

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

AS STEAMSHIP CO TORM  
Form 6-K  
August 09, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of August 2006

A/S STEAMSHIP COMPANY TORM  
(Translation of registrant's name into English)

Tuborg Havnevej 18  
DK-2900 Hellerup  
Denmark  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F   
-----

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No   
-----

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Set forth herein as Exhibit 1 is a copy of Announcement No. 9 - issued by A/S STEAMSHIP COMPANY TORM (the "Company") to the Copenhagen Stock Exchange on August 9, 2006.

In anticipation of continuing firm freight rates for the remainder of the year, the profit forecast for 2006 is upgraded to USD 230-250 million before tax.

Profit before tax for the first half-year of 2006 was USD 140 million (DKK 852 million). The result was better than expected and highly satisfactory.

- Highlights
- o Profit after tax for the second quarter of 2006 was USD 81 million (DKK 480 million). Profit after tax for the first half of 2006 was USD 139 million (DKK 842 million).
  - o Earnings per share (EPS) were USD 4.0 (DKK 24.2) for the first half of 2006 against USD 4.6 (DKK 26.7) for the same period last year. EPS for the second quarter were USD 2.3

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

(DKK 13.8) in 2006 and USD 2.4 (DKK 14.2) in 2005, respectively.

- o Return on Invested Capital (RoIC) was 18.1% p.a., and Return on Equity (RoE) was 35.6% p.a. for the quarter and 20.4% (RoIC) and 31.2% (RoE) for the first half of 2006. At 30 June 2006, equity amounted to USD 870 million (DKK 5,109 million), corresponding to USD 25.1 per share (DKK 147.6 per share) excluding treasury shares.
- o The market value of the Company's vessels, including the order book, exceeded book value by USD 861.3 million at 30 June 2006, equalling USD 24.9 per share (DKK 146.0 per share), excluding treasury shares.
- o The product tanker market was highly volatile in the first half. The increasing transport demand in the USA and Asia ensured a solid demand for product tankers at favourable rates during the first half. The period time charter market remained strong, reflecting the persistently strong customer demand and optimistic outlook. At 30 June, the Company had covered 35% of the remaining earning days in 2006 at an average rate of USD/day 25,375.
- o The upward trend in the bulk market of the second quarter continued into the third quarter due to an increasing demand for transport of primarily iron ore and coal. At 30 June, the Company had covered 77% of the remaining earning days in 2006 at an average of USD/day 17,557.
- o Pursuant to the strategy "Greater Earning Power", TORM has in 2006 contracted four MR product tankers with 1A Super Ice Class designation, sold five older dry bulk vessels and one product tanker.
- o As a consequence of continuing firm freight rates for product tankers and the unhedged part of dry bulk the expectations for 2006 are upgraded by USD 40 million to USD 230-250 million before tax. Profit from the sale of vessels amounts to USD 54 million.

Teleconference TORM's management will review the report for the first half-year of 2006 in a teleconference and webcast (www.torm.com) to be held today, 9 August 2006, at 17:00 Copenhagen time (CET). To participate, please call 10 minutes before the call on tel.: +45 3271 4607 (from Europe) or +1 334 323 6201 (from the USA). A replay of the conference will be available from TORM's website.

Contact A/S Dampskibsselskabet TORM Telephone +45 39 17 92 00  
Tuborg Havnevej 18 Klaus Kjaerulff, CEO  
DK-2900 Hellerup - Denmark

---

	Q2 2006	Q2 2005	Q1-Q2 2006
Million USD			

---

Edgar Filing: AS STEAMSHIP CO FORM - Form 6-K

Income statement			
Net revenue	140.1	132.1	301.9
Time charter equivalent earnings (TCE)	102.9	103.7	232.4
Gross profit	59.8	70.0	145.8
EBITDA	72.4	87.1	154.4
Operating profit	57.6	75.9	124.5
Financial items	23.2	10.0	15.6
Profit before tax	80.8	85.9	140.1
Net profit	80.8	84.2	138.5

Balance sheet			
Total assets	1,753.1	1,580.6	1,753.1
Equity	870.3	790.2	870.3
Total liabilities	882.8	790.4	882.8
Invested capital	1,265.4	1,023.2	1,265.4
Net interest bearing debt	723.1	617.4	723.1

Cash flow			
From operating activities	64.6	76.5	140.3
From investing activities	33.0	(174.2)	(86.5)
Thereof investment in tangible fixed assets	(56.8)	(249.9)	(176.5)
From financing activities	(168.1)	44.4	(160.7)
Net cash flow	(70.5)	(53.3)	(106.9)

Key financial figures

Margins:

