



Second quarter report 2014

“In the second quarter of 2014, TORM has continued to deliver competitive results and positive cash flow from operations after full interest payment even though the product tanker market was weaker than expected,” says CEO Jacob Meldgaard, and adds: “I am pleased that we have reached an agreement in principle to extend our working capital facility to support the ongoing efforts to recapitalize TORM.”
In the second quarter of 2014, TORM realized a positive EBITDA of USD 14m and a loss before tax of USD 24m.

- EBITDA for the second quarter of 2014 was a gain of USD 14m (Q2 2013: USD 25m). The result before tax for the second quarter of 2014 was a loss of USD 24m (USD -30m). Cash flow from operating activities after full interest payment was positive by USD 15m in the second quarter of 2014 (USD 28m).
- In the second quarter of 2014, the product tanker market saw continued strong US export volumes, but this was partly offset by shorter transport distances. TORM's largest segment, MRs, achieved spot rates of USD/day 13,130 in the second quarter of 2014, which is down 23% year-on-year. The Tanker Division reported an EBITDA of USD 13m in the second quarter of 2014 (USD 34m).
- The spot freight rates for the relevant bulk segments remained under pressure throughout the second quarter of 2014. TORM's largest segment, Panamax, achieved freight rates of USD/day 12,286, which is up 51% compared to the second quarter of 2013. The Bulk Division reported an EBITDA in the second quarter of 2014 of USD 1m (USD -9m).
- TORM has reached an agreement in principle with the Co-ordinating Committee of Lenders regarding an extension of the existing Super Senior Working Capital Facility by six months until 31 March 2015 to facilitate the completion of the recapitalization process. Given the current limited draw, TORM has requested that the facility be reduced from USD 100m to USD 50m. The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected before 30 September 2014.
- The book value of the fleet was USD 1,243m as of 30 June 2014. Based on broker valuations, TORM's fleet had a market value of USD 931m as of 30 June 2014. In accordance with IFRS, TORM estimates the product tanker fleet's total long-term earning potential each quarter based on discounted future cash flow. The estimated value of the fleet as of 30 June 2014 supports the carrying amount.
- Net interest-bearing debt amounted to USD 1,367m as at 30 June 2014, compared to USD 1,662m as at 31 March 2014. The decrease in the second quarter of 2014 is primarily a result of repayment of debt in connection with the delivery of vessels held for sale.
- As of 30 June 2014, TORM's available liquidity was USD 119m consisting of USD 43m in cash and USD 76m in undrawn credit facilities. There are no newbuildings on order or CAPEX commitments related hereto.
- The equity is negative by USD 125m as at 30 June 2014.
- By 30 June 2014, TORM had covered 14% of the remaining tanker earning days in 2014 at USD/day 15,731. 46% of the remaining bulk earning days in 2014 were covered at USD/day 11,116.
- For the full year 2014, TORM adjusts the forecasts to a positive EBITDA of USD 50-70m and a loss before tax of USD 290-310m. As at 30 June 2014, 8,146 earning days for 2014 were unfixed, meaning that a change in freight rates of USD/day 1,000 will impact the forecasts by USD 8m. TORM expects to be operational cash flow positive after full interest payments. By 30 June 2014, TORM was in compliance with its financial covenants. With the requested extension of the working capital facility, TORM expects to comply with the financial covenants when tested as at 30 September 2014.

Conference call

TORM will be hosting a conference call for financial analysts and investors at 3 pm CEST today. Please dial in 10 minutes before the conference is due to start on +45 3271 4607 (from Europe) or +1 877 491 0064 (from the USA). The presentation can be downloaded from www.torm.com.

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Key figures

	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	2013
Income statement (USDm)					
Revenue	148.6	289.4	331.5	567.6	992.3
Time charter equivalent earnings (TCE)	78.0	122.1	165.4	249.4	443.2
Gross profit	26.8	38.9	60.1	88.4	150.4
EBITDA	13.6	24.8	34.1	60.6	96.1
Operating profit (EBIT)	-6.4	-11.8	-209.6	-7.8	-90.6
Profit/(loss) before tax	-23.9	-30.1	-245.9	-46.0	-166.1
Net profit/(loss)	-22.8	-30.2	-245.4	-46.5	-162.2
Balance sheet (USDm)					
Total assets	1,419.1	2,277.2	1,419.1	2,277.2	2,007.6
Equity	-124.5	227.7	-124.5	227.7	117.7
Total liabilities	1,543.6	2,049.5	1,543.6	2,049.5	1,889.9
Invested capital	1,230.0	2,067.9	1,230.0	2,067.9	1,823.0
Net interest bearing debt	1,366.7	1,851.9	1,366.7	1,851.9	1,717.6
Cash flow (USDm)					
From operating activities	14.6	27.7	24.3	38.4	67.9
From investing activities	283.2	-6.8	332.4	-15.7	93.4
Thereof investment in tangible fixed assets	-10.8	-7.5	-22.9	-16.4	-41.3
From financing activities	-272.5	-12.3	-342.8	-25.8	-160.5
Total net cash flow	25.2	8.6	13.9	-3.1	0.8
Key financial figures					
Gross margins:					
TCE	52.5%	42.2%	49.9%	43.9%	44.7%
Gross profit	18.0%	13.4%	18.1%	15.6%	15.2%
EBITDA	9.2%	8.6%	10.3%	10.7%	9.7%
Operating profit	-4.3%	-4.1%	-63.2%	-1.4%	-9.1%
Return on Equity (RoE) (p.a.)*	-	-48.8%	-	-37.6%	-84.3%
Return on Invested Capital (RoIC) (p.a.**)	-1.7%	-2.3%	-27.5%	-0.7%	-4.6%
Equity ratio	-8.8%	10.0%	-8.8%	10.0%	5.9%
Exchange rate USD/DKK, end of period	5.46	5.70	5.46	5.70	5.41
Exchange rate USD/DKK, average	5.44	5.70	5.44	5.68	5.62
Share-related key figures					
Earnings per share, EPS	USD 0.0	0.0	-0.3	-0.1	-0.2
Diluted earnings per share, EPS	USD 0.0	0.0	-0.3	-0.1	-0.2
Cash flow per share, CFPS	USD 0.0	0.0	0.0	0.1	0.1
Share price, end of period (per share of DKK 0.01 each)	DKK 0.8	1.4	0.8	1.4	1.4
Number of shares, end of period	Million 728.0	728.0	728.0	728.0	728.0
Number of shares (excl. treasury shares), average	Million 721.3	721.3	721.3	721.3	721.3

*) Earnings/losses from sale of vessels are not annualized when calculating the return on equity.

