

# **J. Lauritzen A/S**

(CVR No. 55 70 01 17)

## **Annual Report and Accounts 2002**

**Part I**

**Report**

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## Business activities

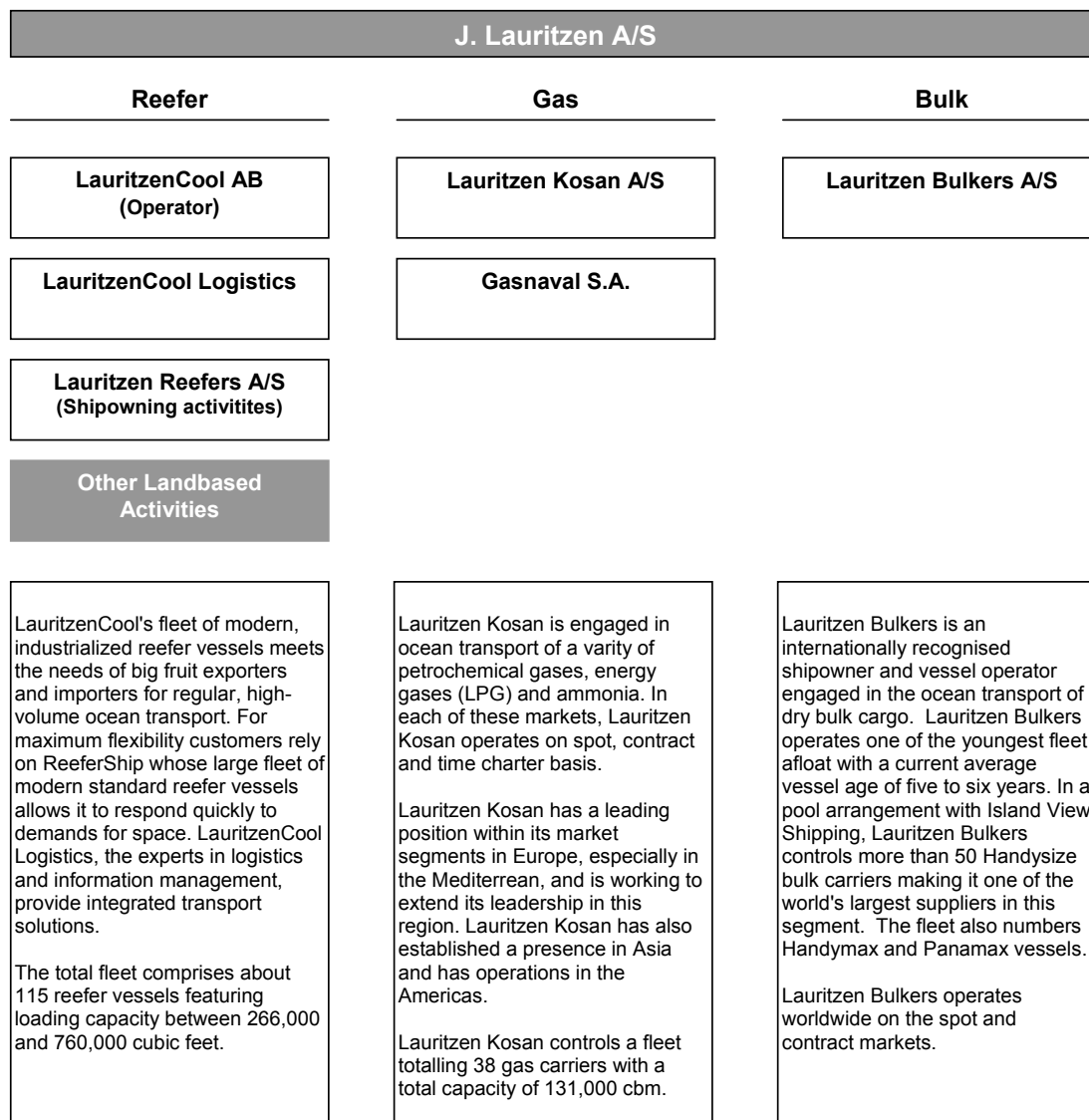
For over a century J. Lauritzen A/S (JL) has been actively involved in ocean transport within selected market segments. Over time the company name has evolved into a byword for respectability and trustworthiness in international merchant shipping.

Founded in 1884, JL was initially a trading company dealing in building materials, and later fertiliser and coal. However, in 1887 with the commissioning of the 450 ton *Uganda*, JL changed

course for good and entered the merchant shipping industry.

Since *the Uganda* first set sail, the company has been involved in many different types of shipping consistently focusing on niche sectors, which typically require specialist equipment and know-how.

JL operates in three business areas: reefer goods (LauritzenCool), liquefied gas (Lauritzen Kosan), and dry bulk cargo (Lauritzen Bulklers).



## Main Figures for the Group

USD million converted	2002	2001	2000	1999	1998
Turnover	739	766	487	484	524
Result before depreciation (Ebitda)	27	36	20	28	22
Operating income	(14)	14	1	3	(41)
Result of financial items	(11)	(13)	(16)	(14)	(13)
Ordinary result after tax	(20)	(2)	(15)	(11)	(54)
Extraordinary result after tax	0	0	5	0	1
<b>Result for the year</b>	<b>(20)</b>	<b>(2)</b>	<b>(10)</b>	<b>(11)</b>	<b>(53)</b>
Minority shareholders' share of the result	0	1	1	(0)	(1)
<b>The J. Lauritzen Group's share of the result</b>	<b>(20)</b>	<b>(2)</b>	<b>(9)</b>	<b>(11)</b>	<b>(53)</b>

Fixed assets	249	249	258	312	367
Current assets	138	147	109	80	61
<b>Total assets</b>	<b>388</b>	<b>396</b>	<b>366</b>	<b>392</b>	<b>427</b>
Share capital	61	51	37	31	36
<b>Equity</b>	<b>144</b>	<b>132</b>	<b>104</b>	<b>93</b>	<b>118</b>
Long-term debt	144	148	170	200	219
Short-term debt	92	107	87	95	86

Cash flow from operating activities	2	31	4	23	30
Cash flow from investment activities	(14)	(40)	19	(19)	(31)
Amount of which for investment in tangible fixed assets	(65)	(5)	(13)	(23)	(36)
Cash flow from financing activities	(3)	14	1	13	(27)
<b>Changes for the year in liquid assets</b>	<b>(15)</b>	<b>25</b>	<b>24</b>	<b>16</b>	<b>28</b>
Free liquid funds	68	72	49	27	13

## DKK million

Turnover	5.831	6.372	3.933	3.440	3.387
Result before depreciation (Ebitda)	210	296	164	201	141
Operating income	(112)	113	11	24	(262)
Result of financial items	(86)	(110)	(131)	(98)	(85)
Ordinary result after tax	(158)	(19)	(121)	(75)	(358)
Extraordinary result after tax	0	0	41	0	9
<b>Result for the year</b>	<b>(158)</b>	<b>(19)</b>	<b>(80)</b>	<b>(75)</b>	<b>(341)</b>
Minority shareholders' share of the result	2	5	8	(1)	(4)
<b>The J. Lauritzen Group's share of the result</b>	<b>(156)</b>	<b>(14)</b>	<b>(72)</b>	<b>(76)</b>	<b>(345)</b>

Fixed assets	1.765	2.092	2.066	2.309	2.343
Current assets	980	1.237	873	590	387
<b>Total assets</b>	<b>2.745</b>	<b>3.329</b>	<b>2.939</b>	<b>2.899</b>	<b>2.730</b>
Share capital	430	430	300	230	230
<b>Equity</b>	<b>1.018</b>	<b>1.107</b>	<b>837</b>	<b>685</b>	<b>756</b>
Long-term debt	1.022	1.242	1.365	1.477	1.396
Short-term debt	654	902	698	705	547

Cash flow from operating activities	16	255	35	162	193
Cash flow from investment activities	(114)	(333)	152	(135)	(200)
Amount of which for investment in tangible fixed assets	(515)	(39)	(108)	(167)	(224)
Cash flow from financing activities	(22)	118	9	89	(174)
<b>Changes for the year in liquid assets</b>	<b>(120)</b>	<b>40</b>	<b>196</b>	<b>116</b>	<b>(181)</b>
Free liquid funds	482	602	396	200	84

Number of employees (average)	1.041	1.108	961	1.012	1.043
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USD exchange rate year end	708	841	802	740	639
Average USD exchange rate	789	832	808	711	646

## Group key figures

Profit ratio	(1,9)%	1,8%	0,3%	0,7%	(7,7)%
Solvency ratio	37%	33%	28%	24%	28%
Return on equity	(15)%	(1)%	(15)%	(10)%	(37)%
Liquidity ratio	144	131	125	84	71
Return on invested capital	(6,4)%	5,6%	1,5%	0,5%	(12,0)%

Figures for 2000 and earlier are not adjusted to prevailing accounting policy.

## Key figures

The key figures have been prepared in compliance with the 1997 standards of the Danish Financial Analysts' Association.

The figures in the review of main and key figures have been calculated as follows:

### Profit margin

$$\frac{\text{Operating income} \times 100}{\text{Turnover}}$$

### Invested capital

Total assets less bank deposits, securities and non interest-bearing short-term debt

### Return on invested capital

$$\frac{\text{Operating income} \times 100}{\text{Invested capital}}$$

### Liquidity ratio

$$\frac{\text{Current assets (excl. deferred tax asset)}}{\text{Short-term debt}}$$

### Solvency ratio

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

### Return on equity

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

## Report from the Board of Directors and the Executive Management

As expected 2002 was a difficult year for J. Lauritzen A/S (JL).

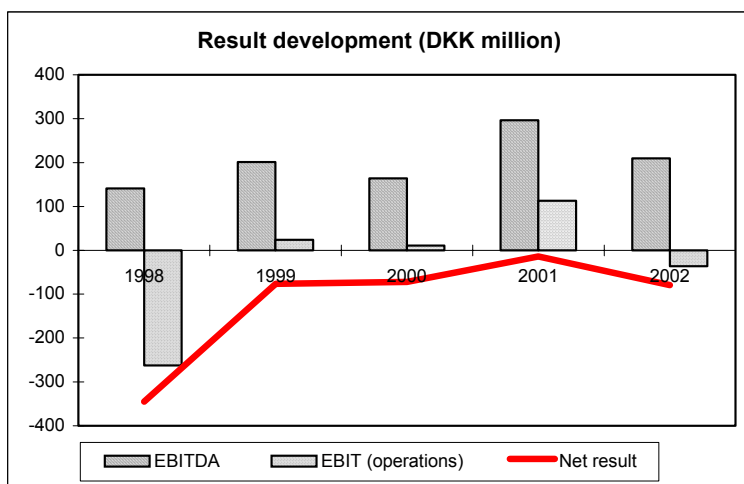
JL recorded an EBITDA of DKK 209.8 million, down DKK 85.5 million on the 2001-result. The negative development is primarily due to difficult market conditions.

Based on the expectations of continued unfavourable market conditions, JL has decided to write down part of the fleet with DKK 94.8 million. The write-down is based on a conservative evaluation of the individual assets. Prior to write-

down, the book value of the fleet, in general, was lower than brokers' evaluation and also lower than its net present value.

In the light of the development of the USD exchange rate, goodwill has been written down with DKK 20 million and relates to investment originally made in USD.

The net result for 2002 was a loss of DKK 155.9 million. Disregarding the write-down, the result for the year is in line with expectations. The result for 2002 is not satisfactory.



The 2002 result was affected by the negative development in the world economy and the global political uncertainty still prevailing in the aftermath of 11 September 2001.

JL anticipated an accelerating economic growth during the second half of the year, but improved market conditions, in particular for bulk carriers appeared very late, and thus only had a marginal positive impact on the 2002 result.

During 2002 a Danish tonnage tax law was enacted. JL will not benefit from this law and will maintain the current tax practice.

In accordance with JL's long-term strategic objectives to improve its business portfolio and its services towards customers, tonnage providers and partners a number of important strategic business activities were accomplished during 2002:

- Early 2002, Arctic Reefers Ltd., a subsidiary of LauritzenCool AB, together with US based Eastwind Transport Ltd. and Swiss based Armada Shipping SA established ReeferShip Ltd. The joint spot pool operation of about 55 reefer vessels operates out of Copenhagen and New York.
- In May 2002, Lauritzen Kosan A/S together with Belgian shipowner Exmar NV formed Exmar Kosan Ltd, Hong Kong, a pool operation for smaller fully pressurised gas carriers with main trading area in the Far East.
- In April 2002, Lauritzen Kosan acquired four of the 11 semi-refrigerated gas carriers owned by UK based Tarquin International. Partners in the Unigas pool acquired the other seven vessels.
- The acquisition of the four gas carriers from Tarquin International was used as the steppingstone for the formation of the 50/50 owned LauriTen Ltd. with Tsakos Energy Navigation Ltd. (TEN), which now owns the four former Tarquin vessels. It is the intention that LauriTen will acquire the remaining semi-refrigerated gas carriers owned by Lauritzen Kosan in the segment above 3,000 cbm, and subsequently further expand the business from this platform.
- Lauritzen Bulkera A/S strengthened its Handysize pool collaboration with Island View

Shipping Ltd., a subsidiary of the South African Grindrod Group, through joint ownership of initially two second hand Handysize bulk carriers.

- With the aim of meeting the increasing requirements for safety at sea and optimizing the utilisation of in-house technical know-how, Lauritzen Fleet Management was established through internal amalgamation of the technical organisations of Lauritzen Kosan A/S, Lauritzen Reefers A/S and J. Lauritzen A/S.
- Further development of LauritzenCool Logistics (LCL), a provider of integrated multimodal/multidestination door-to-door logistics services took place with the opening of LCL offices in South Africa, Peru and Argentina.

The EBITDA of the **reefer activities** was DKK 122.6 million compared to DKK 165.2 million in 2001. The net result including a write-down on reefer vessels and goodwill of DKK (58.5) million was DKK (96.7) million, and DKK 109.4 million below the result in 2001 (DKK 12.7 million).

The result was influenced by four dockings, lower freight rates and by obligations relating to long-term chartered tonnage, redelivery of which will be completed during 2003.

During 2002, average spot market rates increased by about two percent for larger specialised reefer vessels compared to 2001-rates. This increase did not affect the rates on the seasonal contracts concluded earlier.

The past two years have seen substantial consolidation between the various owners and operators of specialised reefer vessels. However, the container lines continued to present the specialised reefer market with serious competition.

Produce from the Southern Hemisphere was fairly abundant, but the season stopped by the end of an early Easter. Labour unrest on the US West Coast and decline in banana production in Ecuador had a negative impact on demand during the second half of the year.

Supply of under-deck capacity on specialised reefer vessels declined marginally during 2002 as scrapping of obsolete tonnage outnumbered delivery of newbuildings. However, utilisation of reefer vessels' on-deck capacity for reefer containers continued to increase and thus represents a "hidden" reefer capacity increase.

The EBITDA for **Lauritzen Kosan** was DKK 86.7 million, down DKK 30.7 million compared to 2001. The net result including a write-down on gas carriers of DKK 56.3 million was DKK (110.9) million compared to DKK 4.4 million in 2001.

The market for smaller gas carriers proved to be as difficult as expected. The petrochemical industry went through one of its worst years ever with substantial losses being reported. Towards the end of 2002, seasonal movements of LPG and long haul movements of petrochemical gasses induced a strengthening of the spot market.

Supply of gas carriers up to 10,000 cbm increased significantly due to a high influx of new tonnage in the upper part of the segment.

Tougher enforcement of vetting inspections and safety requirements were experienced during the year.

One significant competitor, Tarquin International, ceased its operations due to the sale of its entire fleet to members of the Unigas pool and to Lauritzen Kosan.

The Exmar Kosan pool, established in May, achieved better results towards year-end, and with the full implementation of the pool comprising nine vessels as from the beginning of second quarter 2003, the scene has been set for improvements in results.

The EBITDA for the year for **Lauritzen Bulkera** was a loss of DKK (5.9) million, down DKK 25.9 million compared to 2001. The result was DKK (23.1) million compared to DKK 14.6 million in 2001.

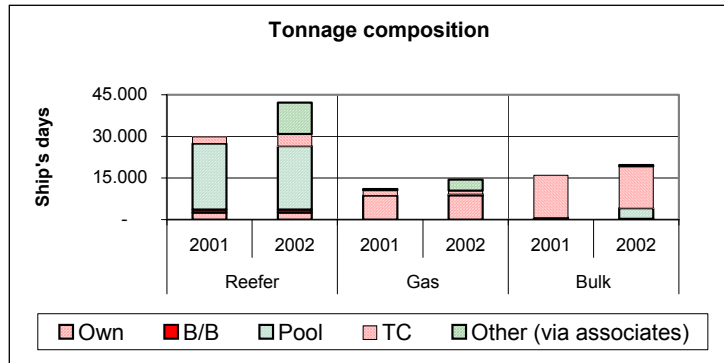
2002 was an unusual year. After bottoming out at the end of 2001, time charter rates started rising with the spot market lagging behind. However, starting late September the spot market took off with increases in the region of 25% or more depending on size segment.

Net supply of Handysize bulk carriers declined, whereas supply of Handymax and Panamax increased substantially.

Early 2002, Lauritzen Bulkera took delivery of two 1996 and 1997 built Handysize bulk carriers, which were purchased in joint venture with Island View Shipping.

During the course of 2002, JL operated a total fleet of 209 vessels on average. At the end of the year, the company owned 36 vessels, of which six are owned through 50/50 owned subsidiaries.

A total of 29 ships in the fleet are chartered for periods exceeding 12 months.



In 2002, JL employed an average total staff of 1,041 persons, 566 of whom worked on the company's own vessels or on bareboat-chartered vessels. At the end of the year, a total of 990 persons were employed, which is a net decrease of 62 in comparison with 2001. The decreasing number of personnel is primarily caused by the downsizing of the trucking activities in Chile.

