J. Lauritzen A/S Annual Report 2003

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Mission

JL's business is spread worldwide. No matter where, everyone is working in the same direction:

- Together, we CREATE added value.
- We optimise the operations of our business partners through safe, trouble-free, innovative and value-creating transportation services.
- We create a working environment that gives job satisfaction, stimulates professional and personal development and acknowledges the value of all employees.
- We ensure that JL is an attractive investment for its owners.

With this mission we shall fulfil our **Vision**:

Together, we CREATE a world-class shipping company.

However, this vision is only possible because we work to the same values.

Values

- Competence
- Respect
- Entrepreneurship
- Accountability
- Team spirit
- Enthusiasm

Business activities

For over a century J. Lauritzen A/S (JL) has been actively involved in ocean transport in selected market segments. Over time, the Company name has evolved into a byword for respectability and trustworthiness in international merchant shipping.

Founded in 1884, JL was initially a trading company dealing in building materials, and later fertiliser and coal. However, in 1888 with the commissioning of the 450 ton *Uganda*, JL changed course for good and entered the merchant shipping industry.

Over the years, the Company has been involved in different types of shipping consistently focusing on niche sectors, which typically require specialist equipment and know-how.

JL operates in three business areas: reefer commodities (LauritzenCool), liquefied gas (Lauritzen Kosan), and dry bulk cargo (Lauritzen Bulkers). As of 2004, JL also operates in the product tanker market (Lauritzen Tankers).

J. Lauritzen A/S

Reefer	Gas	Bulk
LauritzenCool AB	**Lauritzen Kosan A/S**	**Lauritzen Bulkers A/S**
LauritzenCool Logistics AB	**Gasnaval S.A.**	
Lauritzen Reefers A/S		
LauritzenCool's fleet of modern, industrialized reefer vessels meets the demand of fruit exporters and importers for regular, high-volume ocean transport. For other flexibility, customers rely on ReeferShip whose large fleet of standard reefer vessels allows it to respond quickly to demand for space. LauritzenCool Logistics, experts in logistics and information management, provide integrated transport to the reefer market. LauritzenCool and its partners in ReeferShip operate more than 105 reefer vessels featuring loading capacity between 265,000 and 760,000 cbft.	Lauritzen Kosan is engaged in ocean transport of a variety of petrochemical gases, energy gases (LPG) and ammonia. Lauritzen Kosan operates on a spot, contract and time charter basis. Lauritzen Kosan has a leading position in its market segments in Europe, especially in the Mediterranean, and is working to extend its leadership in all relevant markets. Lauritzen Kosan has also established a presence in Asia and has operations in the Americas. Together with pool partners Sigas Kosan and Exmar Kosan Lauritzen Kosan controls a fleet totalling 44 gas carriers with a total capacity of 151.000 cbm.	Lauritzen Bulkers is an internationally recognised shipowner and vessel operator engaged in the ocean transport of dry bulk cargo. Lauritzen Bulkers operates one of the most modern and versatile fleets with a current average vessel age of five to six years. In a pool arrangement with Island View Shipping, Lauritzen Bulkers controls about 60 Handysize bulk carriers making it one of the world's largest suppliers in this segment. The fleet also includes Handymax and Panamax vessels. Lauritzen Bulkers operates worldwide on the spot and contract markets.

Summary - 2003

In many ways 2003 was a very satisfactory year.

The net result was USD 76.2 million compared to a USD (32.4) million deficit in 2002, representing the best result in more than a decade. Return on invested capital was 16.4% ((8.8)% in 2002) and return on equity was 39% compared to (23)% in 2002.

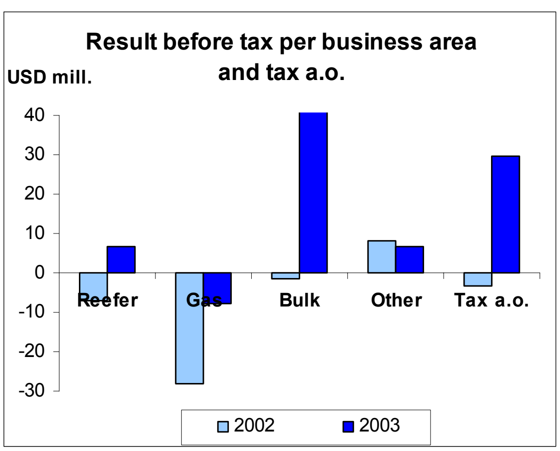
The pre tax result is primarily related to Lauritzen Bulkers fleet strategy and the significant increases in dry cargo bulk rates.

The reefer business also contributed positively to the result. 2003 became a turning point for rates, supporting higher vessels values and enabling JL to make an attractive sale of three non-core reefer vessels.

In another difficult year for gas transportation, Lauritzen Kosan improved earnings significantly, although still making a negative contribution to net results. With its change in flag policy, Lauritzen Kosan has adopted a more competitive cost structure.

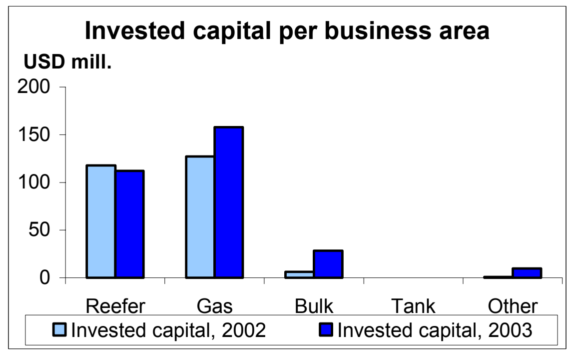
Finally, the net result was positively influenced by a revaluation of deferred tax based on the positive prospects for JL's future earnings capacity.

Accounting policies have been changed to reflect the recent change in the Danish Financial Statements Acts, which now allow companies to present their accounts in their functional currency. The USD is the functional currency of JL and therefore the accounts are presented in USD as opposed to previous years when they were presented in DKK.



Late in 2003, JL decided to re-enter the product tanker business, adding another open market to JL's business portfolio which presently comprises two niche businesses: gas and reefer, and the more open dry cargo bulk market.

During 2003 JL invested USD 74 million in fleet expansion in the gas and bulk businesses.



Further fleet expansion is expected in the years to come. At present, two second-hand Handysize bulk carriers of 26,500 dwt was delivered in the first quarter of 2004 and a total of three modern Handysize newbuildings will be delivered in 2005, 2006 and 2007.

The strategy for developing the LauritzenCool Logistics concept attracted NYK as a new partner for LauritzenCool. As of 1 January 2004, NYK and LauritzenCool implemented a vessel sharing agreement and became 50/50 co-owners of LauritzenCool Logistics.

At JL's Annual General Meeting, Mr Bent Østergaard was re-elected to the Board of Directors, from which Mr Leif Juul Jørgensen, Mr Ole Lauritzen and Mr Ole Jacob Diesen resigned. The Board appointed Mr Bent Østergaard as Chairman and Mr Ingar Skaug as Vice Chairman. At an Extraordinary General Meeting in November, Mr Peter Poul Bay was elected to the Board of Directors.

In 2003, JL saw improved results due to the Company's strategies. This also strengthened its competitiveness which, supported by positive forecasts for the world economy, makes the outlook for 2004 very positive, and significantly better than 2003.

Main figures for the Group

USD million	2003	2002	2001	2000	1999
Turnover	909	722	766	487	484
Result before depreciation (Ebitda)	72	22	36	20	28
Operating income	51	(23)	14	1	3
Result of financial items	(7)	(7)	(13)	(16)	(14)
Ordinary result after tax	77	(33)	(2)	(15)	(11)
Extraordinary result after tax	0	0	0	5	0
Result for the year	**77**	**(33)**	**(2)**	**(10)**	**(11)**
Minority shareholders' share of the result	(1)	0	1	1	(0)
The J. Lauritzen Group's share of the result	**76**	**(33)**	**(2)**	**(9)**	**(11)**
Fixed assets	314	264	249	258	312
Current assets	219	147	147	109	80
Total assets	**533**	**411**	**396**	**366**	**392**
Share capital	61	61	51	37	31
Equity	**238**	**155**	**132**	**104**	**93**
Long-term debt	152	144	148	170	200
Short-term debt	135	106	107	87	95
Cash flow from operating activities	68	19	31	4	23
Cash flow from investment activities	(52)	(12)	(40)	19	(19)
Amount of which for investment in tangible fixed assets	(76)	(67)	(5)	(13)	(23)
Cash flow from financing activities	7	(7)	14	1	13
Changes for the year in liquid assets	**23**	**(1)**	**25**	**24**	**16**
Free liquid funds	91	68	72	49	27
Number of employees (average)	1.011	1.041	1.108	961	1.012
DKK exchange rate year end	596	708	841	802	740
Average DKK exchange rate	658	789	832	808	711

Figures for 2000 and earlier have not been adjusted in line with current accounting policies. Figures for 2001 and earlier have been converted from DKK to USD using the average annual USD exchange rate for the Profit and Loss Account and the year-end USD exchange rate for the Balance Sheet.

Group key figures

Profit ratio	5,6%	(3,1)%	1,8%	0,3%	0,7%
Solvency ratio	45%	38%	33%	28%	24%
Return on equity	39%	(23)%	(1)%	(15)%	(10)%
Liquidity ratio	136	134	131	125	84
Return on invested capital	16,4%	(8,8)%	5,6%	1,5%	0,5%

The key figures have been calculated as follows:

Profit margin $$\frac{\text{Operating income x 100}}{\text{Turnover}}$$

Solvency ratio $$\frac{\text{Equity less minority interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Result after tax and minority interests x 100}}{\text{Average equity less minority interests}}$$

Liquidity ratio $$\frac{\text{Current assets less deferred tax assets}}{\text{Short-term debt}}$$

Invested capital: Total assets less bank deposits, securities, deferred tax assets and non interest-bearing short-term debt

Return on invested capital $$\frac{\text{Operating income x 100}}{\text{Invested capital}}$$

Endorsement by the Boards of Directors and Management

The Boards of Directors and Management have today reviewed and approved the annual report for 2003 for J. Lauritzen A/S.

The annual report is presented in compliance with the Danish Financial Statement Act for class C (large) companies and applicable Danish Accounting Standards. We regard the accounting policy employed as appropriate and that the annual report provides a true and fair view of the assets, liabilities, financial position and result for the year for the Group and the Parent Company.

The annual report is submitted for approval by the Annual General Meeting.

Copenhagen, 10 March 2004.

Board of Management

Torben Janholt President & CEO	Birgit Aagaard-Svendsen Executive Vice President & CFO

Board of Directors

Bent Østergaard Chairman	Ingar Skaug Vice Chairman
Peter Poul Bay	Niels Heering
Vagn Rosenkilde	Peder Julan*
Per Larsen*	Claus Pavar*

* Elected by the employees

Auditors' report

To the shareholders of J. Lauritzen A/S:

We have audited the annual report of J. Lauritzen A/S for the financial year 1 January - 31 December 2003.

The annual report is the responsibility of the Company's Board of Directors and Management Board. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Board of Management, as well as evaluating the overall figures presented in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the financial position of the Group and Parent Company at 31 December 2003 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2003 in accordance with the Danish Company Accounts Act and Danish Accounting Standards.

Copenhagen, 10 March 2004

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Kurt Gimsing
State-authorized public accountant

Lars Andersen
State-authorized public accountant

Report by the Boards of Directors and Management

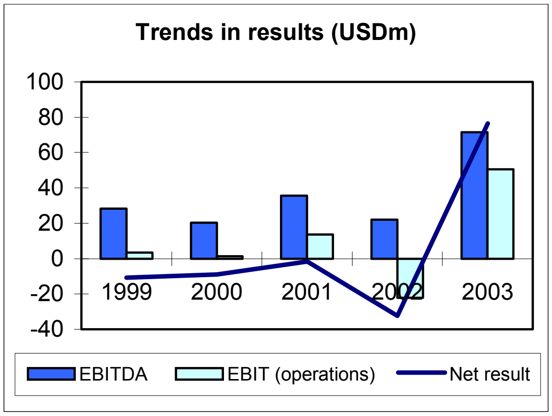
JL recorded a net result of USD 76.2 million compared to a deficit of USD (32.4) million in 2002, which included a write-down of USD (15.5) million. The very satisfactory result for 2003 is better than expected.

EBITDA was USD 71.6 million, up USD 49.5 million on 2002, due primarily to the bulk fleet strategy that enables Lauritzen Bulkers to take full advantage of significant increases in dry cargo bulk rates. Unlike 2002, the weaker USD had a negative impact on the result.

The net result includes a net tax effect of USD 30.5 million, primarily deriving from revaluation of the deferred tax assets.

At year-end 2003, equity amounted to USD 238.3 million, up USD 83.6 million on the year-end 2002 figure of USD 154.7 million. Solvency ratio increased from 38% at 31 December 2002 to 45% at 31 December 2003.

The total assets increased from USD 411.1 million at year-end 2002 to USD 532.7 million at the end of 2003.



* Figures for 2001 and earlier have been translated from DKK to USD. Figures for 2000 and earlier have not been adjusted in line with current accounting policies.

Political uncertainty due to the situation in the Middle East and the ensuing Iraq war as well as the outbreak of SARS restricted economic activity globally however, at the same time, supported fairly stable developments in the shipping markets in which JL operates. High, volatile oil prices also had an impact on JL's financial results.

During the second half of 2003, consumer and investor confidence improved, leading to stronger growth in general, however with Europe trailing behind, which kept the regional gas market in check. Very strong investments in housing, in infrastructure, in steel mills etc. in China paved the way for increased demand in shipping markets that made rates in most markets soar.

JL was positioned to take advantage of this development, although the strength of the markets had not been foreseen.

The vigour of the freight markets has injected new life into the market for tonnage in which JL has taken an active part, having already experienced appreciating rates.

A number of important strategic business activities were accomplished during 2003:

- Lauritzen Bulkers continued to re-build a fleet of their own and initiated an investment programme comprising:
  - Two second-hand bulk carriers delivered in the last quarter of 2003.
  - Two second-hand bulk carriers to be delivered in the first quarter of 2004.
  - Three newbuildings to be delivered in 2005, 2006 and 2007.
- A new business area was added to JL's business portfolio - Lauritzen Tankers.

  Through Quantum Tankers which JL acquired as of February 6, 2004 and in close collaboration with Mitsui and Vitol, JL has chartered two 60,000 cbm product tanker newbuildings for delivery in 2006 and 2007.
- At the end of 2003, LauritzenCool entered into a long-term tonnage sharing agreement with NYK Reefers, Japan, in order to ensure optimal utilization of their combined reefer fleets. At the same time, an additional agreement was signed, by which NYK Reefers acquired 50% of LauritzenCool Logistics.
- During 2003, LauritzenCool Logistics further developed its multi-destination door-to-door logistics services and increased their international presence with the acquisition of BrasReefer (Brazil) and Universal Freight Forwarders Ltd. (Seattle, USA) and by opening up offices in Costa Rica and Uruguay.
- The LauriTen 50/50 joint venture between Lauritzen Kosan and Tsakos Energy Navigation Ltd. (TEN) was dissolved by mutual agreement in August 2003. The four semi-refrigerated, jointly owned, gas carriers were subsequently purchased by Lauritzen Kosan.

EBITDA for **reefer business** was USD 21.8 million compared to USD 14.8 million in 2002. Pre-tax result was USD 6.5 million, up USD 13.7 million on the 2002 deficit of USD (7.2) million.

The result was influenced by higher freight rates and the sale of three 265,770 cbft reefer vessels, which were a size below that used for the core reefer vessel business. Two long-term chartered vessels, both of which were redelivered at year-end 2003, had a negative impact on results.

