



TORM

ANNOUNCEMENT NO. 9- 2004

A/S Dampskibsselskabet TORM
Marina Park
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Denmark

19 May 2004

TORM - results for first quarter 2004 – Expectations for 2004 of profit before tax on own activities of minimum DKK 750-800 mill.

- Profit from own activities was DKK 249 mill., which was better than expected and is considered highly satisfactory.
- Profit after tax for the first quarter of 2004 was DKK 1.096 mill., including value adjustment on the NORDEN shares of DKK 847 mill. The value adjustment on the NORDEN shares has from the end of first quarter 2004 to 18 May 2004 decreased to DKK 506 mill.
- Profit before depreciation was DKK 317 mill. for the first quarter 2004 (DKK 139 mill. for the first quarter of 2003).
- Profit before financial items was DKK 267 mill. for the quarter (DKK 87 mill.).
- Cash flow from operating activities was DKK 308 mill. (DKK 95 mill.).
- Return on invested capital was 31.9% p.a. and return on equity was 145.6% p.a. for the quarter. Shareholders' equity totalled DKK 3,559 mill. as at 31 March 2004.
- Freight rates in the Tanker division have for the first quarter and into the second quarter 2004 been above the expectations in the Annual Report 2003. In the Bulk Division, freight rates have been in line with the expectations in the first quarter 2004 but below expectations in the beginning of the second quarter.
- Pre tax profit expectations for 2004 are minimum DKK 750-800 mill. before any value adjustments related to the shares in Dampskibsselskabet 'NORDEN' A/S.

*A telephone conference reviewing the results will take place on Monday 24 May 2004 at 17.00 hours Danish time to review the results. The telephone conference will also be accessible via the Internet (www.torm.com). In order to participate please call 10 minutes prior to the start of the telephone conference on **+45 32 71 46 11** (from Europe) or **+1 334 420 4950** from the U.S.*

A/S Dampskibsselskabet TORM

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KEY FIGURES FOR THE GROUP

DKK mill.	q1 2004	q1 2003	Change q1 2003-04	Full year 2003
INCOME STATEMENT				
Net revenue	610	502	22%	1,928
Time Charter equivalent earnings	487	317	54%	1,307
Gross profit	333	153	118%	647
Profit before depreciation	317	139	128%	572
Profit before financial items	267	95	181%	395
Net gain/(loss) from other investments and securities	851	10	8725%	682
Other financial items	-22	-4	548%	-25
Profit/(loss) before tax	1,096	101	985%	1,052
Net profit after tax for the period	1,096	101	985%	1,051
BALANCE SHEET				
Total assets	6,228	4,159	50%	4,894
Shareholders' equity	3,559	1,674	113%	2,464
Liabilities	2,669	2,485	7%	2,430
Invested capital	3,509	2,932	20%	3,186
Net interest bearing debt	1,774	1,562	14%	1,698
CASH FLOW				
From operating activities	308	87	254%	494
From investing activities	-311	-217	43%	-1,008
thereof investment in tangible fixed assets	-311	-328	-5%	-1,122
From financing activities	154	182	-15%	471
Net cash flow	151	52	190%	-43
KEY FIGURES				
Gross margin	54.6%	30.5%		33.6%
Profit before depreciation/Net revenue	52.0%	27.7%		29.7%
Profit before financial items/Net revenue	43.8%	18.9%		20.5%
RoE (p.a.)	145.6%	24.5%		51.4%
RoIC (p.a.)	31.9%	13.2%		13.1%
Equity ratio	57.1%	40.3%		50.3%
Share price, end of period (DKK)	356.4	65.8	442%	180.5
Millions of shares, end of period	18.2	18.2	0%	18.2
Earnings per share (DKK)	63.2	5.8	984%	60.7
Exchange rate USD/DKK, end of period	6.09	6.82	-11%	5.96
Exchange rate USD/DKK, average	5.96	6.92	-14%	6.59

FIRST QUARTER 2004 RESULTS

Profit from own activities was DKK 249 mill. Profit after tax for first quarter 2004 was DKK 1,096 mill., including value adjustment on the NORDEN investment of DKK 847 mill.