***) Earnings/losses from sale of vessels are not annualized when calculating the Return on Invested Capital.



Results

The EBITDA result for the second quarter of 2014 was a gain of USD 14m (USD 25m). The result before tax for the second quarter of 2014 was a loss of USD 24m (USD -30m).

The Tanker Division reported an operating result (EBIT) of USD -7m in the second quarter of 2014 (USD -2m).

The Bulk Division reported an operating result (EBIT) in the second quarter of 2014 of USD 0m (USD -10m).

USDm	Q2 2014				Q1-Q2			
	Tanker Division	Bulk Division	Not allocated	Total	Tanker Division	Bulk Division	Not allocated	Total
Revenue	140.4	8.3	0.0	148.6	313.5	18.1	0.0	331.5
Port expenses, bunkers and commissions	-71.2	0.5	0.0	-70.7	-166.4	0.4	0.0	-166.0
Freight and bunker derivatives	0.1	0.0	0.0	0.1	0.1	-0.2	0.0	-0.1
Time charter equivalent earnings	69.3	8.8	0.0	78.0	147.2	18.3	0.0	165.4
Charter hire	-5.6	-6.5	0.0	-12.1	-9.8	-14.0	0.0	-23.8
Operating expenses	-38.1	-1.0	0.0	-39.1	-79.5	-2.0	0.0	-81.5
Gross profit (Net earnings from shipping activities)	25.6	1.3	0.0	26.8	57.9	2.3	0.0	60.1
Administrative expenses	-13.6	-0.5	0.0	-14.1	-26.3	-1.3	0.0	-27.6
Other operating income	0.8	0.0	0.0	0.8	1.4	0.0	0.0	1.4
Share of results of joint ventures	0.1	0.0	0.0	0.1	0.2	0.0	0.0	0.2
EBITDA	12.9	0.8	0.0	13.6	33.2	1.0	0.0	34.1
Impairment losses on tangible and intangible assets	2.6	0.0	0.0	2.6	-192.4	0.0	0.0	-192.4
Amortizations and depreciation	-22.1	-0.6	0.0	-22.7	-50.0	-1.3	0.0	-51.3
Operating profit (EBIT)	-6.6	0.2	0.0	-6.5	-209.2	-0.4	0.0	-209.6
Financial income	-	-	0.7	0.7	-	-	1.0	1.0
Financial expenses	-	-	-18.1	-18.1	-	-	-37.3	-37.3
Profit/(loss) before tax	-	-	-17.4	-23.9	-	-	-36.3	-245.9
Tax	-	-	1.1	1.1	-	-	0.5	0.5
Net profit/(loss) for the period	-	-	-16.3	-22.8	-	-	-35.8	-245.4



Outlook and coverage

For the full year 2014, TORM adjusts the forecasts to a positive EBITDA of USD 50-70m from USD 70-100m and a loss before tax of USD 290-310m from USD 260-290m. TORM expects to be operating cash flow positive after full interest payments.

2014 forecast	USDm	
EBITDA	50	to 70
Profit before tax	-290	to -310
A change in freight rates of USD/day 1,000 will impact forecasts by		±8

As at 30 June 2014, TORM had covered 14% of the remaining tanker earning days in 2014 at USD/day 15,731 and 46% of the bulk earning days in the same period at USD/day 11,116.

The table on the next page shows the figures for the period from 1 July to 31 December 2014. 2015 and 2016 are full year figures.



Covered and chartered-in days in TORM

Data as of 30/6/2014

	2014	2015	2016	2014	2015	2016
	Owned days					
LR2	915	1,791	1,815			
LR1	1,262	2,495	2,546			
MR	3,641	7,189	7,155			
Handysize	1,954	3,883	3,960			
Tanker Division	7,772	15,357	15,476			
Panamax	336	726	728			
Handymax	-	-	-			
Bulk Division	336	726	728			
Total	8,109	16,083	16,204			
	T/C-in days at fixed rate			T/C-in costs, USD/day		
LR2	-	-	-	-	-	-
LR1	-	-	-	-	-	-
MR	481	726	104	14,617	15,895	16,000
Handysize	-	-	-	-	-	-
Tanker Division	481	726	104	14,617	15,895	16,000
Panamax	915	1,676	760	12,538	12,225	11,000
Handymax	-	-	-	-	-	-
Bulk Division	915	1,676	760	12,538	12,225	11,000
Total	1,396	2,402	864	13,254	13,335	11,600
	T/C-in days at floating rate					
LR2	366	726	684			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
Tanker Division	366	726	684			
Panamax	-	-	-			
Handymax	183	363	13			
Bulk Division	183	363	13			
Total	549	1,089	697			
	Total physical days			Covered days		
LR2	1,281	2,517	2,499	229	5	-
LR1	1,262	2,495	2,546	159	-	-
MR	4,122	7,915	7,259	773	34	-
Handysize	1,954	3,883	3,960	80	-	-
Tanker Division	8,619	16,809	16,263	1,240	39	-
Panamax	1,251	2,402	1,488	635	0	-
Handymax	183	363	13	31	-	-
Bulk Division	1,434	2,765	1,501	666	0	-
Total	10,053	19,574	17,764	1,907	39	-
	Covered, %			Coverage rates, USD/day		
LR2	18%	0%	0%	13,817	14,497	-
LR1	13%	0%	0%	21,097	-	-
MR	19%	0%	0%	14,817	16,690	-
Handysize	4%	0%	0%	19,371	-	-
Tanker Division	14%	0%	0%	15,731	16,419	-
Panamax	51%	0%	0%	11,497	11,329	-
Handymax	17%	0%	0%	3,346	-	-
Bulk Division	46%	0%	0%	11,116	11,329	-
Total	19%	0%	0%	14,118	16,377	-