During 2003, average spot market rates increased by about 20% on 2002 rates for larger specialized reefer vessels. However, LauritzenCool's pools did not fully benefit from this due to high level of cargo coverage relating to the usual trading systems dating from late 2002.

The upswing was due to several different factors; cargo volumes, the Russian winter with thick ice keeping vessels off the market, USD/EURO exchange rates and changes in free trade agreements, just to mention a few. Another factor was the continuing slow decrease in the world fleet of specialized reefers.

Stiff competition persisted in all the perishable goods markets in 2003 but it also gave more business to LauritzenCool's container business.

As in 2002, all the activities associated with selling and purchasing second-hand reefer vessels meant higher vessel values in 2003. A number of pool partners in LauritzenCool decided to sell their vessels at increased values resulting in vessels leaving the pool. However, LauritzenCool's position was markedly strengthened with its collaboration with NYK on tonnage sharing, logistics and other reefer activities.

EBITDA for **Lauritzen Kosan** was USD 7.5 million, down USD 1.1 million on 2002. The ordinary result before tax was a deficit of USD (8.2) million compared to USD (28.3) million in 2002, which included a write-down of USD 15.5 million. The reduction in EBITDA primarily related to changes in fleet composition, restructuring costs and the weaker USD.

The market for smaller gas carriers proved as difficult as forecast. The fact that the European economies did not show any significant growth in 2003 also affected results. Demand for petrochemical products remained flat resulting in little demand for sea transport for petrochemical gases. Trading conditions improved during 2003 but not enough to provide acceptable earnings for the short sea gas carrier fleet.

While waiting for trading conditions to improve, Lauritzen Kosan actually succeeded in strengthening its market position. Lauritzen Kosan has also changed its flagging policy and adopted a more efficient, USD-based cost structure.

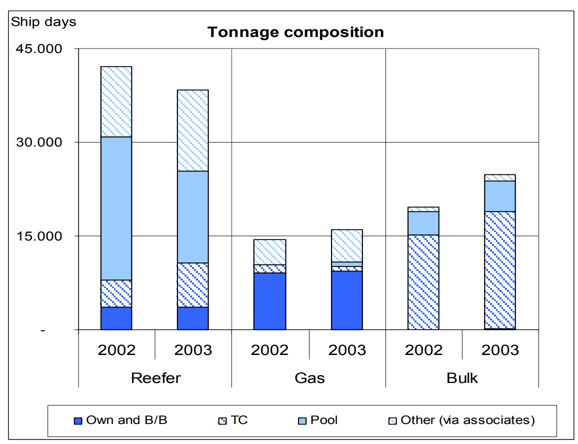
Supply of gas carriers in the segment up to 10,000 cbm increased by 2.4% although this was down 1.5% point on 2002. The increase was mainly due to larger gas carriers in the segment. Based on the current order book, only a limited number of vessels will be delivered in the next two-three years.

EBITDA for 2003 for **Lauritzen Bulkers** was USD 39.9 million, up USD 41.1 million on 2002. Operating profit before tax was USD 41.2 million compared to a deficit of USD (1.6) million in 2002.

As expected, the bulk market gradually recovered and the market reached an historically high level by year-end, with market strength being mainly driven by unprecedented demand from China and very little extra supply.

During 2003, Lauritzen Bulkers took advantage of attractive offers for vessel purchases and will in future continue to strengthen its ownership profile alone or with partners.

During the course of 2003, JL controlled a fleet of 165 vessels on average. Together with associates JL operated a total fleet of 217 vessels on average. At the end of the year, JL wholly-owned 31 and part-owned two vessels.



A total of 43 ships in the fleet are on charter for periods exceeding 12 months. JL has purchase options on ten bulk carriers and four reefer vessels on long-term charter.

In 2003, JL employed an average total staff of 1,011 of whom 553 worked on the Company's own vessels or on bareboat-chartered vessels. (2002: 1,041 and 566 respectively). At the end of the year, 997 people in all were employed against 990 year end 2002.

Prospects for 2004

The upswing in world trading conditions noted during the last part of 2003 is expected to accelerate in 2004.

Financial policy has led to a significant rise in economic activity in USA. American consumers will be continuing to support high and rising levels of imports, especially from the USD denominated part of the world. The main beneficiaries will be South America and Asia, whereas with the stronger EUR, Europeans will receive less support for economic activity from the USA.

Although domestic demand is picking up in the Euro zone, the rate of progress is relatively weak which means that GDP growth is forecast to rise by only 2%, although the trend is upwards.

Exports of perishables, particularly from Latin America, may enjoy improved market conditions in Europe due to lower USD vis-à-vis EUR and JPY.

The dynamism of China and the interventionist policies of the Bank of Japan in the currency markets both contribute to aiding Japanese exports. This should give some support to GDP growth, which is forecast at slightly below 2%.

After a year with very strong growth, most of which was due to investments in infrastructure, machinery and construction, China is forecast to continue its strong growth though at a slightly slower pace and with increased focus on consumption.

In general, the rate of inflation will remain low but will rise due to increasing commodity prices. Economic policies will therefore generally move towards a more neutral stance, implying that world trade is set for another year of strong growth. So the risk of congestion and other inefficiencies in goods transport will remain, underpinning the strength of shipping markets. The introduction of the ISPS (International Ship and Port Security) code on 1 July 2004 may add to this.

Whereas demand for regional gas transportation in Europe is likely to only improve moderately, JL's two other business areas, reefer and bulk, face more buoyant prospects in 2004.

Changes in exchange rates and oil prices will affect results, too.

In 2004, EBITDA is expected to increase significantly due to improved trading conditions in all three business areas, particularly for Lauritzen Bulkers.

Net result is expected to increase, although not as much as EBITDA due to increases in deferred tax included in the net result for 2003.

Reefer Business

Shipowning activities: President Torben Janholt
LauritzenCool: President Mats Jansson

2003 gave an EBITDA of USD 21.8 million for the reefer business, up USD 7.0 million on the USD 14.8 million reported in 2002. Pre-tax result was USD 6.5 million compared to a deficit USD (7.2) million in 2002. The result was better than expected.

The increase was due to higher rates, an increased number of chartered vessels and positive developments in value-adding services ashore, including LauritzenCool Logistics.

Key figures USD million	2003	2002
Net turnover	466.7	423.4
Earnings before depreciation (EBITDA)	21.8	14.8
Write-down and depreciation	(12.5)	(12.6)
Profit on sale of ships	4.5	0
Operating income	13.9	2.2
Ordinary result before tax	6.5	(7.2)
Invested capital	112.1	117.7
Return on invested capital	12.4%	1.9%
Average employees	434	431

The reefer market has become more consolidated in recent years and the existing fleet for specialized reefer vessels is now shared among larger players. LauritzenCool is one of the leading operators in ocean transportation of perishable foodstuffs. The company has a substantial global network to support the operations, with offices in Chile, Argentina, Brazil, South Africa, New Zealand, USA and Japan. Add to this cold storage and terminal operations in Port Hueneme (USA), Nueva Palmira (Uruguay) and Natal (Brazil).

LauritzenCool Logistics is providing logistical solutions all along the cold chain, from the point of cultivation to the recipient of the consignment. What started in Chile during the 00/01 season has through organic growth during 2003 been further developed in Brazil, Argentina, Peru, Japan and South Africa. Volumes handled more than doubled from 2002 to 2003.

At the beginning of 2003, LauritzenCool Logistics acquired 33% of freight-forwarding company Brasreefer (Brazil) and 80% of Universal Freight Forwarders Ltd. (USA), in September. New LauritzenCool Logistics offices in Costa Rica and Uruguay were set up at the end of the year.

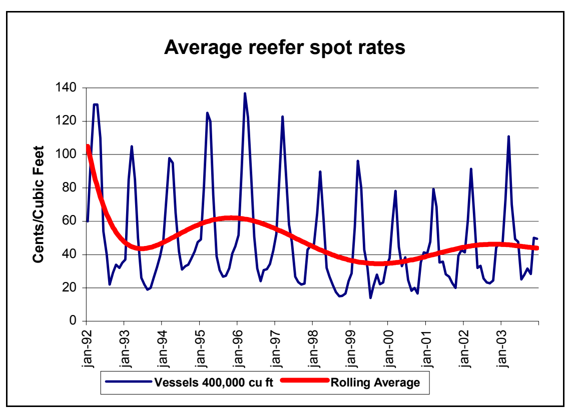
At year-end, LauritzenCool entered into a long-term tonnage sharing agreement with NYK Reefers Ltd. The agreement, which took effect on 1 January 2004, will lead to a larger combined fleet. The aim is to strengthen the competitiveness and to improve service, achieving the best possible flexibility for customers' shipping programmes. An additional agreement has been made for NYK Reefers' acquisition of 50% of LauritzenCool Logistics.

Market Development

2003 created a great deal of optimism among reefer operators. All figures pointed in the right direction, with average spot rates in the peak month of March reaching 120 cents/cbft for small vessels, and slightly over 110 cents for larger vessels. Compared to the previous year, which was also relatively strong, 2003 rates were up 20 cents for vessels of 400,000 cbft, and 30 cents for small vessels. These were the best March figures since 1997.

Apart from the general increase in consumer demand, there were several other reasons behind this remarkable upswing. One of them was the weather situation in Russia during the winter, where thick ice outside St. Petersburg caused congestion for many vessels and kept them off the market for long periods of time.

Another important factor was the weak USD/EUR rate, which encouraged South American exporters such as Chile to direct shipments toward Europe instead of the United States.

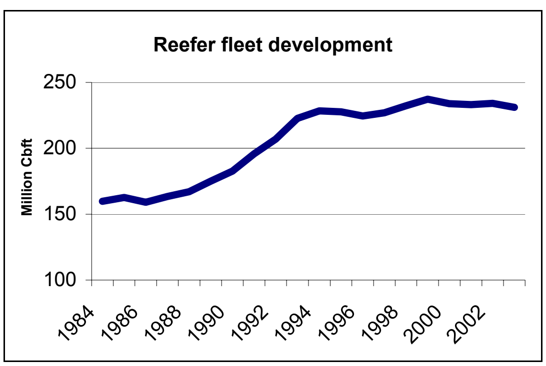


There was also the impact of the recent free trade agreement between Chile and the European Union, meaning that tariffs on certain agricultural products will be gradually reduced.

Argentina and Brazil had excellent crops and their respective governments focused heavily on exports of agricultural products.

Mediterranean citrus, along with fish and poultry trades, gave a boost to the market and led to extremely good spot rates in November-December. At an average of about 50 cents for large vessels, these were the strongest off-season rates in a decade.

In general, players in the reefer market look at the post-peak season with great interest because the seasonal development of the rate curve in recent years has shown a tendency toward higher off-season rates. Meanwhile, the peak of the busy season has gradually been reduced, even though the 2003 figures shot up toward a level that has not been seen in quite some time. The flattening of the peak curve is a result of increased competition from container lines with reefer container capacity, as well as growing use of deck containers on some specialized reefer vessels. The increased supply has been able to absorb high demand during the peak season at lower rates. At the same time, there has been a growth in demand for Southern Hemisphere fresh produce during the off-season, a time at which there is not such strong competition from container lines.



Operators with a strong spot orientation in their business benefited from the high rates in 2003, whereas operators who are more contract-bound could use the positive spot market as an indicator for future negotiations. There has always been a clear link between a strong reefer spot market and improved rate levels for contracts, but with a time lag as new contracts are negotiated for the coming season. As a result of increased container competition, this link tends to have diminished somewhat during the last few years, and the recent trend is for contracts not to increase at the same rate as the spot market.

Just as in 2002, there was intense activity in sales and purchases of reefer vessels in 2003, underlining the improved market conditions.

There was a net decrease in the specialized reefer fleet, which has led to a reduction in tonnage competing for cargoes. Although the scrap rate of reefer vessels has been extremely low during the last two-three years, the order book for new vessels is currently so small that total capacity is gradually being reduced.

The decrease in fleet size is helpful in restoring a balance between supply and demand.

The fleet

During 2003, an average of 105 reefer vessels with a loading capacity between 265,000 and 760,000 cbft. were employed by LauritzenCool and associated operations. The two major pools are the Leonina Pool (fully-owned by LauritzenCool) and Reefership (a partnership between Eastwind, Armada and LauritzenCool). An average of 25 vessels were either on charter to or owned by JL.

LauritzenCool employed 55-60 specialized reefer vessels, fluctuating in line with seasonal demand. All vessels are modern and large, 370,000 cbft and above. These vessels represent a total fleet size of about 30-33,000,000 cbft, with an approximate 7-8,000,000 cbft on-deck container capacity.

Reefership employed 51 ships on average in several pool structures.

At the end of the year, three Penguin type vessels were sold. These vessels did not match JL's core size segment.

The average age of the company's owned fleet was 11.8 years in 2003 compared to the average of 16 years for the world fleet in the segment above 265,000 cbft.

Fleet management is undertaken by Lauritzen Fleet Management in Copenhagen. All vessels are operated under the Danish flag and are registered in DIS (Danish International Ship Register).

Technical operation of the owned fleet was satisfactory in 2003. However, two vessels encountered engine damages late in the year, resulting in unexpected off-hire service of 0.6%.

No dockings were carried out in 2003 compared to four dockings in 2002.

Prospects for 2004

The general outlook for the reefer market is positive. As for longer-term contracts, there are clear indications of an improved market. Vessel earnings are expected to increase, since seasonal earnings in 2003 were based primarily on contracts made during the previous year. With the strong 2003 season as an indicator, contracts for 2004 have been set with an approximate 5-10% increase, in some cases higher.

Spot rates are expected to be in line with 2003. It is improbable that all the positive factors that fell into place during the past peak season will reoccur, at least not at the same time. Certain contributing factors will most likely continue, such as the strong efforts of South American and other countries in the Southern Hemisphere to increase their exports of fresh produce. The weak USD/EUR rate will encourage exporters to focus on Europe. Russian imports will continue to grow, increasing South African and Argentinean citrus exports.

European crops were severely hit by the heat wave in 2003, and with low stocks and bad quality it is probable that there will be greater demand for Southern Hemisphere fruit.

The fleet situation in the specialized reefer segment is experiencing a better balance between supply and demand, which is expected to continue.

Container lines will continue their efforts to win reefer cargo, which is a challenge for specialized reefer operators. At the same time, the continuing upward trend in world fresh produce exports gives growth opportunities for both transport modes. LauritzenCool expects to benefit from the good market conditions described above.

Apart from the profit from sale of vessels, the result for 2004 is expected to be on level with the 2003 result.

The weaker USD will have a significant and negative effect on the result due to increased costs valued in USD. Increased earnings from owned and chartered vessels offset the cost increase. Fewer vessels in the LauritzenCool pool will have a minor negative effect on the result in 2004.

Other land-based activities

Senior Vice President Henrik Madsen

Key figures USD million	2003	2002
Net turnover	15.1	14.7
Earnings before depreciation (EBITDA)	5.1	1.0
Depreciation	(0.5)	(0.6)
Operating income	4.7	0.4
Ordinary result before tax	4.4	0.3
Net result	3.0	(0.4)
Invested capital	8.9	6.1
Return on invested capital	52.4%	5.9%
Average employees	79	106

EBITDA for 2003 for other land-based activities in South America ended at USD 5,1 million, up USD 4,1 million on 2002. The increase derives primarily from Segetrans' sale of land at the port of Valparaiso with a profit of USD 3.5 million.

The net result of USD 3.0 million (USD (0.4) million in 2002) was in line with expectations.

Euroamerica, which has further strengthened its position as one of Argentina's leading port terminals for exports of perishables and forestry products, again in 2003 reported a satisfactory pre-tax result of USD 1.2 million (USD 1.7 million in 2002). In 2003, the company made further substantial investments in warehouse capacity at the Maripasa Terminal, with the installation of a new Polygon bar-coding system for tracking and tracing cargoes as well as warehouse management.

