left:

Carsten Mortensen, senior vice president, b. 1966. Carsten Mortensen began working for Dampskibsselskabet "NORDEN" A/S in 1997 and is today head of the Company's Dry Cargo Department. His career in shipping began in 1986 at A.P. Møller, where he worked for eleven years. Mr Mortensen has a bachelor of commerce degree in organisation from the Copenhagen Business School, and has completed an INSEAD executive training programme and the Advanced Management Program from the Wharton Business School in the USA.

Lars B. Christensen, senior vice president, b. 1963. Lars B. Christensen joined Dampskibsselskabet "NORDEN" A/S in 1993 after ten years with A.P. Møller; he has been in charge of the Company's Tanker Department since 1999. Mr Christensen has completed an INSEAD executive training programme and is currently a member of the Intertanko PR committee.

Jens Fehrn-Christensen, executive vice president, b. 1952. Jens Fehrn-Christensen joined Dampskibsselskabet "NORDEN" A/S in 1992 as a senior vice president and was appointed executive vice president and member of the Management in 2000. Mr Fehrn-Christensen previously worked for J. Lauritzen A/S as a finance manager and with Ove Skou Rederiaktieselskab as a deputy director. He has a master's degree in economics and business administration from the Copenhagen Business School.

Steen Krabbe, president, b. 1942. Steen Krabbe was appointed president of Dampskibsselskabet "NORDEN" A/S in 1988, after 27 years with A.P. Møller, where he started out as a shipping trainee. Mr Krabbe is chairman of ICC Denmark and on the board of the Danish Shipowners' Association (chairman 1997-2001) and the Danish Shipowners' Defence Organisation (chairman 1994-2003), as well as a member of the Executive Committee for International Chamber of Shipping.

Kjeld Rasmussen, senior vice president, b. 1941. Kjeld Rasmussen joined Dampskibsselskabet "NORDEN" A/S in 1987 and is in charge of finance, accounts and insurance. He started as a trainee with the East Asiatic Company Ltd. (EAC), but worked his way up into executive positions in Denmark and abroad for EAC. Mr Rasmussen holds a bachelor of commerce degree in management accounting.

Lars Lundegaard, senior vice president, b. 1957. Lars Lundegaard began working for Dampskibsselskabet "NORDEN" A/S in 2002 and is today head of the Technical Department. He has held executive positions at shipping companies in both Denmark and abroad, latest position with ASN Marine A/S as CEO. Mr Lundegaard's qualifications include a master's certification and an MBA; he is a member of both the Intertanko technical committee and the Danish Shipowners' Association negotiations committee.

Management report



Vision

True partnerships go further

Employees from "NORDEN"s
Singapore office.



THE YEAR 2003

"NORDEN" enjoyed a record-high level of activity in 2003. The Company's net revenues rose 51% over the course of the year to reach DKK 3,133 million, even though the Company's functional currency, the US dollar, devalued by 16% against the Danish krone.

The growth reflects a very strong increase in dry cargo rates – and to some extent in tanker rates as well – and the fact that the Company expanded its fleet during the last half of 2002 and all of 2003 in order to benefit from increasing freight levels. This expansion took especially place within the dry cargo segment, with the Company increasing its activities by 37% to a total of 23,850 vessel days. In the Handymax segment, "NORDEN" reinforced its position as one of the world's leading operators to obtain economies of scale.

During the fourth quarter of 2003, dry cargo rates reached historic heights. With its modern and competitive fleet, "NORDEN" was well positioned to profit from the growth in sea transport, a growth especially fuelled by the upward trend in the Chinese industrial production. At year-end 2003, the Company's dry cargo fleet numbered 76 vessels. During the year, "NORDEN" long-term chartered an additional six Handymax vessels and six Panamax vessels, all with purchase options. The Company's fleet of long-term chartered vessels thus totalled 20 Handymax vessels, twelve of which have been delivered; eight Panamax vessels, two of which have been delivered; and four Capesize vessels, of which two have been delivered. At the same time, "NORDEN" ordered four Handymax newbuildings from shipbuilders; one of these units – a vessel of which the Company owns

51% – has been sold upon delivery in 2005. The Company currently has five dry cargo vessels on order.

Trends in the tanker business were also more favourable than expected, with the exception of a certain weakening in May and June. The demand for transport expressed in terms of tonne-miles increased 6-8%; trend, rates went up, and "NORDEN" raised its activity level during the year to 3,404 vessel days, an 11% increase. The Tanker Department took delivery of a new crude-oil tanker from a Japanese yard and a new product tanker from a Korean yard. At the same time, the Tanker Department long-term chartered three new-built product tankers, so at year-end its fleet consisted of 11 units, of which 7 were wholly or partly owned by the Company. The Company sold two product tankers, one of which was 50% owned, and after its sale was taken back on a five-year T/C party. At the same time, the Company contracted 6 Handysize product tankers, of which 2 vessels are 50% owned, with a Chinese shipyard. The vessels are to be delivered two by two in 2005, 2006 and 2007.

Dry cargo accounted for 86% of the Company's freight revenues (DKK 2.709 billion) and tankers for 14% (DKK 424 million). For more information, please see the more detailed descriptions of the individual segments below.

The strong freight market ensured that "NORDEN" achieved a profit from operations of DKK 461 million, versus DKK 54 million in 2002.

Also in 2003, "NORDEN" opened yet another overseas office, this time in Rio de Janeiro. The Company is now represented by its own offices in Singapore, Shanghai, Annapolis (USA)

Our core values

- * Reliability:
We deliver what we promise.
- * Flexibility:
We meet customer needs as regards timing, location and handling.
- * Empathy:
We understand and respect local cultures and traditions.



and Brazil. Our foreign offices contributed a great deal to the implementation of the Company's strong focus on its clients and thus helped boost the number of clients. "NORDEN" is endeavouring to think globally and act locally.

During 2003, "NORDEN" adjusted its profit forecast upwards three times. Originally (on 24 March 2003), the Company predicted a net profit for the year of roughly DKK 150 million at a US dollar exchange rate of DKK 7.00.

- On 27 May, this forecast was confirmed at DKK 150 million, but at a US dollar rate of DKK 6.50.
- On 25 August, the forecast was adjusted again, this time to DKK 250 million at a US dollar rate of DKK 6.50.
- "NORDEN" raised its forecast once more on 20 October, to DKK 400 million at a US dollar rate of DKK 6.50. This forecast was confirmed in the third-quarter report (issued on 24 November).
- On 3 February 2004, the unaudited estimate was adjusted to a more precise figure of DKK 390 million, based on a year-end US dollar rate of 5.96.

The actual profit for the year 2003 was DKK 392 million; the corresponding 2002 figure was DKK 196 million. The return on the Company's average equity was 36% (2002: 26%). When comparing the profit figures for the two years, it should be remembered that the 2002 accounts contained a DKK 158 million carry-back of deferred tax and DKK 34 million in capital gains resulting from the repayment of leasing debt in connection with the purchase of two vessels. On the other hand, "NORDEN" received no income from the sale of

vessels in 2002, but in 2003 the sale of vessels resulted in a total gain of DKK 29 million, of which DKK 17 million was entered under "Profit from associated undertakings". Please see also the "Financial review" section on pages 39.

EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

During the first quarter of 2004, the Company contracted for the delivery of one new Handymax bulk carrier and one new Panamax bulk carrier, both on long-term charter with purchase options. The vessels are scheduled for delivery in 2006 and 2007 respectively.

EXPECTATIONS FOR 2004

The market continued its very favourable growth into the new year, both in the tanker sector and – not least – the dry cargo sector.

China is still the world's strongest locomotive for growth. China's total GNP is expected to increase by 8% in 2004 and its industrial production by more than 13%. With a 7% increase in GNP, however, India is also expected to contribute to the demand for seaborne transport. The two most populous nations in the world are pulling the entire Asiatic region in a positive direction. Dependency on the older industrial economies of the EU, Japan and the USA is thus decreasing to a relative degree, although modest growth there would



Our market approach

We approach the market in three different ways:

- * In the spot market we fulfil individual customer needs on a day-to-day basis by delivering fast, reliable and cost efficient transportation.
- * With our core customers we develop long lasting relationships by constantly adapting our services to meet their ever changing needs and requirements.
- * When dealing with key partners we aim to add value to their business through the exchange of knowledge and share risks and rewards through partnerships with the aim of generating win-win opportunities.

stabilise the global economy. "NORDEN" anticipates an economic growth of 2.5-3% in traditional growth regions.

In the light of this, "NORDEN" expects a total of 6% growth in the global market for dry cargo transport in 2004.

Capacity, however, is only expected to grow 4%. In spite of a tripling in newbuilding capacity over the past 15 years, the shipyards will not be able to meet the demand and are increasing their prices on newbuildings for delivery in 2007. The prices of units already ordered for delivery in 2004-2007 – primarily container vessels, gas vessels and tankers – are record high.

Especially in recent years, "NORDEN" has been expanding its dry cargo activities, a sector in which cargo coverage is easier to achieve. As a result, the Company is extremely well positioned to take advantage of the highly favourable market conditions and increasing rates in 2004. For this reason, "NORDEN" anticipates a considerably higher profit from the Dry Cargo Department and thus a new record in earnings.

At the same time, "NORDEN" continues to maintain an acceptable balance between open tonnage and cargo coverage. Although it is difficult to spot any "dark clouds" at this junction, the current high market can hardly be expected to persist in the longer term. The massive increase in maritime transport has brought with it vessel congestion worldwide: it is estimated that at the end of January 2004, 7% of all large tanker and bulk tonnage were waiting at loading/discharge ports and straits such as the Bosphorus. So even if "NORDEN"

continues to expand its dry cargo fleet, the Company will continue its strict management of risk according to a business model which will allow us to increase earnings over the next few years in a favourable market. At the same time, we will maintain our flexibility, so the Company is not too exposed when the market take a downward turn at a later stage.

"NORDEN" also expects a positive result of its tanker business in 2004, based on the assumption of a global economic growth in the order of 3.5% and a growth in crude oil transport (in tonne-miles) higher than the growth in oil consumption itself (roughly 1.5%). However, we do anticipate a profit lower than that of 2003, since "NORDEN" has adopted the strategy of employing its tanker fleet on long-term charter parties.

As announced on 3 February 2004, the Company expects a profit on its aggregate activities for the year 2004 of more than DKK 1.4 billion (USD 234 million) after tax, based on an assumption of an average US dollar rate of DKK 6.00 and excluding any profit on the sale of vessels.

Dry cargo



Key figures and ratios for Dry Cargo

TDKK	2003	2002
Net revenues	2,709,479	1,679,892
Profit from sale of ships	12,176	0
Profit from operations	364,221	-7,584
Profit for the year excl. profit from sale of ships	339,854	25,843
Profit for the year	352,030	25,843
Fixed assets	86,043	115,454
Liabilities	156,627	94,700
Profit margin	13%	0
Return on assets	114%	12%



Employees from "NORDEN"s USA office.

Dry cargo

The table below contains information on the global fleet compared with the Company's fleet of Capesize, Panamax and Handymax vessels.

Capesize

Size:	100,000+ dwt (standard size: 175,000 dwt)
Typical length:	289 metres
Typical beam:	45 metres
Main cargo:	Iron ore, coal
Current fleet:	570
On order:	102

Panamax

Size:	60,000-79,999+ dwt (standard size: 75,000 dwt)
Typical length:	225 metres
Typical beam:	32 metres
Main cargo:	Iron ore, coal, grain
Current fleet:	1087
On order:	145

Handymax

Size:	40,000-59,999 dwt (standard size: 45,000 dwt)
Typical length:	190 metres
Typical beam:	31-32 metres
Main cargo:	Iron ore, coal, grain, fertiliser, steel, sugar, cement
Current fleet:	1241
On order:	203

Source: R.S. Platou.

"NORDEN" (Capesize)

Clients:	Steelworks, mining companies
Operating area:	Worldwide
Operating fleet:	2
On order:	2

"NORDEN" (Panamax)

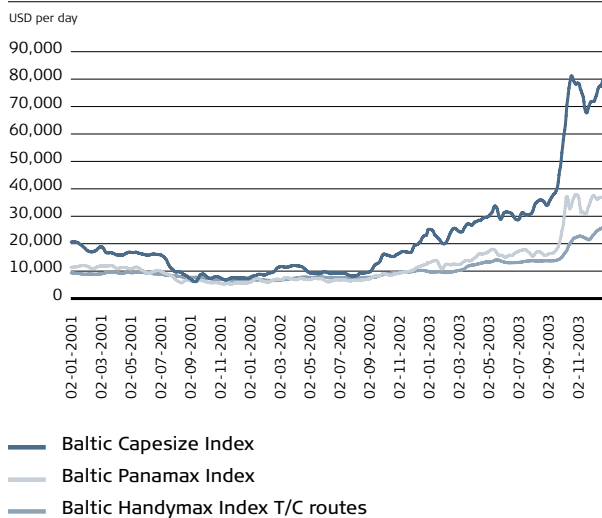
Clients:	Mining companies, power companies, grain merchants, trading houses
Operating area:	Worldwide
Operating fleet:	16
On order:	6

"NORDEN" (Handymax)

Clients:	Cement manufacturers, power companies, grain merchants, trading houses, fertiliser manufacturers, sugar producers
Operating area:	Worldwide
Operating fleet:	58
On order:	13



Baltic Index 2001-2003



The average T/C equivalent for Capesize, Panamax and Handymax for 2001-2003, expressed in USD per day.
Source: The Baltic Exchange.

MARKET CONDITIONS

The year 2003 will be remembered in the bulk market. The positive trend in freight rates that began at the end of 2002 continued throughout 2003, with the T/C equivalent of Capesize vessels (172,000 dwt) closing at USD 80,600 per day at year-end, Panamax vessels (73,000 dwt) at USD 36,900 per day and Handymax vessels (45,000 dwt) at USD 26,200 per day. It was a case of record highs across the board.

On the demand side, China's industrial growth was the main cause of the strong freight rates. In 2003, China's industrial sector grew as much as 16.3% (source: Consensus Forecast), in contrast to the industrial growth of 1.9% in the OECD

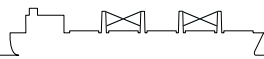
countries, 0.2% in the USA, 0.3% in Europe and 2.8% in Japan. China's steel industry increased its capacity from 219 million tonnes to 247 million tonnes, or 13%, and thus its import of iron ore grew from 112 million tonnes in 2002 to an estimated 148 million tonnes in 2003 (source: RS Platou).

Steam coal also contributed positively to the strong demand for dry cargo tonnage in 2003. Seaborne transportation of steam coal climbed 7.1% in 2003 (source: RS Platou), from 578 million tonnes to 619 million tonnes. Europe augmented its import of coal for the energy sector dramatically, and 12 out of the 17 nuclear power plants near Tokyo were still out of operation at the end of 2003 due to extraordinary maintenance, which resulted in the transport of an additional six million tonnes of coal. The FOB price of steam coal more than doubled during 2003.

Although seaborne transportation of grain products remained stable at about 210 million tonnes in both 2002 and 2003, the long-haul trade from the Atlantic to the Pacific increased in 2003 due to the drought in Australia, which meant more tonne-miles that increased the demand for dry cargo tonnage in 2003.

The global transport of other bulk loads such as cement, fertiliser and sugar accounted for a considerable share of Handymax tonnage deployment, which increased by 3% in 2003 (source: RS Platou).

Freight rates in 2003 were also affected by the constant increase in port congestion, which had an impact on tonnage availability. The demand for Capesize vessels for coal and iron ore transports exceeded the supply, which meant that charterers were often forced to use smaller-sized ships such as Panamax and Handymax units. In turn, this caused more port congestion and consequently reduced the supply of tonnage. Most bottlenecks occurred in loading ports.



From "NORDEN"s office in Brazil.

On the whole, seaborne transportation increased by a record 7% in 2003 (source: RS Platou). This combined with a lower level of productivity in the fleet (longer waiting times in port and longer ballast voyages) caused an increase in demand for bulk tonnage in the order of 10% in 2003.

The net supply of new tonnage was limited in 2003, with approximately 12.5 million dwt of new tonnage delivered and four million dwt scrapped. The dry cargo fleet totalled 292.4 million dwt (excluding combination carriers) at 1 January 2003 (source: RS Platou); the figure for 1 January 2004 is 300.9 million dwt, so the net supply in 2003 was 2.9% (source: RS Platou).

ACTIVITIES AND EARNINGS

"NORDEN" continued to expand its dry cargo activities throughout 2003. Measured in number of ship days, activities grew 37%, from 17,463 in 2002 to 23,850 days in 2003. The increase in activity was in the Handymax segment, in which "NORDEN" consolidated its position as one of the world's leading operators, with a market share of 5-6% (40-60,000 dwt) and 10% of the Super-Handymax segment (50-60,000 dwt).

Not only did the Company grow its operator activities in 2003 and create growth on the strong nearby markets, it also expanded its long-term charter fleet (with purchase options) by six Panamax and six Handymax ships. This will ensure a highly competitive core fleet beyond year 2010. "NORDEN" also contracted four newbuildings of its own in 2003, one of which has already been sold (see the "Investments" section below). The long-term fleet now comprises 20 Handymax units, twelve of which have already been delivered; eight Panamax units, two of which have been deliv-

ered; and four Capesize units, two of which have been delivered. The Company has built up some very strong alliances with tonnage providers, especially in the Japanese market, and this will enable "NORDEN" to continue its controlled expansion.