Gross profit for the first quarter of 2004 was DKK 333 mill. (as against DKK 153 mill. for the first quarter 2003). The increase was primarily the result of the net effect of higher freight rates achieved by the Tanker Division, a strong increase in freight rates in the Bulk Division, an increased number of available operating days for both the Tanker and Bulk divisions due to the delivery of vessels, countered by a 14% reduction in the USD/DKK exchange rate in comparison with first quarter 2003.

Profit before depreciation was DKK 317 mill. (DKK 139 mill.).

Depreciation was DKK 50 mill. (DKK 44 mill.). The increased depreciation is brought about by an increase in the Company's fleet through the delivery of three product tanker newbuildings and two second hand bulk carriers in the period April 2003 to March 2004, offset by the lower USD/DKK exchange rate.

Net financial items were positive by DKK 829 mill. (DKK 6 mill.). These included net gains on securities – primarily the NORDEN shares – of DKK 851 mill., net interest expense of DKK 16 mill. less other financial items of minus DKK 6 mill.

Profit before tax was DKK 1,096 mill. (DKK 101 mill.).

Profit after tax was DKK 1,096 mill. (DKK 101 mill.)

The Tanker Division's net profit was DKK 125 mill. whilst the Bulk division showed a net profit of DKK 121 mill. Other activities – primarily unallocated financial items - generated after tax profits of DKK 850 mill.

Cash flow from operating activities was positive by DKK 308 mill. during the first quarter of 2004 and consisted primarily of cash operating earnings.

Cash flow from investments was negative by DKK 311 mill., mainly consisting of investments in fixed assets, primarily vessels.

Cash flow from financing activities was DKK 154 mill. for the first quarter of 2004. This amount consists primarily of loan draw-downs in connection with the delivery of newbuildings and second hand vessels totalling DKK 425 mill., less repayments of mortgage and leasing debt of DKK 250 mill.

Net cash flow for the first quarter of 2004 was DKK 151 mill. The Company's cash and bond holdings totalled DKK 630 mill. against DKK 479 mill. at the end of 2003.

Total assets rose during the quarter from DKK 4,894 mill. to DKK 6,228 mill. primarily due to an increase in fixed assets during the period from DKK 4,169 mill. to DKK 5,354 mill. This positive effect was principally the result of the delivery in January 2004 of TORM Estrid, the increase in the value of the NORDEN investment and the increase in the USD/DKK exchange, offset by depreciation during the period. The investment in NORDEN is valued at a price of DKK 2,469



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per share, which was the closing price on the Copenhagen Stock Exchange as at 31 March 2004.

The Company's net interest bearing debt increased during the first quarter of 2004 from DKK 1,698 mill. to DKK 1,774 mill. The increase is primarily the result of net loan draw-downs in connection with the delivery of newbuildings, countered by the positive cash flow for the period.

During the first quarter of 2004, equity rose from DKK 2,464 mill. to DKK 3,559 mill. mainly brought about by earnings during the period. The percentage of equity to total assets rose from 50.3% as at 31 December 2003 to 57.1% as at 31 March 2004.

As at 31 March 2004, TORM owned 787,376 own shares, which is equivalent to 4.3% of the Company's share capital. The number of owned shares decreased from 881,368 shares as at 31 December 2003 as a result of exercise of options under the Company's share incentive programme.

