

---

## TORM plc interim results for the half-year ended 30 June 2017

*"I am satisfied that we have been able to deliver a profit for the first six months of 2017 despite a difficult product tanker market. Over the summer, we have utilized our strong capital structure to pursue two attractive vessel growth opportunities totaling six vessels at what we believe is an opportune time in the cycle," says Executive Director Jacob Meldgaard.*

**In the first six months of 2017, TORM realized a positive EBITDA of USD 80m and a profit before tax of USD 3m. Q2 2017 had an EBITDA of USD 36m and a profit before tax of USD -2m.**

- EBITDA for the half-year ended 30 June 2017 was USD 80m (2016, same period: USD 126m). Profit before tax for the first six months of 2017 was USD 3m (2016, same period: USD 46m). Cash flow from operating activities was positive with USD 65m in the first six months of 2017 (2016, same period: USD 116m) and earnings per share (EPS) was USD 0.0 (2016, same period: USD 0.7).
- During the half-year ended 30 June 2017, consumption of clean petroleum products was healthy; however, inventory drawdowns were limited due to the large quantity of oil being refined. The high clean petroleum product inventories had a negative impact on the demand for product tankers. TORM's product tanker fleet realized average TCE earnings of USD/day 14,567 for 13,722 earning days (2016, same period: USD/day 18,713 for 14,024 earning days) and a gross profit of USD 100m (2016, same period: USD 148m).
- The Board of Directors has approved an interim dividend of USD 1.2m, equivalent to USD 0.02 per share. The dividend is expected to be distributed on 12 September 2017 with the ex-dividend date on 24 August 2017. The interim dividend payment is in line with the Company's distribution policy and corresponds to 42% of net income for the six months ended 30 June 2017.
- During the first six months of 2017, TORM sold three vessels: TORM Anne (1999-built MR vessel), TORM Madison and TORM Trinity (both 2000-built Handysize vessels). Furthermore, TORM completed sale and leaseback transactions for three vessels: TORM Helene, TORM Mary and TORM Vita. The three sale and leaseback transactions are treated as financial leases but have no purchase obligation attached.
- Following the balance sheet date, TORM has completed two transactions to purchase a total of six MR resale vessels for a total consideration of USD 185m. The first transaction includes four MR resale vessels with expected delivery in 2019. TORM has received firm commitment from Danish Ship Finance to finance the four vessels with 65% of the purchase price. The transaction includes an option to purchase up to four additional MR vessels with expected delivery in late 2019. The second transaction includes two MR resale vessels for delivery in the third quarter of 2017. In addition to the six vessels purchased, TORM has sold one vessel, TORM Fox, a 2005-built Handysize vessel.
- The carrying value of the fleet including prepayments was USD 1,342m as of 30 June 2017 excluding outstanding installments on the LR2 newbuildings of USD 134m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,354m as of 30 June 2017. Compared to the broker valuations as of 31 March 2017, the fleet value has increased by USD 9.6m (~0.7%). When excluding vessels sold during the second quarter, the fleet value has increased by ~1.8%.
- Net interest-bearing debt amounted to USD 556m as of 30 June 2017.
- As of 30 June 2017, TORM had undrawn credit facilities and cash of approx. USD 404m. As of 30 June 2017, TORM's order book stood at four LR2 newbuildings with expected delivery in 2017 and 2018. Outstanding CAPEX relating to the order book amounted to USD 134m and is fully financed. The available liquidity, order book and outstanding CAPEX figures are as of 30 June 2017. The figures do not include financing and CAPEX commitments related to the six MR resale vessels.
- Based on broker valuations as of 30 June 2017, TORM's net asset value (NAV), excluding charter commitments, is estimated at USD 707m, equivalent to a NAV/share of USD 11.4 or DKK 74.2.
- Equity amounted to USD 788m as of 30 June 2017, equivalent to a book equity/share of USD 12.7 or DKK 82.8 excluding treasury shares and outstanding warrants, giving TORM an equity ratio of 48%.

- As of 30 June 2017, 21% of the remaining earning days in 2017 were covered at USD/day 16,046.
- As of 7 August 2017, TORM had covered 58% of the earning days in the third quarter of 2017 at an average TCE of USD/day 14,442.

---

**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 +1 866 779 1130 (from the USA). The presentation can be downloaded from [www.torm.com](http://www.torm.com).

**Contact TORM plc**

Birchin Court, 20 Birchin Lane, London EC3V 9DU, United Kingdom  
Tel.: +45 3917 9200 / Fax: +45 3917 9393, [www.torm.com](http://www.torm.com)  
Jacob Meldgaard, Executive Director, tel.: +45 3917 9200  
Christian Sogaard-Christensen, CFO, tel.: +45 3917 9200  
Christian Mens, Investor Relations, tel.: +45 3917 9231

**ABOUT TORM**

TORM is one of the world's leading carriers of refined oil products. The Company operates a fleet of approximately 80 modern vessels with a strong commitment to safety, environmental responsibility and customer service. TORM was founded in 1889. The Company conducts business worldwide. TORM's shares are listed on Nasdaq Copenhagen (ticker: TRMD A). For further information, please visit [www.torm.com](http://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 words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions generally identify forward-looking statements.

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 that 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 "ton 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, political events or acts by terrorists.

In light of these risks and uncertainties, you should not place undue reliance on forward-looking statements contained in this release because they are statements about events that are not certain to occur as described or at all. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Except to the extent required by applicable law or regulation, the Company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

