



Annual Report 2004



J. Lauritzen A/s

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CVR No.: 55 70 01 17

Founded: 1884

Share capital: USD 60.6 million (DKK 430 million)

Business activities

J. Lauritzen (JL) is a Danish-based shipping company with activities worldwide.

JL was founded in 1884 and with more than 120 years of experience in ocean transport JL enjoys a reputation of credibility and trustworthiness in the international shipping community.

With dedicated and motivated staff and with solid partnerships in all business areas, JL is in the best position to enter into long term relationships and to offer customers flexible services.

JL operates in our four business areas - specialized reefer vessels and reefer logistics (LauritzenCool), transport of LPG (gasses for energy purpose) and petrochemical gasses (Lauritzen Kosan), transport of dry bulk cargoes (Lauritzen Bulkera), and transport of refined oil products (Lauritzen Tankers). Within all business areas JL maintains close contact to the markets. JL is dedicated to meeting customers' specific transport requirements and also has key competencies in ship management, crewing, ship building and risk management.



LauritzenCool has a well recognized brand name among all exporters and importers of fresh fruit and other perishable commodities.

LauritzenCool's fleet of modern reefer vessels mainly services the requirements of fruit exporters and importers for specialised, high-volume ocean transport.

LauritzenCool Logistics are experts in multi-destination and multi-modal logistics services, providing integrated services to shippers and receivers of perishable foodstuffs.

LauritzenCool operates more than 70 specialised reefer vessels in partnership with NYK Reefers.

The drivers for demand for specialised reefer vessel services derive from earnings growth, climate, fruit production in growing areas, health and dietary awareness as well as currency fluctuations.



Lauritzen Kosan transports a variety of petrochemical gases, energy gases (LPG) and ammonia.

Lauritzen Kosan has a leading position in its market segments in Europe, especially in the Mediterranean and in the Far East, and is working to extend its leadership in all relevant markets.

Together with partners in Sigas Kosan and in Exmar Kosan, Lauritzen Kosan controls a fleet of some 50 gas carriers.

The drivers for gas carrier demand are global economic and industrial growth with the market influenced by the location and utilisation of refineries and crackers.



Lauritzen Bulkera is an internationally recognised ship owner and vessel operator engaged in the ocean transport of dry bulk cargoes.

Lauritzen Bulkera operates a versatile, modern fleet. In a joint venture arrangement with Island View Shipping, Lauritzen Bulkera controls about 50 Handysize bulk carriers and is thus one of the world's leading players in this segment. Lauritzen Bulkera is also engaged in the Handymax and Panamax markets.

Lauritzen Bulkera specialises in vessels fitted with grabs, enabling them to undertake their own loading and discharge operations.

The drivers for bulk carrier demand are global economic growth, production of capital and durable goods as well as imbalances between resource rich and resource poor regions.



Lauritzen Tankers was established at the beginning of 2004 with the acquisition of product tanker specialist, Quantum Tankers.

Fleet build-up is well under way, supported by leading cargo interests and important tonnage suppliers.

Product tanker demand is driven by growth in population and industry combined with trends in refining capacity utilization and pricing.

Management

Board of Directors

Bent Østergaard, Chairman,
President, Vesterhavet A/S

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

Peter Poul Bay
Management Consultant

Niels Heering
Managing partner, Gorrissen Federspiel Kierkegaard

Vagn Rosenkilde
Senior Vice President – Danfoss A/S

Elected by employees:

Peder Julian
ISM manager

Per Larsen
Manager, Administration

Claus Pavar
Senior Vice President, Lauritzen Fleet Management

Executive Management

Torben Janholt
President and CEO

Birgit Aagaard-Svendsen
Executive Vice President & CFO

Mission

JL operates worldwide but wherever staff may be, we all share our vision.

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

Our challenging vision and mission statements reflect our constant determination to remain a world class company.

Vision

Together, we **CREATE** a world-class shipping company.

Our vision is only possible because we share and promote the following core values:

Values

Competence

Respect

Entrepreneurship

Accountability

Team spirit

Enthusiasm

Summary

2004 was a very satisfactory year with a net profit of USD 200.6 million, up from USD 76.2 million in 2003 and the best result ever for JL.

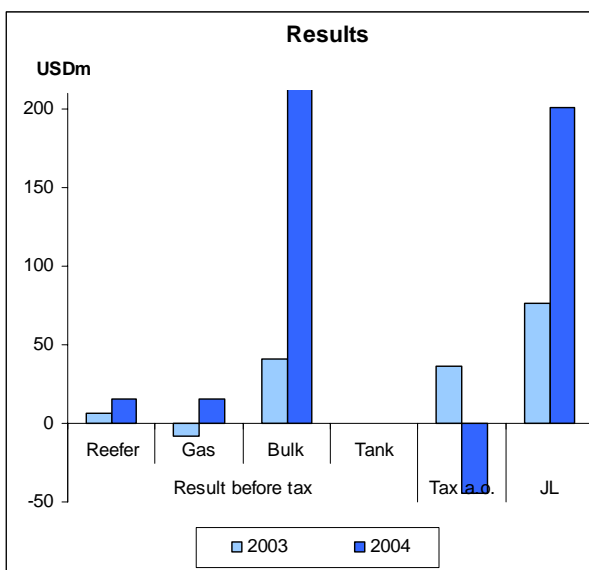
Return on invested capital was 62,3% (16.4% in 2003) and return on equity was 59% compared to 39% in 2003.

With earnings before tax at USD 214.7 million, up from USD 41.2 million in 2003, Lauritzen Bulkera again had a significant influence on JL's results as it did in 2003. Earnings were primarily driven by fleet strategy and developments in dry cargo bulk rates.

Developments in the reefer and gas activities also had a positive impact on results.

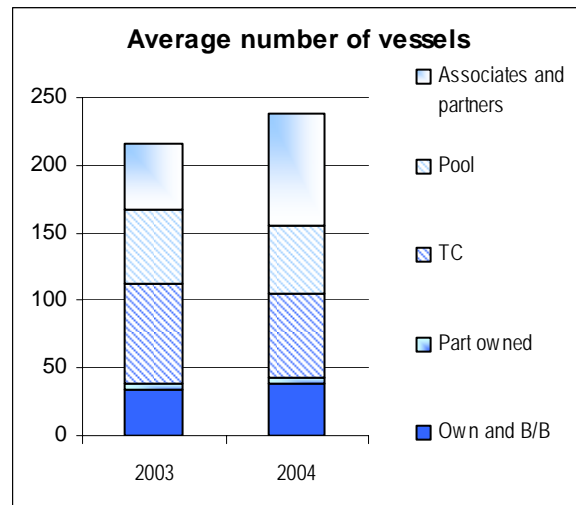
Lauritzen Tankers' first year of operations focused on building up the business.

There was a tax charge of USD (40.1) million compared to an income of USD 30.5 million in 2003, when deferred tax was revalued.



During 2004, JL controlled an average fleet of 155 vessels. Together with partners and associates the average controlled fleet amounted to a total of 239 vessels.

At the end of the year, JL had 36 wholly owned vessels and 10 partly owned vessels.



41 ships in the fleet are on charter for periods exceeding 12 months. JL has purchase options on 11 bulk carriers and on four reefer vessels on long-term charter.

In 2004, JL invested USD 143 million (2003: USD 77 million) in fleet expansion including:

- Six bulk carriers
- 13 pressurized gas carriers together with Exmar of which 11 were included in the joint purchase of Far East Shipping's gas carrier business
- One 45,000 dwt product tanker

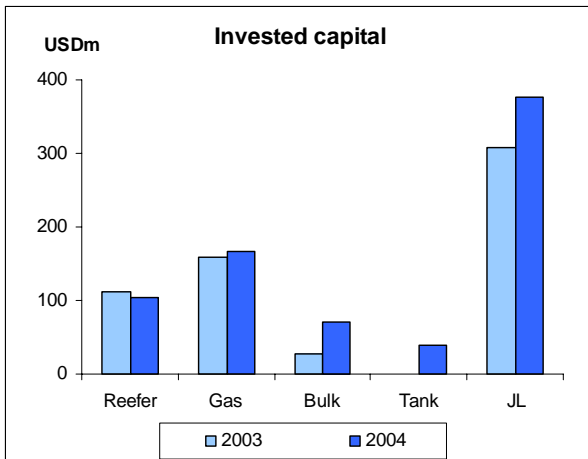
Divestments accounted for USD 67 million (USD 14 million in 2003), including:

- Three Handysize bulk carriers all bought earlier in 2004
- Two wholly owned S/R gas carriers (one as a sale and lease back) and two vessels in the Lauritzen Kosan/Exmar joint venture purchased earlier in 2004.

Total invested capital amounted to USD 371.8 million at year-end 2004 up from USD 308.1 million at year-end 2003.

After year-end, two Handysize bulk carriers have been bought and three sold.

Two wholly owned and three partly owned gas carriers, of which two were acquired in 2004, were also sold. Finally three reefer vessels were sold in a sale and lease back arrangement.



Lauritzen Tankers in its second year of operations is expected to make a positive contribution to net earnings.

The profit from sale of vessels will increase compared to 2004.

Overall the result before tax for 2005 is also expected to be very satisfactory, however slightly below earnings in 2004.

Further fleet expansion is expected in 2005 and in years to come:

- One second hand Panamax bulk carrier to be delivered in April 2005 and one Handysize newbuilding to be delivered to the Lauritzen Bulkers / Island View Shipping joint venture in February 2005. Additional Handysize newbuildings will be delivered in 2006 and 2007
- One second hand reefer vessel to be delivered in April 2005 followed by another in April 2006
- A newbuilding programme for six (of which two were contracted early 2005) 8,000 m³ gas carriers with ethylene capacity, for delivery in 2006, 2007 and 2008.
- Two MR product tankers have been taken on five and seven years charters respectively with deliveries in 2007 and 2008

As of 1 January 2004, LauritzenCool AB entered a tonnage sharing agreement with NYK Reefers and at the same time, NYK Reefers bought 50% of LauritzenCool Logistics. This collaboration has developed well since then and as from 1 January 2005, the two companies agreed a memorandum of understanding to create a 50:50 joint venture. This will see NYK acquiring 50 % of LauritzenCool AB and LauritzenCool AB taking over NYK Reefers' commercial activities. The change will only have a minor effect on JL's net results as JL's ownership of vessels and time charter commitments continue with Lauritzen Reefers.

2004 saw further strengthening of JL's overall market position and investment capacity. Supported by continued positive forecasts for the world economy, the outlook for 2005 is also positive. Although bulk rates are expected to decline during 2005, they are still expected to remain well above historic rates. The reefer and gas markets are expected to develop positively although increased rates within these markets will not be sufficient to offset the impact of lower bulk rates.

Key figures for the Group

USD million	2004	2003	2002	2001	2000
Turnover	1,137	909	722	766	487
Result before depreciation (Ebitda)	240	72	22	36	20
Operating income	231	51	(23)	14	1
Result of financial items	(2)	(7)	(7)	(13)	(16)
Ordinary result before tax	241	46	(29)	7	(15)
Ordinary result after tax	201	77	(33)	(2)	(15)
Extraordinary result after tax	0	0	0	0	5
Result for the year	201	77	(33)	(2)	(10)
Minority shareholders' share of the result	(0)	(1)	0	1	1
The J. Lauritzen Group's share of the result	201	76	(33)	(2)	(9)

Fixed assets	392	314	264	249	258
Current assets	250	219	147	147	109
Total assets	643	533	411	396	366
Share capital	61	61	61	51	37
Equity	438	238	155	132	104
Long-term debt	89	152	144	148	170
Short-term debt	109	135	106	107	87

Cash flow from operating activities	241	68	19	31	4
Cash flow from investment activities	(77)	(52)	(12)	(40)	19
Amount of which for investment in tangible fixed assets	(147)	(78)	(67)	(5)	(13)
Cash flow from financing activities	(96)	7	(7)	14	1
Changes for the year in liquid assets	69	23	(1)	25	24
Free liquid funds	160	91	68	72	49

Number of employees (average)	861	1,011	1,041	1,108	961
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DKK exchange rate year end	547	596	708	841	802
Average DKK exchange rate	599	658	789	832	808

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

Group key figures

Profit ratio	20.4%	5.6%	(3.2)%	1.8%	0.3%
Solvency ratio	68%	45%	38%	33%	28%
Return on equity	59%	39%	(23)%	(1)%	(15)%
Liquidity ratio	229	136	134	131	125
Return on invested capital	62.3%	16.4%	(8.8)%	5.6%	1.5%

The key figures have been calculated as follows:

Profit margin	$\frac{\text{Operating income} \times 100}{\text{Turnover}}$
Solvency ratio	$\frac{\text{Equity less minority interests, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Result after tax and minority interests} \times 100}{\text{Average equity less minority interests}}$
Liquidity ratio	$\frac{\text{Current assets less deferred tax assets}}{\text{Short-term debt}}$
Invested capital	Total assets less bank deposits, securities, deferred tax assets and non interest-bearing short-term debt
Return on invested capital	$\frac{\text{Operating income} \times 100}{\text{Invested capital}}$

Management statement

The Boards of Directors and Management have today reviewed and approved the annual report for 2004 for J. Lauritzen A/S.

The annual report is presented in compliance with the Danish Financial Statements Act for Class C (large) enterprises and applicable Danish Accounting Standards. We regard the accounting policies employed

as appropriate and that the annual report provides a true and fair view of the assets, liabilities, financial position and result for the year for the Group and the Parent Company.

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

Copenhagen, 11 March 2005.

Executive Management

Torben Janholt
President & CEO

Birgit Aagaard-Svendsen
Executive Vice President & CFO

Board of Directors

Bent Østergaard
Chairman

Ingar Skaug
Vice Chairman

Peter Poul Bay

Niels Heering

Vagn Rosenkilde

Peder Julan*

Per Larsen*

Claus Pavar*

* Elected by the employees

Auditors' report

To the shareholders of J. Lauritzen A/S:

We have audited the annual report of J. Lauritzen A/S for the financial year 1 January - 31 December 2004, prepared in accordance with the Danish Company Accounts Act and Danish accounting standards.

The annual report is the responsibility of the Company's Board of Directors and Executive Management. 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 Executive Management, as well as assessing the overall figures presented in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the financial position of the Group and Parent Company at 31 December 2004 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 2004 in accordance with the Danish Company Accounts Act and Danish Accounting Standards.

Copenhagen, 11 March 2005

KPMG C. Jespersen

Statsautoriseret Revisionsinteressentskab

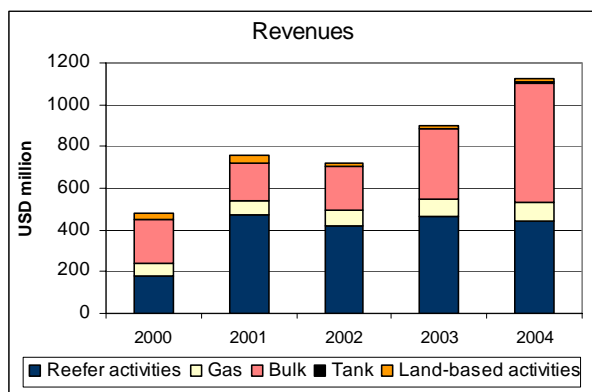
Kurt Gimsing
State-authorized public accountant

Lars Andersen
State-authorized public accountant

Result for the year

Revenue

Revenues in 2004 totalled USD 1,123.0 million, up 25% from USD 897.9 million in 2003. The increase was mainly due to bulk business.



