

## Interim financial report – first half year 2015

### Weak dry cargo markets prevail

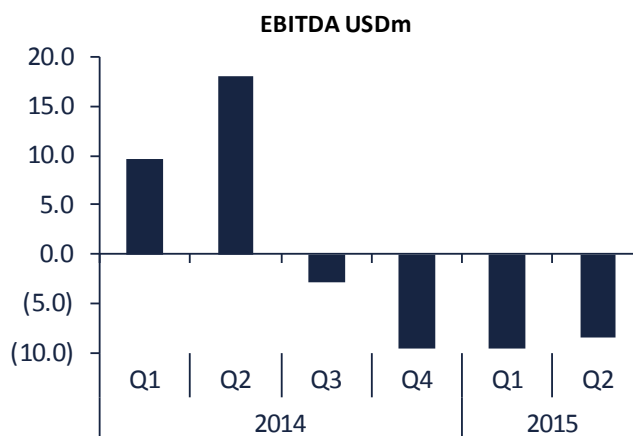
*“The dry cargo markets encountered during the first half of 2015 turned out to be weakest for the last 30 years severely impacting our EBITDA. Changing Chinese import patterns of permanent nature combined with the large number of newbuildings scheduled for delivery until the end of 2017 have in our opinion put dry cargo vessel values under pressure resulting in impairments influencing our bottom-line result. Our gas carriers continued to perform as expected”, says Jan Kastrup-Nielsen, President and CEO.*

- Termination of long-term contracts involving two capesize bulk carriers and subsequent sale after period-end.
- Impairment on dry bulk vessels amounted to USD (173.4)m, of which USD (79.1)m related to small bulk.

EBITDA for the first six months amounted to USD (17.9)m, down by USD (45.6)m on H1 2014.

Q2 EBITDA amounted to USD (8.4)m, down USD (26.4)m on Q2 2014. EBITDA suffered from the weak dry cargo markets, whereas our gas carrier operation was in line with expectations.

Special items of net USD (86.0)m including impairment impacted the net result for the H1, which amounted to USD (144.6)m against USD 28.9m in same period 2014.



At period end, cash and undrawn credit facilities amounted to USD 155m, down from USD 284m at year-end 2014, primarily due to bond repayment and negative cash flow from operating activities. NIBD was USD 322m (63% of broker values) against USD 268m (37% of broker values) at year-end 2014. Solvency ratio was 41% compared to 47% year-end 2014.

Full year EBITDA is expected to be in the range of USD (55)-(25)m narrowing the earlier reported range of USD (65)-(15)m. The net result is estimated in the range of USD (200)-(170)m, down on earlier reported USD (135)-(80)m mainly due to additional impairments and write downs.

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## EBITDA by business segment

EBITDA before special items *)					
USDm	2015 2nd quarter	2014 2nd quarter	2015 1st half	2014 1st half	2014 Full year
Lauritzen Bulkers	(11.6)	12.2	(24.9)	17.3	6.4
Lauritzen Kosan	5.4	7.8	11.2	14.1	17.9
Other/Unallocated	(2.1)	(2.0)	(4.1)	(3.8)	(8.9)
EBITDA before special items	(8.4)	18.0	(17.9)	27.7	15.3

\*) Continuing operations only

### Lauritzen Bulkers

Average number of vessels reached 99 compared to 108 in the six months of 2014, mainly due to redelivery of chartered tonnage.

EBITDA for H1 was unsatisfactory at USD (24.9)m and down USD (42.2)m from USD 17.3m in H1 2014 primarily due to the remarkably weak dry cargo markets.

### Lauritzen Kosan

Average number of vessels reached 36 compared to 41 in the first six months of 2014 due to redelivery of vessels.

EBITDA for H1 amounted to USD 11.2m compared to USD 14.1m in 2014 and was in line with expectations.

## Operating income

In H1 operating income before special items was USD (41.0)m compared to USD 4.8m the same period in 2014.