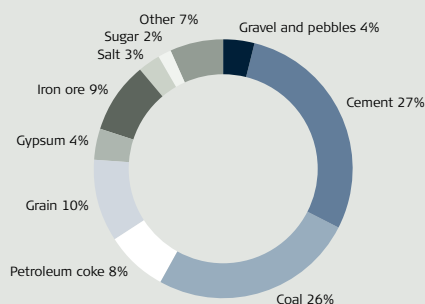
Thus 2003 was a year in which "NORDEN" further augmented its modern and competitive dry cargo fleet.

The Company's strong focus on its customers continued unchanged in 2003, and as a result of this focus, yet another overseas office was opened, this time in Rio de Janeiro, Brazil. The Company is now represented by its own overseas offices in Singapore, Shanghai, Annapolis (USA) and Brazil. All offices are managed by Danish staff trained in the business philosophy and values of the Company. "NORDEN" is endeavouring to think globally and act locally. Through these overseas offices, the Company succeeded in adding eleven new core dry-cargo clients in 2003, bringing the total to 21.

Whilst the Company's current and future portfolio increased in 2003, all new contracts continue to be subjected to a centralised risk and portfolio management. New projects are carefully and systematically evaluated and held up against the portfolio as a whole before new commitments are made. The Company's portfolio management strategy is to "control risk and retain the upside". The more volatile the segments in which "NORDEN" operates are, the more conservative the Company's coverage strategy becomes. "NORDEN" also enhanced its internal control functions and procedures in the year 2003.

Whilst our dry cargo activity rose 37% in 2003, freight rates caused revenue to climb 61%, from DKK 1.7 billion to DKK 2.7 billion. The Dry Cargo Department's profit for the year was DKK 352 million, up from DKK 26 million in 2002. The first

"NORDEN" transports in 2003



The Company's dry cargo fleet sails the world over, but "NORDEN" is particularly active in the Pacific and with long-haul voyages between the Atlantic and Pacific oceans.



eight months of 2002 saw freight rates at their lowest since the mid-1980s: thus the combined profit for 2002 and 2003 can be seen as a result of the Company's strategy to control risks and retain the upside.

The Company is particularly satisfied with the 2003 level of profit from dry cargo activities.

The table below compares the Company's T/C rates with the average spot market rates for 2003 and shows the number of ship days per segment. On average, Company earnings were lower in 2003 than the spot market in the three segments in which "NORDEN" operates; this is due to the Company's coverage strategy and a spot market with rates constantly on the rise.

	Number of ship days	USD/day	
		T/C equivalent "NORDEN"	Spot T/C avg. Market *
Capesize			
2001	1,343	16,665	12,949
2002	1,107	15,692	11,918
2003	730	19,335	40,330
Panamax			
2001	2,725	9,575	8,767
2002	3,704	8,041	7,725
2003	3,796	16,587	20,064
Handymax			
2001	12,387	9,639	8,344
2002	12,652	8,393	7,978
2003	19,324	12,707	14,810

* Source: The Baltic Exchange.

INVESTMENTS

Both newbuilding and secondhand prices increased substantially throughout 2003 as a result of the strong freight market. Over the course of the year, orders were placed for roughly 100 million dwt of container, dry-cargo and tanker tonnage, of which 27.6 million dwt was dry-cargo tonnage (source: RS Platou). Currently, this high level of contracting activity means that the capacity of most shipyards is fully occupied until well into 2007. As a result of the high level of order activity for container vessels and tankers, the supply of dry-cargo tonnage between 2004 and 2006 looks reasonable.

For the first time in recent years, a five-year-old vessel can be sold for a price higher than the price of a newbuilding to be delivered in 2007.

In 2003, "NORDEN" succeeded in placing orders for four Handymax dry-cargo newbuildings, all for delivery in 2004 and 2005, which – seen in the light of the current freight market – is a highly favourable position today. 3 of these units are wholly owned by the Company. The 4. unit was ordered by "NORDEN" (who owned 51% of it) and a partner, and subsequently sold with a smaller profit.

Including a previous order, "NORDEN" now has four unsold Handymax dry-cargo units on order: two for delivery in 2004 and two in 2005.

The Dry Cargo Department currently also holds purchase options for 32 ships, of which 6 can be acquired now. All



Price trends for newbuildings

	Start 2003 USD million	End 2003 USD million	Change %
Handymax (52,000 dwt)	18.5	22.5	21.6%
Panamax (73,000 dwt)	21.0	26.0	23.8%
Capesize (170,000 dwt)	35.0	44.0	25.7%

Source: R.S. Platou.

these units can be sold with a profit due to strong second-hand prices, so these purchase options are constantly being weighed against the alternative of operating them on a charter basis. All ships with active purchase options are routinely inspected, and they are regularly assessed along with the rest of the portfolio.

EXPECTATIONS FOR 2004 (DRY CARGO)

The extraordinarily high freight rates are mainly the result of the high level of industrial activity in China. Forecasts indicate that China's industrial sector will grow by 13.1% in 2004 (source: Consensus Forecast), compared with 16.3% in 2003. The total world demand for dry cargo transport is expected to increase by 6% in 2004 and the fleet by 4% (source: RS Platou). At the beginning of 2004, the dry cargo freight market was, as mentioned above, very strong. With such future prospects, it is difficult to be pessimistic about 2004.

Expectations to the freight market for 2004 are higher than its 2003 performance.

Price trends for five-year-old units

	Start 2003 USD million	End 2003 USD million	Change %
Handymax (45,000 dwt)	14.75	21.00	42.4%
Panamax (70,000 dwt)	16.50	27.50	66.7%
Capesize (160,000 dwt)	27.50	45.00	63.6%

Source: R.S. Platou.

At the beginning of January 2004, "NORDEN" operated 76 dry cargo ships, with 20 own and long-term chartered ships scheduled for delivery between 2004 and 2007. The average fleet cost level is highly competitive, and the Company is currently building up a highly profitable coverage of its fleet for 2004-2007.

The Company's strategy focuses on an additional expansion that will increase present level of activity.

"NORDEN" anticipates a highly satisfactory level of profit in the Dry Cargo Department for 2004, substantially above what was achieved in 2003.

Tankers



Key figures and ratios for Tankers

TDKK	2003	2002
Net revenues	423,657	391,885
Profit from sale of ships	0	0
Profit from operations	115,733	82,666
Profit for the year excl. profit from sale of ships	94,038	51,144
Profit for the year	94,038	51,144
Fixed assets	1,639,660	1,031,744
Liabilities	921,756	652,460
Profit margin	27%	21%
Return on assets	6%	5%



Tankers

The overview delivers insight on the global fleet comparative with "NORDEN"s fleet prior to Aframax, Medium Range (MR) and Handysize.

Aframax

Size:	95-115,000 dwt
Typical length:	240 metres
Typical beam:	42-44 metres
Main cargo:	Uncoated cargo tanks: crude and fuel oil
Coated cargo tanks:	naphtha
Current fleet:	622
On order:	157

Medium Range (MR)

Size:	45,000 dwt
Typical length:	182 metres
Typical beam:	32 metres
Main cargo:	Refined oil products e.g. gasoline, diesel oil, jet fuel, naphtha
Current fleet:	498
On order:	168

Handysize

Size:	37,000 dwt
Typical length:	180 metres
Typical beam:	27 metres
Main cargo:	Refined oil products e.g. gasoline, diesel oil, jet fuel, naphtha
Current fleet:	519
On order:	67

Source: SSY

"NORDEN" (Aframax)

Clients:	Major oil companies
Operating area:	North Sea, the Far East
Operating fleet:	4
On order:	0

"NORDEN" (Medium Range (MR))

Clients:	Oil traders and major oil companies
Operating area:	The Far East
Operating fleet:	3
On order:	1

"NORDEN" (Handysize)

Clients:	Oil traders
Operating area:	Atlantic Ocean, Mediterranean
Operating fleet:	4
On order:	6



MARKET CONDITIONS

Trends in the tanker market in 2003 were considerably more favourable than expected. The demand for oil rose by 1.9%, and the demand for transport services, expressed in tonne-mile terms, increased by 6-8% (source: Lorentzen & Stemoco).

At the beginning of the year, we were concerned about the large addition to the tanker fleet of 27.2 million dwt in new tonnage during the year. This additional tonnage, however, was offset by the demolition of 20.1 million dwt of tonnage, mostly older units scrapped prior to the introduction of stricter rules from the EU and the IMO regarding the use of single-hulled vessels.

During the first six months of 2003, certain factors already in play at the end of 2002 boosted freight rates:

- 1) The general strike in Venezuela from December 2002 to February 2003 that cut off the country's oil exports to the USA for the first two-three months of the year.
- 2) The shutdown of a large number of Japanese nuclear power plants, which continued throughout 2003.
- 3) The impact on the market of an imminent Iraq war.

After somewhat weaker freight rates in the third quarter of 2003, demand for oil expanded again, thus also expanding the need for tanker tonnage in the fourth quarter. Particularly the import of oil to China, South Korea/Japan and the United States prior to the winter period had a favourable impact on the market, and by the end of the year, freight rates were extremely advantageous.

In June, the EU adopted additional regional legislation for the deadlines for phasing out single-hull tanker tonnage and prohibited the transport of heavy fuel and crude oil in single-hull tankers. The new EU rules went into effect on 21 October. In December, the IMO followed with an almost identical global scheme expected to become effective in April 2005. These restrictions increase the demand for modern double-hull tanker tonnage, not only after the phase-out deadlines for single-hull tonnage, but even before, as charterers are expected primarily to demand double-hull tonnage.

ACTIVITIES AND EARNINGS

The Company took delivery this year of the Aframax crude oil tanker "Nordpacific" from a Japanese shipyard and the product tanker "Nordafrika" from a Korean shipyard. Both units are now employed under long-term T/C parties.

In 2003, the Company took delivery of three new-built product tankers from a Japanese shipyard, each 45,000 dtw and under long-term charter to Norden.

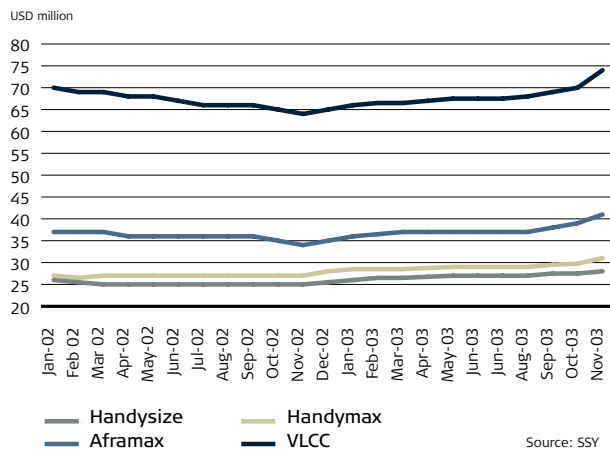
The chartered units are typically employed in the more volatile spot market, whilst the Company's own tonnage usually operates under fixed contracts at attractive rates.

In 2003, 65% of the ship days utilised were employed under T/C and the remaining 35% in the spot market.

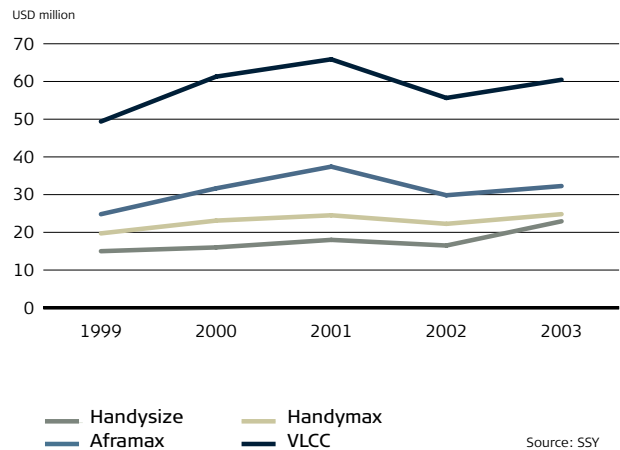
With a prudent combination of employment of its own tonnage under attractive fixed and long-term contracts and a cer-



Price trends, newbuildings



Secondhand price trend - 5 year old



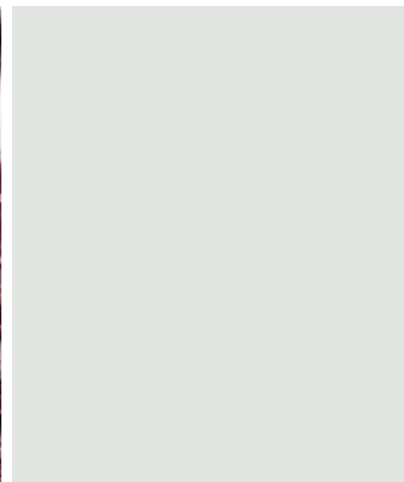
tain amount of chartering tonnage in the spot market, the Company is following its vision of reducing the impact of market fluctuations and safeguarding stable earnings.

Through the combination of its offices in Copenhagen and Singapore, the Company ensures coverage of the global tanker market around the clock.

In 2003, the charter parties for the product tankers “Nordeuropa” and “Nordscot” were extended by three years and one year respectively.

At the end of the year, the Company had at its disposal eleven units totalling 704,723 dwt, plus the Company’s own 6 units and one chartered unit on order.

The table below compares the Company’s earnings express in T/C equivalents with the average market rates for twelve-month T/C parties and shows the number of ship days per segment.



		USD/day	
	Number of ship days	T/C equivalent "NORDEN"	1-yr.T/C avg. Market *
Aframax (95,000-115,000 dwt)			
2001	697	19,530	24,100
2002	1,095	21,365	16,856
2003	1,438	21,633	19,409
MR product tanker (45,000 dwt)			
2001	890	20,970	17,800
2002	884	14,016	13,423
2003	696	17,387	14,678
Handysize product tanker (35,000-37,000 dwt)			
2001	1,088	15,330	17,125
2002	1,095	14,404	13,068
2003	1,270	14,274	14,159

* Source: ACM Shipping.

Earnings from the Company's tonnage were highly satisfactory in all segments. Rates earned under the T/C parties in the Aframax segment were comfortably above the average rate for twelve-month T/C parties, whilst the Handysize segment's T/C party rates were on a level with those of the twelve-month market. MR tonnage employed in the spot

market earned substantially more than the average rate for twelve-month T/C parties.

The Tanker Department's profit for the year totalled DKK 94 million, versus DKK 51 million in 2002.

INVESTMENTS

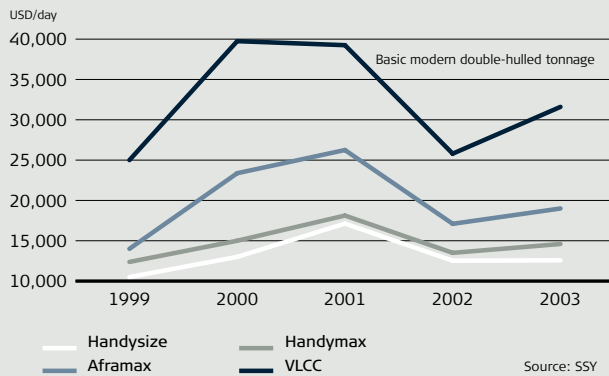
Also in 2003, the Company was active in selling tonnage and contracting new tonnage.

The Nortide joint venture company (50% owned) sold the product tanker "Nordscot" and a newbuilding for delivery in July 2003 whilst ordering two new 38,500-dwt product tankers from a Chinese shipyard for delivery in 2005 at an attractive price. The M.t. Nordscot was sold but immediately chartered back under a five-year T/C party.

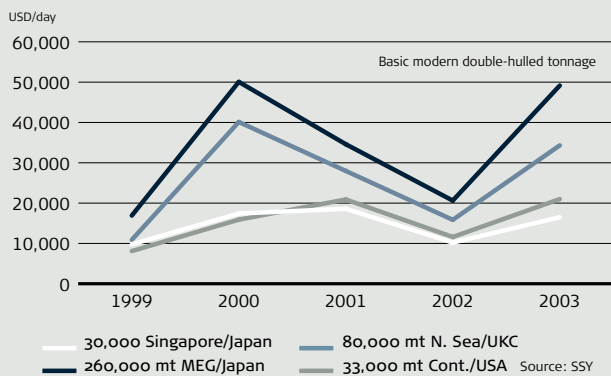
Later in the year, the order at the Chinese shipyard, Guangzhou Shipyard International, was expanded to include four sister ships fully owned by Norden: two for delivery in 2006 and two in 2007.

Thus the Company continues to follow its targeted strategy by positioning itself exclusively with modern double-hulled tonnage that fully meets our customers' demand for quality tonnage and to the new EU and IMO standards.

12-months T/C rates



Average spot market earnings (T/C equivalent)



EXPECTATIONS FOR 2004 (TANKER)

The Company expects the current favourable tanker market conditions to continue in 2004. The supply of tonnage will increase during the course of the year with the scheduled delivery of 28.5 million dwt of new tonnage, whereas tonnage scrapping is expected to remain at the same 20 million dwt level seen in 2003.