TCE	73.4%	78.5%	77.0%
Gross profit	42.7%	53.0%	48.3%
EBITDA	51.7%	65.9%	51.1%
Operating profit	41.1%	57.5%	41.2%
Return on Equity (RoE) (p.a.)	35.6%	41.3%	31.2%
Return on Invested Capital (RoIC) (p.a.)	18.1%	33.2%	20.4%
Equity ratio	49.6%	50.0%	49.6%
Exchange rate USD/DKK, end of period	5.87	6.16	5.87
Exchange rate USD/DKK, average	5.94	5.91	6.08

Share related key figures

Earnings per share, EPS	USD	2.3	2.4	4.0
Cash flow per share, CFPS	USD	1.9	2.2	4.0
Share price, end of period				
(per share of DKK 10 each)	DKK	271.7	331.5	271.7
Number of shares, end of period	Mill.	36.4	36.4	36.4
Number of shares (excl. treasury shares), average.	Mill.	34.8	34.8	34.8

Profit by division

Million USD

Q2 2006

Q1

Tanker Bulk Not Tanker Bul

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

	division	division	allocated	Total	division	div
Net revenue	111.6	28.5	0.0	140.1	242.3	5
Port expenses, bunkers and commissions	(35.9)	(1.3)	0.0	(37.2)	(66.6)	(2)
Time charter equivalent earnings (TCE)*	75.7	27.2	0.0	102.9	175.7	5
Charter hire	(11.4)	(11.2)	0.0	(22.6)	(23.4)	(22)
Operating expenses	(16.6)	(3.9)	0.0	(20.5)	(32.6)	(8)
Gross Profit	47.7	12.1	0.0	59.8	119.7	2
Profit from sale of vessels	2.9	16.5	0.0	19.4	2.9	1
Administrative expenses	(7.3)	(1.5)	0.0	(8.8)	(13.2)	(2)
Other operating income	2.2	(0.2)	0.0	2.0	5.1	
Depreciation and impairment losses	(12.3)	(2.5)	0.0	(14.8)	(24.7)	(5)
Operating profit	33.2	24.4	0.0	57.6	89.8	3
Financial items	-	-	23.2	23.2	-	
Profit/(Loss) before tax	-	-	23.2	80.8	-	
Tax	-	-	0.0	0.0	-	
Net profit	-	-	23.2	80.8	-	

\*) TCE is gross freight income less bunker, commissions and port expenses (TCE = Time Charter Equivalent).

Tanker and Bulk

Tanker Division The Tanker Division achieved a profit before financial items of USD 33.2 million in the second quarter of 2006 against USD 56.6 million in the first quarter. Profit from the sale of vessels amounted to USD 2.9 million in the second quarter.

In line with normal seasonal patterns, freight rates were strong at the beginning of the year, dropping towards the end of the first and into the second quarter as the winter season came to an end, resulting in a tailing off in the transportation of heating oil. The decrease in freight rates at the beginning of the second quarter was more pronounced than normal, although rates recovered from the middle of the quarter. Especially the MR segment has been very positive in the second quarter and this development has continued into Financial items

Bunker expenses have risen steadily during 2006, negatively affecting the earnings of vessels operating in the spot market. At 30 June, TORM had covered 51.5% of the remaining bunker requirement for 2006.

In the first half of 2006, the tanker market was affected by the following factors:

Positive impact:

- o Economic growth in the USA and China which, together with the OECD's increased stockpiling of oil products, ensured strong demand for product tankers.

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

- o Failing oil supplies from Nigeria and lower Russian oil exports, which were replaced by oil from Saudi Arabia, increasing transport distances.
- o Coverage of freight rates which to some extent countered the effect of the low freight rates at the end of the first and the beginning of the second quarter.

Negative impact:

- o Reduced naphtha exports to the Far East and the Middle East as a result of the extraordinarily large number of inspections of refineries and petrochemical plants, particularly affecting the LR2 market.
- o Reduced exports of jet fuel to Europe.
- o Continued strong growth in the global product tanker fleet.

In the second quarter of 2006, TORM's Tanker Division obtained freight rates that were 25% lower for the LR2 segment, 21% lower for the LR1 segment and unchanged in the MR segment compared with those of the second quarter of 2005. The MR segment was by far the strongest segment in the second quarter.

The number of earning days in the LR2 segment was up by 19% compared with the second quarter of 2005. The number of earning days in the LR1 and MR segments increased by 63% and 28%, respectively. Compared with the first quarter of 2006, the number of earning days was up by 6% for the tanker fleet as a whole.