**Prospects for 2003**

Early 2003, a unanimous Board agreed on a number of actions considered necessary to ensure a positive development for the company.

However, the JL Foundation did not agree with these actions and subsequently, they were suspended.

Consequently, the new Board to be elected at JL's general meeting is to decide the necessary actions to be taken.

In the light of this situation, the present Board is not in a position to comment on the company's prospects for 2003. These will, to a very large extent, depend on the fact that the new Board takes the vital decisions that will ensure a positive development. The development in the markets in

which JL operates will not alone contribute to an improvement of the company's results and consequently a negative result is anticipated for 2003.

**Board of Directors**

At the company's general meeting to be held on 24 March 2003, Mr Ingar Skaug, Mr Niels Heering and Mr Vagn Rosenkilde are nominated for re-election to the board of directors. Mr Bent Østergaard is nominated for election.

## Reefer activities

**Lauritzen Reefers: President Torben Janholt**  
**LauritzenCool: President Mats Jansson**

Key figures DKK million	2002	2001
Net turnover	3,342.9	3,900.6
Result before depreciation (EBITDA)	122.6	165.2
Write-down and depreciation	(149.3)	(86.6)
Profit on sale of ships	-	-
Operating income	(26.7)	78.6
Net result	(96.7)	12.7
Invested capital	788.7	873.9
Return on invested capital	(3.5)%	9.0%
Average no. of employees	431	315

Note: The statement covers reefer activities in Lauritzen Reefers A/S, LauritzenCool AB and J. Lauritzen A/S.

2002 saw an EBITDA of DKK 122.6 million for the reefer activities compared to DKK 165.2 million in 2001, down DKK 42.6 million. The net result of DKK (96.7) million compared to DKK 12.7 million in 2001. Disregarding the write-down on reefer vessels and goodwill, the result is in line with expectations.

The negative result is related to Lauritzen Reefers shipowning activities and the vessels taken on long term B/B charter by J. Lauritzen A/S giving a net result of DKK (121.2) million in total compared to DKK (72) million in 2001.

LauritzenCool has contributed with a positive result of DKK 51.6 million, exclusive of write-down on goodwill, compared to DKK 82.6 million in 2001. The reduction is due to lower rates, change in fee structure and loss on chartered tonnage.

The land-based activities have contributed to the LauritzenCool result with a total of DKK 9.8 million compared to DKK (7.9) million included in the result for other land-based activities in 2001.

### LauritzenCool

There has been a high rate of consolidation on the reefer market during the last few years. This has led to three major players, together comprising almost half of market capacity. However, container

JL's reefer activities comprises an operating and logistic entity, LauritzenCool AB, and the shipowning entity, Lauritzen Reefers A/S. Furthermore, three vessels are on B/B charter by J. Lauritzen A/S and operated by LauritzenCool.

LauritzenCool specialises in ocean transport of reefer cargo and is one of the world's leading reefer operators.

LauritzenCool AB comprises three distinct companies, each providing services tailor-made for the needs of its customers. *LauritzenCool's* fleet of modern industrialized reefer vessels meets the needs of big food exporters and importers for regular, high-volume ocean transport. For maximum flexibility customers rely on *ReeferShip* whose large fleet of modern standard reefer vessels allows it to respond quickly to demands for space. Companies seeking assistance with planning the transport process consult *LauritzenCool Logistics*, the experts in logistics and information management.

The joint fleet includes about 115 reefer vessels featuring loading capacities of between 266,000 and 760,000 cubic feet.

lines continue to present the specialised reefer business with serious competition.

Being one of the three major players, LauritzenCool has a strong brand name in ocean transportation of perishable commodities and a substantial global network to support its operations. The company has local offices in, Argentina, Brazil, Chile, Ecuador, Japan, New Zealand, South Africa, and the USA.

During 2002, LauritzenCool employed 62 large vessels, all of 370,000 cubic feet or more. The on-deck container capacity of the fleet is an approximate 7.8 million cubic feet which equals about one fifth of the total LauritzenCool fleet capacity.

Also, at the beginning of the year Reefership was created out of three smaller operators: LauritzenCool sold 50% of Arctic Reefers to Eastwind Transport Ltd. and created together with Armada this new constellation. Reefership employs some 53 vessels in the size range 220,000-600,000 cubic feet. Reefership works in close co-operation with LauritzenCool, especially in the spot market segment.

One major strategy adopted by LauritzenCool has been to develop logistics solutions for customers, the aim being to offer a complete service from the point of cultivation to the recipient of the

consignment. This process has involved the development of trucking, cold storage, etc, and is administered by subsidiary LauritzenCool Logistics (LCL).

### Market Development

In the main reefer trades, perishable commodities requiring refrigeration are transported from the Southern Hemisphere to the major import markets: Europe, USA and Japan. Trade volumes are heavily dependent on the domestic production situation in these import areas, since low production increases demand for products of other origins. The EUR/USD rate is also important, as dollar-based production has an inclination toward Europe when EUR is strong.

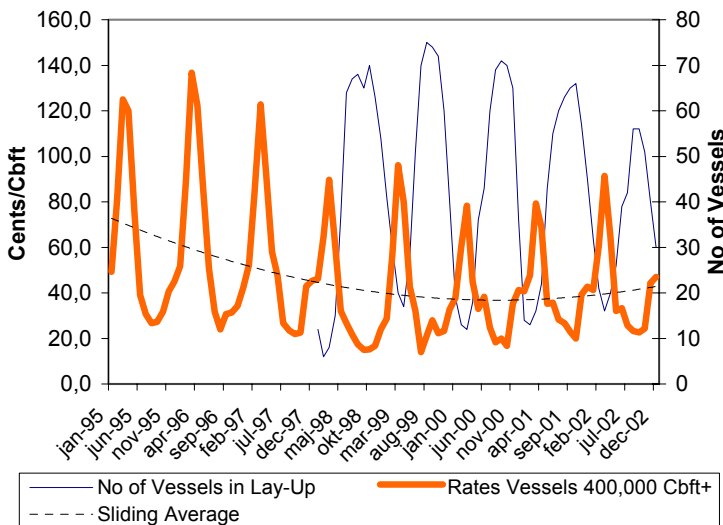
In 2002 there was a strong upsurge during the peak season and the average rates in March were the highest since 1999. However, the psychological effect of an early Easter (usually the end of peak season) pushed rates down fairly quickly. During the latter part of the year, especially in October-November, rates picked up again to the highest levels since 1996 for smaller vessels, and since 1997 for larger vessels (about 400,000 cubic feet or more). The rates were pushed upward mainly due to good trade volumes of Moroccan citrus and fairly strong demand for bananas in Russia.

The total average spot rates for 2002 were the highest since 1997, both for smaller and larger vessels. In comparison with 2001, average rates grew by one to two cents per cubic feet.

Two big barriers to the reefer spot market were removed at the end of the year, one being the United States ban on Spanish clementines, the other being a Russian ban on US poultry meat. These two events, which were imposed when sanitation and infection concerns arose, caused an oversupply of capacity among smaller vessels in particular.

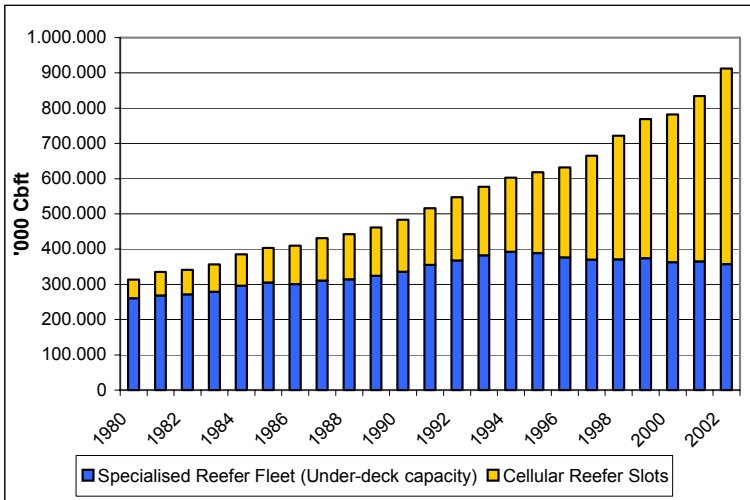
The tendency toward higher off-season rates has grown stronger during the last few years, whereas the peak of the busy season has gradually been reduced. This is a result of increased competition from container lines with reefer container capacity, as well as a growing use of deck-borne containers on specialized reefer vessels. Increased supply has been able to absorb the 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, when there is not such strong competition from container lines. During the last few years, off-season rates have moved steadily upward, most notably in November and December, when rates have settled at around and above 40 cents.

**Average spot rates 1995-2002, USc/cubic feet/30 days versus number of vessels in lay-up**



Reinforcing this tendency is the fact that an unusually low number of reefer vessels were laid up during the latter part of 2002. Out of the modern type vessels (above 250,000 cubic feet capacity), an average of 15 vessels per month have continued trading during the off-season compared to the previous year. This resulted in an additional 4-5 million cubic feet extra capacity per month.

**Development of the specialised reefer fleet versus reefer slots on container vessels, 1980-2002**



The scrap rate of the reefer fleet has been extremely low during the past two years; however since only two new vessels are to be delivered in 2003, this represents a net decrease in the fleet. At the beginning of 2002, the total reefer fleet had an under-deck capacity of about 357 million cubic feet, which at year-end was reduced to about 350 million.

There has been intense activity in the sales market and over 40 reefer vessels have changed owners at comparably high price levels. This may well be seen as strong market optimism.

One major event that caused serious disruption in sea transport to the United States was the 11-day lockout of dockworkers at 29 ports on the US West Coast in September-October. This episode temporarily affected the rates but for reefer operators the consequences were not as severe as for other shipping companies. Traffic could be rerouted to the Mexican port of Ensenada, and from there fresh produce could be trucked to southern California.

Banana production in Ecuador was severely hit in the summer of 2002 by bad weather and many cases of an infectious disease. The second biggest banana exporter after Ecuador is Costa Rica, where production also came under pressure due to weather problems, so banana exports from Central America were much lower than usual during the summer months.

Fresh fruit exports from Chile increased by 9% during the first three quarters of 2002, the main commodities being grapes and apples. Chile also signed a free trade agreement with the EU at the end of the year, which will lead to a transitional removal of customs duties over a maximum of ten years. For some products, such as mangoes, avocados, grapefruit and apples (between 1 January to 31 July), duties will be abolished immediately when the agreement enters into force.

Argentina also saw an increase in fruit exports during the same period of about 13%, largely

fortified by the weaker peso against the dollar. Additionally, Argentine beef exports to the EU resumed in February after having been stopped during the height of the foot-and-mouth disease a year earlier.

**LauritzenCool Logistics**

LauritzenCool Logistics (LCL) offers an unbroken cold chain all the way from the plantation to the recipient of the consignment. Today, LCL is active in Argentina, Brazil, Chile, Peru, Japan and South Africa as well as on the receiving side in Europe.

The background for the start up of LCL is the deregulation of statutory export boards and the realignment of supply chains in the fruit market. This has created opportunities for service differentiation.

LCL's mission is therefore to economize and facilitate the logistics element of our customers business by offering fully integrated multi-modal and multi-destination door-to-door distribution and logistics assuming total supply chain responsibility. LCL is attracting smaller/medium-sized customers and the aim is also to optimise the on deck container revenue potential and building a competence base, with knowledge of container logistics and a closer integration with the customers.

During 2002 we have seen an increased interest from producers seeking alternatives but also an increased competition from freight forwarders, container lines and independent Integrated Service Providers (ISPs). The container market is getting

increasingly competitive and competition is getting closer. The trend is towards increased use of 3PLs and as more activities are being outsourced there is a significant opportunity for further integration of services. The success of Third Party Logistics Providers (3PLs) will depend on their ability to deliver an integrated, end-to-end solution that provides significant financial and operational performance improvements.

In 2002 LCL has opened offices in South Africa and Peru and started operations in Argentina. LCL has increased the line of products and added product quality control to our range of services. In Brazil, LCL has entered in to a partnership with a container broker and forwarder, Brasreefer, which is strengthening LCL's presence in the Brazilian market quite considerably.

Since there is a large complexity of information in this business it is very vital to have good IT support systems. LCL has invested in a web based software system to be able to gather all information and increase efficiency. External customers as well as suppliers will be able to use the system interactively.

### **Land-based activities**

Some of JL's land-based activities were in 2002 transferred to LauritzenCool and consolidated into the LC result. These were essentially all the agency functions performed in Chile and Brazil plus the cold-store facilities in Natal in North Eastern Brazil and the equipment for controlled atmosphere. The latter offers the possibility to control the atmosphere in reefer containers as well as in cargo holds on specialised reefer vessels.

The land-based activities support LauritzenCool's large movements of perishable commodities from the growing areas particularly in South America in addition to the expanding activities of LauritzenCool Logistics who offer their customers a "one-stop shop" as well as a "multi-destination" business concept.

The majority of the investments are at present concentrated in Argentina, Brazil, Chile, Peru and Uruguay. In addition, there are the terminal facilities at Port Hueneme, California, USA.

It is the plan to further expand the activities, which are of most importance to LauritzenCool and LauritzenCool Logistics during 2003. This includes some of the port terminals as well as ability to handle cargo under controlled atmosphere. Other

activities, which are of less strategic importance, will to a larger degree be sourced from third party providers.

### **Lauritzen Reefers**

During 2002, Lauritzen Reefers redelivered all T/C vessels except for two. At year-end the fleet consisted of 12 vessels of which seven were owned, three were on long-term bareboat charter and two were on time charter.

All vessels in the fleet conform to national and international statutory requirements for safety, security and protection of the maritime environment.

The so-called Family Class vessels - the largest specialised reefer vessels in the market - continued in the important liner trade in the Pacific, servicing customers not only with palletised cargo under deck but also with comprehensive container utilisation on deck. The vessels are fitted with controlled atmosphere applications in order to prolong the shelf life and enhance the quality of the perishable cargoes.

Two vessels encountered main engine turbo charger damage at the beginning of 2002, resulting in disrupted schedules and an unexpected off-service percentage for the fleet of 0.9%, far above the target of 0.5% or less. All other vessels in the fleet performed satisfactorily, however.

Planned off-service for the year was 63.28 days or 1.7%, which was due to a number of scheduled dry-dockings.

All owned and bareboat chartered vessels fly the Danish flag and are registered in DIS (Danish International Ship Register).

## Other land-based activities

Senior Vice President Henrik Madsen

Key figures DKK million	2002	2001
Net turnover	115.5	296.0
Result before depreciation (EBITDA)	7.7	18.1
Depreciation	(5.2)	(14.0)
Operating income	2.5	4.1
Net result	(3.1)	(2.9)
Invested capital	47.1	156.9
Return on invested capital	5.3%	2.6%
Average no. of employees	106	284

As of 2002, other land-based activities comprise of the Euroamerica terminal in Campana and all the South American trucking activities.

As of 1 January 2002, LauritzenCool Chile S.A., LauritzenCool do Brasil Ltda. Natal and Controlled Atmosphere Holding S.A. were sold to or set under the management of LauritzenCool AB as these activities are an integrated part of the reefer business managed by LauritzenCool or LauritzenCool Logistic.

The EBITDA for 2002 for other land-based activities in South America was DKK 7.7 million. This was a reduction of DKK 10.4 million on 2001, primarily due to transfer of activities to LauritzenCool.

The net result was DKK (3.1). The result is positively affected by the satisfactory result of DKK 5.2 million from Euroamerica, the port terminal in Campana, Argentina that supports to a great extent not only LauritzenCool's activities in Argentina, but also services other reefer operators. The results for trucking activities in Chile, Argentina and Peru remained unsatisfactory with a total net result of DKK (8.2) million.

In 2002, the Euroamerica terminal at Campana benefited from increased exports due to devaluation of the Argentinean peso. The strong financial position of Euroamerica will help further strengthen its position as the leading terminal in Argentina for handling perishables and forestry products.

The continued unsatisfactory development in trucking activities has resulted in a down-sizing of this activity, especially in Chile.

# Lauritzen Kosan

## President Jan Kastrup-Nielsen

Key figures DKK million	2002	2001
Net turnover	591.6	593.7
Result before depreciation (EBITDA)	86.7	117.4
Write-down and depreciation	(147.2)	(88.0)
Profit on sale of ships	(12.0)	10.6
Operating income	(72.5)	40.0
Net result	(110.9)	4.4
Invested capital	860.6	910.6
Return on invested capital	(8.4)%	4.4%
Average no. of employees	407	416

Note: The statement covers activities in the Lauritzen Kosan Group and Lauritzen Ship Owner A/S.

For charterers around the world, Lauritzen Kosan is synonymous with dependable and trouble-free ocean transport of liquefied gas. Lauritzen Kosan is engaged in the transport of a variety of petrochemical gases, energy gases (LPG) and ammonia. And in each of these markets Lauritzen Kosan operates on a spot, contract and time charter basis.

Competent transport of liquefied gases is a balance of close collaboration between the parties involved, material resources, and intimate knowledge of the cargo and respect for the environment.

Geographically, Lauritzen Kosan has a leading position within its market segments in Europe, especially in the Mediterranean and is working to extend its leadership in this region. Lauritzen Kosan has also established a presence in Asia and has operations in the Americas.

The EBITDA for Lauritzen Kosan was DKK 86.7 million in 2002, down DKK 30.7 million compared to DKK 117.4 million in 2001. The reduction is primarily due to lower rates and increased docking costs but offset by positive contribution from the the Tarquin vessels and a higher USD average due to the USD hedge transactions.

The net result for 2002 was a loss of DKK (110.9) million, down DKK 115.3 million on 2001. The result includes a write-down of DKK 56.4 million on part of the gas carrier fleet. Disregarding this write-down, the result is in line with expectations. The result includes a loss of DKK 7.2 million related to the sale of *Fenja Kosan* for scrap and a loss of DKK 4.8 million due to a lower USD exchange rate related to the transfer of four vessels to LauriTen Ltd.