Fair value of freight rate contracts that are mark-to-market in the income statement (USD m):

Contracts not included above	0.0
Contracts included above	-0.1

Note: Actual no. of days can vary from projected no. of days primarily due to vessel sales and delays of vessel deliveries. T/C-in days at fixed rate do not include effects from profit split arrangements. T/C-in days at floating rate determine rates at the entry of each quarter, and then TORM will receive approx. 10% profit/loss compared to this rate.



Tanker Division

In the second quarter of 2014, the product tanker market saw continued strong US export volumes, but this was partly offset by shorter transport distances.

In the West, the MR freight rates were negatively impacted by shorter ton-mile effect in the second quarter of 2014, as e.g. European demand for diesel was partly supplied from Russia instead of via the traditional longer trade route between the USA and Europe. The US clean product export volumes were sustained at levels comparable to the same period last year, but the destinations were shorter haul to e.g. the Caribbean and Latin America. The LRs captured a larger part of the export market to West Africa and Europe, which had a positive impact on LR1 freight rates.

In the East, the LR market was negatively impacted by continued tonnage overhang and the fact that the naphtha arbitrage from Europe to the Far East was shut for long periods following relatively strong European naphtha prices. The pressure on LR freight rates spilled over on the MRs in the East. In addition, the very dry weather in Malaysia and Indonesia resulted in a lower yield of palm oil and new Indonesian regulations for blending palm oil into gasoil reduced export volumes.

The global product tanker fleet (above 25,000 dwt) grew by 1% in the second quarter of 2014 (source: TORM).

The Tanker Division achieved LR2 spot rates of USD/day 14,596 in the second quarter of 2014, which was 5% lower than in the same period last year. The LR1 spot rates were at USD/day 17,258, up by 21% year-on-year, and the spot rates in TORM's largest segment, MR, were at USD/day 13,130, which was a decrease of 23% year-on-year. The Handysize spot rates were at USD/day 14,992, which was up by 40% year-on-year.

The Tanker Division's operating loss for the second quarter of 2014 was USD -7m (USD -2m).

Tanker Division	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Change Q2 13 - Q2 14	12-month avg.
LR2 (Aframax, 90-110,000 dwt)								
Available earning days	881	891	874	847	880	818	-8%	
Spot rates 1)	14,245	15,346	11,350	11,711	12,415	14,596	-5%	12,490
TCE per earning day 2)	14,595	15,711	10,775	12,230	11,499	14,952	-5%	12,321
Operating days	900	850	798	736	720	649	-24%	
Operating expenses per operating day 3)	6,586	7,718	7,697	7,499	6,925	7,579	-2%	7,429
LR1 (Panamax 75-85,000 dwt)								
Available earning days	898	637	644	624	610	604	-5%	
Spot rates 1)	16,796	14,252	15,282	11,231	15,579	17,258	21%	14,818
TCE per earning day 2)	17,509	12,674	16,124	12,413	15,067	15,927	26%	14,883
Operating days	630	637	644	644	630	637	0%	
Operating expenses per operating day 3)	6,930	6,805	6,568	7,067	6,513	7,244	6%	6,849
MR (45,000 dwt)								
Available earning days	3,722	3,744	3,583	3,320	3,115	2,554	-32%	
Spot rates 1)	17,647	17,060	14,585	15,338	15,207	13,130	-23%	14,642
TCE per earning day 2)	17,210	16,457	13,909	15,046	14,141	13,481	-18%	14,180
Operating days	3,510	3,549	3,477	3,128	3,041	2,352	-34%	
Operating expenses per operating day 3)	7,189	7,164	6,999	7,279	7,560	8,118	13%	7,434
Handy (35,000 dwt)								
Available earning days	986	981	979	984	947	921	-6%	
Spot rates 1)	15,231	10,700	11,389	13,508	15,633	14,992	40%	13,849
TCE per earning day 2)	15,987	10,328	11,201	13,555	15,404	13,988	35%	13,515
Operating days	990	1,001	1,012	1,012	990	1,001	0%	
Operating expenses per operating day 3)	6,859	7,028	6,973	7,402	8,157	8,075	15%	7,648

1) Spot rates = Time Charter Equivalent Earnings for all charters with less than 6 months' duration = Gross freight income less bunker, commissions and port expenses.

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

3) Operating expenses are related to owned vessels.



Bulk Division

The bulk freight market remained under pressure during the second quarter of 2014 despite a firming demand for dry bulk commodities and in particular a strong grain season in South America. The rising demand continues to be offset by a large number of newbuildings (fleet growth of 3% in the first half of 2014) as well as improved port infrastructure in South America.

In the second quarter of 2014, the average spot freight rates for the Panamax segment was about USD/day 6,400, which is down by 18% compared with same period last year (source: Baltic Panamax Index). This is the lowest average spot market for a second quarter recorded by the Baltic Panamax Index since its introduction in 1998.

The time charter market remained comparably stronger during the quarter upheld by expectations of a firming forward market, but eventually the depressed spot market led the period market down. The average 1-year time charter rate during the second quarter of 2014 was USD/day 12,500 (source: Clarksons). The 1-year period market is currently at approx. USD/day 9,000 although with limited trading activity.