Tanker Division	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Change Q2 05 -Q2 06
<hr/>						
LR2 (Aframax, 90-110,000 DWT)						
Available earning days	442	548	550	529	527	19%
Per earning day (USD):						
Earnings (TCE)*)	30,281	28,185	45,917	43,553	22,707	(25%)
Operating expenses	(4,849)	(5,899)	(6,157)	(5,464)	(6,695)	38%
Operating cash flow**)	18,726	14,172	30,316	33,526	13,258	(29%)
<hr/>						
LR1 (Panamax, 75-85,000 DWT)						
Available earning days	652	774	827	912	1,060	63%
Per earning day (USD):						
Earnings (TCE)*)	26,906	26,509	41,726	35,356	21,275	(21%)
Operating expenses	(6,836)	(6,074)	(5,680)	(5,730)	(5,254)	(23%)
Operating cash flow**)	11,769	15,090	27,964	22,113	9,718	(17%)
<hr/>						
MR (45,000 DWT)						
Available earning days	1,270	1,547	1,638	1,599	1,632	29%
Per earning day (USD):						
Earnings (TCE)*)	26,079	23,499	29,373	28,118	26,009	0%

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

Operating expenses	(6,594)	(6,274)	(6,505)	(7,199)	(7,320)	11%
Operating cash flow**)	18,788	17,738	23,598	21,730	19,506	4%

\*) TCE = Gross freight income less bunker, commissions and port expenses.  
Operating expenses are on own vessels.

\*\*\*) Operating cash flow = TCE less operating expenses and charter hire.

**Bulk Division** The Bulk Division achieved a profit before financial items of USD 24.4 million in the second quarter of 2006 against USD 10.3 million in the first quarter. The profit from the sale of TORM's two Handysize vessels, TORM Arawa and TORM Pacific, amounted to USD 16.5 million in the second quarter.

Rates increased in the bulk market during the second quarter of 2006 to a historic seasonal high. Rates have continued to increase into the third quarter.

Bulk rates were primarily positively affected by stronger demand for iron ore during the second quarter. The growth in Chinese steel production also increased the demand for coal, which supported bulk rates in the second quarter. The increased cement exports from China to the USA further boosted the bulk market.

Despite the relatively large addition of newbuildings to the bulk market in 2006, the market was able to absorb the new tonnage in the second quarter.

The number of available earning days in the Panamax segment was 15% higher in the second quarter of 2006 compared with the second quarter of 2005.

The number of available earning days in the Handysize segment dropped by 40% in the second quarter of 2006 compared with the second quarter of 2005. The decrease was due to TORM's sale and delivery of its two Handysize vessels during the second quarter of 2006. Pursuant to the strategy, TORM no longer operates in this segment and the Bulk Division focuses only on the Panamax segment.

Bulk Division	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Change Q2 05 -Q2 06
<b>Panamax (60-80,000 DWT)</b>						
Available earning days	1,203	1,240	1,356	1,346	1,382	15%
Per earning day (USD):						
Earnings (TCE)*)	30,962	27,523	22,585	20,324	18,343	(41%)
Operating expenses	(4,607)	(4,294)	(5,017)	(4,572)	(4,576)	(1%)
Operating cash flow**)	21,792	12,241	12,136	9,430	7,681	(65%)
<b>Handysize (20-35,000 DWT)</b>						
Available earning days	206	215	197	179	124	(40%)
Per earning day (USD):						
Earnings (TCE)*)	17,645	14,514	13,067	12,479	11,899	(33%)

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

Operating expenses	(3,908)	(3,690)	(5,049)	(4,583)	(4,583)	17%
Operating cash flow**)	13,172	9,150	7,745	7,987	9,700	(26%)

\*) TCE = Gross freight income less bunker, commissions and port expenses.  
Operating expenses are on own vessels.

\*\*) Operating cash flow = TCE less operating expenses and charter hire.

**Other activities** Other (non allocated) activities for the first half-year consisted of financial items of USD 15.6 million, of which USD 25.5 million was dividend from the shareholding in Dampskibsselskabet "NORDEN" A/S ("Norden"), while tax accounted for USD (1.6) million.

**Fleet development** In the second quarter, TORM sold and delivered DIFKO Lisbeth, TORM Pacific and TORM Arawa. TORM furthermore took delivery of the LR2 product tanker TORM Margrethe.

At the end of the second quarter of 2006, TORM's fleet consisted of 38 vessels: 30 product tankers and eight bulk carriers. In July, TORM sold three Panamax bulk carriers, cf. the announcement of 28 July.

	31 Dec 2005	Addition	Disposal	30 June 2006
LR2/Aframax	3.0	TORM Gudrun TORM Kristina TORM Margrethe	-	6.0
LR1/Panamax	6.0	DIFKO Lisbeth	DIFKO Lisbeth	6.0
MR	18.0	-	-	18.0
Tank	27.0	4.0	1.0	30.0
Panamax	8.0	-	-	8.0
Handysize	2.0	-	TORM Pacific TORM Arawa	-
Bulk	10.0	-	2.0	8.0
<b>Total</b>	<b>37.0</b>	<b>4.0</b>	<b>3.0</b>	<b>38.0</b>

**Planned fleet changes**

PHIC The order book of a total of 14 vessels represents an investment of USD 634 million, of which the remaining investments amount to USD 500 million.