At the same time, demand indicators are favourable for the tanker market, based on an anticipated 3.5% global economic growth (source: Consensus Economics) and a 1.5% increase in oil consumption (IEA). Transport patterns have a major impact on tanker tonnage demand, i.e. how many tonnes of oil are transported over how great a distance: so-called "tonne-miles". As a result of strengthened oil product requirement specifications in the Western world plus an increase in demand, especially in China and the USA, growth in terms of tonne-miles is expected to substantially exceed the percentage increase in oil consumption.

The refining capacity in the USA operating at full capacity would be vulnerable to even the smallest of incidents, which would mean an increase in oil product imports and a boost to the freight rates.

The global demand for crude oil is increasingly being met by non-OPEC produced oil, particularly Russia, which is expected to significantly increase its exports of oil products from the Baltic and Black seas.

The new EU and IMO tanker tonnage requirements will also have a favourable effect on the demand for modern double-hulled tanker tonnage.

"NORDEN" anticipates a profit for 2004 from the Tanker Department, which is less than in 2003 as a result of T/C parties already entered into.

Risk profile



RISK MANAGEMENT

The shipping industry is highly sensitive to market fluctuations, which can also be seen from the sometimes wide variations in freight rates and vessel prices. Chartering vessels increases risk, but the Company manages this increased risk from a portfolio approach, through chartering out, freight contracts, forward freight agreements (FFAs) and option COAs (contract of affreightments).

The overall guidelines for financial risk management have been laid down by the Board of Directors and are administered on a day-to-day basis by the Company's Finance Department. As part of the general risk management, the Board has decided to limit market-related and financial risk.

Financial management includes management of the Company's market, currency, interest-rate and credit risk.

General risk framework

The Company measures its portfolio risk by currently calculating the market value of its total net liabilities. The Board has defined an upper limit related to Company equity for the market value of its net liabilities.

To assess the relationship between net liabilities at market value and equity, the Company calculates earnings potential using a combination of methods, including Value-at-Risk (VaR). VaR is a statistic measurement of the maximum loss on Group positions within a given period of time with a given probability.

Cash resources

The Board of Directors of the Company has in cooperation with Management fixed a minimum requirement for Company cash reserves. This requirement is calculated regularly and corresponds to the Company's total net payment obligations one year ahead.

MARKET RISK

The Group utilises derivative financial instruments to manage Group risk exposure to freight rates and oil price fluctuations.

Forward freight agreements

The Company only uses forward freight agreements (FFAs) as a supplement to its physical operations in connection with cover of physical cargoes and vessels.

FFAs typically run twelve months forward and are used as a method of Company portfolio risk management when physical alternatives are more expensive or unattainable as regards periods.

By the end of 2003, the Company had sold FFAs with a computed contract value of about USD 3 million covering the first quarter of 2004. The Company had no open FFAs at year-end 2002.

Option COAs

The Company had no open option COAs at the close of 2003. At year-end 2002, the Company had a single option COA with a computed contract value of about USD 3 million, intended as an alternative to chartering vessels.

Bunker hedging contracts

It is a policy of the Company to completely hedge anticipated bunker requirements for the Company's cargo contracts.

At year-end 2003, bunker hedging contracts totalling approximately USD 39 million had been purchased to cover 2004-2009 (2002: about USD 8 million). For more information, see Note 31 ("Financial instruments").



Cargo contracts (dry cargo)

As part of the Company's management of risk connected with the ratio of cargo to cargo capacity (vessels), "NORDEN" contracts for the transport of physical cargoes. Such cargo contracts typically have a term of twelve months, but some run over several years. At year-end 2003, the value of these cargo contracts corresponded to freight income of roughly USD 203 million (2002: USD 44 million). Most of the contracts cover 2004, but a few of them cover 2004-2009. For more information, see Note 30 "COAs".

Insurance

The Company's vessels are insured by recognised international insurance companies at competitive premiums, thanks to the hard work put in by highly qualified employees on board the vessels and the excellent maintenance standard of the vessels. The vessels are always insured for an amount higher than the market value.

FOREIGN EXCHANGE RISK

The Company's business areas are based exclusively on the US dollar, with all Company freight income and income from the sale of vessels in that currency. For this reason, the Company has chosen the US dollar as its functional currency.

To minimise exchange rate risk, the Company endeavours to match expenses against income and liabilities against assets, primarily by denominating as many expenses and liabilities as possible in US dollars.

The Company's reporting currency is Danish kroner, as required by the Danish Financial Statements Act. Thus the Company's reporting currency is different from its functional currency.

The overall objective of the Company's currency strategy is to minimise exchange-rate risk relative to its functional currency (the dollar) and not relative to its reporting currency (the krone).

The Company does not convert its excess functional liquidity (in dollars) into its reporting currency (the krone) or other currencies for accounting purposes or in order to speculate in currency exchange rates.

The Company's profit – be it from current operations or the sale of vessels – accumulates in the Company's functional currency (the US dollar) for reinvestment in the same currency in connection with the continued operation of "NORDEN".

The actual currency risk arises as a result of the continual exchange-rate effect on administrative and commercial payments and on dividends paid to shareholders in currencies other than the Company's functional one (the US dollar). These payments are expected to total the equivalent of roughly USD 50 million for 2004.

It is Company policy to hedge these payments for a period of between one-half year and two years, depending on trends in the dollar rate. At the close of 2003, a total of USD 63 million had been sold forward at an average rate of DKK 6.35 to the dollar, corresponding to a period of more than one year.

In connection with contracting for a newbuilding in Japanese yen, a total of JPY 1,688 million had been purchased forward against the dollar at an average rate of JPY 113.96 to the dollar, corresponding to the balance payable on the vessel.

For more information, see Note 31 ("Financial instruments").



Interest rate risk

The shipping industry is capital-intensive, and the interest to be paid on vessel financing has a significant impact on the profit for the year. All vessel loans are raised in a dollar amount that usually constitutes 60% of the total investment amount and with a repayment profile equivalent to at least 50% of the vessel's economic life.

As there seems to be no clear correlation between freight rates and vessel prices on the one hand and the dollar interest rate on the other, Company policy – as part of its overall risk management strategy – is to lock the interest rate for the entire loan portfolio for a period of between two and six years.

The interest rate for each individual vessel loan is normally locked 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.

At year-end 2003, the Group's loan portfolio totalled approximately USD 117 million excluding finance lease debt, and the interest rate was locked at 4.8%, including the lender's margin, for a period of about four years.

Including finance lease debt, the Group's loan portfolio totalled approximately USD 146 million, and the interest rate was locked at 4.7%, including the lender's margin, for a period of about four years.

Credit risk

The Company's credit risk comprises primarily freight receivables, prepaid T/C hire, prepayments, and cash and cash equivalents. The amounts of these items as stated on the balance sheet correspond to the maximum credit risk.

Freight receivables originate from oil companies, oil traders, shippers and shipping companies with an acceptable credit rating. In addition, the Company ensures that the freight receivables, taken together, do not constitute an unacceptable credit risk.

For chartered tonnage, the T/C hire is prepaid for a maximum period of 30 days, and the Company ensures that the prepayments, taken together, do not constitute an unacceptable credit risk.

Prepayments made to shipyards are secured by means of guarantees, depending on the creditworthiness of the shipyard and the prepayment amounts. A guarantee was received from one of Japan's largest trading houses as security for the Group's order for one Handymax bulk carrier, and a guarantee from the Bank of China was received as security for the Group's order for 6 product tankers, 2 of which are 50% owned, from Guangzhou Vesselyard Int. (GSI) in China.

The Group's cash and cash equivalents are deposited with banks with high credit ratings.

Counterpart risk

The Company's counterpart risk includes forward sales of foreign currencies, interest-rate swaps, bunker hedging contracts, forward freight agreements, option cargo contracts, prepaid T/C hire, port charges and cargo contracts.

Forward sales of foreign currencies and interest-rate swaps were made through major Danish banks with high credit ratings. Forward freight agreements and cargo contracts were concluded with major well-known producers, shippers, recipients and traders with a satisfactory credit rating; the Company only works together with recognised shipowners and port agents.

Human resources



The human resources of “NORDEN” comprise staff at the main office, at the overseas offices and on the units at sea, as well as all resources, processes and results of the Company’s activities as they pertain to clients, employees and organisations. Development of the human resources of the Company gives an impression of how “NORDEN” can fulfil its objectives and strategies.

The Company’s human resources must especially support the primary strategies that increase the focus on long-term client relations and the continued expansion of international activities. At the same time, the Company’s organisational structure can be said to feature an extremely high degree of delegation of decision-making to frontline staff, which facilitates decision-making processes to become more efficient. However, all these things make it a particularly important task to develop and retain highly qualified staff at “NORDEN”.

In this light, the Company implemented a new computer system in 2003 aimed in particular at developing staff competencies. Competency profiles have been prepared for all staff members at the main and overseas offices and for the senior officers employed by the Company and stationed on seagoing units, based on an analysis of our strategic plans at both an overall and a department level.

Thus these competency profiles reflect the Company and department strategies, and they describe the specific skills and personal competencies employees must possess to enable each one to support the strategies in an efficient and effective manner. These competency profiles are divided into six so-called “competency perspectives”:

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

Analysis of the extensive data obtained is included in both “NORDEN” human resources planning in general as well as in each department’s detailed staff competency development planning for 2004. So far, this has generated a number of training initiatives for the various departments. On a very general level, it can also be said that IT skills will be a vital area of focus in employee development plans for 2004. To support this staff development process, the Company will be investing more than DKK 3 million in courses, seminars and other relevant staff initiatives.

In 2003, “NORDEN” was able to continue a beneficial development process in which concrete and detailed information on its markets and clients was collected and systematised. The Company wishes to continue and expand this process, which also provides opportunities for staff professional and personal development at all levels. “NORDEN” demands a great deal from its employees in terms of motivation and qualifications, and this means the Company is also obligated to support training initiatives and to gauge and reward results. The Company’s greatest asset is and will continue to be its staff. Its favourable starting point in this respect will be additionally enhanced when the current and planned competency development initiatives begin to take effect. This will expand synergies across the organisation, its overseas offices and its units at sea, thereby creating new knowledge that will benefit Company employees, partners and clients.

Safety and environment



One of the Company's clear and binding objectives is to strive to maintain high standards in protecting both environment and the health and safety of its staff.

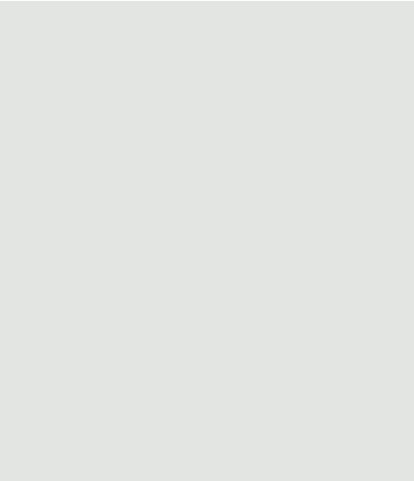
“NORDEN” also fully acknowledges its responsibility to measure and control the effect that its operations have on the environment, and thus specifically seeks to reduce and, where feasible, eliminate environmental contamination at the source.

- »NORDEN« is convinced that its objectives can best be achieved by a continual and consistent investment in its fleet in order to keep the average age of its vessels as low as possible. This ensures that the latest and most environmentally friendly technology is continually introduced.
- In addition, the Company keeps abreast of technological developments, with the goal of contributing where the Company's experience and competencies can help obtain important research and development results for the protection of the environment.

- “NORDEN” generally seeks to reduce the impact on the environment by systematically following strict procedures in controlling operative processes and budgets.
- The Company continually seeks to improve staff knowledge and awareness of the importance of respecting the environment in one's daily work, both on land and at sea.

In 2003, “NORDEN” formulated a stricter environmental protection policy that lives up to what the world expects today of a modern shipping enterprise:

“It is the policy of the Company that all staff – on land as well as at sea – are to carry out their work showing the proper regard for the protection of the environment. The concrete goal of this policy is to avoid pollution as a consequence of oil spills caused by the operations of the Company.”

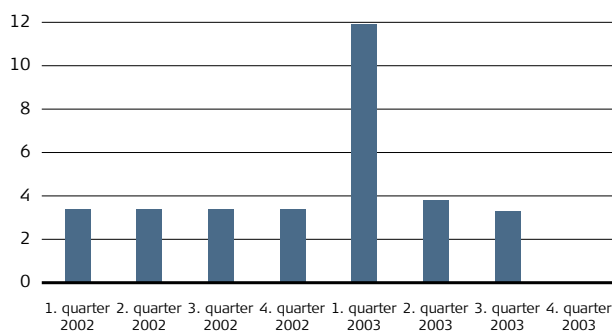


We can list a number of measurable results of the policies and objectives the Company successfully pursued in 2003:

- »NORDEN« has today a fleet of owned vessels whose average age is 3.5 years, the lowest average age of any comparable shipping company's fleet.
- "NORDEN" contributed to relevant research projects leading to a 3.5% reduction in total discharges into the environment of both CO₂ and SO₂ by Company vessels. This should be seen in the light of our new fleet's already-low discharge levels. "NORDEN" is thus clearly at the forefront of the shipping industry in this respect.

Trends in occupational safety within selected key areas and Company vessels can be seen in the graphic representation below of the number of occupational incidents with lost working time as a result displayed as a function of the total number of working hours. This standard is clearly defined and used around the world to describe occupational safety.

Number of incidents resulting in lost working hours

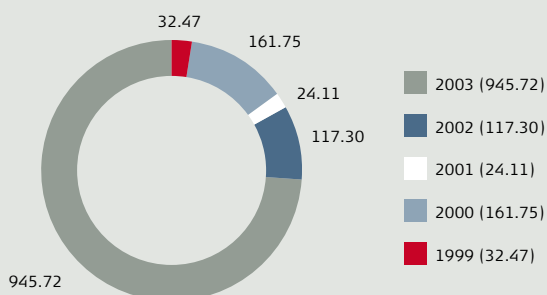


On this basis, we can conclude that our long-term efforts in this field are effective, and that the general trend is satisfactory. However, it should be noted that there was an unacceptable trend in the first quarter of 2003. A closer analysis of the individual accidents did not reveal any underlying systematic problem, and the trend subsequently stabilised at a normal level again. Due to the relatively small size of the Company's fleet, just a few unfortunate incidents can have a highly negative effect on results, which appears to have been the case here. Thus the situation is under control, but it is an area which will continue to receive extra attention from management, both at sea and on land.

"NORDEN" will continue its efforts to raise the onboard standards of its fleet, with a particular focus on environmental protection and continual improvement in occupational safety. The Company will also continue to help promote and improve industry standards with a view to lasting and long-term improvements in environmental and occupational safety.

Corporate governance and value creation

Value creation DKK/share



VALUE CREATION

It is the objective of this Company to create a sensible and stable level of return on investment for our shareholders in a combination of cash dividends, buyback of own shares and increases in the share price.

With the dividend paid in 2003 for the financial year 2002 and the share price increase during 2003, shareholders received a return on their investment in 2003 of 256% before tax.

Over the past five years, the Company has created an added value of DKK 1281 per share in the form of share price advances and dividends, which corresponds to a growth of 2143%. At the end of 1998 the share price was DKK 60 and at the end of 2003 DKK 1305, and paid dividends during this period amount to DKK 136. The figure above is an illustration of the total added value annually from 1999 to 2003. This level of added value fully lives up to the ambition of the Company's management.

The shipping industry is highly sensitive to market cycles, which can also be seen from the fact that freight rates and ship prices can fluctuate widely and even dramatically at times, and chartering vessels increases this sensitivity. The Board of Directors and Management of "NORDEN" have generally decided to handle these challenges as follows:

- By continually gauging all risks and having precise policies for managing these risks.
- By following a business strategy aimed at building up close long-term connections with key and core clients whilst allowing the Company to better take advantage of the spot markets when they are as attractive as they were in 2003 and are also likely to be in 2004.

- By allowing the entire executive management of the Company and Company actions on the market and towards its clients to be governed by values such as responsibility, morality, punctuality and high ethics.
- By possessing one of the most modern, efficient and environmentally safe tanker and bulk fleets in the industry.
- By increasing global representation in order to be closer to clients
- By investing in retaining and developing highly educated and committed staff

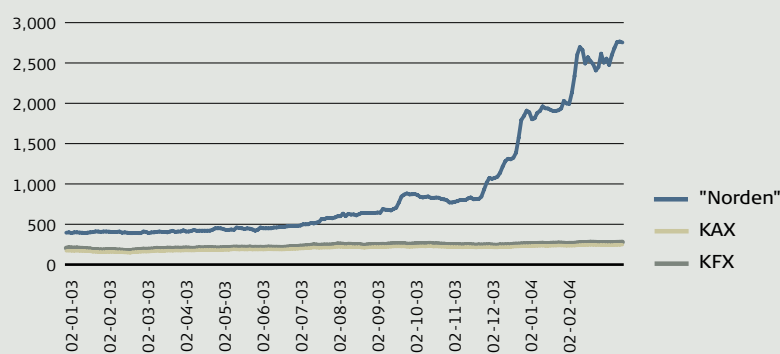
The objective is to ensure that "NORDEN" thus obtains stable earnings and creates value in spite of the risks inherent in the industry. Our operational and financial risk management policies are described on pages 24-26. In addition, the Company is governed by the principles that regulate the interaction 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 the Company's articles of association, business procedures, policies and directives.