Q1 2004 - segment information (DKK mill.)				
	Tanker division	Bulk division	Unallocated	Total
Net revenue	354	256	0	610
Port expenses and bunker	<u>-85</u>	<u>-38</u>	<u>0</u>	<u>-123</u>
Time charter equivalent earnings	269	218	0	487
Charter hire	-19	-65	0	-84
Operating expenses	<u>-55</u>	<u>-15</u>	<u>0</u>	<u>-70</u>
Gross Profit	195	138	0	333
Profit on sale of vessels and interest	0	0	0	0
Administrative expenses	-24	-8	-1	-33
Other Operating income	<u>17</u>	<u>0</u>	<u>0</u>	<u>17</u>
Profit before depreciation	188	130	-1	317
Depreciation	<u>-42</u>	<u>-8</u>	<u>0</u>	<u>-50</u>
Profit before financial items	146	122	-1	267
Net gain/(loss) from other investments and securities	0	0	851	851
Other financial items	<u>-21</u>	<u>-1</u>	<u>0</u>	<u>-22</u>
Profit/(Loss) before tax	125	121	850	1,096
Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net profit for the period	125	121	850	1,096

TANKER DIVISION

Profit after tax in the Tanker Division was DKK 125 mill. for the first quarter.

Freight rates were at a high level during the first quarter of 2004, which usually is the case during the winter season. Economic growth and a high oil price contributed to keeping

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continually low stocks of refined products, which combined with a relatively cold winter in parts of North America all contributed to healthy freight rate levels for the Tanker Division.

Compared with the first quarter of 2003, rates were respectively 2% lower and 20% and 17% higher for the LR2, the LR1 and the MR segments. The first three months of 2004 compared with the same period in 2003 were not affected to the same degree by individual factors but still resulted in very firm rates.

The combined activity level for the Tanker Division expressed in terms of available earning days rose by 21% during the first quarter of 2004 as against the same period last year. In the LR2 segment, the number of available earning days rose by 69% from first quarter 2003 to first quarter 2004 as a result of the delivery of two newbuildings towards the end of 2003. In the LR1 segment, the increase was 37%, reflecting the delivery of the TORM Estrid in January 2004, whilst a marginal increase in the number of earning days in the MR segment was brought about by the delivery of two newbuildings during the first quarter of 2003, and the delivery of TORM Alice in February 2004.

Earnings data for the Tanker division

	2003		2004	Change
	Full year	q1	q1	q1-q1
LR2/Aframax vessels				
Available earning days	1,231	270	455	69%
TCE per earning days (USD/Day)*)	27,185	31,237	32,012	2%
OPEX per earning days (USD/Day)**)	-5,799	-5,651	-4,453	21%
Operating C/F per earning days (USD/Day)***)	13,911	16,931	21,697	28%
LR1/Panamax vessels				
Available earning days	847	210	288	37%
TCE per earning days (USD/Day)*)	22,429	23,630	28,270	20%
OPEX per earning days (USD/Day)**)	-6,458	-5,691	-6,141	-8%
Operating C/F per earning days (USD/Day)***)	15,883	17,939	22,130	-23%
MR vessels				
Available earning days	4,015	1,004	1,047	4%
TCE per earning days (USD/Day)*)	17,307	18,355	21,491	17%
OPEX per earning days (USD/Day)**)	-5,257	-5,701	-5,927	-4%
Operating C/F per earning days (USD/Day)***)	12,051	12,653	15,565	23%

*) TCE = Time Charter Equivalent Earnings = Gross freight income less bunker, commissions and port expenses.

***) Operating expenses for own vessels.

****) TCE earnings less operating expenses and charter hire.

**TORM****THE BULK DIVISION**

The Bulk Division achieved profits after tax of DKK 121 mill. for the first quarter of 2004. Freight rates in the dry bulk market were at an exceptionally high level during the first quarter of 2004 albeit there was a decreasing trend towards the end of the quarter and into the second quarter. The high rates for the period were primarily the result of very strong demand from China coupled with a significant increase in waiting time in many ports.

Freight rates for the first quarter were 153% and 112% respectively higher for TORM's Panamax and Handysize vessels compared to first quarter 2003.