Operating income before special items *)					
USDm	2015 2nd quarter	2014 2nd quarter	2015 1st half	2014 1st half	2014 Full year
Lauritzen Bulkers	(17.1)	3.1	(34.8)	5.5	(13.6)
Lauritzen Kosan	(0.1)	1.7	(0.5)	2.1	(7.3)
Unallocated	(3.5)	(1.8)	(5.8)	(2.8)	(7.3)
Operating income before special items	(20.7)	3.0	(41.0)	4.8	(28.1)

\*) Continuing operations only

JL's share of profit in joint ventures amounted to USD 0.3m in H1 against USD 0.1m in same period 2014.

## Special items

Special items amounted to USD (86.0)m against USD 31.0m in the same period last year, cf. table on the following page.

USD '000	2015 2nd quarter	2014 2nd quarter	2015 1st half	2014 1st half	2014 Full year
A) One-off revenue from sale of claims, claim settlements and termination of contracts	77,229	31,000	77,229	31,000	31,680
B) Sale of vessels as a consequence of counterparty defaults or strategic initiatives	-	-	-	-	10,391
C) Impairment losses on vessels and vessels under construction	(151,587)	-	(151,587)	-	(85,132)
D) Provisions and use of provisions for onerous contracts	(122)	-	6,557	-	(60,057)
E) Impairment losses on vessels owned by joint ventures	(14,919)	-	(14,919)	-	(15,790)
F) Financial items related to termination of contracts	(3,296)	-	(3,296)	-	-
Special items, net	(92,695)	31,000	(86,017)	31,000	(118,908)

For additional information on special items, please see note 3.

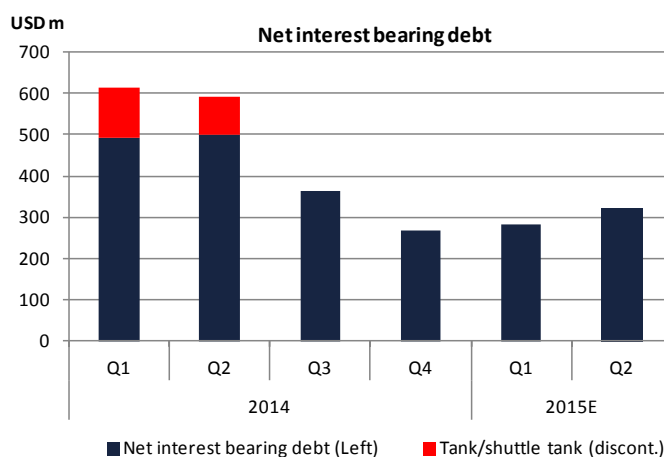
### Net financial and cash position

Net financial items for the first six months amounted to USD (17.4)m compared to USD (20.7)m in same period last year.

Cash and undrawn credit facilities amounted to USD 155m, down from USD 284m at year-end 2014, primarily due to repayment of bond JLA01 in May 2015 and negative cash flow from operating activities.

NIBD amounted to USD 322m against USD 268m at year-end 2014.

Refinancing of bank facilities maturing in 2017 was secured whereby outstanding refinancing has been reduced to approximately USD 20m.



### Assets

Total assets amounted to USD 1,050m, down from USD 1,208m at year-end 2014.

At period end, solvency ratio amounted 41% against 47% at year-end 2014.

Key figures	2015 1st half	2014 1st half	2014 Full year
Solvency ratio	41%	47%	47%
Return on equity	(57.5)%	7.7%	(25.3)%
Return on invested capital *)	(32.5)%	6.0%	(14.3)%

\*) Continuing operations only

At period end, outstanding deliveries of wholly-owned and part-owned newbuildings amounted to eight for delivery in 2016-18. Financing of the wholly-owned newbuilding program has been in place since November 2014. Outstanding deliveries of long-term time-chartered vessels amount to 13, of which 11 with purchase options for delivery in 2015-17. Total commitments related to long-term time-chartered vessels appear in note 7.

### **Events after the balance date**

After the balance date, two capesize bulk carriers were sold for delivery in Q3 2015 following the termination of long-term charter agreements, cf. Announcement no. 3/2015 to Oslo Børs. The sale reflects a strategic decision to exit this segment.

### **Outlook for 2015**

The very depressed market conditions for bulk carriers encountered in H1 is expected to continue and as earlier reported we still see significant uncertainties associated with the dry-market during 2015. Our expectations on gas carrier activities are unchanged.

EBITDA for 2015 has been narrowed to USD (55)-(25)m compared to earlier reported USD (65)-(15)m.