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

DIVIDEND POLICY

The Company strives to pursue a stable dividend policy in which the desire to create a reasonable return for shareholders is weighed against actual earnings, the need for consolidation, its cash position and other factors.

Share price trends 2003



In keeping with that policy, "NORDEN" paid out between 10 and 12 DKK per share in dividend for each of the 2000, 2001 and 2002 financial years, thus maintaining a dividend percentage of 50-60 during those years. However, the Board of Directors proposes an extraordinarily high dividend amount in 2003 – DKK 100 per share (2002: DKK 10.00) – which would be the highest dividend yield in the Company's history. Naturally, the high dividend amount is intended to mark the fact that the Company's earnings for the year have been excellent, and that, in the light of the strong dry-cargo market and the Company's own planning and operations, "NORDEN" expects the profit for 2004 to be even higher.

SHARE PERFORMANCE AND REVENUE

In the year 2003, the price of the "NORDEN" share climbed from DKK 369 to DKK 1305, an increase of 253% and the second-largest jump in share price on the Copenhagen Stock Exchange that year. The share price ascent can especially be traced to the fourth quarter of the year, reflecting as it did the sizeable increase in dry cargo freight rates and the Company's reporting to the Stock Exchange of its profit and dividend forecast for 2003 and its anticipated profit for the year 2004. During the course of 2003, "NORDEN" upwardly adjusted its profit forecast three times, the third time on 24 November. By comparison, the blue-chip shares on the KFX Index, taken together, climbed 23%, whereas all listed shares closed an average of 30% higher at year-end.

The performance of the "NORDEN" share compared with the shares of KAX and KFX indexes in 2003 is illustrated above.

Trading of the share was quite low during the year - about 9,170 shares in average were traded per month, or 0.4% of the Company's share capital, a trading activity level that was

lower than the year before. The reason for the low share liquidity was the fact that 82.5% of the Company's share capital – including the Company's own shares – is held and not traded by the four largest registered shareholders.

Since the turn of the year, the share price has continued its ascent, reaching DKK 2754 at the beginning of March.

INCENTIVE PROGRAMMES

A competitive level of pay is essential if "NORDEN" is to attract, motivate and retain highly qualified and skilled employees. This is especially true in the shipping industry, where staff qualifications and personal contacts are of vital importance. Because of the international character of the shipping industry, the level of pay is international rather than national. An incentive pay system was set up with a view to aligning the interests of senior Company executives with those of Company shareholders, thus contributing to an increased focus on value creation. The Company's incentive programmes are results-orientated in the form of bonus programmes based on the Company's profit for the year and share price performance.

SHARE OPTION SCHEME

Starting in 2001, a three-year share option programme was established offering share options to the Board of Directors, Management and other senior executives which will receive 20%, 42% and 38% of the total share option programme respectively. The stock option programme was expanded in 2002 by 1200 shares as the result of an increase in the number of Board members, which means that at 31 December 2003 the stock option scheme comprised a total of 97,012 share options. Each share option gives its owner the right to



Employee from "NORDEN"s
Shanghai Office.

purchase one share with a nominal value of DKK 20 in the Company at the share price in effect at the time the option was awarded. Under the programme, share options are awarded in equal portions on four different dates. Options were awarded twice in 2001, once in 2002 and most recently in 2003, when 24.553 share options were awarded on 24 March 2003.

The programme was terminated after the March 2003 portion was awarded. The options may be exercised three to five years after the date they were awarded, i.e. the first in Spring 2004 at the earliest and the last in Spring 2008 at the latest.

As a result of the dramatic increase in the Company's share price on the Stock Exchange in 2003, the market value of the programme – calculated as the difference between the market price and the strike price upon award of the options – had jumped from DKK 6.9 million at the close of 2002 to DKK 97 million at year-end 2003. The programme is covered by the Company's holding of own shares.

The theoretical value of the entire option programme calculated using the Black-Scholes model totalled DKK 92 million at year-end 2003.

For more information, see Note 33 ("Share option programme").

OWNERSHIP AND CAPITAL STRUCTURE

Share capital remains unchanged at a nominal value of DKK 46,075,000, corresponding to 2,303,750 shares with a nominal value of DKK 20 each. "NORDEN" did not acquire own shares in 2003, so its own share holdings remain the same at 121,250 shares, which corresponds to 5.26% of the total share capital. Own shares form the basis for the incentive programme

Changes in share capital since 1965

	Nominal value (DKK)	
Share capital at 1 January 1965		5,000,000
1965: Bonus shares	1:1	5,000,000
1973: Bonus shares	1:1	10,000,000
1989: Issue of shares to staff	105	300,000
1990: Bonus shares	2:1	10,000,000
1994: Capital increase in connection with merger		5,928,800
1994: Share capital increase through new issue	3:1	11,976,200
1994: Issue of shares to staff	105	300,000
1998: Issue of shares to staff	105	295,000
2002: Share capital reduction through cancellation of own shares		(2,425,000)
Share capital, year-end 2003		46,075,000

for the Board of Directors, Management and senior executives, and they permit a share capital reduction through cancellation of own shares, as was most recently carried out in 2002.

On 1 August 2003, two shareholders, A/S Mototramp and Attranco (Bermuda) Ltd., holding together a total of 45.7% of the Company's shares, announced that they had concluded a shareholders' agreement in which the parties undertake not to sell or transfer ownership of their shares in the Company – with the exception of the transfer of shares (1) to their own respective shareholders or (2) to their respective wholly owned subsidiaries – without ensuring that the acquirer of the shares offers to purchase the other party's shares in the Company on terms that are identical or better for the seller.

Motramp and Attranco support the Company's strategy and value creation policy. These two shareholders, along with other Company shareholders, followed the Board's July 2002



Ownership at the beginning of March 2004

	Number of shares	Nominal value (DKK)	Ownership share (%)
A/S Dampskibsselskabet Torm Sundkrogsgade 10, DK-2100 Copenhagen Ø, Denmark	727,803	14,556,060	31.6%
A/S Motortramp Stensbygaard, DK-4773 Stensved, Denmark	707,762	14,155,240	30.7%
Attransco (Bermuda) Ltd c/o Codan Services Limited Clarendon House, 2 Church Street, Hamilton, Bermuda	345,567	6,911,340	15.0%
Dampskibsselskabet "NORDEN" A/S (own shares) Amaliegade 49, DK-1256 Copenhagen K, Denmark	119,790	2,395,800	5.2%
Registered shares totalling more than 5%	1,900,922	38,018,440	82.5%
Registered shares totalling less than 5%	303,647	6,072,940	13.2%
Unregistered shares	99,181	1,983,620	4.3%
TOTAL	2,303,750	46,075,000	100.0%

recommendation to reject the public bid by A/S Dampskibsselskabet Torm to purchase company shares at DKK 360 per share, as the bid in the opinion of the Board reflected neither the actual nor the potential value of the Company, a fact which events since then have entirely confirmed. The Company interprets the above-mentioned shareholders' agreement as an expression of the stability of the relationship be-

tween two of the Company's key shareholders, and this allows the Board of Directors, Management and Company executives to concentrate on continuing the strategy of controlled growth and value creation.

The Company's holdings of own shares were reduced by 1,460 shares at the end of January 2004 in connection with the exercise of the first share options by an employee who left the Company.

IR AND SHAREHOLDER CONTACT

The Company's contact person for investor relations and shareholders is President Steen Krabbe.

BOARD PROPOSALS FOR SUBMISSION AT THE 2004 GENERAL MEETING

Among the proposals the Board of Directors will submit for approval at the 2003 general meeting are the following:

- that the Board be authorised, such authorisation to be valid until next year's general meeting and restricted to a maximum of 10% of the Company's share capital, to acquire for "NORDEN" the Company's own shares at the market price prevailing at the time of acquisition plus/minus 10%.
- that the shareholders vote to alter Article 17 of the Articles of Association to:

"The Company shall be bound by the signature of the Chairman or Vice Chairman of the Board together with the signature of a member of the Management or a second member of the Board. The Company shall also be bound by the signatures of all the members of the Board of Directors signing jointly."

BOARD OF DIRECTORS, MANAGEMENT AND OTHER DIRECTORSHIPS

The Board of Directors and Management of the Company and other senior executives, including those with related and controlled companies, own the following holdings in Dampselskabet "NORDEN" A/S and hold directorships in the following Danish limited companies and organisations. Directorships in the Company's wholly owned subsidiaries are not listed.

	Share-holdings (number of shares)	Directorships in other Danish limited companies, etc.
BOARD OF DIRECTORS		
Mogens Hugo Jørgensen, Managing Director	0	GN Store Nord as (CB), Nordea Danmark-fonden (CB)
Alison J.F. Riegels	325	A/S Motortramp (MD, BM)
Erik Gregers Hansen, Director	10,350	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 og Co A/S (BM), Nykredit Portefølje Bank A/S (BM), Danionics A/S (BM), Ejendomsselskabet Norden A/S (BM), PFA Holding A/S (BM), Skandinavisk Group A/S (BM)
Erling Højsgaard, Director	4,492	Navision Shipping Company A/S (CB), A/S Motortramp (VCB), Danbulk A/S (BM)
Frederick W. Meier, Jr., Director	0	
Kirsten Hansen (*) Crew Manager	265	
Torry Sørensen (*) Chief Engineer	290	
MANAGEMENT		
Steen Krabbe President	1,925	ICC Denmark (International Chamber of Commerce) (CB)
Jens Fehr-Christensen Executive Vice President	475	NCS Holding A/S (CB), Sun-Air of Scandinavia A/S (BM)
SENIOR EXECUTIVES		
Financial Department		
Kjeld Rasmussen Senior Vice President	815	
Kristian Wærness Vice President	0	
Tanker Department		
Lars Bagge Christensen Senior Vice President	110	
Søren Huscher General Manager, deputy	142	
Dry Cargo Department		
Carsten Mortensen Senior Vice President	195	
Jacob Meldgaard Vice President	140	
Technical Department		
Lars Lundegaard	3	
Senior Vice President		

Key to abbreviations

(CB) = chairman of the board, (VCB) = vice chairman of the board, (BM) = board member, (MD) = managing director, (*) = employee representative

Board of Directors and Management



Alison J.F. Riegels
Vice Chairman

Kirsten Hansen

Erling Højsgaard

Erik Gregers Hansen

Jens Fehrn-Christensen
Executive Vice President

Mogens Hugo Jørgensen
Chairman

Frederick W. Meier, Jr.

Steen Krabbe
President

Torry Sørensen



Announcements issued to the Copenhagen Stock Exchange

2003

1	: 06.01	: Quarterly statement of shareholding
2	: 06.01	: Financial calendar 2003
3	: 25.02	: Change of outlook for 2002
4	: 24.03	: Annual report for 2002
5	: 28.03	: Sale and contracting of product tankers
	: 11.04	: Notice of ordinary shareholders' meeting (not numbered)
6	: 28.04	: Minutes of ordinary shareholders' meeting
7	: 05.05	: Quarterly statement of shareholdings
8	: 27.05	: Interim report - first quarter 2003
9	: 07.07	: Quarterly statement of shareholdings
10	: 25.08	: Interim report - first half 2003
11	: 16.09	: Contracting of product tankers
12	: 06.10	: Quarterly statement of shareholdings
13	: 20.10	: Upward adjustment of expected annual result for 2003
14	: 24.11	: Interim report - third quarter 2003
15	: 10.12	: Expectations for 2004 and dividend for the accounting year 2003
16	: 10.12	: Contracting of product tankers
17	: 10.12	: Financial calendar 2004

2004

1	: 02.01	: Current statement of shareholdings
2	: 05.01	: Current statement of shareholdings
3	: 05.01	: Quarterly statement of shareholdings
4	: 03.02	: Expectations for 2004 and the 2003 annual result

Financial calendar for 2004

26.04	Annual general meeting
30.04	Payment of dividends
24.05	Interim statement, first quarter of 2004
23.08	Interim statement, first half of 2004
29.11	Interim statement, third quarter of 2004

Financial review



PROFIT FOR THE YEAR AND EQUITY

The Company posted DKK 392 million in profit for the year after tax, versus DKK 196 million in 2002 including DKK 158 million in deferred tax carried back. Profit before tax was DKK 408 million, against DKK 25 million in 2002.

Equity totalled DKK 1,339 million (incl. suggested dividend: 230 million), compared with DKK 849 million at year-end 2002 (incl. suggested dividend: 23 million) corresponding to an increase of 58%. This increase is made up of DKK 392 million profit for the year, DKK 120 million in revaluation of foreign currency loans in USD, DKK -34 million in revaluation of foreign subsidiaries and associated undertakings, DKK 34 million in revaluation of hedging instruments, and DKK -22 million in dividends paid.

Activities and profitability

Net revenues were up DKK 1,061 million, or 51%, from 2002, the increase due to a substantial rise in freight rates and the number of vessel days, especially in the dry cargo segments.

Dry cargo

Freight income for dry cargo tonnage increased by DKK 1,029 million to reach DKK 2,709 million due to a significant rise in both freight rates and activity level based solely on tonnage chartered by the Company. The Company did not own any dry cargo vessels at the close of 2003.

In 2003, "NORDEN" sold 3 dry-cargo newbuildings, of which one was partly owned by the Company, at a total profit of DKK 12 million.

The Dry Cargo Department's profit for the year totalled DKK 352 million, versus DKK 26 million in 2002.

Tankers

Freight income for own tankers increased by DKK 86 million, due to the addition to the fleet of an Aframax tanker, a product tanker (66% owned) and a product tanker operated under a finance lease. The falling USD exchange rate had a negative effect on freight income.

Freight income for chartered tankers dropped by DKK 59 million, due to the fact that the Company on average had fewer chartered tankers in 2003 than in 2002.

The associated undertaking Nortide Shipping Limited (of which the Company owns 50%) sold the product tanker "Nordscot" in 2003 at a profit of DKK 17 million (50% of the total profit).

The Tanker Department's profit for the year was DKK 94 million, compared with DKK 51 million in 2002.

Financial items

Financial income was down DKK 34 million due to the fact that "NORDEN" in 2002 realised a DKK 34 million currency gain on payment of leasing debt in connection with the Company's purchase of the vessels "Nord Cecilie" and "Nordasia" from the St. Frederikslund Group.

Financial costs were up DKK 4 million from the previous year.

Vessels

The Company took delivery of three dry cargo vessels in 2003: one was partly owned, and all three were sold. Added to the "NORDEN" fleet were also an Aframax tanker, a product tanker (66% owned) and a product tanker operated under a finance lease.

Vessel value

The Company's vessels are recognised on the balance sheet in DKK at cost less accumulated depreciation and write-downs.

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

To help in evaluating the carrying amount of the vessels, the Company regularly has its vessels assessed by two independent brokers. Since the assessments of these brokers are in US dollar amounts, the rate of exchange is of great importance when the assessments are compared with the carrying amounts in Danish kroner.

Average broker assessments (January 2004) of the Group's fleet and orders for eleven newbuildings were computed to have an added value, including charter parties, of roughly USD 48 million, or DKK 289 million, at 31 December 2003.

Associated undertakings

In connection with setting up a new overseas office in September 2003, "NORDEN" formed a subsidiary in Rio de Janeiro, Brazil, in order to establish closer contact with clients in the region.

The Company's share (50%) in Nortide Shipping Limited and Nortide II Shipping Limited is included under associated undertakings; the latter company was wound up at the end of 2003.

Cash and cash equivalents

The Group's cash and cash equivalents increased by DKK 123 million in 2003.

Cash flows from operating activities totalled DKK 414 million.

DKK 839 million was invested in new vessels and newbuildings, whilst net proceeds from the sale of vessels amounted to DKK 142 million. Prepayments on newbuildings were up DKK 20 million, and investment activities contributed minus DKK 679 million.

Dividend for the shareholders amounted to DKK 22 million paid in dividends for 2002.

Long-term loans totalling DKK 568 million were raised, and DKK 143 million were paid in instalments on and repayment of long-term debt. Total loan financing was up DKK 410 million.

The Group's cash and cash equivalents consist mainly of bank deposits in USD amounts.

Tax on the profit for the year

The taxable income of the Company comprises (1) income related to shipping activities as computed in accordance with the Danish Tonnage Tax Act and (2) other income computed in accordance with the general tax rules.

Income calculated in accordance with the Tonnage Tax Act includes 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 specific activity, which is calculated as the difference between taxable income and tax-deductible costs.

The tax on the profit for the year amounts to DKK 8 million.

Long-term debt commitments

The figure for long-term debt commitments, which are debt in own vessels and vessels operated under a finance lease, was DKK 289 million higher this year as a result of the addition to the fleet of two owned tankers and a tanker under a finance lease.

Transition to financial reporting in accordance with International Financial Reporting Standards (IFRS)

The consolidated accounts of Danish listed companies for financial years beginning on or after 1 January 2005 must be prepared in accordance with the International Financial Reporting Standards (IFRS).

In 2002, the Company planned and started a project for the transition to financial reporting under these standards.