Despite lower business activity in terms of ship days, revenues in the bulk segment increased by USD 234.5 million to USD 573.6 million in 2004. Strong overall demand had a positive effect on bulk spot rates and JL's fleet strategy made it possible to take almost full advantage of the development, primarily in the Handysize segment.

Despite strong trading conditions, revenues from reefer activities fell by 6% to USD 439.0 million, mainly due to the partial sale of LauritzenCool Logistics and fewer vessels in the Leonina pool.

Revenues from gas tank activities were USD 92.7 million, up USD 15.6 million as a result of improved trading conditions and a larger fleet.

JL's product tanker business which became operational in 2004, added USD 1.3 million to group revenues.

Other operating income amounted to USD 14.1 million, compared to last year's figure of USD 11.4 million, which included gains of USD 3.5 million from land sales.

Costs

Hiring chartered vessels and pool distribution amounted to USD 405.9 million, up USD 40.6 million from the USD 365.2 million reported in 2003, due mainly to increased reefer and bulk time charter costs and bulk pool distribution.

Operating costs of vessels were USD 32.7 million in 2004, slightly up compared with 2003. An increase in JL's owned bulk fleet was offset by a decrease in the

owned reefer fleet and cost savings in the gas carrier fleet.

Other operating costs, including bunkers, port expenditures and other voyage-related costs amounted to USD 376.0 million in 2004 compared to USD 369.9 million in 2003.

Total staff and other administration costs increased by USD 9.2 million to USD 82.3 million, with most of the increase due to higher DKK and SEK exchange rates, increased provisions regarding bonuses, restructuring costs in LauritzenCool and the addition of a new business unit, Lauritzen Tankers.

Depreciation and sale of vessels

Three bulk carriers and two gas carriers were sold in 2004 generating a net profit of USD 22.6 million. In 2003 three reefer vessels were sold and one gas carrier was sold for scrap for a total net profit of USD 4.1 million.

Depreciation amounted to USD 31.5 million, up from USD 25.2 million in 2003, due mostly to an increase in own bulk and gas tank fleets.

Financial items

Earnings by associated companies totalled USD 11.6 million compared to USD 3.3 million in 2003. Results were mainly due to vessels owned in joint ventures, primarily Handyventure (co-owned with Island View Shipping) and Maryse Shipping (co-owned with Exmar).

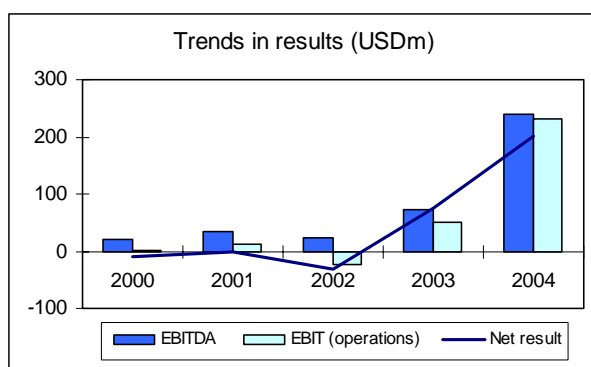
Net financial costs fell by 69% to USD (2.3) million due to improved cash generation and repayment of loans.

Tax and results

Earnings before tax were USD 240.8 million, up from USD 46.4 million in 2003.

Tax charge amounted to USD (40.1) million compared to tax income of USD 30.5 million in 2003, which was mainly due to revaluation of deferred tax assets taken as income.

Net profit in 2004 was USD 200.6 million, up from the USD 76.2 million reported in 2003.



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

Balance sheet

Total assets were up USD 109.9 on 2003 at USD 642.7 million.

Goodwill amounted to USD 13.8 million at year-end 2004 compared to USD 14.3 million at year-end 2003. Goodwill relates to the acquisition of Cool Carriers AB on 1 January 2001 and to the acquisition of Quantum Tankers A/S on 6 February 2004.

Vessels, including financially leased vessels, amounted to USD 332.0 million compared to USD 266.0 million in 2003. The increase is relating to investment in the bulk, gas and product tanker fleet.

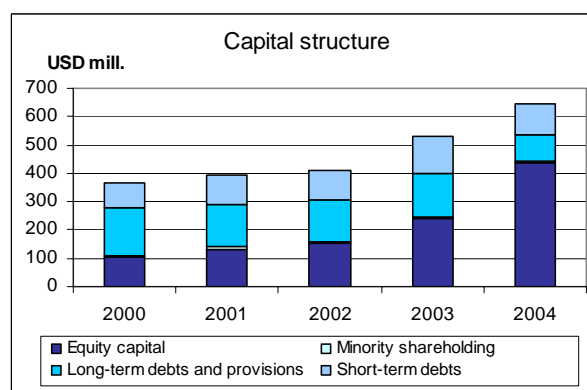
All vessels are recognised at values below or equal to both utility values and broker valuations. Broker valuations totalled USD 501 million.

Book value of vessels owned in joint ventures amounted to USD 48 million, whereas the broker valuation of these vessels totalled USD 93 million.

Current assets increased by 14% to USD 250.3 million, mainly due to an increase in liquid funds. The increase was partly offset by a decrease in deferred tax assets and a decrease in receivables.

2004 saw an increase in shareholders equity, rising USD 199.3 million to USD 437.7 million. Return on equity was 59% compared to 39% in 2003.

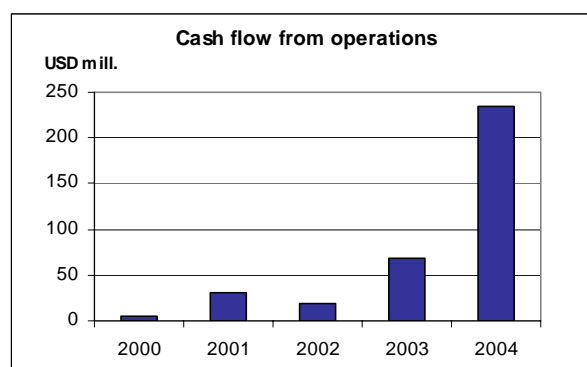
At the end of 2004, total debt amounted to USD 198.1 million, down USD 89.2 million on last year. Long-term debt, including next year's repayments, fell by USD 95.6 million to USD 101.2. At year-end, loans to value (broker valuations) were 20%.



Cash flow

Liquid funds and securities amounted to USD 160 million compared to USD 91 million at year-end 2003.

Cash flow from operations totalled USD 241 million, up from USD 68 million in 2003.



In 2004, cash flow from investment activities increased to USD (77) million from USD (52) million in 2003, mainly as a result of investment in bulk carriers, gas carriers and a product tanker. This was, however, partly offset by proceeds from the sale of vessels.

Cash flow from financing activities amounted to USD (96) million in 2004, down from USD 7 million in 2003 as a result of loan repayments.

Prospects for 2005

The upswing in the world economy and in the shipping markets during 2004 is expected to continue in 2005, although at a lower pace.

Economic activity grew faster than expected by most observers during 2004. Strong economic growth in North America and Asia had a positive impact on trades.

International shipping has benefited from the vitality of international trade. In addition, infrastructure (rail, ports, etc.) was insufficient to keep pace with the surge in demand leading to congestion in various parts of the world.

Capacity utilization approached 100%, resulting in substantial rate increases. This phenomenon has continued into 2005, and may not disappear in the short term within the segments in which JL operates.

Despite gradual tightening of monetary policies particularly, economic activity ended on a very high note in 2004, and is projected to continue into 2005, although at a slightly lower pace.

A modest decline in the rate of growth in international trade is foreseen for 2005, as the growth of output recedes and high transport costs impact upon trade flows as the year evolves. More tightening of monetary policies is on the cards, which suggests that the rate of growth will tend to decline during the year. It is envisaged that North America and Asia will see their growth rates curbed, with Europe trailing along at fairly modest growth rates.

Commodity prices have increased considerably during the past four to five quarters, and in combination with rising interest rates, this may lead to increased inflation in dollar related economies.

Demand for dollar denominated perishables faces good prospects in Europe and Japan and this should result in increased trading activities in the reefer segment.

High level of capacity utilization at refineries in many areas combined with difficulties in sourcing the right grades of products may develop again in 2005, which will have a beneficial impact on demand for product tankers.

These developments, together with very strong trends in the petrochemical industry, provide a solid foundation for growth for gas carriers in 2005.

2005 looks like being yet another year with good prospects for steel related commodities. In addition, supply driven sectors such as agricultural products also face interesting prospects, which will have a positive impact on demand for dry bulk carriers.

As the influx of new vessels is rising and decisions to scrap continue to be postponed, the rise in merchant fleets is likely to surpass demand growth. This may lead to deterioration in the market balance in the second half of 2005 as a result.

Market scenarios support a positive development in JL's business areas. Although bulk and product tanker rates are expected to decline, they are still at a far better level than seen from an historical perspective. On the other hand, JL's reefer and gas activities are expected to obtain higher rates than in 2004, although not to a level sufficient to offset the effect of lower bulk rates.

The sale and purchase activities may affect the earnings. The transactions already carried out in the first part of 2005 have had a very positive effect on the result also compared to 2004.

JL will adopt International Financial Reporting Standards (IFRS) during 2005. Changes in exchange rates and oil prices may affect earnings.

Overall, the result before tax is expected to be very satisfactory, however slightly below earnings in 2004.

Corporate governance

JL is owned by JL-Fondet (the JL Foundation). Ownership is exercised through Vesterhavet A/S which is wholly owned by JL-Fondet.

JL-Fondet was established in 1945 in connection with the 50th anniversary of Dampskibsselskabet Vesterhavet. The Foundation had several objectives from the start, including promoting and developing Danish shipping and Danish enterprises. In practice, the foundation was to support projects within shipping, agriculture, the arts, trade and industry, together with humanitarian work of both a Nordic and an international nature. The foundation further supports education of the young in Denmark as well as internationally.

JL-Fondet exercises its ownership of the subsidiaries so as to grant them the greatest possible independence and manoeuvrability.

See www.jl-fondet.dk for more information on JL-Fondet.

JL is governed by Danish company law which stipulates that the Annual General Meeting must elect the non-executive Board of Directors, approve the annual report and appoint external auditors.

Currently JL's Board of Directors consists of five members elected at the Annual General Meeting and three members elected by the employees. In accordance with the Articles of Association, a minimum of four and a maximum of seven members must be elected by the Annual General Meeting. Election periods are for one year but re-election is possible. Members must retire at 70 and no later than on the date of the Annual General Meeting.

The responsibilities of the Board of Directors are described in the rules of procedure which also describe the tasks of the Chairman and the Vice Chairman.

The Board of Directors appoints the Executive Management and formulates executive guidelines.

JL's strategies are determined by the Board of Directors, whereas the Executive Management is responsible for the management of the company with reference to the Board of directors.

An Executive Committee has been established as a co-ordinating forum with the objective of taking an overall view of activities across JL's business areas and managerial issues in general.

The Executive Committee consists of the business area managers and Executive Management and is chaired by the Chief Executive Officer.

JL recognises the significance of the guidelines issued in 2001 by the Nørby Committee (a committee established by the Danish Ministry of Business and Industry and adopted by the Copenhagen Stock Exchange). JL continuously follows the development within Corporate Governance including the reports submitted by the Copenhagen Stock Exchange Committee on Corporate Governance.

Reefer activities

Ship-owning activities: President - Torben Janholt LauritzenCool: President - Mats Jansson

In 2004 EBITDA was USD 31.0 million, up from USD 21.8 million in 2003, an increase of USD 9.2 million. Ordinary result before tax was USD 15.1 million compared to USD 6.5 million in 2003. The result was better than expected.

The result improvement was due to increased demand and higher rates, fleet strategy and positive developments in value-adding services ashore, including LauritzenCool Logistics.

Key figures USD million	2004	2003
Net turnover	439.0	466.7
Earnings before depreciation (EBITDA)	31.0	21.8
Depreciation	(12.0)	(12.5)
Profit on sale of ships	0.0	4.5
Operating income	19.1	13.9
Ordinary result before tax	15.1	6.5
Invested capital	104.3	112.1
Return on invested capital	18.3%	12.4%
Average employees	317	434

The reefer market is seeing a change in the seasonality that is typical for the transport of perishable foodstuffs. During the off season months (July-December), many vessels are usually laid up but in 2004 virtually all functioning vessels were trading during this period. Demand was strong and market rates were considerably higher than before. The changed structure and the continuing consolidation among market players provide an interesting scene for the coming years.

Transport of perishable foodstuffs in containers is increasing and LauritzenCool is well equipped to provide this additional service to its customers on its fleet of specialized reefer vessels.

On 1 January 2004, LauritzenCool made a tonnage sharing agreement with NYK Reefers, a collaboration that will be developed further from January 2005 as the two companies agreed a memorandum of understanding with the intention of creating a 50:50 joint venture.

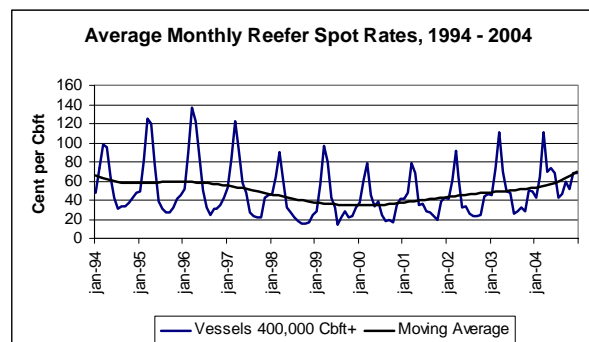
LauritzenCool Logistics (LCL) is continuing its expansion. The company, which focuses on providing door to door logistics solutions for the perishable industry, today operates from 15 different geographical locations. During 2004, new LCL offices and logistics operations were established in Ecuador, Netherlands and the UK. LCL Costa Rica and Uruguay also had their first operational year in 2004. Through its subsidiary in Brazil, LCL acquired an additional third shareholding in Brasreefer, thus increasing its holding to 66.67%.

Market Development

Average reefer spot rates during 2004 were remarkable, breaking record levels during the off season months. The annual average spot rate level for large modern tonnage was 64 cents per cbft (2003: 51/cbft), and 72

cents for small vessels (2003: 61/cbft). Using comparable figures from some of the main reefer brokers, one has to go back to 1992 to find similar annual rates.

The year started rather slowly, with many market players wondering whether or not the reefer peak season was going to really take off, recalling the strong peak season of 2003 which had generated a great deal of optimism for the coming year. The main reason behind the initially slow market movement in 2004 was very poor banana production in Ecuador, which led to an accumulation of idle vessels in that area. This trend was reversed as banana production increased, and after a worryingly slow start, the Argentine deciduous season quickly picked up speed. The Chilean fresh fruit export industry handled record volumes, with a clear inclination for cargoes to move towards Europe because of the strong Euro. Even though the peak season was not as distinct or as sustained as in 2003, trading conditions during the latter half of 2004 were so positive that rates ended at a considerably higher level than in 2003.



Market events that influenced reefer activities during the year included the avian flu crisis, which led to trade restrictions and changes of trading patterns, and tropical storms in the Caribbean which severely affected

production of Florida citrus and bananas on some of the Caribbean islands.

Another noticeable event was the aggravation of the banana trade dispute between the EU and banana producing countries regarding EU's banana imports. There were heated discussions on the tariff levels that will have to be resolved during 2005 for the new tariff-only system to come into place in January 2006.

As the EU welcomed ten new member countries on 1 May 2004, interim arrangements had to be made before the introduction of the tariff-only system, and these increased banana quotas to the EU by nearly half a million tons.

