

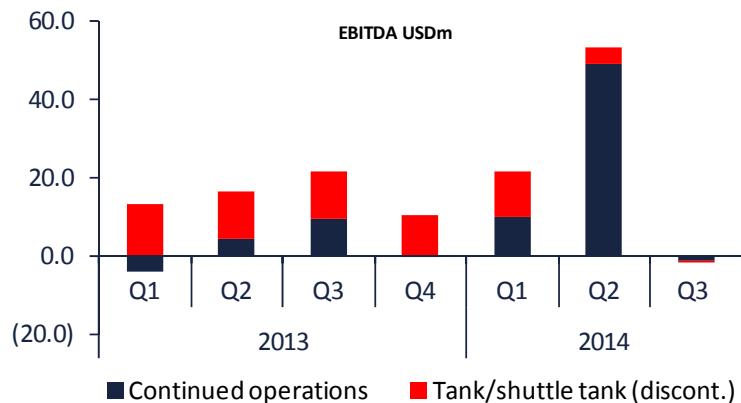
## Interim financial report – third quarter 2014

### Challenging market

*“The Q3 market turned out to be more challenging than expected – not only for dry bulk but also for the smaller gas carriers. Revisions in the outlook for the global economy mean that the cautious optimism we have previously expressed for the markets beyond Q3 will have to be tempered. Our earnings forecasts for the rest of 2014 have as a consequence hereof been revised downwards. We anticipate a 2015 with challenges similar to those experienced in 2014”, says Jan Kastrup-Nielsen, President and CEO.*

EBITDA for the first nine months including discontinuing operations (product tank and shuttle tank) amounted to USD 72.6m, up USD 25.6m on same period last year.

In Q3, EBITDA from continuing operations amounted to USD (2.1)m significantly down on Q2, which included profit from the sale of a counterparty claim and USD (11.2)m lower than the same period last year.



Net result for the first nine months of 2014 was USD 16.3m compared to USD (265.3)m in same period 2013 which was impacted by loss from sale of assets and impairments.

During Q3, four vessels earlier sold were delivered to new owners including two shuttle tankers and two supramax bulk carriers.

After the announcement of the first half-year result, surplus cash of approximately USD 4.5m was used to buy back nominal NOK 29m own corporate bonds in JLA02 maturing in 2017.

After the end of Q3, committed post-delivery financing of our newbuilding program (deliveries during 2016-18) was obtained and two capesize bulk carriers were sold generating an estimated profit of USD 9m and improving our cash position by USD 27m.

At period end, cash and unused credit facilities amounted to USD 280m. NIBD was USD 364m, approximately 42% of estimated vessel values. Solvency ratio was 55% compared to 38% at the end of Q3 2013. Return on equity was 2.9% compared to (44.0)% in same period 2013.

Full year EBITDA for continuing operations is expected at USD 50-65m in 2014, down from earlier reported USD 65-80m whereas the net result is estimated in the range of USD (5)-10m (USD 5-20m in our last estimate).

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## EBITDA by business segment

USDm	EBITDA				
	2014 3rd quarter	2013 3rd quarter	2014 9 months	2013 9 months	2013 Full year
Lauritzen Bulkera	(3.6)	1.6	44.7	(11.4)	(10.5)
Lauritzen Kosan	3.1	9.3	17.2	26.5	28.1
Other/Unallocated	(1.6)	(1.8)	(5.4)	(5.8)	(8.7)
EBITDA from continuing operations	(2.1)	9.1	56.5	9.2	8.9
Lauritzen Tankers (discontinued operations)	(0.1)	5.8	3.2	17.7	21.1
Lauritzen Offshore (discontinued operations)	(0.1)	6.6	12.8	20.1	27.0
EBITDA, total	(2.3)	21.5	72.6	47.0	57.0

### Lauritzen Bulkera

Average number of vessels reached 108 compared to 110 in the first nine months of 2013.