In December 2003, the International Accounting Standards Board (IASB) concluded and adopted a large-scale project to improve IFRS, which then counted 13 existing standards plus the two standards for financial instruments. At the beginning of 2004 an IFRS on share-based remuneration has been adopted. Therefore, the Company has not yet finished its analysis of what changes to applied accounting policies will be made as a result of the transition to financial reporting in compliance with the international standards. As stated below, the Company will also be changing its policies regarding the recognition and reporting of its transactions effective 1 January 2004, with Company transactions being recorded and reported only in US dollar amounts in future. This change complies with amendments made to the Danish Financial Statements Act in February 2004 and IFRS.

The Company's preliminary analysis shows that few other changes are expected in applied accounting policies concerning the recognition and measurement of assets and liabilities and of income and expenses as a result of the switch-over to financial reporting according to IFRS. Changes can be expected to occur within the following areas:



- The value of share options under the Company's incentive programme after 7 November 2002 will presumably have to be assigned a value and recognised in the income statement with equity being restated accordingly. Thus equity will remain unchanged as a result of the change in policies.
- Derived financial instruments used to hedge anticipated future transactions are, under the current accounting policies, recognised in equity until the hedged transaction is realised. The IFRS standards lay down restrictive requirements to the recognition of hedging instruments in equity. The Company has yet to decide whether current accounting policies will be retained in accordance with the IFRS.

The Company expects to convert to IFRS-compliant financial reporting not later than its 2005 financial year; information on the effects of the transition on the figures stated will be provided in the Company's annual report at that time.

Change in accounting policies effective 1 January 2004 regarding the recognition and reporting of Company transactions

February 2004 saw a change in the Danish Financial Statements Act which enables a company to submit its annual report denominated solely in its functional currency. This change is in compliance with the IFRS standards, which require companies to decide on a functional currency.

As mentioned previously, the Company's operations in its business areas are based on the US dollar only. All Company income in the form of freight revenue and revenue from the sale of vessels is in US dollars, and most costs are in US dollars as well. The switch to recognition and reporting Company transactions in US dollars means that dollar-kroner exchange rate fluctuations will have a negligible impact on the Company's financial reporting. Against this background, the Company has designated the US dollar its functional and reporting currency.

For this reason, we are, effective 1 January 2004, changing Company accounting policies regarding the recognition and reporting of Company transactions: in future, Company transactions will be recorded and reported in dollar amounts alone. Up until now, the Company recorded and reported its transactions in kroner. As a result of the change, transactions in currencies other than the US dollar – including Danish kroner – will in future be considered foreign currency transactions.

The change in our accounting policies also means that all balance sheet items at 1 January 2004 will be converted to and stated in US dollars. The conversion of the individual items will be effected in the following manner:

- Non-current assets, inventories, securities, share capital and other reserves, as well as provisions (non-monetary items) will be converted into US dollar amounts using the exchange rate at the transaction date.
- Current assets, with the exception of inventories and liabilities (monetary items), will be converted into US dollar amounts at the dollar-kroner exchange rate at 1 January 2004.

Thus it will not be possible to reconcile the Company's equity at 31 December 2003 in Danish kroner translated into US dollars at the exchange rate at 31 December 2003 with equity at 1 January 2004 expressed in US dollars. As mentioned above, this is due to the fact that when non-monetary items are translated into US dollar amounts, they reflect the original dollar amounts at the time the transaction was made.

The Company will publish its first-quarter 2004 interim report on 24 May, and this report will be presented in US dollars. This interim report will also contain information on the effects of changes in functional and reporting currency stated in dollar amounts on assets, liabilities, equity and profit on comparative figures for 2003.

Accounting Policies

The Annual Report of Dampskibsselskabet "NORDEN" A/S for 2003 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.

The accounting policies are unchanged compared to last year. The accounts are presented in thousands of Danish kroner.

General recognition and measurement criteria

Revenues are recognised in the income statement for the accounting period as they are earned. Whether revenues qualify 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 paid 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 disconfirm 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 votes (subsidiaries). Undertakings in which the Group holds between 20% and 50% of the votes and exercises significant but not dominant influence 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 have been set off against the Parent Company's share of the net asset value of subsidiaries stated at the time when the group relationvessel was established.

Accounting Policies

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 financial and operating review and the notes provide information to enable meaningful comparison where the composition of the Group has changed materially during the year.

Minority interests

In the statement of the group results and group capital and reserves, the parts of the results and capital and reserves 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 remaining lease obligation 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.

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 period 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 obligations 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 Danish kroner 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 charges" 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 charges" in the income statement.

Non-current liabilities and finance lease liabilities are stated in US dollar amounts to achieve forward cover of the Group's future revenues in dollars in the form of freight income and proceeds from the sale of vessels. This is considered to constitute compliance with the criteria for hedging of the Danish Financial Statements Act.

As mentioned above, non-current liabilities and finance lease liabilities in US dollars are translated at the exchange rates at the balance sheet date. The unrealised foreign exchange adjustment at the balance sheet date of these liabilities, which equals the difference between the exchange rate

Accounting Policies

at the time of raising of the loan and the exchange rate at the balance sheet date, is recognised directly in capital and reserves. The exchange rate adjustment is recognised in the income statement as repayment of the loans is made.

The Group's foreign subsidiaries and associated undertakings are considered independent entities, and the income statements of these undertakings are translated at the average exchange rates for the period, whereas balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate adjustments arising upon translation of the capital and reserves of these undertakings at the beginning of the year at the exchange rates at the balance sheet date and the exchange rate adjustment of the net profits of these undertakings from the average exchange rates for the period to the exchange rates at the balance sheet date are recognised directly in capital and reserves.

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 the Danish Financial Statements Act. Changes in the fair value of any derivative financial instruments 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 remeasured at their fair value. Positive and negative fair values of derivative financial instruments are included in accrued items under assets and liabilities 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 "Accumulated profits/(losses)" under capital and reserves. Where the expected future transaction results in the acquisition of assets or the assumption of liabilities, amounts deferred under capital and reserves are transferred from capi-

tal and reserves to the cost of the asset or liability. Where the expected future transaction results in an income or a cost, amounts deferred under capital and reserves are transferred from capital and reserves 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 non-current 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 a compact whole, and the activities of the individual vessels are not limited to specific parts of the world.

Accounting Policies

The items included in net profit for the year, including income from associated undertakings and financial income and charges, 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 charges”. 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 non-current assets consist of the non-current assets used directly for segment operations, including vessels and investments in associated undertakings. Land and buildings as well as fixtures, 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 freight receivables. Some of the freight receivables cannot be allocated directly, and allocation is therefore based on an estimate.

Segment liabilities comprise operating liabilities, including non-current 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

Net revenues

Net revenues comprise freight revenues from vessels and management revenues. Net revenues are recognised if they meet the general criteria mentioned under general recognition and measurement criteria. Accordingly, freight revenues and management revenues 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, exclusive of depreciation and staff costs, incurred to achieve revenues for the year. Operating expenses vessels therefore include charter hire for chartered vessels (operating lease), bunker oil consumption, other voyage costs such as commissions and harbour charges, repair and maintenance costs, insurance costs, docking provisions and other operating expenses. Operating expenses vessels are accrued in conformity with net revenues upon delivery of services in accordance with the charters concluded.

Other external charges

Other external charges 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”.

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 expenses 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.

Accounting Policies

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 revenues.

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, sub-suppliers 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:

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 based on 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 expenses 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 expenses 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.

Writing down 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 addition 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.

Accounting Policies

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 comprise primarily 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 cash equivalents

Cash and cash equivalents are measured in the balance sheet at nominal value.

Capital and reserves

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 capital and reserves. No dividend is declared on own shares.

Own shares

Own shares are recognised directly in capital and reserves at cost under "Accumulated profits/losses". 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 capital and reserves.

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 cover share options granted under "NORDEN"s Incentive Programme, cf. above. The value of share options granted is not expensed, neither at the time of granting nor at the later time of exercise. At the time of exercise the payments received are recognised directly in capital and reserves. 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 Tax regime beginning in 2001. Based on "NORDEN"s planned use of 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 remaining lease obligation on finance leases.

Accounting Policies

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, accruals and deferred income

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

Accruals and deferred income stated as liabilities comprise payments received relating to income in subsequent years, such as charter pay 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 by 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 inflow, whereas negative amounts indicate outflow.

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, amortisation and write-downs, profits from the sale of vessels, provisions and exchange rate adjustments of non-current liabilities), changes in working capital, interest received and paid and corporation taxes paid or received. Working capital comprises current assets less current liabilities excluding the items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the 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 DKK '000	THE GROUP		THE PARENT	
		2003	2002	2003	2002
1,2	Net revenues	3,133,136	2,071,777	3,113,424	2,071,777
3	Other operating income	317	595	317	595
4	Operating costs ships	-2,475,796	-1,838,233	-2,474,106	-1,838,233
5	Other external costs	-34,158	-33,329	-42,182	-38,472
6	Staff costs	-92,046	-70,256	-83,079	-65,777
	Profit before depreciation and write down	531,453	130,554	514,374	129,890
	Profits from sale of ships	12,176	0	-3,166	0
7	Depreciation and write down	-82,850	-76,286	-74,593	-75,911
	Profit from operations	460,779	54,268	436,615	53,979
8	Income from subsidiaries before tax	-	-	13,864	4,166
9	Income from associated undertakings before tax	21,604	7,567	21,604	7,567
10	Financial income	3,489	37,404	3,287	36,285
11	Financial costs	-77,924	-73,988	-75,710	-77,036
	Profit before tax	407,948	25,251	399,660	24,961
12	Tax on the profit for the year	-7,785	170,954	-7,785	170,954
	Consolidated profit	400,163	196,205	391,875	195,915
23	Minority interests	-8,288	-290	-	-
	NET PROFIT FOR THE YEAR	391,875	195,915	391,875	195,915
	Proposed profit distribution				
	Proposed dividend DKK 100 per share (2002: DKK 10)			230,375	23,038
	Allocation to reserve for net revaluation under the equity method			34,766	11,733
	Allocation to accumulated profits			126,734	161,144
				391,875	195,915

Balance Sheet at 31 December - Assets

Note	Amounts in DKK '000	THE GROUP		THE PARENT	
		2003	2002	2003	2002
13	Properties	31,294	24,229	31,294	24,229
14	Ships	1,208,005	804,590	1,047,290	804,590
15	Ships acquired on finance leases	192,205	0	192,205	0
16	Fixtures, fittings and equipment	21,045	18,678	19,952	17,473
17	Prepayments for newbuildings	263,891	254,978	183,641	206,734
	Property, ships and equipment	1,716,440	1,102,475	1,474,382	1,053,026
18	Investments in subsidiaries	-	-	143,032	95,505
19	Investments in associated undertakings	57,914	83,324	57,914	83,324
	Financial assets	57,914	83,324	200,946	178,829
	Fixed assets	1,774,354	1,185,799	1,675,328	1,231,855
	Inventories	52,338	35,870	52,211	35,870
	Freight receivables	136,663	69,423	136,198	69,423
	Receivables from related parties	-	-	34,646	780
	Receivables from associated undertakings	25	1,634	25	1,634
	Company tax	2,267	0	2,267	0
	Other receivables	22,725	19,674	21,816	19,241
	Accruals	121,292	56,619	120,971	56,236
	Receivables	282,972	147,350	315,923	147,314
20	Securities	3,540	1,935	3,540	1,935
21	Cash and cash equivalents	356,652	284,268	261,573	163,551
	Current assets	695,502	469,423	633,247	348,670
	TOTAL ASSETS	2,469,856	1,655,222	2,308,575	1,580,525

Balance Sheet at 31 December - Equity and Liabilities

Note	Amounts in DKK '000	THE GROUP		THE PARENT	
		2003	2002	2003	2002
	Share capital	46,075	46,075	46,075	46,075
	Reserve for net revaluation under the equity method	-	-	58,548	46,633
	Accumulated profit carried forward	1,062,220	779,642	1,003,672	733,009
	Proposed dividend for the year	230,375	23,038	230,375	23,038
22	Equity	1,338,670	848,755	1,338,670	848,755
23	Minority interests	49,949	50,385	-	-
24	Provisions for docking costs (Bareboat)	2,854	1,456	2,854	1,456
	Provisions	2,854	1,456	2,854	1,456
	Bank debt	503,546	355,244	413,719	355,244
	Danmarks Skibskreditfond	118,780	160,677	118,780	160,677
	Lease obligations	160,450	0	160,450	0
25	Long-term liabilities	782,776	515,921	692,949	515,921
25	Current portion of long-term debt	85,109	62,536	77,923	62,536
	Prepayments received on ships for resale	10,742	25,637	0	0
	Trade payables	89,770	78,665	86,364	78,247
	Payables to affiliated undertakings	-	-	929	1,743
	Company tax	0	257	0	257
	Other liabilities	20,325	14,385	20,090	14,385
	Accruals	89,661	57,225	88,796	57,225
	Current liabilities	295,607	238,705	274,102	214,393
	Liabilities	1,078,383	754,626	967,051	730,314
	TOTAL EQUITY AND LIABILITIES	2,469,856	1,655,222	2,308,575	1,580,525

26 Operating lease obligations

27 Deferred tax

28 Other contingent liabilities

29 Mortgages and security

30 COAs

31 Financial instruments

32 Related party transactions

33 Incentive programme

34 Change in operating capital

Statement of Changes in Equity

Note	Amounts in DKK '000	THE GROUP		THE PARENT	
		2003	2002	2003	2002
	Share capital at 1 January	46,075	48,500	46,075	48,500
	Reduction of share capital	0	-2,425	0	-2,425
	Share capital at 31 December	46,075	46,075	46,075	46,075
	Reserve for net revaluation under the equity method at 1 January			46,633	155,867
	Allocated from net profit for the year			34,766	11,733
	Allocated to "Profit carried forward"			-22,851	-120,967
	Reserve for net revaluation under the equity method at 31 December			58,548	46,633
	Profit carried forward at 1 January	779,642	562,177	733,009	406,310
	Allocated from net profit for the year	161,500	172,877	126,734	161,144
	Allocated from "Reserve for net revaluation under the equity method"	-	-	22,851	120,967
	Exchange rate adjustment of foreign subsidiaries and associated undertakings	-34,126	-32,508	-34,126	-32,508
	Acquisition of own shares	0	-34,773	0	-34,773
	Own shares used for reduction of share capital	0	2,425	0	2,425
	Reversal, dividend own shares	1,213	2,910	1,213	2,910
	Opening adjustment of foreign currency loans in USD	-96,102	59,388	-96,102	59,388
	Closing adjustment of foreign currency loans in USD	216,387	96,102	216,387	96,102
	Opening adjustment of other hedging instruments	37,401	8,945	37,401	8,945
	Closing adjustment of other hedging instruments	-3,695	-37,401	-3,695	-37,401
12	Opening tax on equity changes	0	-20,500	0	-20,500
12	Closing tax on equity changes	0	0	0	0
	Profit carried forward at 31 December	1,062,220	779,642	1,003,672	733,009
	Proposed dividend at 1 January	23,038	29,100	23,038	29,100
	Dividend paid	-21,825	-26,190	-21,825	-26,190
	Dividend, own shares	-1,213	-2,910	-1,213	-2,910
	Allocated from net profit for the year	230,375	23,038	230,375	23,038
	Proposed dividend at 31 December	230,375	23,038	230,375	23,038
	Equity at 31 December	1,338,670	848,755	1,338,670	848,755

Consolidated Cash Flow Statement

Note	Amounts in DKK '000	2003	2002
	Profit from operations	460,779	54,268
	Reversal of depreciation and write-downs	82,850	76,286
	Reversal of profits from sale of ships, etc.	-12,176	0
	Change in provision for docking	1,398	1,398
	Other adjustments	3,122	-304
34	Change in working capital	-66,635	-32,537
	Cash flows from operating activities before net financials	469,338	99,111
	Financial receipts	1,884	3,173
	Financial disbursement	-47,074	-44,718
	Cash flows from ordinary activities	424,148	57,566
	Paid tax	-10,309	-7,000
	Cash flows from operating activities	413,839	50,566
	Investments in ships	-621,521	-2,514
	Investment in ships acquired on finance leases	-197,127	0
	Investments in other property, ships and equipment	-15,335	-11,771
	Change in prepayments for newbuildings	-20,366	-152,967
	Net proceeds from sale of ships	141,871	134,423
	Net proceeds from sale of property, ships and equipment	893	1,299
	Liquidation surplus Nortide Shipping II Ltd.	32,155	0
	Cash flows from investment activities	-679,430	-31,530
	Dividend paid to shareholders (excl. dividend from own shares)	-21,825	-26,190
	Purchase of own shares	0	-34,773
	Contribution to Normit Shipping S.A. from minority shareholders	0	7,299
	Financing from shareholders	-21,825	-53,664
	Lease borrowings	197,127	0
	Long-term borrowings	370,582	280,851
	Instalment on/repayment of lease liabilities	-24,082	-396,193
	Instalment on/repayment of other long-term borrowings	-118,507	-47,066
	Prepayments received for ships for resale	-14,895	25,637
	Financing by borrowing	410,225	-136,771
	Cash flows from financing activities	388,400	-190,435
	Change in cash equivalents at 31 December	122,809	-171,399
	Cash and cash equivalents at 1 January	286,203	507,683
	Unrealised exchange rate adjustments of securities for the year	1,605	-578
	Exchange rate adjustments	-50,425	-49,503
	Change in cash and cash equivalents for the year	122,809	-171,399
	Cash and cash equivalents at 31 December	360,192	286,203
	Cash and cash equivalents comprise:		
	Securities	3,540	1,935
	Cash and bank balances	356,652	284,268
		360,192	286,203