TORM's fleet today consist of seven Panamax and one Handymax. TORM continues to employ its Panamax fleet in the period market and has maintained a high fleet coverage throughout the second quarter of 2014. TORM only had one Panamax vessel open for a new fixture during the quarter and a new period charter was made in direct continuation. TORM will continue to operate the existing core fleet in the period market.

TORM's Panamax time charter equivalent (TCE) earnings in the second quarter of 2014 were USD/day 12,286 or 51% above the same period in 2013. This was 92% above the spot benchmarks for Panamax.

The Bulk Division's operating profit (EBIT) for the second quarter of 2014 was USD 0m, compared to a loss of USD 10m in the second quarter of 2013.

Bulk Division	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Change Q2 13 - Q2 14	12-month avg.
Panamax (60-80,000 dwt)								
Available earning days	2,072	2,312	1,617	867	637	627	-73%	
TCE per earning day 1)	6,149	8,156	8,128	12,697	12,147	12,286	51%	10,563
Operating days	180	182	184	184	180	182	0%	
Operating expenses per operating day 2)	4,660	5,364	4,750	5,461	5,618	5,625	5%	5,361
Handymax (40-55,000 dwt)								
Available earning days	848	1,105	736	321	174	107	-90%	
TCE per earning day 1)	7,504	9,881	11,959	12,906	19,162	9,401	-5%	12,918
Operating days	-	-	-	-	-	-	-	
Operating expenses per operating day 2)	-	-	-	-	-	-	-	

1) Spot rates = Time Charter Equivalent Earnings for all charters with less than six months' duration = Gross freight income less bunker, commissions and port expenses.

2) Operating expenses are related to owned vessels.

Fleet development

During the second quarter of 2014, TORM delivered three LR2 and 12 MR product tankers to entities controlled by Oaktree Capital Management (Oaktree) as part of the transaction stated in the company announcements no. 4 dated 7 March 2014 and no. 8 dated 10 April 2014. Oaktree will place these vessels under TORM's commercial management in a revenue sharing scheme and utilizes TORM's integrated operating platform for technical management.

As of 30 June 2014, TORM's owned fleet consists of 43 product tankers and two dry bulk vessels. TORM has no newbuilding order book and therefore no CAPEX commitments related hereto.

TORM's operated fleet as at 30 June 2014 is shown in the table below. In addition to the 45 owned vessels, TORM had chartered-in seven product tankers and six bulk vessels on longer time charter contracts (minimum one year contracts) and one bulk vessel on shorter time charter contract (less than one year contracts). Another 40 product tankers were either in pool or under commercial management with TORM.

# of vessels	Current fleet			Newbuildings and T/C-in deliveries with a period >= 12 months		
	Q1 2014	Changes	Q2 2014	2014	2015	2016
Owned vessels						
LR2	8.0	-3.0	5.0			
LR1	7.0	-	7.0			
MR	32.0	-12.0	20.0			
Handysize	11.0	-	11.0			
Tanker Division	58.0	-15.0	43.0	-	-	-
Panamax	2.0	-	2.0			
Handymax	-	-	-			
Bulk Division	2.0	-	2.0	-	-	-
Total	60.0	-15.0	45.0	-	-	-
T/C-in vessels with contract period >= 12 months						
LR2	2.0	-	2.0			
LR1	-	-	-			
MR	2.0	3.0	5.0	-3.0		
Handysize	-	-	-			
Tanker Division	4.0	3.0	7.0	-3.0	-	-
Panamax	5.0	-	5.0			
Handymax	1.0	-	1.0			
Bulk Division	6.0	-	6.0	-	-	-
Total	10.0	3.0	13.0	-3.0	-	-
T/C-in vessels with contract period < 12 months						
LR2						
LR1						
MR						
Handysize						
Tanker Division	-	-	-			
Panamax	1.0	-1.0	-			
Handymax	-	-	-			
Bulk Division	1.0	-1.0	-			
Total	1.0	-1.0	-			
Pools/commercial management	28.0	12.0	40.0	3.0		
Total fleet	99.0	-1.0	98.0			

Notes on the financial reporting

Accounting policies

The interim report for the period 1 January – 30 June 2014 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the accounting policies as for the Annual Report for 2013 including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2014. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2013. The interim report for the second quarter of 2014 is unaudited, in line with the normal practice.

Income statement

The gross profit for the second quarter of 2014 was USD 27m (USD 39m).

Administrative costs in the second quarter of 2014 were down by 2% year-on-year at USD 14m, which included a one-off cost of USD 1m in connection with the relocation of TORM's US premises.

The result before depreciation (EBITDA) for the second quarter of 2014 was a gain of USD 14m (USD 25m).

The second quarter of 2014 had mark-to-market non-cash adjustments of USD 0m (USD 1m).

Depreciation in the second quarter of 2014 was USD 23m (USD 32m) primarily due to fewer owned vessels than in the previous year.

The primary operating result (EBIT) for the second quarter of 2014 was a loss of USD 6m (USD -12m).

The second quarter of 2014 had financial expenses of USD 18m (USD 20m).

The result after tax for the second quarter of 2014 was a loss of USD 23m (USD -30m).

Assets

Total assets were down from USD 1,720m as at 31 March 2014 to USD 1,419m as at 30 June 2014.

The book value of the fleet was USD 1,243m as of 30 June 2014. Based on broker valuations, TORM's fleet had a market value of USD 931m as of 30 June 2014.

TORM estimates the product tanker fleet's total long-term earning potential each quarter based on future discounted cash flow in accordance with IFRS requirements. The estimated value of the fleet as of 30 June 2014 supports the carrying amount.

Debt

Net interest-bearing debt amounted to USD 1,367m as at 30 June 2014, compared to USD 1,662m as at 31 March 2014. The decrease in the second quarter of 2014 is primarily a result of repayment of debt in connection with the delivery of vessels held for sale.

As at 30 June 2014, TORM was in compliance with its financial covenants.



Equity

As of 30 June 2014, TORM had negative equity amounting to USD 125m.