## Key figures\*

	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016
<b>Income statement (USDm)</b>					
Revenue	157.0	176.9	329.8	370.6	680.1
Time charter equivalent earnings (TCE)	93.0	122.7	199.9	261.1	458.3
Gross profit	44.7	67.5	99.5	147.9	241.5
EBITDA	35.7	56.6	79.8	126.1	200.0
Operating profit/(loss) (EBIT)	7.4	25.0	21.1	65.6	-107.2
Financial items	-8.9	-9.8	-17.8	-19.2	-34.5
Profit/(loss) before tax	-1.5	15.2	3.3	46.4	-141.7
Net profit/(loss) for the period	-1.6	15.0	3.0	45.9	-142.5
Net profit/(loss) for the period excluding impairment charges	-1.6	15.0	4.0	45.9	42.5
<b>Balance sheet (USDm)</b>					
Total non-current assets	1,344.3	1,602.7	1,344.3	1,602.7	1,390.0
Total assets	1,650.7	1,823.7	1,650.7	1,823.7	1,571.3
Total equity	787.8	984.9	787.8	984.9	780.6
Total liabilities	862.9	838.8	862.9	838.8	790.7
Invested capital	1,340.6	1,587.1	1,340.6	1,587.1	1,387.8
Net interest-bearing debt	556.2	602.2	556.2	602.2	609.2
Cash and cash equivalents	213.8	117.0	213.8	117.0	76.0
<b>Key financial figures</b>					
Gross margins:					
TCE	59.2%	69.4%	60.6%	70.5%	67.4%
Gross profit	28.5%	38.2%	30.2%	39.9%	35.6%
EBITDA	22.7%	32.0%	24.2%	34.0%	29.4%
Operating profit/(loss)	4.7%	14.1%	6.4%	17.7%	-15.7%
Return on Equity (RoE) (p.a.)	-0.8%	6.1%	0.4%	9.4%	-16.2%
Return on Invested Capital (RoIC) (p.a.)	2.1%	6.2%	2.8%	8.2%	-7.2%
Adjusted Return on Invested Capital (RoIC) (p.a.)	1.9%	6.2%	3.0%	8.2%	4.9%
Equity ratio	47.7%	54.0%	47.7%	54.0%	49.7%
<b>Share-related key figures</b>					
Earnings per share, EPS (USD)	0.0	0.2	0.0	0.7	-2.3
Diluted earnings per share, EPS (USD)	0.0	0.2	0.0	0.7	-2.3
Net Asset Value per share (NAV) (USD)	11.4	14.0	11.4	14.0	11.8
Share price, end of period (per share of USD 0.01) (DKK)	63.5	67.5	63.5	67.5	63.5
Number of shares (excl. treasury shares), end of period (million)	62.0	62.3	62.0	62.3	62.0
Number of shares (excl. treasury shares), average (million)	62.0	62.3	62.0	62.3	62.9

\* Throughout the interim report, several Alternative Performance Measures (APMs) are used. The APMs used are the same as in the Annual Report, and therefore we refer to the principles for these on pages 128-132 in the TORM plc Annual Report 2016.

## Results

The gross profit for the first six months of 2017 was USD 99.5m (2016, same period: USD 147.9m).

EBITDA for the first six months of 2017 was USD 79.8m (2016, same period: USD 126.1m).

The result before tax for the first six months of 2017 was USD 3.3m (2016, same period: USD 46.4m).

## Consolidated income statement

USDm	Note	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016
Revenue		157.0	176.9	329.8	370.6	680.1
Port expenses, bunkers and commissions		-64.0	-54.2	-129.9	-109.5	-221.9
<b>Time charter equivalent earnings (TCE)</b>		<b>93.0</b>	<b>122.7</b>	<b>199.9</b>	<b>261.1</b>	<b>458.3</b>
Charter hire		-1.6	-5.5	-5.1	-10.9	-21.5
Operating expenses	1	-46.7	-49.7	-95.3	-102.3	-195.2
<b>Gross profit (Net earnings from shipping activities)</b>		<b>44.7</b>	<b>67.5</b>	<b>99.5</b>	<b>147.9</b>	<b>241.5</b>
Profit from sale of vessels		2.8	-	2.8	-	-
Administrative expenses	1	-11.6	-10.9	-22.2	-21.6	-41.4
Other operating expenses		-0.2	-	-0.3	-0.2	-0.3
Share of profit from joint ventures		-	-	-	-	0.2
<b>EBITDA</b>		<b>35.7</b>	<b>56.6</b>	<b>79.8</b>	<b>126.1</b>	<b>200.0</b>
Impairment losses on tangible and intangible assets		-	-	-1.0	-	-185.0
Amortization and depreciation		-28.3	-31.6	-57.7	-60.5	-122.2
<b>Operating profit/(loss) (EBIT)</b>		<b>7.4</b>	<b>25.0</b>	<b>21.1</b>	<b>65.6</b>	<b>-107.2</b>
Financial income		0.8	1.1	1.0	2.2	2.8
Financial expenses		-9.7	-10.9	-18.8	-21.4	-37.3
<b>Profit/(loss) before tax</b>		<b>-1.5</b>	<b>15.2</b>	<b>3.3</b>	<b>46.4</b>	<b>-141.7</b>
Tax		-0.1	-0.2	-0.3	-0.5	-0.8
<b>Net profit/(loss) for the period</b>		<b>-1.6</b>	<b>15.0</b>	<b>3.0</b>	<b>45.9</b>	<b>-142.5</b>
<b>Earnings per share, EPS</b>						
Earnings per share, EPS (USD)		-0.0	0.2	0.0	0.7	-2.3
Diluted earnings per share (USD)		-0.0	0.2	0.0	0.7	-2.3

## Outlook

As of 30 June 2017, TORM had covered 21% of the remaining tanker earning days in 2017 at USD/day 16,046.

Up until 8 August 2017, TORM had covered 34% of the remaining tanker earning days in 2017 at USD/day 15,141.

As 9,123 earning days in 2017 are unfixed as of 7 August 2017, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 9.1m.

The table below shows the figures for the period from 1 July to 31 December 2017 and the full-year figures for 2018 and 2019.

## Coverage of earning days

	2017	2018	2019	2017	2018	2019
Owned days						
LR2	1,342	3,624	4,001			
LR1	1,282	2,507	2,506			
MR	8,658	17,109	17,349			
Handysize	1,630	3,190	3,204			
<b>Total</b>	<b>12,911</b>	<b>26,430</b>	<b>27,061</b>			
Charter-in and leaseback days at fixed rate						
LR2	152	363	363			
LR1	-	-	-			
MR	319	726	726			
Handysize	-	-	-			
<b>Total</b>	<b>470</b>	<b>1,089</b>	<b>1,089</b>			
Charter-in days at floating rate						
LR2	366	338	-			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
<b>Total</b>	<b>366</b>	<b>338</b>	<b>-</b>			
Total physical days						
LR2	1,860	4,325	4,364	826	1,086	84
LR1	1,282	2,507	2,506	113	-	-
MR	8,977	17,835	18,075	1,800	1,075	147
Handysize	1,630	3,190	3,204	202	-	-
<b>Total</b>	<b>13,748</b>	<b>27,857</b>	<b>28,150</b>	<b>2,942</b>	<b>2,161</b>	<b>231</b>
Covered, %						
LR2	44%	25%	2%	18,486	24,163	24,348
LR1	9%	0%	0%	12,774	-	-
MR	20%	6%	1%	15,663	17,507	17,509
Handysize	12%	0%	0%	11,328	-	-
<b>Total</b>	<b>21%</b>	<b>8%</b>	<b>1%</b>	<b>16,046</b>	<b>20,853</b>	<b>20,003</b>
Coverage rates, USD/day						

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

Contracts not included above	0.2
Contracts included above	0.0

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 of 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 segment results

For the half-year ended 30 June 2017, TORM's product tanker fleet realized average TCE rates of USD/day 14,567 across all segments.

