TORM

TORM plc second quarter 2016 report

"The fundamental oil demand was high, as expected, in the second quarter of 2016. However, inventory drawdowns and lower naphtha imports to the Far East reduced the transportation requirements and led to generally lower freight rates. TORM did achieve competitive blended freight rates of USD/day ~17,500," says Executive Director Jacob Meldgaard and adds: "With the dividend payment of USD 25m and accretive share repurchases since May, TORM has demonstrated its commitment to let shareholders benefit directly from the operational cash flow generation."

- The EBITDA for the second quarter of 2016 was USD 56.6m (2015, same period, pro forma: USD 75.3m)[1]. The profit before tax for the second quarter of 2016 was USD 15.2m (2015, same period, pro forma: USD 45.2m). Cash flow from operating activities was positive with USD 44.4m in the second quarter of 2016 and earnings per share (EPS) was USD 0.2 or DKK 1.6.

- During the second quarter of 2016, the product tanker freight rates remained at profitable levels, however at a softer level compared to the same period in 2015. In general, refinery utilization was high although at a lower level compared to the first quarter of 2016, due to maintenance and high gasoline and diesel stocks globally. TORM's product tanker fleet realized average TCE earnings of USD/day 17,594 and realized a gross profit of USD 67.5m (2015, same period, pro forma: USD 86.0m) in the second quarter of 2016.

- On 15 April 2016, TORM established a new corporate structure of the TORM Group including the insertion of a UK parent company, TORM plc. TORM plc was listed on Nasdaq Copenhagen on 19 April 2016, and TORM A/S was delisted from Nasdaq Copenhagen on 26 April 2016. A total of 97.6% of TORM A/S' shareholders have exchanged their shareholdings to TORM plc, and TORM plc has acquired the remaining 2.4% shares from TORM A/S' minority shareholders. For accounting purposes, the consolidated financial statements for the TORM Group will be presented in the legal name of TORM plc, but will be a continuation of the financial statements of TORM A/S.

- As reported on 12 May 2016, TORM's Board of Directors has approved a new distribution policy intending to distribute 25-50% of net income semi-annually. Today, TORM's Board of Directors has approved the interim dividend payment of USD 25m, equivalent to 0.4 USD/share. The dividend is expected to be distributed on 15 September 2016 with the ex-dividend date on 24 August 2016. TORM plc has during June and July repurchased 113,347 own shares for a total consideration of USD 1m. Together with the purchase of the 2.4% of TORM A/S' shares, this corresponds to total accretive repurchases of USD 20m. TORM may from time to time continue to conduct limited share repurchase in the market.

- TORM did not take delivery of any vessels in the second quarter of 2016, and TORM's order book stands at four LR2 newbuildings with expected delivery in 2017 and 2018.

- The carrying value of the fleet including prepayments was USD 1,589m as of 30 June 2016 excluding outstanding installments on the LR2 newbuildings of USD 168m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,614m as of 30 June 2016. Compared to the broker values as of 31 March 2016, the fleet value has decreased by USD 198m (~11%). TORM estimates the fleet's total long-term earning potential each quarter based on future discounted cash flows in accordance with IFRS requirements. The estimated value for the fleet as of 30 June 2016 supports the book value.

- Net interest-bearing debt amounted to USD 602m as of 30 June 2016. On 8 July 2016, TORM finalized a loan agreement for financing of the LR2 newbuildings of up to USD 115m, or up to 60% of the purchase price, with 12 years maturity.

- TORM had undrawn credit facilities and cash of approx. USD 192m at the end of the second quarter of 2016 in addition to the above-mentioned financing of the LR2 newbuildings. Outstanding CAPEX relating to the order book amounted to USD 168m.

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[1]) On 13 July 2015, TORM A/S, its lenders and Oaktree Capital Management ("Oaktree") completed a restructuring. In return for a vessel contribution by means of the shares in OCM (Gibraltar) Njord Midco Ltd. ("Njord"), Oaktree obtained a controlling equity stake in TORM A/S. Njord is considered the accounting acquirer of TORM A/S and the continuing reporting entity. Reported comparative figures in the first two quarters of 2015, presented in the Consolidated Interim Financial Statements, reflect the activity of Njord only, whereas for the full year 2015 the period from the date of the completion of the Restructuring reflects the combined activities of TORM and Njord in the name of the legal parent, TORM A/S. Comparative pro forma figures presented in this report for 2015 present TORM as if the Restructuring had been undertaken as of 1 January 2015.

- Based on broker valuations, TORM's net asset value (NAV), excluding charter commitments, is estimated at USD 873m, equivalent to a NAV/share of USD 14.0 or DKK 93.9

- Equity amounted to USD 985m as of 30 June 2016, equivalent to a book equity/share of USD 15.8 or DKK 106.0 excluding treasury shares and outstanding warrants, giving TORM an equity ratio of 54%.

- TORM has changed the EBITDA interval to a positive EBITDA in the range of USD 210-250m and a profit before tax in the range USD 50-90m. As 12,258 earning days in 2016 are unfixed as at 30 June 2016, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 12.3m.