TORM held 6,683,072 treasury shares as at 30 June 2014, equivalent to 0.9% of the Company's share capital. This is the same level as of 31 March 2014.

Liquidity

As of 30 June 2014, TORM's available liquidity was USD 119m consisting of USD 43m in cash and USD 76m in undrawn credit facilities. TORM has no newbuilding order book and therefore no CAPEX commitments related hereto.

Post balance sheet events

TORM has reached an agreement in principle with the Co-ordinating Committee of Lenders regarding an extension of the existing Super Senior Working Capital Facility by six months until 31 March 2015 to facilitate the completion of the recapitalization process. Given the current limited draw, TORM has requested that the facility be reduced from USD 100m to USD 50m. The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected before 30 September 2014.

Financial calendar

TORM's third quarter report for 2014 will be published on 6 November 2014. TORM's financial calendar can be found at www.torm.com/investor-relations.



About TORM

TORM is one of the world's leading carriers of refined oil products as well as a player in the dry bulk market. The Company operates a fleet of approximately 100 modern vessels with a strong commitment to safety, environmental responsibility and customer service.

TORM was founded in 1889 and celebrated its 125 year anniversary earlier this year. The Company conducts business worldwide and is headquartered in Copenhagen, Denmark. TORM's shares are listed on NASDAQ OMX Copenhagen (ticker: TORM). For further information, please visit www.torm.com.

Safe Harbor statements as to the future

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 statements other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

Forward-looking statements in this company announcement 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 statements 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 the Company 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, the Company cannot guarantee 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 the world economy 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 the regulation of shipping operations, 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.

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



Statement by the Board of Directors and Executive Management

The Board and Management have today discussed and adopted this interim report for the period 1 January – 30 June 2014.

The interim report for the period 1 January – 30 June 2014 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the accounting policies as for the Annual Report for 2013 including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2014. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2013. The interim report for the second quarter of 2014 is unaudited, in line with the normal practice.

Reference is made to note 1 on page 21 and note 3 on page 22 that as at 30 June 2014 TORM was in compliance with its financial covenants. With the requested extension of the working capital facility, TORM expects to comply with the financial covenants when tested as at 30 September 2014. The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected prior to 30 September 2014.

We believe the accounting practices used are reasonable, and that this interim report gives a true and accurate picture of the Group's assets, debt, financial position, results and cash flow.

Copenhagen, 14 August 2014

Management

Jacob Meldgaard, CEO

Board of Directors

Flemming Ipsen, Chairman

Olivier Dubois, Deputy Chairman

Kari Millum Gardarnar

Alexander Green

Rasmus Johannes Hoffmann

Jon Syvertsen



Consolidated income statement

USDm	Q2 2014	Q2 2013	2014 Q1-Q2	2013 Q1-Q2	2013	
Revenue	148.6	289.4	331.5	567.6	992.3	
Port expenses, bunkers and commissions	-70.7	-166.4	-166.0	-318.3	-550.5	
Freight and bunker derivatives	0.1	-0.9	-0.1	0.1	1.4	
Time charter equivalent earnings	78.0	122.1	165.4	249.4	443.2	
Charter hire	-12.1	-38.8	-23.8	-73.5	-119.2	
Operating expenses	-39.1	-44.4	-81.5	-87.5	-173.6	
Gross profit (Net earnings from shipping activities)	26.8	38.9	60.1	88.4	150.4	
Administrative expenses	-14.1	-14.4	-27.6	-28.6	-56.5	
Other operating income	0.8	0.1	1.4	0.4	1.7	
Share of results of joint ventures	0.1	0.2	0.2	0.4	0.5	
EBITDA	13.6	24.8	34.1	60.6	96.1	
Impairment losses on tangible and intangible assets	2.6	-5.0	-192.4	-5.0	-59.8	
Amortizations and depreciation	-22.7	-31.6	-51.3	-63.4	-126.9	
Operating profit (EBIT)	-6.5	-11.8	-209.6	-7.8	-90.6	
Financial income	0.7	1.7	1.0	2.8	4.2	
Financial expenses	-18.1	-20.0	-37.3	-41.0	-79.7	
Profit/(loss) before tax	-23.9	-30.1	-245.9	-46.0	-166.1	
Tax	1.1	-0.1	0.5	-0.5	3.9	
Net profit/(loss) for the period	-22.8	-30.2	-245.4	-46.5	-162.2	
Earnings/(loss) per share, EPS						
Earnings/(loss) per share, EPS	USD	0.0	0.0	-0.3	-0.1	-0.2
Earnings/(loss) per share, EPS	DKK*	-0.2	0.0	-1.9	-0.4	-1.3
Diluted earnings/(loss) per share	USD	0.0	0.0	-0.3	-0.1	-0.2
Diluted earnings/(loss) per share	DKK*	-0.2	0.0	-1.9	-0.4	-1.3

*) The key figures have been translated from USD to DKK using the average USD/DKK exchange change rate for the period in question.