During the first quarter of 2017, product tanker freight rates started out at weak levels similar to the fourth quarter of 2016 but strengthened towards the end of the first quarter. The freight rate improvement was primarily driven by increased demand for clean petroleum products in the western markets. The healthy freight rate levels seen at the end of the first quarter carried over into the beginning of the second quarter; however, as April progressed, freight rates began to soften and product tanker freight rates on average were a bit lower than the rates achieved in the first quarter. The freight rates remained at weak levels for most of the quarter but saw an improvement in June where the market strengthened, especially in the West.

Decreasing oil prices throughout most of the quarter resulted in strong refinery margins and thus a high level of refinery throughput. Over the course of the quarter, consumption of clean petroleum products was healthy; however, inventory drawdowns were limited due to the large quantity of oil being refined. The continued high clean petroleum product inventories had a negative impact on the demand for product tankers as it hampers arbitrage trades.

Although the second quarter of 2017 was slightly softer than the first quarter, the freight market remained relatively balanced, especially in the West where there were a few regional spikes during the quarter. Looking ahead, OPEC's decision to extend production cuts into 2018 could indicate that it will probably take some time before inventory levels are back at more normalized levels.

In the West, US refiners' increased throughput reduced gasoline imports to the US, but on the other hand the high production levels caused record high exports of clean petroleum products out of the US Gulf, primarily destined for South America where Brazil was a strong importer throughout the second quarter. Trade flows into West Africa continued the positive trajectory, and predominantly supplied out of Europe. Uncertainty around newly proposed Chinese regulation meant that European exports of mixed aromatics to China was put on hold for the first half of the quarter; however, the mixed aromatics trade flows picked up again during the second half of the quarter.

In the East, the freight market was rather soft throughout the quarter mainly due to seasonal refinery maintenance in North Asia and China and lower exports out of India due to increased domestic consumption of refined petroleum products. Furthermore, the palm oil exports from East to West remained limited as it has been for most of 2017. Towards the end of the quarter, market conditions in the Far East improved as refiners came out of maintenance and naphtha flows began to increase. However, the improved conditions have not yet been enough to drive up freight rates as tonnage supply remained ample.

The global product tanker fleet (above 25,000 dwt) grew by 2.9% in the first half of 2017 (source: TORM). The fleet growth is expected to slow down in the second half of 2017.

During the second quarter of 2017, TORM's product tanker fleet realized average spot TCE earnings of USD/day 13,350, down 24% year on year, with the LR2 segment at USD/day 12,487 (43% down year on year), the LR1 segment at USD/day 11,502 (40% down year on year), the MR segment at USD/day 14,066 (19% down year on year) and the Handysize segment at USD/day 11,418 (23% down year on year).

TORM's gross profit for the second quarter of 2017 was USD 44.7m. Operational data per vessel type is shown in the table on the next page.

Tanker vessels	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Change Q2 16 - Q2 17	12 month avg.	2017 weighted avg.
<b>LR2 vessels</b>								
Available earning days	811	867	919	826	889	10%		
Spot rates 1)	21,868	18,383	13,868	13,425	12,487	-43%	14,625	13,404
TCE per earning day 2)	21,875	22,031	18,107	15,913	16,338	-25%	18,112	16,133
Operating days	910	920	920	900	910	0%		
Operating expenses per operating day 3)	8,574	7,749	7,565	7,608	7,618	-11%	7,635	7,613
<b>LR1 vessels</b>								
Available earning days	635	642	643	600	619	-3%		
Spot rates 1)	19,018	17,291	14,496	15,751	11,502	-40%	14,667	13,291
TCE per earning day 2)	20,235	18,219	14,490	15,612	10,941	-46%	14,837	13,240
Operating days	637	644	644	630	637	0%		
Operating expenses per operating day 3)	7,178	7,180	6,590	7,781	7,373	3%	7,228	7,576
<b>MR vessels</b>								
Available earning days	4,651	4,778	4,782	4,623	4,412	-5%		
Spot rates 1)	17,417	13,159	12,172	15,117	14,066	-19%	13,650	14,591
TCE per earning day 2)	17,085	13,388	12,522	15,490	14,098	-17%	13,856	14,810
Operating days	4,641	4,692	4,692	4,581	4,550	-2%		
Operating expenses per operating day 3)	6,654	6,309	5,922	6,625	6,421	-3%	6,317	6,523
<b>Handy vessels</b>								
Available earning days	954	902	999	955	798	-16%		
Spot rates 1)	14,823	9,485	8,356	13,313	11,418	-23%	10,682	12,453
TCE per earning day 2)	14,680	9,635	7,921	13,389	11,886	-19%	10,639	12,705
Operating days	1,001	1,012	1,012	990	909	-9%		
Operating expenses per operating day 3)	6,442	6,506	5,914	6,562	6,455	0%	6,356	6,511
<b>Tanker vessels</b>								
Available earning days	7,051	7,188	7,342	7,004	6,718	-5%		
Spot rates 1)	17,457	13,508	13,509	14,804	13,350	-24%	13,418	14,056
TCE per earning day 2)	17,594	14,391	12,767	15,264	13,841	-21%	14,055	14,567
Operating days	7,189	7,268	7,268	7,101	7,006	-3%		
Operating expenses per operating day 3)	6,914	6,596	6,188	6,843	6,667	-4%	6,571	6,756

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

3) Operating expenses are related to owned vessels.

## TORM fleet development

The table below shows TORM's operated fleet as of 30 June 2017. In addition to the 71 owned product tankers, TORM had chartered-in five product tankers. Following the balance sheet date, TORM has purchased six MR resale vessels, these are included in the forward-looking vessel projections below.

TORM has ten newbuildings on order: four LR2s with expected delivery between the fourth quarter of 2017 and the second quarter of 2018 and six MRs with expected delivery in Q3 2017 and in 2019.