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 reported figures

		Q2 2016	Q2 2015	Q1-Q2 2016	Q1-Q2 2015	2015
Income statement (USDm)						
Revenue		176.9	71.5	370.6	138.7	540.4
Time charter equivalent earnings (TCE)		122.7	47.7	261.1	91.8	370.8
Gross profit		67.5	31.6	147.9	59.3	235.9
EBITDA		56.6	28.1	126.1	52.5	210.3
Operating profit (EBIT)		25.0	20.5	65.6	36.8	143.0
Profit before tax		15.2	19.4	46.4	34.5	127.0
Net profit		15.0	19.4	45.9	34.5	126.0
Balance sheet (USDm)						
Total assets		1,823.7	665.8	1,823.7	665.8	1,867.4
Equity		984.9	518.0	984.9	518.0	976.0
Total liabilities		838.8	147.8	838.8	147.8	891.4
Invested capital		1,587.1	600.5	1,587.1	600.5	1,587.4
Net interest bearing debt		602.2	82.5	602.2	82.5	611.4
Cash flow (USDm)						
From operating activities		44.4	27.2	115.8	57.0	214.0
From investing activities		-20.0	-9.2	-84.5	-50.1	-158.8
Thereof investment in tangible fixed assets		-20.0	-9.2	-84.5	-50.1	-253.9
From financing activities		-30.1	-4.0	-82.6	5.9	75.0
Total net cash flow		-5.7	14.0	-51.3	12.8	130.2
Key financial figures						
Gross margins:						
TCE		69.4%	66.7%	70.5%	66.2%	68.6%
Gross profit		38.2%	44.2%	39.9%	42.7%	43.6%
EBITDA		32.0%	39.3%	34.0%	37.9%	38.9%
Operating profit		14.1%	28.7%	17.7%	26.5%	26.5%
Return on Equity (RoE) (p.a.)		6.1%	15.7%	9.4%	14.0%	17.4%
Return on Invested Capital (RoIC) (p.a.)		6.2%	14.0%	8.2%	12.5%	13.1%
Equity ratio		54.0%	77.8%	54.0%	77.8%	52.3%
Exchange rate USD/DKK, end of period		6.70	6.67	6.70	6.67	6.83
Exchange rate USD/DKK, average		6.59	6.76	6.68	6.69	6.73
Share-related key figures						
Earnings per share, EPS*	USD	0.2	0.3	0.7	0.6	2.0
Diluted earnings per share, EPS*	USD	0.2	0.3	0.7	0.6	2.0
Cash flow per share, CFPS	USD	0.7	0.4	1.9	0.9	3.4
Share price, end of period (per share of USD 0.01 each)	DKK	67.5	-	67.5	-	97.5
Number of shares, end of period*	Million	62.3	62.3	62.3	62.3	62.3
Number of shares (excl. treasury shares), average*	Million	62.3	62.3	62.3	61.7	62.3

*) The number of shares have been adjusted for the Corporate Reorganization as disclosed on page 13

Key pro forma figures

	Q2 2016	Q2 2015 Pro forma	Q1-Q2 2016	Q1-Q2 2015 Pro forma	2015 Pro forma
Income statement (USDm)					
Revenue	176.9	211.0	370.6	431.3	854.3
Time charter equivalent earnings (TCE)	122.7	142.2	261.1	288.1	582.0
Gross profit	67.5	86.0	147.9	174.3	361.0
EBITDA	56.6	75.3	126.1	152.3	319.2
Operating profit (EBIT)	25.0	51.5	65.6	105.5	218.5
Profit before tax	15.2	45.2	46.4	88.6	187.8
Net profit	15.0	45.3	45.9	88.5	186.7
Balance sheet (USDm)					
Total assets	1,823.7	1,701.6	1,823.7	1,701.6	1,867.4
Equity	984.9	865.4	984.9	865.4	976.0
Total liabilities	838.8	836.2	838.8	836.2	891.4
Invested capital	1,587.1	1,461.8	1,587.1	1,461.8	1,587.5
Net interest bearing debt	602.2	596.4	602.2	596.4	611.6
Key financial figures					
Gross margins:					
TCE	69.4%	67.4%	70.5%	66.8%	68.1%
Gross profit	38.2%	40.8%	39.9%	40.4%	42.3%
EBITDA	32.0%	35.7%	34.0%	35.3%	37.4%
Operating profit	14.1%	24.4%	17.7%	24.5%	25.6%
Return on Invested Capital (RoIC) (p.a.)	6.2%	14.0%	8.2%	14.3%	14.1%

See page 12, “Basis for preparation of pro forma financial information adjusted for non-recurring items” for the basis for the preparation of the pro forma income statement and balance sheet.

Results

The EBITDA result for the second quarter of 2016 was USD 56.6m (2015, same period, pro forma: USD 75.3m). The result before tax for the second quarter of 2016 was USD 15.2m (2015, same period, pro forma: USD 45.1m).

The gross result for the second quarter of 2016 was USD 67.5m (2015, same period, pro forma: USD 86.0m).

Profit/(loss)

USDm	Q2 2016	**Q1-Q2 2016**	Pro forma Q2 2015	**Pro forma Q1-Q2 2015**
Revenue	176.9	370.6	211.0	431.3
Port expenses, bunkers and commissions	-54.2	-109.5	-68.8	-143.3
Time charter equivalent earnings	**122.7**	**261.1**	**142.2**	**288.0**
Charter hire	-5.5	-10.9	-8.9	-19.1
Operating expenses	-49.7	-102.3	-47.3	-94.6
Gross profit (Net earnings from shipping activities)	**67.5**	**147.9**	**86.0**	**174.3**
Administrative expenses	-10.9	-21.6	-10.7	-21.5
Other operating expenses	0.0	-0.2	0.0	-0.4
Share of profit/(loss) from joint ventures	0.0	0.0	0.0	-0.1
EBITDA	**56.6**	**126.1**	**75.3**	**152.3**
Amortizations and depreciation	-31.6	-60.5	-23.8	-46.8
Operating profit (EBIT)	**25.0**	**65.6**	**51.5**	**105.5**
Financial income	1.1	2.2	0.2	1.1
Financial expenses	-10.9	-21.4	-6.6	-18.0
Profit before tax	**15.2**	**46.4**	**45.1**	**88.6**
Tax	-0.2	-0.5	0.2	-0.1
Net profit for the period	**15.0**	**45.9**	**45.3**	**88.5**

See page 12, “Basis for preparation of pro forma financial information adjusted for non-recurring items” for the basis for the preparation of the pro forma income statement and balance sheet.

Outlook

For the full year 2016, TORM has changed the EBITDA interval to a positive range of USD 210-250m from USD 250-330m and the profit before tax range to USD 50-90m from USD 100-180m.

As 12,258 earning days in 2016 are unfixed as at 30 June 2016, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 12.3m.

As at 30 June 2016, TORM had covered 16% of the remaining tanker earning days in 2016 at USD/day 20,094.

The table on the next page shows the figures for the period from 1 July to 31 December 2016 and the full year figures for 2017 and 2018.