	30 June 2006	2006		2007				2008				2009	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
LR2	6	1	-	1	1	-	0.5	-	1	-	1	1	-
LR1	6	-	0.5	1	-	-	-	-	-	-	-	-	-

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

MR	18	-	0	0	-	-	-	-	-	1	-	1	1
Panamax	8	(3)	-	-	-	-	-	-	-	-	-	-	-
Handysize	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	38	(2)	0.5	2	1	0	0.5	0	1	1	1	2	1

TORM has chartered in 17.5 product tankers on long-term charters, of which 8.5 already form part of the fleet. TORM holds purchase options on four of the charters. The options can be exercised in 2009 and beyond.

TORM has chartered in 11 Panamax bulkers on long-term charters with purchase options, of which seven already form part of the fleet. The options can be exercised in 2007 and beyond.

As a result, the Company's fleet of owned and chartered vessels will increase gradually to a total of 74 vessels by 2009, unless any vessels are bought or sold in the meantime.

Pools At 30 June 2006, the three product tanker pools consisted of 78 vessels. By the end of 2006, the three pools are expected to comprise a total of 85 vessels.

Results

Second quarter 2006 The second quarter of 2006 showed a gross profit of USD 60 million, against USD 70 million for the corresponding quarter of 2005.

Depreciation was USD 15 million during the second quarter of 2006, against USD 11 million in the second quarter of 2005. The higher depreciation amount was due to the Company's larger fleet.

Profit before financial items for the second quarter of 2006 was USD 58 million, against USD 76 million in the same quarter of 2005. Of this amount, the Tanker and Bulk Divisions contributed USD 33 million and USD 24 million, respectively.

Financial items were positive by USD 23 million against USD 10 million in the same quarter of 2005. Financial items were positively affected by a dividend payment of USD 25.5 million from Norden in 2006 (2005: USD 12.6 million).

Profit after tax was USD 81 million, against USD 84 million in the same quarter of 2005.

Six months 2006 Profit after tax for the first six months of 2006 was USD 139 million, while profit before tax for the first half-year amounted to USD 140 million. This is considered very satisfactory.

Gross profit for the first six months of 2006 was USD 146 million, unchanged from the first six months of 2005. The



## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

number of earning days for both the Tanker and the Bulk Divisions was 26% higher in the first half-year of 2006 than in the first half of 2005. This was countered by lower rates during the period.

EBITDA was USD 154 million for the first six months of 2006, against USD 179 million in the corresponding period of 2005.

**Assets** Total assets decreased from USD 1,860 million to USD 1,753 million in the second quarter, primarily as a result of the distribution of dividend of USD 140 million in April.

The value adjustment of the Norden shares is a consequence of a drop in the share price from DKK 2,709 as of 31 March 2006 to DKK 2,483 as of 30 June 2006, offset by the effects of a drop in the USD/DKK rate from 6.17 to 5.87 during the same period. The value adjustment of the Norden shares for the second quarter of 2006 was USD (12) million.

**Liabilities** During the second quarter of 2006, the Company's net interest bearing debt increased from USD 676 million to USD 723 million. The increase was mainly due to higher net borrowing in connection with the delivery of vessels and distribution of dividend, countered by positive cash earnings during the period. The Company has considerable undrawn loan facilities at its disposal.

**Equity** During the second quarter of 2006, equity declined from USD 946 million to USD 870 million, mainly as a result of the distribution of dividend, offset by earnings during the period and value adjustments of the Norden shareholding in particular. The equity ratio was 49.6% at 30 June 2006.

At 30 June 2006, TORM held 1,778,182 treasury shares, corresponding to 4.9% of the Company's share capital. This is an increase of 219,710 shares, corresponding to 0.6% of the Company's share capital, over the first quarter of 2006.

**Subsequent events** Since the end of the second quarter of 2006, TORM has sold TORM Herdis, TORM Marina and TORM Tekla for USD 63 million pursuant to announcement no. 8 dated 28 July 2006.

TORM has signed a contract in July 2006 for two more MR product tankers with 1A Super Ice Class designation for delivery in 2009. Consequently, TORM will take delivery of six MR product tankers with 1A Super Ice Class designation in 2008-2009.

**Norden** On 4 April 2006, TORM announced that the Company would actively reconsider its shareholding in Norden during the coming period. TORM's Board of Directors has actively reconsidered the shareholding in Norden, and this has not resulted in a re-evaluation of the value and the strategic potential of the stake.

**Management** In connection with the resignation of the former CFO, TORM has hired Egon Zehnder International S.A. to assist in finding a successor.