Notes

Amounts in DKK '000

	Tank	Dry cargo	Not allocated	Group total
1 Segment information				
Net revenues	423,657	2,709,479	0	3,133,136
Other operating income	0	0	317	317
Operating costs ships	-171,182	-2,304,614	0	-2,475,796
Other external costs	-12,257	-16,692	-5,209	-34,158
Staff costs	-48,418	-32,796	-10,832	-92,046
Profit before depreciation	191,800	355,377	-15,724	531,453
Profit from sale of ships	0	12,176	0	12,176
Depreciation and write down	-76,067	-3,332	-3,451	-82,850
Profit from operations	115,733	364,221	-19,175	460,779
Profit before tax	98,663	363,297	-54,012	407,948
NET PROFIT FOR THE YEAR	94,038	352,030	-54,193	391,875
Ships	1,400,210	0	0	1,400,210
Prepayments newbuildings	181,536	82,355	0	263,891
Other property and equipment	0	3,688	48,651	52,339
Financial assets	57,914	0	0	57,914
Non-current assets	1,639,660	86,043	48,651	1,774,354
Current assets	76,336	231,114	388,052	695,502
TOTAL ASSETS	1,715,996	317,157	436,703	2,469,856
Provisions	2,854	0	0	2,854
Non-current liabilities	782,776	0	0	782,776
Current liabilities	138,980	156,627	0	295,607
Liabilities	921,756	156,627	0	1,078,383
TOTAL PROVISIONS AND LIABILITIES	924,610	156,627	0	1,081,237
Average number of employees excluding employees on time charter ships	180	44	8	232
Profit margin	27%	13%	-	15%
Return on net asset	6%	114%	-	17%
Brokers' valuations of ships in USD million, cf. description in the executive report	244	0	-	244

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
2 Net revenues				
Tank				
Freight income - own ships	345,208	259,454	322,954	259,454
Freight income - chartered ships	71,847	131,311	71,847	131,311
Commercial management income	6,602	1,120	9,144	1,120
	423,657	391,885	403,945	391,885
Dry cargo				
Freight income - own ships	14,883	12,840	0	12,840
Freight income - chartered ships	2,693,602	1,666,081	2,708,485	1,666,081
Commercial management income	994	971	994	971
	2,709,479	1,679,892	2,709,479	1,679,892
	3,133,136	2,071,777	3,113,424	2,071,777
3 Other operating income				
Rents received	317	518	317	518
Profits from sale of fixtures, fittings and equipment	0	77	0	77
	317	595	317	595
4 Operating costs ships				
Charter hire for ships chartered for less than 1 year	705,091	670,096	722,932	670,096
Charter hire for ships chartered for more than 1 year	987,438	528,380	973,435	528,380
Bunker oil	308,638	271,139	308,319	271,139
Other voyage costs	425,398	325,031	421,892	325,031
Other operating costs	49,231	43,587	47,528	43,587
	2,475,796	1,838,233	2,474,106	1,838,233
5 Fees to auditors appointed at the general meeting				
"Other external costs" include total fees to audit firms for the past financial year:				
KPMG	769	955	610	738
PricewaterhouseCoopers	817	969	817	969
including non-audit services of				
KPMG	280	452	280	347
PricewaterhouseCoopers	367	614	367	614

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
6 Staff costs				
Wages and salaries	83,280	62,853	75,721	58,934
Pensions	6,989	6,705	6,989	6,705
Other social security costs	1,777	698	369	138
	92,046	70,256	83,079	65,777
Remuneration to Parent Company Board of Directors	1,488	1,650	1,488	1,650
Remuneration to Parent Company Management	7,125	3,776	7,125	3,776
	8,613	5,426	8,613	5,426
Average number of employees excluding employees on time charter ships	232	193	212	186
<p>Management and other executives are comprised by bonus and severance schemes. If members of management resign in connection with a takeover of the Company, e.g. if the Company has merged with or in any other way has been integrated into one or more companies outside the "Norden Group", a special severance corresponding to 1-year salary (managing director 2-years salary) besides the usual salary of a 1-year notice period will be paid. Reference is made to note 33 which describes incentive programmesto members of management.</p>				
7 Depreciation and write down				
Ships - depreciation	73,050	50,286	65,258	50,286
Ships - write down	0	19,003	0	19,003
Ships acquired on finance leases - depreciation	4,922	3,094	4,922	3,094
Buildings - depreciation	240	120	240	120
Fixtures, fittings and equipment - depreciation	4,638	3,783	4,173	3,408
	82,850	76,286	74,593	75,911
8 Income from subsidiaries before tax				
"NORDEN" Tankers & Bulkurs Pte. Ltd., Singapore			13,883	4,022
"NORDEN" Tankers og Bulkurs Ltd., USA			218	144
"NORDEN" Tankers og Bulkurs LTDA, Brazil			-237	0
			13,864	4,166
9 Investments before tax, associated undertakings				
Nortide Shipping Ltd., Bermuda	19,454	7,408	19,454	7,408
Nortide Shipping II Ltd., Bermuda (liquidated)	2,150	159	2,150	159
	21,604	7,567	21,604	7,567

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
10 Financial income				
Dividend	20	15	20	15
Other interest receipts	1,809	3,158	1,243	2,039
Interest receipts and foreign exchange rates, affiliated undertakings	-	-	397	0
Capital gain on repayment of lease debt	0	34,231	0	34,231
Capital gain on securities	1,627	0	1,627	0
Other foreign exchange adjustments	33	0	0	0
	3,489	37,404	3,287	36,285
11 Financial costs				
Interest costs, long-term debt, etc	40,720	41,120	38,542	41,120
Capital loss, securities	0	579	0	579
Other exchange rate adjustments	37,204	32,289	37,168	35,337
	77,924	73,988	75,710	77,036
12 Tax on the profit for the year				
Current tax for the year	8,402	7,257	7,700	7,257
Deferred tax for the year	0	-157,711	0	-157,711
Tax in subsidiaries	-	-	702	0
Adjustment of tax for previous years	-617	0	-617	0
Tax for the year	7,785	-150,454	7,785	-150,454
Which is broken down as follows:				
Tax on the profit for the year	7,785	-170,954	7,785	-170,954
Tax on changes in equity	0	20,500	0	20,500
Tax for the year	7,785	-150,454	7,785	-150,454
Tax on the profit for the year is calculated as follows:				
Profit before tax	407,948	25,251	399,660	24,961
of which under tonnage tax	-359,374	-13,228	-359,374	-13,228
	48,574	12,023	40,286	11,733
Calculated tax hereof, 30%	14,572	3,607	12,085	3,520
Higher / lower tax rate in subsidiaries	-12,425	-3,607	-9,938	-3,520
Gain on sale of ships	0	2,642	0	2,642
Taxable loss previous years	-617	-31	-617	-31
Reversal of deferred tax	0	-178,211	0	-178,211
	1,530	-175,600	1,530	-175,600
Tonnage tax	6,255	4,646	6,255	4,646
	7,785	-170,954	7,785	-170,954

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
12 Tax on the profit for the year - continued				
Tax on changes in equity calculated as follows:				
Value adjustment of foreign currency loan in USD	0	17,816	0	17,816
Value adjustment of other hedging instruments	0	2,684	0	2,684
	0	20,500	0	20,500
13 Properties				
Cost at 1 January	25,149	19,300	25,149	19,300
Additions for the year	7,305	5,849	7,305	5,849
Cost at 31 December	32,454	25,149	32,454	25,149
Depreciation at 1 January	-920	-800	-920	-800
Depreciation for the year	-240	-120	-240	-120
Depreciation at 31 December	-1,160	-920	-1,160	-920
Carrying amount at 31 December	31,294	24,229	31,294	24,229
The official property assessment value of Danish properties at 1 January amounted to	24,000	24,000	24,000	24,000
14 Ships				
Cost at 1 January	914,439	644,858	914,439	644,858
Exchange rate adjustments, foreign subsidiaries	-15,805	0	-	-
Transferred during the year from other items	615,950	434,984	302,386	434,984
Additions for the year	5,572	2,514	5,572	2,514
Disposals for the year	-132,408	-167,917	0	-167,917
Cost at 31 December	1,387,748	914,439	1,222,397	914,439
Depreciation and write-downs at 1 January	-109,849	-29,203	-109,849	-29,203
Exchange rate adjustments, foreign subsidiaries	443	0	-	-
Transferred during the year from other items	0	-44,851	0	-44,851
Depreciation for the year	-73,050	-50,286	-65,258	-50,286
Write downs for the year	0	-19,003	0	-19,003
Reversal of depreciation and write-downs of disposal of ships	2,713	33,494	0	33,494
Depreciation and write-downs at 31 December	-179,743	-109,849	-175,107	-109,849
Carrying amount at 31 December	1,208,005	804,590	1,047,290	804,590
Amount insured in USD million	316,5	166,4	278,5	166,4
Additions for the year include financial expenses in the construction period of	0	0	0	0

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
15 Ships acquired on finance leases				
Cost at 1 January	0	434,984	0	434,984
Transferred during the year to other items	0	-434,984	0	-434,984
Additions for the year	197,127	0	197,127	0
Cost at 31 December	197,127	0	197,127	0
Depreciation and write-downs at 1 January	0	-41,757	0	-41,757
Transferred during the year to other items	0	44,851	0	44,851
Depreciation for the year	-4,922	-3,094	-4,922	-3,094
Depreciation and write-downs at 31 December	-4,922	0	-4,922	0
Carrying amount at 31 December	192,205	0	192,205	0
16 Fixtures, fittings and equipment				
Cost at 1 January	25,656	22,940	23,955	21,817
Foreign exchange adjustment, foreign subsidiaries	-282	-205	-	-
Additions for the year	8,030	5,922	7,514	4,980
Disposals for the year	-1,626	-3,001	-1,595	-2,842
Cost at 31 December	31,778	25,656	29,874	23,955
Depreciation at 1 January	-6,978	-5,064	-6,482	-4,738
Foreign exchange adjustment, foreign subsidiaries	119	90	-	-
Depreciation for the year	-4,638	-3,783	-4,173	-3,408
Reversal of depreciation of disposals	764	1,779	733	1,664
Depreciation at 31 December	-10,733	-6,978	-9,922	-6,482
Carrying amount at 31 December	21,045	18,678	19,952	17,473
17 Prepayments for newbuildings				
Cost at 1 January	254,978	110,251	206,734	65,947
Foreign exchange adjustment, foreign subsidiaries	-11,453	-8,240	-	-
Additions for the year	884,344	152,967	577,485	140,787
Disposals for the year	-248,028	0	-298,192	0
Transferred during the year to other items	-615,950	0	-302,386	0
Carrying amount at 31 December	263,891	254,978	183,641	206,734
Specified as follows:				
Prepayments for own newbuildings	253,548	150,674	181,536	113,091
Prepayments for newbuildings for resale	10,343	104,304	2,105	93,643
	263,891	254,978	183,641	206,734

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
18 Investments in subsidiaries				
Cost at 1 January			69,274	120,013
Additions for the year			53,634	8,344
Disposals for the year			0	-59,083
Cost at 31 December			122,908	69,274
Value adjustments at 1 January			26,231	127,914
Results for the year			13,162	4,166
Foreign exchange adjustment of investments			-19,269	-17,391
Reversal of value adjustments on disposals			0	-88,458
Value adjustment at 31 December			20,124	26,231
Carrying amount at 31 December			143,032	95,505
Net asset value is specified as follows:	Capital	Ownership	Net asset value	Net asset value
"NORDEN" Tankers & Bulkers Pte. Ltd., Singapore	SGD 30,228	100%	141,644	95,285
"NORDEN" Tankers & Bulkers Ltd., USA	USD 10	100%	385	220
"NORDEN" Tankers & Bulkers Ltd., Brazil	USD 207	100%	1,003	0
			143,032	95,505
19 Investments in associated undertakings				
Cost at 1 January	62,921	62,921	62,921	62,921
Disposals for the year	-43,430	0	-43,430	0
Cost at 31 December	19,491	62,921	19,491	62,921
Value adjustments at 1 January	20,403	27,953	20,403	27,953
Profit for the year	21,604	7,567	21,604	7,567
Foreign exchange adjustment of investments	-14,857	-15,117	-14,857	-15,117
Reversal of value adjustments on disposals	11,273	0	11,273	0
Value adjustments at 31 December	38,423	20,403	38,423	20,403
Carrying amount at 31 December	57,914	83,324	57,914	83,324
Net asset value is specified as follows:	Capital	Ownership	Net asset value	Net asset value
Nortide Shipping Ltd., Bermuda	USD 7,200	50%	57,914	47,737
Nortide Shipping II Ltd., Bermuda (liquidated)	-	50%	-	35,587
			57,914	83,324

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
20 Securities				
Shares	3,406	1,801	3,406	1,801
Bonds	134	134	134	134
	3,540	1,935	3,540	1,935
21 Cash and cash equivalents				
Short-term bank deposits	356,633	284,233	261,554	163,516
Other cash and cash equivalents	19	35	19	35
	356,652	284,268	261,573	163,551
Weighted average interest rate on short-term bank deposits, end of year	1%	2%	1%	2%
Short-term bank deposits, end of year have an average term of	7 days	7 days	7 days	7 days

22 Equity

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

On the Company's ordinary general meeting 2002 it was decided to reduce the share capital of a nominal amount of DKK 2,425 corresponding to 121,250 shares by cancellation of own shares. There have been no other changes in the share capital during the last 5 years.

Own shares	Number of shares		Nominal value		% of share capital	
	2003	2002	2003	2002	2003	2002
1 January	121,250	123,000	2,425	2,460	5,3	5,1
Purchase	0	119,500	0	2,390	0	4,9
Applied for cancellation	0	-121,250	0	-2,425	0	-5,0
31 December	121,250	121,250	2,425	2,425	5,3	5,3

The Shipping Company is authorised by the general meeting to acquire a maximum of 230,375 of its own shares, equal to 10% of the share capital. Own shares are among other things acquired for the purpose of the incentive programmes offered to the Group's Board of Directors, Management and other Executives.

In 2003 the Shipping Company did not acquire own shares.

The Company's outstanding shares as of 31 December 2003 is 2,182,500 shares of DKK 20.

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
23 Minority interests				
1 January	50,385	51,278		
Additions to minority interests upon establishment of Normit Shipping S.A.	0	7,299		
Foreign exchange adjustment	-8,724	-8,482		
Share of profit for the year	8,288	290		
31 December	49,949	50,385		
24 Provision for docking expenses (Bareboat)				
1 January	1,456	58	1,456	58
Provisions in the year	1,398	1,398	1,398	1,398
Utilised during the year	0	0	0	0
Reversal for the year	0	0	0	0
31 December	2,854	1,456	2,854	1,456
The terms to maturity of provisions are expected to be as follows:				
Within 1 year	2,854	0	2,854	0
Between 1 and 5 years	0	1,456	0	1,456
	2,854	1,456	2,854	1,456
25 Non-current liabilities and short-term bank debt				
Interest-bearing liabilities are comprised within the following items:				
Long-term bank debt	622,326	515,921	532,499	515,921
Lease obligations	160,450	0	160,450	0
Current portion of long-term debt	85,109	62,536	77,923	62,536
	867,885	578,457	770,872	578,457

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

Interest rate risk of the total interest-bearing debts is listed in note 31 of which it appears that the interest rate risk of the debts has been readjusted from under 1 year to 1-5 years.

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
25 Non-current liabilities and short-term bank debt				
Long-term bank debt and the current portion hereof excluding liabilities relating to finance leases show the following values:				
Carrying amount	694,922	578,457	597,909	578,457
Fair value	694,922	578,457	597,909	578,457
The terms to maturity are:				
Within 1 year	72,597	62,536	65,411	62,536
Between 1 - 5 years	290,388	250,143	261,644	250,143
After 5 years	331,937	265,778	270,854	265,778
	694,922	578,457	597,909	578,457

Terms to maturity for liabilities relating to finance leases:

THE GROUP	2003			2002		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within 1 year	19,624	7,111	12,513	0	0	0
Between 1 - 5 years	180,594	20,144	160,450	0	0	0
After 5 years	0	0	0	0	0	0
	200,218	27,255	172,963	0	0	0
Fair value			180,825			0
THE PARENT	2003			2002		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
Within 1 year	19,624	7,111	12,513	0	0	0
Between 1 - 5 years	180,594	20,144	160,450	0	0	0
After 5 years	0	0	0	0	0	0
	200,218	27,255	172,963	0	0	0
Dagsværdi			180,825			0

The fair value has been calculated on the basis of discounted cash flows by 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 obligations is assumed to be expressed by nominal values.