Coverage of earning days

	2016	2017	2018	2016	2017	2018
	Owned days					
LR2	1,448	2,979	4,321			
LR1	1,281	2,510	2,555			
MR	9,247	18,289	18,615			
Handysize	1,929	3,990	4,015			
Total	**13,905**	**27,767**	**29,506**			
	Charter-in days at fixed rate			T/C-in costs, USD/day		
LR2	-	-	-	-	-	-
LR1	-	-	-	-	-	-
MR	366	286	-	16,250	16,250	-
Handysize	-	-	-	-	-	-
Total	**366**	**286**	**-**	**16,250**	**16,250**	**-**
	Charter-in days at floating rate					
LR2	366	727	340			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
Total	**366**	**727**	**340**			
	Total physical days			Covered days		
LR2	1,814	3,706	4,661	942	1,070	1,092
LR1	1,281	2,510	2,555	94	-	-
MR	9,614	18,574	18,615	1,263	1,310	1,095
Handysize	1,929	3,990	4,015	81	-	-
Total	**14,638**	**28,780**	**29,846**	**2,380**	**2,379**	**2,187**
	Covered, %			Coverage rates, USD/day		
LR2	52%	29%	23%	22,890	24,200	24,192
LR1	7%	0%	0%	16,376	-	-
MR	13%	7%	6%	18,565	19,239	17,572
Handysize	4%	0%	0%	15,764	-	-
Total	**16%**	**8%**	**7%**	**20,094**	**21,469**	**20,878**

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	0.0

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 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 segment results

During the second quarter of 2016, the product tanker market softened compared to the first quarter of 2016, however still at healthy levels. The softening market was primarily a result of high gasoline and diesel stocks globally, causing most regions to cover own consumption by drawing down on inventories. Overall, refinery utilization was at a lower level compared to the first quarter of 2016 mainly due to seasonal maintenance and the high diesel and gasoline stocks. Refinery margins remained at profitable levels during the quarter although at a lower level compared to the second quarter of 2015.

In the West, the transatlantic trade volumes were at a healthy level driven by the high gasoline demand in the US. However, the absent naphtha trade from Europe to the Far East had a negative impact on the LR market resulting in LR vessels penetrating the traditional transatlantic MR trades. Further, the MR market was impacted by economic and political issues in Western Africa which reduced import to the region. These negative factors have together with destocking kept freight rates at lower levels compared to previous quarters despite the fundamentally strong US gasoline demand. On the positive side there has been an increase in the gasoil trade to South America from Europe and the US.

In the East, the LR market was negatively impacted by weak naphtha imports in the Far East due to maintenance in the petro-chemical sector and increase in the use of liquefied petroleum gas as substitution for naphtha. In addition, the LR and MR markets were negatively impacted by lower exports out of India due to a drought that reduced available hydropower thereby causing increased domestic consumption of refined oil products. The dirty Handysize market in the East was affected by weakening Aframax earnings during the quarter.

The global product tanker fleet (above 25,000 dwt) grew by 1.6% in the second quarter of 2016 (source: TORM).

During the second quarter of 2016, TORM’s product tanker fleet realized average spot TCE earnings of USD/day 17,457, or down 24% year-on-year, with the LR2 segment at USD/day 21,868 (22% down year-on-year), the LR1 segment at USD/day 18,942 (24% down year-on-year), the MR segment at USD/day 17,417 (22% down year-on-year) and the Handysize segment at USD/day 14,823 (25% down year-on-year).

TORM’s gross profit for the second quarter of 2016 was USD 68m. Operational data on a per vessel type are shown in the table on the next page.

Operational data	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	**Q2 16**	Change Q2 15 - Q2 16	12 month avg.	2016 weighted avg
LR2 (Aframax, 90-110,000 dwt)									
Available earning days	885	846	872	883	893	811	-4%		
Spot rates 1)	25,224	28,089	33,623	25,946	23,754	21,868	-22%	26,874	22,823
TCE per earning day 2)	25,486	26,707	34,024	25,127	22,598	21,875	-18%	25,954	22,254
Operating days	900	910	920	920	910	910	0%		
Operating expenses per operating day 3)	8,150	8,209	7,240	9,672	9,773	8,574	4%	8,813	9,174
LR1 (Panamax 75-85,000 dwt)									
Available earning days	612	636	628	600	637	635	0%		
Spot rates 1)	28,937	24,881	29,141	20,929	22,306	18,942	-24%	23,069	20,845
TCE per earning day 2)	28,276	25,369	28,939	21,031	22,305	20,235	-20%	23,140	21,272
Operating days	630	637	644	644	637	637	0%		
Operating expenses per operating day 3)	7,415	6,926	7,257	7,410	8,238	7,178	4%	7,520	7,708
MR (45,000 dwt)									
Available earning days	3,903	3,848	3,878	4,047	4,448	4,651	21%		
Spot rates 1)	22,971	22,219	24,599	18,694	19,393	17,417	-22%	19,829	18,189
TCE per earning day 2)	22,032	21,912	24,692	18,578	19,449	17,085	-22%	19,790	18,240
Operating days	3,780	3,822	3,864	4,216	4,553	4,641	21%		
Operating expenses per operating day 3)	7,267	7,329	6,682	6,869	6,966	6,654	-9%	6,795	6,808
Handy (35,000 dwt)									
Available earning days	819	888	913	975	995	954	7%		
Spot rates 1)	20,057	19,752	24,180	18,888	17,230	14,823	-25%	18,908	16,083
TCE per earning day 2)	20,035	18,762	22,897	19,005	17,567	14,680	-22%	18,483	16,153
Operating days	990	1,001	1,012	1,012	1,001	1,001	0%		
Operating expenses per operating day 3)	6,876	6,531	6,590	7,074	6,684	6,442	-1%	6,698	6,563
Total Tanker									
Available earning days	6,219	6,218	6,291	6,505	6,973	7,051	13%		
Spot rates 1)	23,492	22,913	26,089	19,739	19,680	17,457	-24%	20,654	18,449
TCE per earning day 2)	22,876	22,469	26,148	19,757	19,845	17,594	-22%	20,710	18,712
Operating days	6,300	6,370	6,440	6,792	7,101	7,189	13%		
Operating expenses per operating day 3)	7,346	7,289	6,805	7,331	7,400	6,914	-5%	7,117	7,155

Note:
Above table has, compared to the reported financial figures, been adjusted for a provision for a legal claim of USD 1.3m relating to a dispute from previous years.
Operational data table covers both Njord and TORM vessels up until 13 July 2015.

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.

TORM fleet development

As of 30 June 2016, TORM's operated fleet is shown in the table below. In addition to the 77 owned product tankers, TORM had chartered-in four product tankers.

TORM has four LR2 newbuildings on order with expected delivery between the fourth quarter of 2017 and the second quarter of 2018. In addition, TORM has an option to purchase up to six additional vessels within the LR2, LR1 or MR segments with expected delivery in 2018 and 2019.