The net result for 2015 is estimated to be in the range of USD (200)-(170)m, down on earlier reported USD (135)-(80)m, mainly due to special items.

Currency and interest rate fluctuations as well as the effects from sale of assets, if any, may impact the result.

### **Forward-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.

## 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 2015.

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 2015 and of the results of the Group's operations and cash flows for the period 1 January 2015 to 30 June 2015.

Further, in our opinion, the Management's review (page 1-4) gives a fair review of the development in the Group's operations and financial position as a whole and describes the significant risks and uncertainties affecting the Group.

Copenhagen, 13 August 2015.

## Executive Management:

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Jan Kastrup-Nielsen  
President & CEO

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Birgit Aagaard-Svendsen  
Exec. Vice President & CFO

## 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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Jesper T. Lok

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Marianne Wiinholt

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Søren Berg\*

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Ulrik Danstrøm\*

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Søren Roschmann\*

\*) Elected by the employees

## Financial statements – JL Group

<b>INCOME STATEMENT - CONDENSED</b>		<b>2015</b>	2014	<b>2015</b>	2014	2014
USD '000	Note	<b>2nd quarter</b>	2nd quarter	<b>1st half</b>	1st half	<b>Full year</b>
Revenue	2	91,098	131,853	180,684	258,113	443,295
Voyage related costs		(19,718)	(34,110)	(38,015)	(67,039)	(92,222)
Time-charter equivalent income		71,380	97,744	142,670	191,074	351,073
Other operating income		1,749	2,418	3,665	4,538	8,550
Hire of chartered vessels		(48,989)	(45,800)	(99,574)	(96,827)	(201,434)
Operating costs of vessels		(21,500)	(24,734)	(42,313)	(48,536)	(94,587)
Administrative costs		(11,001)	(11,606)	(22,302)	(22,596)	(48,292)
Operating income before depreciation (EBITDA) and special items		(8,361)	18,021	(17,854)	27,653	15,310
Profit/(loss) on sale of vessels and other assets		(51)	24	(8)	5,581	13,594
Depreciation		(11,736)	(14,403)	(23,445)	(28,559)	(56,018)
Share of profit in joint ventures		(579)	(619)	274	137	(949)
Operating income (EBIT) before special items		(20,726)	3,023	(41,034)	4,812	(28,063)
Special items, net	3	(92,695)	31,000	(86,017)	31,000	(118,908)
Financial items, net		(3,993)	(10,092)	(17,398)	(20,673)	(40,433)
Profit/(loss) from continuing operations before tax		(117,414)	23,931	(144,449)	15,139	(187,404)
Income tax		(72)	-	(81)	59	2,919
Profit/(loss) from continuing operations		(117,486)	23,931	(144,529)	15,197	(184,485)
Profit/(loss) from discontinued operations	5	(123)	3,158	(58)	13,786	18,743
Profit/(loss) for the year		(117,609)	27,088	(144,588)	28,983	(165,742)
Attributable to:						
<b>The J. Lauritzen Group</b>		<b>(117,609)</b>	<b>27,088</b>	<b>(144,588)</b>	<b>28,983</b>	<b>(165,742)</b>
Non-controlling interests		-	-	-	-	-
		(117,609)	27,088	(144,588)	28,983	(165,742)

<b>STATEMENT OF COMPREHENSIVE INCOME</b>		<b>2015</b>	2014	<b>2015</b>	2014	2014
USD '000		<b>2nd quarter</b>	2nd quarter	<b>1st half</b>	1st half	<b>Full year</b>
Profit/(loss) for the period		(117,609)	27,088	(144,588)	28,983	(165,742)
<i>Items that can be reclassified subsequently to profit or loss:</i>						
Other comprehensive income:						
Exchange differences on translating foreign operations		112	433	(728)	435	(1,466)
Fair value adjustment of hedging instruments		2,749	(1,465)	417	(2,212)	(7,172)
Deferred gains/(loss) on hedging instr. transfer to Financial items, net		1,918	2,377	4,319	4,529	9,760
Fair value adjustment of shares available for sale		981	(221)	603	343	(2,587)
Other comprehensive income net of tax		5,760	1,125	4,611	3,095	(1,465)
Total comprehensive income for the period		(111,849)	28,213	(139,976)	32,078	(167,207)
Attributable to:						
The J. Lauritzen Group		(111,849)	28,213	(139,976)	32,078	(167,207)
Non-controlling interests		-	-	-	-	-
		(111,849)	28,213	(139,976)	32,078	(167,207)