**Expectations** Rates in the tanker market were very volatile in the first

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

half-year. In the LR2 and LR1 segments, rates were lower than expected, while the rates of the MR segment have been better than expected. The MR segment is important to TORM, as 49% of earning days in the Tanker Division are in MR tankers. Rates in the spot-, paper-, and the period market have continued to increase into the third quarter, which gives rise to optimism with regard to rates.

Rates in the dry bulk market were slightly better than expected in the first six months of 2006. Rates in the spot market have continued to rise into the third quarter, which gives rise to some optimism with regard to rates. TORM expects the spot market to remain relatively strong throughout the year, although it is not expected to reach the all-time high recorded in the fourth quarter of 2004.

As a result of the expected higher earnings for the rest of the year, TORM upgrades the forecast for 2006 by USD 40 million to USD 230-250 million before tax.

The key assumptions behind the forecast are as follows:

Assumptions		Q1 06 (A)	Q2 06 (A)	Q3 06	Q4 06
LR2	Earning days	529	527	654	728
	TCE rate (USD/day)	43,553	22,707	-	-
LR1	Earning days	912	1,060	1,211	1,281
	TCE rate (USD/day)	35,356	21,275	-	-
MR	Earning days	1,599	1,632	1,647	1,626
	TCE rate (USD/day)	28,118	26,009	-	-
Panamax	Earning days	1,346	1,382	1,192	916
	TCE rate (USD/day)	20,324	18,343	18,000	18,000
Handysize	Earning days	179	124	-	-
	TCE rate (USD/day)	12,479	11,899	-	-

(A) Realized figures.

For competitive reasons, TORM does not provide the Company's own expectations for product tanker rates. The table below sets out the rates as quoted on the IMAREX forward market at 30 June.

TCE rate (USD/day)	Q3 06	Q4 06
LR2	27,000	46,000
LR1	25,000	37,000
MR	20,000	26,000

Sensitivity

At the beginning of the third quarter of 2006, 77% of the earning days remaining in the year for the Panamax bulk

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

carriers was covered at an average of USD/day 17,557. In the Tanker Division, 35% of the earning days were covered at an average of USD/day 25,375.

A change compared to the above of USD 1,000 per day of the rates not yet covered in the remaining two quarters of the year will, all other things being equal, lead to a change in net profit of USD 5.1 million.

At 30 June, TORM had covered 51.5% of the remaining bunker requirement for 2006. A hypothetical 1 percentage point price change would lead to a change in bunker expenditure in 2006 of USD 0.3 million.

Safe Harbor  
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 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.

Forward looking statements are based on management's current evaluation, and TORM is only under obligation to update and change the listed expectations to the extent required by law.

The TORM share

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

The price of a TORM share was DKK 271.7 as of 30 June 2006, against DKK 282.6 at the beginning of the second quarter - a reduction of DKK 10.9.

During the second quarter, the Company distributed a dividend of DKK 23 per share, equalling DKK 837 million.

The total return to shareholders for the second quarter of 2006 was thus DKK 12.1 per share (calculated excluding reinvestment), corresponding to a total return of 4.3%.

### Accounting policies

The accounts for the first half of 2006 have been prepared using the same accounting policies as for the Annual Report 2005.

The report for the first-half year of 2006 is unaudited, in line with the normal practice.

### Information

#### Teleconference

TORM will review the report for the first half-year of 2006 in a teleconference for financial analysts and investors to be held on 9 August 2006 at 17:00 Copenhagen time (CET). The conference call will be hosted by Klaus Kjaerulff, CEO, and will be conducted in English.

Please call 10 minutes before the conference call starts on tel. +45 3271 4607 (from Europe) or +1 334 323 6201 (from the USA). The teleconference will also be webcast via TORM's website, [www.torm.com](http://www.torm.com). The presentation material can be downloaded from the website.

#### Next reporting

TORM's financial report for the third quarter of 2006 will be released on 8 November 2006.

### Statement by the Board of Directors and Management on the Interim Report

The Board of Directors and Management have considered and approved the interim report for the period 1 January - 30 June 2006.

The interim report, which is unaudited, has been prepared in accordance with the general Danish financial reporting requirements governing listed companies, including the measurement and recognition provisions in IFRS.

We consider the accounting policies applied to be appropriate, and in our opinion the interim report gives a true and fair view of the Group's assets, liabilities, financial position and of the results of operations and consolidated cash flows.

Copenhagen, 9 August 2006

Management

Board of Directors

## Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

Klaus Kjaerulff, CEO	Niels Erik Nielsen, Chairman Christian Frigast, Deputy Chairman Lennart Arrias Ditlev Engel Peder Mouridsen Gabriel Panayotides Nicos Zouvelos
----------------------	--

### About TORM

TORM is one of the world's leading carriers of refined oil products as well as being a significant participant in the dry bulk market. The Company operates a combined fleet of close to 100 modern vessels, principally through a pooling cooperation with other respected shipping companies who share TORM's commitment to safety, environmental responsibility and customer service.