EBITDA for Q3 was USD (3.6)m, down USD (5.2)m from USD 1.6m in Q3 2013 primarily due to significantly weaker markets than expected, which on average were down by 25-30% compared to same period last year. EBITDA for Q1-Q3 was USD 44.7m compared to USD (11.4)m in same period in 2013.

### Lauritzen Kosan

Average number of vessels reached 40 compared to 44 in the first nine months of 2013.

EBITDA for Q3 amounted to USD 3.1m compared to USD 9.3m in 2013. EBITDA for Q1-Q3 was USD 17.2m compared to USD 26.5m in same period last year due to more challenging market conditions for smaller semi-refrigerated gas carriers and decline of the operational fleet.

### Discontinuing operations (Lauritzen Tankers and Lauritzen Offshore)

EBITDA for discontinuing operations amounted to a total of USD 16.0m in the first nine months against USD 37.8m in same period last year. The transfer of products tankers to the new owner was completed in Q1 and the transfer of the shuttle tanker fleet was completed in Q3 (last two vessels).

### Operating income

In Q3 operating income from continuing operations was USD (8.2)m compared to USD (4.3)m in same period in 2013.

Including discontinuing operations, Q1-Q3 operating income amounted to USD 48.8m compared to USD (208.1)m in the first nine months of 2013 which included loss from sale of assets and impairments totaling USD 191.1m.

USDm	Operating income				
	2014 3rd quarter	2013 3rd quarter	2014 9 months	2013 9 months	2013 Full year
Lauritzen Bulkers	(3.0)	(7.0)	35.3	(183.7)	(191.0)
Lauritzen Kosan	(3.5)	2.6	(2.4)	7.6	2.8
Unallocated	(1.6)	0.1	(5.4)	(4.1)	(6.9)
Operating income from continuing operations	(8.2)	(4.3)	27.5	(180.1)	(195.1)
Lauritzen Tankers (discontinued operations)	(0.1)	22.3	3.2	(11.6)	(6.8)
Lauritzen Offshore (discontinued operations)	5.1	4.2	18.1	(16.3)	(11.8)
Operating income, total	(3.1)	22.2	48.8	(208.1)	(213.7)

### Joint ventures

JL's share of profit in joint ventures amounted to USD 1.9m in Q3, up from USD (6.2)m in same period 2013. The improvement relates primarily to Lauritzen Bulkers.

### Net financial and cash position

Net financial items for the first nine months amounted to USD (32.2)m compared to USD (25.2)m in same period last year which included USD 10.2m currency exchange rate gains related to JPY debt.

At the beginning of Q3, the majority of JL's bank loans with maturity in 2015 and 2016 were refinanced reducing the remaining refinancing of bank debt in those years to a total of USD 32m.

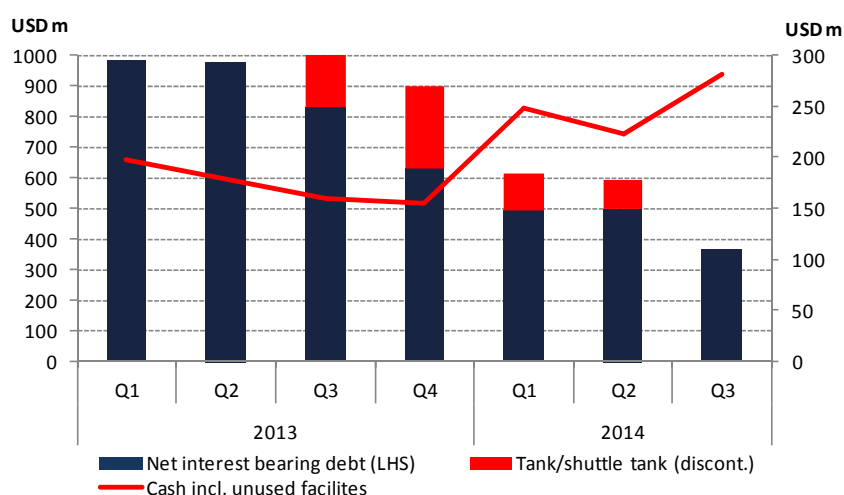
After the announcement of the first half-year result, surplus cash of app USD 4.5m were used to buy back nominal NOK 29m own corporate bonds in JLA02 maturing in 2017.

