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COPENHAGEN STOCK EXCHANGE ANNOUNCEMENT NO. 9 - 2003

A/S Dampskibsselskabet TORM
Marina Park
Sundkrogsvej 10
DK-2100 Copenhagen Ø
Denmark

19 August 2003

TORM - Interim report first half 2003 – significant increase for TORM

- Profit after tax for first half 2003 was DKK 236 mill.
- The results are highly satisfactory – especially in view of the development in the USD/DKK-exchange rate – and exceed the original forecast.
- Significant advance resulting from high freight rates and transportation buyers' gradually increased focus and need for younger double-hulled tanker vessels and the flexibility and experience TORM and its partners offer.
- As stated in announcement No. 8 to the Copenhagen Stock Exchange, dated 5 August 2003, expectations for the full year profit after tax was increased to DKK 375-400 mill. including an unrealised gain of DKK 55 mill. in respect of the Company's holding in Dampskibsselskabet 'NORDEN' A/S
- Profit before depreciation (EBITDA) was DKK 259 mill. for the first half of 2003.
- Profit before financial items (EBIT) was DKK 173 mill. for the first half of 2003.
- As part of the Company's strategy to focus on modern, quality vessels, the Company took delivery during the period of two MR product tankers, sold a 1992-built MR product tanker and placed orders for two further LR2/Aframax product tankers for delivery in 2006.
- The newbuilding program consists of six product tankers for delivery in 2003-06 with a total value of more than USD 220 mill. (app. DKK 1.4 billion).
- Conference call discussing the results, today 19 August 2003 at 17.00 Copenhagen time. The conference call will also be accessible via the Internet (www.torm.dk). To participate in the call, please call 10 minutes before the start of the conference call on tel.: **+45 32 71 46 11** (from Europe) or **+1 334 323 6203** (from the US).

A/S Dampskibsselskabet TORM

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Key figures for the group	H1 2003	H1 2002	Full year 2002
DKK mill.			
INCOME STATEMENT			
Net revenue	939	712	1,539
Time charter equivalent earnings (TCE)	570	500	983
Gross profit (Net earnings from shipping activities)	300	140	303
Profit before depreciation (EBITDA ¹)	259	136	368
Profit before financial items (EBIT)	173	60	210
Profit/(loss) before tax	236	74	197
Net profit after tax for the period	236	434	557
BALANCE SHEET			
Total assets	4,079	3,700	4,013
Shareholders' equity	1,721	1,540	1,624
Debt	2,358	2,160	2,389
Invested capital	2,821	2,686	2,846
Net interest bearing debt	1,447	1,203	1,512
CASH FLOW			
From operating activities	233		
From investing activities	-306		
thereof gross investment in tangible fixed assets	-420		
From financing activities	<u>125</u>		
Net cash flow	52		
KEY FIGURES			
Gross margin	31.9%	19.7%	19.7%
EBITDA margin	27.6%	19.1%	23.9%
EBIT margin	18.4%	8.4%	13.6%
RoE (p.a)	28.2%		
RoIC (p.a)	12.2%		
Equity ratio	42.2%	41.6%	40.5%
Share price, end of period (DKK)	85.5	51.4	56.4
Millions of shares, end of period	18.2	18.2	18.2
Earnings per share (DKK)	13.0	23.8	30.6
Exchange rate USD/DKK, end of period	6.50	7.45	7.08
Exchange rate USD/DKK, average	6.74	8.28	7.89

¹ EBITDA is defined as earnings before income taxes, financial items, depreciation and amortizations. This does not represent a measure under Generally Accepted Accounting (GAAP) Principles. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by Generally Accepted Accounting Principles, and our calculation thereof may not be comparable to that reported by other companies. We believe that it is widely accepted that EBITDA provides useful information regarding a company's ability to service and incur indebtedness. EBITDA does not take into account our working capital and debt service requirements, and accordingly is not necessarily indicative of amounts that may be available for discretionary use.