	Q1 2016	*Changes*	Q2 2016	*Changes*	2016	*Changes*	2017	*Changes*	2018
Owned vessels									
LR2	8	-	8	-	8	*2*	10	*2*	12
LR1	7	-	7	-	7	-	7	-	7
MR	51	-	51	-	51	-	51	-	51
Handysize	11	-	11	-	11	-	11	-	11
Total	77	-	77	-	77	*2*	79	*2*	81
Charter-in vessels									
LR2	2	-	2	-	2	-	2	*-2*	0
LR1	0	-	0	-	0	-	0	-	0
MR	2	-	2	-	2	*-2*	0	-	0
Handysize	0	-	0	-	0	-	0	-	0
Total	4	-	4	-	4	*-2*	2	*-2*	0
Total fleet	**81**	**-**	**81**	**-**	**81**	**-**	**81**	**-**	**81**

Notes on the financial reporting

Accounting policies

The interim report for the period 1 January – 30 June 2016 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 as for the Annual Report for 2015 for TORM A/S including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2016. 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 2015 for TORM A/S. The interim report for the first six months of 2016 is unaudited, in line with normal practice.

Please refer to “Accounting for Corporate Reorganization” on page 13 for further details on the Corporate Reorganization.

Income statement

The comparison in the review of the income statement is done using 2015 pro forma figures.

The gross profit for the second quarter of 2016 was USD 67.5m, down from a pro forma level in the second quarter of 2015 of USD 86.0m mainly due to a reduction in freight rates.

Administrative costs in the second quarter of 2016 were USD 10.9m (2015, same period, pro forma: USD 10.7m).

The result before depreciation (EBITDA) for the second quarter of 2016 was USD 56.6m (2015, same period, pro forma: USD 75.3m).

Depreciation in the second quarter of 2016 was USD 31.6m, which is an increase, compared to a pro forma level of USD 23.8m in the second quarter of 2015. The increase is primarily due to an increase in the asset base from additions to the fleet and higher capitalized dry-docking cost in addition to extraordinary depreciations of capitalized dry-dockings in connection with two upcoming dry-dockings.

The primary operating result (EBIT) for the second quarter of 2016 was USD 25.0m (2015, same period, pro forma: USD 51.5m).

The second quarter of 2016 had financial expenses of USD 9.8m which is an increase compared to a pro forma level of USD 6.4m in the second quarter of 2015. The increase is primarily due to advisor cost related to TORMs US IPO preparations and financing cost related to the Corporate Reorganization (in total USD 1.5m) in addition to an increase in TORMs interest expenses as a result of an increased interest level and fixings of TORMs long term interest exposure.

The result after tax for the second quarter of 2016 was USD 15.0m (2015, same period, pro forma: USD 45.3m).

Assets

Total assets were USD 1,824m as of 30 June 2016.

The carrying value of the fleet including prepayments was USD 1,589m as of 30 June 2016 excluding outstanding installments on the LR2 newbuildings of USD 168m. Based on broker valuations, TORM’s fleet including newbuildings had a market value of USD 1,614m as of 30 June 2016.

Debt

Net interest-bearing debt amounted to USD 602m as of 30 June 2016. As of 30 June 2016, TORM was in compliance with the financial covenants.

Equity

TORM’s equity was USD 985m as of 30 June 2016. TORM held treasury shares as of 30 June 2016 equivalent to 0.1% of the Company's share capital.

Liquidity

As of 30 June 2016, TORM's available liquidity was USD 192m and consisted of cash and cash equivalents of USD 117m and undrawn credit facilities of USD 75m. In addition, on 8 July 2016 TORM obtained USD 115m in financing of the LR newbuilding program. TORM had CAPEX commitments of USD 168m, all related to the LR2 newbuldings.

Post balance sheet events

On 8 July 2016 TORM entered into a financing agreement for the four LR2 newbuildings to be delivered in 2017 and 2018. The vessels are all in the LR2 class, i.e. of a size of approximately 114,000 dwt. The financing agreement for an amount of up to USD 115m has been concluded with The Export-Import Bank of China and runs for twelve years. The main conditions of the agreement are in line with the Company's existing loan agreements.

TORM has during June and July 2016 repurchased 113,347 own shares for a total consideration of USD 1m.

Basis for preparation of pro forma financial information adjusted for non-recurring items

On 13 July 2015, TORM, its lenders and Oaktree Capital Management ("Oaktree") completed a comprehensive restructuring ("Restructuring") of TORM's balance sheet. In return for a vessel contribution by means of the shares in OCM (Gibraltar) Njord Midco Ltd. ("Njord"), Oaktree obtained a controlling equity stake in TORM. The Restructuring is explained further in the Annual Report for TORM A/S for 2015 on page 20. Njord is considered the accounting acquirer and the continuing reporting entity. Reported comparative figures in the second quarter of 2015, presented in these consolidated interim financial statements, reflect the activity of Njord only, whereas for the full year 2015 the period from the date of the completion of the restructuring reflects the combined activities of TORM and Njord. For the purpose of comparing the financial performance in the second quarter of 2016 with the performance of the combined business for the second quarter of 2015 and for the full year 2015, TORM has presented pro forma financial information of Former TORM and"Njord" adjusted for non-recurring items. "Former TORM" refers to the historical financial statements of TORM A/S, the accounting acquiree, prior to the contribution of Njord.

TORM has prepared pro forma financial information by performing consolidation and elimination of all significant transactions between Former TORM and Njord for the period 1 January to 30 June 2015 and for the period 1 January to 31 December 2015, respectively.

Pro forma adjustments give effect to the completion of the Restructuring, which also reflects the write-down of part of TORM's debt to current asset values against issuance of Consideration Warrants, the exchange of part of Former TORM's debt for equity and, subject to certain adjustments, reinstatement of Former TORM's remaining debt under the New Term Facility Agreement. The pro forma income statements for the second quarter of 2015 and for the full year 2015 have been prepared as though the Restructuring occurred as of 1 January 2015.

The pro forma adjustments and adjustments for non-recurring items are based on available information and assumptions that TORM believes are reasonable. Such adjustments are based on estimates and may be subject to change.

For the purpose of the pro forma financial information, the initial purchase price allocation is based upon the estimated fair value of assets and liabilities of Former TORM as of 1 January 2015, and the pro forma adjustments consist of the differences between those fair values and the carrying amount of the same assets and liabilities as of 1 January 2015 except for write-down of debt.

For the purpose of the pro forma financial information, the write-down of part of Former TORM's debt to current asset values against issuance of warrants and the exchange of part of Former TORM's debt for equity are the actual numbers despite the carrying amount of the debt as of 1 January 2015 being different from the amount of the date of the Restructuring.

The impact of the write-down of debt and the cost incurred to effect the business combination have not been incorporated in the pro forma income statements, as the pro forma financial information has been prepared as though the Restructuring took place as of 1 January 2015. The pro forma income statement has been adjusted for costs incurred in relation to the Restructuring as they are deemed non-recurring items.

Furthermore, the following pro forma adjustments have been made to the unadjusted financial information of Former TORM and Njord:

1) Elimination of revenue generated and costs incurred in connection with the chartering of three vessels from Njord to Former TORM.
2) In 2011, Former TORM sold two LR2 tankers at prices above market and leased them back on seven-year bareboat contracts. The excess profit arising from the sales was recognized as deferred income and amortized over the term of the leases. In connection with the purchase price allocation, no new value has been allocated to these contracts, as it has been determined that the charter rate according to the agreements approximates the current market rate. Accordingly, the amortized income recognized in second quarter 2015 has been reversed to reflect the situation as if the purchase price allocation occurred on 1 January 2015. Furthermore, there have been added amortizations of the value allocated to time charter contracts as part of the purchase price allocation on 1 January 2015 calculated as the difference between the contract value and the fair value of the monthly time charter as of the date of the Restructuring.
3) Depreciations during the second quarter of 2015 on vessels are reduced to reflect that the depreciable amount would have been reduced, had the vessels been adjusted to fair values as of 1 January 2015 in connection with the purchase price allocation. No adjustments have been made to depreciations on other tangible assets.
4) Former TORM disposed of its investment in Danish Ship Finance in connection with the Restructuring. For the presentation of the pro forma income statement, dividend received in the second quarter of 2015 has been reversed.
5) In 2015, Former TORM recognized financial expenses related to amortized borrowing costs and an amortization of the cash flow hedging reserve generated by interest rate swaps that were cancelled in connection with the 2012-Restructuring. For pro forma presentation purposes, amortized borrowing costs and amortized hedging reserve costs are reversed to reflect that had the Restructuring occurred as of 1 January 2015, any unamortized borrowing costs and hedge reserves would have been eliminated. The reason is that such borrowing costs and hedge reserves would not have been part of the purchase price allocation.
6) As part of the Restructuring, Former TORM's debt was significantly reduced. Consequently, for pro forma presentation purposes, interest expenses are reduced to reflect that had the Restructuring occurred as of 1 January 2015, the interest-bearing debt would have been lower.

Advisor fees incurred by Former TORM and directly related to the Restructuring have further been reversed as they are considered of non-recurring nature.

Accounting for Corporate Reorganization

On 15 April 2016, TORM established a new corporate structure of the TORM Group (the "Corporate Reorganization"). The Corporate Reorganization involved the insertion of a UK parent company, TORM plc, where the former shareholders of TORM A/S exchanged their shares in TORM A/S with shares in TORM plc and a relisting on Nasdaq Copenhagen of TORM plc. The Corporate Reorganization was supported by 97.6% of TORM A/S' shareholders. In addition TORM plc acquired the shares from the remaining TORM A/S minority shareholders not accepting the share transfer in a squeeze-out transaction for an amount of USD 19m.

The Corporate Reorganization is accounted for as a capital restructuring, where the assets and liabilities of TORM A/S and its subsidiaries are accounted for at their historical cost basis and not revalued at market value.

The consolidated financial statements for the TORM Group is presented in the legal name of TORM plc, but is a continuation of the financial statements of TORM A/S with a retroactive adjustment of the legal capital of the legal parent (TORM plc). The consolidated financial results reflect the activities for TORM A/S only for 2015 and the period from 1 January 2016 until 15 April 2016, whereas the remaining period of 2016 will reflect the combined activity of TORM plc and TORM A/S.

TORM's equity is affected negatively by the Corporate Reorganization by USD 6m primary caused by advisor fees in connection with the incorporation and listing of TORM plc and by the squeeze-out transaction of USD 19m.

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.

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.

Statement by the Board of Directors

The Board of Directors have today discussed and adopted this interim report of TORM plc for the period 1 January – 30 June 2016.

The interim report for the period 1 January – 30 June 2016 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

In our opinion, the interim report gives a true and fair view of the Group's financial position as of 30 June 2016 as well as of the Group's financial performance and cash flows for the period 1 January - 30 June 2016.

We also believe that the management report contains a fair review of the development and performance of the Group's business and of the financial position as a whole, together with a description of the principal risks and uncertainties that the Group is facing.

London, 16 August 2016

Board of Directors

Christopher Boehringer, Chairman

David Weinstein, Deputy Chairman

Torben Janholt

Göran Trapp

Jacob Meldgaard, Executive Director

Consolidated income statement*

USDm	Note	Q2 2016	Q2 2015	2016 Q1-Q2	2015 Q1-Q2	2015
Revenue		176.9	71.5	370.6	138.7	540.4
Port expenses, bunkers and commissions		-54.2	-23.8	-109.5	-46.9	-169.6
Time charter equivalent earnings		122.7	47.7	261.1	91.8	370.8
Charter hire		-5.5	0.0	-10.9	0.0	-12.0
Operating expenses		-49.7	-16.1	-102.3	-32.5	-122.9
Gross profit (Net earnings from shipping activities)	5	67.5	31.6	147.9	59.3	235.9
Administrative expenses		-10.9	-0.2	-21.6	-0.3	-19.5
Other operating expenses		0.0	-3.3	-0.2	-6.5	-6.3
Share of profit from joint ventures		0.0	0.0	0.0	0.0	0.2
EBITDA		56.6	28.1	126.1	52.5	210.3
Amortizations and depreciation		-31.6	-7.6	-60.5	-15.7	-67.3
Operating profit (EBIT)		25.0	20.5	65.6	36.8	143.0
Financial income		1.1	0.2	2.2	0.3	0.9
Financial expenses		-10.9	-1.3	-21.4	-2.6	-16.9
Profit before tax		15.2	19.4	46.4	34.5	127.0
Tax		-0.2	0.0	-0.5	0.0	-1.0
Net profit for the period		15.0	19.4	45.9	34.5	126.0
Earnings per share, EPS**						
Earnings per share, EPS	USD	0.2	0.3	0.7	0.6	2.0
Earnings per share, EPS	DKK	1.6	2.1	4.9	3.7	13.6
Diluted earnings per share	USD	0.2	0.3	0.7	0.6	2.0
Diluted earnings per share	DKK	1.6	2.1	4.9	3.7	13.6

*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflects the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

**) 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 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenue		176.9	193.7	186.2	215.5	71.5
Port expenses, bunkers and commissions		-54.2	-55.3	-57.0	-65.7	-23.8
Time charter equivalent earnings		122.7	138.4	129.2	149.8	47.7
Charter hire		-5.5	-5.4	-5.9	-6.1	0.0
Operating expenses		-49.7	-52.6	-50.4	-40.0	-16.1
Gross profit (Net earnings from shipping activities)		67.5	80.4	72.9	103.7	31.6
Administrative expenses		-10.9	-10.7	-11.0	-8.2	-0.2
Other operating expenses		0.0	-0.2	0.0	0.2	-3.3
Share of profit from joint ventures		0.0	0.0	0.2	0.0	0.0
EBITDA		56.6	69.5	62.1	95.7	28.1
Amortizations and depreciation		-31.6	-28.9	-27.3	-24.3	-7.6
Operating profit (EBIT)		25.0	40.6	34.8	71.4	20.5
Financial income		1.1	1.1	0.5	0.1	0.2
Financial expenses		-10.9	-10.5	-7.8	-6.5	-1.3
Profit before tax		15.2	31.2	27.5	65.0	19.4
Tax		-0.2	-0.3	-0.8	-0.2	0.0
Net profit for the period		15.0	30.9	26.7	64.8	19.4
Earnings per share, EPS						
Earnings per share, EPS	USD	0.2	0.5	0.5	1.1	0.5
Diluted earnings per share	USD	0.2	0.5	0.5	1.1	0.5

*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflects the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

Consolidated statement of comprehensive income*

USDm	Q2 2016	Q2 2015	Q1-Q2 2016	Q1-Q2 2015	2015
Net profit for the period	15.0	19.4	45.9	34.5	126.0
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange rate adjustment arising from translation of entities using a measurement currency different from USD	-0.2	0.0	-0.2	0.0	0.2
Fair value adjustment on hedging instruments	-5.0	0.0	-11.5	0.0	1.0
Value adjustment on hedging instruments transferred to income statement	-0.1	0.0	-0.3	0.0	0.3
Other comprehensive income after tax**	-5.3	0.0	-12.0	0.0	1.5
Total comprehensive income	**9.7**	19.4	**33.9**	34.5	**127.5**

*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflects the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

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

Consolidated balance sheet – Assets

USDm	Note	30 June 2016	30 June 2015	31 December 2015
NON-CURRENT ASSETS				
Intangible assets				
Goodwill	1	11.4	0.0	11.4
Total intangible assets		11.4	0.0	11.4
Tangible fixed assets				
Vessels and capitalized dry-docking	1, 2	1,564.9	491.9	1,492.0
Prepayments on vessels	3	24.4	79.4	72.6
Other plant and operating equipment		1.7	0.0	2.5
Total tangible fixed assets		1,591.0	571.3	1,567.1
Financial assets				
Investment in joint ventures		0.3	0.0	0.3
Total financial assets		0.3	0.0	0.3
TOTAL NON-CURRENT ASSETS		**1,602.7**	571.3	1,578.8
CURRENT ASSETS				
Bunkers		28.2	11.5	25.6
Freight receivables		64.8	30.2	83.1
Other receivables		4.7	1.8	5.7
Prepayments		6.3	0.1	5.9
Cash and cash equivalents		117.0	50.9	168.3
TOTAL CURRENT ASSETS		**221.0**	94.5	288.6
TOTAL ASSETS		**1,823.7**	665.8	1,867.4

Consolidated balance sheet – Equity and liabilities

USDm	Note	**30 June 2016**	30 June 2015	31 December 2015
EQUITY				
Common shares		0.6	0.6	0.6
Special reserves		0.0	0.0	0.0
Treasury shares		-0.6	0.0	0.0
Hedging reserves		-10.4	0.0	1.4
Translation reserves		0.0	0.0	0.2
Retained profit		995.3	517.4	973.8
TOTAL EQUITY		984.9	518.0	976.0
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liability		45.0	0.0	45.1
Mortgage debt and bank loans	4	604.3	117.3	717.5
Finance lease liabilities		14.6	0.0	12.9
TOTAL NON-CURRENT LIABILITIES		663.9	117.3	775.5
CURRENT LIABILITIES				
Mortgage debt and bank loans	4	99.4	16.1	48.7
Finance lease liabilities		0.9	0.0	0.6
Trade payables		24.8	7.0	22.3
Current tax liabilities		1.9	0.0	1.8
Other liabilities		47.6	7.4	42.1
Deferred income		0.3	0.0	0.4
TOTAL CURRENT LIABILITIES		174.9	30.5	115.9
TOTAL LIABILITIES		**838.8**	147.8	891.4
TOTAL EQUITY AND LIABILITIES		**1,823.7**	665.8	1,867.4

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

USDm	Common shares*	Special reserves**	Treasury shares	Hedging reserves	Translation reserves	Retained profit	**Total**
Balance as of 1 January 2016, as shown in the financial statements of TORM A/S	141.9	61.0	-0.2	1.4	0.2	771.7	976.0
Effect as of 1 January 2016 of the Exchange Offer	-141.3	-61.0	0.2			202.1	0.0
Equity as of 1 January 2016	0.6	0.0	0.0	1.4	0.2	973.8	976.0
Comprehensive income for the period:							
Net profit for the period	-	-	-	-	-	45.9	45.9
Other comprehensive income for the period	-	-	-	-11.8	-0.2	0.0	-12.0
Total comprehensive income for the period	**-**	**-**	**-**	**-11.8**	**-0.2**	**45.9**	**33.9**
Shareholders' contribution	-	-	-	-	-	-	0.0
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
Total changes in equity Q2 2016	0.0	0.0	-0.6	-11.8	-0.2	21.5	8.9
Equity as of 30 June 2016	0.6	0.0	-0.6	-10.4	0.0	995.3	984.9

* Common shares have been adjusted to reflect the nominal capital of TORM plc.