Cash and undrawn credit facilities amounted to USD 280m, up by USD 126m on year-end 2013.

Net interest bearing debt (NIBD) amounted to USD 364m, down USD 642m on Q3 2013 due to sale of assets. NIBD equals 42% of estimated vessel values of fleet related to continuing operations.

### Assets

Total assets amounted to USD 1,377m down USD 621m from Q3 2013. The change primarily relates to assets held for sale at year-end 2013, but not delivered until 2014.



At period end, equity amounted to USD 758m against USD 756m at the end of September 2013.

Outstanding deliveries of wholly-owned and part-owned newbuildings amount to ten for delivery in 2015-18. Outstanding deliveries of long-term time-chartered vessels amount to 15, of which 13 with purchase options for delivery in 2014-17. Total commitments related to long-term time-chartered vessels appear in note 5.

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

After the balance day, two capesize bulk carriers were sold with delivery in Q4. The sales will generate profit of approximately USD 9m and increase cash by USD 27m.

Also after the balance day, financing of the wholly-owned newbuilding program (six vessels for delivery in 2016-18) was obtained. Remaining refinancing of bank debt maturing in 2015-16 amounts to USD 32m and a further USD 63m in 2017.

### **Outlook for 2014 and 2015**

Market conditions in Q3 have turned out considerably weaker than expected when JL released its report for the first six months of 2014.

The economic and geopolitical forces shaping demand for bulk and gas carriers have continued weakening and hence led to a gloomier rate outlook for Q4 and the beginning of 2015.

Falling crude oil prices have reduced bunker prices and thus reduced the incentive to slowsteam, which is assessed to have effectively increased the supply of tonnage.

As a consequence of market developments, EBITDA for 2014 will be lower than earlier expected.

EBITDA (continuing operations) for 2014 is expected to be in the range of USD 50-65m, down on earlier reported USD 65-80 mainly due to lower market expectations in dry bulk and a very disappointing Q3 for smaller gas carriers.

Net result for continuing operations in 2014 is expected at USD (25)-(10)m, down on earlier estimate of USD (15)-0m. The weaker than expected EBITDA is partly off-set by profit from sale of assets. Result from discontinuing operations is expected to be approximately USD 20m.

Total net result for 2014 is estimated at USD (5)-10m, down on earlier reported USD 5-20m. Currency and interest rate fluctuations and effects from sale of assets may impact the result.

Looking further ahead, a modest upturn in the market is possible in the short to medium term, however with a very high likelihood of low markets continuing throughout 2015 and we thus anticipate a 2015 with challenges similar to those experienced in 2014.

Key figures	2014	2013	2013
	9 months	9 months	Full year
Solvency ratio	55%	38%	39%
Return on equity *)	2.9%	(44.0)%	(35.8)%
Return on invested capital *)	4.9%	(16.1)%	(12.5)%

\*) Incl. discontinued operations

### 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 September 2014.

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 September 2014 and of the results of the Group's operations and cash flows for the period 1 January 2014 to 30 September 2014.

Further, in our opinion, the Management's review (page 1-5) 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 November 2014.

