

Financial report for 2010

The Board of Directors of J. Lauritzen A/S (JL) has today approved and released the company's Annual report for 2010. The Annual Report is available at www.j-l.com.

“In a year characterized by global macro economic uncertainty and the sustained risk of overcapacity in major shipping markets, JL posted a strong result in 2010”, says Torben Janholt, President and CEO.

Highlights 2010

JL's share of results totalled USD 130.7m compared to USD 74.6m in 2009. Results were better than expected and satisfactory considering the global financial situation.

The improvement was primarily related to enhanced market conditions for bulk carriers, increased capacity due to newbuildings delivered to the fleet and profits from two offshore units, which both had their first full year of operation in 2010.

Return on invested capital was 10.2% compared to 6.1% in 2009. Return on equity was 11.1% compared to 6.9% in 2009. The solvency ratio was 52% and thus unchanged compared to 2009.

Total invested capital was USD 2,049m at year-end 2010, up from USD 1,814m at year-end 2009. At year-end 2010, JL's the asset base had increased by a factor of more than six since 2004, when the current expansion programme was initiated.

Main events:

- JL took delivery of ten newbuildings, of which six bulk carriers, three MR product tankers and one gas carrier. In addition, six bulk carrier newbuildings were taken on long-term time-charter.
- Due to the significant fleet renewal and expansion efforts in recent years, JL owns a modern, efficient fleet of bulk carriers with an average age of 1.5 years, gas carriers 9.6 years, product tankers 2.3 years, and offshore support vessels 6.0 years.
- JL broadened its sources of financing to also include Export Credit Agency supported financing and corporate bonds.
- Lauritzen Tankers joined the newly established product tanker pool led by Hafnia Management as a partner.
- Lauritzen Offshore's Accommodation and Support Vessel, *Dan Swift* successfully concluded its first contract with Statoil offshore Brazil and the vessel is currently employed for Shell offshore Nigeria.
- Total vessel days increased to more than 54,300 in 2010, up 6% on 2009, for an average fleet of 149 vessels (140 vessels in 2009).

Outlook 2011

The global economy is expected to continue to expand in 2011, albeit slightly less briskly than in 2010. This implies further growth in seaborne trade in 2011, although most likely at a moderate pace. Output of new tonnage is expected to be at approximately the same level as in 2010.

Dry bulk markets are expected to experience strong volatility with average rates below those of 2010 and with an increased pressure on particularly larger vessels. MR product tankers are set

for a weak start but improvements during the year are on the cards. Smaller gas carriers are expected to deliver fairly healthy rates. The market for offshore service units is in the process of adjusting to the shock of the Gulf of Mexico incident in April 2010, and more business is expected as the outlook for oil prices remains to be quite high.

In early 2011, 55% of total forecast revenues for 2011 are secured by contracts.

Net results for 2011 are expected to be significantly down on 2010 due to one-offs included in the 2010 results, including settlements and the reversal of write-downs (USD 73.8m in total), changed employment pattern for the Accommodation and Support Vessel, *Dan Swift*, lower earnings from the Capesize bulk carrier segment and counterparty defaults in early 2011. In addition, recent developments in the Middle East and North Africa as well as Japan may impact upon world economic growth and international seaborne trade.

Segment information

USDm	EBITDA		Operating profit	
	2010	2009	2010	2009
Lauritzen Bulkers	155.5	117.4	133.8	152.8
Lauritzen Kosan	30.7	34.6	7.2	9.1
Lauritzen Offshore Services	61.3	4.0	41.2	(1.3)
Lauritzen Tankers	12.1	(9.8)	11.8	(68.5)
Other/not allocated	(7.4)	(11.3)	(7.4)	(16.6)
	252.2	134.9	186.5	75.6

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Financial statements – JL Group

INCOME STATEMENT - CONDENSED	2010	2009
USD '000		
Income		
Revenue	718,824	482,891
Other operating income	20,701	20,363
Costs	(487,276)	(368,337)
Result before depreciation (EBITDA)	252,248	134,918
Profit and loss on sale of assets	(12,516)	17,067
Depreciations and write-downs	(53,219)	(76,428)
Operating income	186,514	75,557
Net result in Joint ventures	11,012	16,954
Net financial items	(56,300)	(16,511)
Result before tax	141,226	76,000
Income tax	(5,686)	3,633
Result for the year	135,540	79,633
Attributable to:		
The J. Lauritzen Group	130,652	74,616
Minority shareholders' share of result in subsidiaries	4,888	5,017
	135,540	79,633
STATEMENT OF COMPREHENSIVE INCOME	2010	2009
USD '000		
Net income recognised in the Income Statement	135,540	79,633
Other comprehensive income		
Exchange rate adjustments concerning foreign companies	(3,220)	(1)
Fair value adjustment of hedging instruments during the year	(22,045)	3,352
Hedging instruments transferred to financial expenses	6,704	4,158
Share of equity movements in joint ventures	1,256	144
Tax on other comprehensive income	-	-
Other comprehensive income net of tax	(17,304)	7,653
Total comprehensive income	118,236	87,286
Attributable to:		
The J. Lauritzen Group	113,348	82,269
Minority shareholders' share of result in subsidiaries	4,888	5,017
	118,236	87,286

BALANCE SHEET - CONDENSED	2010	2009
USD '000		
ASSETS		
Intangible assets	0	0
Vessels	1,251,625	1,037,704
Land and buildings	2,916	2,934
Machinery, tools and equipment	11,054	15,896
Vessels under construction	663,058	444,876
Vessels, property and equipment	1,928,653	1,501,410
Financial assets	133,666	169,488
Total non current assets	2,062,319	1,670,899
Bunkers and other current assets	123,367	125,682
Securities	9,930	13,103
Cash and bank deposits	213,922	205,011
	347,219	343,795
Assets held for sale	1,241	173,709
Total current assets	348,460	517,505
Total assets	2,410,779	2,188,403
EQUITY AND LIABILITIES		
Share capital	60,633	60,633
Reserve for hedging instruments	(18,505)	(3,164)
Reserve for exchange rate adjustments	(5,777)	(2,557)
Other reserves	1,202,623	1,070,715
Proposed dividend	-	-
JL's share of equity	1,238,974	1,125,626
Minority shareholders' share of equity	4,761	4,873
Total Equity	1,243,735	1,130,499
Provisions	251	3,517
Interest bearing debt	966,829	882,612
Total non current liabilities	967,080	886,129
Interest bearing debt	86,780	53,809
Other current liabilities	107,663	104,827
Provisions	5,521	13,139
Total current liabilities	199,963	171,775
Total liabilities	1,167,043	1,057,904
Total equity and liabilities	2,410,779	2,188,403