<b>FINANCIAL POSITION</b>		<b>2015</b>	2014	2014
USD '000	Note	<b>30-jun</b>	30-jun	31-dec
<b>ASSETS</b>				
Vessels, property and equipment	4, 6	545,719	990,133	808,215
Investment in joint ventures		72,568	104,668	89,158
Deferred tax assets		3,600	297	3,600
Shares available for sale	8	41,443	43,770	40,840
Receivable from joint ventures		8,655	10,163	9,343
Other receivables		21,747	-	541
<b>Non-current assets</b>		<b>693,731</b>	<b>1,149,031</b>	<b>951,697</b>
Bunkers		7,554	8,881	9,683
Trade receivables		11,036	16,590	16,817
Other receivables		76,994	31,582	16,668
Prepayments		5,943	17,667	7,641
Current tax receivables		801	-	-
Derivative financial instruments		1,468	6,170	11,435
Securities		7,300	10,260	9,711
Cash at hand and in bank		154,801	191,679	184,388
		265,897	282,827	256,342
Assets held for sale		90,806	199,065	-
<b>Current assets</b>		<b>356,703</b>	<b>481,892</b>	<b>256,342</b>
<b>Total assets</b>		<b>1,050,435</b>	<b>1,630,923</b>	<b>1,208,040</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		62,356	62,356	62,356
Retained earnings		365,551	703,935	510,139
Reserves		4,893	4,841	281
<b>Equity</b>		<b>432,799</b>	<b>771,132</b>	<b>572,776</b>
Long-term provisions		22,496	-	33,343
Non-current derivative financial instruments		29,689	17,233	31,782
Long-term borrowings		369,096	541,951	359,209
<b>Non-current liabilities</b>		<b>421,281</b>	<b>559,184</b>	<b>424,334</b>
Current portion of long-term borrowings		115,078	158,567	102,648
Trade payables		7,341	6,409	10,969
Other payables		24,379	18,817	23,065
Provisions		33,004	(0)	26,713
Prepayments		200	188	200
Derivative financial instruments		16,425	20,543	46,105
Current tax payables		(71)	1,662	1,229
		196,356	206,187	210,930
Liabilities related to assets held for sale		-	94,420	-
<b>Current liabilities</b>		<b>196,356</b>	<b>300,607</b>	<b>210,930</b>
<b>Total liabilities</b>		<b>617,636</b>	<b>859,791</b>	<b>635,264</b>
<b>Total equity and liabilities</b>		<b>1,050,435</b>	<b>1,630,923</b>	<b>1,208,040</b>

**EQUITY STATEMENT**

USD '000	Share capital	Hedging instruments	Shares available for sale	Translation gain/loss	Reserves	Retained earnings	Total	Non-controlling interests	Total
Equity 1/1 2015	62,356	(15,434)	20,919	(5,204)	281	510,139	572,776	-	572,776
Profit/(loss) for the period	-	-	-	-	-	(144,588)	(144,588)	-	(144,588)
Other compr. Income	-	4,736	603	(728)	4,611	-	4,611	-	4,611
Total compr. income	-	4,736	603	(728)	4,611	(144,588)	(139,976)	-	(139,976)
<b>Equity 30/6 2015</b>	<b>62,356</b>	<b>(10,699)</b>	<b>21,523</b>	<b>(5,932)</b>	<b>4,893</b>	<b>365,551</b>	<b>432,799</b>	<b>-</b>	<b>432,799</b>
Equity 1/1 2014	62,356	(18,022)	23,507	(3,738)	1,746	675,881	739,983	668.0	740,651
Adjustment to opening *)	-	-	-	-	-	(929)	(929)	929.0	-
Profit/(loss) for the period	-	-	-	-	-	28,983	28,983	-	28,983
Other compr. Income	-	2,317	343	435	3,095	-	3,095	-	3,095
Total compr. income	-	2,317	343	435	3,095	28,983	32,078	-	32,078
<i>Transaction with owners:</i>									
Paid dividend	-	-	-	-	-	-	-	(1,597.0)	(1,597)
<b>Equity 30/6 2014</b>	<b>62,356</b>	<b>(15,705)</b>	<b>23,850</b>	<b>(3,303)</b>	<b>4,841</b>	<b>703,935</b>	<b>771,132</b>	<b>(0)</b>	<b>771,132</b>

\*) Reallocation between non-controlling interests and retained earnings related to prior years.