### 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

INCOME STATEMENT - CONDENSED		2014		2013		2013	
USD '000	Note	3rd quarter	3rd quarter	9 months	9 months	Full year	
Revenue	2	113,692	122,803	402,805	378,519	502,484	
Voyage related costs		(31,861)	(32,011)	(98,900)	(115,283)	(149,228)	
T/C equivalent income		81,831	90,793	303,905	263,236	353,256	
Other operating income		2,424	2,527	6,962	8,561	10,961	
Hire of chartered vessels		(51,493)	(50,358)	(148,320)	(157,802)	(213,589)	
Operating costs of vessels		(23,198)	(23,223)	(71,734)	(71,227)	(96,439)	
Administrative costs		(11,690)	(10,608)	(34,287)	(33,545)	(45,293)	
Profit before depreciation (EBITDA)		(2,126)	9,131	56,526	9,222	8,896	
Profit/(loss) on sale of vessels and other assets		7,722	1,651	13,303	(7,811)	(7,622)	
Depreciations		(13,746)	(15,084)	(42,305)	(48,571)	(63,438)	
Write-downs		-	-	-	(132,965)	(132,965)	
Operating income		(8,151)	(4,301)	27,524	(180,125)	(195,129)	
Share of profit in joint ventures		1,927	(6,159)	2,064	(13,179)	(10,740)	
Net financial items		(11,478)	(10,708)	(32,152)	(25,157)	(30,749)	
Profit/(loss) from continuing operations before tax		(17,701)	(21,168)	(2,564)	(218,461)	(236,618)	
Income tax		(28)	(45)	31	(185)	137	
Profit/(loss) from continuing operations		(17,729)	(21,214)	(2,532)	(218,646)	(236,481)	
Profit/(loss) from discontinued operations	3	5,048	18,288	18,835	(46,319)	(47,835)	
Profit/(loss) for the period		(12,681)	(2,926)	16,303	(264,965)	(284,317)	
Attributable to:							
<b>The J. Lauritzen Group (JL result)</b>		<b>(12,681)</b>	<b>(2,934)</b>	<b>16,303</b>	<b>(265,264)</b>	<b>(284,613)</b>	
Non-controlling interests		0	8	0	300	297	
		(12,681)	(2,926)	16,303	(264,965)	(284,317)	

STATEMENT OF COMPREHENSIVE INCOME		2014		2013		2013	
USD '000		3rd quarter	3rd quarter	9 months	9 months	Full year	
Profit/(loss) for the period		(12,681)	(2,926)	16,303	(264,965)	(284,317)	
<i>Items that can be reclassified subsequently to profit or loss:</i>							
Other comprehensive income:							
Exchange differences on translating foreign operations		1,047	18	1,482	1,704	1,892	
Fair value adjustment of hedging instruments		(2,076)	(1,304)	(4,288)	1,729	1,248	
Deferred gains/(loss) on hedging instr. transfer to Net financial items		2,865	2,806	7,394	8,174	12,397	
Fair value adjustment of shares available for sale		(2,089)	827	(1,746)	913	1,444	
Other comprehensive income net of tax		(253)	2,347	2,842	12,520	16,981	
Total comprehensive income for the period		(12,933)	(579)	19,145	(252,445)	(267,336)	
Attributable to:							
The J. Lauritzen Group		(12,933)	(587)	19,145	(252,744)	(267,632)	
Non-controlling interests		0	8	0	300	297	
		(12,933)	(579)	19,145	(252,445)	(267,336)	