When freight rates began to rise significantly towards the end of September 2003, TORM began to cover available earning days for 2004. This has contributed to ensuring less volatile earnings for the current year.

The number of available earning days during first quarter 2004 as compared with first quarter of 2003 increased by 19% for TORM's Panamax fleet as a result of the chartering-in of additional tonnage, whilst in the Handysize segment, one vessel was redelivered during 2003, which accounts for the decrease of 15% in the number of available earning days in this segment.

Earnings data for the Bulk Division

	2003		2004	Change q1-q1
	Full year	q1	q1	
Panamax vessels				
Available earning days	5,147	1,161	1,383	19%
TCE per earning day (USD/day)*)	11,695	9,166	23,219	153%
OPEX per earning day (USD/day)**)	-5,109	-5,208	-5,501	6%
Operating C/F per earning day (USD/day)***)	2,929	606	14,327	2264%
Handysize vessels				
Available earning days	1,258	356	303	-15%
TCE per earning day (USD/day)*)	8,706	7,526	15,963	112%
OPEX per earning day (USD/day)**)	-3,058	-3,442	-3,112	-10%
Operating C/F per earning day (USD/day)***)	4,135	2,664	11,187	320%

*) TCE = Time Charter Equivalent Earnings = Gross freight income less bunker, commissions and port expenses

***) Operating expenses for own vessels.

****) TCE earnings less operating expenses and charter hire.

UNALLOCATED

Unallocated items consist of an amount of DKK 850 mill. which is made up of unallocated financial items including the unrealised gain on the NORDEN holding of DKK 847 mill. Unallocated items furthermore consist of minor items connected with adjustments related to the Liner activity, which was sold in 2002.



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FLEET DEVELOPMENT

During the first quarter of 2004, TORM took delivery of the LR1 product tanker TORM Estrid, and during the same period exercised purchase options on two time-chartered vessels, TORM Baltic and TORM Marlene at favourable prices. These two vessels will be delivered in the second quarter 2004. During the period, TORM also purchased the MR product tanker TORM Alice from the Company's pool partner Rederi AB Gotland.

TORM's order book currently consists of six newbuildings (one LR1 product tanker due for delivery in the summer of 2004 and five LR2 product tankers for delivery during 2006-2008) with a total value of more than USD 200 mill.

Since the end of 2003, vessel values have generally increased substantially both for tankers and bulk carriers.

The certification of the Company's ships to conform to the so-called ISPS code, which consists of a number of security requirements aimed at the risk of terrorism described in the Annual Report 2003, is proceeding according to plan. As such, more than two thirds of vessels under TORM's technical management are already certified, with the remainder expected to have certification in place well ahead of the 1 July 2004 deadline.

CHINA

In recent years, ship owners have placed great emphasis on the Chinese market. Within the dry bulk segment, the primary reason for the significant increases in freight rates have to a very large degree been the result of a vast increase in the import to China of raw materials, especially iron ore. China is now also the world's second largest consumer of oil and a gradual liberalisation in the import of clean petroleum products is expected to lead to an increase in the import of refined products to the country. In 2003 alone, the import of clean petroleum products to China increased by 50%. China's demand is, however, not as crucial in the product tanker market, as the import of refined products is limited, though rapidly increasing.

After the end of the first quarter of 2004, the Chinese authorities adopted a number of measures aimed at avoiding the risk of overheating in the Chinese economy. These measures are expected to result in a more modest Chinese growth for the remainder of 2004, but in the medium to long term, the outlook for both the Chinese and far eastern markets generally continue to look promising for shipping.

TORM has during the first quarter of 2004 strengthened the Company's existing organisation in Singapore. The majority of the Company's activities today is in the Far East and Middle East and as such, an increased presence will support continued growth in this market.

CREWING

In order to achieve greater control over key elements of ship operations, TORM has decided to open its own office in the Philippines and thereby even better than previously control the recruitment and training of Filipino officers and seamen. To date, this has been handled by a local crewing agency.