Trucking activities in both Chile and Argentina have been reorganized during 2003 with the sale of most wheeled assets. The Segetrans organisations as "software" companies will still offer refrigerated trucking solutions to exporters and shipping companies, including LauritzenCool and LauritzenCool Logistics. Despite these efforts, the result for 2003 remains unsatisfactory; USD (0.2) million excluding profit of USD 3.5 million from sale of land (USD (1.3) million in 2002).

Segetrans in Peru, on the other hand, managed a turnaround in 2003 with a small but satisfactory profit.

For 2004 the process of reorganising our trucking activities will continue, with closer collaboration with our reefer logistics business in the area. For Euroamerica, 2004 will be a year of consolidation following several years of important major investments as part of continuing expansion of terminal activities.

Excluding the profit on the sale of land in Valparaiso (USD 3.5 million), earnings in 2004 are expected to be slightly up on 2003.

Lauritzen Kosan

President Jan Kastrup-Nielsen

EBITDA for Lauritzen Kosan was USD 7.5 million in 2003, down USD 1.1 million on the USD 8.6 million reported in 2002. The reduction was primarily due to changes in the composition of the fleet and the weaker USD, which increased the USD value of non-USD costs.

Key figures USD million	2003	2002
Net turnover	77.1	70.9
Earnings before depreciation (EBITDA)	7.5	8.6
Write-down and depreciation	(11.4)	(29.0)
Profit on sale of ships	(0.4)	(0.8)
Operating income	(4.3)	(21.2)
Ordinary result before tax	(8.2)	(28.3)
Invested capital	157.9	127.1
Return on invested capital	(2.7)%	(16.7)%
Average employees	386	407

Pre-tax result for 2003 was USD (8.2) million, including USD 3.3 million redundancy payments to officers leaving in 2003 and 2004 as a result of a change in flagging policy for the gas carriers. The sale of the *Selma Kosan* for scrap meant a loss of USD (0.4) million.

The result is unsatisfactory and lower than expected due to weak market conditions and restructuring costs.

In August 2003, Lauritzen Kosan and Tsakos Energy Navigation (TEN) mutually agreed to dissolve their 50:50 joint venture, LauriTen. The four semi-refrigerated vessels owned by LauriTen have been acquired by Lauritzen Kosan.

During 2003 Lauritzen Kosan changed five vessels from DIS (Danish International Ship register) to IOM (Isle of Man register) as part of a continuous process of adapting costs to a changing marketplace. Four vessels will leave the DIS register in 2004.

Pool company Exmar Kosan Ltd. Hong Kong, a 50:50 joint venture between Lauritzen Kosan and the Belgian shipping company Exmar NV, increased its fleet from 8 to 11 vessels in 2003. One vessel from a third party joined the pool and two vessels have been taken on long term time charter with purchase options. Lauritzen Kosan will continue to seek ways of further developing the pressure vessel activities of Exmar Kosan Ltd.

2003 saw a modest beginning to the process of consolidation within the segment of pressure vessels. It is expected that 2004 will bring further opportunities to strengthen this trend, one in which Lauritzen Kosan is determined to play an active part.

Market development

Demand for short-sea transportation of liquid, chemical gases is driven by the general global economic activity, which includes such factors as construction, automobile production, demand for packaging and the disparity in the global prices of petrochemical gases. The energy gas market (LPG), which primarily is driven by weather conditions, will continue to have less impact on the general employment possibilities for Lauritzen Kosan's fleet.

The lack of any significant growth in the European economies continued to affect the petrochemical industry. Demand for petrochemical products remained flat in 2003 and demand for sea transportation of petrochemical gases within Europe over the year as a whole was still not sufficient to provide acceptable earnings for the short sea gas carrier fleet.

The European short sea market is also still suffering from an oversupply of vessels and some fragmentation amongst owners leading to competition for market share.

The general trading conditions noted in 2003 may, however, be considered as better than 2002 and with the current order book, only a very limited number of vessels will be delivered during the next two-three years. Lauritzen Kosan expects that 2004 will gradually show improved conditions for the petrochemical industry and that demand for regional sea transportation will increase during the year.

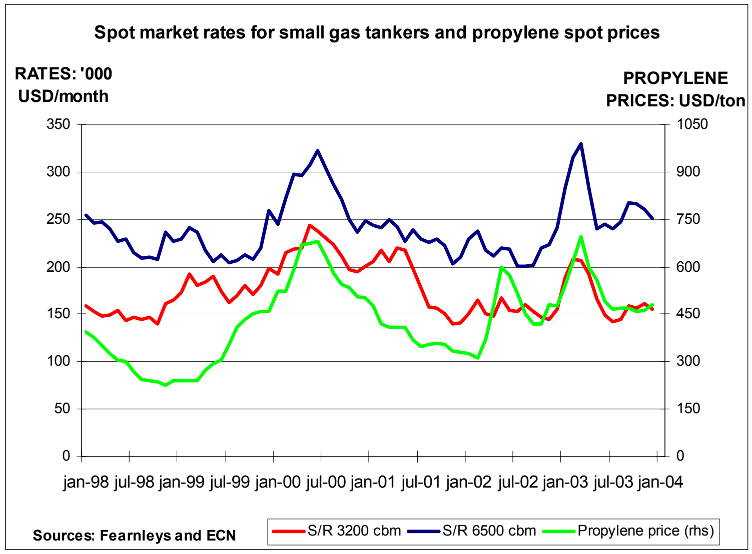
Increased economic activity in the Eastern hemisphere during 2003 led to improved demand for petrochemical products there. Chinese imports especially provided some support to the gas shipping market. Larger vessels have been employed in longer haul movements of petrochemical gases from west to east but short sea petrochemical movements in the Far East also increased.

The fleet

At the end of 2003 Lauritzen Kosan, directly or indirectly via pooling arrangements, controlled a fleet of 44 vessels with total capacity of approximately 151,000 cbm.

Lauritzen Kosan owned or partly owned 25 of these with a total capacity of 95,000 cbm.

The Sigas Kosan pool, a 50:50 joint venture with Norwegian shipowner Camillo Eitzen operating from Lauritzen Kosan's office in Copenhagen, managed 15 vessels with a capacity of about 28,000 cbm.



Exmar Kosan Ltd Hong Kong, a 50:50 joint venture pool company with Belgian shipowner Exmar managed nine vessels and had two vessels on long-term time charter. The capacity of the fleet was 43,000 cbm.

Lauritzen Kosan directly controls 18 vessels of about 80,000 cbm managed from the Copenhagen office. Three of these vessels are on time charter.

In August 2003, the *Selma Kosan* (6,619 cbm built 1978) was sold for scrap.

Lauritzen Kosan remains firmly focused on maintaining a high level of operational quality. The 146 customer and national regulatory inspections made in 2003 all went satisfactorily, resulting in only a few very minor delays.

The average age of the company's own fleet was 13.4 years, well below the international fleet average for the 1,600-7,000 cbm segment of 15 years but up 0.5 year on 2002.

Fleet management is carried out from Copenhagen and Bilbao, Spain through wholly-owned subsidiary Gasnaval S.A. Technical operation of the fleet was satisfactory in 2003, with seven dry-dockings being completed during the year (11 dockings in 2002).

Lauritzen Kosan continues to seek competitive running costs, but crew safety, environmental protection, operational quality and the avoidance of downtime are of paramount importance.

The Lauritzen Kosan fleet operates under Danish, British, Portuguese, Hong Kong and Spanish flags.

Prospects for 2004

Lauritzen Kosan earnings are expected to improve in 2004, not only due to better general trading conditions but also due to an improved cost structure. The number of dockings will be up on 2003.

Overall, 2004 earnings are expected to be significantly up on 2003, although likely to remain unsatisfactory while awaiting further improvement in the market for sea transport of LPG and petrochemical gases.

Lauritzen Bulkers

President Jens Ditlev Lauritzen

EBITDA in 2003 was USD 39.9 million, up USD 41.1 million on 2002. Pre-tax result was USD 41.2 million, up from the deficit of USD (1.6) million reported in 2002.

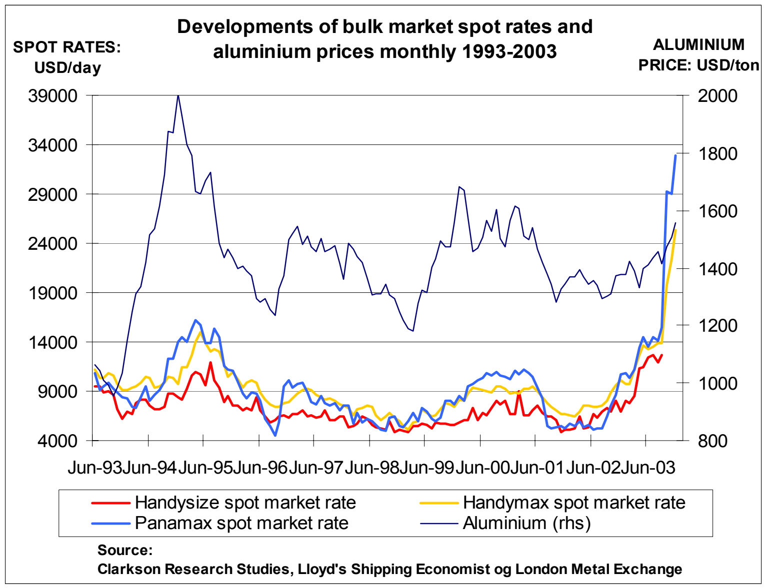
Expectations for 2003 were optimistic. Lauritzen Bulkers' strategy of building up a fleet in 2002 with very low cargo coverage proved its viability. The result is very satisfactory and the best ever in the history of Lauritzen Bulkers.

Key figures USD million	2003	2002
Net turnover	339.1	209.0
Earnings before depreciation (EBITDA)	39.9	(1.2)
Depreciation	(0.8)	(1.1)
Operating income	39.1	(2.3)
Ordinary result before tax	41.2	(1.6)
Invested capital	28.2	6.2
Return on invested capital	138.5%	(36.8)%
Average employees	37	38

Market development

The spot market at the beginning of 2003 had recovered significantly for all size groups compared with the summer of 2002. There was a general feeling that the market would improve still more in 2003, based on a recovery in the global economy, developments in China were favourable and the limited deliveries of newbuildings scheduled for the year.

The first half of 2003 saw imports of iron ore rising strongly, mainly to China whose indigenous sources have proved to be insufficient to support the demand for steel created by the huge infrastructural developments being carried out there. Soy beans from South America helped underpin the strength of the market.



Then came the summer with drought in Europe, nuclear power plants in Japan still shut down for inspections, and serious accidents in Chinese coal mines leading to closures. All this led to a steep increase in demand for steam coal. With Capes already being fully occupied carrying still higher volumes of primarily iron ore, charterers had to look for tonnage elsewhere, and so demand for Panamax and Handymax started to rocket.

Port congestion problems were also being reported at the time, and this combined with the factors noted above led freight rates to soar, first in the spot and shortly after the period markets. Freight rates rose 100 % or more from an already high level during the last three to four months of 2003 as a result.

The fleet

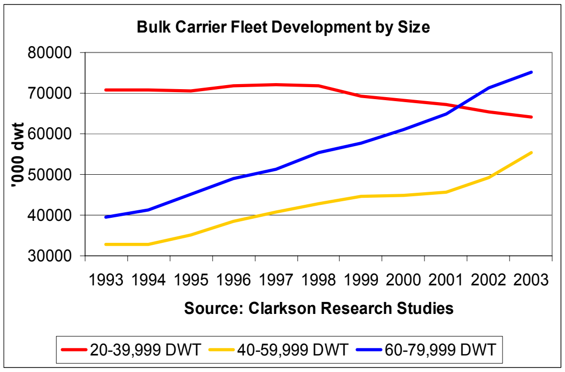
The total number of ship days reached 24,744 in 2003, up 26% on the 19,673 days reported in 2002.

The Handysize pool arrangement with Island View Shipping was further expanded during 2003 to include five joint period charter vessels. At any given time during 2003, the Handysize pool operated between 55 and 65 vessels.

Lauritzen Bulkers bought a total of seven vessels during the last half of 2003. Four were second-hand, with two delivered in 2003 and the other two delivered in February 2004. Three resale newbuildings were acquired at attractive prices for delivery in 2005, 2006 and 2007.

The Handymax fleet consists of about 15 vessels and enjoyed a good market in 2003. The fleet will see one addition in the earlier part of 2004 and a further two vessels have been secured for delivery in 2005, all on time charter arrangements.

2003 was the first full year of Panamax operation. The limited fleet showed a trading profit for all vessels. Further forward tonnage was secured in the year with two deliveries in 2004 and one each in 2005, 2006 and 2007. These are all Japanese newbuildings on time charter, four of them with future purchase options.



During 2003, the fleet of bulk carriers in total rose by 3%. Capesizes, Panamaxes, and Handymaxes all expanded, whereas Handysize vessels (20-39,999 dwt) fell. The strong market reduced the amount of tonnage scrapped to a mere 3.5m dwt - one of the lowest levels recorded. Deliveries amounted to only 11m dwt which was also a very low figure historically speaking.

The order book swelled particularly during the last six months of the year, but at 16% of the existing fleet, it is still comparatively low.

Prospects for 2004

Although Lauritzen Bulkers came out of 2003 with a record result, it is anticipated that 2004 will be even better.

It is expected that the market will stay at a very high level for 2004 and although some cover by way of sub-time charter has been contracted in Handymax and Panamax, Lauritzen Bulkers will be able to take advantage of the high spot market.

With yard capacity constrained in the short-term, the market for existing tonnage is predicted to display interesting opportunities during 2004.

Lauritzen Fleet Management

Senior Vice President Claus Pavar

Lauritzen Fleet Management is the ship management function of JL. The objective is to undertake quality ship management for JL's fleet, primarily the gas carriers and reefer vessels but also other vessels owned or controlled by JL. Environmental protection, maritime security, safety and cost control have top priority.

In addition to full technical and crew management, Lauritzen Fleet Management offers a wide range of support services such as inspections, performance monitoring, IT-services, dry-docking supervision, special projects, insurance, quality assurance, technical purchasing and controlled atmosphere management.

Lauritzen Fleet Management was responsible in 2003 for technical management of 36 vessels, with seven of these being managed by Lauritzen Kosan's Spanish subsidiary, Gasnaval. The vessels fly quality flags such as British, Danish, Hong Kong, Portuguese and Spanish and are manned with a complement of experienced and qualified officers and ratings.

After a successful two-year TeamShip project, all Family Class reefer vessels are now operated under this challenging concept, thus improving onboard co-operation, job satisfaction for crew and, not least, the overall performance of the vessels in question.

Unexpected off-service was 0.6% for the reefer fleet and 0.8% for the gas carriers, compared to 0.9% and 1.3%, respectively, in 2002. The target for 2003 was 0.5% for the reefer vessels and 0.9% for the gas carriers.

In the aftermath of the tragic 11 September 2001, in December 2002 the UN International Maritime Organisation (IMO) adopted new provisions in The International Convention for the Safety of Life at Sea and the International Ship & Port Security Facility code with 1 July 2004 as the deadline for implementation and certification of ports and ships. All vessels under Lauritzen Fleet Management will have obtained their International Ship Security Certificate in due time before the deadline. JL expects its early compliance with the ISPS code to provide competitive advantage.

Naturally, all vessels under management are ISM certified. Owned vessels regularly calling at US ports have also received the Certificate of Eligibility in recognition of their compliance with the requirements of the US Coast Guard's Qualship 21 Scheme - fewer than 10% of all foreign-flagged vessels operating in US waters have earned this designation.