	Q1 2017	Changes	Q2 2017	Changes	2017	Changes	2018	Changes	2019
<b>Owned vessels</b>									
LR2	7	-	7	1	8	3	11	-	11
LR1	7	-	7	-	7	-	7	-	7
MR	49	-1	48	2	50	-	50	4	54
Handysize	11	-2	9	-	9	-	9	-	9
<b>Total</b>	<b>74</b>	<b>-3</b>	<b>71</b>	<b>3</b>	<b>74</b>	<b>3</b>	<b>77</b>	<b>4</b>	<b>81</b>
<b>Chartered-in and leaseback vessels</b>									
LR2	3	-	3	-	3	-2	1	-	1
LR1	0	-	0	-	0	-	0	-	0
MR	1	1	2	-	2	-	2	-	2
Handysize	0	-	0	-	0	-	0	-	0
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-2</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Total fleet</b>	<b>78</b>	<b>-2</b>	<b>76</b>	<b>3</b>	<b>79</b>	<b>1</b>	<b>80</b>	<b>4</b>	<b>84</b>



---

## Financial Review

### Income statement

The gross profit for the half-year ended 30 June 2017 was USD 99.5m (2016, same period: USD 147.9m). The reduction was due to lower freight rates and fewer earning days. Average TCE rate for the first six months of 2017 was USD/day 14,567 compared to USD/day 18,713 in the same period in 2016. Available earning days were 13,722 compared to 14,024 in the same period in 2016. For the second quarter of 2017 alone, the gross profit was USD 44.7m (2016, same period: USD 67.5m).

Administrative costs for the half-year ended 30 June 2017 were USD 22.2m (2016, same period: USD 21.6m). The slight increase is due to one-off costs and an increase in employees. For the second quarter of 2017 alone, administrative costs amounted to USD 11.6m (2016, same period: USD 10.9m).

The result before depreciation (EBITDA) for the half-year ended 30 June 2017 was USD 79.8m (2016, same period: USD 126.1m). For the second quarter of 2017 alone, the result before depreciation (EBITDA) was USD 35.7m (2016, same period: USD 56.6m).

Depreciation for the half-year ended 30 June 2017 was USD 57.7m (2016, same period: USD 60.5m). The decrease is due to fewer owned vessels. For the second quarter of 2017 alone, depreciation was USD 28.3m (2016, same period: USD 31.6m).

The primary operating result (EBIT) for the half-year ended 30 June 2017 was USD 21.1m (2016, same period: USD 65.6m). For the second quarter of 2017 alone, the primary operating result (EBIT) was USD 7.4m (2016, same period: USD 25.0m).

Financial expenses for the half-year ended 30 June 2017 was USD 18.8m (2016, same period: USD 21.4m). The decrease in financial expenses is due to one-off costs in 2016. For the second quarter of 2017 alone, financial expenses were USD 9.7m (2016, same period: USD 10.9m).

The result after tax for the half-year ended 30 June 2017 was USD 3.0m (2016, same period: USD 45.9m). For the second quarter of 2017 alone, the result after tax was USD -1.6m (2016, same period: USD 15.0m).

### Other comprehensive income

Other comprehensive income for the half-year ended 30 June 2017 was USD 2.7m (2016, same period: USD -12.0m), resulting in total comprehensive income for the half-year ended 30 June 2017 of USD 5.7m (2016, same period: USD 33.9m). The increase in other comprehensive income is primarily driven by an increase in fair value adjustments on hedging instruments, mainly due to a weakening USD. For the second quarter of 2017 alone, other comprehensive income was USD 2.0m (2016, same period: USD -5.3m).

### Assets

As of 30 June 2017, total assets were USD 1,650.7m.

The carrying value of the fleet including prepayments was USD 1,342.3m as of 30 June 2017, excluding outstanding installments on the LR2 newbuildings of USD 134m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,354.1m as of 30 June 2017.

---

**Debt**

As of 30 June 2017, net interest-bearing debt amounted to USD 556.2m. As of 30 June 2017, TORM was in compliance with the financial covenants.

**Equity**

As of 30 June 2017, TORM's equity was USD 787.8m. As of 30 June 2017, TORM held treasury shares equivalent to 0.5% of the Company's share capital.

**Liquidity**

As of 30 June 2017, TORM's available liquidity was USD 403.8m and consisted of cash and cash equivalents of USD 213.8m and undrawn credit facilities of USD 190.2m. The undrawn credit facilities consisted of a USD 75m working capital facility and a USD 115.2m facility financing the LR2 newbuilding program. TORM had CAPEX commitments of USD 134.4m, all related to the LR2 newbuildings.

**Cash flow**

Cash flow from operating activities for the half-year ended 30 June 2017 was USD 65.3m (2016, same period: USD 115.8m). The decrease is primarily due to a lower operating profit. For the second quarter of 2017 alone, cash flow from operations was USD 38.5m (2016, same period: USD 44.4m).

Cash flow from investing activities for the half-year ended 30 June 2017 was USD -9.2m (2016, same period: USD -84.5m). The increase is due to positive cash flow from vessel sales and lower CAPEX related to the order book. For the second quarter of 2017 alone, cash flow from investing activities was USD 2.1m (2016, same period: USD -20.0m).

Cash flow from financing activities for the half-year ended 30 June 2017 was USD 81.7m (2016, same period: USD -82.6m). The increase is mainly due to the new term facility of USD 126m, announced in January 2017. For the second quarter of 2017 alone, cash flow from financing activities was USD -41.6m driven by repayment of debt from vessel sales (2016, same period: USD -30.1m).

**Related party transactions**

In the second quarter of 2017, Executive Director Jacob Meldgaard was elected to the Board of Directors of Danish Ship Finance (DSF). As of 30 June 2017, TORM had a debt facility with DSF totaling USD 166m. There have been no new loan agreements or changes to the existing loan agreements with DSF during the second quarter of 2017.

There have been no new material related party transactions in the period and no material changes to the related party transactions as described in note 22 of the Consolidated Financial Statements in the Annual Report 2016.

Following the balance sheet date, TORM entered a financing agreement with Danish Ship Finance for financing of four MR resale vessels. The financing agreement will run for seven years from the time of delivery. The main terms of the agreement are in line with existing loan agreements and in line with current market terms.

---

### Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of 2017. Risks and uncertainties, along with the mitigation measures put in place to reduce risks, remain unchanged from those published in the Annual Report 2016 and are summarized below:

- Tanker freight rates – The risk of sustained low tanker freight rates or of TORM not being able to predict and act on the development of these
- Bunker price – The risk of unexpected bunker price increases not covered by corresponding freight rate increases
- Timing of sale and purchase of vessels – The risk of TORM not selling and purchasing vessels timely relative to market developments and business requirements
- Oil major approval – The risk of a partial ban of the TORM tanker fleet by oil majors
- Severe vessel accidents – The risk of severe vessel accidents
- Technical costs – The risk of technical costs related to primarily operational expenditures
- Code of conduct – The risk of fraud and misconduct
- Capital structure – The risk of going concern

### Dividend

The Board of Directors has approved an interim dividend of USD 1.2m, equivalent to USD 0.02 per share. The dividend is expected to be distributed on 12 September 2017 with the ex-dividend date on 24 August 2017. The interim dividend payment is in line with the Company's distribution policy and corresponds to 42% of net income for the six months ended 30 June 2017.