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PRODUCT TANKER POOLS

The three product tanker pools consisted of a total of 63 ships as per 31 March 2004. During the first quarter 2004, the net increase in the three pools was two vessels. Based on the delivery of vessels already on order, the three pools will consist of 76 vessels by the end of 2004.

There are on-going discussions with a number of potential partners about the possibility of participating in the three pools.

EXPECTATIONS FOR 2004

Freight rates for the first quarter of 2004 and the beginning of the second quarter of 2004 for the Tanker Division has been higher than expected in the 2003 Annual Report. The improved freight rate picture is due to the combination of satisfactory economic growth, historically low inventories for refined oil products, together with the removal from the market of a significant number of older, single hulled tankers due for demolition. The increase in demolition is due not only to the less favourable trading conditions for this type of vessel, but also to the very high scrap prices – reflecting the strong demand for steel.

In the Bulk Division, freight rates for the first quarter 2004 was in line with the expectations expressed in the 2003 Annual Report, but were below expectations in the beginning of the second quarter 2004. Due to a slow start to the grain export from South America combined with Chinese action to dampen the rapid growth in the economy freight rates were falling towards the end of first quarter and into second quarter 2004. However, freight rates are still at an attractive level.

76% of the available earning days of the Company's Panamax bulk vessels in 2004 were covered at an average rate of USD 24,750 per day, as at 30 April 2004. The measures taken in China lead to expectations of a continued strong demand and thereby attractive freight rate levels, as the addition of newbuildings to the world fleet in the period 2004-06 in both Panamax and Handysize is limited.

Expectations for TORM's profit before tax is minimum DKK 750-800 mill., excluding value adjustments to the NORDEN shareholding. The unrealised gain on the NORDEN holding in 2004 was as at 18 May 2004 DKK 506 mill., based on a NORDEN shares price of DKK 2,000/share.

The forecast is based on a USD/DKK exchange rate of 6.00.



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SAFE HARBOUR STATEMENT – FORWARD LOOKING STATEMENTS

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although TORM believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, TORM cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, changes in charter hire rates and vessel values, changes in demand for "tonne miles" of crude oil carried by oil tankers, the effect of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled dry-docking, changes in TORM's operating expenses, including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations including requirements for double hull tankers or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by TORM with the US Securities and Exchange Commission, including the TORM Annual Report on Form 20-F and its reports on Form 6-K.

ACCOUNTING POLICIES

The accounts for the first quarter 2004 have been prepared using the same accounting policies as for the 2003 Annual Report.

The accounting policies are described in more detail in the 2003 annual report.

The quarterly report for the first quarter of 2004 is unaudited, in line with normal practice.

TELEPHONE CONFERENCE AND WEBCAST

TORM invites financial analysts and investors to a telephone conference, where the quarterly report for first quarter 2004 will be discussed, on Monday 24 May 2004 at 17.00 hours Danish time. The telephone conference will be conducted in English and will be hosted by Klaus Kjærulff, CEO and Klaus Nyborg, CFO. To participate please call 10 minutes prior to the start of the telephone conference on **+45 32 71 46 11** (from Europe) or **+1 334 420 4950** from the U.S. The telephone conference will also be accessible via the Internet (www.torm.com), from where the presentation used in the telephone conference can also be downloaded.