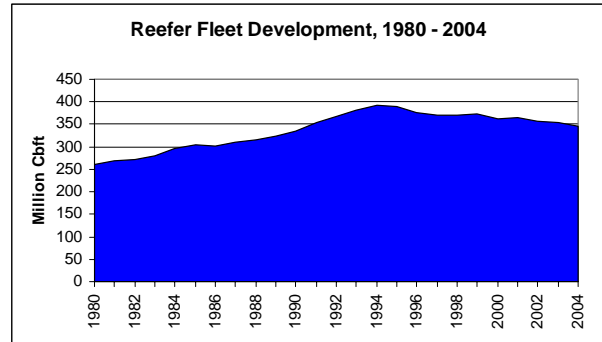
The distinctive feature of the reefer market in 2004 was the strength of the off season. There were many reasons behind this development, with several notable factors:

The supply situation. The past few years has seen a net reduction in the reefer fleet. There have been no new vessel orders while the trend toward scrapping has pointed upward, especially during 2004 when scrap prices were exceptionally high. 26 vessels are known to have been scrapped in 2004, mostly during the first half of the year. This reduced the reefer fleet by almost 9 million cbft.. The scarcity of vessels occurred at a time when demand was good, creating market equilibrium that put an upward pressure on freight rates.

The booming shipping market. Due to the intensity of world trade, especially the Pacific trade with China, all segments of shipping flourished during 2004. Lucrative opportunities attracted some reefer operators to ship dry cargo, taking some vessels off the reefer market. At the same time, the container lines were not so inclined to compete in the traditional south-north reefer trades due to the availability of other interesting cargo.

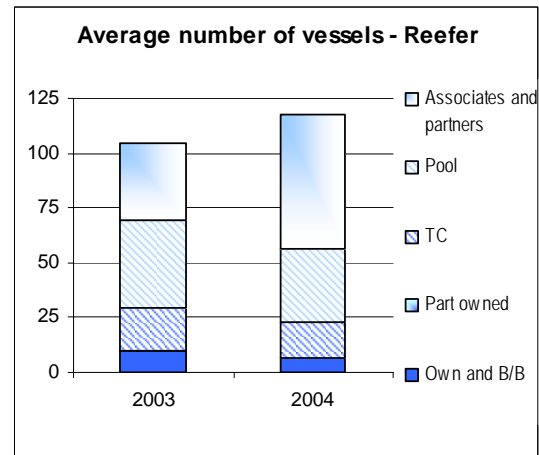
The general growth in fruit imports. Russia has appeared as a major growth market for fruit imports, especially for bananas and citrus from South Africa and Argentina, which are important trades during the off season months. While not increasing at the same speed as Russia, there is also a trend towards continuing growth in fruit imports in the more mature markets of Europe and the United States. Some of the reasons for this trend include a growing number of free trade agreements for agricultural products, increased consumption of exotic fruits, changing purchasing patterns of the large retail chains and aggressive marketing campaigns by the major Southern Hemisphere exporters.

At the end of 2004, positive market developments were reflected when period contracts were negotiated for 2005, with a general 15-20% increase as a result.



The fleet

During 2004, an average of 118 vessels between 180,000 and 760,000 cbft were employed by LauritzenCool and associated operations. The ships are employed in the Leonina system and in a tonnage sharing agreement with NYK Reefers. LauritzenCool also collaborated with Eastwind and Armada under the name of ReeferShip.



JL's fleet included seven owned vessels and 16 chartered vessels. The average age of JL's owned fleet was 13.9 years compared to 15.7 years for the world fleet in the segment above 350,000 cbft.

Ship management of JL's own reefer fleet is undertaken by Lauritzen Fleet Management. All vessels are operated under the Danish flag and are registered in the Danish International Ship Register (DIS).

During the year three vessels experienced engine damage, and unexpected off-service rose to 1.7% of the ship days available, compared to 0.6% in 2003 and the target figure of less than 0.5%.

Two unplanned dry-dockings were carried out in 2004.

Events after year-end

On 10 January 2005 a memorandum of understanding was agreed with NYK Reefers to create a 50:50 joint venture. Under the agreement, NYK will purchase 50% of LauritzenCool AB and LauritzenCool AB will take over NYK Reefers' trading activities.

Apart from two bareboat charter arrangements entered into jointly during 2004, no vessels or vessel commitments form part of the deal.

Subsequently, LauritzenCool withdrew from the Reefer Ship partnership. As of 1 January 2005, Eastwind took over the full ownership of Arctic Reefers Ltd.

Three reefer vessels, Chilean Reefer, Peruvian Reefer and Scandinavian Reefer all with a capacity of 424,307 cbft have been sold with delivery in March and taken back on four and a half year bareboat charter.

Prospects for 2005

The exceptional rate levels during the last two years - especially those of 2004 - have brought new confidence to the reefer business. Period contracts for 2005 have been negotiated at levels 15-20% higher than the previous year. It is very likely that the spot market will continue to thrive due to the supply and demand situation. The reefer fleet is expected to decrease further, while there is no reason to believe that growing markets such as Russia will cease to boost demand.

Many producing countries such as Chile and Brazil keep increasing their agricultural exports year by year and are continuously enhancing their export campaigns. A beneficial USD:EUR rate will increase the attractions of Europe as a destination for exports, generating longer transport voyages.

The most important issue for the banana industry during 2005 will be the outcome of negotiations on the EU tariff-only regime, which are set to begin in January 2006. A differentiated tariff system is expected to make it more difficult for the Central and South American producers to compete with the ACP (African Caribbean Pacific) nations, whose banana exports will enter the EU duty free.

Other unforeseen factors may influence the market in 2005 such as tropical storms like the storms in the autumn of 2004 which destroyed many crops in Florida and the Caribbean. There could also be a looming threat of diseases such as foot-and-mouth or avian flu causing disruption to the meat and poultry trades.

Continuing competition from container lines depends on trading patterns and opportunities for inroads into the traditional south-north reefer trades. It also depends on global economic growth, and the employment of container ships in the main east-west trades.

The reduction of ownership in LauritzenCool AB to 50% will change the key figures for the reefer activities significantly in the accounts for 2005. This will, however, only have limited effect on net results, as the ownership of vessels and time charter commitments continue with Lauritzen Reefers.

Result before tax for JL's reefer activities in 2005 are expected to be about USD 17 million.

Lauritzen Kosan

President - Jan Kastrup-Nielsen

EBITDA for Lauritzen Kosan was USD 24.6 in 2004 compared to USD 7.5 million in 2003. The improvement in earnings was the result of better market conditions for transporting gas, reduced costs primarily due to the change in flag policy and finally changed ownership of vessels, which were owned in joint ventures during a substantial part of 2003.

Ordinary result before tax was USD 15.1 million compared to USD (8.2) million in 2003. The figure for results in 2004 included gains of USD 4.9 million from sale of vessels compared to a loss of USD (0.4) million in 2003.

Key figures USD million	2004	2003
Net turnover	92.7	77.1
Earnings before depreciation (EBITDA)	24.6	7.5
Depreciation	(13.3)	(11.4)
Profit on sale of ships	4.9	(0.4)
Operating income	16.3	(4.3)
Ordinary result before tax	15.1	(8.2)
Invested capital	162.0	157.9
Return on invested capital	10.0%	(2.7)%
Average employees	364	386

The result is satisfactory and represents a significant turn-around for gas carrier activities.

In 2004, Lauritzen Kosan completed the move of the last four vessels from DIS (Danish International Ship register) to IOM (Isle of Man) register. The change of flag policy, implemented over a three year period, is an important part of the continuous process of keeping costs in line with the business environment.

In 2004, Lauritzen Kosan was very active in the second hand sales and purchase market, being involved in several transactions including a total of 15 second hand vessels.

All purchases were concluded during the first half of 2004, and apart from one (a sale and lease back), all sales were concluded in the second half of the year. Seven vessels were acquired jointly with partners and three as wholly owned by Lauritzen Kosan. Two jointly owned and two wholly owned vessels were sold.

In March 2004, Lauritzen Kosan together with Belgian shipping company Exmar NV, partner in the Exmar Kosan Ltd Hong Kong 50:50 joint venture, purchased a 4,000 cbm pressurized vessel built in 1996 from Korean interests.

In April 2004 Lauritzen Kosan again with Exmar NV, concluded the purchase of the activities of the Japanese gas shipping company Far East Shipping Co. Ltd Tokyo.

The transaction comprised 11 pressurized vessels in the 3,200 to 5,000 cbm range built between 1994 and 2003. As part of the transaction, Exmar Kosan Ltd Hong Kong

took over responsibility for a range of the contracts held by Far East Shipping Co. Ltd. The contracts all relate to transport of LPG and petrochemical gases in the Far East region.

Exmar Kosan Ltd has grown from controlling eight vessels in 2002 to 23 vessels in 2004. The company has been instrumental in consolidating the market for small pressurized gas carriers in Asia and through Exmar Kosan Ltd, Lauritzen Kosan has achieved its strategic objective of establishing a significant position in Asia.

In November 2004, Lauritzen Kosan made an agreement with Camillo Eitzen for a commercial management contract for their four 3,400 cbm vessels to run from 1 January 2005. Camillo Eitzen and Lauritzen Kosan are already joint owners of the Sigas Kosan pool which operates 15 of the owners' vessels and one chartered vessel in the segment below 3,000 cbm.

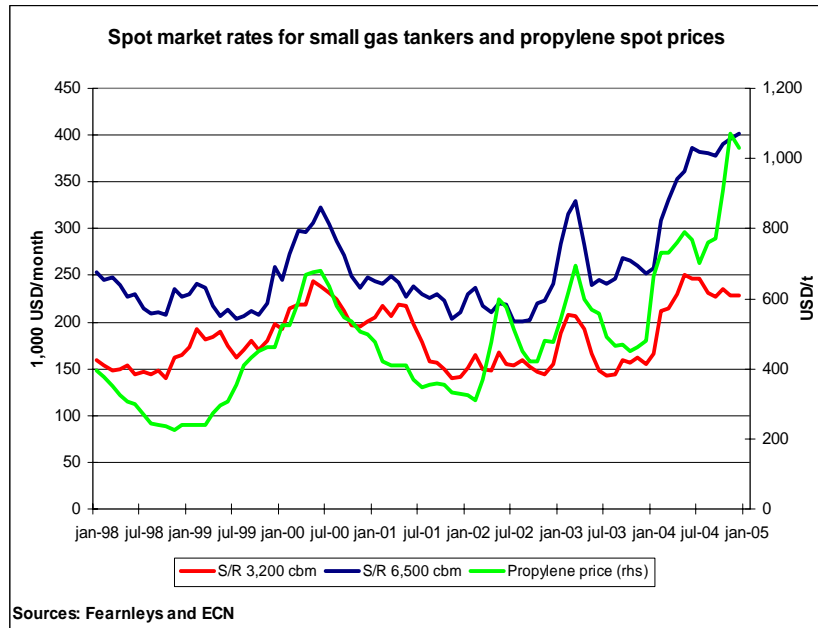
At the end of 2004, Lauritzen Kosan ordered four new-buildings from Korea for delivery from end-2006 onwards, and early 2005 Lauritzen Kosan exercised an option to further increase the newbuilding program to a total of six vessels. The 8,000 cbm vessels will be able to carry ethylene fully refrigerated at -104°C. The newbuildings will give Lauritzen Kosan the opportunity to enter the ethylene segment of the gas market, which is expected to be the fastest growing segment in the coming years.

The vessels are also a step up in size from the largest vessels in Lauritzen Kosan's current fleet of around 6,500 cbm, however they are still close enough in size to ensure significant synergy between the two types.

Market development

Demand for sea transport of liquefied petrochemical gases is driven by general global economic activity which includes such factors as construction, automobile production, demand for packaging and fluctuations in the global prices of petrochemical gases.

Demand for LPG (liquefied petroleum gas) transport in Europe was sound during 2004. The LPG market is driven by the continual interplay of the need for heating in the domestic and industrial sectors and the need for feed-stock in the petrochemical sector.



Over the past five years Lauritzen Kosan has reduced its dependency on transport of LPG. Transport of petrochemical gases now accounts for more than 55% of total revenues.

Developments in European as well as global economic conditions had a positive impact on the petrochemical industry in 2004.

Increased demand for consumer goods led to higher requirement for plastic, and this in turn resulted in a rise in petrochemical gas transport throughout 2004.

The significant improvement in overall trading conditions in Europe and almost no additional supply of ships from newbuildings, resulted in much better earnings for vessels employed in the spot market. At the beginning of 2004, spot market earnings for a standard 6,500 cbm semi-refrigerated vessel were around USD 260,000 on a monthly time charter basis. At the end of 2004, this figure had risen to about USD 430,000 per month.

Another indicator of improved market conditions is in the idle time of the fleet; semi-refrigerated vessels above 3,000 cbm trading in Europe experienced almost a 30% reduction in waiting time.

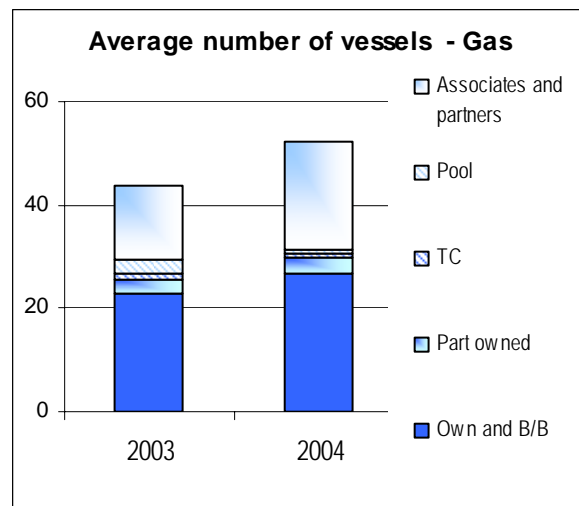
Trading conditions in the Eastern Hemisphere followed the same trend as the West. The very positive development in the Chinese economy had a major influence on earnings, and in the second half of 2004 earnings for pressurized vessels operating east of Suez spot exceeded those of similar units employed in the western spot market. At the beginning of 2004, the market for a 12 month time charter for a 3,500 cbm pressurized vessel was estimated at USD 135,000 per

month compared to a year-end estimate of USD 245,000 per month.

Earnings from long term contracts which accounted for slightly in excess of 60% of revenues in 2004 were not affected by the market changes. The majority of the contracts were made during Q3/ 2003 at rates which reflected the market conditions then prevailing.

The fleet

Lauritzen Kosan operated an average of 52 vessels over the year of which 17 were operated through associates and partners.



At the end of 2004, Lauritzen Kosan either directly, or indirectly via pooling arrangements, controlled a fleet of 58 vessels with a total capacity of 202,000 cbm.

Lauritzen Kosan owned or partly owned 31 of these with a total capacity of 122,000 cbm.

The Sigas Kosan pool, a 50:50 joint venture with Norwegian ship owner Camillo Eitzen operating from Lauritzen Kosan's office in Copenhagen, managed 16 vessels with a capacity of about 30,000 cbm.

Exmar Kosan Ltd Hong Kong, a 50:50 joint venture pool company with Belgian ship owner Exmar NV, managed 23 vessels. At the end of 2004, the total capacity of the fleet was about 67,000 cbm.

At the end of 2004, Lauritzen Kosan controlled 20 vessels of about 91,000 cbm out of Copenhagen.

During 2004, the fleet underwent 383 inspections by customers, class and national maritime institutions. These resulted in only few, very minor delays which underlined Lauritzen Kosan's firm focus on maintaining a high level of operational quality.

The average age of the company's own fleet was 12.5 years. In comparison the average age of the international fleet in the 1,500 - 7,000 cbm range was 15.7 years.