Environment and safety

Protection of the environment, safety at sea and a high degree of maritime security have top priority at JL. Lauritzen Fleet Management acknowledges the possible impacts sea transport can have on the environment and is committed to maintaining a high standard for environmental protection for all activities whether ashore or at sea. JL provides and maintains a healthy working environment for our employees.

The IMO has sanctioned a number of comprehensive regulations and conventions covering a range of matters such as prevention of pollution, maritime security, safe operation of ships and standards of competence for seafarers.

To ensure these conventions are observed, a considerable number of audits and inspections are carried out around the world not only by Lauritzen Fleet Management's superintendents and the Flag States, but also by Port States and customer's vetting departments. More than 200 inspections in all have been carried out, with NIL detentions.

In addition to the International Safety Management Code (ISM), an environmental accounting system based on ISO 14000 is in force.

Lauritzen Fleet Management is aware that a number of systems and contaminants aboard can have a negative impact on the environment, so we are continuing to focus and take measures to also reduce such impacts.

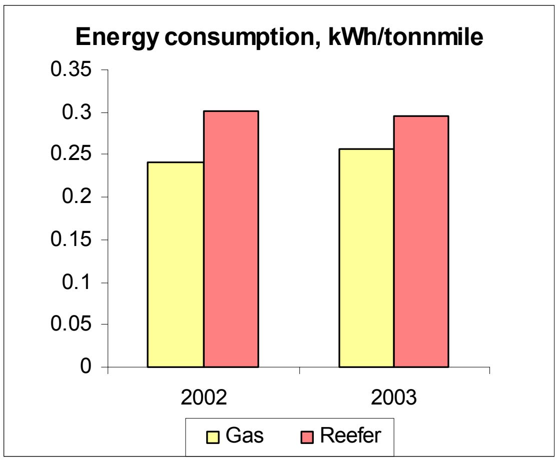
In line with international legislation, Lauritzen Fleet Management has for some while now only applied TBT-free antifouling so as to avoid the contamination from the old TBT-based paints previously used.

Again in 2003, all JL vessels voluntarily participated in the AMVER System to help make the seven seas safer. Three vessels were involved in rescue operations, saving ten lives.

Incidents that could lead to industrial accidents, pollute the environment or create other damages or loss of valuable items are carefully examined and analysed, with the conclusions and recommendations being distributed to all vessels so as to avoid such occurrences in the future.

Energy consumption

Over the period, the total energy consumption used for propulsion and power production for the fleet was fairly stable; however, the minor changes seen are due to actual trading patterns combined with cargo capacity utilization. Compared to the gas vessels, the reefer fleet has somewhat higher consumption due to refrigeration and controlled atmosphere plant.



CO_2 emissions

Emissions are closely connected with energy consumption and can only be reduced by minimizing the consumption of bunker oil, so Lauritzen Fleet Management focuses on optimizing engine performance, best possible route planning, having clean underwater hulls/propellers and a minimum of ballast time.

SOx/NOx emissions

Emission figures are based on the oil quality and type of engine concerned. However, the availability of low sulphur oil is limited. About 50% of the gas carrier fleet uses marine diesel oil (0.2% sulphur), whereas the entire reefer fleet uses heavy (2.5% sulphur) fuel.

Corporate Image

In accordance with JL's strategy, our business and administration have seen some restructuring processes over the past couple of years, including internal organisational changes, acquisitions, new joint-ventures and partnerships, which have resulted in staff joining us from corporate cultures that differ from JL's.

JL will learn from other cultures but to ensure a common, visionary approach to our way of doing business and how we treat each other, JL has found it vital to review, re-formulate and re-introduce our core values, ensuring that they not only suit our present organisation but also are in accordance with JL's vision: *Together, we create a world-class shipping company.*

JL's mission and vision statements and core values, which will take us into the future, were presented to staff and overseas representatives during the autumn of 2003.

JL's aim is for everybody, whatever their organisational position or geographical location, to identify with our core values of *Competence, Respect, Entrepreneurship, Accountability, Team Spirit and Enthusiasm*.

From a human resource point of view, the two core values of *Competence* and *Team Spirit* will be very much in focus in the years to come.

JL has a staff of highly professional employees. Nevertheless, it is important that their competencies and qualifications are constantly updated and new ones acquired so they can match the demands they as individuals but also JL as a company will be facing in future. This process is also essential if JL is to attract well-qualified candidates in a very competitive environment. So funding and time will be invested in continuity training/education, and management programmes that were suspended in 2003 will be re-introduced.

Staff appraisal has been an integral element in JL's staff policy for many years. In 2003, a questionnaire-based staff appraisal survey was carried out for the companies based in Copenhagen. 90.3% of the employees responded, with 85% finding that annual staff appraisals should continue.

In addition to annual staff appraisals, JL has most recently been assessing the HR aspects of whether our business performance is successful, and the way we manage, communicate and develop our staff, since previous surveys have always been client-oriented. However, at the end of 2003 JL took the first steps towards “taking our temperature” to identify any deficiencies in this respect. We shall now be undertaking this survey annually, with the results being published in JL's annual report, the first time in 2004.

At year-end 2003, JL had a total staff of 997, of whom 539 were sea-going personnel compared to 990 and 560 respectively by the end of 2002.

The average age for land-based staff members was 42.1, although somewhat higher in some of the business units. Average length of service was 12.5 years, and average overall staff turnover for land-based personnel in JL was 5.1%. The equivalent figures for the fleet were an average age of 38.5, and service of 9.0 years. Due to different contractual conditions for sea-going personnel, it is not possible to compare staff turnover to land-based staff.

As a company with world-wide operations, many languages are spoken within JL, although English is the official company language. Nevertheless, 10% of the staff based in Copenhagen who have Danish as their mother tongue, also master Spanish as their second foreign language.

Fifty percent of Copenhagen-based staff have shipping backgrounds either having been traditional shipping trainees or having trained in the merchant navy. The overall equivalent figure for JL is 70%.

To enhance JL's flexibility and efficiency, JL puts home computers at the disposal of staff members. 66% of the Copenhagen-based staff members have home PCs. A similar arrangement applies for the Stockholm-office where an equivalent number of the Swedish staff has access to laptops which they can use at home or when travelling.

Risk management

The shipping industry is highly sensitive to the markets with substantial fluctuations in the level of rates and fleet costs. Chartering vessels increases the risk profile, although JL manages this by way of portfolio management of cargo coverage, sublets and forward freight agreements. Some very limited forward freight agreements (FFAs) were used to supplement physical business activities early 2003.

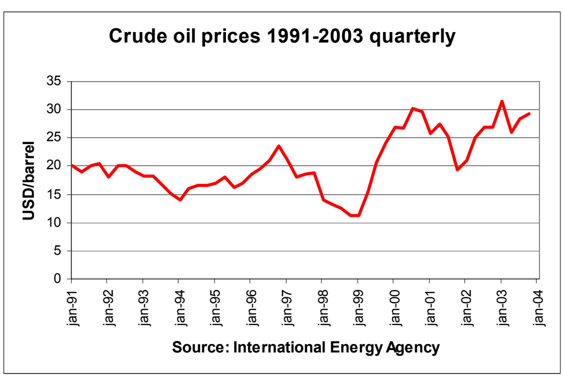
Each business area is responsible for monitoring and controlling its own business risks associated with supply and demand in the transport market and for including their findings in routine reporting.

JL operates in USD. Changes in the Danish Financial Statements Act make it possible to prepare accounts in the functional currency, a change that has enabled implementation of a fully USD-based financial management system.

The overall limits for financial risks and oil risks are defined by the Board of Directors and managed by the central treasury department. Hedging transactions are made to minimize risks and hedging only applies to the underlying commercial risk.

Oil risk

Bunker oil is a significant element of expenditure for JL. The figure below shows crude oil price trends since 1991. The rise in oil prices late in 2002 and during 2003 was due among other things to the war in Iraq.



JL's policy is to hedge forecast consumption of bunker oil needed for contracted cargo volumes at the very least. The policy of whether to hedge fully or partially is determined periodically depending on forecasts for future oil price trends.

Total consumption of bunker oil amounts to approximately one million tons a year. A considerable part of this, however, relates to spot market contracts for which the pricing is based on the current price on fuel, and to BAF (Bunkers Adjustment Factor) cargo contracts.

Approximately 24% of 2003 total oil consumption of one million tons was hedged using financial instruments, saving the Company USD 2.2 million on oil costs. At year-end 2003 15% of total 2004 forecast oil consumption had been hedged. The market value of this hedge was USD 0.3 million.

Liquidity risk

Liquidity is managed via the JL cash pool, the surplus cash funds held by the business areas.

At the end of 2003, cash funds amounted to USD 95.8 million, made up of cash and securities. By the end of 2003, all surplus funds in DKK had been switched into USD funds.

Surplus funds are placed on time deposit and in bonds. The risk related to these primarily USD placements is controlled via limits for the duration on the total portfolio of deposits and bonds.

In 2003, the rate of return on the average placement in DKK bonds over the year was 4.04% compared with the average of 2.30% on average daily DKK money market rates. The rate of return on the average placement in DKK deposits was 2.49% and the rate of return on the average placement on USD deposit was 1.15%.

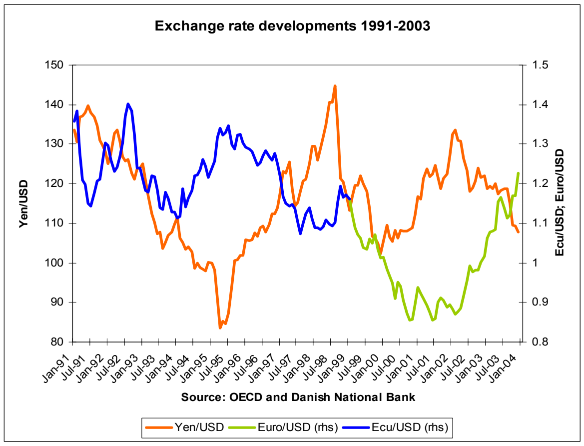
Currency risk

JL's primary currency risk relates to non-USD costs, including estimated dividend payable to the owner of JL.

JL's income is almost exclusively in USD and 86% of costs are in USD. The most important non-USD cost currencies are EUR 6%, DKK 5% and SEK 1%. All other non-USD cost currencies amount to 2%.

JL's policy is to seek to increase natural currency hedging between income and costs in order to reduce currency exposure.

The USD fell sharply in 2003, dropping back to levels not seen since 1997. The present US government now seems to be operating a weak USD policy in order to correct the massive US current account deficit. The present level may well be a more normal range for the USD for the years to come than the unusual movements seen in 1999-2003.



JL's total non-USD costs in 2003 amounted to the equivalent of USD 100 million of which USD 41 million was related to DKK costs. Currency hedging reduced costs by a total of USD 8.4 million.

At the end of 2003, USD 39 million had been sold forward, corresponding to a period of about six months. The market value of the hedging transactions was USD 4.0 million.

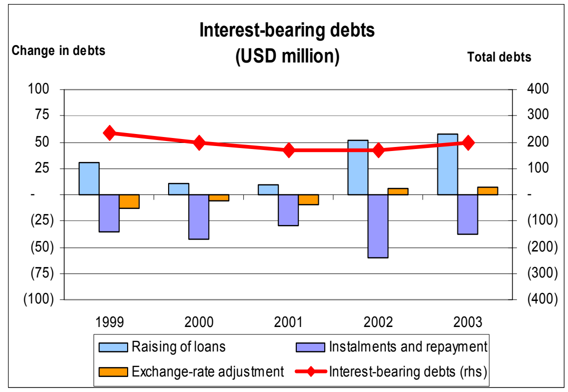
If the USD exchange rate were to change by 1% for all cost currencies, it would change 2004 earnings by USD 0.7 million.

At the end of 2003, the currency composition of total debt, including the effect of currency swaps, was 94% in USD and 6% in DKK.

Interest risk

JL's interest-bearing debt amounted to USD 196.9 million at year-end 2003, up from USD 170 million at year-end 2002. A summary of the instalment profile is provided in Note 21.

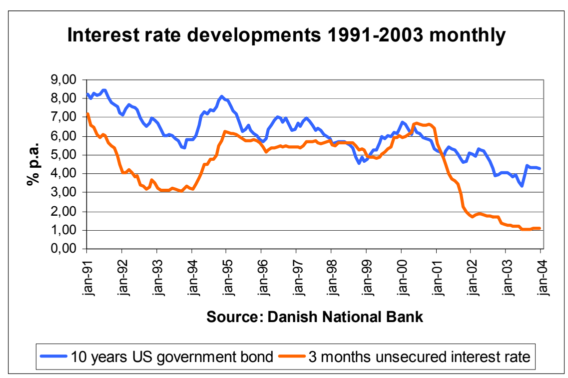
Interest risk relates to net interest bearing debt less holdings of convertible securities and cash funds. Considering net interest bearing debt year end and current financial contracts, a 1% rise in the general level of interest would mean an increase in net result for 2004 of approximately USD 0.4 million.



At the end of 2003, 68% was fixed rate debt and 32% variable interest rate debt (including the effect of interest rate swaps).

During 2003, variable rate interest debt, amounting to a 26% for the total debt at year-end, was converted into fixed rate interest debt using interest rate swaps. The market value of the Company's currency and interest rate swaps at year-end 2003 was USD 7.6 million.

The Federal Reserve's expansive monetary policy in 2003 kept US short-term rates at historically low levels, while US long-term rates rose somewhat because of better growth prospects for the US economy.



Short-term rates have fallen in Europe while long term rates have been unchanged due to the disappointing growth outlook for Europe. In Japan short-tem levels are still very close to zero while long-term rates rose in 2003.

Several countries like UK and Australia tightened their monetary policy during 2003 and short-term interest rates rose in these countries.

Trends for 2003 are illustrated below:

Currency	End 2002	End 2003
USD		
6 month	1.38%	1.22%
10 year	4.21%	4.62%
DKK		
6 month	2.96%	2.28%
10 year	4.54%	4.56%

World economic activity is expected to rise during 2004, but short-term interest rates are expected to stay at the present low levels in USA, Europe and Japan until the end of 2004, while long-term rates are expected to rise. In 2005 both short and long-term interest rates are expected to rise because of tighter monetary policy and tighter fiscal policy in the US.

During 2004, JL expects to convert more of the Company's variable rate interest debt to fixed rate interest debt using financial instruments.

At year-end 2003, the average interest rate of JL's USD loan portfolio was 5.17%, including lending margins.

Credit risk

JL's credit risks mainly stem from freight receivable and prepaid charter fees. This risk is not regarded as exceptional. In previous years, there has only been minimal loss on debtors and the same applied in 2003.

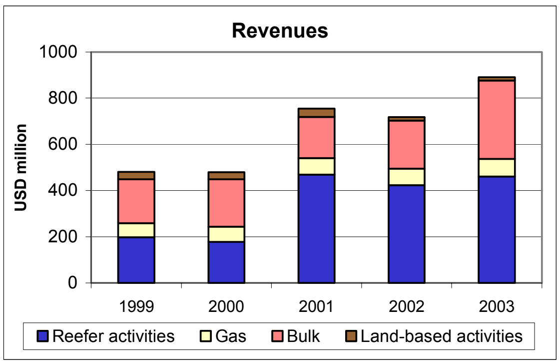
The risk related to JL's trading in financial instruments, securities and in placing cash funds is minimized by only trading with financial institutions with a high international credit rating.

Financial report

The financial report covers the consolidated accounts for J. Lauritzen A/S. J. Lauritzen A/S is wholly owned by the JL Foundation through Vesterhavet A/S and is included in the consolidated accounts for Vesterhavet A/S.

Profit and Loss Account

Total revenues of USD 897.9 million in 2003 were up 25% on the USD 718.1 million reported in 2002. The increase is mainly related to the bulk segment.



The increase in revenues for the bulk segment from USD 209.0 million in 2002 to USD 339.1 million in 2003 was due to the increase in bulk rates as well as a 26% increase in business.