The continuing lack of sustainable growth in the global economies and especially in Europe has had a sharp impact on capacity utilisation in the petrochemicals industry, resulting in a very sluggish demand for sea-transportation of petrochemical gases over the year as a whole.

In April 2002 Lauritzen Kosan acquired four semi-refrigerated gas carriers secondhand from the Tarquin fleet. The vessels, two of which were built in 1999, one in 1994 and one in 1992, range in size from 4,400 to 6,400 cbm. and are similar in design and capabilities to other larger vessels in the fleet. The addition of this extra tonnage will further improve the flexibility available to customers and will provide scheduling benefits for the larger vessels in the Lauritzen Kosan fleet. Tarquin have sold their remaining seven vessels to

partners in the Unigas consortium and have left the gas business.

These acquisitions are part of an ongoing process of consolidating the supply of gas carriers of this size. One of Lauritzen Kosan's important strategic goals is to play an active part in this consolidation process. The timing of the acquisition, at a point where the market was very depressed, not only resulted in an attractive price but also clearly signalled Lauritzen Kosan's commitment to stay in this market and service its customers with a modern and flexible fleet.

In May 2002, Lauritzen Kosan agreed a pooling collaboration with Belgian shipping company Exmar NV with the joint establishment of Exmar Kosan Ltd., Hong Kong. Personnel from both organisations have been transferred to this new company. Exmar Kosan Ltd. will market the combined fleet of eight pressure vessels whilst offering commercial services to third parties. The offices of Exmar Kosan Ltd. in Hong Kong are to provide the platform for further development of Lauritzen Kosan's operations in the Far East.

In October, Lauritzen Kosan formed LauriTen in a 50:50 joint venture with New York Stock Exchange listed Tsakos Energy Navigation (TEN). The four vessels acquired from Tarquin were sold to LauriTen. The aim is for LauriTen to acquire all Lauritzen Kosan's semi-refrigerated vessels above 3,000 cbm. in 2003, and for the partnership with TEN to provide the financial platform for further expansion in this segment. Strategically these investments will seek to accelerate the consolidation of the semi-refrigerated gas carriers

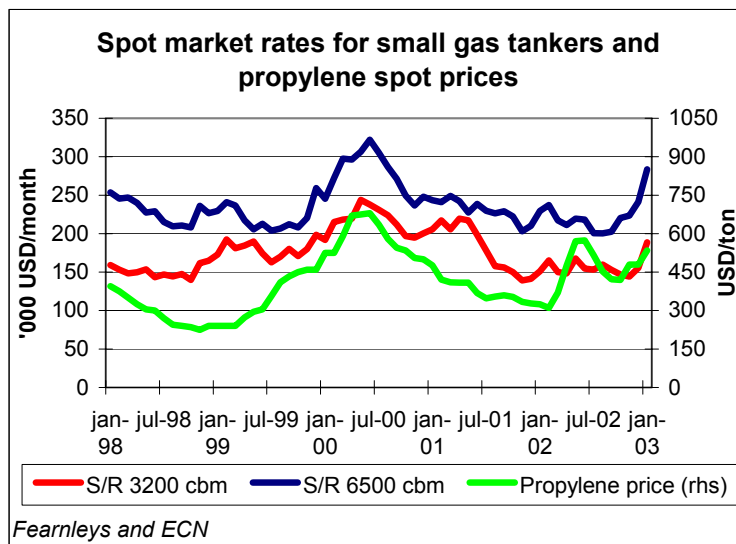
operating in Europe. LauriTen will be placing its commercial and technical ship management services with Lauritzen Kosan.

### Market development

Demand for sea transport of liquid gases is driven by the overall need for plastics as a result of

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 (LPG). The energy gas market is short term driven by weather conditions and as such has less of an overall impact on general trading conditions for vessels.

The negative trends for global petrochemical product demand reported during the latter part of 2001 continued for most of 2002, with lack of GDP growth keeping demand for plastics at low levels for most of the year. As a result, the employment situation for gas carriers was very poor for much of 2002. Any market improvements as a result of logistical breakdowns or restocking were brief and unsustainable. The poor demand led to a large number of waiting days combined with a low spot market and pressure on contract rates.



Lauritzen Kosan maintained its position in the European market despite the difficult market conditions. One encouraging factor was that former Tarquin customers established long-term contracts with Lauritzen Kosan during 2002.

A number of high profile accidents at sea, especially for tankers, led to new calls for stringent industry-wide controls. Lauritzen Kosan's focus on maintaining high levels of operational quality, crew safety and environmental protection and on avoiding down time will be even more important competitive parameters in the near future.

### The Fleet

At the end of 2002 Lauritzen Kosan controlled a fleet of 38 vessels with total capacity of approximately 131,000 cbm., up 9% on 2001. 23 of these (2 fully pressurised and 21 semi-refrigerated ships) were in the 3,000 - 7,000 cbm. range and via its pooling collaboration in Sigas Kosan, the company controlled 15 gas carriers between 1,600 - 3,000 cbm.

Of its total fleet of 38 vessels, Lauritzen Kosan owned or part-owned 26 gas carriers with total capacity of 102,000 cbm., up 25% on 2001. Five vessels were on timecharter from other shipping companies.

In December 2002, the *Fenja Kosan* (2,518 cbm. built 1974) was sold for scrap.

Lauritzen Kosan remains firmly focused on maintaining a high level of operational quality. The 171 customer and national regulatory inspections made in 2002 all resulted in vessels being approved for further employment.

The average age of the company's own fleet was 12.3 years, well below the international fleet average for the 1,600 - 7,000 cbm. segment of 14.5 years and down 1.7 years on 2001. Fleet management is carried out from Copenhagen by Lauritzen Fleet Management and from Bilbao, Spain through wholly owned subsidiary Gasnaval S.A. Technical operation of the fleet was satisfactory in 2002, with 11 dry-dockings being completed during the year.

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

## Lauritzen Bulkera

### President Jens Ditlev Lauritzen

Key figures DKK million	2002	2001
Net turnover	1,757.6	1,485.3
Result before depreciation (EBITDA)	(5.9)	20.0
Depreciation	(8.1)	(4.8)
Operating income	(14.0)	15.2
Net result	(23.1)	14.6
Invested capital	45.1	48.7
Return on invested capital	(31.0)%	31.2%
Average no. of employees	38	39

Lauritzen Bulkera is an internationally recognised shipowner and vessel operator engaged in the ocean transport of dry bulk cargo. Lauritzen Bulkera operates one of the youngest fleets afloat with a current average vessel age of five to six years. In a pool arrangement with Island View Shipping, Lauritzen Bulkera controls of more than 50 Handysize bulk carriers making it one of the world's largest suppliers in this segment. The fleet also numbers Handymax and Panamax vessels.

Lauritzen Bulkera operates worldwide on the spot and the COA markets.

In 2002, the EBITDA was DKK (5.9) million, down DKK 25.9 million compared to 2001. The net result was a loss of DKK (23.1) million, including DKK 8.7 million in realized and unrealized currency losses. Although the result for 2002 was expected to be lower than the one recorded for 2001, it is below expectations early 2002 and is due to the fact that the market took longer to recover than anticipated.

### Market development

The main driver of seaborne transportation of dry bulks is economic activity and in particular development in the industrial production.

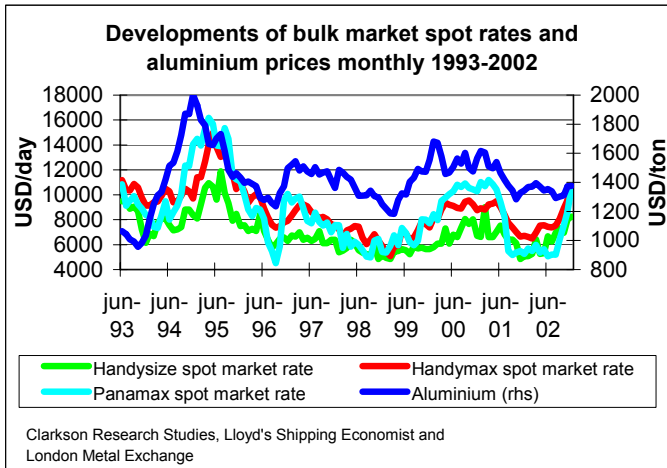
During 2002, industrial production decreased sharply around the Atlantic Ocean before a modest recovery was experienced during the fourth quarter of 2002. In the Pacific, industrial activity saw a similar development during the first six months of the year; however the recovery was far brisker.

After very strong growth during the first half of the year, the growth in fleet slowed considerably during the second part of 2002.

The recovery in demand in combination with the deceleration in supply led to improvement in the market balance sparking off higher spot market rates in the fourth quarter of the year, cf. graph on spot market development.

Due to expectations of positive improvement of the market conditions, Lauritzen Bulkera's cargo coverage was limited at the end of 2002, especially within the Handysize segment.

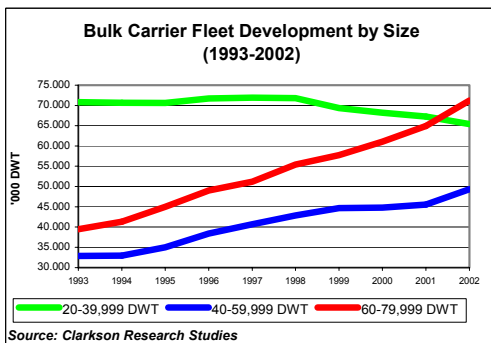
In 2002, Lauritzen Bulkera built up its base fleet in the Handysize segment together with Island View Shipping and entered the Panamax segment in anticipation of general increase in demand and the prospect of only a modest increase in supply in 2003 and 2004.



## The Fleet

Building up the base fleet and entering the Panamax market led to the total number of ship days in 2002 reaching 19,673 days (approximately 54 vessels), up 23% on the 2001 figure of 16,007 days (approximately 44 vessels).

The Handysize pool arrangement with Island View Shipping was further expanded during 2002 and now also includes joint ownership of two vessels bought at the beginning of the year, as well as joint period charters.



During 2002, Lauritzen Bulkiers operated at any given time between 15 and 20 Handymax vessels, although it was this segment that suffered most from the poor market conditions.

During 2002, Lauritzen Bulkiers operated four to five vessels in the Panamax segment, and at the beginning of 2003 has five vessels on period charter and one vessel for delivery in 2005, all at attractive rates.

## Lauritzen Fleet Management

### Senior Vice President Claus Pavar

Lauritzen Fleet Management (LFM), an amalgamation of the technical organisations of Lauritzen Kosan and Lauritzen Reefers and JL's Purchasing Department, was established in October 2002.

JL is confident that this new organisation will benefit from the joint experience and know-how involved and provide its clients, the various divisions of the company, with an efficient and cost competitive, high quality service.

The objective of LFM is to undertake quality ship management for JL's fleet of gas carriers and reefer vessels and/or other vessels owned or controlled by JL. LFM will give top priority to environmental protection, safety and cost control. LFM also aims to offer its services and expertise to outside customers.

In addition to full technical and crew management, LFM offers a wide range of support services such as purchase and sales inspections, performance monitoring, IT-services, dry-dockings, special projects, insurance, quality assurance, technical purchasing, new buildings, gas and reefer services and controlled atmosphere management.

Presently, LFM is responsible for technical management and manning of 36 vessels. These vessels are flying quality flags such as British, Danish, Hong Kong, Portuguese and Spanish and are manned with a complement of experienced and qualified officers and ratings.

Naturally, all vessels under management are ISM certified and 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 has top priority at JL.

The United Nations' International Maritime Organisation (IMO) has sanctioned a number of

comprehensive regulations and conventions covering a range of matters such as prevention of pollution, 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 the Flag State but also by Port States and customer's vetting departments.

All JL's vessels are operated in accordance with the International Safety Management Code (ISM) and in addition the JL's reefer vessels are operated on a quality system based on the ISO 9002 Standard.

Further an environmental account system in line with the ISO 14000 Standard is in force for the gas carriers.

In 2002, all JL vessels voluntarily joined vessels from over 140 nations to participate in the Amver System to help make the seven seas safer.

JL's safety, environmental and quality control systems are revised and upgraded regularly, with any incidents that occur being analysed. All relevant environmental data are also constantly collated and registered, and risk analyses are applied to identify factors that are crucial for meeting JL's safety and environmental standards.

Near-misses and incidents that could lead to industrial accidents, pollute the environment or damage 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.

## Human capital

JL operates in highly specialised markets and staff need a high level of know-how to offer the kind of value-adding services upon which JL's business depends. As such, JL seeks to foster a culture conducive to continuous professional development and to attract people who can identify with the values on which JL bases its business, wherever in the organisation they might be working. JL sets great store by knowledge sharing, delegation and responsibility. Quality, trustworthiness, integrity and respect not only for colleagues and clients but also for the maritime environment are other key values.

Bonus schemes have been introduced at JL, individually tailored to match the different types of business involved. The purpose of these is to enhance the business areas' focus on their performance, to introduce new and/or alternative ways of doing business and especially to improve operating results. So far the schemes only apply to staff based in Copenhagen and Stockholm and the general managers of overseas offices.

Staff appraisals are held annually for all employees in order to discuss performance in the preceding year and their future plans, including career opportunities.

About a year after the merger of Lauritzen Reefers and Cool Carriers into LauritzenCool, which meant organisational changes for staff there, LauritzenCool ran a staff satisfaction survey. On an ascending scale of 1 (lowest) to 4, a number of selected issues were measured: management, information, HR policy, motivation and commitment, working environment and efficiency. Average satisfaction in these areas was 3.28, with 93% participation.

Similar surveys have not yet been carried out for other companies in the Group.

In 2002, JL had an average staff of 1,041, of whom 566 were sea-going personnel. The average age of shore-based employees was 42.

## Information technology

The growing importance of IT to JL's business has made it vital that key applications and communication operate 24 hours a day at all JL sites around the world. There has accordingly been great emphasis on IT infrastructure.

At the beginning of 2002, core operations on the central servers were thoroughly tested and improved where necessary. Hardware redundancy solutions were implemented to provide the best accessibility for critical business systems. These safeguards were backed by systems to monitor both hardware and software, sending alerts whenever necessary.

The increasing use of the Internet for business communications meant potential security risks for JL's IT systems. During 2002, JL implemented a new IT security policy to deal with the possibilities and threats of the Internet.

As a business operating ships around the world in many different time zones, employees need to have fast, reliable access to IT systems 24 hours a day. At year-end, PCs had been connected to JL via high speed, secure connections to provide seamless operations for employees working at home or in the office.

JL has also exploited the Internet in the business-to-business sector, using it to support business relationships with partners and customers. During 2002, new joint ventures were established and supported by seamless data exchange and access to JL's business systems.

Combining shipping know-how with IT know-how enables JL to service the customers currently and to optimize partnerships. Data warehousing technology was replaced during 2002 and relevant applications were rewritten not only to provide easier access to information but also to improve functionality. The new technology has also meant substantial savings on software license fees.

## Risk factors

JL is an international shipping company with a wide range of international activities. The company's net result and the value of its equity are affected by financial risks and oil cost trends. The main financial risks stem from liquidity, foreign currency and interest exposure. The treasury department manages the company's financial risks, while the decision to hedge the variable cost of oil is undertaken by the respective business areas. The treasury department carries out the actual oil hedge trades.

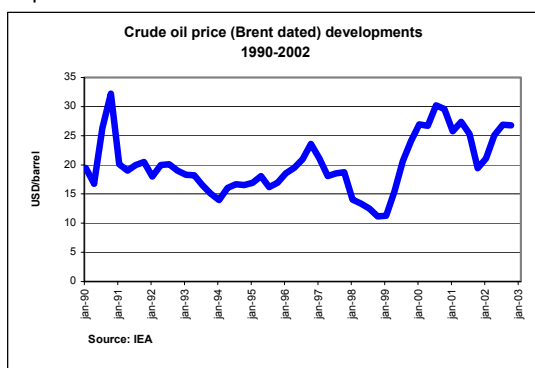
The company's financial and oil risks are hedged using financial instruments subject to limits approved by the Board of Directors. All hedging transactions are made to minimize risks and hedging only applies to the underlying commercial risk.

Company policy is for financial and oil risks to be constantly monitored, reviewed and action taken on a regular basis, in line with best practice in the shipping industry.

Business risks mainly relate to the company's fleet and short and long-term contracts. Business areas are responsible for monitoring and control business risks from supply and demand in the transport market where they play a central part in routine reporting.

### Oil risk

Bunker oil is a significant element of expenditure for the company. The figure below shows the development in the crude oil price. The oil price rose considerably in 1999 and 2000. After falling in 2001 the oil price has again risen significantly in 2002 and this trend has continued in the beginning of 2003 because of the possibility of a war with Iraq.



The oil risk is managed by means of financial instruments (oil swaps/options). Swaps are fixed monthly and hedging instruments are normally limited to one year at most.

The total consumption of bunker oil amounts to approximately one million ton a year. A considerable part of the consumption relates to single cargo contracts on the spot market for which the pricing is based on the current price on fuel and BAF-cargo contracts (contracts of affreightment with Bunkers Adjustment Factor).

For the year 2002, approximately 15% of 2002 total oil consumption was hedged by means of financial instruments saving the company USD 3 million (DKK 21 million) on oil. At year-end 2002, 9% of total 2003 forecast oil consumption had been hedged. The market value of this hedge was USD 0.6 million (DKK 4.2 million). The lower level of hedging is due to the fact that more BAF cargo contracts are entered.

### Liquidity risk

Day-to-day management of liquidity takes place in the JL cash pool comprising the various business areas' surplus liquidity.

At the end of 2002, liquid funds amounted to approximately DKK 482 million, comprised of liquid cash funds and securities.