<b>FINANCIAL POSITION - CONDENSED</b>		<b>2014</b>	2013	2013
USD '000	Note	<b>30-sep</b>	<b>30-sep</b>	<b>31-dec</b>
<b>ASSETS</b>				
Vessels, property and equipment	4	976,077	1,273,958	1,030,333
Investment in joint ventures		107,055	98,243	101,086
Deferred tax assets		297	655	297
Shares available for sale	6	41,681	28,182	43,427
Receivable from joint ventures		13,562	10,276	9,821
<b>Non-current assets</b>		<b>1,138,673</b>	<b>1,411,313</b>	<b>1,184,964</b>
Bunkers		10,823	11,472	12,264
Trade receivables		16,095	22,898	24,925
Other receivables and prepayments		31,360	93,240	36,106
Current tax receivables		-	1,448	-
Derivative financial instruments		7,354	3,133	3,015
Securities		10,275	-	10,000
Cash at hand and in bank		162,580	159,490	154,145
		238,486	291,681	240,455
Assets held for sale		-	295,060	451,368
<b>Current assets</b>		<b>238,486</b>	<b>586,741</b>	<b>691,823</b>
<b>Total assets</b>		<b>1,377,159</b>	<b>1,998,054</b>	<b>1,876,787</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		62,355	62,355	62,355
Retained earnings		691,255	695,230	675,881
Reserves		4,589	(2,715)	1,746
JL's share of equity		758,199	754,871	739,983
Non-controlling interests		-	671	668
<b>Equity</b>		<b>758,199</b>	<b>755,542</b>	<b>740,651</b>
Non-current derivative financial instruments		21,934	22,950	23,126
Long-term borrowings		411,908	906,421	731,291
<b>Non-current liabilities</b>		<b>433,841</b>	<b>929,371</b>	<b>754,418</b>
Current portion of long-term borrowings		124,950	80,076	63,447
Trade payables		11,336	10,194	15,994
Other current liabilities		21,508	25,299	18,509
Derivative financial instruments		25,677	17,633	15,097
Provisions		-	562	-
Current tax payables		1,647	0	1,952
		185,118	133,763	114,998
Liabilities associated with assets held for sale		-	179,377	266,719
<b>Current liabilities</b>		<b>185,118</b>	<b>313,141</b>	<b>381,718</b>
<b>Total liabilities</b>		<b>618,960</b>	<b>1,242,512</b>	<b>1,136,135</b>
<b>Total equity and liabilities</b>		<b>1,377,159</b>	<b>1,998,054</b>	<b>1,876,787</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 2014	62,355	(18,023)	23,507	(3,738)	1,746	675,881	739,983	668	740,651
Adjustment to opening *)	-	-	-	-	-	(929)	(929)	929	-
Profit/(loss) for the period	-	-	-	-	-	16,303	16,303	0	16,303
Other compr. Income	-	3,106	(1,746)	1,482	2,842	-	2,842	-	2,842
Total compr. income	-	3,106	(1,746)	1,482	2,842	16,303	19,145	0	19,145
<i>Transaction with owners:</i>									
Paid dividend	-	-	-	-	-	-	-	(1,597)	(1,597)
<b>Equity 30/09 2014</b>	<b>62,355</b>	<b>(14,917)</b>	<b>21,761</b>	<b>(2,256)</b>	<b>4,589</b>	<b>691,255</b>	<b>758,199</b>	<b>-</b>	<b>758,199</b>
Equity 1/1 2013	60,633	(31,668)	22,063	(5,630)	(15,235)	806,670	852,068	371	852,440
Profit/(loss) for the period	-	-	-	-	-	(265,264)	(265,264)	-	(265,264)
Other compr. Income	-	9,903	913	1,704	12,520	-	12,520	300	12,820
Total compr. income	-	9,903	913	1,704	12,520	(265,264)	(252,744)	300	(252,445)
<i>Transaction with owners:</i>									
Capital increase	1,722	-	-	-	-	153,825	155,547	-	155,547
<b>Equity 30/09 2013</b>	<b>62,355</b>	<b>(21,765)</b>	<b>22,976</b>	<b>(3,926)</b>	<b>(2,715)</b>	<b>695,230</b>	<b>754,871</b>	<b>671</b>	<b>755,542</b>

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

**CASH FLOW STATEMENT - CONDENSED**

USD '000	2014 9 months	2013 9 months
Cash flow from:		
Operations before financial items	93,416	25,510
Ordinary operations before tax	60,514	(19,097)
Operating activities	60,166	(19,651)
Investment activities	475,737	(64,162)
Financing activities	(523,032)	(25,732)
<b>Changes for the period in cash and cash equivalents</b>	<b>12,872</b>	<b>(109,545)</b>
Cash and cash equivalents at beginning of the period	154,145	267,000
Currency adjustments on cash and cash equivalents	(4,437)	2,035
<b>Cash and cash equivalents at the end of the period</b>	<b>162,580</b>	<b>159,490</b>
Undrawn committed credit facilities at end of period *)	117,700	-
<b>Financial resources at the end of the period</b>	<b>280,280</b>	<b>159,490</b>

\*) In addition JL 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.

Apart from this amendment to presentation and the below mentioned adoption of new, amended or revised accounting standards, accounting policies are unchanged from those applied in the Annual Report 2013 of J. Lauritzen A/S.