Consolidated income statement per quarter

USDm	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	
Revenue	148.6	182.9	193.0	231.7	289.4	
Port expenses, bunkers and commissions	-70.7	-95.3	-96.8	-135.4	-166.4	
Freight and bunker derivatives	0.1	-0.2	0.6	0.6	-0.9	
Time charter equivalent earnings	78.0	87.4	96.8	96.9	122.1	
Charter hire	-12.1	-11.7	-17.1	-28.6	-38.8	
Operating expenses	-39.1	-42.4	-42.3	-43.7	-44.4	
Gross profit (Net earnings from shipping activities)	26.8	33.3	37.4	24.6	38.9	
Administrative expenses	-14.1	-13.5	-13.6	-14.3	-14.4	
Other operating income	0.8	0.6	0.8	0.5	0.1	
Share of results of joint ventures	0.1	0.1	0.1	0.0	0.2	
EBITDA	13.6	20.5	24.7	10.8	24.8	
Impairment losses on tangible and intangible assets	2.6	-195.0	-54.8	0.0	-5.0	
Amortizations and depreciation	-22.7	-28.6	-31.6	-31.9	-31.6	
Operating profit (EBIT)	-6.5	-203.1	-61.7	-21.1	-11.8	
Financial income	0.7	0.3	1.0	0.4	1.7	
Financial expenses	-18.1	-19.2	-19.4	-19.3	-20.0	
Profit/(loss) before tax	-23.9	-222.0	-80.1	-40.0	-30.1	
Tax	1.1	-0.6	4.6	-0.2	-0.1	
Net profit/(loss) for the period	-22.8	-222.6	-75.5	-40.2	-30.2	
Earnings/(loss) per share, EPS						
Earnings/(loss) per share, EPS	USD	-0.2	-0.3	-0.1	-0.1	0.0
Diluted earnings/(loss) per share	USD	-0.2	-0.3	-0.1	-0.1	0.0

Consolidated statement of comprehensive income

USDm	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	2013
Net profit/(loss) for the period	-22.8	-30.2	-245.4	-46.5	-162.2
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange rate adjustment arising on translation of entities using a measurement currency different from USD	0.0	-0.2	-0.1	-0.2	-0.3
Fair value adjustment on hedging instruments	0.4	0.0	0.5	0.0	0.0
Value adjustment on hedging instruments transferred to income statement	1.2	2.9	2.8	6.8	11.5
Fair value adjustment on available for sale investments	0.0	0.2	-0.1	-0.1	0.6
Other comprehensive income after tax	1.6	2.9	3.1	6.5	11.8
Total comprehensive income	-21.2	-27.3	-242.3	-40.0	-150.4

Consolidated balance sheet – Assets

USDm	30 June 2014	30 June 2013	31 December 2013
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	0.0	0.0	0.0
Other intangible assets	1.4	1.6	1.5
Total intangible assets	1.4	1.6	1.5
Tangible fixed assets			
Vessels and capitalized dry-docking	1,243.3	1,900.3	1,692.7
Other plant and operating equipment	3.4	5.5	4.7
Total tangible fixed assets	1,246.7	1,905.8	1,697.4
Financial assets			
Investment in joint ventures	0.7	0.9	1.1
Other investments	12.2	11.7	12.3
Total financial assets	12.9	12.6	13.4
TOTAL NON-CURRENT ASSETS	1,261.0	1,920.0	1,712.3
CURRENT ASSETS			
Bunkers	31.3	72.8	46.1
Freight receivables	62.8	102.6	79.7
Other receivables	8.5	15.9	13.3
Prepayments	12.5	11.7	7.6
Cash and cash equivalents	43.0	25.2	29.1
	158.1	228.2	175.8
Non-current assets held for sale	0.0	129.0	119.5
TOTAL CURRENT ASSETS	158.1	357.2	295.3
TOTAL ASSETS	1,419.1	2,277.2	2,007.6

Consolidated balance sheet – Equity and liabilities

USDm	30 June 2014	30 June 2013	31 December 2013
EQUITY			
Common shares	1.2	1.2	1.2
Special reserve	61.0	61.0	61.0
Treasury shares	-19.0	-19.1	-19.0
Revaluation reserves	6.8	6.2	6.9
Retained profit	-170.3	190.5	75.0
Hedging reserves	-7.9	-15.9	-11.2
Translation reserves	3.7	3.8	3.8
TOTAL EQUITY	-124.5	227.7	117.7
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liability	45.1	52.9	46.3
Mortgage debt and bank loans	1,352.7	1,862.5	1,565.2
Finance lease liabilities	13.7	13.3	12.9
Deferred income	3.5	4.6	4.1
TOTAL NON-CURRENT LIABILITIES	1,415.0	1,933.3	1,628.5
CURRENT LIABILITIES			
Mortgage debt and bank loans	43.3	1.3	168.6
Trade payables	40.6	74.5	43.9
Current tax liabilities	1.2	0.5	1.6
Other liabilities	39.5	38.7	43.5
Deferred income	4.0	1.2	3.8
TOTAL CURRENT LIABILITIES	128.6	116.2	261.4
TOTAL LIABILITIES	1,543.6	2,049.5	1,889.9
TOTAL EQUITY AND LIABILITIES	1,419.1	2,277.2	2,007.6



Consolidated statement of changes in equity as at 1 January – 30 June 2014

	Common shares	Special reserve	Treasury shares	Retained profit	Revaluation reserves	Hedging reserves	Translation reserves	Total
USDm								
Equity at 1 January 2014	1.2	61.0	-19.0	75.0	6.9	-11.2	3.8	117.7
Comprehensive income for the year:								
Net profit/(loss) for the year	-	-	-	-245.4	-	-	-	-245.4
Other comprehensive income for the year	-	-	-	-	-0.1	3.3	-0.1	3.1
Total comprehensive income for the year	-	-	-	-245.4	-0.1	3.3	-0.1	-242.3
Share-based compensation	-	-	-	0.1	-	-	-	0.1
Total changes in equity Q1-Q2 2014	0.0	0.0	0.0	-245.3	-0.1	3.3	-0.1	-242.2
Equity at 30 June 2014	1.2	61.0	-19.0	-170.3	6.8	-7.9	3.7	-124.6

Consolidated statement of changes in equity as at 1 January – 30 June 2013

	Common shares	Special reserve	Treasury shares	Retained profit	Revaluation reserves	Hedging reserves	Translation reserves	Total
USDm								
Equity at 1 January 2013	1.2	61.0	-19.1	236.6	6.3	-22.7	4.0	267.3
Comprehensive income for the year:								
Net profit/(loss) for the year	-	-	-	-46.5	-	-	-	-46.5
Other comprehensive income for the year	-	-	-	-	-0.1	6.8	-0.2	6.5
Total comprehensive income for the year	-	-	-	-46.5	-0.1	6.8	-0.2	-40.0
Share-based compensation	-	-	-	0.4	-	-	-	0.4
Total changes in equity Q1-Q2 2013	0.0	0.0	0.0	-46.1	-0.1	6.8	-0.2	-39.6
Equity at 30 June 2013	1.2	61.0	-19.1	190.5	6.2	-15.9	3.8	227.7