Christopher H. Boehringer

Chairman of the Board  
16 August 2017

---

## Responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Jacob Meldgaard  
Executive Director  
16 August 2017

### **DISCLAIMER**

The interim report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Half-Year Report should not be relied on by any other party or for any other purpose.

The Half-Year Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking statements

## Consolidated income statement

USDm	Note	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016
Revenue		157.0	176.9	329.8	370.6	680.1
Port expenses, bunkers and commissions		-64.0	-54.2	-129.9	-109.5	-221.9
<b>Time charter equivalent earnings (TCE)</b>		93.0	122.7	199.9	261.1	458.3
Charter hire		-1.6	-5.5	-5.1	-10.9	-21.5
Operating expenses	1	-46.7	-49.7	-95.3	-102.3	-195.2
<b>Gross profit (Net earnings from shipping activities)</b>		44.7	67.5	99.5	147.9	241.5
Profit from sale of vessels		2.8	-	2.8	-	-
Administrative expenses	1	-11.6	-10.9	-22.2	-21.6	-41.4
Other operating expenses		-0.2	-	-0.3	-0.2	-0.3
Share of profit from joint ventures		-	-	-	-	0.2
<b>EBITDA</b>		35.7	56.6	79.8	126.1	200.0
Impairment losses on tangible and intangible assets		-	-	-1.0	-	-185.0
Amortization and depreciation		-28.3	-31.6	-57.7	-60.5	-122.2
<b>Operating profit/(loss) (EBIT)</b>		7.4	25.0	21.1	65.6	-107.2
Financial income		0.8	1.1	1.0	2.2	2.8
Financial expenses		-9.7	-10.9	-18.8	-21.4	-37.3
<b>Profit/(loss) before tax</b>		-1.5	15.2	3.3	46.4	-141.7
Tax		-0.1	-0.2	-0.3	-0.5	-0.8
<b>Net profit/(loss) for the period</b>		-1.6	15.0	3.0	45.9	-142.5
<b>Earnings per share, EPS</b>						
Earnings per share, EPS (USD)		-0.0	0.2	0.0	0.7	-2.3
Diluted earnings per share (USD)		-0.0	0.2	0.0	0.7	-2.3

## Consolidated income statement per quarter

USDm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	157.0	172.8	153.7	155.8	176.9
Port expenses, bunkers and commissions	-64.0	-65.9	-60.0	-52.4	-54.2
<b>Time charter equivalent earnings (TCE)</b>	<b>93.0</b>	<b>106.9</b>	<b>93.8</b>	<b>103.4</b>	<b>122.7</b>
Charter hire	-1.6	-3.5	-5.2	-5.4	-5.5
Operating expenses	-46.7	-48.6	-45.0	-47.9	-49.7
<b>Gross profit (Net earnings from shipping activities)</b>	<b>44.7</b>	<b>54.8</b>	<b>43.5</b>	<b>50.1</b>	<b>67.5</b>
Profit from sale of vessels	2.8	-	-	-	-
Administrative expenses	-11.6	-10.6	-10.0	-9.8	-10.9
Other operating expenses	-0.2	-0.1	-0.0	-0.1	-
Share of profit from joint ventures	-	-	0.2	-	-
<b>EBITDA</b>	<b>35.7</b>	<b>44.1</b>	<b>33.7</b>	<b>40.2</b>	<b>56.6</b>
Impairment losses on tangible and intangible assets	-	-1.0	-185.0	-	-
Amortization and depreciation	-28.3	-29.4	-31.4	-30.3	-31.6
<b>Operating profit/(loss) (EBIT)</b>	<b>7.4</b>	<b>13.7</b>	<b>-182.7</b>	<b>9.9</b>	<b>25.0</b>
Financial income	0.8	0.2	0.0	0.6	1.1
Financial expenses	-9.7	-9.1	-7.2	-8.7	-10.9
<b>Profit/(loss) before tax</b>	<b>-1.5</b>	<b>4.8</b>	<b>-189.9</b>	<b>1.8</b>	<b>15.2</b>
Tax	-0.1	-0.2	-0.1	-0.2	-0.2
<b>Net profit/(loss) for the period</b>	<b>-1.6</b>	<b>4.6</b>	<b>-190.0</b>	<b>1.6</b>	<b>15.0</b>
<b>Earnings per share, EPS</b>					
Earnings per share, EPS (USD)	-0.0	0.1	-3.0	0.0	0.2
Diluted earnings per share (USD)	-0.0	0.1	-3.0	0.0	0.2

## Consolidated statement of comprehensive income

USDm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016
<b>Net profit for the period</b>	-1.6	15.0	3.0	45.9	-142.5
<b>Other comprehensive income/(loss):</b>					
<b>Items that subsequently may be reclassified to profit or loss:</b>					
Exchange rate adjustment arising from translation of entities using a functional currency different from USD	-	-0.2	0.1	-0.2	-0.2
Fair value adjustment on hedging instruments	1.6	-5.0	2.9	-11.5	-2.7
Value adjustment on hedging instruments transferred to income statement	0.4	-0.1	-0.3	-0.3	1.7
<b>Other comprehensive income/(loss) after tax*</b>	2.0	-5.3	2.7	-12.0	-1.3
<b>Total comprehensive income/(loss)</b>	<b>0.4</b>	<b>9.7</b>	<b>5.7</b>	<b>33.9</b>	<b>-143.7</b>

\*) No income tax was incurred relating to other comprehensive income items

## Consolidated balance sheet – Assets

USDm	Note	30 June 2017	30 June 2016	31 December 2016
<b>NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>				
Goodwill		-	11.4	-
<b>Total intangible assets</b>		-	11.4	-
<b>Tangible fixed assets</b>				
Vessels and capitalized dry-docking	2, 3	1,282.9	1,564.9	1,343.8
Prepayments on vessels	4	59.4	24.4	44.1
Other plant and operating equipment		1.7	1.7	1.8
<b>Total tangible fixed assets</b>		<b>1,344.0</b>	<b>1,591.0</b>	<b>1,389.7</b>
<b>Financial assets</b>				
Investment in joint ventures		0.3	0.3	0.3
<b>Total financial assets</b>		<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,344.3</b>	<b>1,602.7</b>	<b>1,390.0</b>
<b>CURRENT ASSETS</b>				
Bunkers		28.8	28.2	31.6
Freight receivables		52.4	64.8	62.5
Other receivables		8.9	4.7	8.1
Prepayments		2.5	6.3	3.1
Cash and cash equivalents		213.8	117.0	76.0
<b>TOTAL CURRENT ASSETS</b>		<b>306.4</b>	<b>221.0</b>	<b>181.3</b>
<b>TOTAL ASSETS</b>		<b>1,650.7</b>	<b>1,823.7</b>	<b>1,571.3</b>