Surplus funds are placed in deposits and bonds. The risk related to these placements made in DKK and USD is controlled by JL management rules for the duration on the total portfolio of deposits and bonds.

In 2002, the rate of return on the average placement in DKK bonds of DKK 34.5 million over the year was 9.83% compared with the average of 3.48% on three month DKK money market rates.

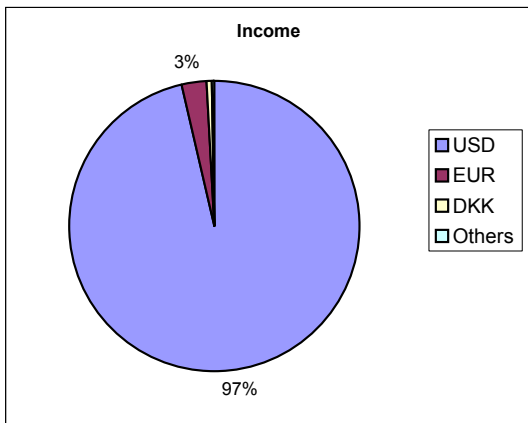
Over the past few years, JL has become partners in several joint-venture companies. The treasury department manages the accounts of these joint-venture companies. These accounts are not included in the central cash pool but surplus liquidity is managed in accordance to instructions from the respective Boards.

### Currency risk

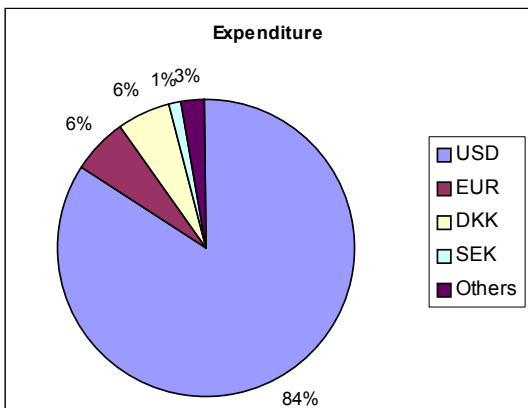
Foreign currency risk arises as a result of ongoing earnings in foreign currencies (almost exclusively in USD), and expenditure in DKK, EUR and other foreign currencies. This risk mainly relates to net

USD cash flow (defined as EBITDA deducted for instalments and interest on USD loans).

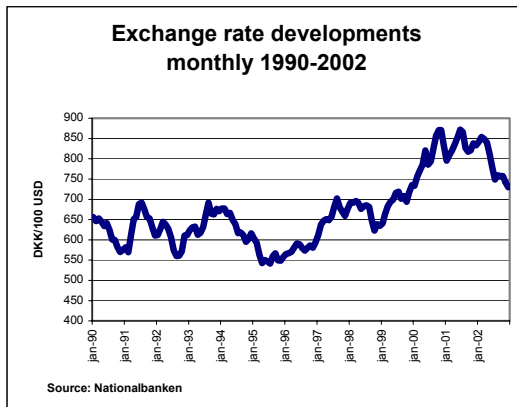
JL's policy is to limit the effects of exchange rate fluctuations primarily on JL's cash flow and secondly on the DKK-net results. This is achieved through foreign currency management, mainly by forwards and options currency transactions.



JL's income is almost exclusively in USD, 97% as shown in the figure, but this is offset to a significant degree by a "natural hedge" because JL's expenditures are also to a large extent in USD, 84%. Ship costs, hire for chartered vessels and bunker oil are all denominated in USD. In addition, a considerable part of the fleet is financed by loans raised in USD, which also functions as a hedge of the company's future USD income.



After rising for several years, the time of "the strong USD" appeared to have come to an end in 2002. The USD has fallen significantly early 2003, dropping back to levels not seen since 1999. However, viewed over the past decade, the USD is still relatively strong.



JL's net USD cash flow for 2002, amounting to a total of USD 40 million, was sold at an average DKK exchange rate of 850. For 2002, the average spot exchange rate (calculated from the daily fixings from the Danish National Bank) was 788.12. The average exchange rate at the dates of actual delivery of JL's underlying commercial transactions was 781 resulting in a profit of DKK 27.6 million on currency hedging transactions in 2002.

At the end of 2002, the contractual total value of JL's forward and option currency transactions amounted to USD 35 million with a market value of DKK 19 million at year-end.

As from 2003, JL will change its internal financial focus from DKK accounts to USD accounts although there is still a legal obligation to submit accounts in DKK. In relation to the management of currency risk this implies that it is the USD equivalents of cost currencies that are hedged as of 2003.

The estimated costs in 2003 denominated in DKK amount to the equivalent of USD 28 million have been covered at a forward exchange rate of 749 and those denominated in SEK amounting to the equivalent of USD 4 million have been covered at a forward exchange rate of 969.

If the USD exchange rate was to change by 1% for all cost currencies, this would affect 2003 results by USD 650,000 (DKK 4.6 million).

Currency risk for fixed assets mainly relates to vessels. The basis for depreciation of individual vessels is translated at the time of acquisition from primarily USD to DKK. The book value of the vessels (in DKK) is reviewed on a regular basis for utility value and in the light of valuations in USD made by a panel of independent shipbrokers, so fluctuations in the USD currency exchange rate against DKK can affect the values of ships measured in DKK.

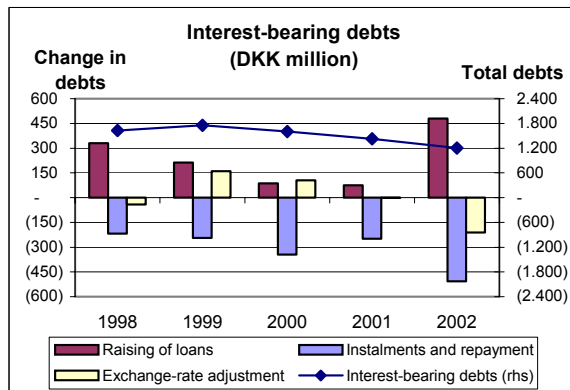
A corresponding currency risk applies to vessels financed by DKK loans or other non-USD currencies against collateral in the vessels valued in USD. In some cases a minimum value clause is applied to the collateral in relation to the remaining debt. In such circumstances, the risk relates to the adequacy of the collateral calculated in DKK. JL does not cover this risk using currency forwards or options but by ensuring that part of the JL-owned fleet is not mortgaged for loan purposes in any way and also by having adequate liquid reserves.

At the end of 2002, the currency composition of total debt (excluding the effect of swaps) was 81% in USD and 19% in DKK. During 2002 a large part (about 72%) of DKK debt was swapped into USD debt at a rate of DKK 880. Including the effect of these currency swaps, total debt was 92% in USD and 8% in DKK. The continuing conversion of DKK debt to USD reduces total exchange rate exposure for the company

### Interest risk

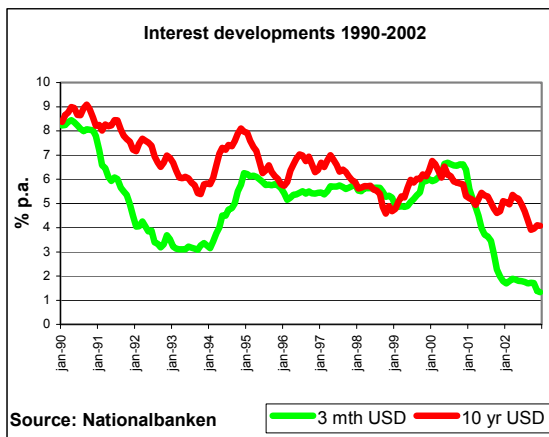
JL's interest-bearing debt amounted to DKK 1,205 million at year-end 2002 compared to DKK 1,444 million at the end of 2001. A summary of the instalment profile is provided in note 22.

Interest risk relates to net interest bearing debt (cf. graph) less holdings of convertible securities and cash funds. Considering net interest bearing debt and financial contracts entered into, a 1% change in the general level of interest will result in a change in interest cost for 2003 of approximately DKK 5.1 million.



At the end of 2002, the fixed and variable interest rate debt (excluding the effect of interest rate swaps), were distributed with 44% at fixed rates and 56% at variable rates. Including the effects of interest rate swap contracts the corresponding figures were 47% fixed and 53% variable. The market value of the company's currency and interest rate swaps at year-end 2002 were USD 3.9 million/DKK 27.2 million:

During the course of the year 2002, USD interest rate swaps were entered into and terminated again, resulting in total accrued savings of USD 0.3 million (DKK 2.1 million) on the interest payments on the relevant loans that were swapped.



As was the case in 2001 there have also been large movements in interest rates during 2002. The Federal Reserve's expansive monetary policy pushed US short-term rates even further down in 2002 after the significant fall in 2001. US short-term interest rates are now at historically low levels, not seen since the 1960s. Short-term rates have also fallen in Europe and in Japan levels are still very close to zero. Long-term rates have also moved down and in the US even more so than the short-term rates, resulting in a flattening of the USD yield curve.

The development in 2002 is illustrated below:

<b>Currency</b>	<b>End 2001</b>	<b>End 2002</b>
<b>USD</b>		
6 month	1.98%	1.38%
10 year	5.92%	4.21%
<b>DKK</b>		
6 month	3.58%	2.96%
10 year	5.42%	4.54%

Because of the expectation that the activity in the world economy will remain at a low level at least in the first part of 2003, interest rates are expected to stay low or even drop more. During 2003, JL expects to convert more of the company's variable rate interest debt into to fixed rate interest debt using such financial instruments by means of interest rate swaps.

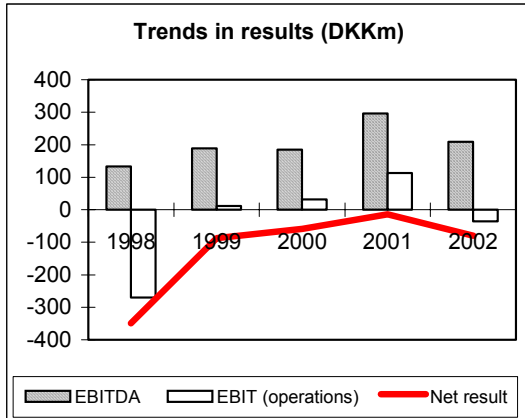
### **Credit risk**

JL's credit risks mainly stem from freight accounts receivable, as well as prepaid charter fees. There is also the risk involved in JL's trading in financial instruments, securities and in placing cash funds. JL minimizes the credit risk relating to trading financial instruments and the placement of liquid funds by only trading with financial institutions with a high international credit rating.

The risk represented by other contracting parties is not regarded as exceptional. In previous years, there has only been minimal loss on debtors and the same applied in 2002.

## Accounting report

The accounting report covers the group 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 group accounts for Vesterhavet A/S.



EBITDA was DKK 209.8 million, down DKK 85.5 million compared to 2001.

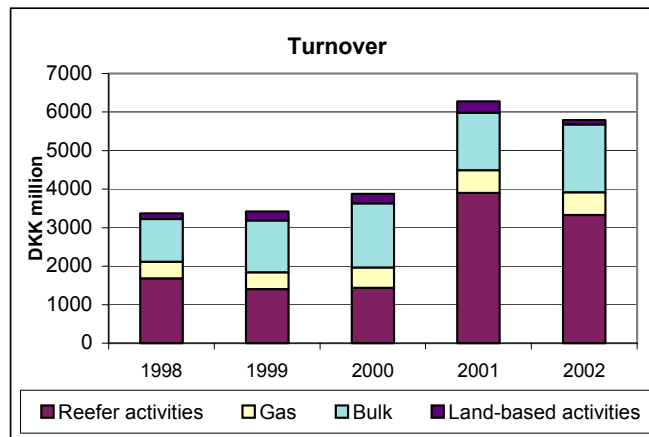
The net result after tax and minority interests for 2002 was a loss of DKK (155.9) million, down DKK 141.9 million on a loss of DKK (14) million in 2001.

At the end of 2002, equity amounted to DKK 1,018 million, a decrease of FKK 89 million on DKK 1,107 million at year-end 2001. Solvency ratio raised from 33% at year-end 2001 37% at year-end 2002.

The balance sheet fell from DKK 3,329 million at year-end 2001 to DKK 2,745 million at the end of 2002.

## Profit and Loss Account

In 2002, a DKK 5,791 million, turnover was down 8% on the DKK 6,276 reported in 2001. The partial divestment of the Arctic Reefer Ltd. pool related to the establishment of Reefership and the change in commercial management of smaller gas carriers below 3,000 cbm now being managed by Sigas Kosan. These changes reduced turnover by approx. 8%.



The DKK 558 million decrease in reefer turnover to DKK 3,343 million in 2002 was due to the partial divestment of the Arctic Reefer Ltd. pool operation, now accounted for as an associated company, a decline in reefer rates and a fall in the average USD/DKK exchange rate. This was partly off-set by turnover from agency and warehousing activities transferred from land-based activities to the reefer segment at the beginning of 2002.

The turnover for the gas segment of DKK 592 million was in line with 2001.

The DKK 272 million increase in turnover to DKK 1,758 million for the bulk segment was due to the 23% increase in ship-days and the impact of hedging USD against DKK, although this was partly off-set by lower bulk rates in 2002.

The DKK 180 million fall in turnover to DKK 116 million for land-based activities was a result of the transfer of agency and warehousing activities to LauritzenCool AB at the beginning of 2002, the termination and down-sizing of the remaining activities and the effect of the devaluation of the Argentine peso.

Hire of chartered vessels was DKK 2,835 million compared to DKK 2,833 million in 2001. This was due to the partial divestment of the Arctic Reefer Ltd. pool and redelivery of chartered reefer vessels, off-set by the effect of increased activity level within the bulk segment.

Cost of ships, including docking, was DKK 236 million in 2002 compared to DKK 182 million in 2001. The increase was primarily due to the purchase of the four gas carriers and that four reefer vessels were docked in 2002.

Other operating costs, including bunkers, port expenditures and other voyage-related costs, comprised DKK 2,093 million in 2002, down from DKK 2,593 million in 2001. The decrease was mainly due to the partial divestment of the Arctic Reefer Ltd. pool and the transfer of small gas carriers below 3,000 cbm to the 50% owned Sigas Kosan.

Total staff and other administration expenses amounted to DKK 457 million, down from DKK 468 million in 2001.

In 2002, one gas carrier was sold for scrapping at an accounting loss of DKK 7 million and four vessels were sold to the 50/50 joint venture, LauriTen Ltd., generating an accounting loss of DKK 5 million due to a lower USD exchange rate. One gas carrier sold in 2001 giving an accounting profit of DKK 11 million.

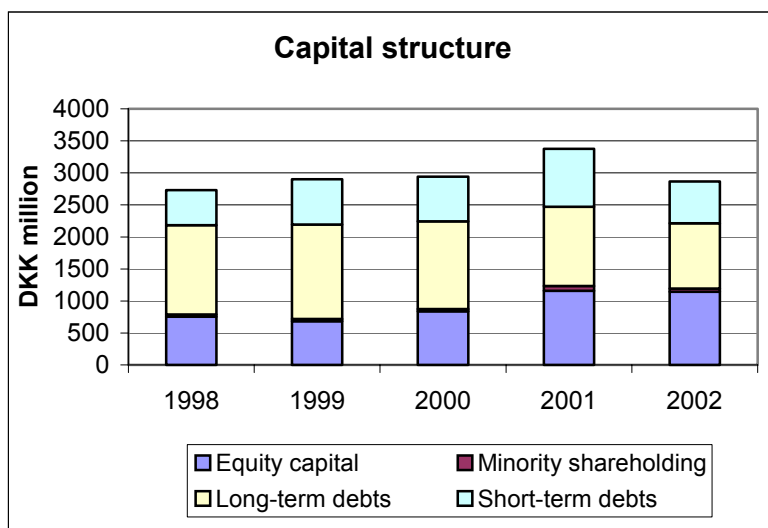
Depreciation and write-downs in 2002 amounted to DKK 310 million, which is DKK 116 million more than the DKK 194 million reported in 2001. The increase was mainly due to the acquisition of four gas carriers and write-down of DKK 115 million on vessels and goodwill.

Share of results in associated companies amounted to DKK 6 million, up from DKK 3 million in 2001. The increase derived from the 50% holdings in LauriTen Ltd. (from October 2002) and Handyventure Ltd. (from February 2002).

Net financing costs fell to DKK 86 million in 2002, down from DKK 110 million in 2001. This was due to improved liquidity resulting from the DKK 400 million increase in capital in mid-2001, repayment of long-term debt as well as lower interest rates.

The ordinary result before tax for 2002 was a loss of DKK (192.5) million as opposed to a profit of DKK 6 million in 2001. The year's net result was a loss of DKK (155.9) million compared to a loss of DKK (14.0) million in 2001.

## Balance sheet



At the end of 2002, total assets amounted to DKK 2,745 million, down from DKK 3,329 million at year-end 2001.

Goodwill amounted to DKK 117 million at year-end 2002 compared to DKK 155 million at year-end 2001 and relates to the acquisition of Cool Carriers AB as of January 1, 2001.

Vessels are included in the balance sheet at acquisition price, less accumulated depreciation and write-downs. Their book value, which totalled DKK 1,457 million at year-end 2002, is compared

with the vessels' recoverable amount (the greater of utility value and net selling price). The value of a vessel is written down when the recoverable value of the asset is significantly lower than its book value. The assessment is made on an asset-by-asset basis. Based on the assessment, fleet was written down by DKK (94.8) million.

The total value of the fleet, calculated on the basis of brokers' valuations is, for the Group as a whole, higher than the vessels' book value. Brokers' valuations for own tonnage amounted to a total of USD 188 million. The evaluation of bareboat-chartered tonnage amounted to a total of USD 52 million whereas the value of ships owned in joint ventures amounted to a total of USD 76 million.

Current assets declined from DKK 1,237 million at year-end 2001 to DKK 980 million at the end of 2002. The DKK 257 million decrease was due to the drop in the USD/DKK exchange rate and the partial divestment of Arctic Reefer Ltd. Current assets include a deferred tax asset of DKK 35 million at year-end 2002 (DKK 57 million at year-end 2001).

In 2002, equity capital dropped with DKK 89 million to DKK 1,018 million. Return on equity was (15.0)% compared to (1.3)% in 2001.

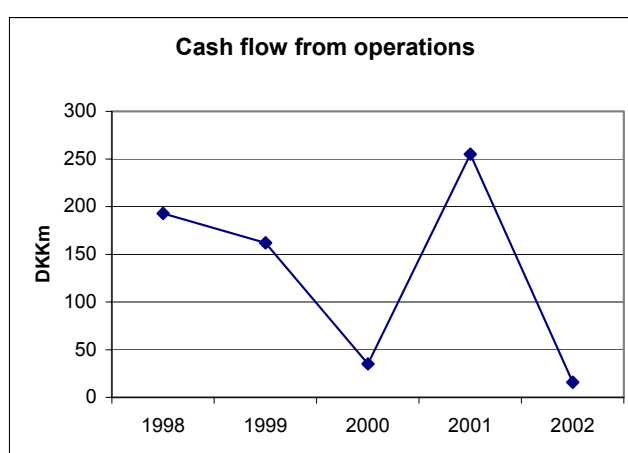
At the end of 2002, total debt amounted to DKK 1,676 million down from the DKK 2,144 million reported for 2001. Long-term debt, including next year's repayments, fell by DKK 238 million, while other short-term debt fell by DKK 226 million.

## Cash flow

At the end of 2002, total liquid funds amounted to DKK 482 million compared to DKK 646 million at year-end 2001.

Cash flow from operations totalled DKK 16 million in 2002 compared to DKK 255 million in 2001.

Cash flow from investment activities declined in 2002 to DKK 114 million from DKK 333 million in 2001 mainly as a result of the acquisition of Cool Carriers AB in 2001.



Cash flow from financing activities amounted to DKK (22) million in 2002, down from DKK 118 million in 2001. The decrease was attributable to the DKK 400 million increase in capital in 2001.

## Transactions with related parties

Related parties comprise the 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.

## Management report

The Board of Directors and the Executive Management have today reviewed and approved the annual accounts for 2002 for J. Lauritzen A/S.

The annual accounts are presented in compliance with the Danish Financial Statement Act for class C companies (large companies) and applicable Danish Accounting Standards. We regard the

accounting policy employed as appropriate, such that the annual accounts provides a true and fair view of the Group's and the parent company's assets, liabilities, financial position and result for the year.

The annual account is submitted for the approval of the General Meeting.

Copenhagen, 24 March 2003.

### Executive Management

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Torben Janholt  
President & CEO

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Birgit Aagaard-Svendsen  
Executive Vice President & CFO

### Board of Directors

---

Leif Juul Jørgensen  
Chairman

---

Vagn Rosenkilde  
Vice Chairman

---

Ole Jacob Diesen

---

Niels Heering

---

Ole Lauritzen

---

Ingar Skaug

---

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 2002.

The annual report is the responsibility of the Company's Board of Directors and Board of Executives. 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 Executives, as well as evaluating the overall annual report presentation. 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 Group's and the Parent Company's financial position at 31 December 2002 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 2002 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Copenhagen, 24 March 2003

KPMG C. Jespersen

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Kurt Gimsing  
State-authorized public accountant

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Lars Andersen  
State-authorized public accountant

# Board of Directors and Executive Management

## Board of Directors

**Leif Juul Jørgensen, chairman,**  
Director.  
Chairman of the Board of Directors of:  
MAN B&W Diesel A/S.

Board member of:  
Bornholmstrafikken  
Burmeister & Wain Scandinavian  
Contractors A/S  
Dannebrog Rederi A/S  
Eurocom Industries A/S  
Knud E. Hansen A/S  
Norma og Frode S. Jacobsens Fond  
Samsø Linien A/S  
Semcon A/S.

**Vagn Rosenkilde, vice chairman.**  
President, Danfoss A/S.

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

**Ole Lauritzen, shipowner.**

Board member of:  
Olau-Line ApS.

**Ingar Skaug, president & CEO,**  
Wilh. Wilhelmsen Lines ASA.

Board member of:  
Berg-Hansen Reisebureau AS  
Håg AS  
DFDS A/S.

**Ole Jacob Diesen, director.**

Board member of:  
AMA (Norway) AS  
Dole (UK) Ltd.  
Four Seasons Venture Capital AB  
FSN Capital Holdings  
Oslo Victory II KS.

## Executive Management

**Torben Janholt, president & CEO.**

Vice chairman of:  
Danish Shipowners' Association.

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

**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  
Selda A/S  
Stæhr Holding A/S.

Board member of:  
CCBR A/S (Center for Clinical and Basic Research)  
Danske Private Equity A/S  
Falconbridge Greenland A/S  
Nordic Bioscience A/S  
Ole Mathiesen A/S  
TDC A/S  
Venjo A/S.

**Peder Julian \***  
ISM manager.

**Per Larsen \***  
Controller.

**Claus Pavar \***  
Senior vice president.

Board member of:  
Svendborg International Maritime Academy (SIMAC).

(\* Elected by the employees)

**Birgit Aagaard-Svendsen, executive vice president**  
& CFO.

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

## Business information

Company: J. Lauritzen A/S  
28, Sankt Annae Plads  
P. O. Box 2147  
1291 Copenhagen K

Phone: +45 33 96 80 00  
Fax: +45 33 96 80 01  
Internet: [www.j-lauritzen.com](http://www.j-lauritzen.com)

CBR No. 55 70 01 17      Share capital: DKK 430 million

Board of Directors: Leif Juul Jørgensen, chairman  
Vagn Rosenkilde, vice chairman  
Ole Jacob Diesen  
Niels Heering  
Ole Lauritzen  
Ingar Skaug  
Peder Julan\*  
Per Larsen\*  
Claus Pavar\*

(\* Elected by the employees)

Exec. Management: Torben Janholt, president & CEO  
Birgit Aagaard-Svendsen, exec. vice president & CFO

Auditors: KPMG C. Jespersen

# **Annual Report and Accounts 2002**

## **Part II**

### **Accounts**

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# Accounting Policy

## General

The annual report for 2002 for J. Lauritzen A/S has been prepared in compliance with the Danish Financial Statements Act for Class C companies (large companies) and applicable Danish accounting standards (number 1-19).

## Changes to accounting policy

Due to the new Danish Financial Statements Act and implementation of the accounting standard 14 for "income tax", the following changes to accounting policy have been made:

1. Financial liabilities, where not derivatives or held for trading purposes, are measured at amortised cost. Previously, these liabilities were measured at nominal value and loss due to depreciation on loans was recognised as financial costs at the time the loan is raised. This change had no impact on the profit and loss account or the balance sheet.
2. Exchange-rate adjustments on long-term foreign currency loans raised for hedging of the Group's future currency income are recognised under equity. Previously, exchange-rate adjustments were recognised under other receivables/other debt. In line with previous policy, the exchange-rate adjustments on the long-term foreign currency loans are recognised in the profit and loss account at the time instalments are paid. The change increased equity as at 31<sup>st</sup> December 2002 by DKK 23 million and reduced equity as at 31<sup>st</sup> December 2001 by DKK 186 million.
3. Derivatives are measured at fair value and are recognised under other receivables/other debt. Insofar as these instruments have been entered into to hedge future assets and obligations, changes in their fair value are recognised under equity until the time of recognising such hedged items. The value of financial instruments entered into in order to hedge future assets and liabilities was previously not recognised in the balance sheet. This change increased equity as at 31<sup>st</sup> December 2002 by DKK 26 million (DKK 8 million as at 31<sup>st</sup> December 2001) with a corresponding increase in other receivables.
4. Proposed dividend is recognised as a separate item under equity until adopted by the Annual General Meeting (declaration date) when it is recognised as a liability. Previously, any

proposed dividend not yet adopted by the Annual General Meeting was recognised as short-term debt. These changes have had no impact on the profit and loss account or the balance sheet.

5. Applying the accounting standard 14 implies recognition of a total tax asset of DKK 357 million as at 31 December 2002, of which DKK 35 million are expected to be used either to offset tax on future income or to be set against deferred tax liabilities within the same legal taxation unit and jurisdiction. This has meant an increase in equity as at 31<sup>st</sup> December 2002 of DKK 31 million (DKK 53 million at 31<sup>st</sup> December 2001) and a corresponding increase in current assets. Furthermore, the change has meant an increase in the net result of DKK 49 million for 2002 and a decrease in the net result for 2001 of DKK 20 million.

Comparative figures together with main and key figures for 2001 have been restated in line with these changes to accounting policy.

Re-building of vessels relating to extension of service life or measures to enhance income potential are now capitalised and depreciated over residual service life. Previously, re-buildings costing less than DKK 500,000 were expensed as incurred.

As the latter changes to the accounting policy are not material, comparative figures together with main and key figures have not been restated.

Furthermore, the accounting estimate regarding the depreciation period for bulk carriers has been changed from 17 years to 20 years. The change in accounting estimate has not caused any significant change in equity or net result.

## Group Accounts

The Group accounts cover the parent company, J. Lauritzen A/S and subsidiaries in which J. Lauritzen either directly or indirectly holds more than 50% of the voting rights or has in some other way a controlling interest. Companies in which the Group holds between 20% and 50% of the voting rights and exercises significant but not a controlling interest are considered associated companies.

Group accounts are prepared by consolidating the parent company's and the individual subsidiaries' accounts, all of which are prepared in compliance with Group accounting policy.

In consolidation, all inter-company income and costs, participating interests, inter-company accounts and dividends, and realised and unrealised gains and losses on transactions between the consolidated companies are eliminated.

Participating interests in subsidiaries are offset against an appropriate share of the subsidiary company's equity value at the time of acquisition.

Newly acquired or newly established companies are included in the Group accounts from the time of acquisition. Companies disposed of or liquidated are included in the Group profit and loss account up to the time of disposal or liquidation. Comparative figures are not adjusted for new company acquisitions or disposals, or for liquidated companies.

The purchase method is applied for company acquisitions, according to which assets and liabilities identified in the new acquisition are measured at fair value on the day of acquisition. Provision is made for costs relating to agreed and publicly announced restructuring measures upon acquisition in the acquired company.

Positive differences (goodwill) between the purchase price and fair value of the acquired and identified assets and liabilities, including provision for costs of restructuring measures, are recognised as goodwill under intangible fixed assets. The goodwill is systematically amortised over the profit and loss account according to an individual evaluation of service life, though not exceeding ten years. Any negative differential (negative goodwill) in line with forecast unfavourable developments in the company concerned is recognised in the balance sheet under accruals and recognised in the profit and loss account as unfavourable developments are realised. With respect to any negative goodwill not relating to forecast negative performance, an amount corresponding to the fair value of non-monetary assets is recognised in the balance sheet. This amount is subsequently recognised in the profit and loss account in accordance with the average service life of the non-monetary asset and any remaining negative goodwill is recognised in the profit and loss account at the time of acquisition.

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

Profit or losses from disposal or liquidation of subsidiaries and associated companies are measured as the difference between the proceeds

from disposal or liquidation and the book value of the net assets at the time of sale, including any non-amortised goodwill as well as any expected costs deriving from the sale or liquidation.

## **Minority interests**

Subsidiaries' accounts are fully recognised in the Group accounts. Minority interests' proportional share of the results and equity of subsidiaries is adjusted on an annual basis and recognised as separate items in the profit and loss account and in the balance sheet.

## **Foreign currency transactions**

Transactions in foreign currencies are translated at the exchange rate on the date when initially recognised. Exchange-rate adjustments due to differences between the rates on transaction and payment dates are recognised in the profit and loss account under financial income and costs.

Receivables, debts and other monetary items in foreign currencies not settled on balance sheet date are translated to the exchange rate on balance sheet date. The difference between the rate on balance sheet date and the rate at which the receivables or debts were first incurred or recognised in the last annual financial statement is recognised in the profit and loss account under financial income and costs.

When consolidating foreign subsidiaries or associated companies that are independent entities, the profit and loss account is translated at the month-end exchange rate, and the balance sheet is translated at the exchange rate on the balance sheet date. Exchange rate adjustments from translation of the opening balance of foreign subsidiary companies' equity and from translation of the profit and loss account at the month-end exchange rate compared to the rate on the balance sheet date are recognised under equity.

Exchange-rate adjustments on inter-company accounts with independent foreign subsidiaries regarded as a 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.

When recognising the accounts of foreign subsidiaries that are integrated entities, monetary items are translated at the rate on balance sheet date. Non-monetary items are translated at the rate on acquisition date or at the time of

subsequent revaluation or write-down of the asset. Profit and loss account items are translated at the exchange rate on transaction date, except for items deriving from non-monetary items that are recognised at the rates applying to non-monetary items.

## **Financial instruments**

Financial instruments are initially recognised in the balance sheet at cost price and thereafter at fair value. The fair value (positive and negative) of financial instruments is recognised under other receivables and other debt respectively.

Any changes in the fair value of financial instruments classified as, and which fulfil the conditions for hedging the value of a recognised asset or liability, are recognised in the profit and loss account together with the change in value of the hedged asset or liability.

Changes in fair value of financial instruments classified as, and which fulfil the conditions for hedging future assets or liabilities, are recognised under equity. Income and costs relating to such hedging instruments 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 for hedging the Group's future currency income, exchange-rate adjustments arising from the difference in the original rate of the long-term foreign currency loans and the rate on balance sheet date are recognised under equity. Exchange rate adjustments are recognised in the profit and loss account at the time instalments are paid.

Changes in the fair value of financial instruments that do not fulfil the conditions for classification as hedging instruments are recognised in the profit and loss account as incurred.

Changes in the fair value of financial instruments used to hedge net investments in independent foreign subsidiaries or associated companies are recognised under equity.

## **Profit and loss account**

### **Recognition of income and costs**

Income and costs are recognised in the profit and loss account on an accrued basis. A proportional share of the expected results of voyages in

progress at year-end is recognised in the profit and loss account.

Turnover and operating costs for pools operated by the company are included in the profit and loss account.

### **Costs of ships**

Costs of ships include maintenance and repairs, insurance of hulls and machinery, consumption of lubricants, 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 proportional share of subsidiaries' pre-tax results, after full elimination of inter-company profits/losses and deductions for amortised goodwill, is recognised in the parent company's profit and loss account. The share of subsidiaries' tax on profit and extraordinary items is recognised under tax on ordinary result and under extraordinary items respectively.

A proportional share of associated companies' pre-tax results, after proportional elimination of inter-company profits/losses and deduction for amortised goodwill, is recognised in the parent company's profit and loss accounts and in the Group's profit and loss account. The share of associated companies' tax on profit and extraordinary items is recognised under tax on ordinary result and under extraordinary items, respectively.

### **Financial income and costs**

Financial income and costs include interest income and interest costs, adjustments to the value of securities, debts and foreign currency transactions, calculated interest costs on financial leasing liabilities recognised in the balance sheet as well as amortisation of financial assets and liabilities. Financial income and costs are recognised at the amounts relating to the financial year.

### **Extraordinary items**

Extraordinary income and costs include income and costs deriving from events or transactions that obviously lie outside ordinary operations and which

are non-recurring and beyond the company's control.

## Tax on the year's result

Corporate tax for the year comprises the actual tax liability for the year and adjustments for deferred tax. The proportion of corporate tax for the year attributable to the year's result is recognised in the profit and loss account and the element of corporate tax attributable to items under equity is recognised under equity. Tax recognised in the profit and loss account that relates to extraordinary income and costs is recognised under extraordinary items, with the remainder of tax being recognised as tax on ordinary result.

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

## Balance sheet

### Intangible fixed assets

Intangible fixed assets are capitalised and amortised in the profit and loss account over expected service life although not, however, in excess of ten years. The book value of the intangible fixed asset is assessed on a regular basis. Should it be ascertained that a significant reduction in the value of the asset has occurred, the asset is written down to the lower value.

### Tangible fixed assets

Vessels, land and buildings together with machinery and equipment are measured at purchase price less accumulated depreciation.

The purchase price of newbuildings includes the purchase price and costs directly connected with the purchase until the time the vessel is ready for service; that is the contractual construction costs, delivery to the shipowner, supervision, consulting fees associated with the contracting process and registration costs.

Interest costs on loans for financing newbuildings which relate to the construction period are included in the purchase price. All further financing costs are recognised in the profit and loss account.

Where intended to extend service life or to improve the earning potential, re-builds of vessels are capitalised as tangible fixed assets and depreciated over the residual depreciation period. Costs associated with other improvements and maintenance of vessels are expensed as incurred.

The value of a vessel is written down when the recoverable amount (the larger amount of the utility value and the net selling price) is significantly lower than its book value. The assessment is made on an asset-by-asset basis.

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

The straight-line method is applied using the following depreciation periods:

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

The residual value of vessels is set at 10% of the purchase price. When a vessel has been written down to 10%, its value is amortised on the straight-line method based on an assessment of the residual service life and a conservative estimate for scrap value.

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

### Participating interests in subsidiaries and associated companies

Participating interests in subsidiaries and associated companies are recognised using the equity method.

Participating interests in subsidiaries and associated companies are recognised in the balance sheet at the proportional share of the company's equity measured according to Group accounting policy and with the deduction or addition of unrealised inter-company profits and losses and with the addition or deduction of the residual value of positive or negative goodwill respectively.

Subsidiaries and associated companies with negative equity value are measured at DKK 0 and any receivables due from these companies are

written down by the parent company'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 for liabilities insofar as the parent company has a legal or actual obligation to cover the company's negative balance.

Net revaluation of participating interests in subsidiaries and associated companies is transferred under equity to net revaluation reserve according to the equity method insofar as the equity value exceeds price of acquisition.

For subsidiary acquisitions, the purchase method is applied, as described above under Group financial statements.

## **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 as costs on the time of purchase.

## **Receivables**

Receivables are measured at amortised cost. Reservations are made to meet anticipated losses.

## **Accruals**

Accruals recognised under assets include payments relating to costs in subsequent financial years.

## **Other securities and capital shares**

Other securities and capital shares recognised under financial fixed assets are valued at acquisition price or less.

Listed securities and capital shares recognised under current assets are measured at fair value on balance sheet date.

## **Equity**

Proposed dividend is recognised as a separate item under equity until adopted by the Annual General Meeting (declaration date) when it is recognised as a liability.

## **Corporate/deferred tax**

Corporate tax liabilities and receivables are recognised in the balance sheet as tax calculated

on the year's taxable income adjusted for tax on previous years' taxable income.

Deferred tax is measured according to the balance sheet liability method as all temporary differences between the book value of 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 the 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 against tax on future income or on deferred tax liabilities within the same legal taxation unit and jurisdiction.

## **Financial debt**

Debt to mortgage credit institutions and credit institutions is recognised at draw-down date at 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 profit and loss account over the lifetime of the loan.

The net present value of the remaining liability under a financial lease contract is also recognised under financial debt.

Other debt, which includes debts to suppliers, affiliated and associated companies and other debt, is measured at amortised cost.

## **Accruals**

Accruals recognised under liabilities include any negative goodwill as described under consolidation policy above, and payments received relating to income in subsequent financial years.

## **Cash flow statement**

The cash flow statement shows the Group's cash flows for the year, divided into operational, investment and financing activities for the year, changes in liquid assets for the year as well as the

Group's liquid assets at the beginning and at the end of the year.

Cash flows from operations are calculated as the Group's share of results adjusted for non-cash operational items, changes in working capital and corporate tax payments.

Cash flows from investment activities cover payments relating to acquisition and disposal of companies and activities together with the purchase and sale of intangible, tangible and financial fixed assets.

Cash flows from financing activities cover changes in the size or mix of the Group's share capital including related costs, proceeds from new loans, instalments of interest-bearing debt and dividend payments to shareholders.

Liquid assets include bank deposits and short-term securities that without restrictions can be exchanged into cash funds and where there is insignificant risk of value fluctuations, with the deduction of short-term bank loans.

## **Segment data**

Segment data on key business areas is disclosed in line with the Group's internal financial management, risks and accounting policies, although no information on geographical segmentation is given since this would not give a true and fair view of the company.

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, accruals and liquid assets.

Segment liabilities comprise liabilities deriving from the segment's operations, including trade payables and other debts.

**Notes Profit and loss account**

	<b>Group</b>		<b>Parent company</b>	
	2002	2001	2002	2001
	DKK '000	DKK million	DKK '000	DKK million
<b>Income</b>				
1 Turnover	5.791.239	6.276	123.770	127
Other operating income	39.882	96	52.462	52
	<b>5.831.121</b>	<b>6.372</b>	<b>176.232</b>	<b>179</b>
Hire of chartered ships	(2.835.073)	(2.833)	-	-
Costs of ships	(236.123)	(182)	(44.806)	(42)
Other operating costs	(2.093.373)	(2.593)	-	-
2 Staff costs, office and fleet	(331.861)	(332)	(36.587)	(29)
3 Other sales and administrative costs	(124.865)	(136)	(32.341)	(32)
	<b>(5.621.295)</b>	<b>(6.076)</b>	<b>(113.734)</b>	<b>(103)</b>
<b>Result before depreciation</b>	<b>209.826</b>	<b>296</b>	<b>62.498</b>	<b>76</b>
4 Profit and loss on sale of ships	(12.048)	11	0	13
5 Write-downs and depreciation	(309.989)	(194)	(26.000)	(26)
	<b>(112.211)</b>	<b>113</b>	<b>36.498</b>	<b>63</b>
<b>Operating income</b>	<b>(112.211)</b>	<b>113</b>	<b>36.498</b>	<b>63</b>
16 Ordinary result before tax in subsidiaries	-	-	(212.099)	15
17 Ordinary result before tax in associated companies	5.701	3	(152)	0
6 Financing income	21.892	24	37.788	23
7 Financing costs	(107.907)	(134)	(52.737)	(90)
	<b>(192.525)</b>	<b>6</b>	<b>(190.702)</b>	<b>11</b>
<b>Ordinary result before tax</b>	<b>(192.525)</b>	<b>6</b>	<b>(190.702)</b>	<b>11</b>
8 Tax on ordinary result	34.765	(25)	34.765	(25)
	<b>(157.760)</b>	<b>(19)</b>	<b>(155.937)</b>	<b>(14)</b>
<b>Ordinary result after tax</b>	<b>(157.760)</b>	<b>(19)</b>	<b>(155.937)</b>	<b>(14)</b>
Extraordinary result after tax	0	0	0	0
	<b>(157.760)</b>	<b>(19)</b>	<b>(155.937)</b>	<b>(14)</b>
<b>Result for the year</b>	<b>(157.760)</b>	<b>(19)</b>	<b>(155.937)</b>	<b>(14)</b>
21 Minority shareholders' share of result in subsidiaries	1.823	5	-	-
	<b>(155.937)</b>	<b>(14)</b>	<b>(155.937)</b>	<b>(14)</b>
<b>The J. Lauritzen Group's share of the result</b>	<b>(155.937)</b>	<b>(14)</b>	<b>(155.937)</b>	<b>(14)</b>
Transferred to other reserves			(155.937)	6
			<u>(155.937)</u>	<u>6</u>

Notes	Balance	Group		Parent company	
		2002	2001	2002	2001
		DKK '000	DKK million	DKK '000	DKK million
	<b>Assets</b>				
	<b>Fixed assets</b>				
	<b>Intangible fixed assets</b>				
9	Patents	10.503	15	-	-
10	Goodwill	117.474	155	-	-
		<u>127.977</u>	<u>170</u>	<u>-</u>	<u>-</u>
	<b>Tangible fixed assets</b>				
11	Ships	1.171.046	1.413	-	-
12	Financially leased ships	285.823	311	285.823	311
13	Land and buildings	35.180	94	-	-
14	Machinery and equipment	33.956	53	644	1
15	Prepayment on fixed assets	1.608	17	-	-
		<u>1.527.613</u>	<u>1.888</u>	<u>286.467</u>	<u>312</u>
	<b>Financial fixed assets</b>				
16	Investments in subsidiaries	-	-	547.193	864
17	Investments in associated companies	103.864	23	420	1
18	Other capital shares	0	0	-	-
19	Other receivables	5.116	11	-	-
		<u>108.980</u>	<u>34</u>	<u>547.613</u>	<u>865</u>
	<b>Fixed assets</b>	<b>1.764.570</b>	<b>2.092</b>	<b>834.080</b>	<b>1.177</b>
	<b>Current assets</b>				
	Stocks	89.134	79	176	-
	<b>Receivables</b>				
	Trade receivables	160.023	207	-	-
	Other receivables	83.213	123	22.296	4
	Receivable from parent company	609	1	609	1
	Receivables from subsidiaries	-	-	467.940	457
	Receivables from associated companies	25.993	2	4.816	7
	Deffered tax assets	35.216	57	25.000	42
	Prepayments	75.606	122	0	13
		<u>380.660</u>	<u>512</u>	<u>520.661</u>	<u>524</u>
26	Securities	50.192	166	50.192	165
25	Bank deposits	459.982	480	371.699	151
	<b>Current assets</b>	<b>979.968</b>	<b>1.237</b>	<b>942.728</b>	<b>840</b>
	<b>Assets</b>	<b>2.744.538</b>	<b>3.329</b>	<b>1.776.808</b>	<b>2.017</b>

Notes	Balance	Group		Parent company	
		2002	2001	2002	2001
		DKK '000	DKK million	DKK '000	DKK million
	<b>Liabilities</b>				
	<b>Equity</b>				
	Share capital	430.000	430	430.000	430
	Share premium account	0	270	0	270
	Other reserves	588.470	407	588.470	407
20	<b>Equity</b>	<b>1.018.470</b>	<b>1.107</b>	<b>1.018.470</b>	<b>1.107</b>
21	Minority shareholders' share of equity	46.116	74	-	-
	<b>Provisions</b>				
8	Deffered tax	4.335	4	0	0
		4.335	4	0	0
	<b>Debt</b>				
22	<b>Long-term debt</b>				
	Mortgages on ships	499.916	562	-	-
	Debt concerning financial leasing	506.772	656	506.772	656
	Bank debt	15.109	24	-	-
		1.021.797	1.242	506.772	656
	<b>Short-term debt</b>				
22	Short-term portion of long-term debt	182.755	201	47.488	52
25	Bank debt	440	45	12.480	43
	Trade payables	273.771	194	12.743	14
	Other payables	46.316	308	4.981	27
	Prepayments	115.992	149	0	5
	Debt to affiliated companies	-	-	146.020	113
	Debt to associated company	27.854	0	27.854	-
8	Corporate tax	6.692	5	-	-
		653.820	902	251.566	254
	<b>Debt</b>	<b>1.675.617</b>	<b>2.144</b>	<b>758.338</b>	<b>910</b>
	<b>Equity, provisions and liabilities</b>	<b>2.744.538</b>	<b>3.329</b>	<b>1.776.808</b>	<b>2.017</b>
27	Mortgages				
28	Contingent liabilities				
29	Contractual commitments				

**Equity statement****Group**

DKK million

	Share capital	Share premium account	Net revaluation accounting to the intrinsic value method	Result carried forward	Proposed dividend	Total
Equity 1/1 2001	300.000	145.000	-	392.252	-	837.252
Change in accounting policy	-	-	-	(120.095)	-	(120.095)
<b>Corrected equity 1/1 2001</b>	<b>300.000</b>	<b>145.000</b>	<b>0</b>	<b>272.157</b>	<b>0</b>	<b>717.157</b>
Transfer of share premium account	-	(145.000)	-	145.000	-	0
Capital increase	130.000	270.000	-	-	-	400.000
Result for the year	-	-	-	(13.739)	-	(13.739)
Exchange rate adjustments concerning foreign companies	-	-	-	(9.730)	-	(9.730)
Value adjustment of hedging measures 31/12	-	-	-	(177.889)	-	(177.889)
Carrying back of value adjustment of hedging measures 1/1	-	-	-	197.495	-	197.495
Tax on equity movements	-	-	-	(5.900)	-	(5.900)
<b>Equity 31/12 2001</b>	<b>430.000</b>	<b>270.000</b>	<b>0</b>	<b>407.394</b>	<b>0</b>	<b>1.107.394</b>
Equity 1/1 2002	430.000	270.000	0	533.345	0	1.233.345
Change in accounting policy	-	-	-	(125.951)	-	(125.951)
<b>Corrected equity 1/1 2001</b>	<b>430.000</b>	<b>270.000</b>	<b>0</b>	<b>407.394</b>	<b>0</b>	<b>1.107.394</b>
Transfer of share premium account	-	(270.000)	-	270.000	-	0
Result for the year	-	-	-	(155.937)	-	(155.937)
Exchange rate adjustments concerning foreign companies	-	-	-	(92.516)	-	(92.516)
Value adjustment of hedging measures 31/12	-	-	-	48.840	-	48.840
Carrying back of value adjustment of hedging measures 1/1	-	-	-	177.889	-	177.889
Tax on equity movements	-	-	-	(67.200)	-	(67.200)
Proposed dividend	-	-	-	-	0	0
<b>Equity 31/12 2002</b>	<b>430.000</b>	<b>0</b>	<b>0</b>	<b>588.470</b>	<b>0</b>	<b>1.018.470</b>
<b>Parent company</b>						
DKK million						
Equity 1/1 2001	300.000	145.000	-	392.252	-	837.252
Change in accounting policy	-	-	-	(120.095)	-	(120.095)
<b>Corrected equity 1/1 2001</b>	<b>300.000</b>	<b>145.000</b>	<b>0</b>	<b>272.157</b>	<b>0</b>	<b>717.157</b>
Transfer of share premium account	-	(145.000)	-	145.000	-	0
Capital increase	130.000	270.000	-	-	-	400.000
Result for the year	-	-	-	(13.739)	-	(13.739)
Exchange rate adjustments concerning foreign companies	-	-	-	(9.730)	-	(9.730)
Share of other equity movements in subsidiaries	-	-	-	(5.684)	-	(5.684)
Value adjustment of hedging measures 31/12	-	-	-	(131.479)	-	(131.479)
Carrying back of value adjustment of hedging measures 1/1	-	-	-	156.769	-	156.769
Tax on equity movements	-	-	-	(5.900)	-	(5.900)
<b>Equity 31/12 2001</b>	<b>430.000</b>	<b>270.000</b>	<b>0</b>	<b>407.394</b>	<b>0</b>	<b>1.107.394</b>
Equity 1/1 2002	430.000	270.000	0	533.345	0	1.233.345
Change in accounting policy	0	0	0	(125.951)	-	(125.951)
<b>Corrected equity 1/1 2002</b>	<b>430.000</b>	<b>270.000</b>	<b>0</b>	<b>407.394</b>	<b>0</b>	<b>1.107.394</b>
Transfer of share premium account	-	(270.000)	-	270.000	-	0
Result for the year	-	-	-	(155.937)	-	(155.937)
Exchange rate adjustments concerning foreign companies	-	-	-	(92.516)	-	(92.516)
Share of other equity movements in subsidiaries	-	-	-	92.436	-	92.436
Value adjustment of hedging measures 31/12	-	-	-	2.814	-	2.814
Carrying back of value adjustment of hedging measures 1/1	-	-	-	131.479	-	131.479
Tax on equity movements	-	-	-	(67.200)	-	(67.200)
Proposed dividend	-	-	-	-	0	0
<b>Equity 31/12 2002</b>	<b>430.000</b>	<b>0</b>	<b>0</b>	<b>588.470</b>	<b>0</b>	<b>1.018.470</b>

Notes	Cash flow statement	Group	
		2002	2001
		DKK million	DKK million
	Result of operating income	(112)	113
5	Depreciation carried back	310	194
23	Adjustments	(23)	(14)
24	Change in working capital	(66)	79
	Cash flow from operations before financial items	108	372
	Ingoing financial payments	22	24
	Outgoing financial payments	(105)	(137)
	Cash flow from ordinary operations	25	259
8	Paid corporate tax	(9)	(4)
	<b>Cash flow from operating activities</b>	<b>16</b>	<b>255</b>
	9 Purchase of patents	0	-
12,16	Purchase of ships	(503)	(5)
15	Prepayment on fixed assets	(2)	(17)
	Purchase of company	-	(317)
13	Purchase of land and buildings	(5)	-
14	Purchase of machinery and equipment	(5)	(17)
	Purchase of securities	(28)	-
17	Purchase of associated companies	(83)	-
	Sale of ships	506	14
	Sale of other fixed assets	3	4
17	Dividend received from associated companies	3	5
	<b>Cash flow from investment activities</b>	<b>(114)</b>	<b>(333)</b>
	Financial receivables	6	5
22	Instalment on long-term debt	(508)	(238)
22	Proceeds on raising of loan	479	73
	Capital increase from parent company	-	400
	Financial intercompany accounts with parent company	0	(122)
	<b>Cash flow from financing activities</b>	<b>(22)</b>	<b>118</b>
	Changes for the year in liquid assets	(120)	40
	Addition of liquidity from purchase of company	-	166
	Liquid assets at beginning of year	602	396
25	<b>Liquid assets at end of year</b>	<b>482</b>	<b>602</b>

## Notes

	Group		Parent company	
	2002 DKK '000	2001 DKK million	2002 DKK '000	2001 DKK million

**1 Turnover**

The turnover is allocated to the business areas as follows:

	2002 DKK '000	2001 DKK million	2002 DKK '000	2001 DKK million
Refrigerated trades	3.342.940	3.901	123.770	127
Lauritzen Kosan	591.586	594	-	-
Lauritzen Bulklers	1.757.640	1.485	-	-
Other landbased activities	115.527	296	-	-
Not allocated	(16.454)	-	-	-
	<b>5.791.239</b>	<b>6.276</b>	<b>123.770</b>	<b>127</b>

The company considers a split of the turnover of the shipping activities in geographical areas not relevant for J. Lauritzen's shipping activities.

2002 DKK million	Refrigerated trades	Other landba- sed activities	Lauritzen Kosan	Lauritzen Bulklers	0 Not allocated	Group in total
Turnover	3.342,9	115,5	591,6	1.757,6	(16,5)	5.791,2
Result before depreciation	122,6	7,7	86,7	(5,9)	(1,3)	209,8
Write-downs and depreciation	(149,3)	(5,2)	(147,2)	(8,1)	(0,2)	(310,0)
Profit and loss on sale of ships	-	-	(12,0)	-	-	(12,0)
Operating income	(26,7)	2,5	(72,5)	(14,0)	(1,5)	(112,2)
Ordinary result before tax	(88,8)	2,5	(111,5)	(22,9)	28,2	(192,5)
Result for the year	(96,7)	(3,1)	(110,9)	(23,1)	77,9	(155,9)
Fixed assets	889,8	38,2	812,1	23,8	0,6	1.764,6
Current assets	485,8	54,8	307,9	86,1	41,0	975,6
Segment assets	1.375,6	93,0	1.120,0	109,9	41,7	2.740,2
Debt liabilities	1.280,3	69,6	674,4	51,5	(400,2)	1.675,6
Segment liabilities	95,2	23,4	445,6	58,4	441,9	1.064,6
Average number of employees	431	106	407	38	59	1.041
Profit ratio	(0,8)%	2,2%	(12,3)%	(0,8)%		(1,9)%
Return on investment	(3,4)%	5,3%	(7,9)%	(31,0)%		(6,1)%
Invested capital	788,7	47,1	916,9	45,1	39,1	1.837,0
2001 DKK million	Refrigerated trades	Other landba- sed activities	Lauritzen Kosan	Lauritzen Bulklers	0 Not allocated	Group in total
Turnover	3.900,6	296,0	593,7	1.485,3	-	6.275,6
Result before depreciation	165,2	18,1	117,4	20,0	(25,4)	295,3
Write-downs and depreciation	(86,6)	(14,0)	(88,0)	(4,8)	(0,3)	(193,7)
Profit and loss on sale of ships	-	-	10,6	-	-	10,6
Operating income	78,6	4,1	40,0	15,2	(25,7)	112,2
Ordinary result before tax	5,4	(1,4)	0,8	20,2	(19,2)	5,8
Result for the year	12,7	(2,9)	4,4	14,6	(42,5)	(13,7)
Fixed assets	1.020,7	124,6	905,2	41,3	1,1	2.092,9
Current assets	641,3	133,4	367,0	93,5	(2,8)	1.232,4
Segment assets	1.662,0	258,0	1.272,2	134,8	(1,7)	3.325,3
Debt liabilities	1.511,5	155,7	746,0	49,2	(318,7)	2.143,7
Segment liabilities	150,5	102,3	526,2	85,6	317,0	1.181,6
Average number of employees	315	284	416	39	54	1.108
Profit ratio	2,0%	1,4%	6,7%	1,0%	0,0%	1,8%
Return on investment	9,0%	2,6%	4,4%	31,2%	0,0%	5,6%
Invested capital	873,9	156,9	910,6	48,7	29,3	2.019,4

## Notes

	Group		Parent company	
	2002 DKK '000	2001 DKK million	2002 DKK '000	2001 DKK million
<b>2 Staff costs, office and fleet</b>				
Staff costs include:				
Wages and salaries	295.485	291	33.400	26
Pensions	16.295	18	2.405	2
Social security	19.433	22	134	-
Contract labor	648	1	648	1
	<u>331.861</u>	<u>332</u>	<u>36.587</u>	<u>29</u>
Remuneration to J. Lauritzen A/S'				
Executive Management	4.525	4,2	4.525	4,2
Directors	1.050	1,1	1.050	1,1
	<u>5.575</u>	<u>5,3</u>	<u>5.575</u>	<u>5,3</u>
Average number of employees	<u>1.041</u>	<u>1.108</u>	<u>59</u>	<u>54</u>
Number of employees at year-end	<u>990</u>	<u>1.052</u>	<u>75</u>	<u>53</u>
No incentive programmes for company executives have been established				
<b>3 Other sales and administrative costs</b>				
Total fees to elected auditors	<u>3.200</u>	<u>5,6</u>	<u>1.500</u>	<u>3,1</u>
Fee for services other than audit	<u>900</u>	<u>2,4</u>	<u>600</u>	<u>2,0</u>
<b>4 Profit and loss on sale of ships</b> (Following elimination of profits and losses on inter-group transactions)				
Profit on sale of ships	<u>(12.048)</u>	<u>11</u>	<u>0</u>	<u>13</u>
	<u>(12.048)</u>	<u>11</u>	<u>0</u>	<u>13</u>
<b>5 Write-downs and depreciation</b>				
Patents	(3.394)	(3)	-	-
Goodwill	(37.184)	(17)	-	-
Ships	(227.790)	(127)	-	-
Financially leased ships	(25.773)	(26)	(25.773)	(26)
Land and buildings	(3.306)	(7)	-	-
Machinery and equipment	(12.542)	(14)	(227)	-
	<u>(309.989)</u>	<u>(194)</u>	<u>(26.000)</u>	<u>(26)</u>
<b>6 Financing income</b>				
Interest income and dividend	21.892	24	14.697	10
Realized and unrealized currency exchange gains and losses, net	-	-	6.772	-
Interest on receivables from subsidiaries	-	-	16.319	13
Financing income	<u>21.892</u>	<u>24</u>	<u>37.788</u>	<u>23</u>
<b>7 Financing costs</b>				
Interest costs	(91.153)	(115)	(51.588)	(59)
Realized and unrealized currency exchange gains and losses, net	(16.754)	(18)	-	(27)
Interest on debt to subsidiaries	-	-	(1.149)	(3)
Interest on debt to parent company	0	(1)	0	(1)
Financing costs	<u>(107.907)</u>	<u>(134)</u>	<u>(52.737)</u>	<u>(90)</u>

## Notes

	Group		Parent company	
	2002	2001	2002	2001
	DKK '000	DKK million	DKK '000	DKK 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	(11.093)	(7)	-	-
Jointly taxed contributions from subsidiaries	-	-	324	5
Defered tax	47.125	(18)	49.700	3
Tax in associated companies	(1.267)	-	-	-
Tax in subsidiaries	-	-	(15.259)	(33)
	<u>34.765</u>	<u>(25)</u>	<u>34.765</u>	<u>(25)</u>

## Tax on ordinary result explains as follows:

Calculated 30% on ordinary result before tax	57.211	(3)	57.211	(3)
Adjustment of calculated tax in foreign companies to local tax percent	72	-	72	-
Tax effect on:				
Non-deductible depreciation on goodwill	(11.155)	(5)	(11.155)	(5)
Other non taxable items	2.936	(17)	2.936	(17)
Adjustment of tax allowance	(14.298)	-	(14.298)	-
	<u>34.765</u>	<u>(25)</u>	<u>34.765</u>	<u>(25)</u>

Effective tax percent	<u>18</u>	<u>227</u>	<u>18</u>	<u>227</u>
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**Deferred tax on the Balance Sheet:**

Defered tax 1/1	0	0	0	0
Change in accounting principles	53.026	77	42.500	77
Exchange rate adjustments in foreign companies	(2.070)	0	0	0
Tax on result	47.125	(18)	49.700	3
Tax on equity movements	(67.200)	(6)	(67.200)	(38)
Defered tax 31/12	<u>30.881</u>	<u>53</u>	<u>25.000</u>	<u>42</u>

## Defered tax concerns:

Tangible fixed assets	321.443	305	44.600	20
Adjustment of financial instruments	(13.800)	53	(800)	40
Debt	1.421	3	-	-
Taxable losses carried forward	46.607	3	-	1
Adjustment of tax allowance	(324.790)	(311)	(18.800)	(19)
	<u>30.881</u>	<u>53</u>	<u>25.000</u>	<u>42</u>

Defered tax, assets	35.216	57	25.000	42
Defered tax, provision	(4.335)	(4)	0	0
	<u>30.881</u>	<u>53</u>	<u>25.000</u>	<u>42</u>

**Corporate tax payable can be specified as follows:**

Balance 1/1	4.296	4	-	-
Paid during the year	(8.697)	(4)	-	-
Provision for the year, incl. jointly taxed subsidiaries	11.093	5	-	-
	<u>6.692</u>	<u>5</u>	<u>-</u>	<u>-</u>

## Notes

	Group		Parent company	
	2002	2001	2002	2001
	DKK '000	DKK million	DKK '000	DKK million
<b>9 Patents</b>				
Cost as at 1/1	34.887	8	-	-
Exchange rate adjustments in foreign companies	(6.048)	1	-	-
Additions from purchase of company	-	26	-	-
Additions during the year	-	-	-	-
Cost as at 31/12	<u>28.839</u>	<u>35</u>	-	-
Write-down and depreciation as at 1/1	(19.469)	(1)	-	-
Exchange rate adjustments in foreign companies	4.527	(1)	-	-
Additions from purchase of company	-	(15)	-	-
Write-downs and depreciation during the year	(3.394)	(3)	-	-
Write-down and depreciation as at 31/12	<u>(18.336)</u>	<u>(20)</u>	-	-
Balance as at 31/12	<u>10.503</u>	<u>15</u>	-	-
<b>10 Goodwill</b>				
Cost as at 1/1	171.842	0	-	-
Additions during the year	-	172	-	-
Cost as at 31/12	<u>171.842</u>	<u>172</u>	-	-
Write-down and depreciation as at 1/1	(17.184)	0	-	-
Write-downs and depreciation during the year	(37.184)	(17)	-	-
Write-down and depreciation as at 31/12	<u>(54.368)</u>	<u>(17)</u>	-	-
Balance as at 31/12	<u>117.474</u>	<u>155</u>	-	-
<b>11 Ships</b>				
Cost as at 1/1	3.000.959	2.997	-	-
Exchange rate adjustments in foreign companies	(17.430)	2	-	-
Additions during the year	520.375	6	-	-
Disposals during the year	(536.421)	(4)	-	-
Cost as at 31/12	<u>2.967.483</u>	<u>3.001</u>	-	-
Write-down and depreciation as at 1/1	(1.587.692)	(1.462)	-	-
Exchange rate adjustments in foreign companies	829	-	-	-
Write-downs and depreciation during the year	(227.790)	(127)	-	-
Disposals during the year	18.216	1	-	-
Write-down and depreciation as at 31/12	<u>(1.796.437)</u>	<u>(1.588)</u>	-	-
Balance as at 31/12	<u>1.171.046</u>	<u>1.413</u>	-	-
Insurance sum including interest against total loss	1.798.879	2.614	-	-
<b>12 Financially leased ships</b>				
Cost as at 1/1	812.562	812	812.562	812
Additions during the year	0	-	0	0
Cost as at 31/12	<u>812.562</u>	<u>812</u>	<u>812.562</u>	<u>812</u>
Write-down and depreciation as at 1/1	(500.966)	(475)	(500.966)	(475)
Write-downs and depreciation during the year	(25.773)	(26)	(25.773)	(26)
Write-down and depreciation as at 31/12	<u>(526.739)</u>	<u>(501)</u>	<u>(526.739)</u>	<u>(501)</u>
Balance as at 31/12	<u>285.823</u>	<u>311</u>	<u>285.823</u>	<u>311</u>
Insurance sum including interest against total loss	853.405	1.013	853.405	1.013

## Notes

	Group		Parent company	
	2002	2001	2002	2001
	DKK '000	DKK million	DKK '000	DKK million
<b>13 Land and buildings</b>				
Cost as at 1/1	132.863	134	-	-
Exchange rate adjustments in foreign companies	(88.830)	(4)	-	-
Additions during the year	5.222	3	-	-
Disposals during the year	(101)	-	-	-
Cost as at 31/12	49.154	133	-	-
Write-down and depreciation as at 1/1	(38.702)	(33)	-	-
Exchange rate adjustments in foreign companies	27.962	1	-	-
Write-downs and depreciation during the year	(3.306)	(7)	-	-
Disposals during the year	72	-	-	-
Write-down and depreciation as at 31/12	(13.974)	(39)	-	-
Balance as at 31/12	35.180	94	-	-
Book value of Danish properties	-	-	-	-
Public assessment as at 1 January 2002 of Danish properties	-	-	-	-
<b>14 Machinery and equipment</b>				
Cost as at 1/1	126.803	96	1.951	3
Exchange rate adjustments in foreign companies	(18.499)	(1)	-	-
Additions from purchase of company	-	32	-	-
Additions during the year	5.448	14	0	-
Disposals during the year	(9.728)	(14)	(333)	(1)
Cost as at 31/12	104.024	127	1.618	2
Write-down and depreciation as at 1/1	(73.959)	(51)	(747)	(1)
Exchange rate adjustments in foreign companies	9.827	1	-	-
Additions from purchase of company	-	(19)	-	-
Write-downs and depreciation during the year	(12.542)	(14)	(227)	-
Disposals during the year	6.606	9	0	-
Write-down and depreciation as at 31/12	(70.068)	(74)	(974)	(1)
Balance as at 31/12	33.956	53	644	1
<b>15 Prepayment on fixed assets</b>				
Cost as at 1/1	17.420	2	-	-
Additions during the year	1.608	17	-	-
Disposals during the year	(17.420)	(2)	-	-
Cost as at 31/12	1.608	17	-	-

		Parent company		Parent company	
		2002	2002	2001	2001
		DKK '000	DKK '000	DKK million	DKK million
<b>16 Investments in subsidiaries</b>					
	%	Result	Equity	Result	Equity
Lauritzen Reefers A/S, Denmark	100 DKK	(76.204)	156.706	(11)	230
Lauritzen Kosan A/S, Denmark	100 DKK	(136.406)	187.452	(21)	257
Lauritzen Bulkers A/S, Denmark	100 DKK	(23.433)	58.414	15	85
LauritzenCool AB, Sverige	100 USD	44.507	140.723	75	230
Lauritzen Ship Owner A/S, Denmark	100 DKK	(11.984)	87.087	(1)	99
Odin Shipping Ltd., Bermuda	100 USD	-	-	-	-
J. Lauritzen Inversiones (Chile) Ltda.	100 CLP	(8.054)	(10.601)	(6)	0
J. Lauritzen do Brasil Ltda.	100 USD	-	-	-	7
Euroamerica S.A., Argentina	67,46 ARA	5.182	21.050	3	55
Segetrans Argentina S.A.	100 ARA	60	452	-	4
		(206.332)	641.283	54	967
Tax on ordinary result		15.259	-	10	(9)
Internal profit margins		16.158	(222.165)	(32)	(248)
Goodwill		(37.184)	117.474	(17)	154
Negative equity capitals set off against receivables		-	10.601	-	-
		(212.099)	547.193	15	864
Cost as at 1/1			1.791.829		1.475
Additions during the year			0		317
Disposal during the year			(15.362)		-
Cost as at 31/12			1.776.467		1.792
Revaluation as at 1/1			47.198		30
Exchange rate adjustments in foreign companies			(42.846)		(1)
Revaluations during the year			(18.251)		18
Disposals during the year			0		-
Revaluation as at 31/12			(13.899)		47
Write-down as at 1/1			(934.638)		(921)
Change in Accounting policy			(35.952)		(41)
Exchange rate adjustments in foreign companies			(49.600)		(8)
Dividends received			(99.248)		-
Other adjustments			88.775		(9)
Write-down during the year			(203.347)		4
Disposal during the year			8.034		-
Write-down as at 31/12			(1.225.976)		(975)
Balance as at 31/12			536.592		864

## Notes

	Group		Parent company		
	2002	2001	2002	2001	
	DKK '000	DKK million	DKK '000	DKK million	
<b>17 Investments in associated companies</b>					
Cost as at 1/1	23.411	18	1.206	1	
Additions from purchase of company	-	4	-	-	
Additions during the year	82.509	1	-	-	
Disposal during the year	-	-	-	-	
Cost as at 31/12	105.920	23	1.206	1	
Revaluation as at 1/1	(69)	1	-	-	
Exchange rate adjustments in foreign companies	(7.493)	0	-	-	
Dividends received	(2.739)	(5)	-	-	
Revaluations during the year	10.252	4	-	-	
Disposal during the year	-	0	-	-	
Revaluation as at 31/12	(49)	0	-	-	
Write-down as at 1/1	(564)	-	(564)	-	
Exchange rate adjustments in foreign companies	(697)	-	(70)	-	
Write-downs during the year	(746)	-	(152)	-	
Write-down as at 31/12	(2.007)	-	(786)	-	
Balance as at 31/12	103.864	23	420	1	
Investments in associated companies comprise:					
<u>Results in associated companies</u>	<u>Ownership</u>	<u>Result</u>	<u>Result</u>	<u>Result</u>	<u>Result</u>
Companies entered to the balance sheet at the proportional share of their intrinsic values:					
McKay Shipping Limited, New Zealand	49,0%	5.330	6	-	-
Chile Containers S.A., Chile	10,0%	-	-	-	-
Segetrans Peru S.A.C.	28,5%	(532)	(1)	(532)	-
K/S Danred, Denmark	29,0%	4.992	2	-	-
LauriTen Ltd.	50,0%	3.267	-	-	-
Exmar Kosan Ltd.	50,0%	-	-	-	-
Sigas Kosan A/S	50,0%	10	-	-	-
HandyVenture Limited	50,0%	809	-	-	-
Silverway Company S.A.	25,0%	(2.508)	-	-	-
Arctic Reefers Ltd.	50,0%	-	-	-	-
Eco Shipping Ltd.	33,3%	-	-	-	-
Reefership Ltd.	33,3%	-	-	-	-
Frigorifico Frutero SA	26,6%	-	-	-	-
C & S Shipping Australia	50,0%	-	-	-	-
		11.368	7	(532)	0
External group shareholders' proportion		(6.044)	(4)	380	-
		5.324	3	(152)	0
Tax on ordinary result		1.028	-	-	-
Internal profit margins		(651)	-	-	-
		5.701	3	(152)	0
<u>Equity in associated companies</u>	<u>Ownership</u>	<u>Equity</u>	<u>Equity</u>	<u>Equity</u>	<u>Equity</u>
McKay Shipping Limited, New Zealand	49,0%	16.284	13	-	-
Chile Containers S.A., Chile	10,0%	2.196	3	-	-
Segetrans Peru S.A.C.	28,5%	1.474	2	1.474	2
K/S Danred, Denmark	29,0%	32.837	36	-	-
LauriTen Energy Ltd.	50,0%	145.433	0	0	0
Exmar Kosan Ltd.	50,0%	-	-	-	-
Sigas Kosan A/S	50,0%	621	1	-	-
HandyVenture Limited	50,0%	1.060	-	-	-
Silverway Company S.A.	25,0%	18.397	-	-	-
Arctic Reefers Ltd.	50,0%	82	-	-	-
Eco Shipping Ltd.	33,3%	114	-	-	-
Reefership Ltd.	33,3%	-	-	-	-
Frigorifico Frutero SA	26,6%	12.210	16	-	-
C & S Shipping Australia	50,0%	165	-	-	-
		230.873	71	1.474	2
External group shareholders' proportion		(131.159)	(48)	(1.054)	(1)
Internal profit margins		4.150	-	-	-
		103.864	23	420	1
<b>18 Other capital shares</b>					
Cost as at 1/1		0	5	-	-
Additions during the year		0	(5)	-	-
Cost as at 31/12		0	0	-	-
Balance as at 31/12		0	0	-	-

## Notes

### 19 Other receivables

In 1998, a 5-year bareboat agreement was entered. In the accounts, the agreement has been dealt with as a financial leasing arrangement, and the calculated profit has been entered to the Profit and Loss Account. The charter has an option on the purchase of the vessel at a favourable price. The receivable has been calculated as present value of the future bareboat instalments. Instalments for 2003 amount to DKK 4.1 million.

Group		Parent company	
2002	2001	2002	2001
DKK '000	DKK million	DKK '000	DKK million

### 20 Equity

The share capital of J. Lauritzen A/S is issued in shares of DKK 50.000 and in multiples of this.

### 21 Minority shareholders' share of equity

Balance as at 1 January	74.219	39	-	-
Allocated from the result of the year	1.823	6	-	-
Exchange rate adjustments of foreign companies	(29.926)	29	-	-
	<u>46.116</u>	<u>74</u>	<u>-</u>	<u>-</u>

### 22 Long-term debt

Balance as at 1 January	1.443.546	1.601	708.200	719
Additions from purchase of company	-	8	-	-
Proceeds from loans	479.131	73	1.903	1
Repayments and redemption	(507.524)	(238)	(49.060)	(35)
Exchange rate adjustments	(210.601)	0	(106.783)	23
Balance as at 31 December	<u>1.204.552</u>	<u>1.444</u>	<u>554.260</u>	<u>708</u>
Long-term debt due for payment next year	<u>(182.755)</u>	<u>(201)</u>	<u>(47.488)</u>	<u>(52)</u>
	<u>1.021.797</u>	<u>1.243</u>	<u>506.772</u>	<u>656</u>

Market value 1.204.552 1.444 554.260 708

Nominal value 1.204.552 1.444 554.260 708

Due for payment after more than 5 years:

Mortgage on ships	158.735	119	-	-
Debt concerning financial leasing	251.980	401	251.980	401
	<u>410.715</u>	<u>520</u>	<u>251.980</u>	<u>401</u>

The installments for next year are specified as follows:

Mortgage on ships	(126.158)	(123)	-	-
Debt concerning financial leasing	(47.488)	(52)	(47.488)	(52)
Other debt	(9.109)	(26)	-	-
	<u>(182.755)</u>	<u>(201)</u>	<u>(47.488)</u>	<u>(52)</u>

The concern has contracted following long-term debts:

Loan	Expiry	Fixed/ variable	Group			
			Effective interest		Accounting value	
			2002	2001	2002	2001
DKK	2004	Fixed	9,0%	9,0%	72.960	90
DKK	2005	Variable	4,3%	5,7%	214.587	265
USD	2003	Variable	2,7%	6,0%	19.629	46
USD	2004	Variable	4,5%	5,9%	24.222	53
USD	2009	Variable	3,5%	5,0%	47.406	65
USD	2010	Variable	2,7%	5,9%	271.487	214
USD	2010	Fixed	8,0%	8,0%	180.323	224
USD	2011	Fixed	8,0%	8,0%	373.937	484
DEM	2002	Variable	-	5,0%	-	3
					<u>1.204.551</u>	<u>1.444</u>

Weighted average effective interest

5,9% 7,1%

### Parent company

Loan	Expiry	Fixed/ variable	Parent company			
			Effective interest		Accounting value	
			2002	2001	2002	2001
USD	2010	Fixed	8%	8%	192.309	224
USD	2011	Fixed	8%	8%	361.951	484
					<u>554.260</u>	<u>708</u>

Weighted average effective interest

8% 8%

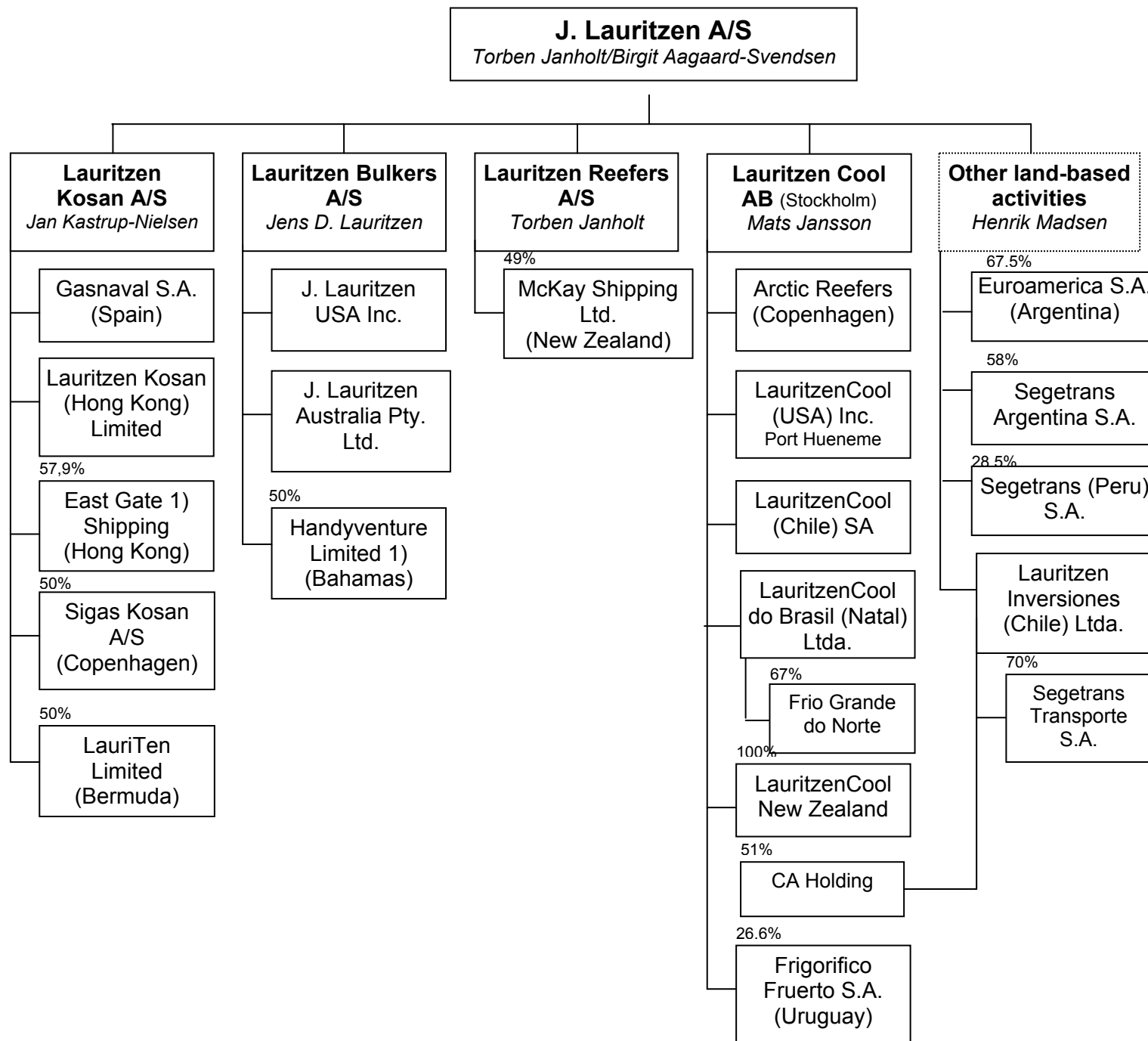
## Notes

	<b>Group</b>			
	2002	2001		
	DKK million	DKK million		
<b>23 Adjustments</b>				
Exchange rate adjustments	(35)	(3)		
Profit and loss on sale of tangible fixed assets	12	(11)		
	<u>(23)</u>	<u>(14)</u>		
<b>24 Change in working capital</b>				
Change in stocks	(10)	(4)		
Change in receivables	131	(209)		
Set off to exchange rate adjustments long-term debts	-	15		
Additional working capital net from purchase of company	-	(47)		
Change in trade payables	(184)	324		
Change with regard to financial items	(3)	0		
	<u>(66)</u>	<u>79</u>		
<b>25 Liquid assets at end of year</b>				
Securities (listed bonds)	22	166		
Liquid funds	460	480		
Short-term debt	(0)	(45)		
	<u>482</u>	<u>601</u>		
	<b>Group</b>		<b>Parent company</b>	
	2002	2001	2002	2001
	DKK million	DKK million	DKK million	DKK million
<b>26 Securities</b>				
Total cost as at 31 December	50	169	50	166
<b>27 Mortgages</b>				
Debt for a total of	649	735	-	-
has been secured by mortgage in assets at the following book values:				
Ships	888	994	-	-
Land and buildings	27	93	-	-
Machinery and equipment	-	24	-	-
	<u>915</u>	<u>1.111</u>	<u>-</u>	<u>-</u>
As collateral security for the leasing arrangement with SBK-Finans A/S, following security has been provided:				
Value of own vessels	115	136	115	136
	<b>Group</b>		<b>Parent company</b>	
	2002	2001	2002	2001
	DKK million	DKK million	DKK million	DKK million
<b>28 Contingent liabilities</b>				
Guarantees undertaken for subsidiaries	-	-	580	626
Guaranties undertaken for associated companis	350	-	350	-
Maximum obligation in projects entered	55	64	-	-
Guarantees for third party	4	4	4	4
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.				
<b>29 Contractual commitments</b>				
Contractual commitments with a remaining term in excess of 1 year have the following total value	1.166	911	-	-
They fall due as follows:				
Within 1 year	418	427	-	-
Between 1-7 years	748	484	-	-
Rent costs	25	29	25	27
Long-term charter parties and contracts concluded:	Number	Number	Number	Number
Reefer vessels	11	4	-	-
Bulk carriers	20	12	-	-
Gas carriers	-	2	-	-
Containers, trucks etc.	15	30	-	-
Remaining term	1-7 years	1-4 years		

## Group companies

	Country	Share capital (1,000)	Share %
<b>J. Lauritzen A/S</b>	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
Labas (Bahamas) Ltd.	Bahamas	USD 10	100
Densaf Limited	Bahamas	USD 0	50
Greedden Limited	Bahamas	USD 0	100
Handyventure Limited	Bahamas	USD 0	50
Safden Limited	Bahamas	USD 0	50
Shoreoff Invest Bahamas Ltd.	Bahamas	USD 1	100
Arctic Reefers Ltd.	Bermuda	USD 12	50
Athena Energy Ltd.	Bermuda	USD 12	50
Ditlev Energy Ltd.	Bermuda	USD 12	50
Ivar Energy Ltd.	Bermuda	USD 12	50
Phivos Energy Ltd.	Bermuda	USD 12	50
LauriTen Ltd.	Bermuda	USD 20,152	50
Odin Shipping Ltd.	Bermuda	USD 12	100
Frio Grande do Norte Ltda.	Brazil	USD 1,711	67
LauritzenCool do Brazil Ltda.	Brazil	USD 1,755	100
C. A. Holding S.A.	Chile	CLP 714,609	51
Chile Containers S.A.	Chile	CLP 115,414	10
Controlled Atmosphere Corporation S.A.	Chile	CLP 358,584	51
Global Shipping Services Ltda.	Chile	CLP 263,416	100
J. Lauritzen Inversiones (Chile) Ltda.	Chile	CLP 1,508,002	100
LauritzenCool (Chile) S.A.	Chile	CLP 1,225,968	100
Segetrans S.A.	Chile	CLP 935,140	78
Segetrans Transporte S.A.	Chile	CLP 3,384,369	78
Arctic Reefers A/S	Denmark	DKK 500	100
K/S Danred	Denmark	DKK -	29
Lauritzen Bulkera 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
East Gate Shipping Ltd.	China	USD 11,876	58
EGS Shipowner I Ltd.	China	USD 0	58
EGS Shipowner II Ltd.	China	USD 0	58
Exmar Kosan Ltd.	China	USD 5	50
Lauritzen Kosan (Hong Kong) Ltd.	China	HKD 10	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
Silverway Company S.A.	Panama	USD 2,510	25
Segetrans Peru S.A.C.	Peru	USD 562	29
Gasnaval S.A.	Spain	EUR 8,955	100
Arctic Reefers AB	Sweden	SEK 100	100
Cool Insurance Services AB	Sweden	SEK 1,500	100
Cool Petroleum AB	Sweden	SEK 100	100
LauritzenCool AB	Sweden	SEK 60,000	100
LauritzenCool Logistics AB	Sweden	SEK 100	100
LauritzenCool Logistics SA (Proprietary) Limited	South Africa	ZAR 100	100
Frigorifico Fruterio S.A.	Uruguay	USD 2,517	27
J. Lauritzen (USA) Inc.	USA	USD 1	100
LauritzenCool USA Inc.	USA	USD 517	100

# Group structure



## Addresses

### Argentina

Euroamerica S.A.  
Intendente Moro y Beruti  
(2804) Campana  
Buenos Aires  
Telephone: +54 3489 422 323  
Telefax: +54 3489 427 566  
euroamerica@euroamerica.com.ar  
(www.euroamerica.com.ar)

#### **Salvador Garcia**

LauritzenCool (Argentina) S.A.  
Reconquista 575, 7th floor  
CP-1003ABK-Capital Federal  
Buenos Aires  
Telephone: +54 11 4314 0417  
Telefax: +54 11 4314 0387  
lcar@laucool.com

#### **Juan Otero**

### Australia

J. Lauritzen (Australia) Pty. Ltd.  
Level 13, 390 St. Kilda Road  
Melbourne, VIC 3004  
Telephone: +61 3 9866 8877  
Telefax: +61 3 9866 2877  
lbmel@jlau.com

#### **Anders Kjær-Petersen**

### Brazil

LauritzenCool do Brasil (Natal) Ltda.  
Av. Lima e Silva, 3.045  
CEP 59075-710 Lagoa Nova  
Natal - RN  
Telephone: +55 84 204 3100  
Telefax: +55 84 204 3110  
lrnat@jlau.com

#### **Boris Gersling**

### Chile

LauritzenCool (Chile) S.A.  
Av. Isidora Goyenechea 3600, Piso 7  
Casilla 220, Correrio 10  
334 4340 Las Condes, Santiago  
Telephone: +56 2 756 4400  
Telefax: +56 2 246 5010  
lrsc@jlau.com

#### **Ole Schack Petersen**

### Denmark

Arctic Reefers A/S  
and  
ReeferShip  
Sankt Annæ Plads 28  
P.O. Box 2147  
DK-1291 København K  
Telephone: +45 3396 8500  
Telefax: +45 3396 8504  
Chartering@ReeferShip.com

#### **Jerker Nilsson**

### Ecuador

LauritzenCool AB  
c/o Gemar S.A.  
10 de Agosto 103 and Malecón  
VALRA Building, 7th Floor, Office No. 701  
Guayaquil  
Telephone: +59 34 232 9864  
Telefax: +59 34 232 5111  
pkoehn-laucool@gemar.com

### Hong Kong S.A.R.

Lauritzen Kosan (Hong Kong) Ltd.  
2109 Dominion Centre  
43 Queen's Road East  
Wanchai  
Telephone: +852 3102 5577  
Telefax: +852 3102 0577  
LK@exmar-kosan.com  
**Thomas Wøideman** (beginning of January 2003)

Exmar Kosan Limited  
2109 Dominion Centre  
43 Queen's Road East  
Wanchai  
Telephone: +852 3102 5577  
Telefax: +852 3102 0577  
gas@exmar-kosan.com

#### **Jeremy Lee**

### Japan

LauritzenCool (Japan) K.K.  
Shuwa Kioicho TBR Bldg. 1121  
5-7, Kojimachi  
Chiyoda-ku  
Tokyo 102-0083  
Telephone: +81 3 3237 7431  
Telefax: +81 3 3237 7858  
lcjp@laucool.com

#### **Ake Jonsson**

**China**

J. Lauritzen A/S  
Beijing Rep. Office  
Room 1118 Golden Land Building  
32 Liang Ma Bridge Road  
Chao Yang District  
Beijing 100016  
Telephone: +8610 6464 3800  
Telefax: +8610 6464 3799  
jlbdauid@public.bta.net.cn

**David Zhang**

**New Zealand**

McKay Shipping Limited  
The Shipping Exchange  
2 Akaroa Street, Parnell  
P.O. Box 3  
Auckland  
Telephone: +64 9 309 0229  
Telefax: +64 9 303 2931  
lc@mckayshipping.co.nz  
(www.mckayshipping.co.nz)

**Craig Harris**

LauritzenCool (New Zealand) Ltd.  
Level 3, The Shipping Exchange  
2 Akaroa Street, Parnell  
P.O. Box 91 196, Auckland Mail Centre  
Auckland  
Telephone: +64 9 302 0439  
Telefax: +64 9 302 0438  
lcnz@laucool.com

**Russell Watson**

**Spain**

Gasnaval S.A.  
15 Gran Via, 5D  
E-48001 Bilbao  
Telephone: +34 94 479 5600  
Telefax: +34 94 416 7316  
gasnaval@gasnaval.com

**José A. Martínez de Landaluce**

**South Africa**

LauritzenCool (Southern Africa)  
24 Bella Rosa Street  
Rosenpark, Bellville 7530  
Postnet Suite 131, Private Bag X22  
Tyger Valley 7536  
Telephone: +27 21 914 0200  
Telefax: +27 21 914 0224  
lcza@laucool.com  
(www.lauritzencool.co.za)

**Trevor Law**

**USA**

J. Lauritzen (USA), Inc.  
4, Landmark Square, Suite 150  
Stamford  
CT 06901-2502  
Telephone: +1 203 961 8661  
Telefax: +1 203 964 0350  
lbny@jla.com

**Jørgen Kragh**

LauritzenCool (USA) Inc.  
105 East Port, Hueneme Road  
P.O. Box 639,  
Port Hueneme  
CA 93044 - 0639  
Telephone: +1 805-488-1222  
Telefax: +1 805-986-8320  
lcus@laucool.com

**Mike Karmelich**