Consolidated statement of cash flow

USDm	Q2 2014	Q2 2013	Q1-Q2 2014	Q1-Q2 2013	2013
Cash flow from operating activities					
Operating profit	-6.4	-11.8	-209.6	-7.8	-90.6
Adjustments:					
Reversal of amortizations and depreciation	22.7	31.6	51.3	63.4	126.9
Reversal of impairment of tangible and intangible assets	-2.6	5.0	192.4	5.0	59.8
Reversal of share of results of joint ventures	-0.1	-0.2	-0.2	-0.4	-0.5
Reversal of other non-cash movements	-1.2	1.6	-2.0	1.6	5.2
Dividends received	0.9	0.5	0.9	0.5	0.5
Dividends received from joint ventures	0.5	0.5	0.5	0.5	0.5
Interest received and exchange rate gains	0.0	0.0	0.1	0.0	0.1
Interest paid and exchange rate losses	-10.9	-14.7	-23.4	-28.4	-55.1
Advisor fees related to financing and restructuring plan	-1.2	0.0	-2.1	0.0	-1.2
Income taxes paid/repaid	-0.5	-0.1	-1.3	-0.6	-1.9
Change in bunkers, accounts receivables and payables	13.4	15.4	17.7	4.7	24.2
Net cash flow from operating activities	14.6	27.7	24.3	38.5	67.9
Cash flow from investing activities					
Investment in tangible fixed assets	-10.8	-7.5	-22.9	-16.4	-41.3
Sale of non-current assets	294.0	0.7	355.3	0.7	134.7
Net cash flow from investing activities	283.2	-6.8	332.4	-15.7	93.4
Cash flow from financing activities					
Borrowing, mortgage debt	0.0	0.0	0.0	15.0	18.0
Repayment/redemption, mortgage debt	-272.5	-12.3	-342.8	-39.7	-177.5
Transaction costs share issue	0.0	0.0	0.0	-1.1	-1.1
Purchase/disposals of treasury shares	0.0	0.0	0.0	0.0	0.1
Net cash flow from financing activities	-272.5	-12.3	-342.8	-25.8	-160.5
Net cash flow from operating, investing and financing activities	25.2	8.6	13.9	-3.1	0.8
Cash and cash equivalents, beginning balance	17.8	16.6	29.1	28.3	28.3
Cash and cash equivalents, ending balance	43.0	25.2	43.0	25.2	29.1



Consolidated quarterly statement of cash flow

USDm	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Cash flow from operating activities					
Operating profit	-6.4	-203.1	-61.7	-21.1	-11.8
Adjustments:					
Reversal of amortizations and depreciation	22.7	28.6	31.6	31.9	31.6
Reversal of impairment of tangible and intangible assets	-2.6	195.0	54.8	0.0	5.0
Reversal of share of results of joint ventures	-0.1	-0.1	-0.1	0.0	-0.2
Reversal of other non-cash movements	-1.2	-0.8	-1.3	4.9	1.6
Dividends received	0.9	0.0	0.0	0.0	0.5
Dividends received from joint ventures	0.5	0.0	0.0	0.0	0.5
Interest received and exchange rate gains	0.0	0.1	0.0	0.1	0.0
Interest paid and exchange rate losses	-10.9	-12.5	-12.5	-14.2	-14.7
Advisor fees related to financing and restructuring plan	-1.2	-0.9	-1.2	0.0	0.0
Income taxes paid/repaid	-0.5	-0.8	-1.3	0.0	-0.1
Change in bunkers, accounts receivables and payables	13.4	4.3	12.4	7.2	15.4
Net cash flow from operating activities	14.6	9.8	20.7	8.8	27.7
Cash flow from investing activities					
Investment in tangible fixed assets	-10.8	-12.1	-11.7	-13.2	-7.5
Sale of non-current assets	294.0	61.3	0.0	134.0	0.7
Net cash flow from investing activities	283.2	49.2	-11.7	120.8	-6.8
Cash flow from financing activities					
Borrowing, mortgage debt	0.0	0.0	0.0	3.0	0.0
Repayment/redemption, mortgage debt	-272.5	-70.3	-10.5	-127.3	-12.3
Transaction costs share issue	0.0	0.0	0.0	0.0	0.0
Purchase/disposals of treasury shares	0.0	0.0	0.1	0.0	0.0
Net cash flow from financing activities	-272.5	-70.3	-10.4	-124.3	-12.3
Net cash flow from operating, investing and financing activities	25.2	-11.3	-1.4	5.3	8.6
Cash and cash equivalents, beginning balance	17.8	29.1	30.5	25.2	16.6
Cash and cash equivalents, ending balance	43.0	17.8	29.1	30.5	25.2

Notes

Note 1 - Impairment test

As at 30 June 2014, Management performed a review of the recoverable amount of the assets by assessing the recoverable amount for the significant assets within the Tanker Division and the Bulk Division.

Based on the review, Management concluded that:

- Assets within the Bulk Division were not impaired as the fair value less costs to sell equals the carrying amount
- Assets within the Tanker Division were not further impaired as of 30 June 2014 as the value in use equals the carrying amount

Tanker Division

The methodology used for calculating the value in use is unchanged compared to the Annual Report for 2013 and accordingly the freight rate estimates in the period 2014 to 2016 are based on the Company's business plans. Beyond 2016, the freight rates are based on the 10-year historical average freight rates from Clarksons adjusted by the inflation rate.

The WACC is 7.7% (30 June 2013: 8.7%) and 8.3% at 31 December 2013.