RESULT FOR FIRST HALF 2003

Gross profit (net earnings from shipping activities) for the first half of 2003 was DKK 300 mill. (against DKK 140 mill. for first half of 2002). The increase was primarily attributable to better freight rates in both the tanker and bulk segments.

Profit before depreciation (EBITDA) was DKK 259 mill. (DKK 136 mill.).

Depreciation was DKK 86 mill. (DKK 76 mill.). The increase in depreciation was the result of the Company's fleet expansion through the delivery of six newbuildings during 2002-3.

Net financial items totaled DKK 63 mill. (DKK 14 mill.) during the period and includes an unrealized gain relating to the Company's 33.35% holding in NORDEN of DKK 55 mill. Net financing costs as compared to first half 2002 increased due to the delivery of two newbuildings, but was partly offset by lower interest rates and a lower USD/DKK exchange rate.

Profit before tax was DKK 236 mill. (DKK 74 mill.).

Profit after tax was DKK 236 mill. (DKK 434 mill., including a write-back of a provision for deferred tax of DKK 360 mill. following the introduction of the tonnage tax system in Denmark). The Tanker division contributed by far the most substantial share – DKK 177 mill. – whilst the Bulk division contributed DKK 6 mill. Other activities (Offshore and liner activities and unallocated financial items) showed a result after tax of DKK 53 mill.

Cash flow from operating activities was DKK 233 mill. in the first half of 2003, consisting of cash earnings less increased working capital.

Cash flow from investment activities was DKK -306 mill., consisting of investment in vessels of DKK 420 mill., particularly in connection with the newbuilding program, less payments received of DKK 114 mill., primarily related to the sale of TORM GYDA.

Cash flow from financing activities was DKK 125 mill. in the first half of 2003. This amount consists principally of loan draw-downs of 310 mill. in connection with the newbuildings, less repayments of mortgage debt of DKK 150 mill. including debt outstanding on TORM GYDA, along with the payment of dividends on the Company's shares amounting to DKK 35 mill.

Total liquidity generated during the period was therefore positive in the amount of DKK 52 mill. The Company's cash and bond holdings (cash equivalents) increased to DKK 574 mill. as against DKK 522 mill. at the end of 2002.

Total assets increased during the period from DKK 4,013 mill. to DKK 4,079 mill. as a result of fixed assets increasing during the period from DKK 3,187 mill. to DKK 3,222 mill., being the net effect of the delivery of two newbuildings and depreciation during the period, coupled with the sale of TORM GYDA, but offset by the fall of the USD/DKK exchange rate. The NORDEN holding is valued at DKK 445 per share, the closing price on the Copenhagen Stock Exchange on 30 June 2003.

The Company's net interest bearing debt decreased during the first half of 2003 from DKK 1.511 mill. to DKK 1.447 mill. The reduction is mainly attributable to the positive operating cash



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flow achieved during the period and repayments, offset by net loan draw-downs in respect of the delivery of the newbuildings and the sale of TORM GYDA.

Shareholders' equity increased during the period from DKK 1.624 mill. to DKK 1.721 mill., mainly as a result of earnings less the payment of dividends. Shareholders' equity to total assets was 42.2% at 30 June 2003.

As at 30 June 2003, the Company owned 881,368 TORM shares, equivalent to 4.8% of the Company's share capital. The number of own shares was unchanged from 31 December 2002.

H1 2003 segment information (DKK mill.)

	Tanker division	Bulk division	Unallocated ¹	Total
Net revenue	578	350	11	939
Port expenses and bunker	-205	-164	0	-369
Time charter equivalent earnings	373	186	11	570
Charter hire	-2	-142	-5	-149
Operating expenses	-96	-19	-6	-121
Gross profit (Net earnings from shipping activities)	275	25	0	300
Administrative expenses	-47	-16	-4	-67
Other operating income	26	0	0	26
Profit before depreciation (EBITDA)	254	9	-4	259
Depreciation	-75	-10	-1	-86
Profit before financial items (EBIT)	179	-1	-5	173
Financial items	-2	7	58	63
Profit/(loss) before tax	177	6	53	236
Tax	0	0	0	0
Net profit for the period	177	6	53	236

¹ Contains unallocated financial items and the Company's discontinued operations, offshore and liner activities.