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Income statement

	GROUP		
	First quarter 2004	First quarter 2003	2003
DKK mill.			
Net revenue	610	502	1,928
Port expenses and bunkers	-123	-185	-621
Time Charter Equivalent Earnings	487	317	1,307
Charter hire	-84	-95	-405
Technical running costs	-70	-69	-255
Gross profit	333	153	647
Profit on sale of vessels and interests	0	0	0
Administrative expenses	-33	-27	-126
Other operating income	17	13	51
Profit before depreciation	317	139	572
Depreciation	-50	-44	-177
Profit before financial items	267	95	395
Net gain/(loss) from other investments and securities	851	10	682
Other financial items	-22	-4	-25
Profit before tax	1,096	101	1,052
Tax	0	0	-1
Net profit	1,096	101	1,051

Balance sheet

	GROUP	
	31 March 2004	31 December 2003
DKK mill.		
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Leasehold improvements	1	2
Land and buildings	2	3
Vessels and capitalized dry-docking	3,314	2,944
Prepayment on vessels under construction	199	229
Other plant and operating equipment	14	15
	3,530	3,193
Financial fixed assets		
Other investments	1,824	976
	1,824	976
TOTAL FIXED ASSETS	5,354	4,169
CURRENT ASSETS		
Inventories		
Inventories of bunkers	29	26
Accounts receivables		
Freight receivables, etc.	142	147
Other receivables	62	51
Prepayments	11	22
	215	220
Securities		
Bonds	338	316
Cash at bank and in hand	292	163
TOTAL CURRENT ASSETS	874	725
TOTAL ASSETS	6,228	4,894



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Balance sheet

	GROUP	
	31 March 2004	31 December 2003
DKK mill.		
SHAREHOLDERS' EQUITY		
Common shares	182	182
Own shares	-46	-52
Retained profit	3,205	2,116
Proposed dividend	218	218
TOTAL SHAREHOLDERS' EQUITY	3,559	2,464
LIABILITIES		
Long-term liabilities		
Mortgage debt and bank loans	2,096	1,701
Capitalized lease obligations	0	0
	2,096	1,701
Current liabilities		
Next year's repayments on mortgage debt and bank loans	308	295
Capitalized lease obligations	0	181
Trade accounts payable	78	96
Other liabilities	135	102
Accruals	52	55
	573	729
TOTAL LIABILITIES	2,669	2,430
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,228	4,894



Cash flow statement

	First quarter 2004
DKK mill.	
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before financial items	267
Interest income, exchange rate gains and dividends received	6
Interest expenses	-22
	251
Adjustments:	
Reversal of depreciation and impairment loss	50
Reversal of other non-cash movements	-6
Change in inventories, accounts receivables and payables	13
Net cash inflow from operating activities	308
CASH FLOW FROM INVESTING ACTIVITIES	
Investment in tangible fixed assets	-311
Investment in equity interests and securities	0
Sale of fixed assets	0
including profit on sale of vessels (included in operating activities)	0
Net cash inflow/(outflow) from investing activities	-311
CASH FLOW FROM FINANCING ACTIVITIES	
Borrowing, mortgage debt	425
Repayment/redemption, mortgage debt	-181
Repayment/redemption, lease liabilities	-69
Dividends paid	0
Purchase/disposals of own shares	6
Settlement share options	-27
Cash inflow/(outflow) from financing activities	154
Increase/(decrease) in cash and cash equivalents	151
Cash and cash equivalents, including bonds, at 1 January	479
Cash and cash equivalents, including bonds, at 31 March	630



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Shareholders' equity

	GROUP
DKK mill.	First quarter 2004
Balance at 1 January 2004	2,464
Exchange rate adjustment arose upon translation from measurement currency to presentation currency	31
Fair value adjustment of derivative financial instruments	-11
Exercise share options	-27
Disposal of own shares at cost	6
Net profit for the period	1,096
Balance at 31 March 2004	3,559



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**Reconciliation to United States Generally Accepted Accounting Policies (US GAAP),
as of 31 March 2004:**

	Net Income	Shareholders' Equity
DKK mill.		
Income/Shareholders' equity as reported under Danish GAAP	1,096	3,559
Dry-docking costs	0	-42
Write-down on vessels	0	-11
Unrealized gain on marketable securities	-850	0
Derivative financial instruments	-12	0
Share options	-64	-41
Deferred tax	-1	-356
Income/Shareholders' equity in accordance with US GAAP	169	3,109