Notes

Amounts in DKK '000

26 Operating lease obligations

At the balance sheet date the Group has the following lease obligations in relation to ships delivered with purchase option on time charter:

	2004	2005	2006	2007	2008
Number of dry cargo vessels	16	16	11	7	2
Number of tankers	1	1	1	1	1
Total number of ships	17	17	12	8	3

Charter hire including any estimated daily operating costs

Dry cargo vessels	341,486	301,694	164,698	74,171	31,184
Tankers	28,495	28,417	28,417	28,417	16,583
	369,981	330,111	193,115	102,588	47,767

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

Dry cargo vessels	223,740	197,740	106,587	47,690	19,745
Tankers	18,682	18,631	18,631	18,631	10,873
	242,422	216,371	125,218	66,321	30,618

THE GROUP

	2003	2002
Present values of charter hire excluding any daily operating costs calculated on the basis of the interest rate implicit in the individual leases		
Dry cargo vessels	525,738	631,372
Tankers	86,876	0

Leases have substantially been entered into with a mutually interminable lease period of 5 years. As a general rule, leases include an option on renewal for an additional one year at a time, for up to 3 years. As a general rule, leases include purchase options typically exercisable as of the end of the third year up until the expiry of the period of renewal. The exercise of the purchase option on the individual ship is based on an individual assessment.

Notes

Amounts in DKK '000

26 Operating lease obligations – continued

At the balance sheet date the Group has the following lease obligations in relation to ships delivered without purchase option:

	2004	2005	2006	2007	2008
Number of dry cargo vessels	54	8	1	1	0
Number of tankers	1	1	1	1	1
Total number of ships	55	9	2	2	1
Charter hire for ships on time charter					
Dry cargo vessels	586,189	146,881	22,930	4,586	0
Tankers	29,164	29,084	29,084	29,084	5,578
	615,353	175,965	52,014	33,670	5,578
Charterhyre for skibe på bareboat charter					
Dry cargo vessels	0	0	0	0	0
Tankers	26,166	26,094	22,448	0	0
	26,166	26,094	22,448	0	0

The Group has no charter obligations relating to ships delivered beyond 2008.

Charter hire including any estimated daily operating costs recognised in the income statement for the year is disclosed in note 4 "Operating costs ships".

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
27 Contingent tax/deferred tax				
The company has entered into The Danish Tonnage Tax system at 1 January 2001 binding itself for a period of 10 year.				
The contingent tax under the Tonnage tax system	103,510	108,650	103,510	108,650
Contingent tax been calculated with 30% equal to the current tax rate.				

If the Company's net investments in ships are decreasing noticeably or if the Company is liquidated, recovered depreciations made before entering into the Danish Tonnage Tax system are taxed. Based on the ships' book value the contingent liability amounts to DKK 104 million at the end of 2003. The contingent liability will be reduced during the following years concurrently with the ships' book depreciations.

Notes

	THE GROUP		THE PARENT	
	2003	2002	2003	2002
Amounts in DKK '000				
28 Other contingent liabilities				
Guarantee commitments do not exceed	2,563	2,700	2,563	2,700
The Shipping Company has entered into agreements for future delivery of newbuildings and ships not delivered on a long-term charter amounting to	3,847,737	2,736,158	3,303,565	2,592,198
A claim has been made against the Company. The Company and its legal advisors consider the claim as unwarranted and do not perceive that this will inflict the Company any loss as a result of the action for damages. The maximum risk is estimated to USD 6.75 mio. corresponding to DKK	40,214	47,805	40,214	47,805
29 Mortgages and security				
As security for long-term bank debt	694,922	578,457	597,909	578,457
a total number of ships of	6	4	5	4
with a carrying amount of	1,208,005	804,590	1,047,290	804,590
have been mortgaged at	912,966	750,430	815,953	750,430
Finance lease assets at a carrying amount	192,205	0	192,205	0
have been provided as security for lease obligations of	172,963	0	172,963	0
30 COAs				
"NORDEN" has entered into COAs with customers which within a year amount to	828,184	230,172	828,184	230,172
and in the following year	205,770	80,029	205,770	80,029

31 Financial instruments

As part of its hedging of recognised and unrecognised transactions, the Group uses hedging instruments such as foreign currency loans, lease obligations, forward exchange contracts, interest rate swaps, forward freight agreements and bunker hedging agreements.

Recognised transactions

Hedging of recognised transactions relates primarily to receivables and liabilities.

Notes

Amounts in DKK '000

31 Financial instruments - continued

Currency exposure				
Currency	Payment / maturity	Receivables	Liabilities	Netto Net position
USD	Below 1 year	158,286	-190,776	-32,490
	1 - 5 years	0	-450,839	-450,839
	Beyond 5 years	0	-331,937	-331,937
Other	Below 1 year	3,394	-15,170	-11,776
	1 - 5 years	0	0	
	Beyond 5 years	0	0	
		161,680	-988,722	-827,042

At 31 December 2003 the unrealised foreign exchange adjustment of the Group's non-current liabilities and lease obligations in USD equals a gain of DKK 216,386k (2002: DKK 96,102k) which has been recognised directly in equity.

Future transactions

The Group's actual currency exposure arises on costs that are not paid in USD. The amount of the exposure is the equivalent value of USD 50 million (2002: USD 13 million). It is the Group's policy to hedge these costs for a period of 6-24 months depending on the development in the USD rate. Further the Company has contracted a ship to be delivered in 2004 cf. note 28. The contract is settled in JPY. To cover the currency exposure the Company has entered a forward exchange rate agreement of JPY 1,688 million against USD 15 million.

	Period	Contractual value		Deferred recognition in the income statement of gains/ losses expected to be realised after the balance sheet date	
		2003	2002	2003	2002
Forward exchange contracts DKK/USD	0 - 6 months	399,948	35,411	0	0
Forward exchange contracts USD/JPY	0 - 6 months	88,230	117,864	6,155	-2,105
		488,178	153,275	6,155	-2,105

Interest rate exposure

The Group's surplus cash is accumulated in USD as it is expected to be reinvested in ships. As the Group wishes to limit its financial exposure, it has adopted the policy of fixing the interest rate for a period varying between 2 and 6 years for the Group's total loan portfolio excluding ships acquired on finance leases.

As regards the Group's total financial assets and liabilities, the following times of contractual re-evaluation and maturity may be indicated, based on the earlier of the two dates.

Notes

Amounts in DKK '000

31 Financial instruments – continued

Category	Time of re-evaluation/maturity				% effective yield
	Within 1 year	Between 1 - 5 years	After 5 years	Fixed-interest part	
Cash and cash equivalents	356,652	0	0	0	1
Receivables	161,680	0	0	0	-
Long-term bank debt	-707,435	-160,450	0	172,963	2
Other non-current liabilities	-120,837	0	0	0	0
Interest rate swaps (principal), variable leg	597,909	0	0	0	2
Interest rate swaps (principal), fixed leg	-65,411	-532,498	0	597,909	5
	222,558	-692,948	0	770,872	

The effective yield has been calculated on the basis of the current interest rate level at 31 December 2003.

To hedge future interest expenses on floating rate loans, the Group has entered into interest swaps. The changes in fair value on these are deferred over equity and recognised in the income statement as interest expenses are recognised. At 31 December 2003, deferred recognition in the income statement amounts to kDKK (21,871) (2002: kDKK (38,444)).

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		Deferred recognition in the income statement of gains/losses expected to be realised after the balance sheet date	
	2003	2002	2003	2002
Forward freight agreements - purchases	0	15,563	0	3,254
Forward freight agreements - sales	18,110	15,935	-1,493	-2,961
Bunker hedging agreements - purchases	232,590	54,508	13,515	2,856
Bunker hedging agreements - sales	0	0	0	0

Credit exposure

The Group's credit exposure relates primarily to freight receivables, prepaid T/C hire, prepayments to shipyards for newbuildings and cash and cash equivalents. Generally, the Group's receivables are spread to the effect that there is no concentration of credit exposure on 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, has been limited by the fact that they 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.

Notes

Amounts in DKK '000

32 Related party transactions

Shareholders with major influence, subsidiaries and associated undertakings and the Company's management are considered as related parties.

Apart from intercompany transactions eliminated in the consolidated financial statements and management fees as described in notes 6 and 33, no transactions with related parties have been made during the year.

33 Incentive programmes

As of 2001, the Shipping 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 scheme has been increased during 2002 with 1,200 share options as a result of an increase of the number of Boardmembers, and the share option scheme hereafter comprises a total of 97,012 share options as per 31 December 2003. Each share option entitles the option holder to acquire a share of the Shipping Company of a nominal amount of DKK 20. The share option scheme corresponds to a right to acquire 4.21% of the share capital if all share options are exercised.

The share options are granted in equal portions at four different dates. Granting was effected 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 director's fee for 2000.

The share options for 2003 (fourth round) was granted on 24 March 2003. The share options have been covered by the Shipping Company's holding of own shares.

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

The share options may be exercised after at least 3 and not more than 5 years from the respective dates of granting. As regards the Management and other Executives, the exercise of share options is conditional upon the person in question not being under notice to quit at the time of exercise. Special provisions apply in case of illness and death. The granting of share options to the Board of Directors was approved at the Annual General Meeting on 2 May 2001.

	Number			Total
	Board of Directors	Management	Other Executives	
Granted 15 January 2001	4,500	10,218	9,235	23,953
Granted 13 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

Notes

Amounts in DKK '000

33 Incentive programmes – continued

	Option exercise price	Market value in DKK '000*)	Exercise period
Granted 15 January 2001	250,00	1,055	15/1 2004 - 15/1 2006
Granted 13 March 2001	295,31	1,322	13/3 2004 - 13/3 2006
Value adjustment	-	-892	
Outstanding 31 December 2001	272,66	1,485	
Granted 22 March 2002	278,71	1,030	22/3 2005 - 22/3 2007
Værdiregulering	-	6,248	
Outstanding 31 December 2002	274,71	8,763	
Granted 24 March 2003	394,50	2,656	24/3 2006 - 24/3 2008
Value adjustment	-	80,554	
Outstanding 31 December 2003	305,03	91,973	

* The Market value has been calculated using the Black-Scholes model for assessment of options.

Calculations per 31 December 2003 are based on the following:

- that all options are granted and that the options are exercised at the earliest opportunity
- a volatility of 40.8% (2002: 42.7%)
- a dividend of 500% for 2003 (2002: 50%)
- a risk-free interest of 2.5% (2002: 3.96%)

	THE GROUP	
	2003	2002
34 Change in operating capital		
Stocks on ships	-16,468	-2,974
Outstandings, freight etc.	-135,622	-18,543
Suppliers and other debt etc.	51,748	17,436
Value adjustments of hedging instruments recognised via the equity	33,707	-28,456
	-66,635	-32,537

Definitions of financial ratios

The financial ratios were computed in accordance with guidelines issued by the Danish Society of Financial Analysts entitled “Anbefalinger & Nøgletal 1997” (“Recommendations & Ratios 1997”). The ratios listed in the financial highlights and key ratios section were calculated as follows:

Return On Invested Capital (ROIC)	=	$\frac{\text{Profit or loss before tax minus net finance}}{\text{average invested capital}}$
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	=	$\frac{\text{Year-end price per DKK 20 share}}{\text{Intrinsic value per DKK 200 share}}$
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	=	$\frac{\text{Profit or loss from operations} \times 100}{\text{Net revenues}}$
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
Gross investment for the year in property, vessels and equipment	=	Total investment for the year in property, vessels and equipment, without deduction for sold or scrapped assets

Group tonnage at year-end 2003

DRY CARGO VESSELS

Vessels chartered on a long-term basis by "NORDEN«, with purchase option

	Year of construction	DWT
m.s. "NORD-KRAFT"	2000	171,199
m.s. "NORDTRAMP"	2001	171,000
m.s. "NORDKAP"	2002	77,229
m.s. "NORDPOL"	2002	77,229
m.s. "NORD MONACO"	2002	50,296
m.s. "NORD BULKER"	2003	52,994
m.s. "NORDVIND"	2002	53,553
m.s. "NORDSUND"	2001	50,296
m.s. "NORDSTJERNEN"	2001	53,553
m.s. "NORDHOLM"	2000	45,526
m.s. "NORDGLIMT"	2000	50,236
m.s. "NORDFLEX"	2002	52,344
m.s. "NORDBRIGHT"	2001	52,827
m.s. "NORD SPIRIT"	1997	47,260
m.s. "NORD PHOENIX"	2000	50,244
m.s. "NORD OCEAN"	2003	52,500

Timecharter tonnage

	Year of construction	DWT
m.s. "NIREFS"	2001	75,311
m.s. "MICHELE BOTTIGLIERI"	2001	75,200
m.s. "UNITED SUPPORT"	1999	74,545
m.s. "FOUR COAL"	2001	74,020
m.s. "ANANGEL OMONIA"	1996	73,519
m.s. "DRIN"	1996	73,087
m.s. "ORIENTAL SUN"	1998	72,651
m.s. "MAJA VESTIDA"	1994	70,213
m.s. "JIN PU HAI"	1996	69,963
m.s. "DENG ZHOU HAI"	1994	69,952
m.s. "CHINESE PHOENIX"	1991	69,337
m.s. "NORD STAR"	1995	68,591
m.s. "HEBIE EXPRESS"	1984	65,204
m.s. "WADI ALARISH"	1995	64,214
m.s. "LAKE MAINE"	2001	53,531
m.s. "SUN BULKER"	2002	53,098
m.s. "PORT LISBOA"	2001	52,827
m.s. "PORT ESTORIL"	2001	52,827
m.s. "TRITON EAGLE"	2003	52,579
m.s. "LAURA DAMATO"	2002	52,512
m.s. "CANTON TRADER"	2003	52,454
m.s. "APOLLON"	2002	52,105
m.s. "NAVIOS HERAKLES"	2001	52,061
m.s. "MEDI MONACO"	2001	52,000
m.s. "JIN PING"	2002	50,786
m.s. "JIN HUI"	2000	50,777
m.s. "AEGEAN HAWK"	1999	50,326
m.s. "IDA SELMER"	2003	50,209
m.s. "JOSCO NANJING"	2003	49,250
m.s. "OCEAN PARADISE"	1996	48,256
m.s. "MEDI TRADER"	1999	48,225

	Year of construction	DWT
m.s. "NORD ACE "	1999	47,263
m.s. "MERMAID DREAM"	1998	47,245
m.s. "TOP SUCCESS"	1997	47,186
m.s. "TOP CARRIER"	1998	47,180
m.s. "SPAR SIRIUS"	1996	47,015
m.s. "OCEANIC ANGEL"	1999	46,667
m.s. "SPRING DRAKE"	1999	46,640
m.s. "BIANCO ZEALAND"	1994	46,637
m.s. "URI"	2001	46,509
m.s. "GREAT PRESTIGE"	1998	46,193
m.s. "CHANG QIANG"	1998	45,759
m.s. "BULK ORION"	1994	45,708
m.s. "EVER GLORIA"	1995	45,700
m.s. "COPILCO"	1999	45,690
m.s. "DARYA RANI"	1996	45,654
m.s. "INCE MARMARA"	1995	45,600
m.s. "NICON FRONTIER"	2000	45,499
m.s. "PROSPERITY"	1985	45,348
m.s. "COSTAS G O"	1994	45,262
m.s. "GREAT PEACE"	1996	45,259
m.s. "STARGOLD TRADER"	1994	45,228
m.s. "NORD VIKING"	1994	45,208
m.s. "PACIFIC CHAMP"	1996	43,665
m.s. "SATTAR"	1992	43,419
m.s. "IRAN KASHANI"	1984	43,365
m.s. "ALIKI L"	1985	42,592
m.s. "AMADA C"	1984	41,373
m.s. "GEM OF TUTICORIN"	1985	40,478
m.s. "IRAN AFZAL"	1983	37,537
m.s. "NIREFS"	2001	75,311
m.s. "MICHELE BOTTIGLIERI"	2001	75,200
m.s. "UNITED SUPPORT"	1999	74,545
m.s. "FOUR COAL"	2001	74,020
m.s. "ANANGEL OMONIA"	1996	73,519
m.s. "DRIN"	1996	73,087

On order

	Year of construction	DWT
m.s. "NORDEN"	2004	56,000
m.s. "NORD AMALIE"	2004	55,000
m.s. "NORDEN TBN"	2005	56,000
m.s. "NORDEN TBN"	2005	56,000
m.s. "TBN"	51% owned 2005	50,000

Vessels under construction chartered on a long-term basis by "NORDEN«, with purchase option

	Year of construction	DWT
m.s. "NORDEN TBN"	2004	180,000
m.s. "NORDEN TBN"	2005	176,000
m.s. "NORDEN TBN"	2007	82,300
m.s. "NORDEN TBN"	2004	76,500
m.s. "NORDEN TBN"	2006	76,200
m.s. "NORDEN TBN"	2006	76,000
m.s. "NORD SUN"	2004	76,000

	Year of construction	DWT
m.s. "NORD ORIENT"	2004	75,500
m.s. "NORDEN TBN"	2007	56,000
m.s. "NORDEN TBN"	2006	55,500
m.s. "NORDEN TBN"	2006	55,500
m.s. "NORD MARU"	2005	55,500
m.s. "NORDEN TBN"	2006	53,500
m.s. "NORD VISION"	2004	52,500
m.s. "NORD FIGHTER"	2004	52,000
m.s. "NORD WHALE"	2004	50,000

TANKERS

Own tonnage

	Year of construction	DWT
m.t. Nordamerika	2000	35,775
m.t. Nordeuropa	2000	35,775
m.t. Nordafrika	2003	37,463
m.t. Nordasia	1998	105,994
m.t. Nordatlantic	2001	105,344
m.t. Nordpacific	2003	105,344