Effective 1 January 2014 J. Lauritzen A/S has adopted IFRS 10-12 and the amendments to IAS 27, 28, 32 and 39 as well as IFRIC 21. These IFRSs have not affected recognition and measurement.

## 2. Operating segments

USDm	Lauritzen Bulkers	Lauritzen Kosan	Lauritzen Offshore (discontinued operation)	Lauritzen Tankers (discontinued operation)	Total reportable segments	Other/ Unallocated	Total Group	Total Group Continuing Operations
<b>9 months 2014</b>								
Revenue	271.2	131.6	18.8	12.8	434.5	0.0	434.5	402.8
EBITDA	44.7	17.2	12.8	3.2	78.0	(5.4)	72.6	56.5
Operating income	35.3	(2.4)	18.1	3.2	54.2	(5.4)	48.8	27.5
Profit/(loss)	23.9	(0.6)	15.7	3.2	42.1	(25.8)	16.3	(2.5)
<b>9 months 2013</b>								
Revenue	229.0	148.9	27.1	61.1	466.0	0.6	466.7	378.5
EBITDA	(11.4)	26.5	20.1	17.7	52.9	(5.8)	47.0	9.2
Operating income	(183.7)	7.6	(16.3)	(11.6)	(204.0)	(4.1)	(208.1)	(180.1)
Profit/(loss)	(218.0)	8.3	(21.0)	(25.3)	(255.9)	(9.0)	(265.0)	(218.6)

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

### 3. Discontinued operations

Profit/(loss) from discontinued operations	2014	2013	2014	2013	2013
	3rd quarter	3rd quarter	9 months	9 months	Full year
Lauritzen Tankers	(168)	15,650	3,172	(25,315)	(22,776)
Lauritzen Offshore Shuttle tankers	5,217	2,637	15,663	(21,004)	(25,059)
<b>Profit/(loss) from discontinued operations</b>	<b>5,048</b>	<b>18,288</b>	<b>18,835</b>	<b>(46,319)</b>	<b>(47,835)</b>

#### l) Lauritzen Tankers

In 2013, a strategic decision was taken to trim the balance sheet by exit of the product tanker segment. During Q1 2014, the final seven vessels were delivered to the new owners. The delivery of the vessels did not affect the consolidated income statement as the agreed sales price corresponded to the carrying amount.

The result of Lauritzen Tankers is presented as discontinued operations in the Consolidated Income Statement for all periods presented. The Income statement for the discontinued operations can be presented as follows:

Discontinued operations, Lauritzen Tankers USD '000	2014	2013	2014	2013	2013
	3rd quarter	3rd quarter	9 months	9 months	Full year
Revenue	1,433	21,921	12,824	61,064	81,046
Other operating income	-	166	118	478	274
Costs	(1,516)	(16,287)	(9,736)	(43,870)	(60,242)
EBITDA	(82)	5,801	3,207	17,672	21,078
Depreciations	-	(2,500)	-	(7,168)	(7,168)
Impairments	-	18,981	-	(22,147)	(22,147)
Share of result in joint ventures	-	-	-	(3,366)	-
Finance net	(86)	(6,631)	(35)	(10,306)	(16,278)
Profit/(loss) on the remeasurement to fair value less	-	-	-	-	1,438
Pretax profit/(loss) from discontinued operations	(168)	15,650	3,172	(25,315)	(23,077)
Income taxes	-	-	-	-	301
<b>Profit/(loss) on discontinued operations, net of taxes</b>	<b>(168)</b>	<b>15,650</b>	<b>3,172</b>	<b>(25,315)</b>	<b>(22,776)</b>
Attributable to:					
The J. Lauritzen Group	(168)	15,642	3,172	(25,614)	(23,073)
Non-controlling interests	(0)	8	-	300	297
	(168)	15,650	3,172	(25,315)	(22,776)

**II) Lauritzen Offshore Shuttle tankers**

Towards the end of 2013, JL received and an offer to sell its fleet of three shuttle tankers, and the three vessels were classified as held for sale at 31 December 2013. The agreement to sell was lifted on January 15 2014 and immediately reported to Oslo Bors, cf. announcement no 1/2014. The vessels were delivered to new owners during Q2 and Q3 2014. The delivery of the vessels affected profit from sale of assets by USD 5m in Q3 2014.