The USD 43.3 million increase in reefer revenues to USD 466.7 million in 2003 was due to higher reefer freight rates and revenues from LauritzenCool Logistics' business, partly off-set by a decrease in the pool fleet.

The revenues for the gas segment of USD 77.1 million were up USD 6.2 million mainly due to a larger fleet.

The revenues for land-based activities of USD 15.1 million were slightly up compared to the revenues for 2002 of USD 14.7 million.

Other operating income amounted to USD 11.4 million including a profit of USD 3.5 million from the sale of land at the port of Valparaiso, Chile.

Hire of chartered vessels was USD 365.2 million compared to USD 319.6 million in 2002 due to the increase in activity level within the bulk segment.

Operating costs of vessels, including docking, was USD 29.5 million in 2003 compared to USD 29.6 million in 2002. An increase in costs due to acquisition of vessels and the increase in the DKK and EUR exchange rates against USD was off-set by a decrease in docking costs.

Other operating costs, including bunkers, port expenditures and other voyage-related costs, comprised USD 369.9 million in 2003, up from USD 292.4 million in 2002. The increase was mainly due to the increase in activity level within the bulk segment.

Total staff and other administrative costs amounted to USD 73.1 million, up from USD 58.3 million in 2002. The increase is partly due to profit-related salary expenses, redundancy payments to officers leaving as a result of the reflagging policy for the gas carriers and finally, increased DKK and SEK exchange rates.

Three reefer vessels were sold and one gas carrier was scrapped in 2003, generating a net gain of USD 4.1 million.

Depreciation in 2003 amounted to USD 25.2 million against depreciation and write-downs of USD 43.4 million in 2002, which included a USD 15.5 million gas carrier write-down.

The result of associated companies amounted to USD 3.3 million, (2002: USD 0.9 million), with the increase deriving from the 50% holdings in Handyventure Ltd. and LauriTen Ltd. (until October 2003).

Net financial items fell to USD (7.4) million in 2003, from USD (7.7) million in 2002, due to improved cash generation, repayment of long-term debt, lower interest rates and net exchange rate gains.

The ordinary result before tax for 2003 gave a profit of USD 46.4 million against a loss of USD (28.9) million in 2002.

Tax on the ordinary result amounted to an income of USD 30.5 million (2002: USD (3.8) million). The increase was mainly due to revaluation of deferred tax assets.

The year's net result was a profit of USD 76.2 million (2002: USD (32.4) million).

Balance sheet

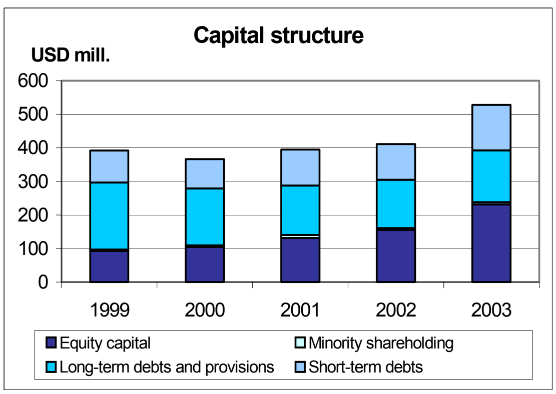
At 31 December 2003, total assets amounted to USD 532.7 million compared to USD 411.1 million at year-end 2002.

Goodwill amounted to USD 14.3 million at year-end 2003 compared to USD 16.4 million at year-end 2002 and relates to the acquisition of Cool Carriers AB at 1 January 2001.

Vessels amounted to USD 266.0 million at year-end 2003 up from USD 220.3 million in 2002. The increase mainly relates to purchase of two bulk carriers and acquisition of the remaining 50% holding in joint venture LauriTen Ltd.

The utility value as well as the brokers' valuation of the fleet is, for JL as a whole, higher than the vessels' book value. Brokers' valuations for own tonnage amounted to a total of USD 244,3 million. The valuation of bareboat-chartered tonnage amounted to a total of USD 50,6 million whereas the value of ships owned in joint ventures amounted to a total of USD 26,1 million.

Current assets increased from USD 146.7 million at year-end 2002 to USD 219.0 million at the end of 2003, mainly due to an increase in liquid funds and an increase in deferred tax assets of USD 31.3 million to USD 36.2 million at year-end 2003.



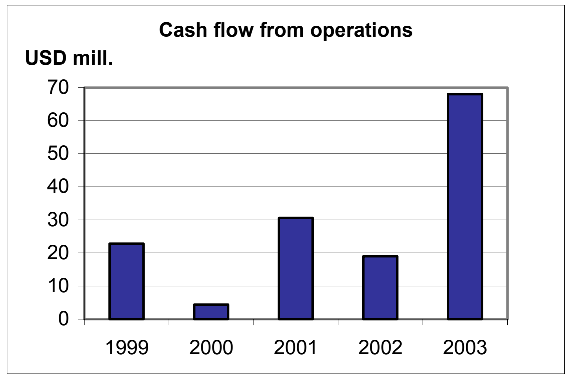
In 2003, equity capital increased by USD 83.6 million to USD 238.3 million. Return on equity was 39% compared to (23)% in 2002.

At the end of 2003, total debt amounted to USD 287.3 million up from the USD 249.8 million reported for 2002. Long-term debt, including next year's repayments, increased by USD 27.5 million due to acquisition of vessels, while other short-term debt increased by USD 10.0 million.

Cash flow

At the end of 2003, total liquid funds amounted to USD 91 million compared to USD 68 million at year-end 2002, bringing JL's cash generation back on track.

Cash flow from operations totalled USD 68 million in 2003 compared to USD 19 million in 2002.



Cash flow from investment activities increased in 2003 to USD (52) million from USD (12) million in 2002 mainly as a result of investments in bulk carriers and the acquisition of the remaining 50% holding in the LauriTen Ltd joint venture.

Cash flow from financing activities amounted to USD 7 million in 2003, up from USD (7) million in 2002. The increase was attributable to financing new vessels.

Transactions with related parties

Related parties comprise the Board of Management and the Board of Directors as well as the Company's owner, the JL Foundation, and all companies owned by the JL Foundation through Vesterhavet A/S.

Transactions with the JL Foundation and Vesterhavet A/S are limited to rent for occupied premises as well as payments for certain joint operations charged at market rates.

Accounting Policies

General

The annual report for 2003 for J. Lauritzen A/S has been prepared in compliance with the Danish Financial Statements Act for Class C (large) companies and applicable Danish accounting standards.

Changes in accounting policy

Changes to the Danish Financial Statements Act allow companies to present their accounts in their functional currency. Transactions on the international shipping markets, in which JL operates, utilize the US dollar as the functional currency, therefore revenues and expenses are denominated in USD.

Using DKK as the reporting currency gave a net result for 2003 of DKK 443.7 million compared to a deficit of DKK (156) million in 2002, Equity at year-end 2003 was DKK 1,578 million (DKK 1,018 million at year-end 2002).

Comparative figures for 2002 including main and key figures and notes have been restated in line with this change.

A further specification of the effect on equity of the change in reporting currency is stated on page 38.

Recognition and measurement

Revenue is recognised in the income statement as earned, including adjustments for the value of financial assets and liabilities which are measured at fair value or amortised cost. All costs incurred in generating earnings for the period, including depreciation, amortisation and impairment are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefit will flow to JL, and the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that there will be an outflow of future economic benefit from JL, and that the liability can be measured reliably. If it cannot, the liability is recognised in contingent liabilities.

Upon initial recognition, assets and liabilities are measured at cost, and are subsequently measured as described in accounting policies for the balance sheet.

Certain assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as original cost less repayments of principal, plus or minus the accumulated amortisation of the difference between the cost and the nominal amount.

Recognition and measurement take into account any predictable risks and losses occurring after balance sheet date and prior to the preparation of the annual report, which confirm or invalidate the situation and conditions existing at balance sheet date.

Basis of consolidation

The Annual Report comprises the Parent Company, J. Lauritzen A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the voting rights or in some other way has a controlling influence (collectively termed JL). Enterprises in which JL holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The Consolidated Financial Statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries, by combining items of a uniform nature and eliminating inter-company transactions and balances, and are based on financial statements prepared in compliance with JL's accounting policy.

Company acquisitions, disposals and those formed during the year are included in the income statement during the period of JL's ownership. Comparative figures are not adjusted for new company acquisitions, disposals or liquidations.

On acquisition of companies, the purchase method is applied, according to which identifiable assets and liabilities acquired are measured at their fair values on acquisition date. Provision is made for costs relating to plans announced and adopted to restructure the acquisition.

Goodwill is defined as a positive difference between the purchase price and the fair value of the acquired and identified assets and liabilities, including restructuring provisions, and is recognised in the balance sheet as an intangible asset and is amortized on a systematic basis in the income statement based on an individual assessment of its service life, though not exceeding ten years. Negative goodwill, where the value of the acquired and identified assets and liabilities exceeds the cost of acquisition, is recognised in the balance sheet under accruals, and transferred to the income statement as unfavourable developments occur. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at acquisition date and subsequently recognised in the income statement over the average service lives of non-monetary assets.

Goodwill and negative goodwill from acquired companies may be adjusted until the end of the year following the year of acquisition.

Gains or losses on the disposal or liquidation of subsidiaries or associates are stated as the difference between the proceeds from disposal or liquidation and the book value of the net assets at the date of disposal or liquidation. This includes any unamortized goodwill as well as any anticipated disposal or liquidation costs.

Minority interests

Subsidiaries' accounts are fully recognised in the Consolidated Financial Statements. Minority interests' proportionate share of the subsidiaries' result and equity are recognised separately in the income statement and balance sheet.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate of the date when initially recognised. Gains and losses arising between the exchange rate of the transaction date and that of the settlement date are recognised in the income statement under financial items.

Receivables, payables and other monetary items in foreign currencies that have not been settled at balance sheet date are translated at the exchange rates then prevailing. Any differences between the exchange rates at balance sheet date and transaction date rates are recognised in the income statement under financial items.

When consolidating foreign subsidiaries or associated companies that are independent entities, the income statement is translated at average exchange rates. Balance sheet items are translated at the exchange rates at balance sheet date. Foreign exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates at balance sheet date, and on translation of the income statements from average exchange rates to the exchange rates at balance sheet date, are recognised under equity.

Exchange rate adjustments on inter-company accounts with independent foreign subsidiaries regarded as part of the total investment in the subsidiary are recognised under equity. Similarly, exchange rate adjustments on loans and other financial instruments entered into in order to hedge investments in foreign subsidiaries are recognised under equity.

On translation of the accounts of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at balance sheet date. Non-monetary items are translated at the rate acquisition date or at the date of a subsequent revaluation or write-down of the asset. Income statement items are translated at transaction date exchange rates except for items deriving from non-monetary items that are recognised at the rates stated above.

Derivative financial instruments

Derivatives are recognised in the balance sheet, initially at cost and thereafter at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables respectively.

Changes in the fair value of derivatives designated as, and qualifying for, recognition as a hedge for the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivatives designated as, and qualifying for, recognition as a hedge of future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedging transactions are transferred from equity on realisation of the hedged asset or liability and are recognised in the same line item as the hedged asset or liability.

For long-term loans raised in foreign currencies and used for hedging JL's future currency income, exchange rate adjustments arising from the difference between the original rate and the balance sheet rate are recognised under equity. Exchange rate adjustments are recognised in the income statement when instalments are paid.

Derivatives used to hedge net investments in independent foreign subsidiaries or associated companies are recognised under equity.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as they occur.

Segment information

Segment information on key business areas is disclosed in line with the JL's internal financial management, risks and accounting policies.

JL has only one geographical segment because JL considers the global market as a whole and individual vessels are not limited to specific parts of the world.

Fixed assets in a segment comprise those that are directly attributable to the segment's operations, including intangible fixed assets, tangible fixed assets and participating interests in associated companies.

Current assets in a segment comprise those that are directly employed in the segment's operations, including stocks, trade and other receivables, prepayments and liquid assets.

Liabilities in a segment comprise those that are directly employed in the segment's operations, including trade payables, accruals and other liabilities.

Income statement

Revenues

Revenues comprise freight and demurrage revenues from the vessels, and land-based operations.

Revenues and operating costs for pools operated by the company are included in the income statement.

Operating cost of vessels

Operating cost of vessels includes maintenance and repairs, insurance of hulls and machinery, consumption of lubricants and supplies, etc.

Other operating costs

Other operating costs include bunker oil, port costs, agent's commissions and other voyage related costs.

Results of participating interests in subsidiaries and associated companies

A proportionate share of the pre-tax results in the subsidiaries, after full elimination of inter-company profits/losses and deductions for amortised goodwill, is recognised in the Parent Company's income statement. The share of the subsidiaries' tax on profits and extraordinary items is recognised under tax on ordinary result and under extraordinary items respectively.

A proportionate share of the pre-tax results in the associated companies, after proportional elimination of inter-company profits/losses and deductions for amortised goodwill, are recognised in the Parent Company's income statement and in the consolidated income statement of JL. The share of the associated companies' tax on profits and extraordinary items is recognised under tax on ordinary result and under extraordinary items respectively.

Financial items

Financial items include interest income and expense, realised and unrealised exchange gains and losses, financial expenses in respect of finance leases, adjustments to the value of securities and other financial income and expenses.

Tax on the result for the year

Corporation tax for the year comprises the actual tax liability for the year and adjustments for deferred tax. The proportion of corporation tax for the year attributable to the year's result is recognised in the income statement and the element of corporation tax attributable to items under equity is recognised under equity.

J. Lauritzen A/S is jointly taxed with Vesterhavet A/S and various Danish and foreign subsidiaries.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortized on a straight line basis over its estimated service life, although not exceeding ten years. Goodwill is subject to a regular impairment test. Should it be determined that a significant reduction in the value of the asset has occurred, the asset is written down to the lower value.

Patents and Rights

Patents and rights are measured at cost less accumulated amortisation. Patents are amortised over the remaining term of the patent although not exceeding ten years.

Tangible fixed assets

Vessels

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Rebuilding of vessels is capitalised if the rebuilding is intended to extend the service life and/or improve its earnings potential. Rebuilding is depreciated over the residual depreciation period. Costs of other improvements and maintenance of vessels, including dry-docking costs associated with routine maintenance, are recognised in the income statement as incurred.

Vessels under construction are measured at cost incurred until the time the vessel is taken into service including interest expenses on financing during the construction period. All further financing costs are recognised in the income statement.

Vessels are depreciated on the straight line method to a residual value deemed to be 10% of the purchase price. Impairment tests of vessels are carried out annually on an asset by asset basis. Vessels are written down to recoverable value if this is significantly lower than the book value. When a vessel has been written down to its residual value, it continues to be amortised on a straight line method based on an assessment of the residual service life and a conservative estimate for scrap value.

Financially leased vessels

For financial leasing contracts, the purchase price is valued at the lower of the fair value and the net present value of the future leasing payments. When calculating net present value, the interest rate applies as the discount rate.

Land

Land is measured at cost.

Buildings

Buildings are measured at purchase price less accumulated depreciation.

Machinery, tools and equipment

Machinery, tools and equipment are measured at purchase price less accumulated depreciation.

Depreciation

Straight-line depreciation is applied as follows:

Reefer vessels	20 years
Gas carriers	20 years
Bulk carriers	20 years
Buildings	50 years
Machinery, tools and equipment	5 years

Gains and losses on the disposal of tangible assets are calculated as the difference between the sales price less cost of sales and the net book value at the time of sale. Gains and losses on the disposal of machinery and equipment are recognised in the income statement under "other sales and administrative costs". Gains and losses on the disposal of vessels are recognised in the income statement as a separate line item.