TORM was founded in 1889 and has consistently adapted itself to, and benefited from, the enormous changes which characterise the shipping industry in general. The Company conducts business worldwide and is headquartered in Copenhagen, Denmark. TORM's shares are listed on the Copenhagen Stock Exchange (ticker TORM) as well as on the NASDAQ (ticker TRMD). For further information, please visit [www.torm.com](http://www.torm.com).

### Income Statement

Million USD	Q2 2006	Q2 2005	Q1-Q2 2006	Q1-Q2 2005
Net revenue	140.1	132.1	301.9	264.4
Port expenses, bunkers and commissions	(37.2)	(28.4)	(69.5)	(55.1)
Time Charter Equivalent Earnings (TCE)	102.9	103.7	232.4	209.3
Charter hire	(22.6)	(17.4)	(46.0)	(33.9)
Operating expenses	(20.5)	(16.3)	(40.6)	(29.8)
Gross profit	59.8	70.0	145.8	145.6
Profit from sale of vessels	19.4	21.0	19.4	40.4
Administrative expenses	(8.8)	(6.7)	(15.9)	(13.3)
Other operating income	2.0	2.8	5.1	6.3
Depreciation and impairment losses	(14.8)	(11.2)	(29.9)	(21.5)
Operating profit	57.6	75.9	124.5	157.5
Financial items	23.2	10.0	15.6	6.3
Profit before tax	80.8	85.9	140.1	163.8
Tax	0.0	(1.7)	(1.6)	(2.7)

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

Net profit	80.8	84.2	138.5	161.1
-----				
Earnings per share, EPS (USD)	2.3	2.4	4.0	4.6
Earnings per share, EPS (DKK) *)	13.8	14.2	24.2	26.7
-----				

\*) Calculated from USD to DKK at the average USD/DKK exchange rate for the relevant period.

Income statement by quarter

Million USD	Q2 05	Q3 05	Q4 05	Q1 06
-----				
Net revenue	132.1	142.2	180.3	161.8
Port expenses, bunkers and commissions	(28.4)	(32.8)	(35.2)	(32.3)
-----				
Time Charter Equivalent Earnings (TCE)	103.7	109.4	145.1	129.5
Charter hire	(17.4)	(19.1)	(29.2)	(23.4)
Operating expenses	(16.3)	(18.2)	(18.7)	(20.1)
-----				
Gross profit	70.0	72.1	97.2	86.0
Profit from sale of vessels	21.0	14.4	(0.1)	0.0
Administrative expenses	(6.7)	(7.8)	(10.1)	(7.1)
Other operating income	2.8	2.6	3.7	3.1
Depreciation and impairment losses	(11.2)	(12.5)	(13.8)	(15.1)
-----				
Operating profit	75.9	68.8	76.9	66.9
Financial items	10.0	(2.3)	(7.8)	(7.6)
-----				
Profit before tax	85.9	66.5	69.1	59.3
Tax	(1.7)	0.2	2.5	(1.6)
-----				
Net profit	84.2	66.7	71.6	57.7
-----				

Assets

Million USD	30 June 2006	30 June 2005	31 December 2005
-----			

NON-CURRENT ASSETS

Edgar Filing: AS STEAMSHIP CO FORM - Form 6-K

Tangible fixed assets			
Land and buildings	0.4	0.4	0.9
Vessels and capitalized dry-docking	1,139.6	917.6	1,066.5
Vessels under construction and prepayments for vessels	134.4	116.1	97.4
Other plant and operating equipment	2.8	2.8	2.3
-----			
Total tangible fixed assets	1,277.2	1,036.9	1,167.1
-----			

Financial fixed assets

-----			
Other investments	328.0	384.4	361.0
TOTAL NON-CURRENT ASSETS	1,605.2	1,421.3	1,528.1
-----			

CURRENT ASSETS

Inventories of bunkers	12.0	9.2	10.9
Freight receivables, etc.	45.8	34.7	53.9
Other receivables	25.2	7.2	14.1
Prepayments	5.6	5.2	2.9
Marketable securities	0.0	10.8	0.2
Cash and cash equivalents	49.8	39.4	156.7
-----			
	138.4	106.5	238.7
Non-current assets held for sale	9.5	52.8	43.3
-----			
TOTAL CURRENT ASSETS	147.9	159.3	282.0
-----			
TOTAL ASSETS	1,753.1	1,580.6	1,810.1
-----			