The result of Lauritzen Offshore Shuttle tankers is presented as discontinued operations in the Consolidated Income Statement for all periods presented. The Income statement for the discontinued operations can be presented as follows:

<b>Discontinued operations, Lauritzen Offshore Shuttle tankers</b>	<b>2014</b>	2013	<b>2014</b>	2013	2013
USD '000	<b>3rd quarter</b>	3rd quarter	<b>9 months</b>	9 months	Full year
Revenue	2,842	9,116	18,849	27,070	36,188
Other operating income	156	125	486	485	606
Costs	(3,068)	(2,670)	(6,486)	(7,414)	(9,834)
EBITDA	(71)	6,572	12,849	20,142	26,960
Depreciations	-	(2,329)	-	(8,285)	(10,614)
Impairments	-	-	-	(28,153)	(28,153)
Profit/(loss) on sale of vessels and other assets	5,217	-	5,217	-	-
Finance, net	103	(1,593)	(2,370)	(4,669)	(12,727)
Pretax profit/(loss) from discontinued operations	5,249	2,650	15,697	(20,966)	(24,533)
Income taxes	(32)	(13)	(35)	(38)	(525)
Profit/(loss) on discontinued operations, net of taxes	5,217	2,637	15,663	(21,004)	(25,059)
Attributable to:					
The J. Lauritzen Group	5,217	2,637	15,663	(21,004)	(25,059)
Non-controlling interests	-	-	-	-	-
	5,217	2,637	15,663	(21,004)	(25,059)

The Cash flow from Lauritzen Tankers and Lauritzen Offshore Shuttle tankers is included in the Cash Flow Statement for all periods presented.

Cash flow	2014	2013
USD '000	9 months	9 months
Cash flow from operating activities	60,166	(19,651)
<i>Hereof cash flow from operating activities - discontinued operations:</i>		
Lauritzen Tankers	19,961	1,286
Lauritzen Offshore Shuttle tankers	9,226	16,474
<b>Cash flow from operating activities, continuing operations</b>	<b>30,980</b>	<b>(37,411)</b>
Cash flow from investment activities	475,737	(64,162)
<i>Hereof cash flow from investment activities - discontinued operations:</i>		
Lauritzen Tankers	217,378	(67,155)
Lauritzen Offshore Shuttle tankers	184,437	(11)
<b>Cash flow from investing activities, continuing operations</b>	<b>73,922</b>	<b>3,004</b>
Cash flow from financing activities	(523,032)	(25,732)
<i>Hereof cash flow from financing activities - discontinued operations:</i>		
Lauritzen Tankers	(142,245)	43,941
Lauritzen Offshore Shuttle tankers	(124,460)	(9,780)
<b>Cash flow from financing activities, continuing operations</b>	<b>(256,327)</b>	<b>(59,893)</b>