Financial fixed assets

Participating interests in subsidiary and associated companies are recognised in the Annual Report under the equity method.

Investments in subsidiary and associated companies are recognised in the balance sheet at a proportionate share of the Company's net asset values calculated in accordance with JL's accounting policies, and adjusted for unamortized goodwill, negative goodwill not recognised as income and unrealised inter-company profits and losses.

Subsidiaries and associates with a negative equity value are measured at USD 0 (nil), and any receivables due from these companies are written down by the parent's share of the negative equity value insofar as they are deemed irrecoverable. Should the negative equity value exceed the receivables, the residual amount is recognised under provisions insofar as the Parent Company has a legal or actual obligation to cover the Company's negative balance.

Net revaluations of investments in subsidiary and associated companies are transferred under equity to the net revaluation reserve according to the equity method insofar as the equity value exceeds the acquisition price.

Stocks

Bunker oil is measured at purchase price according to the FIFO principle. Major spare parts purchased and stored ashore for subsequent use are measured at purchase price less individually assessed write-down. Other stocks are recognised at purchase price.

Receivables

Receivables are recognised at amortised cost. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments recognised under assets include payments relating to costs in subsequent periods after the balance sheet date.

Securities

Securities are recognised at fair value, which for listed securities is the market price on balance sheet date.

Equity

Proposed dividend is recognised as a separate item under equity until adopted at the Annual General Meeting, when it is recognised as a liability.

Corporation tax

Corporation tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous year's taxable income.

Deferred tax is measured according to the balance sheet liability method as all temporary differences between the book value of the assets and liabilities and their value for taxation purposes. However, deferred tax on temporary differences concerning goodwill amortisation, where not deductible for tax purposes, is not included. Other items where a temporary difference arose at the time of acquisition without affecting results or taxable income, are not included. Where alternative tax rules can be applied when calculating tax values, deferred tax is assessed on the basis of the projected use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised at the value at which they are expected to be employed, either by offsetting them against tax on future income or on deferred tax liabilities within the same legal taxation unit and jurisdiction.

Financial liabilities

Mortgage debt and debt to credit institutions is recognised at the draw down date as the proceeds received less any transaction costs incurred. Subsequently, financial liability is measured at amortised cost equivalent to the net present value using the internal rate of return, such that the difference between the proceeds and the nominal value is recognised in the income statement over the lifetime of the loan.

Financial liabilities also include lease obligations on finance leases.

Other liabilities comprising of trade payables and other amounts payable are measured at amortised cost.

Accruals

Accruals include any negative goodwill as described under consolidation policy above, and payments received relating to income in periods after balance sheet date.

Cash flow statement

The cash flow statement has been prepared according to the indirect method based on the consolidated accounts, and shows the cash flows from operating, investing and financing activities for the year.

Cash flows from operating activities are calculated as JL's share of the results for the year adjusted for non-cash operational items, changes in working capital and corporation tax payments.

Cash flows from investment activities cover payments related to acquisitions and disposals of companies and activities and of intangible, tangible and financial fixed assets.

Cash flows from financing activities comprise changes in the size and mix of JL's share capital including related costs, raising and re-payment of interest-bearing debt, plus payment of dividends to shareholders.

Liquid assets include bank deposits and short term deposits that can be freely exchanged into cash funds and where there is insignificant risk of value fluctuations, less short term bank loans.

Statements and notes

Notes	Profit and loss account	Group		Parent company	
		2003	2002	2003	2002
		USD '000	USD million	USD '000	USD million
	Income				
1	Revenues	897.869	718	16.090	16
	Other operating income	11.384	4	5.110	6
		909.253	**722**	**21.200**	**22**
	Hire of chartered vessels	(365.248)	(320)	-	-
	Operating costs of vessels	(29.455)	(30)	(2.289)	(8)
	Other operating costs	(369.859)	(292)	-	-
2	Staff costs, office and fleet	(55.195)	(42)	(6.904)	(5)
3	Other sales and administrative costs	(17.873)	(16)	(5.676)	(4)
		(837.630)	**(700)**	**(14.870)**	**(17)**
	Result before depreciation	**71.624**	**22**	**6.330**	**5**
4	Profit and loss on sale of vessels	4.101	(1)	(755)	(1)
5	Write-downs and depreciation	(25.170)	(44)	(4.344)	(4)
	Operating income	**50.554**	**(23)**	**1.231**	**(0)**
16	Ordinary result before tax in subsidiaries	-	-	40.059	(36)
17	Ordinary result before tax in associated companies	3.251	1	20	-
6	Financial income	4.174	4	11.503	14
7	Financial expenses	(11.559)	(12)	(7.104)	(7)
	Ordinary result before tax	**46.420**	**(29)**	**45.709**	**(30)**
8	Tax on ordinary result	30.459	(4)	30.459	(4)
	Result for the year	**76.878**	**(33)**	**76.168**	**(33)**
20	Minority shareholders´ share of result in subsidiaries	(711)	-	-	-
	The J. Lauritzen Group's share of the result	**76.168**	**(33)**	**76.168**	**(33)**
	Transferred to other reserves			76.168	(33)
				76.168	(33)

Notes	Balance	Group 2003 USD '000	Group 2002 USD million	Parent company 2003 USD '000	Parent company 2002 USD million
	Assets				
	Fixed assets				
	Intangible fixed assets				
9	Patents & Rights	1.306	1	-	-
10	Goodwill	14.328	16	-	-
		15.634	18	-	-
	Tangible fixed assets				
11	Vessels	222.449	172	-	-
12	Financially leased vessels	43.601	48	43.601	48
13	Land and buildings	5.721	5	-	-
14	Machinery and equipment	4.111	5	59	0
15	Prepayment on fixed assets	2.606	0	-	-
		278.489	231	43.660	48
	Financial fixed assets				
16	Investments in subsidiaries	-	-	115.646	83
17	Investments in associated companies	6.516	15	79	0
18	Other receivables	13.074	1	-	-
		19.589	15	115.725	84
	Fixed assets	**313.712**	**264**	**159.386**	**132**
	Current assets				
	Stocks	11.353	12	1	0
	Receivables				
	Trade receivables	42.743	25	-	-
	Other receivables	21.038	9	3.096	0
	Receivable from parent company	248	0	248	0
	Receivables from subsidiaries	-	-	94.769	66
	Receivables from associated companies	2.314	6	247	1
	Deferred tax assets	36.241	5	35.000	4
	Prepayments	9.310	18	-	-
		111.894	62	133.359	71
25	Securities	6.762	7	6.727	7
24	Bank deposits	89.019	65	77.365	52
	Current assets	**219.027**	**147**	**217.452**	**130**
	Assets	**532.739**	**411**	**376.838**	**262**

Notes	Balance	Group 2003 USD '000	Group 2002 USD million	Parent company 2003 USD '000	Parent company 2002 USD million
	Liabilities				
	Equity				
	Share capital	60.633	61	60.633	61
	Net revaluation according to the intrinsic value method	2.684	-	-	-
	Other reserves	175.028	94	177.712	94
19	**Equity**	**238.345**	**155**	**238.345**	**155**
20	Minority shareholders' share of equity	7.106	6	-	-
	Provisions				
8	Deferred tax	3	1	-	-
		3	1	-	-
	Debt				
21	**Long-term debt**				
	Mortgages on vessels	87.096	71	-	-
	Debt concerning financial leasing	64.552	71	64.552	71
	Bank debt	740	2	-	-
		152.388	144	64.552	71
	Short-term debt				
21	Short-term portion of long-term debt	44.481	26	7.262	7
24	Bank debt	-	0	-	2
	Trade payables	42.994	34	3.028	2
	Other payables	43.349	30	897	1
	Prepayments	2.483	11	353	1
	Debt to affiliated companies	-	-	62.073	21
	Debt to associated companies	328	4	328	4
8	Corporate tax	1.262	1	-	-
		134.896	106	73.941	36
	Debt	**287.284**	**250**	**138.493**	**107**
	Equity, provisions and liabilities	**532.739**	**411**	**376.838**	**262**

26 Mortgages
27 Contingent liabilities
28 Contractual commitments

Equity statement
Group
USD '000

	Share capital	Share premium account	Net revaluation according to the intrinsic value method	Result carried forward	Proposed dividend	Total
Corrected equity 1/1 2002	**60.633**	**31.252**	**-**	**98.620**	**-**	**190.505**
Transfer of share premium account	-	(31.252)	-	31.252	-	-
Result for the year	-	-	-	(33.412)	-	(33.412)
Exchange rate adjustments concerning foreign companies	-	-	-	(2.823)	-	(2.823)
Value adjustment of hedging measures 31/12	-	-	-	1.123	-	1.123
Other equity movements				(364)		(364)
Carrying back of value adjustment of hedging measures 1/1	-	-	-	(300)	-	(300)
Equity 31/12 2002	**60.633**	**-**	**-**	**94.096**	**-**	**154.729**
Result for the year	-	-	2.684	73.484	-	76.168
Exchange rate adjustments concerning foreign companies	-	-	-	4.126	-	4.126
Value adjustment of hedging measures 31/12	-	-	-	4.446	-	4.446
Carrying back of value adjustment of hedging measures 1/1	-	-	-	(1.123)	-	(1.123)
Proposed dividend	-	-	-	-	-	-
Equity 31/12 2003	**60.633**	**-**	**2.684**	**175.028**	**-**	**238.345**

Equity statement
Parent company
USD '000

	Share capital	Share premium account	Net revaluation according to the intrinsic value method	Result carried forward	Proposed dividend	Total
Corrected equity 1/1 2002	**60.633**	**31.252**	**-**	**98.620**	**-**	**190.505**
Transfer of share premium account	-	(31.252)	-	31.252	-	-
Result for the year	-	-	-	(33.412)	-	(33.412)
Exchange rate adjustments concerning foreign companies	-	-	-	(2.823)	-	(2.823)
Share of other equity movements in subsidiaries	-	-	-	40	-	40
Value adjustment of hedging measures 31/12	-	-	-	719	-	719
Carrying back of value adjustment of hedging measures 1/1	-	-	-	(300)	-	(300)
Equity 31/12 2002	**60.633**	**-**	**-**	**94.095**	**-**	**154.729**
Result for the year	-	-	-	76.168	-	76.168
Exchange rate adjustments concerning foreign companies	-	-	-	4.126	-	4.126
Share of other equity movements in subsidiaries	-	-	-	904	-	904
Value adjustment of hedging measures 31/12	-	-	-	3.138	-	3.138
Carrying back of value adjustment of hedging measures 1/1	-	-	-	(719)	-	(719)
Proposed dividend	-	-	-	-	-	-
Equity 31/12 2003	**60.633**	**-**	**-**	**177.712**	**-**	**238.345**

Reference is made to accounting policies and the note on page 38

Notes	Cash flow statement	Group 2003 USD million	Group 2002 USD million
	Result of operating income	51	(23)
5	Depreciation carried back	25	44
22	Adjustments	9	12
23	Change in working capital	(8)	(4)
	Cash flow from operations before financial items	77	29
	Ingoing financial payments	3	2
	Outgoing financial payments	(12)	(12)
	Cash flow from ordinary operations	69	20
8	Paid corporate tax	(1)	(1)
	Cash flow from operating activities	**68**	**19**
11	Purchase of vessels	(74)	(63)
15	Prepayment on fixed assets	(3)	(0)
13	Purchase of land and buildings	(1)	(1)
14	Purchase of machinery and equipment	(1)	(4)
17	Purchase of associated companies	(1)	(12)
17	Disposal of associated companies	11	0
	Sale of vessels	14	64
	Sale of other fixed assets	1	2
	Sale of land and buildings	1	-
17	Dividend received from associated companies	1	0
	Cash flow from investment activities	**(52)**	**(12)**
	Financial receivables	(13)	1
21	Instalment on long-term debt	(38)	(60)
21	Proceeds on raising of loan	58	52
	Cash flow from financing activities	**7**	**(7)**
	Changes for the year in liquid assets	23	(1)
	Liquid assets at beginning of year	68	69
24	**Liquid assets at end of year**	**91**	**68**

Notes Change in accounting policies

Effect of change in accounting policies on equity.

		2001	2002	2003
	Group			
	Equity in 1.000 DKK	1.107.394	1.018.470	1.577.786
	Converted to USD (closing exchange rate)	131.684	143.807	264.836
	Changes due to :			
	Goodwill	31	(212)	(2.925)
A	Fixed assets - Vessels	36.280	6.822	(25.462)
A	Fixed assets - Financially leased vessels	15.125	7.532	(49)
A	Fixed assets - Machinery & equipment	549	85	(140)
A	Fixed assets - Prepayment on fixed assets	(29)	0	(100)
	Financial fixed assets - Investments in associated companies	187	(270)	(34)
B	Stocks (bunkers)	88	(373)	(479)
	Other non - monetary items	6.590	(2.663)	2.698
	Equity per Balance Sheet	**190.505**	**154.728**	**238.345**
	Parent Company			
	Equity in 1.000 DKK	1.107.394	1.018.470	1.577.786
	Converted to USD (closing exchange rate)	131.684	143.807	264.836
	Changes due to :			
A	Fixed assets - Financially leased vessels	15.125	7.532	(49)
A	Fixed assets - Machinery & equipment	30	21	3
C	Investments in subsidiaries	44.141	6.433	(29.156)
	Other non - monetary items	(475)	(3.065)	2.711
	Equity per Balance Sheet	**190.505**	**154.728**	**238.345**
	USD Exchange rate	840,95	708,22	595,76

A Assets are taken up to the original cost price converted at historical USD exchange rates
B Difference in FIFO calculation between USD FIFO and DKK FIFO
C Purchase of Fixed assets, and elimination of intercompany profits in subsidiaries
D All monetary balance sheet items are converted at balance sheet day USD exchange rates

Notes

	Group 2003 USD '000	Group 2002 USD million	Parent company 2003 USD '000	Parent company 2002 USD million

1 Revenues

Revenues are allocated to the business areas as follows:

	Group 2003 USD '000	Group 2002 USD million	Parent company 2003 USD '000	Parent company 2002 USD million
Reefer activities	466.677	423	16.090	15.656
Lauritzen Kosan	77.094	71	-	-
Lauritzen Bulkers	339.105	209	-	-
Landbased activities	15.072	15	-	-
Not allocated	(79)	0	-	-
	897.869	718	16.090	15.656

JL has only one geographical segment because the JL considers the global market as a whole and individual vessels are not limited to specific parts of the world.