TANKER DIVISION

The Tanker division achieved profits after tax of DKK 177 mill. for the period.

TORM's strategy in the product tanker segment – which is to operate the vessels in cooperation with other owners with similar focus on modern, quality tonnage – was further cemented during the first half of 2003 through the delivery of a number of newbuildings and the contracting of additional tonnage for delivery to the three pools.

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During the first half 2003, TORM benefited from its position in the spot market. The Company has – compared to shipping companies, which focus on longer-term contracts (so-called time-charters) – profited considerably from the firmer spot market.

Transportation buyers are increasingly demanding, not only of the vessels, but also of the owners' shore based activities. Over a period of some years, TORM and its partners have increasingly won cargo contracts with leading transportation buyers, who are thereby able to secure a part of their transportation needs. This form of cooperation is gaining increasing importance. The flexibility and experience and significant transportation capacity of TORM and its pool partners, due to our large fleet, are key factors for customers in this regard.

The Company's three managed pools, of which the LR2 pool is co-managed with A.P. Møller - Mærsk, achieved rates in the second quarter 2003 substantially in excess of those of the corresponding period last year. Specifically, rates were respectively 52%, 76% and 31% higher in the LR2, LR1 and MR pools in the second quarter 2003 than in the second quarter 2002.

Earnings data for the Tanker division

	2002	2003	2003	% Change
	q2	q1	q2	q2-q2
LR2/Aframax vessels				
Available earning days	273	270	272	0%
Average number of vessels	3.0	3.0	3.0	0%
TCE per earning days *)	21,565	32,537	32,804	52%
OPEX per earning days **)	-4,548	-5,651	-5,816	-28%
Operating C/F per earning days ***)	6,302	18,232	18,479	193%

LR1/Panamax vessels				
Available earning days	240	210	194	-19%
Average number of vessels	2.6	2.3	2.1	-19%
TCE per earning days *)	15,021	25,499	26,507	76%
OPEX per earning days **)	-6,408	-5,691	-7,070	-10%
Operating C/F per earning days ***)	6,550	19,808	19,436	197%

MR vessels				
Available earning days	550	1,004	999	82%
Average number of vessels	6.0	11.2	11.0	82%
TCE per earning days *)	14,731	18,513	19,369	31%
OPEX per earning days **)	-4,904	-5,701	-4,577	7%
Operating C/F per earning days ***)	9,800	12,812	14,792	51%

*) TCE = Time Charter Equivalent Earnings = gross freight income less bunker, commissions and port expenses (USD/day).

**) Operating expenses for own vessels (USD/day).

***) TCE earnings less operating expenses and charter hire (USD/day).



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The substantially higher rates should be seen in the context of a number of factors that all impacted freight rates positively. These included the now ended strike in Venezuela, which resulted in longer voyages specially for refined products destined for the U.S., uncertainty in connection with the war in Iraq, lower inventories of oil products globally, combined with increased focus on modern, quality tonnage following the sinking of the "Prestige" in November 2002.

Part of the risk exposure related to freight rate levels in the Company's Tanker division is continuously countered through the use of various hedging instruments, including Forward Freight Agreements (FFA). As of 30 June 2003, net revenue contains adjustments to FFAs to the market value as of 30 June 2003. This impacted net revenue and profits negatively by DKK 20.1 mill. in the first half 2003 as freight rates at the end of first half 2003 were higher than the average rates of the FFAs.

The Company has had significantly more available earning days in the MR segment during the second quarter of 2003 as compared with the second quarter of 2002 as a result of the addition of six newbuildings during 2002-3. In the LR1 segment, the number of operating days reduced somewhat due to the re-delivery of chartered-in vessels.