The 10-year historical average spot freight rates as of 30 June 2014 are as follows:

- LR2 USD/day 24,404 (USD/day 26,183)
- LR1 USD/day 21,061 (USD/day 22,354)
- MR USD/day 18,453 (USD/day 19,493)
- Handysize USD/day 20,444 (USD/day 22,370)

Management believes that these major assumptions are reasonable.

The calculation of value in use is very sensitive to changes in the key assumptions, which are considered to be related to the future development in freight rates, the WACC applied as discounting factor in the calculations and the development in operating expenses. The sensitivities have been assessed as follows, all other things being equal:

- A decrease in the tanker freight rates of USD/day 1,000 would result in an additional impairment of USD 140m for the Tanker Division
- An increase of the WACC of 1.0% would result in an additional impairment of USD 86m for the Tanker Division
- An increase of the operating expenses of 10.0% would result in an additional impairment of USD 123m for the Tanker Division

As outlined above, the impairment tests have been prepared on the basis that the Company will continue to operate its vessels as a fleet in the current set-up. In comparison, the market value of TORM's vessels was USD 931m, which is USD 312m less than the carrying impaired amount.

Note 2 - Vessels and capitalized dry-docking

USDm	30 June 2014	30 June 2013	31 Dec. 2013
Cost:			
Balance at 1 January	2,575.9	2,752.0	2,752.0
Additions	17.4	12.9	41.2
Disposals	-7.1	-1.2	-19.4
Transferred to non-current assets held for sale	-468.7	0.0	-197.9
Balance	2,117.5	2,763.7	2,575.9
Depreciation and impairments:			
Balance at 1 January	883.2	803.7	803.7
Disposals	-7.0	-1.3	-19.4
Depreciation for the year	243.7	61.0	122.5
Impairment loss		0.0	54.8
Transferred to/from other items	-245.7	0.0	-78.4
Balance	874.2	863.4	883.2
Carrying amount	1,243.3	1,900.3	1,692.7

Note 3 - Mortgage debt and bank loans

USDm	30 June 2014	30 June 2013	31 Dec. 2013
Mortgage debt and bank loans			
To be repaid as follows:			
Falling due within one year	47.9	112.5	172.9
Falling due between one and two years	75.8	124.1	87.8
Falling due between two and three years	1,285.8	87.8	1,488.9
Falling due between three and four years	0.0	1,539.4	0.0
Falling due between four and five years	0.0	0.0	0.0
Falling due after five years	0.0	0.0	0.0
Total	1,409.5	1,863.8	1,749.6

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 13.5m (30 June 2013: 18.7m), which are amortized over the term of the loans.

By 30 June 2014, TORM was in compliance with its financial covenants. With the requested extension of the working capital facility, TORM expects to comply with the financial covenants when tested as at 30 September 2014. The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected prior to 30 September 2015.



Note 4 - Segment information

USDm	Q1-Q2 2014				Q1-Q2 2013			
	Tanker Division	Bulk Division	Not allocated	Total	Tanker Division	Bulk Division	Not allocated	Total
Revenue	313.5	18.1	0.0	331.5	420.2	147.4	0.0	567.6
Port expenses, bunkers and commissions	-166.4	0.4	0.0	-166.0	-218.2	-100.1	0.0	-318.3
Freight and bunker derivatives	0.1	-0.2	0.0	-0.1	0.0	0.1	0.0	0.1
Time charter equivalent earnings	147.2	18.3	0.0	165.4	202.0	47.4	0.0	249.4
Charter hire	-9.8	-14.0	0.0	-23.8	-12.8	-60.7	0.0	-73.5
Operating expenses	-79.5	-2.0	0.0	-81.5	-85.7	-1.8	0.0	-87.5
Gross profit (Net earnings from shipping activities)	57.9	2.3	0.0	60.1	103.5	-15.1	0.0	88.4
Administrative expenses	-26.3	-1.3	0.0	-27.6	-24.1	-4.5	0.0	-28.6
Other operating income	1.4	0.0	0.0	1.4	0.3	0.1	0.0	0.4
Share of results of joint ventures	0.2	0.0	0.0	0.2	0.4	0.0	0.0	0.4
EBITDA	33.2	1.0	0.0	34.1	80.1	-19.5	0.0	60.6
Impairment losses on jointly controlled entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment losses on tangible and intangible assets	-192.4	0.0	0.0	-192.4	-5.0	0.0	0.0	-5.0
Amortizations and depreciation	-50.0	-1.3	0.0	-51.3	-61.9	-1.5	0.0	-63.4
Operating profit (EBIT)	-209.2	-0.4	0.0	-209.6	13.2	-21.0	0.0	-7.8
Financial income	-	-	1.0	1.0	-	-	2.8	2.8
Financial expenses	-	-	-37.3	-37.3	-	-	-41.0	-41.0
Profit/(loss) before tax	-	-	-36.3	-245.9	-	-	-38.2	-46.0
Tax	-	-	0.5	0.5	-	-	-0.5	-0.5
Net profit/(loss) for the period	-	-	-35.8	-245.4	-	-	-38.7	-46.5
BALANCE SHEET								
Total non-current assets	1,214.5	34.4	12.2	1,261.1	1,872.7	35.6	11.7	1,920.0

During the year, there have been no transactions between the Tanker Division and the Bulk Division, and therefore all revenue derives from external customers.

Note 5 – Subsequent events

TORM has reached an agreement in principle with the Co-ordinating Committee of Lenders regarding an extension of the existing Super Senior Working Capital Facility by six months until 31 March 2015 to facilitate the completion of the recapitalization process. Given the current limited draw, TORM has requested that the facility be reduced from USD 100m to USD 50m. The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected before 30 September 2014.

Note 6 - Accounting policies

The interim report for the period 1 January – 30 June 2014 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the accounting policies as for the Annual Report for 2013 including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2014. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2013. The interim report for the first half of 2014 is unaudited, in line with the normal practice.