2003 USD million	Reefer activities	Landbased activities	Lauritzen Kosan	Lauritzen Bulkers	Not allocated	Group in total
Revenues	466,7	15,1	77,1	339,1	(0,1)	897,9
Result before depreciation	21,8	5,1	7,5	39,9	(2,7)	71,6
Write-downs and depreciation	(12,5)	(0,5)	(11,4)	(0,8)	(0,1)	(25,2)
Profit and loss on sale of vessels	4,5	-	(0,4)	-	-	4,1
Operating income	13,9	4,7	(4,3)	39,1	(2,7)	50,6
Ordinary result before tax	6,5	4,4	(8,2)	41,2	2,4	46,4
Result for the year	5,3	3,0	(7,3)	41,2	34,0	76,2
Fixed assets	129,1	4,9	149,1	30,6	0,1	313,7
Current assets	56,8	8,2	(8,4)	49,8	112,6	219,0
Total assets	185,9	13,1	140,7	80,4	112,7	532,7
Debt	152,5	4,0	99,9	31,1	(0,3)	287,3
Net Assets	33,3	9,2	40,8	49,2	112,9	245,5
Average number of employees	434	79	386	37	75	1.011
Profit ratio	3,0%	30,9%	(5,6)%	11,5%		5,6%
Return on invested capital	12,4%	52,4%	(2,7)%	138,5%		16,4%
Invested capital	112,1	8,9	157,9	28,2	1,0	308,1

2002 USD million	Reefer activities	Landbased activities	Lauritzen Kosan	Lauritzen Bulkers	Not allocated	Group in total
Revenues	423,4	14,7	70,9	209,0	0,1	718,1
Result before depreciation	14,8	1,0	8,6	(1,2)	(1,2)	22,1
Write-downs and depreciation	(12,6)	(0,6)	(29,0)	(1,1)	(0,0)	(43,4)
Profit and loss on sale of vessels	-	-	(0,8)	-	-	(0,8)
Operating income	2,2	0,4	(21,2)	(2,3)	(1,3)	(22,2)
Ordinary result before tax	(7,2)	0,3	(28,3)	(1,6)	7,9	(28,9)
Result for the year	(8,2)	(0,4)	(28,2)	(1,6)	6,0	(32,4)
Fixed assets	136,4	5,4	119,1	3,4	0,1	264,4
Current assets	42,4	4,8	4,2	11,4	83,9	146,7
Total assets	178,8	10,2	123,3	14,8	84,0	411,1
Debt	154,0	6,9	78,8	6,8	4,0	250,4
Net Assets	24,9	3,3	44,5	8,0	80,0	160,7
Average number of employees	431	106	407	38	59	1.041
Profit margin	0,5%	2,5%	(29,9)%	(1,1)%		(3,1)%
Return on invested capital	1,9%	5,9%	(16,7)%	(36,8)%		(8,8)%
Invested capital	117,7	6,1	127,1	6,2	(5,0)	252,0

Notes		Group		Parent company	
		2003	2002	2003	2002
		USD '000	USD million	USD '000	USD million
2	**Staff costs, office and fleet**				
	Staff costs include:				
	Wages and salaries	49.450	38	6.319	4
	Pensions	2.338	2	470	1
	Social security	3.320	2	27	0
	Contract labour	88	0	88	0
		55.195	42	6.904	5
	Remuneration to J. Lauritzen A/S'				
	Executive Management	787	0,6	787	0,6
	Directors	161	0,1	161	0,1
		948	0,8	948	0,8
	Average number of employees	1.011	1.041	75	59
	Number of employees at year-end	997	990	74	75
	An incentive programme for company executives have been established with a maximum of three month's salary.				
3	**Other sales and administrative costs**				
	Total fees to elected auditors	324	0,5	218	0,2
	Fee for services other than audit	282	0,1	194	0,1
4	**Profit and loss on sale of vessels**				
	(Following elimination of profits and losses on inter-group transactions)				
	Profit on sale of vessels	4.101	(1)	(755)	(1)
		4.101	(1)	(755)	(1)
5	**Write-downs and depreciation**				
	Patents & Rights	(192)	(0)	-	-
	Goodwill	(2.047)	(2)	-	-
	Vessels	(16.786)	(35)	-	-
	Financially leased vessels	(4.288)	(4)	(4.288)	(4)
	Land and buildings	(316)	(0)	-	-
	Machinery and equipment	(1.541)	(2)	(56)	(0)
		(25.170)	(44)	(4.344)	(4)
6	**Financial income**				
	Interest income and dividend	3.305	2	1.993	2
	Realised and unrealised currency exchange gains and losses	869	2	6.986	10
	Interest on receivables from subsidiaries	-	-	2.525	2
	Financial income	4.174	4	11.503	14
7	**Financial expenses**				
	Interest expenses	(11.559)	(12)	(6.987)	(7)
	Interest on debt to subsidiaries	-	-	(117)	(0)
	Financial expenses	(11.559)	(12)	(7.104)	(7)

Notes		Group		Parent company	
		2003	2002	2003	2002
		USD '000	USD million	USD '000	USD million
8	**Tax**				
	The most important group companies are taxed jointly with the parent company, Vesterhavet A/S.				
	Tax in the Profit and Loss Account consist of:				
	Actual tax	(1.294)	(1)	(10)	-
	Jointly taxed contributions from subsidiaries	-	-	10.860	(0)
	Deferred tax	31.839	(2)	31.470	(2)
	Tax in associated companies	(86)	-	-	-
	Tax in subsidiaries	-	-	(11.861)	(1)
		30.459	(4)	30.459	(4)
	Specified as follows:				
	Tax on ordinary result	30.459	(4)	30.459	35
	Tax on extraordinary result	-	-	-	-
		30.459	(4)	30.459	35
	Tax on ordinary result explains as follows:				
	Calculated 30% on ordinary result before tax	(13.713)	9	(13.713)	9
	Adjustment of calculated tax in foreign companies to local tax percent	1.443	-	1.443	-
	Tax effect on:				
	Non-deductible depreciation on goodwill	(614)	(1)	(614)	(1)
	Other non taxable items	10.830	(2)	10.830	(2)
	Adjustments previous year	4.124	(0)	4.124	(0)
	Adjustment of tax allowance	28.389	(10)	28.389	(10)
		30.459	(4)	30.459	(4)
	Effective tax percent	66	20	66	20
	Deferred tax on the Balance Sheet:				
	Deferred tax 1/1	4.376	-	3.530	-
	Change in accounting principles	-	7	-	6
	Exchange rate adjustments in foreign companies	32	-	-	-
	Tax on result	31.839	(2)	31.470	(2)
	Tax on equity movements	(9)	-	-	-
	Deferred tax 31/12	36.238	4	35.000	4
	Deferred tax concerns:				
	Intangible fixed assets	-	-	-	-
	Tangible fixed assets	64.260	50	3.621	7
	Tangible fixed assets in subsidiaries	-	-	59.923	43
	Debt	92	0	-	-
	Taxable losses carried forward	431	16	-	15
	Adjustment of tax allowance	(28.544)	(61)	(28.544)	(61)
		36.238	4	35.000	4
	Deferred tax, assets	36.241	5	35.000	4
	Deferred tax, provision	(3)	(1)	-	-
		36.238	4	35.000	4
	Corporate tax payable can be specified as follows:				
	Balance 1/1	945	1	-	-
	Exchange rate adjustments in foreign companies	123	0	-	-
	Paid during the year	(1.100)	(1)	-	-
	Provision for the year, incl. jointly taxed subsidiaries	1.294	1	-	-
		1.262	1	-	-

Notes		Group		Parent company	
		2003	2002	2003	2002
		USD '000	USD million	USD '000	USD million
9	**Patents & Rights**				
	Cost as at 1/1	4.020	4	-	-
	Exchange rate adjustments in foreign companies	(717)	(0)	-	-
	Additions during the year	239	-	-	-
	Cost as at 31/12	3.542	4	-	-
	Write-down and depreciation as at 1/1	(2.537)	(2)	-	-
	Exchange rate adjustments in foreign companies	493	0	-	-
	Write-downs and depreciation during the year	(192)	(0)	-	-
	Write-down and depreciation as at 31/12	(2.236)	(3)	-	-
	Balance as at 31/12	1.306	1	-	-
10	**Goodwill**				
	Cost as at 1/1	20.469	20	-	-
	Additions during the year	-	-	-	-
	Cost as at 31/12	20.469	20	-	-
	Write-down and depreciation as at 1/1	(4.094)	(2)	-	-
	Write-downs and depreciation during the year	(2.047)	(2)	-	-
	Write-down and depreciation as at 31/12	(6.141)	(4)	-	-
	Balance as at 31/12	14.328	16	-	-
11	**Vessels**				
	Cost as at 1/1	445.987	447	-	-
	Exchange rate adjustments in foreign companies	8.937	7	-	-
	Additions during the year	73.798	65	-	-
	Disposals during the year	(57.458)	(73)	-	-
	Cost as at 31/12	471.264	446	-	-
	Write-down and depreciation as at 1/1	(273.814)	(243)	-	-
	Exchange rate adjustments in foreign companies	(5.979)	(4)	-	-
	Write-downs and depreciation during the year	(16.786)	(35)	-	-
	Disposals during the year	47.764	8	-	-
	Write-down and depreciation as at 31/12	(248.815)	(274)	-	-
	Balance as at 31/12	222.449	172	-	-
	Insurance sum including interest against total loss	380.000	369	-	-
12	**Financially leased vessels**				
	Cost as at 1/1	138.295	138	138.295	138
	Additions during the year	-	-	-	-
	Cost as at 31/12	138.295	138	138.295	138
	Write-down and depreciation as at 1/1	(90.406)	(86)	(90.406)	(86)
	Write-downs and depreciation during the year	(4.288)	(4)	(4.288)	(4)
	Write-down and depreciation as at 31/12	(94.694)	(90)	(94.694)	(90)
	Balance as at 31/12	43.601	48	43.601	48
	Insurance sum including interest against total loss	121.500	120	121.500	120

Notes		Group		Parent company	
		2003	2002	2003	2002
		USD '000	USD million	USD '000	USD million
13	**Land and buildings**				
	Cost as at 1/1	6.941	16	-	-
	Exchange rate adjustments in foreign companies	1.291	(10)	-	-
	Additions during the year	1.334	1	-	-
	Disposals during the year	(1.523)	(0)	-	-
	Cost as at 31/12	8.043	7	-	-
	Write-down and depreciation as at 1/1	(1.974)	(5)	-	-
	Exchange rate adjustments in foreign companies	(261)	3	-	-
	Write-downs and depreciation during the year	(316)	(0)	-	-
	Disposals during the year	229	0	-	-
	Write-down and depreciation as at 31/12	(2.322)	(2)	-	-
	Balance as at 31/12	5.721	5	-	-
	Balance as at 31/12 without revaluation	5.721	5	-	-
14	**Machinery and equipment**				
	Cost as at 1/1	18.252	16	701	1
	Exchange rate adjustments in foreign companies	1.045	(1)	-	-
	Additions during the year	1.315	4	3	-
	Disposals during the year	(5.057)	(1)	-	(0)
	Cost as at 31/12	15.554	18	704	1
	Write-down and depreciation as at 1/1	(13.372)	(10)	(589)	(1)
	Exchange rate adjustments in foreign companies	(626)	0	-	-
	Write-downs and depreciation during the year	(1.541)	(2)	(56)	(0)
	Disposals during the year	4.096	(1)	-	-
	Write-down and depreciation as at 31/12	(11.443)	(12)	(645)	(1)
	Balance as at 31/12	4.111	5	59	0
15	**Prepayment on fixed assets**				
	Cost as at 1/1	227	2	-	-
	Additions during the year	2.606	0	-	-
	Disposals during the year	(227)	(2)	-	-
	Cost as at 31/12	2.606	0	-	-

Notes

			Parent company		Parent company	
			2003	2003	2002	2002
			USD '000	USD '000	USD million	USD million
16 Investments in subsidiaries						
	%		Result	Equity	Result	Equity
Lauritzen Reefers A/S, Denmark	100,0%	DKK	(426)	21.221	(11)	21
Lauritzen Kosan A/S, Denmark	100,0%	DKK	(12.680)	19.186	(25)	25
Lauritzen Bulkers A/S, Denmark	100,0%	DKK	30.362	38.364	(2)	8
LauritzenCool AB, Sverige	100,0%	USD	7.717	27.878	5	20
Lauritzen Ship Owner A/S, Denmark	100,0%	DKK	(1.913)	11.862	(8)	14
Odin Shipping Ltd., Bermuda	100,0%	USD	-	-	-	-
J. Lauritzen Invensiones (Chile) Ltda.	100,0%	CLP	2.553	3.157	(1)	(1)
Euroamerica S.A., Argentina	67,5%	ARA	535	3.360	1	3
Segetrans Argentina S.A.	58,0%	ARA	(76)	11	(0)	0
			26.071	125.039	(41)	90
Tax on ordinary result			11.861	-	1	0
Internal profit margins			4.173	(23.721)	6	(24)
Goodwill			(2.046)	14.328	(2)	16
Negative equity capitals set off against receivables			-	0	0	1
			40.059	115.646	(36)	83
Cost as at 1/1				350.496		352
Additions during the year				1.935		-
Disposal during the year				-		(2)
Cost as at 31/12				352.431		350
Revaluation as at 1/1				1.014		3
Exchange rate adjustments in foreign companies				(10)		(4)
Revaluations during the year				30.361		(1)
Disposals during the year				-		-
Revaluation as at 31/12				31.365		(2)
Write-down as at 1/1				(269.930)		(227)
Change in Accounting policy				-		2
Exchange rate adjustments in foreign companies				4.133		3
Dividends received				(337)		(12)
Write-down during the year				(2.016)		(30)
Disposal during the year				-		-
Write-down as at 31/12				(268.150)		(265)
Balance as at 31/12				115.646		83

Notes			Group		Parent company	
			2003	2002	2003	2002
			USD '000	USD million	USD '000	USD million
17	**Investments in associated companies**					
	Cost as at 1/1		14.658	3	170	0
	Additions during the year		729	12	-	-
	Disposal during the year		(11.556)	-	-	-
	Cost as at 31/12		3.832	15	170	0
	Revaluation as at 1/1		201	(0)	-	-
	Exchange rate adjustments in foreign companies		(212)	(1)	-	-
	Dividends received		(698)	(0)	-	-
	Revaluations during the year		3.827	1	-	-
	Disposal during the year		(343)	-	-	-
	Revaluation as at 31/12		2.775	0	0	0
	Write-down as at 1/1		(199)	(0)	(111)	(0)
	Write-downs during the year		108	(0)	20	-
	Write-down as at 31/12		(91)	-	(91)	-
	Balance as at 31/12		6.516	15	79	0
	Investments in associated companies comprise:					
	Results in associated companies	Ownership	Result	Result	Result	Result
	McKay Shipping Limited, New Zealand	49,0%	561	1	-	-
	Chile Containers S.A., Chile	10,0%	(69)	-	-	-
	Segetrans Peru S.A.C.	28,5%	69	0	69	-
	K/S Danred, Denmark	29,0%	765	1	-	-
	LauriTen Ltd.	50,0%	1.895	0	-	-
	Exmar Kosan Ltd.	50,0%	4	-	-	-
	Sigas Kosan A/S	50,0%	14	0	-	-
	HandyVenture Limited	50,0%	3.654	0	-	-
	Silverway Company S.A.	25,0%	3.613	(0)	-	-
	Arctic Reefers Ltd.	50,0%	-	-	-	-
	Eco Shipping Ltd.	33,3%	-	-	-	-
	Bass Reefer	33,3%	175	-	-	-
	Frigorifico Frutero SA	26,6%	1.563	-	-	-
	C & S Shipping Australia	50,0%	-	-	-	-
			12.244	2	69	-
	External group shareholders´ proportion		(7.584)	(1)	(49)	-
			4.660	1	20	-
	Tax on ordinary result		86	0	-	-
	Goodwill		(510)	-	-	-
	Internal profit		(985)	(0)	-	-
			3.251	1	20	0
	Equity in associated companies	Ownership Status day	Equity	Equity	Equity	Equity
	Companies recognised in the balance sheet at the proportional share of their intrinsic values:					
	McKay Shipping Limited, New Zealand	49,0%	2.706	2	-	-
	Chile Containers S.A., Chile	10,0%	241	0	-	-
	Segetrans Peru S.A.C.	28,5%	227	0	277	0
	K/S Danred, Denmark	43,5%	5.007	5	-	-
	LauriTen Energy Ltd.	0,0%	-	21	-	-
	Exmar Kosan Ltd.	50,0%	9	-	-	-
	Sigas Kosan A/S	50,0%	88	0	-	-
	HandyVenture Limited	50,0%	3.804	0	-	-
	Silverway Company S.A.	0,0%	-	3	-	-
	Arctic Reefers Ltd.	50,0%	11	0	-	-
	Eco Shipping Ltd.	33,3%	16	0	-	-
	Bass Reefer	33,3%	176	-	-	-
	Frigorifico Frutero SA	26,6%	3.299	2	-	-
	C & S Shipping Australia	50,0%	23	0	-	-
			15.607	32	277	0
	External group shareholders´ proportion		(9.091)	(18)	(198)	(0)
	Internal profit		-	1	-	-
			6.516	15	79	0

Notes

18 Other receivables
In 2003, three identical 4-year bareboat agreements were entered. In the accounts, the agreements have been dealt with as a financial leasing arrangement, and the calculated profit has been entered to the Profit and Loss Account. The charters have an obligation to purchase the vessels. The receivable has been calculated as present value of the future bareboat instalments. Instalments for 2004 amount to USD 1,1 million.