**CASH FLOW STATEMENT - CONDENSED**

USD '000	2015 1st half	2014 1st half
Cash flow from:		
Operating activities	(46,727)	55,113
- hereof Operations before financial items	(7,624)	82,766
- hereof Ordinary operations before tax	(44,653)	55,407
Investment activities	(3,475)	251,574
Financing activities	21,484	(268,314)
Changes for the period in cash and cash equivalents	(28,718)	38,373
Cash and cash equivalents at beginning of the period	184,388	154,145
Currency adjustments on cash and cash equivalents	(870)	(839)
Cash and cash equivalents at the end of the period	154,801	191,679
Undrawn committed credit facilities at end of period *)	-	30,400
Financial resources at the end of the period	154,801	222,079
Committed facilities available upon delivery of vessels	77,800	-
<b>Financial resources incl. committed facilities available upon delivery of vessels</b>	<b>232,601</b>	<b>222,079</b>

\*) In addition J. Lauritzen has an unsecured overdraft facility of DKK 100m for multi-currency short-term financing needs.



## 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 additional Danish disclosure requirements for interim reports of listed companies.

J. Lauritzen A/S has adopted the accounting standards and interpretations that became effective in EU from 2015. None of these have affected recognition and measurement.

Apart from adoption of new, amended or revised accounting standards, accounting policies are unchanged from those applied in the Annual Report 2014 of J. Lauritzen A/S.

## 2. Operating segments

USDm	Lauritzen Bulkers	Lauritzen Kosan	Lauritzen Offshore <small>(discontinued operation)</small>	Lauritzen Tankers <small>(discontinued operation)</small>	Total reportable segments	Other/ Unallocated	Total Group	Total Group Continuing Operations
<b>1st half 2015</b>								
Revenue	125.0	55.7	(0.1)	0.5	181.1	0.0	181.1	180.7
EBITDA before special items	(24.9)	11.2	(0.1)	(0.0)	(13.9)	(4.1)	(18.0)	(17.9)
Operating income before special items	(34.8)	(0.5)	(0.1)	(0.0)	(35.4)	(5.8)	(41.2)	(41.0)
Operating income after special items	(117.5)	(0.5)	(0.1)	(0.0)	(118.1)	(9.1)	(127.2)	(127.1)
<b>1st half 2014</b>								
Revenue	165.1	93.0	16.0	11.4	285.5	0.0	285.5	258.1
EBITDA before special items	17.3	14.1	12.9	3.3	47.6	(3.8)	43.8	27.7
Operating income before special items	5.5	2.1	12.9	3.3	23.8	(2.8)	21.0	4.8
Operating income after special items	36.5	2.1	12.9	3.3	54.8	(2.8)	52.0	35.8

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

### 3. Special items

Special items include significant one-off income and expenses, such as revenue from sale of claims, claim settlements and compensation from termination of contracts, sale of assets as a consequence of counterparty default or strategic initiatives, impairment losses on vessels and on investments in joint ventures as well as provisions for onerous contracts and the use and reversals hereof.

USD '000	2015 2nd quarter	2014 2nd quarter	2015 1st half	2014 1st half	2014 Full year
A) One-off revenue from sale of claims, claim settlements and termination of contracts	77,229	31,000	77,229	31,000	31,680
B) Sale of vessels as a consequence of counterparty defaults or strategic initiatives	-	-	-	-	10,391
C) Impairment losses on vessels and vessels under construction	(151,587)	-	(151,587)	-	(85,132)
D) Provisions and use of provisions for onerous contracts	(122)	-	6,557	-	(60,057)
E) Impairment losses on vessels owned by joint ventures	(14,919)	-	(14,919)	-	(15,790)
F) Financial items related to termination of contracts	(3,296)	-	(3,296)	-	-
Special items, net	(92,695)	31,000	(86,017)	31,000	(118,908)

Reference is made to Announcement No. 3, 2015 *Cease of charter agreement*. For further information about impairment please refer to note 4.