The increase in operating costs for the LR2 and LR1 vessels during the second quarter 2003 as compared to the second quarter 2002 was due primarily to the lower USD/DKK exchange rate, in as much as crew wages are partly payable in DKK. Furthermore, additional scheduled docking activity in connection with some of the Company's LR1 vessels resulted in a reduction in available operating days, leading to higher operating costs per operating day.

BULK DIVISION

The Bulk division achieved a profit of DKK 6 mill. for the first half 2003.

This was a reflection of freight rates achieved by the Panamax and Handysize vessels, which were respectively 70% and 48% higher in the second quarter 2003 than in the second quarter 2002. The higher rate levels were brought about against a background of very limited growth in the world dry bulk fleet, coupled with strong demand from China and the shut down of nuclear power stations in Japan, resulting in an increased import of coal.

To ensure a more even risk profile, TORM hedged part of the exposure for 2003 in 2002. The hedging transactions are entered into through the use of various hedging instruments, including Forward Freight Agreements (FFA). This hedge has for the Panamax segment impacted the result for the first half 2003 negatively. The result was rather modest, but the effects of the hedge will decrease during the second half 2003. As of 30 June 2003, net revenue contains adjustments to FFAs to the market value as of 30 June 2003. This impacted net revenue and profits negatively by DKK 19.9 mill. in the first half 2003 as freight rates at the end of first half 2003 were higher than the average rates of the FFAs.

During 2002, TORM chartered in a number of vessels at favourable rates, whereby the second quarter of 2003 compared to the second quarter of 2002 saw a 44% increase in the number of operating days in the Panamax segment and 10% more in the Handysize segment.

Earnings data for the Bulk division

	2002	2003	2003	% Change
	q2	q1	q2	q2-q2
Panamax vessels				
Available earning days	892	1,161	1,286	44%
Average number of vessels	9.7	12.9	14.1	46%
TCE per earning days *)	7,021	9,429	11,905	70%
OPEX per earning days **)	-3,159	-5,208	-4,592	-45%
Operating C/F per earning days ***)	-682	869	3,331	589%

Handysize vessels				
Available earning days	318	356	351	10%
Average number of vessels	3.5	4.0	3.9	11%
TCE per earning days *)	5,259	7,296	7,781	48%
OPEX per earning days **)	-2,872	-3,442	-3,180	-11%
Operating C/F per earning days ***)	759	2,434	3,392	347%

*) TCE = Time Charter Equivalent Earnings = gross freight income less bunker, commissions and port expenses (USD/day)

**) Operating expenses for own vessels (USD/day).

***) TCE earnings less operating expenses and charter hire (USD/day).

OTHER AND UNALLOCATED ACTIVITIES

The Company's other activities consist of one chartered-in offshore supply vessel, due to be redelivered in the second half of 2003 along with some minor items related to the sale of the Liner activity which took place in 2002. The discontinuation of these activities is proceeding according to plan and is substantially completed. Aside from this, 'Other activities' includes an amount of DKK 58 mill. representing unallocated financial items, primarily the gain on the NORDEN shares.

FLEET DEVELOPMENT

It is an integral part of TORM's strategy to own and operate one of the youngest and most modern fleets in the market and to run it in cooperation with other owners who share TORM's commitment to quality and safety. As part of the implementation of this strategy, TORM took delivery in January 2003 of TORM THYRA and TORM FREYA, both MR vessels and the last of a six vessel order from STX in South Korea. In January 2003, the 1992-built MR product tanker TORM GYDA was sold.

As at 30 June 2003, the Company owned 16.5 product tankers and four bulk vessels. The average age of TORM's product tankers at 30 June 2003 was 5.5 years.

The Company's order book consists of six newbuildings with a total value of more than USD 220 mill., (app. DKK 1.4 billion) namely two LR2 product tankers delivering second half 2003, two LR1 product tankers delivering in 2004 and two LR2 vessels due for delivery in 2006. A second hand Panamax bulkcarrier has been purchased for delivery during the second half of 2003 and TORM has decided to exercise an option to purchase the chartered-in Panamax bulkcarrier



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TORM MARTA. This vessel will be delivered during the fourth quarter of 2003 at a price below the current market.

TORM reports the 'excess value' of the Company's fleet every six months. The excess value as of 30 June 2003 was DKK 281 mill. and represents the difference between book value and the estimated market value of the ships. This figure is established by taking the average valuation carried out by two independent, well-reputed international shipbrokers.

PRODUCT TANKER POOLS

TORM's three product tanker pools consisted of 12 partners with a total of 56 ships as at 30 June 2003. During the first half of 2003, the pools' fleet had a net growth of two vessels. During the period, Pacific Carriers Limited resigned from the MR Pool and withdrew three vessels (of which one will remain in the MR pool until October 2003). At the end of 2003, based on contracted vessels being delivered, the three pools will contain 61 vessels.

There are continuing discussions with potential partners seeking to enter the pools.

EXPECTATIONS FOR THE REMAINDER OF 2003

Tanker rates during the first quarter and into the second quarter of 2003 remained at very high levels. Proposed legislation from EU and IMO, following the sinking of "Prestige" in November 2002, with the aim of phasing out older vessels that do not adhere to today's standards, and continued increased focus on quality tonnage among buyers of transportation services coupled with the continued low inventories of refined products, leads TORM to expect that freight rates will remain at a high level in the second half of 2003.

Bulk rates have, as expected, likewise maintained firm levels for the first half of 2003 and are expected to remain at this level for the remainder of the year, given the relatively modest growth in the world fleet. As a result of forward cover having been taken for the first half of the year, the result for the Bulk division in the first half of 2003 was reduced considerably. The effects of the forward cover will be decreasing in the second half of 2003.

The forecast for 2003 is based on the following estimated rates and operating days being achieved, which should be construed as guidelines only.

Expected TCE freight rates for TORM in 2003

	USD/Day						2003
	2003						Operating days
	2002	Quarter 1 ¹	Quarter 2 ¹	Quarter 3 ²	Quarter 4 ²	Full year	
LR2	22,485	32,537	32,804	27,400	30,700	30,900	1,223
LR1	15,956	25,499	26,507	20,900	22,300	23,800	848
MR	13,468	18,513	19,369	13,900	12,800	16,100	3,996
Panamax	7,034	9,429	11,905	13,500	13,700	12,100	5,054
Handysize	5,849	7,296	7,781	8,400	7,500	7,700	1,253

¹ Actual

² Expected

³ Simple average of the four quarters



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As stated in announcement No. 8 to the Copenhagen Stock Exchange, dated 5 August 2003, expectations for the full year profits after tax were increased to DKK 375-400 mill. including an unrealised gain of DKK 55 mill. in respect of the Company's holding in Dampskibsselskabet 'NORDEN' A/S. The forecast is based on an exchange rate of USD/DKK of 6.50 for the second half of the year, which equates to an average exchange rate for the year as a whole of DKK 6.62.

The expectations are subject to uncertainty in both directions, due to the global situation.

SAFE HARBOUR STATEMENT – FORWARD LOOKING STATEMENTS

This release contains forward-looking statements concerning future events (as defined in § 21E in Securities Exchange Act of 1934 with changes) and the Company's operations, performance and financial conditions, including, in particular, statements regarding: Spot and TCE rates in the near and long term, operating days, tanker and bulker supply and demand, supply and demand for oil and refined products, expectations about the Company's future capital requirements and capital expenditures, the Company's growth strategy and how it is implemented, the number of partner and the number of vessels the partners have in the pools, environmental changes in regulation, cost savings and other benefits. Words such as "expects", "intends", "plans", "believes", "anticipates", "estimates", "outlook" and variations of such words and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks and are based on a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. In addition to the factors and matters discussed elsewhere in this report, important factors that, in TORM's view, could cause actual results to differ materially from those discussed in the forward looking statements include the strengths of world economies, currencies and interest rate levels, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the shipping market, including the effect of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in the Company's operating expenses, including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by TORM with the Copenhagen Stock Exchange and the Securities and Exchange Commission.