	Group		Parent company	
	2003	2002	2003	2002
	USD '000	USD million	USD '000	USD million
19 Equity				
The share capital of J. Lauritzen A/S is issued in shares of DKK 50.000 and in multiples of this.				
20 Minority shareholders' share of equity				
Balance as at 1 January	5.954	9	-	-
Allocated from the result of the year	(711)	0	-	-
Exchange rate adjustments of foreign companies	1.863	(3)	-	-
	7.106	6	-	-
21 Long-term debt				
Balance as at 1 January	170.060	171	78.261	84
Proceeds from loans	58.297	52	258	0
Repayments and redemption	(38.277)	(60)	(6.705)	(7)
Exchange rate adjustments	6.788	6	-	-
Balance as at 31 December	196.868	170	71.814	78
Long-term debt due for payment next year	(44.481)	(26)	(7.262)	(7)
	152.388	144	64.552	71
Market value	196.868	170	71.814	78
Due for payment after more than 5 years:				
Mortgage on vessels	37.761	17	-	-
Debt concerning financial leasing	25.589	36	25.589	36
	63.351	53	25.589	36
The instalments for next year are specified as follows:				
Mortgage on vessels	(37.219)	(18)	-	-
Debt concerning financial leasing	(7.262)	(7)	(7.262)	(7)
Other debt	-	(1)	-	-
	(44.481)	(26)	(7.262)	(7)

The Group has contracted following long-term debts:

			Group			
			Effective interest		Book value	
Loan	Expiry	Fixed/ variable	2003	2002	2003	2002
USD	2003	Variable	1,8%	2,7%	-	3
DKK	2005	Fixed	9,9%	9,0%	9.346	10
USD	2005	Variable	2,6%	4,5%	920	3
DKK	2005	Variable	3,3%	4,3%	27.529	30
USD	2009	Variable	2,5%	3,5%	5.738	7
USD	2010	Fixed	8,0%	8,0%	23.279	25
USD	2010	Variable	2,1%	2,7%	65.247	38
USD	2011	Variable	2,1%	0,0%	16.275	-
USD	2011	Fixed	8,0%	8,0%	48.534	53
					196.868	170
Weighted average effective interest			5,4%	5,9%		

			Parent company			
			Effective interest		Book value	
Loan	Expiry	Fixed/ variable	2003	2002	2003	2002
USD	2010	Fixed	8,0%	8,0%	23.280	27
USD	2011	Fixed	8,0%	8,0%	48.534	51
					71.814	78
Weighted average effective interest			8,0%	8,0%		

Notes

		Group	
		2003	2002
		USD million	USD million
22	**Adjustments**		
	Exchange rate adjustments	13	11
	Profit and loss on sale of tangible fixed assets	(4)	1
		9	12
23	**Change in working capital**		
	Change in stocks	1	(3)
	Change in receivables	(18)	14
	Change in trade payables	10	(15)
		(8)	(4)
24	**Liquid assets at end of year**		
	Securities (listed bonds)	2	3
	Liquid funds	89	65
	Short-term debt	0	0
		91	68

		Group		Parent company	
		2003	2002	2003	2002
		USD million	USD million	USD million	USD million
25	**Securities**				
	Total cost as at 31 December	7	7	7	7
26	**Mortgages**				
	Debt for a total of	125	92	-	-
	has been secured by mortgage in assets at the following book values:				
	Vessels	207	130	-	-
	Land and buildings	4	4	-	-
		211	134	-	-

As collateral security for the leasing arrangement with SBK-Finans A/S, following security has been provided:

Value of own vessels	19	16	-	-

		Group 2003	Group 2002	Parent 2003	Parent 2002
27	**Contingent liabilities**				
	Guarantees undertaken for subsidiaries	-	-	125	82
	Guaranties undertaken for associated companies	-	49	-	49
	Maximum obligation in projects entered	12	8	-	-
	Guarantees for third party	1	1	1	1

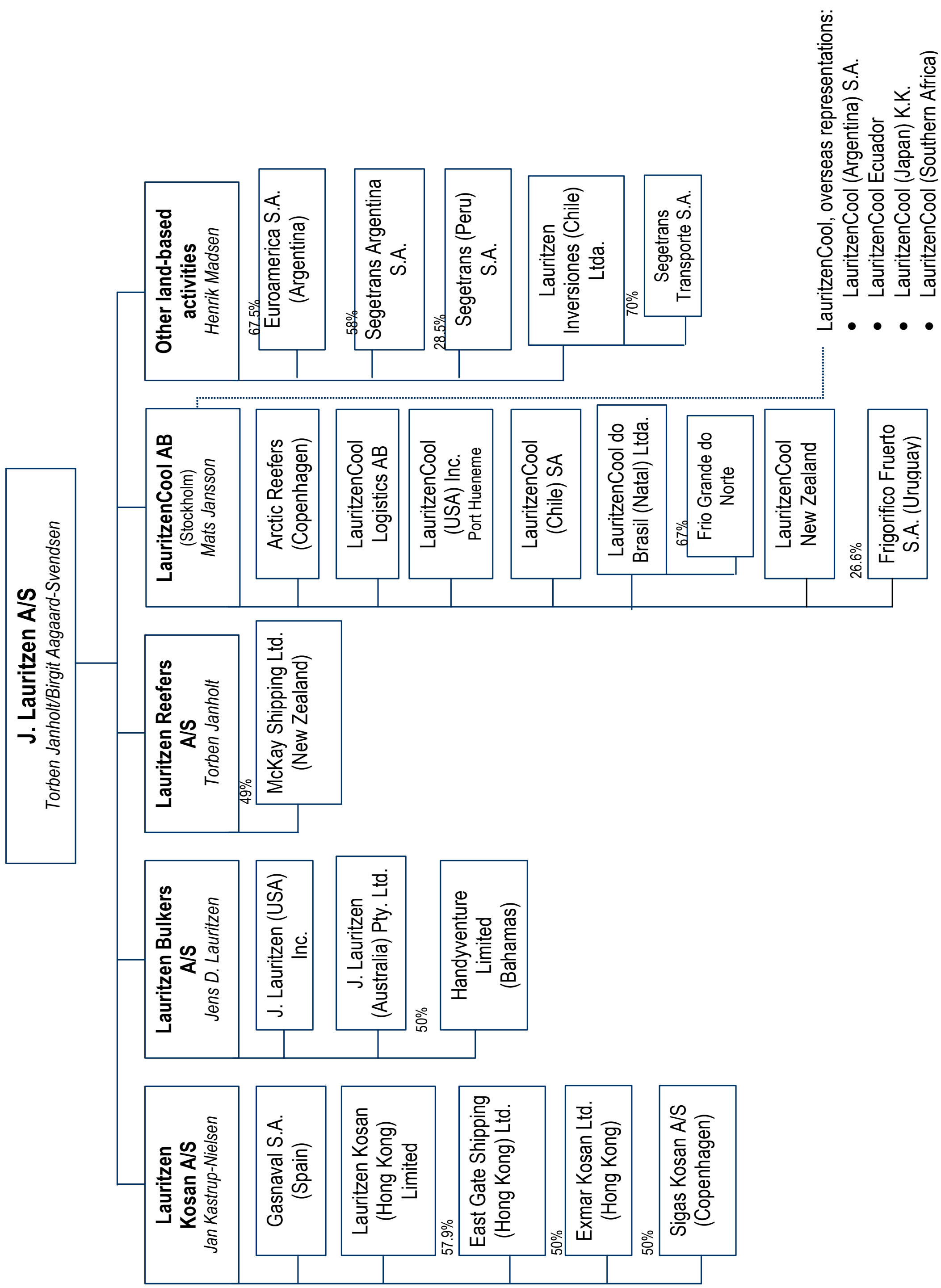
Certain claims have been raised against JL. The managements view is that the outcome of these actions will not have any material impact on JL's economic position
The parent company and a number of its subsidiaries are jointly taxed with Vesterhavet A/S and have consequently joint liability for the payment of tax on the joint-taxable income.

28 Contractual commitments

The Group has entered into 3 newbuilding contracts of bulkcarriers due for delivery in 2005, 2006 and 2007 with a contractual commitment of USD 47.9 million as at 31 December 2003.
The Group has also entered into 2 contracts for secondhand bulkcarriers due for delivery in 2004 with a contractual commitment of USD 9,3 million as at 31 December 2003.

	Group 2003	Group 2002	Parent 2003	Parent 2002
Contractual commitments with a remaining term in excess of 1 year have the following total value	298	165	24	-
They fall due as follows:				
Within 1 year	101	59	-	-
Between 1-8 years	197	106	24	-
Rent costs	4	4	4	4
Long-term charter parties and contracts concluded:	Number	Number	Number	Number
Reefer vessels	17	11	-	-
Bulk carriers	24	20	-	-
Product tankers	2	-	2	-
Containers, trucks etc.	-	15	-	-
Remaining term	1-8 years	1-7 years	3-8 years	

Overall Group structure



Group companies

	Country	Share capital (1,000)		Share %
J. Lauritzen A/S	Denmark	DKK	430,000	100
Euroamerica S.A.	Argentina	ARA	32	67
LauritzenCool Argentina S.A.	Argentina	ARA	50	100
Segetrans Argentina S.A.	Argentina	ARA	950	58
C & S Shipping Australia Pty. Ltd.	Australia	AUD	50	50
J. Lauritzen (Australia) Pty. Ltd.	Australia	AUD	20	100
Densaf Limited	Bahamas	USD	0	50
Greeden Limited	Bahamas	USD	0	100
Handyventure Limited	Bahamas	USD	0	50
Labas (Bahamas) Ltd.	Bahamas	USD	10	100
Safden Limited	Bahamas	USD	0	50
Shoreoff Invest Bahamas Ltd.	Bahamas	USD	1	100
Arctic Reefers Ltd.	Bermuda	USD	12	50
Odin Shipping Ltd.	Bermuda	USD	12	100
Brasreefer S.A.	Brazil	BRL	5	33
Frio Grande do Norte Ltda.	Brazil	BRL	3,133	67
LauritzenCool do Brazil Ltda.	Brazil	BRL	3,762	100
LauritzenCool Logistics do Brazil Ltda.	Brazil	BRL	31	100
C. A. Holding S.A.	Chile	CLP	721,755	51
Chile Containers S.A.	Chile	CLP	116,568	10
Global Shipping Services Ltda.	Chile	CLP	96,744	100
J. Lauritzen Inversiones (Chile) Ltda.	Chile	CLP	1,508,002	100
LauritzenCool (Chile) S.A.	Chile	CLP	1,238,228	100
LauritzenCool Logistics (Chile) Ltda	Chile	CLP	7,800	100
Segetrans Transporte S.A.	Chile	CLP	3,418,226	78
East Gate Shipping Ltd.	Hong Kong, SAR	USD	11,876	58
EGS Shipowner I Ltd.	Hong Kong, SAR	USD	0	58
EGS Shipowner II Ltd.	Hong Kong, SAR	USD	0	58
Exmar Kosan Ltd.	Hong Kong, SAR	USD	5	50
Lauritzen Kosan (Hong Kong) Ltd.	Hong Kong, SAR	HKD	10	100
Arctic Reefers A/S	Denmark	DKK	500	100
K/S Danred	Denmark	DKK	-	44
Lauritzen Bulkers A/S	Denmark	DKK	10,000	100
Lauritzen Kosan A/S	Denmark	DKK	50,000	100
Lauritzen Reefers A/S	Denmark	DKK	100,000	100
Lauritzen Ship Owner A/S	Denmark	DKK	1,000	100
Sigas Kosan A/S	Denmark	DKK	500	50
LauritzenCool Japan K.K.	Japan	JPY	25,000	100
Eco Shipping Ltd.	Liberia	USD	2	33
Reefership Ltd.	Liberia	USD	20	33
LauritzenCool New Zealand Ltd.	New Zealand	NZD	10	100
McKay Shipping Limited	New Zealand	NZD	500	49
Segetrans Peru S.A.C.	Peru	PEN	2,015	29
LauritzenCool Logistics SA (Proprietary) Limited	South Africa	ZAR	0.1	100
Gasnaval S.A	Spain	EUR	8,955	100
Cool Insurance Services AB	Sweden	SEK	100	100
Cool Petroleum AB	Sweden	SEK	1,500	100
LauritzenCool AB	Sweden	SEK	60,000	100
LauritzenCool Logistics AB	Sweden	SEK	100	100
Frigorifico Frutero S.A.	Uruguay	UYU	8,323	27
J. Lauritzen (USA) Inc.	USA	USD	1	100
LauritzenCool USA Inc.	USA	USD	517	100
Universal Freight Forwarders Inc., Seattle,	USA	USD	59.824	80

Boards of Directors and Management

Board of Directors

Bent Østergaard, Chairman
President, Vesterhavet A/S

Ingar Skaug, Vice Chairman
President & Group CEO - Wilh. Wilhelmsen ASA

Board member of:
Wilh. Wilhemsen ASA
Berg-Hansen Reisebureau AS
HÅG ASA
DFDS A/S

Vagn Rosenkilde
President - Danfoss A/S

Chairman of the Board of Directors of:
NORISOL A/S

Board member of:
Danfoss Industrial Refrigeration A/S
VT Holding A/S

Peter Poul Bay
Management Consultant

Niels Heering
Attorney-at-law and partner -
Gorrissen Federspiel Kierkegaard

Chairman of the Board of Directors of:
CKBF Invest A/S
Columbus IT Partner A/S
Comlex A/S
Ellos A/S
EQT Partners A/S
Jeudan A/S
Mahé Holding A/S
Mahé Real Estate A/S
Nesdu A/S
NTR Holding A/S
Plaza Ure & Smykker A/S
Stæhr Holding A/S

Vice Chairman of the Board of Directors of:
Dansk Kapitalanlæg A/S

Board member of:
Danske Private Equity A/S
Ole Mathiesen A/S
TDC A/S
Venjo A/S

Peder Julan *
ISM Manager

Per Larsen *
Controller

Claus Pavar *
Senior Vice President

Board member of:
Svendborg International Maritime Academy (SIMAC)

(* Elected by the employees)

Board of Management

Torben Janholt
President & CEO

Vice chairman of the Board of Directors of:
Danish Shipowners' Association

Board member of:
Tsakos Energy Navigation Limited (TEN)
Søfartens Fremme

Birgit Aagaard-Svendsen
Executive Vice President & CFO

Board member of:
Columbus IT Partner A/S
Danmarks Radio
Danske Bank A/S

Basic information

Company:	J. Lauritzen A/S 28, Sankt Annae Plads PO Box 2147 1291 Copenhagen K
Telephone:	(+45) 3396 8000
Fax:	(+45) 3396 8001
Web:	www.j-lauritzen.com
CVR No.:	55 70 01 17
Founded:	1884
Share capital:	USD 60.6 million (DKK 430 million)
Board of Directors:	Bent Østergaard, Chairman Ingar Skaug, Vice Chairman Peter Poul Bay Niels Heering Vagn Rosenkilde Peder Julan* Per Larsen* Claus Pavar* (* Elected by the employees)
Board of Management:	Torben Janholt, President & CEO Birgit Aagaard-Svendsen, Executive Vice President & CFO
Auditors:	KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab