

## Interim financial report for the first half of 2010

### Highlights:

J. Lauritzen A/S (JL) enjoyed a good start to the year and JL's share of results totaled USD 99.6m for the first six months of the year compared to USD 1.5m for the first half-year in 2009.

The result for the period was better than expected primarily due to improved earnings from Lauritzen Bulk's handysize bulk carrier operations and non-recurring income from counterparty settlements.

Return on invested capital (ROIC) was 13.2% compared to 1.6% in the same period in 2009. Excluding installments on vessels under construction return on invested capital amounted to 17.5% compared to 3.4% in the first half of 2009.

Cash and securities amounted to USD 282m at the end of June 2010 up from USD 218m at year-end 2009.

Average invested capital amounted to USD 1,924m compared to USD 1,318m in the first half of 2009. The increase was in line with plans for fleet expansion and renewal.

Main events during the first six months:

- JL took delivery of four handysize bulk carriers and two MR product tankers.
- Seven long-term time-chartered bulk carriers (one handysize, five handymax and one capesize) were also added to the fleet.
- An order for two handysize bulk carrier newbuildings for delivery in 2012 was placed with Jiangmen Nanyang Ship Engineering in China together with Dansk Rederi A/S, a close partner of Lauritzen Bulk's.
- A loan agreement backed by Nippon Export and Investment Insurance (NEXI), one of two Japanese export credit agencies was signed. The agreement was the first of its kind with a company located in an OECD country for which NEXI provides its cover without the cooperation of Japan Bank for International Cooperation.
- An unsecured bond issue was successfully completed for listing on the Oslo Børs (the Oslo Stock Exchange).

Demand for seaborne transportation is expected to remain fairly strong in the second half of 2010. However, market conditions are expected to be affected by a significant delivery schedule of new tonnage, in particular of bulk carriers and product tankers.

JL's share of the result for the full year 2010 is expected to be USD 120-125m subject to possible gains and/or losses from sale of vessels.

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## EBITDA and operating income by business segment

USDm	EBITDA			Operating income		
	1st half	Full year		1st half	Full year	
	2010	2009	2009	2010	2009	2009
Lauritzen Bulkers	106.2	42.8	117.4	96.9	19.8	152.8
Lauritzen Kosan	13.1	16.1	34.6	(1.1)	4.3	9.1
Lauritzen Tankers	5.4	1.8	(9.8)	3.0	0.9	(68.5)
Lauritzen Offshore Services	29.7	(0.5)	4.0	21.7	(2.6)	(1.3)
Other/not allocated	(1.0)	(2.0)	(11.3)	(1.0)	(10.4)	(16.6)
	153.6	58.1	134.9	119.6	12.1	75.6

### Lauritzen Bulkers

The dry bulk market experienced high volatility during the first half of the year, primarily assessed to be due to the new quarterly price settlement structure for iron ore and due to port congestion.

Total number of ship days increased to 15,148 compared to 14,255 in the first half of 2009.

EBITDA was USD 106.2m compared to USD 42.8m in 2009 and operating income was USD 96.9m compared to USD 19.8m in 2009. The increase was primarily due to improved earnings from Lauritzen Bulkers' handysize bulk carrier operations and non-recurring income from counterparty settlements.

### Lauritzen Kosan

The open market for smaller gas carriers held up quite well during the first half of the year taking the normal seasonal pattern into consideration.

Total number of ship days amounted to 8,657 compared to 8,243 in the first half of 2009.

EBITDA was USD 13.1m compared to USD 16.1m in 2009 and operating income was USD (1.1)m compared to USD 4.3m in 2009. Results were negatively affected by higher than expected unscheduled off-hire.

### Lauritzen Tankers

After some improvement at the beginning of the year market conditions for medium range product tankers continued on a downward slope during the first half of 2010.

Total number of ship days amounted to 2,357 compared to 2,018 in the first half of 2009.

EBITDA was USD 5.4m compared to USD 1.8m in 2009 and operating income was USD 3.0m compared to USD 0.9m in 2009. Results were better than expected due to higher spot earnings at the beginning of the period.

### **Lauritzen Offshore Services**

Total number of ship days amounted to 362 compared to 171 in the first half of 2009 as both the Accommodation and Support vessel *Dan Swift* and the shuttletanker *Dan Eagle* were fully operational and performed very well.

EBITDA was USD 29.7m compared to USD (0.5)m in 2009 and operating income was USD 21.7m compared to USD (2.6)m in 2009. Results were in line with expectations.

### **Net financials and debt financing**

Net financial income for the first half of 2010 was USD (20.7)m compared to USD (5.0)m in the same period in 2009. The decline was mainly due to increasing financing costs, currency hedging and other exchange rate differences.

JL's share of results totaled USD 99.6m for the first half-year compared to USD 1.5m in same period in 2009.

As of 30 June 2010 cash and securities totaled USD 282m compared to USD 218m at year-end 2009.

Total liabilities amounted to USD 1,240m of which interest bearing debt amounted to USD 1,125m (including financial lease liabilities).

Total non current interest bearing debt amounted to USD 1,072m compared USD 883m at year 2009.

JL's share of equity amounted USD 1,206m at period-end compared to USD 1,126m at year-end 2009.

### **Outlook for 2010**

Demand for seaborne transportation is expected to remain fairly strong in the second half of 2010. However, market conditions are expected to be affected by a significant delivery schedule of new tonnage, in particular of bulk carriers and product tankers.

JL's share of the result for the full year 2010 is expected to be USD 120-125m subject to possible gains and/or losses from sale of vessels.

### **Forwarded-looking statements**

The interim financial report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of JL, may cause actual developments and actual results to differ materially from expectations contained in the interim financial report.

## Group key financial ratios

Key figures	1st Half		Full Year
	2010	2009	2009
Profit margin	32.0%	5.0%	15.6%
Solvency ratio	49%	55%	52%
Solvency ratio (JL's share of equity)	49%	55%	51%
Return on equity	17.1%	0.3%	6.9%
Return on invested capital	13.2%	1.6%	6.1%

For definitions of financial ratios please refer to the Annual report for 2009

## Management statement

The Board of Directors and Executive Management have today discussed and approved the interim report of J. Lauritzen A/S (the Group) for the period 1 January to 30 June 2010.

The interim report has been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been audited or reviewed by the company's independent auditors.

In our opinion the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2010 and of the results of the Group's operations and cash flows for the period 1 January 2010 to 30 June 2010.

Further, in our opinion, the Management's review (page 1-3) gives a fair review of the development in the Group's operations and financial matters, the result of the Group's operations and financial position as a whole and describes the significant risks and uncertainties affecting the Group.

Copenhagen, 9 August 2010

## Executive Management:

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Torben Janholt  
President & CEO

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Birgit Aagaard-Svendsen  
Exec. Vice President & CFO

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Jan Kastrup-Nielsen  
Exec. Vice President

## Board of Directors:

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Bent Østergaard  
Chairman

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Ingar Skaug  
Vice Chairman

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Peter Poul Lauritzen Bay

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Niels Heering

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Vagn Rosenkilde

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Søren Berg\*

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Ulrik Danstrøm\*

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Per Gommesen\*

\*) employee representative

## Financial statements – JL Group

<b>INCOME STATEMENT - CONDENSED</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
USD '000	<b>1st half</b>	<b>1st half</b>	<b>Full year</b>
<b>Income</b>			
Revenue	373,375	242,514	482,891
Other operating income	10,435	10,184	20,363
Costs	(230,240)	(194,556)	(368,337)
<b>Result before depreciation (EBITDA)</b>	<b>153,570</b>	<b>58,142</b>	<b>134,918</b>
Profit and loss on sale of assets	(816)	3,219	17,067
Depreciations and write-downs	(33,183)	(49,254)	(76,428)
<b>Operating income</b>	<b>119,570</b>	<b>12,107</b>	<b>75,557</b>
Net result in Joint ventures	7,083	(1,380)	16,954
Net financial items	(20,721)	(4,962)	(16,511)
<b>Result before tax</b>	<b>105,933</b>	<b>5,765</b>	<b>76,000</b>
Income tax	(3,966)	(1,557)	3,633
<b>Result for the period</b>	<b>101,967</b>	<b>4,208</b>	<b>79,633</b>
<b>Attributable to:</b>			
The J. Lauritzen Group	99,590	1,507	74,616
Minority shareholders' share of result in subsidiaries	2,377	2,701	5,017
	<b>101,967</b>	<b>4,208</b>	<b>79,633</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
USD '000	<b>1st half</b>	<b>1st half</b>	<b>Full year</b>
<b>Net income recognised in the Income Statement</b>	101,967	4,208	79,633
<b>Other comprehensive income</b>			
Exchange rate adjustments concerning foreign companies	2,493	273	143
Fair value adjustment of hedging instruments during the period	(25,172)	5,761	3,352
Hedging instruments transferred to the income statement	3,497	1,448	4,158
Tax on other comprehensive income	-	-	-
Other comprehensive income net of tax	(19,182)	7,482	7,653
<b>Total comprehensive income</b>	<b>82,785</b>	<b>11,690</b>	<b>87,286</b>
<b>Attributable to:</b>			
The J. Lauritzen Group	80,408	8,989	82,269
Minority shareholders' share of result in subsidiaries	2,377	2,701	5,017
	<b>82,785</b>	<b>11,690</b>	<b>87,286</b>

<b>BALANCE SHEET - CONDENSED</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
USD '000	<b>30-Jun</b>	<b>31-Dec</b>	<b>30-Jun</b>
<b>ASSETS</b>			
<b>Intangible assets</b>	<b>0</b>	<b>0</b>	<b>1,735</b>
Vessels	1,215,687	1,037,704	591,324
Land and buildings	2,761	2,934	2,976
Machinery, tools and equipment	15,564	15,896	11,159
Vessels under construction	506,366	444,876	713,682
<b>Vessels, property and equipment</b>	<b>1,740,379</b>	<b>1,501,410</b>	<b>1,319,141</b>
<b>Financial assets</b>	<b>138,438</b>	<b>169,488</b>	<b>158,442</b>
<b>Total non current assets</b>	<b>1,878,817</b>	<b>1,670,899</b>	<b>1,479,318</b>
Bunkers and other current assets	135,425	125,682	97,939
Securities	11,025	13,103	33,473
Cash and bank deposits	271,202	205,011	270,637
	<b>417,651</b>	<b>343,795</b>	<b>402,049</b>
Assets held for sale	157,209	173,709	39,049
<b>Total current assets</b>	<b>574,860</b>	<b>517,505</b>	<b>441,098</b>
<b>Total assets</b>	<b>2,453,677</b>	<b>2,188,403</b>	<b>1,920,416</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	60,633	60,633	60,633
Reserve for hedging instruments	(24,839)	(3,164)	(3,466)
Reserve for exchange rate adjustments	80	(2,413)	(2,283)
Other reserves	1,170,161	1,070,571	997,461
Proposed dividend	-	-	-
JL's share of equity	1,206,034	1,125,626	1,052,346
Minority shareholders' share of equity	7,250	4,873	7,057
<b>Total Equity</b>	<b>1,213,284</b>	<b>1,130,499</b>	<b>1,059,403</b>
Provisions	3,562	3,517	31,508
Interest bearing debt	1,071,785	882,612	664,785
<b>Total non current liabilities</b>	<b>1,075,347</b>	<b>886,129</b>	<b>696,293</b>
Interest bearing debt	53,387	53,809	23,620
Other current liabilities	104,351	104,827	102,925
Provisions	7,308	13,139	38,175
<b>Total current liabilities</b>	<b>165,046</b>	<b>171,775</b>	<b>164,720</b>
<b>Total liabilities</b>	<b>1,240,392</b>	<b>1,057,903</b>	<b>861,013</b>
<b>Total equity and liabilities</b>	<b>2,453,677</b>	<b>2,188,403</b>	<b>1,920,416</b>

<b>CASH FLOW STATEMENT - CONDENSED</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
USD '000	<b>1st half</b>	<b>1st half</b>	<b>Full year</b>
Cash flow from:			
Operations before finance	81,073	(7,178)	(7,265)
Ordinary operations before tax	65,315	(13,771)	(28,247)
Operating activities	62,741	(13,092)	(24,114)
Investment activities	(255,219)	(122,954)	(455,021)
Financing activities	256,610	273,232	507,909
<b>Changes for the year in cash and cash equivalents</b>	<b>64,132</b>	<b>137,186</b>	<b>28,774</b>
Cash and cash equivalents at beginning of the period	172,061	144,370	144,370
Currency adjustments on cash and cash equivalents	530	(1,658)	(1,083)
<b>Cash and cash equivalents at the end of the period</b>	<b>236,723</b>	<b>279,898</b>	<b>172,061</b>
Undrawn committed credit facilities at end of period*)	368,500	25,000	281,400
<b>Financial resources at the end of the period</b>	<b>605,223</b>	<b>304,898</b>	<b>453,461</b>

\*) Undrawn credit facilities include facilities committed to financing of vessels for delivery in 2010-2011.

<b>EQUITY STATEMENT</b>	<b>Reserves for:</b>			<b>Result</b>			<b>Minority</b>	
USD '000	<b>Share capital</b>	<b>hedging instruments</b>	<b>exchange rate adj.</b>	<b>carried forward</b>	<b>Proposed dividend</b>	<b>Total</b>	<b>interests</b>	<b>Total</b>
Equity 1/1 2010	60,633	(3,164)	(2,413)	1,070,571	-	1,125,626	4,873	1,130,499
Total compr. income	-	(21,675)	2,493	99,590	-	80,408	2,377	82,785
Paid dividend	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-
<b>Equity 30/6 2010</b>	<b>60,633</b>	<b>(24,839)</b>	<b>80</b>	<b>1,170,161</b>	<b>-</b>	<b>1,206,034</b>	<b>7,250</b>	<b>1,213,284</b>
Equity 1/1 2009	60,633	(10,675)	(2,556)	995,954	-	1,043,357	4,356	1,047,713
Total compr. income	-	7,209	273	1,507	-	8,989	2,701	11,690
Paid dividend	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-
<b>Equity 30/06 2009</b>	<b>60,633</b>	<b>(3,466)</b>	<b>(2,283)</b>	<b>997,461</b>	<b>-</b>	<b>1,052,346</b>	<b>7,057</b>	<b>1,059,403</b>

## 1. Accounting policies

### *Basis for consolidation*

The interim report comprises the condensed consolidated financial statements of J. Lauritzen A/S.

### *Accounting policies*

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and accounting policies set out in the Annual Report 2009 of J. Lauritzen A/S. Furthermore the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

Due to a listing of bonds on the Oslo Stock exchange J. Lauritzen A/S applies as from first half of 2010 with class D regulations under the Danish disclosure requirements instead of class C-large.

J. Lauritzen A/S has adopted all new, amended or revised accounting standards and interpretations ('IFRSs') endorsed by the EU effective for accounting period beginning on 1 January 2010.

Neither these IFRSs nor the change of class under the Danish disclosure requirements have had a significant impact on the consolidated interim financial report.

## 2. Operating segments

USD '000	Lauritzen Bulkers	Lauritzen Kosan	Lauritzen Offshore Services	Lauritzen Tankers	Total reportable segments	Non- reportable segments	Un- allocated	Total Group
<b>1st half 2010</b>								
Revenue	223.3	54.4	51.9	39.8	369.4	3.9	0.0	373.4
EBITDA	106.2	13.1	29.7	5.4	154.5	(0.9)	(0.1)	153.6
Operating income	96.9	(1.1)	21.7	3.0	120.5	(0.9)	(0.1)	119.6
Result after tax	93.8	(6.0)	11.9	4.1	103.8	(1.6)	(0.2)	102.0
<b>1st half 2009</b>								
Revenue	142.7	53.8	4.5	33.4	234.3	8.2	0.0	242.5
EBITDA	42.8	16.1	(0.5)	1.8	60.2	0.8	(2.9)	58.1
Operating income	19.8	4.3	(2.6)	0.9	22.5	(7.5)	(2.9)	12.1
Result after tax	19.4	5.1	(4.7)	0.4	20.3	(7.0)	(9.2)	4.2

The revenue reported represents revenue from external customers. There are no inter-segment revenue.

## 3. Events after the balance sheet date

There have been no events after the balance sheet date that could materially affect the accounts as presented.