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ACCOUNTING POLICIES

The report for first half of 2003 has been prepared using the same accounting policies as the report for the first quarter 2003, which was changed from the 2002 annual report. Accounting policies are described in more detail in the 2002 annual report and in the first quarter 2003 report, where the change in accounting policies in the first quarter 2003 is described as well. The comparative figures are for continuing operations, and are restated to reflect current accounting policies. The first half 2003 report is unaudited, in line with standard practice.

CONFERENCE CALL AND WEBCAST

TORM invites financial analysts and investors to a conference call today, 19 August 2003 at 17.00 Copenhagen time. The conference call will be conducted in English and will be hosted by Klaus Kjærulff, CEO and Klaus Nyborg, CFO. To participate in the call, please call 10 minutes before the start of the conference call on tel.: **+45 32 71 46 11 (from Europe)** or **+1 334 323 6203 (from the US)**.

It will also be possible to access the conference call via the internet on www.torm.dk, where presentation slides for the conference call can also be found.

Income statement

	First half 2003	First half 2002	2002
DKK mill.			
Net revenue	939	712	1.539
Port costs and bunker	(369)	(212)	(556)
Time Charter Equivalent Earnings	570	500	983
Charter hire	(149)	(254)	(463)
Technical running costs	(121)	(106)	(217)
Net earnings from shipping activities (Gross profit)	300	140	303
Profit from discontinued activities	0	14	95
Profit on sale of vessels and interests	0	9	17
Administrative expenses	(67)	(50)	(102)
Other operating income	26	23	55
Equity income from investments in associated companies	0	0	0
Profit before depreciation (EBITDA)	259	136	368
Depreciation	(86)	(76)	(158)
Profit before financial items (EBIT)	173	60	210
Financial items	63	14	(13)
Profit before tax	236	74	197
Tax on profit on ordinary activities	0	360	360
Net profit	236	434	557

Balance sheet

	30 June 2003 31 Dec 2002	
DKK mill.		
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Leasehold improvements	4	5
Land and buildings	2	2
Vessels and capitalized dry-docking	2.548	2.543
Prepayment on vessels under construction	304	330
Other plant and operating equipment	17	17
	2.875	2.897
Financial fixed assets		
Other investments	347	290
	347	290
Total fixed assets	3.222	3.187
CURRENT ASSETS		
Inventories		
Inventories of bunkers	25	33
Accounts receivables		
Freight receivables, etc.	175	225
Other receivables	55	24
Prepayments	28	22
	258	271
Securities		
Bonds	296	354
Cash at bank and in hand	278	168
Total current assets	857	826
Total assets	4.079	4.013

Balance sheet

DKK mill.		
	30 June 2003	31 Dec 2002
LIABILITIES		
SHAREHOLDERS' EQUITY		
Common shares	182	182
Own shares	(52)	(52)
Retained earnings	1.591	1.494
Proposed dividend	0	0
Total shareholders' equity	1.721	1.624
LIABILITIES		
Long-term liabilities		
Mortgage debt and bank loans	1.755	1.735
Current liabilities		
Next year's instalments on mortgage debt and bank loans	266	298
Trade accounts payable	112	164
Other liabilities	157	111
Accruals	68	81
	603	654
Total liabilities	2.358	2.389
Total liabilities and shareholders' equity	4.079	4.013