## Consolidated balance sheet – Equity and liabilities

USDm	Note	30 June 2017	30 June 2016	31 December 2016
<b>EQUITY</b>				
Common shares		0.6	0.6	0.6
Treasury shares		-2.9	-0.8	-2.9
Hedging reserves		3.0	-10.4	0.4
Translation reserves		0.0	-0.0	-0.1
Retained profit		787.1	995.5	782.5
<b>TOTAL EQUITY</b>		<b>787.8</b>	<b>984.9</b>	<b>780.6</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liability		44.9	45.0	45.0
Mortgage debt and bank loans	5	644.6	604.3	593.9
Finance lease liabilities		26.8	14.6	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>716.3</b>	<b>663.9</b>	<b>638.9</b>
<b>CURRENT LIABILITIES</b>				
Mortgage debt and bank loans	5	79.0	99.4	75.7
Finance lease liabilities		16.2	0.9	13.6
Trade payables		19.9	24.8	28.5
Current tax liabilities		0.9	1.9	0.8
Other liabilities		30.4	47.6	33.1
Deferred income		0.2	0.3	0.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>146.6</b>	<b>174.9</b>	<b>151.8</b>
<b>TOTAL LIABILITIES</b>		<b>862.9</b>	<b>838.8</b>	<b>790.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,650.7</b>	<b>1,823.7</b>	<b>1,571.3</b>

Contractual obligations and rights 6

Post balance sheet date events 7

Accounting policies 8

Alternative Performance Measures (APMs) 9

## Consolidated statement of changes in equity for the period 1 January – 30 June 2017

	Common shares*	Treasury shares**	Hedging reserves	Translation reserves	Retained profit	Total
USDm						
<b>Equity as of 1 January 2017</b>	0.6	(2.9)	0.4	(0.1)	782.6	780.6
<b>Comprehensive income for the period:</b>						
Net profit for the period	-	-	-	-	3.0	3.0
Other comprehensive income for the period ***)	-	-	2.6	0.1	-	2.7
<b>Total comprehensive income for the period</b>	-	-	<b>2.6</b>	<b>0.1</b>	<b>3.0</b>	<b>5.7</b>
Shareholders' contribution	-	-	-	-	0.6	0.6
Share-based compensation	-	-	-	-	0.9	0.9
<b>Total change in equity for the period</b>	-	-	<b>2.6</b>	<b>0.1</b>	<b>4.5</b>	<b>7.2</b>
<b>Equity as of 30 June 2017</b>	<b>0.6</b>	<b>(2.9)</b>	<b>3.0</b>	<b>-</b>	<b>787.1</b>	<b>787.8</b>

The Board of Directors has after the reporting period approved an interim dividend of USD 1.2m, equivalent to USD 0.02 per share.

## Consolidated statement of changes in equity for the period 1 January – 30 June 2016

	Common shares*	Treasury shares**	Hedging reserves	Translation reserves	Retained profit	Total
USDm						
<b>Equity as of 1 January 2016</b>	0.6	(0.2)	1.4	0.2	974.0	976.0
<b>Comprehensive income for the period:</b>						
Net profit for the period	-	-	-	-	45.9	45.9
Other comprehensive income for the period ***)	-	-	(11.8)	(0.2)	-	(12.0)
<b>Total comprehensive income for the period</b>	-	-	<b>(11.8)</b>	<b>(0.2)</b>	<b>45.9</b>	<b>33.9</b>
Corporate Reorganization TORM plc	-	-	-	-	(6.2)	(6.2)
Acquisition outstanding shares in TORM A/S, cost ****)	-	-	-	-	(19.2)	(19.2)
Acquisition treasury shares, cost	-	(0.6)	-	-	-	(0.6)
Share-based compensation	-	-	-	-	1.0	1.0
Dividend paid	-	-	-	-	-	-
<b>Total change in equity for the period</b>	-	<b>(0.6)</b>	<b>(11.8)</b>	<b>(0.2)</b>	<b>21.5</b>	<b>8.9</b>
<b>Equity as of 30 June 2016</b>	<b>0.6</b>	<b>(0.8)</b>	<b>(10.4)</b>	<b>(0.0)</b>	<b>995.5</b>	<b>984.9</b>

\* Common shares have been adjusted to reflect the nominal capital of TORM plc, please refer to the Consolidated statements of changes in equity in the Consolidated Financial Statements for 2016.

\*\* Please refer to note 13 in the Consolidated Financial Statements 2016 for further information on treasury shares.

\*\*\* Please refer to "Consolidated Statement of Comprehensive Income".

\*\*\*\* Relates to the squeeze-out of remaining minority shareholders in TORM A/S, please refer to note 1 in the notes to the Consolidated Financial Statements for 2016.

## Consolidated statement of cash flow

USDm	Q1-Q2 2017	Q1-Q2 2016	2016
<b>Cash flow from operating activities</b>			
Operating profit/(loss)	21.1	65.6	-107.2
Adjustments:			
Reversal of profit from sale of vessels	-2.8	-	-
Reversal of amortization and depreciation	57.7	60.5	122.2
Reversal of impairment of tangible and intangible assets	1.0	-	185.0
Reversal of share of results of joint ventures	-	-	-0.2
Reversal of other non-cash movements	1.5	-6.0	-7.1
Dividends received from joint ventures	-	-	0.2
Interest received	0.7	0.1	0.2
Interest paid	-16.8	-16.2	-31.4
Net exchange rate gains	0.2	2.1	2.5
Income taxes paid/repaid	-0.3	-0.6	-1.4
Change in bunkers, accounts receivables and payables	3.0	10.3	8.3
<b>Net cash flow from operating activities</b>	<b>65.3</b>	<b>115.8</b>	<b>171.1</b>
<b>Cash flow from investing activities</b>			
Investment in tangible fixed assets	-30.0	-84.5	-119.4
Sale of non-current assets (vessels)	20.8	-	-
<b>Net cash flow from investing activities</b>	<b>-9.2</b>	<b>-84.5</b>	<b>-119.4</b>
<b>Cash flow from financing activities</b>			
Borrowing, mortgage debt and other financial liabilities	160.6	19.3	49.3
Repayment, mortgage debt	-78.9	-82.1	-146.2
Dividend paid	-	-	-25.0
Acquisition outstanding shares in TORM A/S	-	-19.2	-19.2
Purchase of treasury shares	-	-0.6	-2.9
<b>Net cash flow from financing activities</b>	<b>81.7</b>	<b>-82.6</b>	<b>-144.0</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>137.8</b>	<b>-51.3</b>	<b>-92.3</b>
Cash and cash equivalents, beginning balance	76.0	168.3	168.3
<b>Cash and cash equivalents, ending balance</b>	<b>213.8</b>	<b>117.0</b>	<b>76.0</b>
Of which restricted cash equivalents	2.3	5.0	1.9
<b>Non-restricted cash and cash equivalents</b>	<b>211.5</b>	<b>112.0</b>	<b>74.1</b>

## Consolidated quarterly statement of cash flow

USDm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Cash flow from operating activities</b>					
Operating profit/(loss)	7.4	13.7	-182.7	9.9	25.0
Adjustments:					
Reversal of profit from sale of vessels	-2.8	-	-	-	-
Reversal of amortization and depreciation	28.3	29.4	31.4	30.4	31.6
Reversal of impairment of tangible and intangible assets	-	1.0	185.0	-	-
Reversal of share of results of joint ventures	-	-	-0.2	-	-
Reversal of other non-cash movements	0.3	1.2	-1.1	-	-5.9
Dividends received from joint ventures	-	-	0.2	-	-
Interest received	0.4	0.3	-	-	-
Interest paid	-9.7	-7.1	-6.9	-8.3	-7.1
Net exchange rate gains	0.2	-	-	0.4	1.1
Income taxes paid/repaid	-0.2	-0.1	-0.6	-0.2	-0.2
Change in bunkers, accounts receivables and payables	14.6	-11.6	-8.2	6.2	-0.1
<b>Net cash flow from operating activities</b>	<b>38.5</b>	<b>26.8</b>	<b>16.9</b>	<b>38.4</b>	<b>44.4</b>
<b>Cash flow from investing activities</b>					
Investment in tangible fixed assets	-12.6	-17.4	-16.9	-18.0	-20.0
Sale of non-current assets (vessels)	14.7	6.1	-	-	-
<b>Net cash flow from investing activities</b>	<b>2.1</b>	<b>-11.3</b>	<b>-16.9</b>	<b>-18.0</b>	<b>-20.0</b>
<b>Cash flow from financing activities</b>					
Borrowing, mortgage debt and other financial liabilities	10.9	149.7	30.0	-	19.3
Repayment, mortgage debt	-52.5	-26.4	-31.4	-32.7	-29.6
Dividend paid	-	-	-	-25.0	-
Acquisition outstanding shares in TORM A/S	-	-	-	-	-19.2
Purchase of treasury shares	-	-	-	-2.3	-0.6
<b>Net cash flow from financing activities</b>	<b>-41.6</b>	<b>123.3</b>	<b>-1.4</b>	<b>-60.0</b>	<b>-30.1</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>-1.0</b>	<b>138.8</b>	<b>-1.4</b>	<b>-39.6</b>	<b>-5.7</b>
Cash and cash equivalents, beginning balance	214.8	76.0	77.4	117.0	122.7
<b>Cash and cash equivalents, ending balance</b>	<b>213.8</b>	<b>214.8</b>	<b>76.0</b>	<b>77.4</b>	<b>117.0</b>
Of which restricted cash equivalents	2.3	23.9	1.9	6.3	5.0
<b>Non-restricted cash and cash equivalents</b>	<b>211.5</b>	<b>190.9</b>	<b>74.1</b>	<b>71.1</b>	<b>112.0</b>

## Notes

### Note 1 – Staff costs

USDm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	2016
<b>Total staff costs:</b>					
Staff costs included in operating expenses	2.3	2.6	4.6	5.0	9.9
Staff costs included in administrative expenses	9.1	8.4	16.8	16.7	31.0
Total staff costs	11.4	11.0	21.4	21.7	40.9

### Note 2 – Vessels

#### Impairment assessment

For determination of the vessel values, TORM has carried out an assessment of the most significant assumptions used in the value in use calculations for the Annual Report at 31 December 2016 (please refer to Note 8 in the Annual Report 2016). Based on this, TORM has assessed that there are no significant changes in the assumptions to either the fair value or the value in use, and therefore TORM does not find any need for an impairment.

#### Assets held-for-sale

The impairment of USD 1m (H1 2016: USD 0m) made in the first half of 2017 refers to impairment of assets held-for-sale in Q1 2017, as these vessels are measured at fair value less cost to sell, rather than value in use.

### Note 3 – Vessels and capitalized dry-docking

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Cost:</b>			
Balance as of 1 January	1,697.4	1,567.5	1,567.5
Additions	15.6	26.6	40.8
Disposals	-3.9	-14.6	-16.3
Transferred to assets held-for-sale	-32.1	-	-
Transferred to/from other items	-	105.4	105.4
Balance	1,677.0	1,684.9	1,697.4
<b>Depreciation:</b>			
Balance as of 1 January	180.0	75.5	75.5
Disposals	-3.9	-14.6	-15.9
Depreciation for the period	57.4	59.1	120.4
Transferred to assets held-for-sale	-13.0	-	-
Balance	220.5	120.0	180.0
<b>Impairment</b>			
Balance as of 1 January	173.6	-	-
Impairment losses for the period	-	-	173.6
Balance	173.6	-	173.6
Carrying amount	1,282.9	1,564.9	1,343.8

#### Note 4 – Prepayments on vessels

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Cost:</b>			
Balance as of 1 January	44.1	72.6	72.6
Additions	15.3	57.2	76.9
Transferred to/from other items	-	-105.4	-105.4
Carrying amount	59.4	24.4	44.1

#### Note 5 – Mortgage debt and bank loans

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Mortgage debt and bank loans</b>			
To be repaid as follows:			
Falling due within one year	79.5	99.6	75.9
Falling due between one and two years	138.5	73.3	75.1
Falling due between two and three years	69.4	142.2	137.5
Falling due between three and four years	69.4	57.1	59.7
Falling due between four and five years	348.3	57.0	306.5
Falling due after five years	21.9	275.4	16.9
Total	727.0	704.6	671.6

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 3.4m (30 June 2016: 0.9m, 31 December 2016: 2.0m), which are amortized over the term of the loans.

As of 30 June 2017, TORM was in compliance with the financial covenants. TORM expects to remain in compliance with the financial covenants in the remaining period of 2017.

During the first quarter of 2017, TORM plc signed a syndicated financing agreement with Danske Bank, ABN AMRO, DVB and ING with collateral in nine MR vessels. The available facility was fully utilized on January 27, 2017 where TORM plc drew USD 126m on the facility which matures on March 31, 2022. Main conditions are in line with the Company's existing loan agreements.

#### Note 6 – Contractual obligations and rights

As of 30 June 2017, TORM has contractual obligations regarding newbuilding commitments and chartered-in vessels of USD 134.4m and USD 6.6m respectively (30 June 2016: USD 168.0m and USD 33.2m). In addition, TORM has contractual rights regarding charter hire income from vessels of USD 74.6m (30 June 2016: USD 125.1m).

#### Note 7 – Post balance sheet date events

Following the balance sheet date, TORM has completed two transactions to purchase a total of six MR resale vessels for a total consideration of USD 185m. The first transaction includes four MR resale vessels with expected delivery in 2019. TORM has received firm commitment from Danish Ship Finance to finance the four vessels with 65% of the purchase price. The transaction includes an option to purchase up to four additional MR vessels with expected delivery in late 2019. The second transaction includes two MR resale vessels for delivery in the third quarter of 2017. In addition to the six vessels purchased, TORM has sold one vessel, TORM Fox, a 2005-built Handysize vessel.

#### Note 8 – Accounting policies

##### General information

The information for the year ended 31 December 2016 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

#### Significant accounting policies

The interim report for the period 1 January – 30 June 2017 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The interim report has been prepared using the accounting policies of TORM plc that are consistent with the accounting policies of the Annual Report 2016 and additional policies below including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2017. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report 2016. The interim report for the first half of 2017 is unaudited, in line with normal practice.

#### Going concern

The Group monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements, including newbuildings and loan commitments, and to monitor compliance with the financial covenants in its loan facilities. As of 30 June 2017, TORM's cash position was USD 214m, TORM's debt was USD 770m and the net debt loan-to-value ratio was 51%. TORM performs sensitivity calculations to reflect different scenarios including, but not limited to, future freight rates and vessel valuations in order to identify risks to future liquidity and covenant compliance and to enable Management to take corrective actions, if required. The principal risks and uncertainties facing the Group are set out on page 11.

The Board of Directors has considered the Group's cash flow forecasts and the expected compliance with the Company's financial covenants for a period of not less than 12 months from the date of approval of these financial statements. Based on this review, the Board of Directors has a reasonable expectation that, taking into account reasonably possible changes in trading performance and vessel valuations, the Group will be able to continue in operational existence and comply with its financial covenants for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements

#### Assets held-for-sale

Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Gains and losses are recognized on delivery to the new owners in the income statement in the item "Profit from sale of vessels".

#### Note 9 – Alternative performance measures (APMs)

Throughout the interim report, several APMs are used. The APMs used are the same as in the Annual Report, and therefore we refer to the principles for these on pages 128-132 in the TORM plc Annual Report 2016.

[http://www.torm.com/uploads/media\\_items/torm-plc-annual-report-2016.original.pdf](http://www.torm.com/uploads/media_items/torm-plc-annual-report-2016.original.pdf)

**Invested capital:** TORM defines invested capital as the sum of intangible assets, tangible fixed assets, investments in joint ventures, bunkers, accounts receivables, assets held-for-sale (when applicable), deferred tax liability, trade payables, current tax liabilities and deferred income. Invested capital measures the net investment used to achieve our operating profit. The Company believes that invested capital is a relevant measure that management uses to measure the overall development of the assets and liabilities generating our net profit. Such measure may not be comparable to similarly titled measures of other companies. Invested capital is calculated as follows:

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Invested capital</b>			
Tangible and intangible fixed assets	1,344.0	1,602.4	1,389.7
Investments in joint ventures	0.3	0.3	0.3
Bunkers	28.8	28.2	31.6
Accounts receivables *)	63.8	75.8	73.7
Deferred tax liability	-44.9	-45.0	-45.0
Trade payables **)	-50.3	-72.4	-61.6
Current tax liabilities	-0.9	-1.9	-0.8
Deferred income	-0.2	-0.3	-0.2
<b>Total</b>	<b>1,340.6</b>	<b>1,587.1</b>	<b>1,387.8</b>

\* Accounts receivables include Freight receivables, Other receivables and Prepayments.

\*\* Trade payables include Trade payables and Other liabilities.

**Net interest-bearing debt:** Net interest-bearing debt is defined as mortgage debt and bank loans (current and non-current), finance lease liabilities less cash and cash equivalents. Net interest-bearing debt depicts the net capital resources, which cause net interest expenditure and interest rate risk and which, together with equity, are used to finance our investments. As such, TORM believes that net interest-bearing debt is a relevant measure which Management uses to measure the overall development of our use of financing, other than equity. Such measure may not be comparable to similarly titled measures of other companies. Net interest-bearing debt is calculated as follows:

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Net interest-bearing debt</b>			
Mortgage debt and bank loans (current and non-current)	723.6	703.7	669.6
Finance lease liabilities (current and non-current)	43.0	15.5	13.6
Amortized bank fees	3.4	-	2.0
Cash and cash equivalents	-213.8	-117.0	-76.0
<b>Total</b>	<b>556.2</b>	<b>602.2</b>	<b>609.2</b>

**Net Asset Value per share (NAV/share):** TORM believes that the NAV/share is a relevant measure that Management uses to measure the overall development of the assets and liabilities per share. Such measure may not be comparable to similarly titled measures of other companies. NAV/share is calculated using broker values of vessels and excluding charter commitments. NAV/share is calculated as follows:

USDm	30 June 2017	30 June 2016	31 December 2016
<b>Net Asset Values per share</b>			
Total vessels value including newbuildings (broker values)	1,354.1	1,614.0	1,445.8
Committed CAPEX on newbuildings	-134.4	-168.0	-148.8
Cash position	213.8	117.0	76.0
Bunkers	28.8	28.2	31.6
Freight receivables	52.4	64.8	62.5
Other receivables	8.9	4.7	8.1
Other plant and operating equipment	1.7	1.7	1.8
Investments in joint ventures	0.3	0.3	0.3
Prepayment	2.5	6.3	3.0
Outstanding debt *)	-770.0	-720.1	-685.2
Trade payables	-19.9	-24.8	-28.5
Other liabilities	-30.4	-47.6	-33.0
Current tax liabilities	-0.9	-1.9	-0.8
<b>Total Net Asset Value (NAV)</b>	<b>706.9</b>	<b>874.6</b>	<b>732.7</b>
<b>Total number of shares excluding treasury shares (million)</b>	<b>62.0</b>	<b>62.3</b>	<b>62.0</b>
<b>Total Net Asset Value per share (NAV/share)</b>	<b>11.4</b>	<b>14.0</b>	<b>11.8</b>

\* Outstanding debt includes long-term and short-term Mortgage debt and bank loans and Finance lease liabilities.