** The special reserves were established in conjunction with a capital increase in TORM in 2012. In accordance with the Danish Companies Act, the special reserves can be used by the Board of Directors to distribute dividends or for other purposes that the Board of Directors may deem appropriate.

*** Relates to the squeeze out of remaining minority shareholders in TORM A/S

Consolidated statement of changes in equity for the period 1 January – 30 June 2015

USDm	Common shares*	Special reserves**	Treasury shares	Hedging reserves	Translation reserves	Retained profit	**Total**
Balance as of 1 January 2015, as shown in the financial statements of Njord	0.0	0.0	0.0	0.0	0.0	469.5	**469.5**
Effect as of 1 January 2015 of the Exchange Offer	0.6	0.0	0.0	0.0	0.0	-0.6	**0.0**
Equity as of 1 January 2015	**0.6**	**0.0**	**0.0**	**0.0**	**0.0**	**468.9**	**469.5**
Comprehensive income for the period:							
Net profit for the period	-	-	-	-	-	34.5	34.5
Other comprehensive income for the period	-	-	-	-	-	-	0.0
Total comprehensive income for the period	-	-	-	-	-	**34.5**	**34.5**
Shareholders' contribution	-	-	-	-	-	14.0	14.0
Corporate reorganization TORM plc	-	-	-	-	-	-	0.0
Acquisition outstanding shares in TORM A/S, cost	-	-	-	-	-	-	0.0
Acquisition treasury shares, cost	-	-	-	-	-	-	0.0
Share-based compensation	-	-	-	-	-	-	0.0
Total changes in equity Q2 2015	0.0	0.0	0.0	0.0	0.0	48.5	48.5
Equity as of 30 June 2015	0.6	0.0	0.0	0.0	0.0	517.4	**518.0**

* Common shares have been adjusted to reflect the nominal capital of TORM plc.

** The special reserves were established in conjunction with a capital increase in TORM in 2012. In accordance with the Danish Companies Act, the special reserves can be used by the Board of Directors to distribute dividends or for other purposes that the Board of Directors may deem appropriate.

Consolidated statement of cash flow*

USDm	Q1-Q2 2016	Q1-Q2 2015	2015
Cash flow from operating activities			
Operating profit	65.6	36.8	143.0
Adjustments:			
Reversal of amortizations and depreciation	60.5	15.7	67.3
Reversal of share of results of joint ventures	0.0	0.0	-0.2
Reversal of other non-cash movements	-6.0	0.0	-0.9
Dividends received from joint ventures	0.0	0.0	0.2
Interest received and exchange rate gains	2.2	0.0	0.6
Interest paid and exchange rate losses	-16.2	-2.6	-12.4
Income taxes paid/repaid	-0.6	0.0	-0.6
Change in bunkers, accounts receivables and payables	10.3	7.1	17.0
Net cash flow from operating activities	**115.8**	57.0	214.0
Cash flow from investing activities			
Investment in tangible fixed assets	-84.5	-50.1	-253.9
Cash from business combination	0.0	0.0	77.5
Sale of non-current assets (vessels)	0.0	0.0	17.6
Net cash flow from investing activities	**-84.5**	-50.1	-158.8
Cash flow from financing activities			
Borrowing, mortgage debt	19.3	0.0	93.1
Repayment/redemption, mortgage debt	-82.0	-8.1	-29.2
Repayment/redemption, finance lease liabilities	-0.1	0.0	0.0
Shareholders' contribution	0.0	14.0	14.0
Transaction costs share issue	0.0	0.0	-2.7
Purchase outstanding shares in TORM A/S	-19.2	0.0	0.0
Purchase/disposals of treasury shares	-0.6	0.0	-0.2
Net cash flow from financing activities	**-82.6**	5.9	75.0
Net cash flow from operating, investing and financing activities	-51.3	12.8	130.2
Cash and cash equivalents, beginning balance	168.3	38.1	38.1
Cash and cash equivalents, ending balance	**117.0**	50.9	168.3
Of which restricted cash equivalents	0.0	0.0	13.8
Non-restricted cash and cash equivalents	**117.0**	50.9	154.5

*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflects the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

Consolidated quarterly statement of cash flow*

USDm	**Q2 2016**	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Cash flow from operating activities					
Operating profit	25.0	40.6	34.8	71.4	20.5
Adjustments:					
Reversal of amortizations and depreciation	31.6	28.9	27.3	24.3	7.6
Reversal of share of results of joint ventures	0.0	0.0	-0.2	0.0	0.0
Reversal of other non-cash movements	-5.9	-0.1	-0.7	-0.2	0.0
Dividends received from joint ventures	0.0	0.0	0.2	0.0	0.0
Interest received and exchange rate gains	1.1	1.1	0.3	0.3	0.0
Interest paid and exchange rate losses	-7.1	-9.1	-6.9	-2.9	-1.3
Income taxes paid/repaid	-0.2	-0.4	-0.8	0.2	0.0
Change in bunkers, accounts receivables and payables	-0.1	10.4	22.8	-12.8	0.4
Net cash flow from operating activities	**44.4**	71.4	76.8	80.3	27.2
Cash flow from investing activities					
Investment in tangible fixed assets	-20.0	-64.5	-172.3	-31.5	-9.2
Cash from business combination	0.0	0.0	0.0	77.5	0.0
Sale of non-current assets (vessels)	0.0	0.0	17.6	0.0	0.0
Net cash flow from investing activities	**-20.0**	-64.5	-154.7	46.0	-9.2
Cash flow from financing activities					
Borrowing, mortgage debt	19.3	0.0	93.1	0.0	0.0
Repayment/redemption, mortgage debt	-29.5	-52.5	-16.4	-4.7	-4.0
Repayment/redemption, finance lease liabilities	-0.1	0.0	0.0	0.0	0.0
Shareholders' contribution	0.0	0.0	0.0	0.0	0.0
Transaction costs share issue	0.0	0.0	-0.1	-2.6	0.0
Purchase outstanding shares in TORM A/S	-19.2	0.0	0.0	0.0	0.0
Purchase/disposals of treasury shares	-0.6	0.0	0.0	-0.2	0.0
Net cash flow from financing activities	**-30.1**	-52.5	76.6	-7.5	-4.0
Net cash flow from operating, investing and financing activities	-5.7	-45.6	-1.3	118.8	14.0
Cash and cash equivalents, beginning balance	122.7	168.3	169.6	50.8	36.8
Cash and cash equivalents, ending balance	**117.0**	122.7	168.3	169.6	50.8

*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflects the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

Notes

Note 1 – Impairment test

As at 30 June 2016, Management performed a review of the recoverable amount of significant assets including goodwill. As of 30 June 2016, the recoverable amount of the significant assets was the value in use.

Based on the review, Management concluded that the significant assets were not impaired as of 30 June 2016 as the value in use exceeds the carrying amount.

The assessment of the value in use of the significant assets was based on the present value of the expected future cash flows. The methodology used for calculating the value in use is unchanged compared to prior years and accordingly the freight rate estimates in the period 2016 to 2018 are based on the Company's business plans. Beyond 2018, the freight rates are based on the 10-year historical average freight rates from Clarksons adjusted by the inflation rate.

The WACC is 7.4% as of 30 June 2016.

The 10-year historic average spot freight rates as of 30 June 2016 are as follows:

• LR2 USD/day 21,499 (30 June 2015: USD/day 22,856)
• LR1 USD/day 18,346 (30 June 2015: USD/day 19,749)
• MR USD/day 16,261 (30 June 2015: USD/day 18,453)
• Handysize USD/day 16,721 (30 June 2015: USD/day 18,793)

Management believes that these major assumptions are reasonable.

The calculation of the 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 1,350 would result in the recoverable amount being equal the carrying amount for the significant assets

• An increase of the WACC of 2.9% would result in the recoverable amount being equal the carrying amount for the significant assets

• An increase of the operating expenses of 16.5% would result in the recoverable amount being equal the carrying amount for the significant assets

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 including the order book was USD 1,614m, which is USD 143m below the carrying amount.

Note 2 - Vessels and capitalized dry-docking

USDm	**30 June 2016**	30 June 2015	31 December 2015
Cost:			
Balance as of 1 January	1,567.5	530.1	530.1
Exchange rate adjustment	0.0	0.0	0.0
Additions	26.6	5.3	112.0
Disposals	-14.6	-2.7	-18.6
Additions through business combinations	0.0	0.0	857.4
Transferred to/from other items	105.4	0.0	104.6
Balance	1,684.9	532.7	1,567.5
Depreciation and impairments:			
Balance as of 1 January	75.5	27.9	27.9
Exchange rate adjustment	0.0	0.0	0.0
Disposals	-14.6	-2.8	-18.6
Depreciation for the year	59.1	15.7	66.5
Transferred to/from other items	0.0	0.0	0.0
Transferred to assets held-for-sale	0.0	0.0	-0.3
Balance	120.0	40.8	75.5
Carrying amount	1,564.9	491.9	1,492.0

Note 3 – Prepayments on vessels

USDm	**30 June 2016**	30 June 2015	31 December 2015
Cost:			
Balance as of 1 January	72.6	34.7	34.7
Additions	57.2	44.7	142.5
Disposals	0.0	0.0	0.0
Transferred to/from other items	-105.4	0.0	-104.6
Carrying amount	24.4	79.4	72.6

Note 4 - Mortgage debt and bank loans

USDm	**30 June 2016**	30 June 2015	31 December 2015
Mortgage debt and bank loans			
To be repaid as follows:			
Falling due within one year	99.6	16.2	48.8
Falling due between one and two years	73.3	16.2	48.8
Falling due between two and three years	142.2	16.2	74.3
Falling due between three and four years	57.1	85.1	155.4
Falling due between four and five years	57.0	0.0	57.1
Falling due after five years	275.4	0.0	382.8
Total	704.6	133.7	767.2

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 0.9m (30 June 2015: 0.3m), which are amortized over the term of the loans.

As of 30 June 2016, TORM was in compliance with the financial covenants. TORM expects to remain in compliance with the financial covenants in 2016.

Note 5 – Segment information

USDm	Q1-Q2 2016 Tanker Segment	Q1-Q2 2016 Bulk Segment	Q1-Q2 2016 Not allocated	Q1-Q2 2016 Total	Q1-Q2 2015 Tanker Segment	Q1-Q2 2015 Bulk Segment	Q1-Q2 2015 Not allocated	Q1-Q2 2015 Total
Revenue	370.6	0.0	0.0	370.6	138.7	0.0	0.0	138.7
Port expenses, bunkers and commissions	-109.5	0.0	0.0	-109.5	-46.9	0.0	0.0	-46.9
Time charter equivalent earnings	261.1	0.0	0.0	**261.1**	91.8	0.0	0.0	**91.8**
Charter hire	-10.9	0.0	0.0	-10.9	0.0	0.0	0.0	0.0
Operating expenses	-102.3	0.0	0.0	-102.3	-32.5	0.0	0.0	-32.5
Gross profit (Net earnings from shipping activities) (Segment result)	147.9	0.0	0.0	**147.9**	59.3	0.0	0.0	**59.3**
Administrative expenses			-21.6	-21.6			-0.3	-0.3
Other operating expenses			-0.2	-0.2			-6.5	-6.5
EBITDA			-21.8	**126.1**			-6.9	**52.5**
Amortizations and depreciation			-60.5	-60.5			-15.6	-15.6
Operating profit (EBIT)			-82.3	**65.6**			-22.5	**36.9**
Financial income			2.2	2.2			0.3	0.3
Financial expenses			-21.4	-21.4			-2.7	-2.7
Profit before tax			-101.5	**46.4**			-24.9	**34.5**
Tax			-0.5	-0.5			0.0	0.0
Net profit for the period			**-102.0**	**45.9**			**-24.9**	**34.5**

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

Note 6 – Post-balance sheet date events

On 8 July 2016 TORM entered into a financing agreement for the four LR2 newbuildings to be delivered in 2017 and 2018. The vessels are all in the LR2 class, i.e. of a size of approximately 114,000 dwt. The financing agreement for an amount of up to USD 115m has been concluded with The Export-Import Bank of China and runs for twelve years. The main conditions of the agreement are in line with the Company's existing loan agreements.

TORM has during June and July 2016 repurchased 113,347 own shares for a total consideration of USD 1m.

Note 7 - Accounting policies

The interim report for the period 1 January – 30 June 2016 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 TORM A/S as for the Annual Report for 2015 including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2016. 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 2015 of TORM A/S. The interim report for the first six months of 2016 is unaudited, in line with normal practice.