Fleet management is carried out from Copenhagen and Bilbao, Spain, the latter through wholly owned Gasnaval S.A. Some of the pressurized vessels which mainly trade East of Suez are managed by Star Management Tokyo, an independent ship management company formerly part of Far East Shipping Co. Ltd. Technical operation of the fleet was satisfactory with 12 dry-dockings being completed (seven in 2003).

Lauritzen Kosan continues to monitor crew costs by benchmarking with peer companies although always with due attention to crew safety and well-being, environmental protection and operational quality.

In designing the newbuildings for delivery from end 2006, special emphasis has been put on ensuring minimal environmental impact. The vessels are the first gas carriers designed to obtain IMO green passports, reflecting materials being chosen with a view to environmentally friendly recycling. The vessels will also include a range of additional innovative design features aimed at protecting the environment.

The Lauritzen Kosan fleet operates under British (IOM), Spanish, Portuguese, Hong Kong and Panamanian flags.

Events after year-end

After year-end, Mette Kosan and Henriette Kosan both about 3,200 cbm were sold for delivery in March, another three partly owned gas carriers were sold, two of which were purchased in 2004.

The newbuilding program of four 8,000 cbm vessels with ethylene capacity was increased by an additional two vessels to a total of six vessels for delivery from end 2006.

Prospects for 2005

Lauritzen Kosan's earnings are expected to improve in 2005. The market balance seen during 2004 influenced contract negotiations conducted in 2004 which form the basis for predicting improved results in 2005.

The market is expected to continue at the present acceptable levels since only a very limited number of newbuildings will come to the market in 2005. The present economic outlook supports a picture of continuing acceptable demand.

The change of flag from Danish (DIS) to British (IOM) has now been completed and will mean an improved cost structure in line with similar companies in the industry.

2005 is expected to provide satisfactory returns for Lauritzen Kosan with a result before tax of about USD 26 million.

Lauritzen Bulkers

President -Jens Ditlev Lauritzen

EBITDA in 2004 was USD 192.8 million up from USD 39.9 million in 2003. Result before tax rocketed to USD 214.7 million compared to USD 41.2 million in 2003.

Expectations for 2004 were optimistic. The strategy of building up the fleet in 2002 with low cargo coverage proved successful and led to a very satisfactory result not only for 2003 but also for 2004, which was the best ever in the history of Lauritzen Bulkers A/S.

Key figures USD million	2004	2003
Net turnover	573.6	339.1
Earnings before depreciation (EBITDA)	192.8	39.9
Depreciation	(5.3)	(0.8)
Profit on sale of ships	17.6	
Operating income	205.2	39.1
Ordinary result before tax	214.7	41.2
Invested capital	69.8	28.2
Return on invested capital	294.0%	138.5%
Average employees	41	37

Market development

The spot market averaged 4,598 on the Baltic Dry Bulk Carrier Index with peaks in February and December at above 6,100 and a low in June with the index reaching 2,718.

Spot value rates in the segments in which Lauritzen Bulkers operates - the Handysize, Handymax and Panamax markets - experienced similarly volatile trends, (cf. the chart).

The development was due to a tight balance in the market at the beginning of 2004, which was further tightened by port congestion in exporting and importing countries

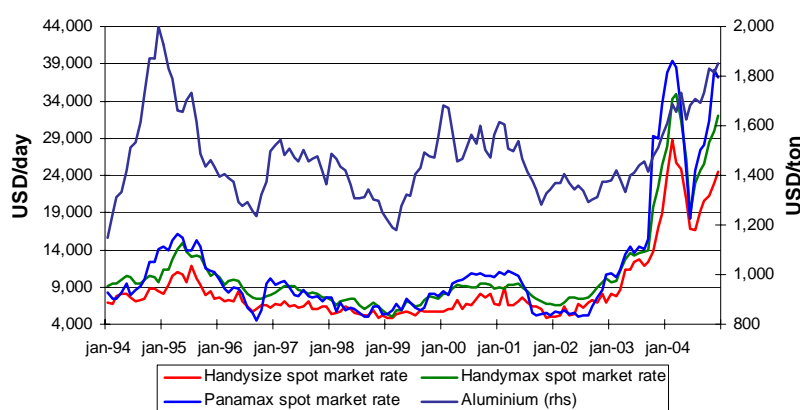
Commodity imports into China in particular rose in line with industrial development reflecting the boom in domestic and foreign demand for its manufactured goods.

Over the year, the Chinese authorities implemented various measures to contain inflationary pressures, so far successfully. Some of these measures had almost immediate impact on the spot market, with a reduction in port congestion as a result.

The strong market situation, which also spilled into the period and tonnage markets, has reduced scrapping.

Deliveries amounted to approx. 20 million dwt. As a result, net fleet growth from year-end 2003 to year-end 2004 was almost 6%.

Developments of bulk market spot rates and aluminium prices monthly 1994-2004



Source: Clarkson Research Studies, Lloyd's Shipping Economist og London Metal Exchange

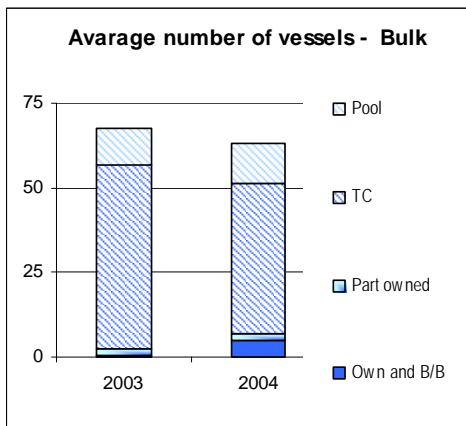
The Capesize fleet increased by more than 8%, the Panamax fleet by 7% and the Handymax fleet by nearly 6%, whereas the Handysize fleet went up by approx. 1%.

Commodity prices strengthened again at year-end and are expected to lead to further substantial increases when forward contracts are negotiated.

Newbuilding orders slowed in 2004 compared to 2003. However, the current order book allows for new deliveries in the coming two years of 20-21 million dwt per year.

The fleet

In 2004, the total number of ship days reached 23,107 (an average of 63.3 vessels), a decrease of 6.6% compared to the 24,744 days (an average of 67.8 vessels) reported in 2003.



The owned fleet consisted of about 10 vessels at the beginning of 2005.

The **Handysize** joint venture fleet employed an average of 48 units over the year.

In terms of activity, involvement in the Handysize segment fell during 2004 and is only expected to increase once trading conditions become favourable to such a strategic move.

During the year, Lauritzen Bulkera bought five second hand Handysize vessels two of which were later sold.

The **Handymax** fleet consisted of about 12 vessels. A purchase option was exercised on Bay Bulker, 48,000 dwt which was later sold. An additional two newbuildings are to be delivered in the first quarter, both on time charter arrangements.

The **Panamax** fleet consisted of six vessels in 2004. One long-term T/C newbuilding was delivered in October and placed on a three year time charter.

At the beginning of 2005 the fleet consisted of five vessels with an additional newbuilding for delivery during the second quarter, also on long-term time charter. An additional three long-term time charter newbuildings are to be delivered during 2006, 2007 and 2009.

Events after year-end

Early in 2005, Lauritzen Bulkera bought two Handysize vessels - Wavelet (27,300 dwt) and Seven Ocean (26,500 dwt) both for delivery in the second quarter of 2005. Sunda Bulker and Torres Bulker have been sold for delivery late March 2005 and Fiona Bulker has been sold for delivery in May 2005

Lauritzen Bulkera has exercised a purchase option on the 73,800 dwt Panamax bulk carrier, Santa Lucia, for delivery early April 2005.

In the beginning of 2005, HandyVenture, the joint owning venture between Island View Shipping and Lauritzen Bulkera, took delivery of Durban Bulker, a 32,544 dwt newbuilding from Kanda Shipyard.

Prospects for 2005

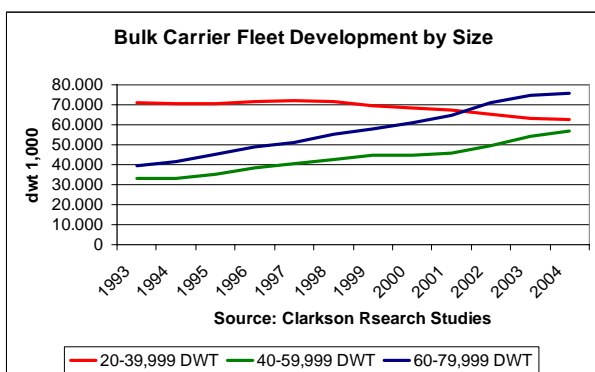
Demand for dry bulk commodities is set for further increases due to the projected upswing in the global economy. The pressure on existing suppliers of iron ore and particularly metallurgical coal has risen to levels at which new sources are coming into the market. This will support demand growth in 2005.

The tightness of the market balance indicates a second year of low scrapping. With 20 million dwt expected to enter the market, fleet growth is likely to be of the order of 5%.

Gradual erosion of the market balance is likely to occur during 2005. The spot market is expected to display substantial volatility in line with the previous year.

The result for 2005 is expected to be very satisfactory, however not quite as strong as in 2004.

Result before tax is expected to be about USD 155 million.



Lauritzen Tankers

President - Anders Mortensen

JL acquired Quantum Tankers early in 2004, thereby fulfilling the strategy of adding a fourth activity to the business portfolio. The first acquisition, the MR size product tanker, "Freja Atlantic", was delivered from the STX Shipyard at the end of November 2004.

In Lauritzen Tankers' first year of operations, EBITDA was USD 0.5 million and the net result was USD 0.0 million. Since considerable efforts have been committed to integrating the organisation and implementing the strategy, the result for the year is satisfactory.

Key figures USD million	2004	2003
Net turnover	1.3	-
Earnings before depreciation (EBITDA)	0.5	-
Depreciation	(0.5)	-
Operating income	0.0	-
Ordinary result before tax	0.0	-
		-
Invested capital	39.3	-
Return on invested capital	0.1%	-
Average employees	7	-

Market development

The early part of 2004 saw normal seasonal behaviour of spot markets declining for crude and subsequently for product tankers as well. During the second and third quarters, the market was unpredictable, but at the end of the third quarter, spot rates rose dramatically ending at a very high level. Period rates have developed along the same lines.

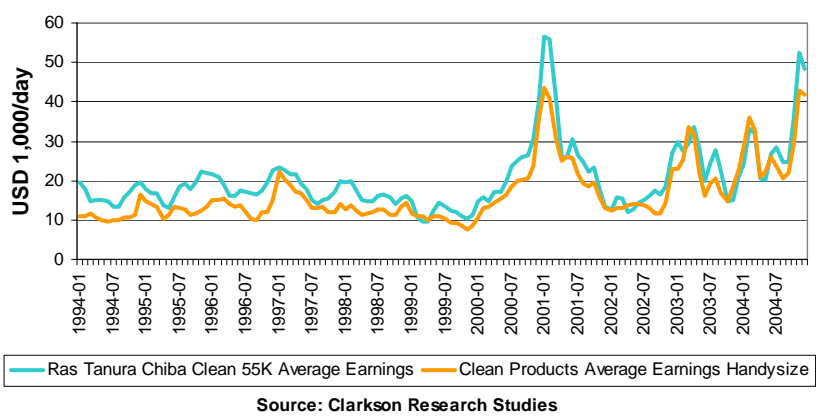
Prices on tonnage saw a similar development with second hand prices rising 40% or more, and newbuilding prices by 25-40%.

Several factors contributed to this development. The global fleet grew by approx. 28 million dwt of new deliveries. Almost eight million dwt have disappeared, mainly for scrapping. Net fleet growth, thus increased by 6%, almost double the previous year.

The tanker market benefited from a surge in OPEC oil production during the second half of 2004. Arabian Gulf producers had the capacity to increase their production most which had a major impact, as this is long haul oil movements.

During the year, it became difficult to source adequate grades of oil which had the effect of increasing the mismatch from refineries in terms of local market demand. As a consequence, movements of products shot up. Imports of products into OECD rose by 13% from third quarter 2003 to third quarter 2004, with movements of gasoline rising by 37%, of jet fuel and kerosene by 23%, and other oil products by 25%.

Spot earnings of clean product tankers 1994-2004



The fleet

During 2004, Lauritzen Tankers managed an average of five vessels.

In November, Lauritzen Tankers took delivery of Freja Atlantic, a 45,000 dwt newbuilding from STX shipyard.

The fleet increased further in December when Lauritzen Tankers took delivery of a 37,000 dwt ice class clean product tanker on a three-year time charter.

The scene is now set for expansion in coming years but the volatility of the market dictates caution. Two 60,000 dwt newbuildings have been committed on long-term charter with deliveries in 2006 and 2007, bringing the fleet up to nine MR size tankers.

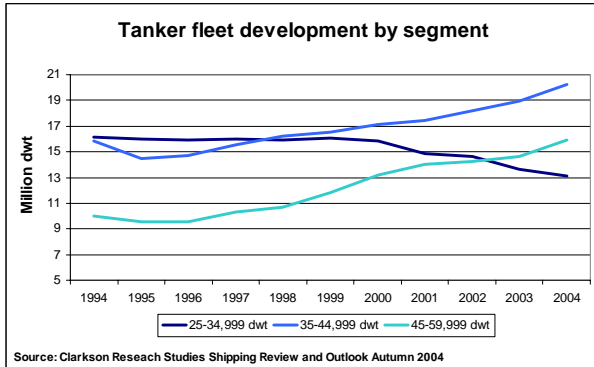
Events after year-end

Lauritzen Tankers has concluded period charters for two MR product tankers from Japanese owners on five and seven year charters respectively with delivery early 2007 and first half

2008. The latter charter party includes optional periods and a purchase option.

Prospects for 2005

The existing order book will imply additions of the order of 30 million dwt in 2005 and scrapping rates are expected to stay at the same level as in 2004, especially as demand is poised to remain strong.



Early in 2005, OPEC reined in oil production but with the scaling back of projected non-OPEC oil production in 2005, we may see a surge in demand again for OPEC production. This will positively influence demand for crude oil tankers. Further, the problems experienced by refineries in 2004 seem not to have disappeared.

All in all, many indicators suggest a fairly strong market balance in 2005, though some deterioration is likely towards the turn of the year.

The comfortable level of orders, the declining dollar, and the high level of steel prices make it likely that ship yards will maintain or even raise newbuilding prices. This will, in particular, support the prices of modern tonnage.

Lauritzen Tankers is expected to make a modest profit in 2005.

Lauritzen Fleet Management

Senior Vice President - Claus Pavar

After strategic consideration during 2004, JL has decided that ship management for the owned fleet will be done by way of ship managers either internally through Lauritzen Fleet Management or externally where this suits overall business activities.

With this organisational set-up, JL will always be able to benchmark costs and skills while preserving in-house expertise, thereby securing optimal ship management functions for its fleet.

Overall responsibility for ship management of vessels is placed with the individual business areas.

In addition to full technical and crew management, Lauritzen Fleet Management offers a wide range of support services in relation to dry-docking and newbuilding supervision, special projects, insurance, quality assurance, technical purchasing and warehousing and systems for controlled atmosphere (CA).

With effect from 1 September 2004, Lauritzen Fleet Management was reorganized to create a more flat organisation and reducing the staff by about 16%. The new structure has also been aligned with the individual business areas' needs for fleet management expertise.

At the end of 2004, Lauritzen Fleet Management was responsible for technical and/or crew management of one product tanker, nine reefer vessels and 18 gas carriers. It further managed 10 CA units and provided procurement, warehouse and forwarding management for 35 vessels.

Crewing is managed in close co-operation with three crew agencies supplying our international crews: OSM, Crossworld and V-Ships.

The managed vessels fly quality flags such as Danish, British (IOM), Hong Kong and Bahamas and are all manned with a complement of experienced and qualified officers and ratings of Filipino, Polish, Croatian or Danish nationalities.

Three reefer vessels were delivered to new owners and managers early in 2004. In September, Mediteranska Plovidba became a sub manager for two bareboat chartered vessels from NYK Reefers and LauritzenCool, respectively. Finally, JL re-entered the product tanker

segment and took delivery of a product tanker newbuilding in November.

A few vessels encountered damage during the year, however Lauritzen Fleet Management managed to limit the average unexpected off-service for the fleet to 0.9% of available ship days, compared to 0.7% in 2003. The target for 2004 was 0.8%.

The International Ship & Port Facility Security Code entered into force on 1 July 2004, and all vessels in Lauritzen Fleet Management's care obtained their International Ship Security Certificate well before deadline and the following world-wide implementation process passed without any complications for our vessels.

All vessels under Lauritzen Fleet Management are ISM certified (The International Management Code for the Safe Operation of Ships and for Pollution Prevention) and JL owned vessels regularly calling at US ports have also received their Certificate of Eligibility in recognition of compliance with the requirements of the US Coast Guard's Qualship 21 Scheme.

Lauritzen Fleet Management handled more than 8,000 orders during 2004, all processed through Lauritzen Fleet Management's purchasing system, which handles purchase orders electronically from the initial requisition on board a vessel, through inspection, approval and enquiries at suppliers, placing of orders and finally subsequent invoice control.

Lauritzen Fleet Management handled 700 shipments or 700,000 kg supplies and spare parts including goods for two external customers for vessels trading world-wide. 97.9% of all shipments arrived on schedule.

Environment and safety

Protection of the environment, safety at sea and a high degree of maritime security have top priority at JL. Lauritzen Fleet Management acknowledges the impacts sea transport can have on the environment and is committed to maintaining a high standard of environmental protection for all activities whether ashore or at sea. JL's environmental account system is based on the ISO 14000 Standard.

IMO (International Maritime Organisation) has sanctioned a number of comprehensive regulations and conventions covering a range of matters such as prevention of pollution, maritime security and safe

operation of ships and standards of competence for seafarers.

To ensure these conventions are observed, a considerable number of audits and inspections are carried out around the world, not only by Lauritzen Fleet Management's superintendents and Flag States but also by Port States and customers' vetting departments.

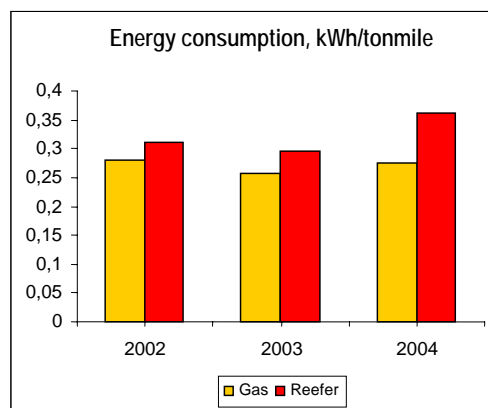
Although Lauritzen Fleet Management is fully committed to protection of the environment, a defective oily water separator led to an oil spill from one of JL's vessels. Another vessel was involved in a collision and although as the stand on vessel, she did everything possible to avoid collision in accordance with the International Regulations for Preventing Collisions at Sea, it was in vain. The incident had no environmental impact and no people were injured.

However, any incidents that could pollute the maritime environment, lead to accidents or do other damage or lead to loss of valuable items are carefully examined and analysed, with the conclusions and recommendations being distributed to all vessels to avoid such occurrences in the future. Where there is a lesson to be learned, Lauritzen Fleet Management makes sure to learn it and spread this knowledge throughout the Group.

Again in 2004, JL vessels voluntarily participated in the AMVER System to help make the seven seas safer. One vessel was involved in a rescue operation, saving the lives of four people. Our Scandinavian Reefer was selected as the winner of the International Rescue at Sea Award for 2004.

Energy consumption

In 2004, total energy consumption in kWh/ton-mile used for propulsion and power production increased considerably compared to last year. This was especially true for the reefer fleet, whereas consumption increases for gas carriers were more moderate. The changes were due to current trading patterns and consequently increased bunker consumption. Compared to the gas carriers, the reefer fleet in general has higher energy consumption due to refrigeration and controlled atmosphere plants.



Emissions

CO₂ emissions increased. Emissions per ton-mile can be reduced by minimum ballast ratios and better cargo utilization combined with optimal engine performance, best possible route planning and clean underwater hulls/propellers.

Figures on the emission of sulphur and nitrogen oxides (SO_x/NO_x) are based on the oil quality, actual consumption and type of engine concerned. However, availability of low sulphur oil is limited. About 50% of the gas carrier fleet uses marine diesel oil (0.2% sulphur), whereas the entire reefer fleet uses heavy (2.5% sulphur) fuel.

Corporate Image

JL's mission, vision and core values were the focal points for general staff seminars in 2004. In recognition of the ever increasing demands on employees in the fast developing shipping industry JL will strive to enhance professionalism and job satisfaction through continuous development of staff core competencies.

A Company Performance Driver survey was introduced to measure aspects within a large number of categories such as organisational setup, leadership, market/service aspects of the company's businesses, inter-organisational collaboration, etc. The survey was carried out anonymously in an electronic questionnaire. The survey scores revealed the temperature of the Group, and each company and department separately.

The survey also gave rise to a comprehensive, improved programme for developing employees' professional and personal competencies, including specially designed internal and external courses.

Human capital

At year-end 2004, J. Lauritzen had a total staff of 850 (2003: 997), of whom 477 (2003: 539) were sea-going personnel. The decrease in sea-going personnel compared to 2003 was due to sale of Danish flagged vessels and the fact that some Danish-flagged vessels were flagged out during the year. 232 worked in JL's overseas offices. The decrease in land based personnel is mainly due to the change in status of LauritzenCool Logistics becoming an associated company instead of a subsidiary.

The average age of shore-based staff was 42.7 although it was somewhat higher in some of the business units. Average service was 9.3 years, and average overall staff turnover for shore-based personnel in J. Lauritzen was 7.4%. The decline in years of service and the increase in staff turnover compared to 2003 were due to an early retirement programme introduced in 2004 and the acquisition of Quantum Tankers with a younger staff and with fewer years of service. The equivalent figures for the fleet were an average age of 41.7 and 6.2 years of service. Due to different contractual conditions for sea-going personnel, it is not possible to compare their figures for staff turnover to land-based staff.

Risk Management

The international shipping industry is highly sensitive to any fluctuations in world industrial and economic activities.

Charter rate levels and freight costs vary as a consequence of world market changes and influence the supply and demand ratio in the relevant shipping sector.

JL manages these risks through a balanced portfolio of owned vessels, charter tonnage and cargo coverage supplemented with currency and oil hedging and to some extent Forward Freight Agreements (FFAs).

Over the years, JL has not only developed but also participated in pools in order to increase market access and reduce some of the general market risks.

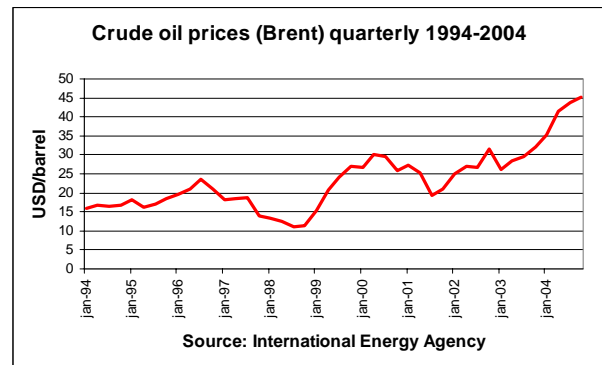
Each business area is responsible for monitoring and controlling its own business risks associated with supply and demand in the transport market and for including their findings in routine reporting.

During 2004, Lauritzen Bulkers developed an Economic Risk Assessment and Forecasting Model based on Value at Risk methodologies. The model utilizes the know-how expressed through trading and time charter results experienced since 1994, and additionally employs market rates for spot, 6-month T/C, 12-month T/C, and 36-month T/C. The model will be used in 2005 in parallel to the proven systems used in the past years.

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

Oil risk

Bunker oil is a significant element of expenditure for JL. The figure shows crude oil price trends since 1994. Oil prices rose significantly during 2004 from USD 30 per barrel at the beginning of 2004 to more than USD 50 per barrel before falling back to towards the end of 2004 to USD 40. These significant oil price increases were caused by a general increase in global demand due to an increase in Chinese oil consumption, and a lack of spare capacity making the oil market vulnerable to supply fluctuations.



OPEC appears to have increased its price target to USD 30-40 motivated by the impact of the falling USD. Geopolitical events in countries like Iraq, Nigeria and Venezuela disrupted the global supply situation several times during 2004. In 2005, oil prices are expected to stay at the present high level of around USD 40 caused by a continuing tight supply/demand situation and reluctance by OPEC to tolerate oil prices falling below USD 40 as long as the USD is weak.

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

Total consumption of bunker oil amounts to approximately 770,000 tons a year. Almost 80% relates to spot market contracts for which the pricing is based on the current price on fuel, and to BAF (Bunkers Adjustment Factor) cargo contracts.

Approximately 21% of 2004 total oil consumption of 770,000 tons was hedged using financial instruments, saving USD 0.5 million on oil costs. At year-end 2004 14% of total 2005 forecast oil consumption had been hedged.

Liquidity risk

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

At the end of 2004, cash funds amounted to USD 160.4 million, made up of cash and bonds.

Surplus funds are placed on money market deposits and in bonds. The risk related to these USD placements is managed via limits for the duration on the total portfolio of deposits and bonds

In 2004 the rate of return on the average placement in USD bonds and deposits was 0.47% and 1.31% respectively. The bond portfolio is short term and is expected to be held to maturity.

Currency risk

JL's primary currency risk relates to non-USD costs.

JL's income is almost exclusively in USD, and 86% of costs are also in USD, and consequently JL has a significant natural currency hedge.

The most important non-USD cost currencies are EUR 6%, DKK 5%, and SEK 1%. Other non-USD cost currencies amount to 2%.

JL aims to further increase the already significant natural currency hedge between income and costs in order to reduce the company's total currency exposure.

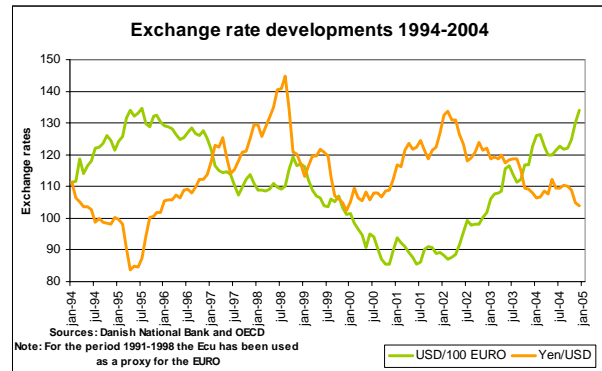
Some purchase options and newbuilding contracts are in JPY. It is JL's policy also to hedge these investments.

The USD continued its long-term decline, falling sharply during the last months of 2004 to levels not seen since the middle of the 1990s. After a break in the long-term downward trend, USD was fairly stable for most of 2004. However, late in 2004 the market again focused on the financing of the twin US deficits - the external current account deficit and the budget deficit.

Toward the end of 2004, USD weakened against JPY as Bank of Japan had not intervened to stop the appreciation of JPY.

China has been under pressure to abolish the long standing policy of maintaining a fixed exchange rate between Yuan and USD. No changes in this policy are expected in 2005. If the policy is changed, some of the pressure on the EUR will be relieved.

There seems to be room for more USD depreciation in 2005 against EUR and JPY but the market is expected to periodically change focus towards interest and growth differentials. This would benefit USD. The USD is expected to remain volatile during 2005 but the long-term downward trend is expected to continue.



JL's total non-USD payments in 2004 amounted to the equivalent of USD 110 million of which USD 10 million was allotted to repayment of debt. Currency hedging reduced costs by a total of USD 2.3 million.

At the end of 2004, USD 8 million had been sold forward, corresponding to a period of about one month. The market value of this hedging transaction was USD 1.2 million. Some of the future purchases of vessels denominated in JPY have been hedged amounting to USD equivalent of 12.1 million. The market value of this transaction at year-end was USD 0.8 million.

If the USD exchange rate were to change by 1% for all cost currencies, it would change 2005 earnings by USD 1.1 million.

Interest risk

JL's interest-bearing debt amounted to USD 101.2 million at year-end 2004, down from USD 196.8 million at year-end 2003.

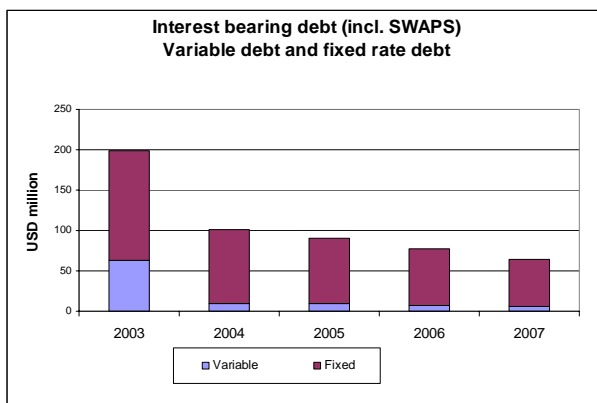
During 2004, a significant part of JL's total debt was redeemed, made possible by JL's positive cash flow position. A summary of the instalment profile is provided in Note 21.

At year-end, investment in USD bonds totalled USD 75.3 million. There are two sides to interest risk for assets. A rise in the general level of interest would have a negative impact on bond holdings but a positive effect on cash held on short term money market deposit. Taking the year-end holdings of bonds and cash into account, an interest rate rise would have a negative impact on assets.

However, interest risk also affects liabilities. A rise in the general level of interest would increase interest charges on variable debt. On the other hand, if interest rates were to fall there would be a loss on debt fixed at a higher rate than the prevailing market rate.

JL aims to optimize returns on surplus capital and to reduce interest risk by creating natural hedges:

- short maturity dates on the bond portfolio. If necessary the bonds can be held to maturity and supporting funds raised through repo lines.
- a bond portfolio lower than or equal to total fixed rate debt
- and finally cash placed on money market deposit and other short term liquidity must be equal to or exceed total variable interest debt.

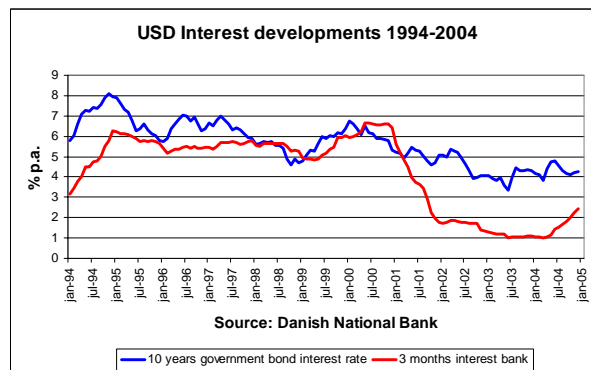


At the end of 2004, 90% was fixed rate debt and 10% variable interest rate debt (including the effect of interest rate swaps).

During 2004, debt amounting to USD 75.2 million was repaid and the corresponding interest and currency swaps were closed, resulting in a profit of about USD 0.5 million. The market value of the Company's remaining interest rate swaps at year-end 2004 was USD 0.3 million. During 2004 USD 5.3 million was raised in new loans and USD 26.7 million was paid in instalments.

The Federal Reserve tightened monetary policy during 2004 and raised the Fed Funds interest rate five times from 1.00% to 2.25%. The ECB held EUR interest rates unchanged at 2.00% making USD short-term interest rates higher than EUR short term interest rates.

Interest rates are still at historically low levels and the Federal Reserve is expected to continue tightening monetary policy raising the Fed Funds interest rate even more during 2005. It is less clear whether EUR interest rates will rise but with low growth rates in some large EUR countries and a strong EUR, short term EUR interest rates are expected to stay at the present level.



During 2004, long-term interest rates fell in Europe due to disappointing growth forecasts, whereas USD interest rates remained almost unchanged. USD long-term rates rose significantly in the middle of 2004 but fell back due to somewhat disappointing growth and employment figures. In Japan, short-term interest levels were still very close to zero while long-term rates were also very low (at year-end 2004 1.48%).

Trends in six-month money market and 10-year swap interest rates are illustrated below:

Currency	End 2003	End 2004
USD		
6 month	1.22%	2.78%
10 year	4.62%	4.46%
EUR		
6 month	2.17%	2.21%
10 year	4.39%	3.74%

At year-end 2004, the average interest rate of JL's USD loan portfolio was 6.48%, including margins. Excluding the three family class reefer vessels financed on long-term leasing contracts, the interest rate on the remaining loan portfolio was 3.90%, including margins.

Credit risk

JL's credit risks mainly stem from freight receivables and prepaid charter fees. This risk is not regarded as exceptional. In previous years, there has only been minimal loss on debtors and the same applied in 2004.

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

Accounting Policies

General

The annual report for 2004 for J. Lauritzen A/S has been prepared in compliance with the Danish Financial Statements Act for Class C (large) enterprises and applicable Danish accounting standards.

Changes in accounting policy

No changes in accounting policies were made in 2004

Recognition and measurement

Transactions on the international shipping markets in which JL operates, utilise the US dollar as functional currency. JL has chosen to use the US dollar as both functional and presentation currency.

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

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

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

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

Minority interests

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

Translation of foreign currencies

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

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

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

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

On translation of the accounts of foreign subsidiaries that are integrated entities, monetary items are

translated at the exchange rates at balance sheet date. Non-monetary items are translated at the rate on acquisition date or at the date of a subsequent revaluation or write-down of the asset. Income statement items are translated at transaction date exchange rates except for items deriving from non-monetary items that are recognized at the rates stated above.

Derivative financial instruments

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

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

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

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

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

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

Segment information

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

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

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

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

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

Income statement

Revenues

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

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

Operating cost of vessels

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

Other operating costs

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

Results of participating interests in subsidiaries and associated companies

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

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

recognized under tax on ordinary result and under extraordinary items respectively.

Financial items

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

Tax on the result for the year

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

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

Balance sheet

Intangible fixed assets

Goodwill

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

Patents and Rights

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

Tangible fixed assets

Vessels

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Rebuilding of vessels is capitalised if the rebuilding is intended to extend the service life and/or improve its earnings potential. Rebuilding is depreciated over the residual depreciation period. Costs of other improvements and maintenance of vessels, including

dry-docking costs associated with routine maintenance, are recognized in the income statement as incurred.

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

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

Financially leased vessels

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

Land

Land is measured at cost.

Buildings

Buildings are measured at purchase price less accumulated depreciation.

Machinery, tools and equipment

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

Depreciation

Straight-line depreciation is applied as follows:

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

Gains and losses on the disposal of tangible assets are calculated as the difference between the sales price less cost of sales and the net book value at the time of sale.

Gains and losses on the disposal of machinery and equipment are recognized in the income statement under "other sales and administrative costs". Gains and losses on the disposal of vessels are recognized in the income statement as a separate line item.

Financial fixed assets

Participating interests in subsidiary and associated companies are recognized in the Annual Report according to the equity method.

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

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

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

Stocks

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

Receivables

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

Prepayments

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

Securities

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

Equity

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

Corporation tax

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

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

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

Financial liabilities

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

Financial liabilities also include lease obligations on finance leases.

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

Accruals

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

Cash flow statement

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

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

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

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

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

Transactions with related parties

Related parties comprise the Executive 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 and payments for certain joint operations charged at market rates

Statements and notes

Notes Profit and loss account

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
Income				
1 Revenues	1,123,011	898	18,554	16
Other operating income	14,091	11	5,699	5
	1,137,102	909	24,253	21
Hire of chartered vessels	(405,868)	(365)	-	-
Operating costs of vessels	(32,665)	(29)	(2,992)	(2)
Other operating costs	(375,959)	(370)	-	-
2 Staff costs, office and fleet	(62,505)	(55)	(12,358)	(7)
3 Other sales and administrative costs	(19,780)	(18)	(6,938)	(6)
	(896,777)	(838)	(22,287)	(15)
Result before depreciation	240,326	72	1,966	6
4 Profit and loss on sale of vessels	22,576	4	(1,072)	(1)
5 Write-downs and depreciation	(31,451)	(25)	(4,291)	(4)
Operating income	231,450	51	(3,397)	1
16 Ordinary result before tax in subsidiaries	-	-	244,708	40
17 Ordinary result before tax in associated companies	11,589	3	2	0
6 Financial income	8,577	4	7,253	12
7 Financial expenses	(10,840)	(12)	(7,875)	(7)
Ordinary result before tax	240,777	47	240,691	46
8 Tax on ordinary result	(40,101)	30	(40,101)	30
Result for the year	200,675	77	200,590	76
20 Minority shareholders' share of result in subsidiaries	(85)	(1)	-	-
The J. Lauritzen Group's share of the result	200,590	76	200,590	76
Proposed allocation of the result:				
Proposed dividend, 20% (0%)			40,118	-
Transferred to other reserves			160,472	76
			<u>200,590</u>	<u>76</u>

Notes	Balance	Group		Parent company	
		2004	2003	2004	2003
		USD '000	USD million	USD '000	USD million
	Assets				
	Fixed assets				
	Intangible fixed assets				
9	Patents & Rights	990	1	-	-
10	Goodwill	13,772	14	-	-
		14,762	16	-	-
	Tangible fixed assets				
11	Vessels	292,642	222	-	-
12	Financially leased vessels	39,313	44	-	44
13	Land and buildings	6,178	6	-	-
14	Machinery and equipment	3,281	4	54	0
15	Prepayment on fixed assets	9,355	3	-	-
		350,767	278	54	44
	Financial fixed assets				
16	Investments in subsidiaries	-	-	248,743	116
17	Investments in associated companies	14,837	7	81	0
18	Other receivables	12,056	13	-	-
		26,893	20	248,824	116
	Fixed assets	392,422	314	248,879	160
	Current assets				
	Stocks	12,212	11	-	0
	Receivables				
	Trade receivables	37,625	43	-	-
	Other receivables	19,582	21	1,844	3
	Receivable from parent company	708	0	710	0
	Receivables from affiliated companies	-	-	242,545	95
	Receivables from associated companies	8,307	2	345	0
	Deferred tax assets	777	36	-	35
	Prepayments	6,761	9	88	-
		73,761	112	245,533	133
25	Securities	80,019	7	79,147	7
24	Bank deposits	84,272	89	70,007	77
	Current assets	250,264	219	394,686	217
	Assets	642,686	533	643,565	377

Notes	Balance	Group		Parent company	
		2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
	Liabilities				
	Equity				
	Share capital	60,633	61	60,633	61
	Net revaluation according to the intrinsic value method	11,011	3	-	-
	Other reserves	325,890	175	336,902	178
	Proposed dividend	40,118	-	40,118	-
19	Equity	437,653	238	437,653	238
20	Minority shareholders' share of equity	6,423	7	-	-
	Provisions				
8	Deferred tax	484	0	-	-
		484	0	-	-
	Debt				
21	Long-term debt				
	Mortgages on vessels	31,682	87	-	-
	Debt concerning financial leasing	56,967	65	-	65
	Other long term debt	461	1	-	-
		89,110	152	-	65
	Short-term debt				
21	Short-term portion of long-term debt	12,120	44	-	7
	Trade payables	49,825	54	8,276	3
	Other payables	36,426	32	590	1
	Prepayments	6,150	2	-	0
	Debt to affiliated companies	-	-	194,300	62
	Debt to associated companies	895	0	895	0
	Reserve relating to negative equity in associated companies	-	-	251	-
8	Corporate tax	3,602	1	1,600	-
		109,017	135	205,912	74
	Debt	198,127	287	205,912	138
	Equity, provisions and liabilities	642,686	533	643,565	377
26	Mortgages				
27	Contingent liabilities				
28	Contractual commitments				

Equity statement**Group**

USD '000

	Share capital	Net revaluation according to the intrinsic value method	Result carried forward	Proposed dividend	Total
Equity 1/1 2003	60,633	-	94,095	-	154,728
Result for the year	-	2,684	73,484	-	76,168
Exchange rate adjustments concerning foreign companies	-	-	4,126	-	4,126
Value adjustment of hedging measures ultimo	-	-	4,446	-	4,446
Carrying back of value adjustment of hedging measures primo	-	-	(1,123)	-	(1,123)
Equity 31/12 2003	60,633	2,684	175,028	-	238,345
Result for the year	-	8,327	192,263	-	200,590
Exchange rate adjustments concerning foreign companies	-	-	1,133	-	1,133
Value adjustment of hedging measures ultimo	-	-	2,031	-	2,031
Carrying back of value adjustment of hedging measures primo	-	-	(4,446)	-	(4,446)
Proposed dividend	-	-	(40,118)	40,118	-
Equity 31/12 2004	60,633	11,011	325,890	40,118	437,653

Equity statement**Parent company**

USD '000

Equity 1/1 2003	60,633	-	94,095	-	154,728
Result for the year	-	-	76,168	-	76,168
Exchange rate adjustments concerning foreign companies	-	-	4,126	-	4,126
Share of other equity movements in subsidiaries	-	-	904	-	904
Value adjustment of hedging measures ultimo	-	-	3,138	-	3,138
Carrying back of value adjustment of hedging measures primo	-	-	(719)	-	(719)
Equity 31/12 2003	60,633	-	177,712	-	238,345
Result for the year	-	-	200,590	-	200,590
Exchange rate adjustments concerning foreign companies	-	-	1,133	-	1,133
Share of other equity movements in subsidiaries	-	-	(988)	-	(988)
Value adjustment of hedging measures ultimo	-	-	1,711	-	1,711
Carrying back of value adjustment of hedging measures primo	-	-	(3,138)	-	(3,138)
Proposed dividend	-	-	(40,118)	40,118	-
Equity 31/12 2004	60,633	-	336,902	40,118	437,653

Notes	Cash flow statement	Group	
		2004 USD '000	2003 USD million
	Result of operating income	231,450	51
5	Depreciation carried back	31,451	25
22	Adjustments	(22,518)	9
23	Change in working capital	5,952	(8)
	Cash flow from operations before financial items	246,336	77
	Ingoing financial payments	7,441	3
	Outgoing financial payments	(10,840)	(12)
	Cash flow from ordinary operations	242,937	69
8	Paid corporate tax	(1,648)	(1)
	Cash flow from operating activities	241,289	68
11	Purchase of vessels	(135,633)	(74)
15	Prepayment on fixed assets	(7,778)	(3)
	Purchase of company	(1,929)	0
13	Purchase of land and buildings	(1,751)	(1)
14	Purchase of machinery and equipment	(2,237)	(1)
17	Purchase of associated companies	(5)	(1)
17	Disposal of associated companies	11	11
	Sale of vessels	66,954	14
	Sale of other fixed assets	1,602	1
	Sale of land and buildings	1,088	1
17	Dividend received from associated companies	3,000	1
	Cash flow from investment activities	(76,678)	(52)
	Financial receivables	1,018	(13)
21	Instalment on long-term debt	(101,856)	(38)
21	Proceeds on raising of loan	5,295	58
	Cash flow from financing activities	(95,543)	7
	Changes for the year in liquid assets	69,068	23
	Liquid assets at beginning of year	91,354	68
24	Liquid assets at end of year	160,422	91

Notes

	Group		Parent company	
	2004	2003	2004	2003
	USD '000	USD million	USD '000	USD million

1 Revenues

Revenues are allocated to the business areas as follows:

	2004	2003	2004	2003
	USD '000	USD million	USD '000	USD million
Reefer activities	439,006	467	18,554	16
Lauritzen Kosan	92,693	77	-	-
Lauritzen Bulkiers	573,607	339	-	-
Lauritzen Tankers	1,330	-	-	-
Landbased activities	16,519	15	-	-
Not allocated	(142)	(0)	-	-
	1,123,011	898	18,554	16

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

2004 USD million	Reefer activities	Landbased activities	Lauritzen Kosan	Lauritzen Bulkiers	Lauritzen Tankers	Not allocated	Total Group
Revenues	439.0	16.5	92.7	573.6	1.3	(0.1)	1,123.0
Result before depreciation	31.0	1.7	24.6	192.8	0.5	(10.3)	240.3
Write-downs and depreciation	(12.0)	(0.4)	(13.3)	(5.3)	(0.5)	(0.0)	(31.5)
Profit and loss on sale of vessels	0.0	-	4.9	17.6	-	-	22.6
Operating income	19.1	1.2	16.3	205.2	0.0	(10.3)	231.5
Ordinary result before tax	15.1	1.2	15.1	214.7	0.0	(5.4)	240.8
Result for the year	12.4	0.2	15.2	214.7	0.0	(42.0)	200.6

Fixed assets	117.4	4.0	156.5	75.5	39.1	0.0	392.4
Current assets	93.3	8.2	27.6	50.4	1.2	69.6	250.3
Total assets	210.6	12.2	184.2	125.9	40.3	69.6	642.7
Debt	132.0	3.3	41.1	10.6	0.7	10.3	198.1
Net Assets	78.6	8.9	143.1	115.3	39.5	59.2	444.6

Average number of employees	317	59	364	41	7	72	861
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Profit ratio	4.3%	7.4%	17.6%	35.8%	1.5%		20.6%
Return on invested capital	18.3%	20.9%	10.0%	294.0%	0.1%		62.3%
Invested capital	104.3	5.9	162.0	69.8	39.3	(9.5)	371.8

2003 USD million	Reefer activities	Landbased activities	Lauritzen Kosan	Lauritzen Bulkiers	Lauritzen Tankers	Not allocated	Total Group
Revenues	466.7	15.1	77.1	339.1	-	(0.1)	897.9
Result before depreciation	21.8	5.1	7.5	39.9	-	(2.7)	71.6
Write-downs and depreciation	(12.5)	(0.5)	(11.4)	(0.8)	-	(0.1)	(25.2)
Profit and loss on sale of vessels	4.5	0.0	(0.4)	0.0	-	0.0	4.1
Operating income	13.9	4.7	(4.3)	39.1	-	(2.7)	50.6
Ordinary result before tax	6.5	4.4	(8.2)	41.2	-	2.4	46.4
Result for the year	5.3	3.0	(7.3)	41.2	-	34.0	76.2

Fixed assets	129.1	4.9	149.1	30.6	-	0.1	313.7
Current assets	56.8	8.2	(8.4)	49.8	-	112.6	219.0
Total assets	185.9	13.1	140.7	80.4	-	112.7	532.7
Debt	152.5	4.0	99.9	31.1	-	(0.3)	287.3
Net Assets	33.3	9.2	40.8	49.2	-	112.9	245.5

Average number of employees	434	79	386	37	-	75	1011
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Profit margin	3.0%	30.9%	(5.6)%	11.5%	-		5.6%
Return on invested capital	12.4%	52.4%	(2.7)%	138.5%	-		16.4%
Invested capital	112.1	8.9	157.9	28.2	-	1.0	308.1

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
2 Staff costs, office and fleet				
Staff costs include:				
Wages and salaries	53,388	50	11,405	7
Pensions	5,803	2	674	0
Social security	3,067	3	32	0
Contract labour	247	0	247	0
	<u>62,505</u>	<u>55</u>	<u>12,358</u>	<u>7</u>
Remuneration to J. Lauritzen A/S'				
Executive Management	2,633	0.8	2,633	0.8
Directors	366	0.1	366	0.1
	<u>2,999</u>	<u>0.9</u>	<u>2,999</u>	<u>0.9</u>
Average number of employees	<u>861</u>	<u>1,011</u>	<u>72</u>	<u>75</u>
Number of employees at year-end	<u>850</u>	<u>997</u>	<u>70</u>	<u>74</u>
In an incentive programme for company executives has been established with a maximum of three month's salary. In addition a discretionary bonus has been awarded for 2004.				
3 Other sales and administrative costs				
Total fees to elected auditors	<u>679</u>	<u>0.6</u>	<u>257</u>	<u>0.2</u>
Inclusive fee for services other than audit	<u>271</u>	<u>0.3</u>	<u>171</u>	<u>0.2</u>
4 Profit and loss on sale of vessels				
Profit on sale of vessels	22,576	4	4,079	(1)
Internal profit and losses	-	-	(5,151)	-
	<u>22,576</u>	<u>4</u>	<u>(1,072)</u>	<u>(1)</u>
5 Write-downs and depreciation				
Patents & Rights	(110)	(0)	-	-
Goodwill	(2,381)	(2)	-	-
Vessels	(22,840)	(17)	-	-
Financially leased vessels	(4,289)	(4)	(4,289)	(4)
Land and buildings	(376)	(0)	-	-
Machinery and equipment	(1,455)	(2)	(2)	(0)
	<u>(31,451)</u>	<u>(25)</u>	<u>(4,291)</u>	<u>(4)</u>
6 Financial income				
Interest income and dividend	7,441	3	3,809	2
Realised and unrealised currency exchange gains and losses	1,136	1	1,525	7
Interest on receivables from subsidiaries	-	-	1,919	3
Financial income	<u>8,577</u>	<u>4</u>	<u>7,253</u>	<u>12</u>
7 Financial expenses				
Interest expenses	(10,840)	(12)	(6,780)	(7)
Interest on debt to subsidiaries	-	-	(1,095)	(0)
Financial expenses	<u>(10,840)</u>	<u>(12)</u>	<u>(7,875)</u>	<u>(7)</u>

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
8 Tax				
Certain group companies are jointly taxed with the parent company, Vesterhavet A/S.				
Tax in the Profit and Loss Account consist of:				
Actual tax	(3,933)	(1)	(1,625)	(0)
Jointly taxed contributions from subsidiaries	-	-	66,820	11
Deferred tax	(35,971)	32	(35,000)	31
Tax in associated companies	(197)	(0)	-	-
Tax in subsidiaries	-	-	(70,296)	(12)
	<u>(40,101)</u>	<u>30</u>	<u>(40,101)</u>	<u>30</u>
Specified as follows:				
Tax on ordinary result	(40,101)	30	(40,101)	30
Tax on extraordinary result	-	-	-	-
	<u>(40,101)</u>	<u>30</u>	<u>(40,101)</u>	<u>30</u>
Tax on ordinary result explains as follows:				
Calculated 30% on ordinary result before tax	(72,207)	(14)	(72,207)	(14)
Adjustment of calculated tax in foreign companies to local tax percent	1,552	1	1,552	1
Tax effect on:				
Non-deductible depreciation on goodwill	(714)	(1)	(714)	(1)
Used carried forward losses in the jointly taxation	14,300	15	14,300	15
Currency adjustments arising from tax calculation	15,223	(4)	15,223	(4)
Adjustments previous year	(999)	4	(999)	4
Adjustment of tax allowance	2,744	28	2,744	28
	<u>(40,101)</u>	<u>31</u>	<u>(40,101)</u>	<u>31</u>
Effective tax percent	<u>(17)</u>	<u>66</u>	<u>(17)</u>	<u>66</u>
Deferred tax on the Balance Sheet:				
Deferred tax 1 January	36,238	4	35,000	4
Exchange rate adjustments in foreign companies	25	0	-	-
Tax on result	(35,971)	32	(35,000)	31
Tax on equity movements	-	(0)	-	-
Deferred tax 31 December	<u>293</u>	<u>36</u>	<u>0</u>	<u>35</u>
Deferred tax concerns:				
Tangible fixed assets	25,973	64	4,800	4
Tangible fixed assets in subsidiaries	-	-	21,000	60
Debt	120	0	-	-
Taxable losses carried forward	-	0	-	-
Adjustment of tax allowance	(25,800)	(29)	(25,800)	(29)
	<u>293</u>	<u>36</u>	<u>-</u>	<u>35</u>
Deferred tax, assets	777	36	-	35
Deferred tax, provision	(484)	(0)	-	-
	<u>293</u>	<u>36</u>	<u>-</u>	<u>35</u>
Corporate tax payable can be specified as follows:				
Balance 1 January	1,262	1	-	-
Exchange rate adjustments in foreign companies	54	0	-	-
Paid during the year	(1,648)	(1)	-	-
Provision for the year, incl. jointly taxed subsidiaries	3,933	1	1,600	-
	<u>3,602</u>	<u>1</u>	<u>1,600</u>	<u>-</u>

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
9 Patents & Rights				
Cost as at 1 January	3,542	4	-	-
Exchange rate adjustments in foreign companies	(242)	(1)	-	-
Additions during the year	-	0	-	-
Cost as at 31 December	3,300	3	-	-
Write-down and depreciation as at 1 January	(2,236)	(3)	-	-
Exchange rate adjustments in foreign companies	36	1	-	-
Write-downs and depreciation during the year	(110)	(0)	-	-
Write-down and depreciation as at 31 December	(2,310)	(2)	-	-
Balance as at 31 December	990	1	-	-
10 Goodwill				
Cost as at 1 January	20,469	20	-	-
Additions during the year	1,825	-	-	-
Cost as at 31 December	22,294	20	-	-
Write-down and depreciation as at 1 January	(6,141)	(4)	-	-
Write-downs and depreciation during the year	(2,381)	(2)	-	-
Write-down and depreciation as at 31 December	(8,522)	(6)	-	-
Balance as at 31 December	13,772	14	-	-
11 Vessels				
Cost as at 1 January	471,264	446	-	-
Exchange rate adjustments in foreign companies	4,919	9	-	-
Additions during the year	136,663	74	-	-
Disposals during the year	(56,950)	(58)	-	-
Cost as at 31 December	555,896	471	-	-
Write-down and depreciation as at 1 January	(248,815)	(274)	-	-
Exchange rate adjustments in foreign companies	(4,170)	(6)	-	-
Write-downs and depreciation during the year	(22,840)	(17)	-	-
Disposals during the year	12,571	48	-	-
Write-down and depreciation as at 31 December	(263,254)	(249)	-	-
Balance as at 31 December	292,642	222	-	-
Insurance sum including interest against total loss	551,150	380	-	-
12 Financially leased vessels				
Cost as at 1 January	138,295	138	138,295	138
Additions during the year	-	-	(138,295)	-
Cost as at 31 December	138,295	138	-	138
Write-down and depreciation as at 1 January	(94,694)	(91)	(94,694)	(91)
Write-downs and depreciation during the year	(4,289)	(4)	(4,289)	(4)
Disposals during the year	-	-	98,983	-
Write-down and depreciation as at 31 December	(98,983)	(95)	-	(95)
Balance as at 31 December	39,313	44	-	44
Insurance sum including interest against total loss	125,500	122	-	122

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
13 Land and buildings				
Cost as at 1 January	8,043	7	-	-
Exchange rate adjustments in foreign companies	168	1	-	-
Additions during the year	1,751	1	-	-
Disposals during the year	(1,266)	(1)	-	-
Cost as at 31 December	<u>8,696</u>	<u>8</u>	-	-
Write-down and depreciation as at 1 January	(2,322)	(2)	-	-
Exchange rate adjustments in foreign companies	1	(0)	-	-
Write-downs and depreciation during the year	(376)	(0)	-	-
Disposals during the year	178	0	-	-
Write-down and depreciation as at 31 December	<u>(2,518)</u>	<u>(2)</u>	-	-
Balance as at 31 December	<u>6,178</u>	<u>6</u>	-	-
Balance as at 31 December without revaluation	<u>6,178</u>	<u>6</u>	-	-
14 Machinery and equipment				
Cost as at 1 January	15,554	18	704	1
Exchange rate adjustments in foreign companies	273	1	-	-
Additions during the year	2,237	2	-	0
Disposals during the year	(4,880)	(5)	(489)	-
Cost as at 31 December	<u>13,184</u>	<u>16</u>	<u>215</u>	<u>1</u>
Write-down and depreciation as at 1 January	(11,443)	(13)	(645)	(1)
Exchange rate adjustments in foreign companies	(283)	(0)	-	-
Write-downs and depreciation during the year	(1,455)	(2)	(2)	(0)
Disposals during the year	3,278	4	487	-
Write-down and depreciation as at 31 December	<u>(9,903)</u>	<u>(11)</u>	<u>(160)</u>	<u>(1)</u>
Balance as at 31 December	<u>3,281</u>	<u>4</u>	<u>54</u>	<u>0</u>
15 Prepayment on fixed assets				
Cost as at 1 January	2,606	0	-	-
Additions during the year	7,778	3	-	-
Disposals during the year	(1,030)	(0)	-	-
Cost as at 31 December	<u>9,355</u>	<u>3</u>	-	-

Notes

16 Investments in subsidiaries

		Parent company		Parent company	
		2004 USD '000	2004 USD '000	2003 USD million	2003 USD million
	%	Result	Equity	Result	Equity
Lauritzen Reefers A/S, Denmark	100.0% DKK	613	22,026	(1)	21
Lauritzen Kosan A/S, Denmark	100.0% DKK	6,573	28,032	(13)	19
Lauritzen Bulkera A/S, Denmark	100.0% DKK	148,143	180,962	30	39
LauritzenCool AB, Sweden	100.0% USD	5,377	21,941	8	28
Lauritzen Ship Owner A/S, Denmark	100.0% DKK	5,587	449	(2)	12
Lauritzen Tankers A/S, Denmark	100.0% DKK	(227)	(206)	-	-
Lauritzen Tankers Ship Owner A/S, Denmark	100.0% DKK	546	2,837	-	-
Shoreoff Invest Bermuda Ltd. (formerly Odin Shipping Ltd.)	100.0% USD	-	-	-	-
J. Lauritzen Inversiones (Chile) Ltda.	100.0% CLP	(134)	2,805	3	3
J. Lauritzen (Japan) K.K.	100.0% JPY	234	(284)	-	-
Euroamerica S.A., Argentina	67.5% ARA	628	3,929	1	3
Segetrans Argentina S.A.	58.0% ARA	(270)	(251)	(0)	0
		167,069	262,239	26	125
Tax on ordinary result		70,296	-	12	-
Internal profit margins		9,725	(28,009)	4	(23)
Goodwill		(2,381)	13,772	(2)	14
		244,708	248,002	40	116
Negative equity capital set off against receivables		-	490	-	-
Negative equity capital taken as a reserve		-	251	-	-
		244,708	248,743	40	116
Cost as at 1 January			352,431		350
Additions during the year			4,221		2
Cost as at 31 December			356,652		352
Revaluation as at 1 January			31,365		1
Exchange rate adjustments in foreign companies			(45)		(0)
Dividends received			(5,500)		-
Revaluations during the year			148,922		30
Revaluation as at 31 December			174,742		31
Write-down as at 1 January			(268,150)		(270)
Exchange rate adjustments in foreign companies			2,238		4
Dividends received			(27,468)		(0)
Write-down during the year			9,988		(2)
Write-down as at 31 December			(283,392)		(268)
Balance as at 31 December			248,002		116

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
17 Investments in associated companies				
Cost as at 1 January	3,832	15	170	0
Additions during the year	5	1	-	-
Disposal during the year	(11)	(12)	-	-
Cost as at 31 December	3,826	4	170	0
Revaluation as at 1 January	2,775	0	-	-
Exchange rate adjustments in foreign companies	299	(0)	-	-
Dividends received	(3,000)	(1)	-	-
Revaluations during the year	11,026	4	-	-
Disposal during the year	0	(0)	-	-
Revaluation as at 31 December	11,100	3	0	0
Write-down as at 1 January	(91)	(0)	(91)	(0)
Write-downs during the year	2	0	2	0
Write-down as at 31 December	(89)	-	(89)	-
Balance as at 31 December	14,837	7	81	0

Investments in associated companies comprise:

<u>Results in associated companies</u>	<u>Ownership</u>	Result	Result	Result	Result
McKay Shipping Limited, New Zealand	49,0%	483	1	-	-
Chile Containers S.A., Chile	10,0%	-	(0)	-	-
Segetrans Peru S.A.C.	28,5%	7	0	7	0
K/S Danred, Denmark	43,5%	4,401	1	-	-
LauriTen Ltd.	50,0%	-	2	-	-
Exmar Kosan Ltd.	50,0%	8	0	-	-
Sigas Kosan A/S	50,0%	24	0	-	-
Maryse shipping Ltd	50,0%	5,015	-	-	-
HandyVenture Limited	50,0%	11,722	4	-	-
Silverway Company S.A.	25,0%	-	4	-	-
Arctic Reefers Ltd.	50,0%	-	-	-	-
Eco Shipping Ltd.	33,3%	-	-	-	-
Brasreefer S.A.	33,3%	-	0	-	-
Ontemar (formerly Frigorifico Frutero SA)	25,8%	1,732	1	-	-
C & S Shipping Australia	50,0%	18	-	-	-
Lauritzen Cool Logistics	50,0%	994	-	-	-
		24,404	13	7	0
External group shareholders' proportion		(13,012)	(8)	(5)	(0)
		11,392	5	2	0
Tax on ordinary result		197	0	-	-
Goodwill		-	(1)	-	-
Internal profit		-	(1)	-	-
		11,589	3	2	0

<u>Equity in associated companies</u>	<u>Ownership</u>	Equity	Equity	Equity	Equity
	<u>Status day</u>				
Companies recognised in the balance sheet at the proportional share of their intrinsic values:					
McKay Shipping Limited, New Zealand	49,0%	2,987	3	-	-
Chile Containers S.A., Chile	10,0%	270	1	-	-
Segetrans Peru S.A.C.	28,5%	285	0	285	0
K/S Danred, Denmark	43,5%	2,957	5	-	-
LauriTen Energy Ltd.	0,0%	-	-	-	-
Exmar Kosan Ltd.	50,0%	16	0	-	-
Sigas Kosan A/S	50,0%	106	0	-	-
Maryse shipping Ltd	50,0%	5,015	-	-	-
HandyVenture Limited	50,0%	15,526	4	-	-
Silverway Company S.A.	0,0%	-	-	-	-
Arctic Reefers Ltd.	0,0%	-	0	-	-
Eco Shipping Ltd.	0,0%	-	0	-	-
Brasreefer S.A.	0,0%	-	0	-	-
Ontemar (formerly Frigorifico Frutero SA)	25,8%	5,129	3	-	-
C & S Shipping Australia	50,0%	50	0	-	-
Lauritzen Cool Logistics	50,0%	614	-	-	-
		32,955	16	285	0
External group shareholders' proportion		(18,118)	(9)	(204)	(0)
		14,837	7	81	0