If special items had been included in the operating profit before special items, they would have been included in the Income Statement as follows:

INCOME STATEMENT - CONDENSED		2015	2014	2015	2014	2014
USD '000	Ref.	2nd quarter	2nd quarter	1st half	1st half	Full year
Revenue	A)	168,328	162,853	257,914	289,113	474,974
Other operating income		1,749	2,418	3,665	4,538	8,550
Costs	D)	(101,330)	(116,251)	(195,646)	(234,998)	(496,591)
Operating income before depreciation (EBITDA)		68,747	49,021	65,932	58,653	(13,067)
Profit/(loss) on sale of assets	B)	(51)	24	(8)	5,581	23,985
Depreciation and impairment losses	C)	(163,323)	(14,403)	(175,032)	(28,559)	(141,150)
Share of profit in joint ventures	E)	(15,498)	(619)	(14,646)	137	(16,739)
Operating income		(110,125)	34,023	(123,754)	35,812	(146,971)
Net financial items	F)	(7,290)	(10,092)	(20,694)	(20,673)	(40,433)
Profit/(loss) before tax		(117,414)	23,931	(144,449)	15,139	(187,404)
Income tax		(72)	-	(81)	59	2,919
Profit/(loss) from continuing operations		(117,486)	23,931	(144,529)	15,197	(184,485)

### 4. Impairment of vessels

The impairment test is carried out on the lowest level for which there is separately identifiable cash inflow (cash generating units, CGU) when there is indication that the carrying amount of vessels etc. exceeds the recoverable amounts which is the higher of fair value less costs of disposal and value in use.

The continuation of the very low dry bulk market has resulted in a downward adjustment of our rate estimate going forward. Further the significant drop in broker values from year end 2014 has supported the risk of impairment and thus an impairment test has been carried out.

The CGU's for Lauritzen Bulkers are identical with those applied in the Annual Report 2014, while Lauritzen Kosan's Gas Carriers have been split into two CGU's, one being the fully pressurised vessels and the other the larger size ethylene/semi-refrigerated vessels.

Other key assumptions including the discount factor of 6.5% are unchanged.

Based on the factors above and the impairment test management concluded that the carrying amount exceeded the recoverable amount of certain GCU's and therefore write-down of vessels where needed. Total impairment losses of USD (160)m can be specified by CGUs as follows:

Operating segment	CGU	Impairment losses				
		Fully owned vessels	Part-owned vessels	Provisions for onerous contracts	Use of provisions for onerous contracts	Total
USDm						
Lauritzen Bulkers	Small Bulk Carriers	(64.2)	(14.9)	-	13.4	(65.7)
Lauritzen Bulkers	Large Bulk Carriers	(87.4)	-	(6.8)	-	(94.2)
Lauritzen Kosan	FP Gas Carriers	-	-	-	-	-
Lauritzen Kosan	Other Gas Carriers	-	-	-	-	-
		(151.6)	(14.9)	(6.8)	13.4	(160.0)

The impairment losses of fully owned vessels in the CGU Large Bulk Carriers is caused by the termination of the charter parties for two capesize vessels against a compensation.

The recoverable amount of the fully and part-owned vessels in the CGU Small Bulk Carriers is the fair value less costs of disposal estimated by use of two independent brokers.

The impairment losses are recognised under Special items in the Income statement.

## 5. Discontinued operations

Discontinued operations were phased out during 2014 and H1 2015 consists only of final transactions related to the unwind.

For additional information, please see our Annual report 2014.