#### 4. Vessels, property and equipment

USD '000	Vessels	Vessels under construction	Land and Buildings	Machinery, tools and equipment	Total
<b>2014</b>					
Cost as at 1 January	1,513,895	0	3,074	18,398	1,535,366
Exchange rate adjustments	(733)	-	-	(26)	(759)
Additions	11,922	28,969	-	1	40,893
Disposals	(19,448)	(16)	-	(7,807)	(27,272)
Transferred to assets held for sale	(72,123)	-	-	-	(72,123)
Cost as at 30 September	1,433,512	28,953	3,074	10,566	1,476,105
Depr. and write-down, 1 January	(492,768)	-	(570)	(11,695)	(505,034)
Exchange rate adjustments	110	-	-	15	125
Depreciation	(41,447)	-	(66)	(792)	(42,305)
Disposals	17,927	-	-	6,106	24,033
Transferred to assets held for sale	23,153	-	-	-	23,153
Depr. and write-down as at 30 September	(493,026)	-	(636)	(6,365)	(500,028)
Balance as at 30 September	940,486	28,953	2,437	4,201	976,077
<b>2013</b>					
Cost as at 1 January	2,180,658	73,894	3,053	19,480	2,277,085
Exchange rate adjustments	104	-	35	(24)	115
Additions	5,598	98,105	-	-	103,703
Transfer from vessels under constr.	87,820	(87,820)	-	-	-
Disposals	(12,464)	(45,356)	-	(244)	(58,063)
Transferred to assets held for sale	(420,592)	(38,823)	-	-	(459,415)
Cost as at 30 September	1,841,124	0	3,089	19,212	1,863,425
Depr. and write-down, 1 January	(478,745)	(34,829)	(491)	(10,571)	(524,636)
Exchange rate adjustments	16	-	(6)	22	31
Transfer from vessels under constr.	(20,796)	20,796	-	-	-
Depreciation	(62,299)	-	(65)	(1,660)	(64,024)
Write down	(188,668)	(13,578)	-	-	(202,246)
Reversal of write down	15,893	3,088	-	-	18,981
Disposals	7,040	10,819	-	212	18,071
Transferred to assets held for sale	150,651	13,704	-	-	164,355
Depr. and write-down as at 30 September	(576,907)	0	(563)	(11,997)	(589,467)
Balance as at 30 September	1,264,217	0	2,525	7,215	1,273,958

## 5. Lease obligations

At the balance sheet date, JL 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>2014</b>						
4th quarter 2014	43.7	38.9	3.8	8.0	47.5	46.9
1 - 2 Year	143.4	31.9	12.0	6.0	155.4	37.9
2 - 3 Year	129.2	28.8	7.9	4.4	137.1	33.2
3 - 4 Year	110.7	25.8	4.0	2.3	114.7	28.1
4 - 5 Year	99.0	23.5	-	-	99.0	23.5
> 5 Year	285.3	72.7	(0.0)	-	285.3	72.7
<b>Total</b>	<b>811.2</b>	<b>-</b>	<b>27.7</b>	<b>-</b>	<b>839.0</b>	<b>-</b>
<b>2013</b>						
4th quarter 2013	44.6	34.1	4.0	8.0	48.6	42.1
1 - 2 Year	126.4	25.3	11.4	5.9	137.8	31.3
2 - 3 Year	84.8	18.5	2.7	1.0	87.5	19.5
3 - 4 Year	75.6	17.8	0.2	0.1	75.8	17.8
4 - 5 Year	48.4	12.6	-	-	48.4	12.6
> 5 Year	188.4	59.0	-	-	188.4	59.0
<b>Total</b>	<b>568.3</b>	<b>-</b>	<b>18.3</b>	<b>-</b>	<b>586.6</b>	<b>-</b>

At end of September 2014 JL had purchase option on 23 bulk carriers (End of September 2013: 8 bulk carriers).

## 6. 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 2013 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 September 30 2014 fair value of issued bonds amounted to USD 148.8m, whereas the carrying amount totalled USD 139.9m.

### *Fair value hierarchy*

With the exception of shares available for sale of USD 41.7m (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:

	<b>2014</b>	2013	2013
USD '000	<b>30-sep</b>	<b>30-sep</b>	<b>31-dec</b>
Book value at 1 January	43,427	26,010	26,010
Purchase during the year	-	-	15,973
Fair value adjustment of shares available for sale recognised on other comprehensive income	(1,746)	913	1,444
Book value end of period	41,681	26,923	43,427

## 7. Events after the balance sheet date

After the balance day, two capesize bulk carriers were sold with delivery in Q4. The sales will generate profit of approximately USD 9m and increase cash by USD 27m.

Also after the balance day, financing of the wholly-owned newbuilding program (six vessels for delivery in 2016-18) was obtained. Remaining refinancing of bank debt maturing in 2015-16 amounts to USD 32m and a further USD 63m in 2017.