Liabilities and Equity

-----			
Million USD	30 June	30 June	31 December
	2006	2005	2005
-----			

EQUITY

Common shares	61.1	61.1	61.1
Treasury shares	(18.1)	(7.7)	(7.7)
Revaluation reserves	263.4	322.4	296.4
Retained profit	552.5	409.4	415.3
Proposed dividend	0.0	0.0	132.4
Hedging reserves	7.5	1.1	3.3
Translation reserves	3.9	3.9	3.9
-----			
TOTAL EQUITY	870.3	790.2	904.7
-----			

LIABILITIES

-----			
Non-current liabilities			
Deferred tax	55.8	61.8	54.5

Edgar Filing: AS STEAMSHIP CO FORM - Form 6-K

Mortgage debt and bank loans	716.3	507.8	729.1
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>772.1</b>	<b>569.6</b>	<b>783.6</b>
Current liabilities			
Mortgage debt and bank loans	56.6	54.5	59.9
Other financial liabilities	0.0	105.3	0.0
Trade payables	15.6	18.3	22.9
Current tax liability	10.0	14.2	9.4
Other liabilities	27.1	22.2	23.6
Deferred income	1.4	6.3	6.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>110.7</b>	<b>220.8</b>	<b>121.8</b>
<b>TOTAL LIABILITIES</b>	<b>882.8</b>	<b>790.4</b>	<b>905.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,753.1</b>	<b>1,580.6</b>	<b>1,810.1</b>

Equity at 1 January - 30 June 2006

Million USD	Com- mon shares	Treas- ury shares	Revalua- tion reserves	Re- tained profit	Pro- pos- div- den
Equity at 1 January 2006	61.1	(7.7)	296.4	415.3	13
Changes in equity Q1-Q2 2006:					
Exchange rate adjustment arising on translation of entities using a measurement currency diff. from USD	-	-	-	-	-
Reversal of deferred gain/loss on cash flow hedges at the beginning of the year	-	-	-	-	-
Deferred gain/loss on cash flow hedges at the end of the Period	-	-	-	-	-
Reversal of fair value adjustment on available for sale investments at the beginning of the year	-	-	(296.4)	-	-
Fair value adjustment on available for sale investments at the end of the period	-	-	263.4	-	-
Net income recognised directly in equity	-	-	(33.0)	-	-
Net profit for the period	-	-	-	138.5	-
Total income for the period	-	-	(33.0)	138.5	-
Purchase of treasury shares, cost	-	(10.4)	-	-	-
Disposal of treasury shares, cost	-	0.0	-	-	-
Dividends paid	-	-	-	-	(14)
Dividends paid on treasury shares	-	-	-	6.0	-
Exchange rate adjustment on dividends paid	-	-	-	(7.7)	-
Exercise of share options	-	-	-	0.4	-
<b>Total changes in equity Q1-Q2 2006:</b>	<b>-</b>	<b>(10.4)</b>	<b>(33.0)</b>	<b>137.2</b>	<b>(13)</b>
Equity at 30 June 2006	61.1	(18.1)	263.4	552.5	-



Edgar Filing: AS STEAMSHIP CO FORM - Form 6-K

Equity at 1 January - 30 June 2005

Million USD	Com- mon shares	Treas- ury shares	Revalua- tion reserves	Re- tained profit	Pro pos div den
Equity at 1 January 2005	61,1	(7,7)	319,3	238,4	99
Changes in equity Q1-Q2 2005:					
Exchange rate adjustment arising on translation of entities using a measurement currency diff. from USD	-	-	-	-	-
Reversal of deferred gain/loss on cash flow hedges at the beginning of the year	-	-	-	-	-
Deferred gain/loss on cash flow hedges at the end of the period	-	-	-	-	-
Reversal of fair value adjustment on available for sale investments at the beginning of the year	-	-	(319,3)	-	-
Fair value adjustment on available for sale investments at the end of the period	-	-	322,4	-	-
Net income recognised directly in equity	0,0	0,0	3,1	0,0	0
Net profit for the period				161,1	
Total income for the period	0,0	0,0	3,1	161,1	0
Purchase of treasury shares, cost	-	-	-	-	-
Disposal of treasury shares, cost	-	0,0	-	-	-
Dividends paid	-	-	-	-	(94)
Dividends paid on treasury shares	-	-	-	4,1	(5)
Exchange rate adjustment on dividends paid	-	-	-	5,4	(5)
Exercise of share options	-	-	-	0,4	
Total changes in equity Q1-Q2 2005:	0,0	0,0	3,1	171,0	(99)
Equity at 30 June 2005	61,1	(7,7)	322,4	409,4	0

Cash flow statement

Million USD	Q2 2006	Q2 2005	Q1-Q2 2006	Q1-Q2 2005
Cash flow from operating activities				
Operating profit	57.6	75.9	124.5	157.5
Adjustments:				
Reversal of profit from sale of vessels	(19.4)	(21.0)	(19.4)	(40.4)