Notes

	Group		Parent company	
	2004 USD '000	2003 USD million	2004 USD '000	2003 USD million
18 Other receivables				
In 2003, three identical 4-year bareboat agreements were entered. In the accounts, the agreements have been dealt with as a financial leasing arrangement. Instalments for 2005 amount to USD 1,1 million.				
19 Equity				
The share capital of J. Lauritzen A/S is issued in shares of DKK 50.000 and in multiples of this.				
20 Minority shareholders' share of equity				
Balance as at 1 January	7,106	6	-	-
Allocated from the result of the year	(85)	(1)	-	-
Exchange rate adjustments of foreign companies	(598)	2	-	-
	<u>6,423</u>	<u>7</u>	<u>-</u>	<u>-</u>
21 Long-term debt				
Balance as at 1 January	196,753	170	71,814	78
Proceeds from loans	5,295	58	279	0
Repayments and redemption	(101,856)	(38)	(72,093)	(6)
Exchange rate adjustments	1,038	6	-	-
Balance as at 31 December	<u>101,230</u>	<u>196</u>	<u>0</u>	<u>72</u>
Long-term debt due for payment next year	<u>(12,120)</u>	<u>(44)</u>	<u>-</u>	<u>(7)</u>
	<u>89,110</u>	<u>152</u>	<u>0</u>	<u>65</u>
Market value	<u>101,230</u>	<u>196</u>	<u>0</u>	<u>72</u>
Due for payment after more than 5 years:				
Mortgage on vessels	14,807	38	-	-
Debt concerning financial leasing	<u>14,770</u>	<u>26</u>	<u>-</u>	<u>26</u>
	<u>29,578</u>	<u>63</u>	<u>0</u>	<u>26</u>
The instalments for next year are specified as follows:				
Mortgage on vessels	(4,255)	(37)	-	-
Debt concerning financial leasing	<u>(7,865)</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>
	<u>(12,120)</u>	<u>(44)</u>	<u>0</u>	<u>(7)</u>

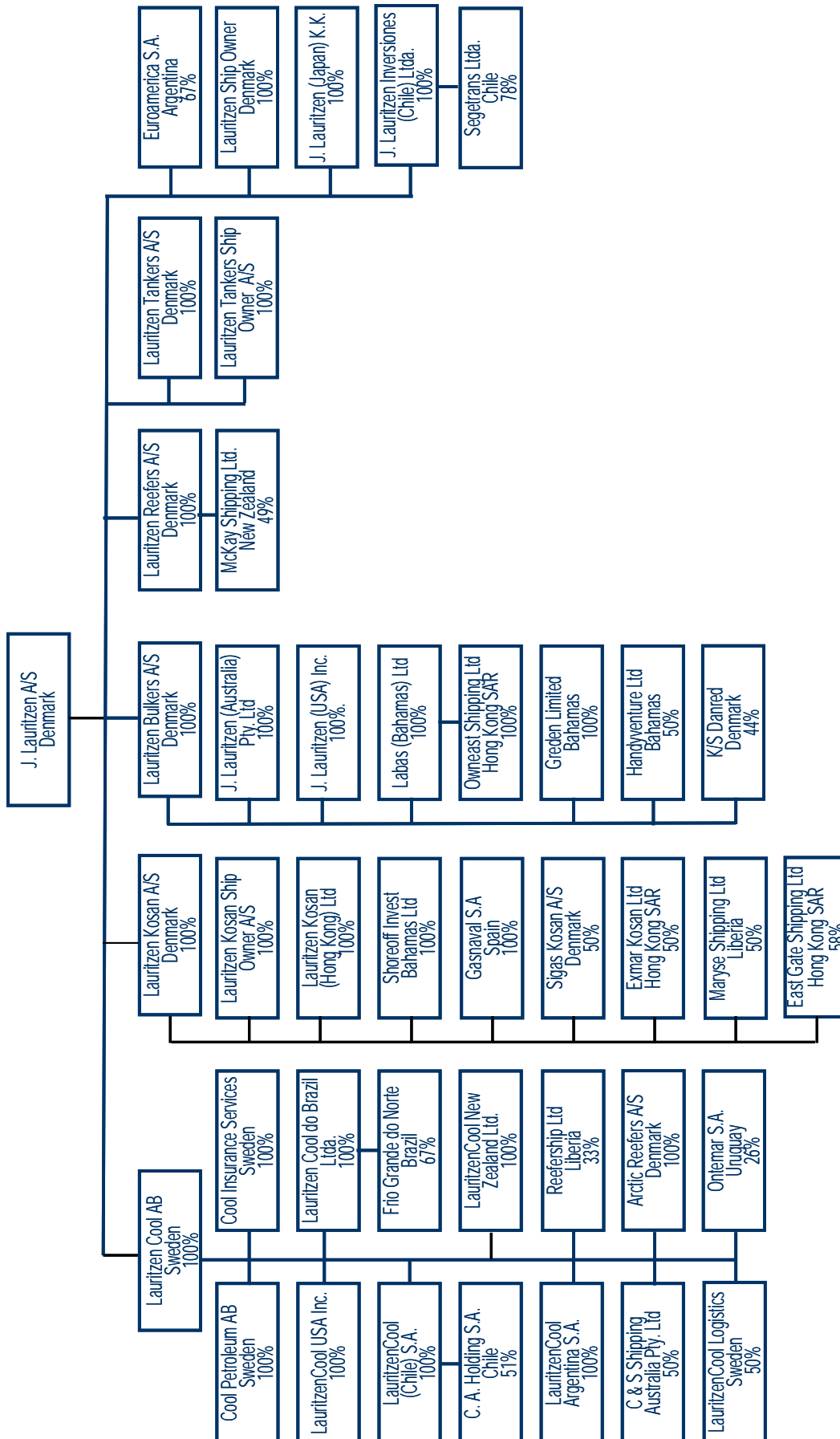
The Group has contracted following long-term debts:

Loan	Expiry	Fixed/ variable	Group			
			Effective interest		Book value	
			2004	2003	2004	2003
DKK	2005	Fixed	-	9.9%	-	9
USD	2005	Variable	2.4%	2.6%	461	1
DKK	2005	Variable	-	3.3%	-	28
USD	2009	Variable	2.4%	2.5%	4,781	6
USD	2010	Fixed	8.0%	8.0%	20,917	23
USD	2010	Variable	2.4%	2.1%	26,256	65
USD	2011	Variable	-	2.1%	-	16
USD	2011	Fixed	8.0%	8.0%	43,915	49
USD	2015	Variable	2.4%	-	4,900	-
					<u>101,230</u>	<u>197</u>
Weighted average effective interest			<u>6.3%</u>	<u>5.4%</u>		
Loan	Expiry	Fixed/ variable	Parent company			
			Effective interest		Book value	
			2004	2003	2004	2003
USD	2010	Fixed	-	8.0%	-	23
USD	2011	Fixed	-	8.0%	-	49
					<u>0</u>	<u>72</u>
Weighted average effective interest			-	8.0%		

Notes

	Group			
	2004 USD '000	2003 USD million		
22 Adjustments				
Exchange rate adjustments	58	13		
Profit and loss on sale of tangible fixed assets	(22,576)	(4)		
	<u>(22,518)</u>	<u>9</u>		
23 Change in working capital				
Change in stocks	(859)	1		
Change in receivables	2,669	(18)		
Change in trade payables	4,142	10		
	<u>5,952</u>	<u>(8)</u>		
24 Liquid assets at end of year				
Securities (listed bonds)	76,150	2		
Liquid funds	84,272	89		
Short-term debt	0	0		
	<u>160,422</u>	<u>91</u>		
			Group	Parent company
	2004	2003	2004	2003
	USD million	USD million	USD million	USD million
25 Securities				
Total cost as at 31 December	79	7	79	7
26 Mortgages				
Debt for a total of has been secured by mortgage in assets at the following book values:	36	125	-	-
Vessels	78	207	-	-
Land and buildings	5	4	-	-
	<u>83</u>	<u>211</u>	-	-
As collateral security for the leasing arrangement with SBK-Finans A/S, following security has been provided:				
Value of own vessels	18	19	-	-
27 Contingent liabilities				
Guarantees undertaken for debt in subsidiaries	-	-	157	125
Maximum obligation in projects entered	13	12	-	-
Guarantees for third party	1	1	1	1
Certain claims have been raised against JL. The managements view is that the outcome of these actions will not have any material impact on JL's economic position The parent company and a number of its subsidiaries are jointly taxed with Vesterhavet A/S and have consequently joint liability for the payment of tax on the joint-taxable income.				
28 Contractual commitments				
The Group has entered into 2 newbuilding contracts of bulkcarriers due for delivery in 2006 and 2007 with a contractual commitment of USD 29.5 million. The Group has entered into 4 newbuilding contracts of gascarriers due for delivery in 2006 and 2007 with a contractual commitment of USD 117.4. The Group has entered into two contracts for secondhand reefershops due for delivery in 2005 and 2006 with a contractual commitment of USD 15.0 million. The Group has entered into a contract for a secondhand bulkcarrier due for delivery in 2005 with a contractual commitment of USD 20.0 million.				
Contractual commitments with a remaining term in excess of 1 year have the following total value	344	298	-	24
They fall due as follows:				
Within 1 year	132	101	-	-
Between 1-8 years	213	197	-	24
Rent costs	1	4	1	4
Long-term charter parties and contracts concluded:	Number	Number	Number	Number
Reefer vessels	14	17	-	-
Bulk carriers	23	24	-	-
Product tankers	3	2	-	2
Gas carriers	1	-	-	-
Remaining term	1-7 years	1-8 years	-	3-8 years

Overall Group Structure



Group Companies

Official name	Country	Share Capital		Ownership %
		Currency	Amount (1,000)	
J. Lauritzen A/S	Denmark	DKK	430,000	100
Segetrans Argentina S.A.	Argentina	ARA	950	58
Euroamerica S.A.	Argentina	ARA	32	67
LauritzenCool Argentina S.A.	Argentina	ARA	50	100
C & S Shipping Australia Pty. Ltd	Australia	AUD	50	50
J. Lauritzen (Australia) Pty. Ltd	Australia	AUD	20	100
Shoreoff Invest Bahamas Ltd	Bahamas	USD	1	100
Greedan Limited	Bahamas	USD	0	100
Labas (Bahamas) Ltd	Bahamas	USD	10	100
Densaf Limited *)	Bahamas	USD	0	50
Handyventure Limited	Bahamas	USD	0	50
Safden Limited*)	Bahamas	USD	0	50
Shoreoff Invest Bermuda Ltd	Bermuda	USD	12	100
LauritzenCool do Brazil Ltda.	Brazil	BRL	3,762	100
LauritzenCool Logistics do Brazil Ltda.*)	Brazil	BRL	31	50
Frio Grande do Norte Ltda.	Brazil	BRL	3,133	67
Brasreefer S.A.*)	Brazil	BRL	5	33
J. Lauritzen Inversiones (Chile) Ltda.	Chile	CLP	1,560,159	100
Segetrans Ltda.	Chile	CLP	3,418,226	78
LauritzenCool (Chile) S.A.	Chile	CLP	1,269,183	100
LauritzenCool Logistics (Chile) Ltda.*)	Chile	CLP	7,995	50
C. A. Holding S.A.	Chile	CLP	739,799	51
Global Shipping Services Ltda.*)	Chile	CLP	94,224	50
Chile Containers S.A.	Chile	CLP	119,483	10
LauritzenCool Logistics S.A.*)	Costa Rica	USD	100	28
Lauritzen Kosan A/S	Denmark	DKK	50,000	100
Sigas Kosan A/S	Denmark	DKK	500	50
Lauritzen Kosan Ship Owner A/S	Denmark	DKK	500	100
Arctic Reefers A/S	Denmark	DKK	500	100
Lauritzen Ship Owner A/S	Denmark	DKK	1,000	100
Lauritzen Bulkers A/S	Denmark	DKK	10,000	100
Lauritzen Reefers A/S	Denmark	DKK	100,500	100
K/S Danred	Denmark	DKK	-	44
Lauritzen Tankers A/S	Denmark	DKK	500	100
Lauritzen Tankers Ship Owner A/S	Denmark	DKK	501	100
Lauritzen Kosan (Hong Kong) Ltd	Hong Kong (SAR)	HKD	10	100
East Gate Shipping Ltd	Hong Kong (SAR)	USD	11,876	58
Exmar Kosan Ltd	Hong Kong (SAR)	USD	5	50
Owneast Shipping Limited	Hong Kong (SAR)	USD	0	100
J. Lauritzen (Japan) K.K.	Japan	JPY	25,000	100
Reefership Ltd	Liberia	USD	20	33
Maryse Shipping Limited	Liberia	USD	1	50
LauritzenCool New Zealand Ltd	New Zealand	NZD	10	100
McKay Shipping Limited	New Zealand	NZD	3,000	49
LauritzenCool Caribbean Corporation*)	Panama	USD	255	28
Segetrans Peru S.A.C.	Peru	PEN	2,015	29
LauritzenCool Logistics SA (Proprietary) Limited*)	South Africa	ZAR	0.1	50

Group Companies (continued)

Official name	Country	Share Capital		Ownership %
		Currency	Amount (1,000)	
Gasnaval S.A	Spain	EUR	8,955	100
LauritzenCool AB	Sweden	SEK	60,000	100
Cool Petroleum AB	Sweden	SEK	1,500	100
Cool Insurance Services AB	Sweden	SEK	100	100
LauritzenCool Logistics AB	Sweden	SEK	100	50
Ontemar S.A.	Uruguay	UYU	500	26
Frigorifico Frutero S.A. *)	Uruguay	UYU	8,323	26
Sikler S.A. *)	Uruguay	UYU	84	26
Ontur S.A. *)	Uruguay	UYU	195	26
Factoril S.A. *)	Uruguay	UYU	312	26
Rio Estiba S.A. *)	Uruguay	UYU	1,239	13
LCL Uruguay S.A. *)	Uruguay	UYU	1,200	30
LauritzenCool USA Inc.	USA	USD	517	100
Universal Freight Forwarders Inc., Seattle *)	USA	USD	59.824	40
J. Lauritzen (USA) Inc.	USA	USD	1	100

*) Companies owned by associates

Board of Directors and Executive Management

Board of Directors

Bent Østergaard, Chairman
President, Vesterhavet A/S

Board member of:
NanoNord A/S

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

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

Vagn Rosenkilde
Senior Vice President - Danfoss A/S

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

Board member of:
VT Holding A/S
Carl Andersen Motorcykler A/S
Erik Blancha Holding A/S

Peter Poul Bay
Management Consultant

Niels Heering
Managing partner - Gorrissen Federspiel Kierkegaard

Chairman of the Board of Directors of:
CKBF Invest A/S
Comlex A/S
Ellos A/S
EQT Partners A/S
Jeudan A/S
MRE A/S
Nesdu A/S
NTR Holding A/S
Stæhr Holding A/S

Vice Chairman of the Board of Directors of
TDC A/S

Board member of:
Columbus IT Partner A/S
Danske Private Equity A/S
Ole Mathiesen A/S
Venjo A/S

Peder Julian *
ISM Manager

Per Larsen *
Manager, Administration

Claus Pavar *
Senior Vice President

Board member of:
Svendborg International Maritime Academy (SIMAC)

(* Elected by the employees)

Executive Management

Torben Janholt
President & CEO

Vice chairman of the Board of Directors of
Danish Ship Owners' Association

Board member of:
Tsakos Energy Navigation Limited (TEN)

Birgit Aagaard-Svendsen
Executive Vice President & CFO
Board member of:
Danmarks Radio
Danske Bank A/S