Consolidated cash flow statement - first half 2003

	First half 2003
DKK mill.	
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before financial items (EBIT)	173
Interest received	16
Interest paid	(36)
	153
Adjustments:	
Reversal of depreciation	86
Reversal of other non-cash movements	(7)
Change in inventories, accounts receivables and payables	1
Net cash inflow from operating activities	233
CASH FLOW FROM INVESTING ACTIVITIES	
Investment in tangible fixed assets	(420)
Sale of fixed assets	114
Net cash inflow/(outflow) from investing activities	(306)
CASH FLOW FROM FINANCING ACTIVITIES	
Borrowing, mortgage debt	310
Repayment/redemption, mortgage debt	(131)
Repayment/redemption, lease liabilities	(19)
Dividends paid	(35)
Cash inflow/(outflow) from financing activities	125
Increase/(decrease) in cash and cash equivalents	52
Cash and cash equivalents, including bonds, at 1 January	522
Cash and cash equivalents, including bonds, at 30 June	574



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Shareholders' equity

DKK mill.	
Balance at 1 January 2003	1.719
Transitional adjustment	-95
Adjusted balance at 1 January 2003	1.624
Exchange adjustment of shareholders' equity in subsidiaries and associated companies	-38
Exchange adjustment of loans to subsidiaries and associated entities	-54
Adjustment of value of derivatives and own shares	-18
Exchange adjustment of loans	5
Dividends paid	-36
Dividends on own shares	2
Net profit from profit and loss statement	<u>236</u>
Balance at 30 June 2003	1.721

Income statement – quarter-by-quarter

	QUARTER-BY-QUARTER	
	q2 2003	q1 2003
DKK mill.		
Net revenue	437	502
Port costs and bunker	(184)	(185)
Time Charter Equivalent Earnings	253	317
Charter hire	(54)	(95)
Technical running costs	(52)	(69)
Net earnings from shipping activities (Gross profit)	147	153
Profit from discontinued activities	0	0
Profit on sale of vessels and interests	0	0
Administrative expenses	(40)	(27)
Other operating income	13	13
Equity income from investments in associated companies	0	0
Profit before depreciation (EBITDA)	120	139
Depreciation	(42)	(44)
Profit before financial items (EBIT)	78	95
Financial items	57	6
Profit before tax	135	101
Tax on profit on ordinary activities	0	0
Net profit	135	101

Consolidated cash flow statement – quarter-by-quarter

	QUARTER-BY-QUARTER	
	q2 2003	q1 2003
DKK mill.		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before financial items (EBIT)	78	95
Interest received	11	5
Interest paid	(17)	(19)
	72	81
Adjustments:		
Reversal of depreciation	42	44
Reversal of other non-cash movements	6	(13)
Change in inventories, accounts receivables and payables	26	(24)
Net cash inflow from operating activities	146	88
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in tangible fixed assets	(92)	(328)
Sale of fixed assets	4	110
Net cash inflow/(outflow) from investing activities	(88)	(218)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing, mortgage debt	40	270
Repayment/redemption, mortgage debt	(53)	(78)
Repayment/redemption, lease liabilities	(10)	(10)
Dividends paid	(35)	0
Cash inflow/(outflow) from financing activities	(58)	182
Increase/(decrease) in cash and cash equivalents	0	52
Cash and cash equivalents, including bonds, beginning of period	574	522
Cash and cash equivalents, including bonds, end of period	574	574



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Reconciliation to United States Generally Accepted Accounting Principles (US GAAP), as of 30 June 2003:

	Net Income	Shareholders' Equity
DKK mill.		
Net Income/Shareholders' equity as reported under Danish GAAP	236	1.721
Dry dock costs	2	-41
Reversal of Write-down of vessels	1	-11
Unrealized gain/losses on marketable securities	-59	0
Derivative Financial Instruments	0	0
Share options	1	1
Deferred tax	-6	-373
Net Income/Shareholders' equity in accordance with US GAAP	175	1.296

DKK/USD exchange rate as of 30 June 2003 of 6.5021 and average exchange rate for first half 2003 of 6.7321 have been used in the translation. For a review of principles and methods used in the reconciliation, please see TORM's 2002 Annual Report.