Edgar Filing: AS STEAMSHIP CO FORM - Form 6-K

Reversal of depreciation and impairment loss	14.8	11.2	29.9	21.5
Reversal of other non-cash movements	2.2	(0.1)	7.7	(9.5)
Dividends received	26.2	12.6	26.4	12.8
Interest income and exchange rate gains	6.3	1.0	7.4	2.1
Interest expenses	(10.7)	(5.9)	(21.0)	(10.7)
Income taxes paid	0.0	0.0	0.0	0.0
Change in inventories, accounts receivables and payables	(12.4)	2.8	(15.2)	7.2
Net cash inflow/(outflow) from operating activities	64.6	76.5	140.3	140.5
Cash flow from investing activities				
Investment in tangible fixed assets	(56.8)	(249.9)	(176.5)	(471.5)
Investment in equity interests and securities	0.0	34.3	0.2	34.3
Sale of non-current assets	89.8	41.4	89.8	88.8
Net cash inflow/(outflow) from investing activities	33.0	(174.2)	(86.5)	(348.4)
Cash flow from financing activities				
Borrowing, mortgage debt and other financial liabilities	87.7	208.8	98.9	367.9
Repayment/redemption, mortgage debt	(111.3)	(74.0)	(115.1)	(95.7)
Dividends paid	(134.1)	(90.4)	(134.1)	(90.4)
Purchase/disposal of treasury shares	(10.4)	0.0	(10.4)	0.0
Cash inflow/(outflow) from financing activities	(168.1)	44.4	(160.7)	181.8
Increase/(decrease) in cash and cash equivalents	(70.5)	(53.3)	(106.9)	(26.1)
Cash and cash equivalents, beginning balance	120.3	92.7	156.7	65.5
Cash and cash equivalents, ending balance	49.8	39.4	49.8	39.4

Quarterly cash flow statement

Million USD	Q2 05	Q3 05	Q4 05	Q1 06
Cash flow from operating activities				
Operating profit	75.9	68.8	76.9	66.9
Adjustments:				
Reversal of profit from sale of vessels	(21.0)	(14.4)	0.1	0.0
Reversal of depreciation and impairment loss	11.2	12.5	13.9	15.1
Reversal of other non-cash movements	(0.1)	3.0	0.0	5.5
Dividends received	12.6	0.0	0.0	0.2
Interest income and exchange rate gains	1.0	0.6	5.1	1.1
Interest expenses	(5.9)	(6.7)	(8.7)	(10.3)
Income taxes paid	0.0	0.0	(7.5)	0.0
Change in inventories, accounts receivables and payables	2.8	(7.0)	(16.0)	(2.8)
Net cash inflow/(outflow) from operating activities	76.5	56.8	63.8	75.7

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

-----				
Cash flow from investing activities				
Investment in tangible fixed assets	(249.9)	(145.8)	(18.6)	(119.7)
Investment in equity interests and securities	34.3	3.2	(52.9)	0.2
Sale of non-current assets	41.4	36.4	53.0	0.0
-----				
Net cash inflow/(outflow) from investing activities	(174.2)	(106.2)	(18.5)	(119.5)
-----				
Cash flow from financing activities				
Borrowing, mortgage debt and other financial liabilities	208.8	158.6	119.0	11.2
Repayment/redemption, mortgage debt	(74.0)	(122.7)	(33.5)	(3.8)
Dividends paid	(90.4)	0.0	0.0	0.0
Purchase/disposal of treasury shares	0.0	0.0	0.0	0.0
-----				
Cash inflow/(outflow) from financing activities	44.4	35.9	85.5	7.4
-----				
Increase/(decrease) in cash and cash equivalents	(53.3)	(13.5)	130.8	(36.4)
Cash and cash equivalents, beginning balance	92.7	39.4	25.9	156.7
-----				
Cash and cash equivalents, ending balance	39.4	25.9	156.7	120.3
-----				

Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)

Million USD	Net income Q1-Q2 2006	Equity 30 June 2006
-----		
As reported under IFRS	138.5	870.3
-----		
Adjustments:		
Reversal of write-down of assets	0.5	0.0
Deferred gain on a sale/lease back	2.1	(15.2)
Deferred tax	(0.6)	4.3
-----		
Total adjustments	2.0	(10.9)
-----		
According to US GAAP	140.5	859.4
-----		

For a review of principles and methods used in the reconciliation, please refer to the TORM Annual Report for 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Edgar Filing: AS STEAMSHIP CO TORM - Form 6-K

A/S STEAMSHIP COMPANY TORM  
(registrant)

Dated August 9, 2006

By: /s/ Klaus Kjaerulff

-----  
Klaus Kjaerulff  
CEO

SK 03810 0001 693565