## 6. Vessels, property and equipment

USD '000	<b>Vessels</b>	<b>Vessels under construction</b>	<b>Land and Buildings</b>	<b>Machinery, tools and equipment</b>	<b>Total</b>
<b>2015</b>					
Cost as at 1 January	1,262,005	28,960	2,927	10,138	1,304,031
Exchange rate adjustments	(666)	-	(106)	(20)	(791)
Additions	4,589	11	-	6	4,605
Disposals	(3,206)	(2,400)	-	-	(5,606)
Transferred to assets held for sale	(240,524)	-	-	-	(240,524)
Cost as at 30 June	1,022,199	26,571	2,822	10,124	1,061,716
Depr. and impairment losses as at 1 January	(489,025)	-	(628)	(6,163)	(495,816)
Exchange rate adjustments	158	-	21	20	200
Depreciation	(22,956)	-	(41)	(448)	(23,445)
Impairment losses	(62,174)	-	-	-	(62,174)
Disposals	2,935	-	-	-	2,935
Transferred to assets held for sale	62,304	-	-	-	62,304
Depr. and impairment losses as at 30 June	(508,758)	-	(648)	(6,590)	(515,997)
Balance as at 30 June	513,441	26,571	2,173	3,534	545,719
<b>2014</b>					
Cost as at 1 January	1,513,895	(0)	3,074	17,970	1,534,938
Exchange rate adjustments	(76)	-	-	(4)	(80)
Additions	11,678	28,969	-	-	40,648
Transfer from vessels under constr.	-	-	-	-	-
Disposals	(19,448)	(16)	-	(7,807)	(27,271)
Transferred to assets held for sale	(72,123)	-	-	-	(72,123)
Cost as at 30 June	1,433,925	28,953	3,074	10,160	1,476,111
Depr. and impairment losses as at 1 January	(492,768)	-	(570)	(11,267)	(504,605)
Exchange rate adjustments	7	-	-	3	10
Depreciation	(27,957)	-	(44)	(568)	(28,569)
Disposals	17,927	-	-	6,106	24,033
Transferred to assets held for sale	23,153	-	-	-	23,153
Depr. and impairment losses as at 30 June	(479,639)	-	(614)	(5,726)	(485,978)
Balance as at 30 June	954,286	28,953	2,459	4,434	990,133

## 7. Lease obligations

At the balance sheet date, J. Lauritzen has the following operational lease obligations from time-charter and bareboat contracts:

	Bulkers		Kosan		Total continuing business	
	USDm committed obligation	No. of vessels, full year equivalents	USDm committed obligation	No. of vessels, full year equivalents	USDm committed obligation	No. of vessels, full year equivalents
<b>2015</b>						
2nd half 2015	72.4	16.2	6.0	3.0	78.4	19.2
1 - 2 Year	120.3	26.4	7.7	4.3	128.0	30.7
2 - 3 Year	106.6	24.1	3.7	2.1	110.2	26.2
3 - 4 Year	97.3	22.4	-	-	97.3	22.4
4 - 5 Year	72.8	17.0	-	-	72.8	17.0
> 5 Year	222.6	51.1	-	-	222.6	51.1
Total	692.1	-	17.3	-	709.4	-
<b>2014</b>						
2nd half 2014	87.2	38.6	7.5	8.1	94.7	46.7
1 - 2 Year	142.2	31.5	12.0	6.0	154.2	37.5
2 - 3 Year	129.2	28.8	7.9	4.4	137.1	33.2
3 - 4 Year	108.4	25.2	4.0	2.3	112.4	27.5
4 - 5 Year	95.2	22.5	-	-	95.2	22.5
> 5 Year	263.6	67.3	-	-	263.6	67.3
Total	825.8	-	31.4	-	857.2	-

At end of June 2015 J. Lauritzen had purchase option on 22 bulk carriers (end of June 2014: 22 bulk carriers).

## 8. Fair value measurement of financial instruments

The techniques used for calculation of fair values in this interim report are consistent with the Annual Report of 2014 to which reference is made.

Carrying amount of financial instruments recognized in the statement of financial position at amortized cost does not differ materially from their fair value with the exception of issued corporate bonds. At June 30 2015 fair value of issued bonds amounted to USD 59.9m, whereas the carrying amount totalled USD 58.4m.

### *Fair value hierarchy*

With the exception of shares available for sale of USD 41.4m (Level 3), all financial instruments at fair value are stated on the basis of observable market prices (Level 2), directly as prices or indirectly derived from prices.

Financial instruments categorized at Level 3 have developed as follows:

	2015	2014	2014
USD '000	30-jun	30-jun	31-dec
Book value at 1 January	40,840	43,427	43,427
Fair value adjustment of shares available for sale recognised on other comprehensive income	603	343	(2,587)
Book value end of period	41,443	43,770	40,840