Vessels chartered on a long-term basis by "NORDEN", with purchase option

	Year of construction	DWT
m.t. Nord Sea	2003	45,987
m.t. Nord Sound	2003	45,975

Bareboat tonnage

	Year of construction	DWT
m.t. Nord Stealth	2001	105,322

Timecharter tonnage

	Year of construction	DWT
m.t. Nordscot	2001	35,770
m.t. Nord Stream	2003	45,974

On order (own tonnage)

		Year of construction	DWT
GSI 0010	50% owned	2005	38,500
GSI 0011	50% owned	2005	38,500
GSI 0012		2006	38,500
GSI 0013		2006	38,500
GSI 0017		2007	38,500
GSI 0018		2007	38,500

Vessels under construction chartered on a long-term basis by "NORDEN", with purchase option

	Year of construction	DWT
M.t. Nord Strait	2004	45,800

Company data and Group structure

The Company

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Company Registration No.: 67 75 89 19
Financial year: 1 January - 31 December
Domicile: Copenhagen

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Fax, Dry Cargo Department: (+45) 3342-0530
Fax, Technical Department: (+45) 3393-3733
Comtext e-mail: A43DK448 - A53DK033 (Tank)
Web site: www.ds-norden.com
E-mail address: admin@ds-norden.com

Board of Directors

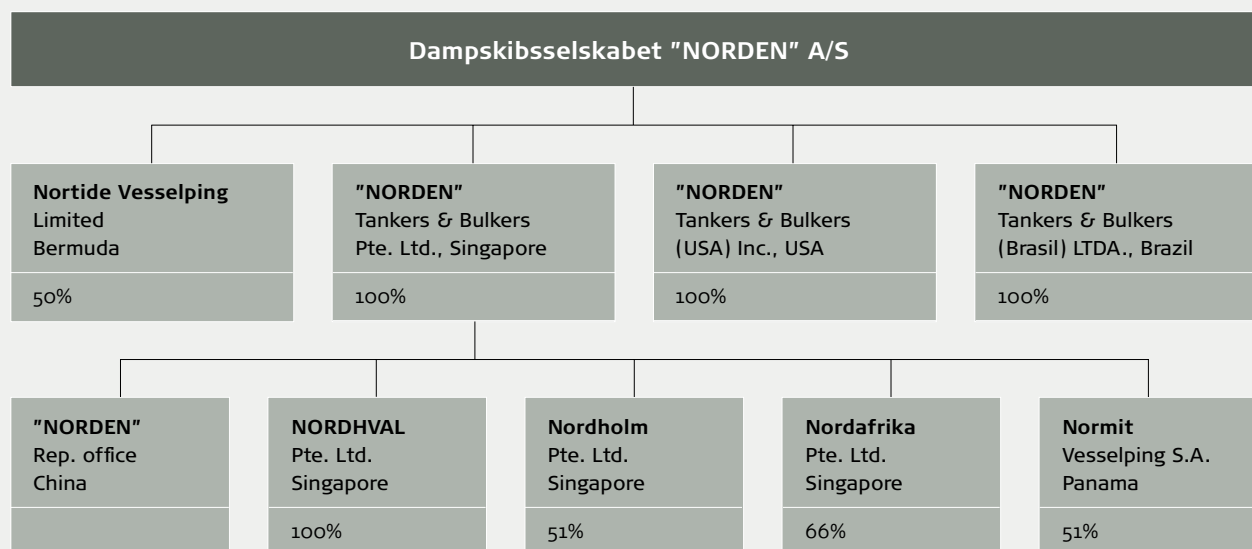
Mogens Hugo Jørgensen, Chairman
Alison J.F. Riegels, Vice Chairman
Erik Gregers Hansen
Erling Højsgaard
Frederick W. Meier, Jr.
Kirsten Hansen (employee representative)
Torry Sørensen (employee representative)

Management

Steen Krabbe, President
Jens Fehrn-Christensen, Executive Vice President

Auditors

KPMG	PricewaterhouseCoopers
Borups Allé 177	Strandvejen 44
DK-2000 Frederiksberg	DK-2900 Hellerup



The Company's history

Mads C. Holm, the founder of
Dampskibsselskabet "NORDEN" A/S



1871

Dampskibsselskabet "NORDEN" A/S is founded by Mads C. Holm on February 11. He is Managing Director of the Company until his death in 1892.

1872

The Company's first steam vessel, m.s. "NORDEN" (1,400 dwt), is delivered from a shipyard in Glasgow.

1881

Helsingør Shipyard is founded by Mads C. Holm.

1884

Dampskibsrederi-Foreningen (later Danmarks Rederiforening Danish Shipowners' Association) is founded with Mads C. Holm as co-founder.

1892

Mads C. Holm dies at the age of almost 65 years. Dampskibsselskabet "NORDEN" A/S' head office relocates from Havnegade to Amaliegade.

1917

"NORDEN" acquires Dampskibsselskabet Danmark with a fleet of four steam vessels.

1921

"NORDEN" acquires Dampskibsselskabet Hafnia with a fleet of five steam vessels.

1923

The Company's first motor vessel, "Nordbo" (8,250 dwt, price: DKK 2.8 million), is delivered from Burmeister & Wain (B&W).

1923-38

B&W and Nakskov Shipyard deliver eight liner-type motor vessels of approximately 8,300 dwt to "NORDEN".

1939/45

Of the fleet comprising eight motor vessels and one steamvessel four are lost during the war, of which three in Allied services. Three motor vessels are docked in Nakskov during the occupation.

1945-61

Nakskov Shipyard delivers eight liner-type motor vessels of 8,300/10,200 dwt to Dampskibsselskabet "NORDEN" A/S.

1946

The Company's last steamvessel, "Nordlys", is sold. From 1946, according to an amicable agreement between Dampskibsselskabet Orient and "NORDEN", Orient begins to acquire shares in "NORDEN". Around 1955 Orient owns the majority of shares in "NORDEN", while the majority of shares in Orient is owned by Motortramp.

1971

m.s. "Nordpol" is lost during the armed conflict between India and Pakistan over East Pakistan (now Bangladesh).

1973

m.s. "Nordtramp", bulk carrier of 34,000 dwt with six cranes, is delivered from Mitsui Shipbuilding, Japan. Five more bulkcarriers are delivered from Mitsui in 1974-1985.

1979

The last liner-type vessel, m.s. "Nordfarer", is sold.

1986

m.t. "Nordtramp", a 84,000 dwt product tanker, is delivered by B&W to a Difko K/S company with "NORDEN" as bareboat charterer. From 1986 to 1992 the Company is technical manager of and participates in a bareboat-chartering partnership with four more large B&W product tankers.

1990

The Company's tanker department is established.

1991

Denmark's two largest dry cargo vessels, m.s. "Nord-Energy" and m.s. "Nord-Power" of approximately 150,000 dwt each, are delivered to the Company.

1992

The first Aframax crude oil tanker, m.t. "Skaunord", is delivered to the Company.

1994

Merger between Dampskibsselskabet Orient and Dampskibsselskabet "NORDEN" A/S. Orient continues as the "operating" company, but the name is changed to Dampskibsselskabet "NORDEN" A/S. The Company expands its Handymax activities by taking delivery of m.s. "Nordpol" and m.s. "Nordkap" from Danyard.

1995

The Company's tanker department takes over the charter of all EAC tankers. At the same time the fleet is expanded with the acquisition of small product tankers which are sold again in the period 1996-98.

1996

Office in Singapore opens.

Dampskibsselskabet "NORDEN" A/S celebrates its 125th anniversary with a fleet of 682,899 dwt fully or partly owned vessels.

1998

Dampskibsselskabet "NORDEN" A/S expands its Aframax activities by contracting/taking delivery of the M/T "Nordasia". Furthermore, a Handymax bulk carrier is contracted at the Oshima shipyard in Japan.

1999

The Company contracts two options to buy two 35,000 dwt twin-hull product tankers at a Korean shipyard to be delivered in 2000 and 2001, respectively, and sells m.t. "Nordholt" and m.t. "Nordfarer". The options were announced later on.

Dampskibsselskabet "NORDEN" A/S contracts additionally two Handymax bulkcarriers (51,000 dwt) at the Oshima shipyard in Japan, which are sold later in 1999. Furthermore, the Company charters six new Handymax bulkcarriers and a Capesize bulk carrier, all with options to buy. m.s. "Nordpol"/ "Nordkap" (50,000 dwt, built in 1994) are sold to Greek interests.

2000

Office in Annapolis opens. "NORDEN"'s status as the operating company in the Motortramp group terminated. "NORDEN" no longer is a majority shareholder. "NORDEN" extends its activities with long-term charters for additionally 8 units – 1 Capesize, 2 Panamax and 5 Handymax bulkcarriers. Delivery in 2001 and 2002. An older Aframax tanker was sold. Three new Aframax crude oil tankers contracted from Sumitomo Heavy Industries, one of which is sold but chartered under a 5 year bareboat charter. Delivery in 2001 and 2002. "NORDEN" takes delivery of the Handymax bulkcarrier "Nord Cecilie" from Oshima and the product tankers "Nordamerika" and "Nordeuropa" from Daedong (now STX Shipbuilding Co., Ltd.)

2001

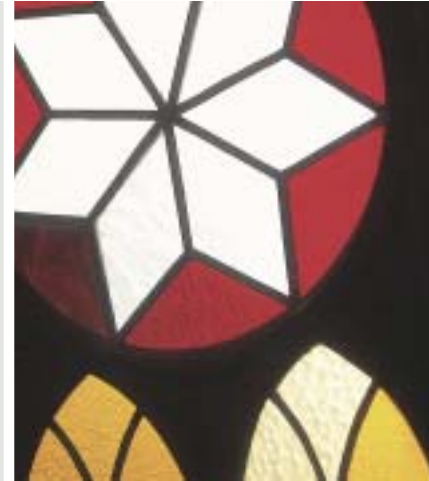
High level of purchase and sale activities with the sale of 7 units including the two Capesize units "Nord-Energy" and "Nord-Power". Four new units were contracted, i.e. two product tankers (37,000 dwt) at STX Shipbuilding Co. and two Handymax bulkcarriers (56,000 dwt) at Mitsui Shipbuilding Co. Four product tankers and one Capesize unit are chartered with purchase options.

2002

Office in Shanghai opens. Two Handymax bulkcarriers contracted at Mitsui Shipbuilding Co. respectively Oshima Shipbuilding Co. Further 3 Handymax bulkcarriers and 1 Capesize unit have been chartered on long term with purchase options.

2003

The Company opens an office in Rio de Janeiro, Brazil. The Company orders six 38,500-dwt product tankers from Guangzhou Vesselbuilding International in China for delivery in 2005-2007; the first two are partly owned by the Company. The Company adds three more Handymax bulk carriers to its order placed with Mitsui Vesselbuilding Co. The Company operates a fleet of just under 100 units, a total of 5.2 million dwt, plus 27 wholly/partly owned units under order totalling



Technical terms and abbreviations

- A Aframax** Vessels 80,000-100,000 dwt in size, typically vessels with a cargo capacity of 600,000 barrels of crude oil.
- B Ballast voyage** A voyage from a discharge port to a loading port during which the vessel is not carrying a cargo.
- Bareboat charter party** Usually a longer-term charter in which the charterer takes over a vessel without crew. The charterer is thus responsible for all operational matters, including insurance coverage.
- Bulk cargo** Any kind of homogenous cargo stowed in bulk and not in any kind of container or packaging.
- Bunkers** The different types of fuel a vessel uses.
- Bunker hedging** Contracting for the future purchase/sale of bunker oil at a predetermined price.
- Bulk carrier** A vessel with no between-deck that is used to transport bulk goods. These vessels are mainly used to transport grain, coal, iron ore, sugar and cement.
- C Charterer** A person who charters, or hires, a vessel, e.g. a cargo owner who charters a vessel for a single voyage or for a specific period of time.
- Carrier** The person or company hiring out his vessel or the transport capacity of the vessel. The term "carrier" is not generally used in this sense; "shipowners" is the term in use.
- Call option** Gives a buyer the right but not the obligation to purchase the underlying instrument at a predetermined price called the strike price.
- Capesize** An indication of bulk carrier size: between 100,000 and 200,000 dwt.
- Charter party** A lease or cargo transport agreement between a shipowner and a charterer.
- CO₂** Carbon dioxide.
- COA** Contract Of Affreightment.
- Coating** A special coating of the interior of cargo tanks to protect the cargo against impurities.
- D Daily operating costs** Include crew costs, repair and maintenance costs, and lubricating oil.
- F FFA (Forward Freight Agreement)** Contracts for the future purchase/sale of cargo transport services at a predetermined price.
- H Handymax** An indication of bulk carrier size: between 43,000 and 55,000 dwt.
- Handysize** An indication of bulk carrier size: between 20,000 and 35,000 dwt.
- I IEA** International Energy Agency.
- IMO** International Maritime Organisation: an international shipping organisation under the UN.
- In the money** An expression meaning "profitable".
- Industrial carriers** Vessels with a limited field of operation for the delivery of cargo mainly to highly energy-intensive and market-sensitive companies. A "Capesize" carrier is a typical example of an industrial carrier.
- Combination tonnage** Vessels able to transport either a dry cargo (e.g. coal) or a liquid cargo (oil). Sometimes referred to as "combined carriers", "combination carriers" or "OBO (Oil-Bulk-Ore) carriers".
- Commercial Management** An agreement that a vessel is to be employed at the expense and risk of the shipowner.
- Contract of affreightment** A cargo transport agreement that includes an obligation to transport a large amount of cargo over several voyages. Often called a "COA".
- Purchase option** The right but not the obligation to purchase a vessel at a predetermined price.
- L Loading contract** A contract in which the underlying instrument is the freight rate.
- Long-haul** Having to do with long voyages between continents.
- Lightering** An operation in which a large vessel reloads cargo from its hold to a smaller vessel in order to serve smaller ports.
- M MR (Medium-Range) Tanker** A product tanker for transporting refined oil products, about 35,000-50,000 dwt in size.
- N NAFTA** North American Free Trade Agreement. An agreement between Mexico, Canada and the United States for the purpose of expanding and improving trade between these three countries.
- Non-toxic antifouling** A more environmentally friendly bottom paint for vessels that keeps algae and other aquatic plants and animals from accumulating.
- NO^x** Nitrogen oxides.
- O OECD** Organisation for Economic Co-operation and Development. An organization of the world's most highly industrialized nations whose main purpose is to achieve greater economic growth.
- Operating activities** Chartering tonnage owned by other shipowners and then chartering it out to the spot or periodic markets.



- O Option cargo contract** A simultaneous purchase of an option at one strike price and sale of another option at another strike price at the same amount and for the same period of time. The purchaser of an option cargo contract buys a call option at the high strike price and sells a put option at the low strike price.
- P Panamax** Vessels 60,000-80,000 dwt in size. The largest type of vessel able to transit the Panama Canal.
- Product tanker** Part of the tanker segment that includes voyages with refined oil products, including jet fuel, naphtha, diesel oil and gas oils.
- Protection & Indemnity** The most important type of liability insurance in the shipping business.
- Put option** Gives a seller the right but not the obligation to sell the underlying instrument at a predetermined price called the strike price.
- The Company/the Group** Dampskibsselskabet "NORDEN" A/S.
- Interest rate swap** A financial instrument that enables a series of payments at variable interest rates to be changed to a series of payments at a fixed interest rate, or vice versa.
- S Shipping** Transport by sea and other related maritime activities.
- Short-haul** Having to do with short maritime voyages.
- SO₂** Sulphur dioxide
- SR (Short-Range) Tanker** A product tanker for the transport of refined oil products, about 25,000-35,000 dwt in size.
- Strike pris** The price at which it has been agreed that the underlying instrument can be traded.
- General cargo vessel** A vessel with one or more between-decks which enable it to carry different types of cargo separated from each other.
- Suezmax** Vessels 120,000-150,000 dwt in size, typically vessels with a load capacity of one million barrels of crude oil. The maximum size that can transit the Suez Canal fully loaded.
- T Tanker** General term for all maritime transport of oil, crude oil as well as refined products.
- T/C** Time charter.
- Dwt** Tonnes deadweight, indicates the cargo carrying capacity of a vessel.
- Time charter** A charter, or lease agreement, in which a ship-owner hires out a vessel to the charterer for varying periods of time.
- Time charter equivalent** Freight income minus bunkers consumption, port costs and commissions, per day.
- Tonne-mile** The distance a quantity of freight is transported.
- Tramp vessel** A vessel that has no fixed route or published schedule.
- Two-tier market** A market with two rate levels, the distinction is especially made in the tanker trade, where higher rates are charged for quality tonnage than for second-class vessels.
- Dry cargo** The maritime transport of non-liquid cargo.
- U UL/VLCC (Ultra-Large/Very Large Crude Carriers)** Crude oil tankers 200,000-350,000 dwt in size, typically vessels with a load capacity of two million barrels of crude oil. Too large to transit the Suez Canal.
- V Value-at-Risk (VaR)** VaR is a statistic measurement of the maximum loss on Company positions within a given period of time with a given probability.
- Worldscale** International cargo system based on a "standard vessel" size of 75,000 dwt. The freight is calculated on a round-trip basis.



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