

**TORM**

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HIGHLIGHTS - END OF THIRD QUARTER 2001

- Continued satisfactory earnings from Tanker operations
- Full year profit forecast is maintained and expected to be slightly below DKK 500 million before tax in spite of weaker earnings for remainder of the year against the background of September 11
- Satisfactory beginning to Bulk division's involvement in newly established handy size pool



Financial results

Profit before tax for the first three quarters of 2001 was DKK 469 million. The positive market for the Company's product tankers have been the dominant factor with total earnings from shipping activities for the first three quarters of 2001 totaling DKK 581 million, corresponding to a 60% increase in earnings as compared to the same period in 2000. The profit before tax includes the sale of vessels resulting in a profit of DKK 84 million, including an exchange gain of DKK 14 million, while financial items reduced the result by DKK 63 million.

With effect from July 1 2001 the estimated lifetime for the company's vessels has been changed from 20 years to 25 years. Furthermore a scrap value corresponding to the estimated value of the steel at the time of scrapping after 25 years has been incorporated. The change alone will influence depreciation from July 1 2001 and forward. The change reduces depreciation by DKK 8 million in the current period.

Profit forecast for 2001

Despite a downturn in 4th quarter earnings, the Company's satisfactory performance year to date means that the profit forecast of slightly below DKK 500 million, which was issued at half year, is expected to be maintained.

Tanker division

Earnings for the third quarter were slightly below those of the second, but were nonetheless very satisfactory, and ahead of expectations.

The immediate effect after September 11, 2001 was an increase in freight rates, however, the market adjusted accordingly.

Towards the Quarter's end, however, rates eased somewhat and are expected to remain below the levels seen during the first three quarters of the year.

Weaker prices for both crude oil and petroleum products, against a background of reducing demand for such key products as jet fuel and naphtha, of which the Company is a leading carrier, will in the immediate term cause Oil Traders in particular to adopt more of a 'wait and see' attitude. The Company therefore expects weaker earnings during the 4th quarter compared to the first three quarters.



Bulk division

As anticipated, rates in the Panamax bulk sector weakened considerably during the quarter as a result of a worldwide reduction in economic activity.

This was exacerbated by the delivery into the market of a large number of newbuildings coupled with lower than expected levels of scrapping.

The handy size market was also weaker, but dropped proportionally less than the panamax market. The Handysize Pool agreement referred to in the half-year statement commenced as scheduled on 1st October and initially comprises a fleet in excess of 25 vessels.

As stated in the half year report, the Division hedged forward income in anticipation of lower rates and as such, the Division's results have been relatively unaffected by the weaker market. Despite these hedging arrangements the outlook for the bulk sector is negative in the short term.

Liner division

The results for the quarter were initially ahead of expectations but the aftermath of the September 11 event negatively affected two subsequent sailings with a large number of bookings being cancelled. The prospects for the fourth quarter appear reasonably encouraging, however, with satisfactory booking levels coupled with a promising cocoa season.

These factors combined are largely expected to compensate in overall terms for the aforementioned losses.

Offshore

The Company's two remaining bare-boat chartered vessels continue to perform well, somewhat ahead of expectations. The prospects for this sector remain encouraging, against a background of strong demand both in the North Sea and internationally for modern, high specification ships.



Accounting Policies

With the exception of provisions for deferred taxation and repairs, the accounts have been prepared in accordance with the practices used in the Company's annual accounts for 2000.

Following Danish accounting guideline no. 14 on income taxation, the policy has been changed so that deferred tax will henceforth be calculated at 30%. The Company has in previous years calculated the deferred tax at 16%. The change in policy reduced the income for the period by DKK 57 million. The transitional adjustment to capital and reserves represents a reduction of DKK 108 million.

Forthcoming Danish accounting guideline no. U23 on tangible fixed assets has been adopted starting with financial year 2001. As a result of this, provisions can no longer be made to cover deferred repair and maintenance work. These must henceforth be treated as assets and depreciated over the period prior to the next scheduled docking. The change in policy increased the income for the period by DKK 2 million. The transitional adjustment to capital and reserves represents an increase of DKK 18 million.

Comparative figures have been adjusted in accordance with the new accounting policy.

**Yours faithfully,
A/S Dampskibsselskabet TORM**

**Erik Behn
Chairman**

**Klaus Kjærulff
CEO**

Group financial highlights

| | 30.09.2001 | | 30.09.2000 | | 31.12.2000 | |
|--|------------|------|------------|------|------------|------|
| | DKKm | USDm | DKKm | USDm | DKKm | USDm |
| PROFIT AND LOSS ACCOUNT | | | | | | |
| Net turnover | 1,984 | 238 | 1,541 | 195 | 2,162 | 260 |
| Net earnings from shipping activities | 581 | 70 | 378 | 48 | 544 | 65 |
| Profit on sale of vessels/interests | 84 | 10 | 34 | 4 | 154 | 18 |
| Other operating income | 44 | 5 | 32 | 4 | 45 | 5 |
| Profit before depreciation | 624 | 75 | 390 | 49 | 659 | 79 |
| Profit/(loss) before tax and extraordinary items | 469 | 56 | 121 | 15 | 339 | 39 |
| Profit/(loss) for the period | 329 | 39 | 84 | 11 | 237 | 28 |
| BALANCE SHEET | | | | | | |
| Fixed assets | 2,018 | 287 | 2,338 | 360 | 1,961 | 297 |
| Current assets | 1,360 | 146 | 1,047 | 124 | 1,288 | 161 |
| Total assets | 3,378 | 433 | 3,385 | 483 | 3,249 | 458 |
| Capital and reserves | 1,408 | 165 | 969 | 130 | 1,079 | 146 |
| Provisions | 406 | 51 | 208 | 25 | 274 | 23 |
| Liabilities | 1,564 | 217 | 2,208 | 328 | 1,896 | 289 |
| RATIOS | | | | | | |
| Return on assets (%) | 34*) | | 17*) | | 16 | |
| (including interest and gains on bonds) | | | | | | |
| Return on equity (%) | 53*) | | 35*) | | 24 | |
| Market price per share | 50 | | 53 | | 57 | |
| Share price/Net asset value | 0.6 | | 1.0 | | 1.0 | |
| Dividend (%) | | | | | 20 | |
| Earnings per share | 18.1 | | 4.6 | | 13.0 | |
| Solvency ratio (%) | 42 | | 29 | | 33 | |
| Investments in tangible fixed assets | 665 | 83 | 77 | 10 | 322 | 40 |
| Increase/(decrease) in cash and cash equivalents | 117 | 14 | (18) | (2) | 122 | 15 |
| USD/DKK exchange rate | 8.12 | | 8.47 | | 8.02 | |

*) Annualised

Capital and reserves

| | mio. DKK |
|---|----------------|
| Balance at January 1, 2001 | 1,170.1 |
| Transitional adjustment | (90.3) |
| Adjusted balance at January 1, 2001 | 1,079.8 |
| Exchange adjustment of capital and reserves in subsidiaries and associated companies | (0.3) |
| Exchange adjustment of loans to independent units | (0.1) |
| Profit and loss account | 328.6 |
| Capital and reserves at September 30, 2001 | 1,408.0 |