

## Interim financial report – first half year 2016

### Continued depressed dry cargo markets

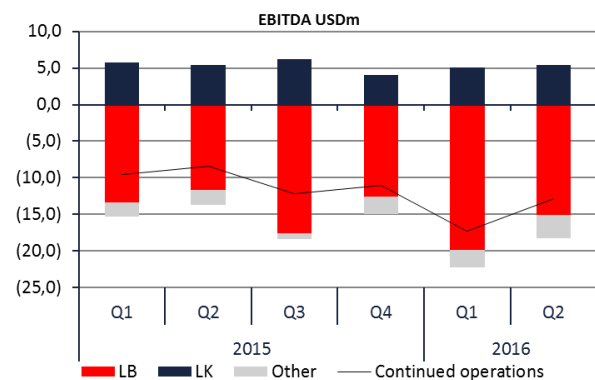
“Despite some improvements in Q2, dry cargo markets remained at historically depressed levels due to sustained weak trade growth and tonnage oversupply, which significantly impacted our EBITDA. Continuing cash building initiatives, including trimming of our owned dry cargo fleet caused additional write-downs negatively impacting the bottom-line” says Jan Kastrup-Nielsen, President & CEO adding that “our gas carriers performed largely as expected”.

### Q2

During Q2 further cash improving initiatives were executed, including sales of two supramax bulk carrier newbuildings and cancellation of a part-owned handysize bulk carrier.

Q2 EBITDA before special items amounted to USDm (12.9) compared to USDm (8.4) in Q2 2015. EBITDA suffered from the weak dry cargo markets, whereas our gas carrier operation towards the end of the period were to a smaller extent impacted by ailing demand in the Atlantic.

Net result for the Q2 amounted to USDm (22.4) against USDm (117.6) in Q2 2015. The result contained special items of net USDm 8.2 including impairment and provisions and use of provisions for onerous contracts compared to USDm (92.7) in same period last year.



### First half year

EBITDA before special items for the first six months of 2016 amounted to USDm (30.1), down by USDm (12.2) on H1 2015. Net result was USDm (30.7), up USDm 113.9 on H1 2015, mainly due to special items (up USDm 93.0) and sale on non-strategic assets (USDm 27.1), offset by the lower EBITDA.

### Lauritzen Bulkers

During H1, average number of vessels reached 93 compared to 99 in H1 2015. EBITDA amounted to USDm (34.9) compared to USDm (24.9) in H1 2015.

### Lauritzen Kosan

During H1, average number of vessels reached 34 compared to 36 in H1 2015. EBITDA was USDm 10.4 compared to USDm 11.2 in 2015.

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EBITDA before special items *)					
USDm	2016 2nd quarter	2015 2nd quarter	2016 6 months	2015 6 months	2015 Full year
Lauritzen Bulkers	(15.0)	(11.6)	(34.9)	(24.9)	(55.0)
Lauritzen Kosan	5.4	5.4	10.4	11.2	21.4
Other/Unallocated	(3.2)	(2.1)	(5.6)	(4.1)	(7.4)
EBITDA before special items	(12.9)	(8.4)	(30.1)	(17.9)	(41.1)

\*) Continuing operations only

## Operating income

In H1 operating income before special items was USDm (47.7) compared to USDm (41.0) in same period in 2015.

Operating income before special items *)					
USDm	2016 2nd quarter	2015 2nd quarter	2016 6 months	2015 6 months	2015 Full year
Lauritzen Bulkers	(18.1)	(17.1)	(40.6)	(34.8)	(70.7)
Lauritzen Kosan	(0.8)	(0.1)	(1.5)	(0.5)	(1.8)
Unallocated	(3.2)	(3.6)	(5.6)	(5.8)	(6.1)
Operating income before special items	(22.1)	(20.7)	(47.7)	(41.0)	(78.6)

\*) Continuing operations only

## Special items

In H1, special items amounted to net USDm 7.0 compared to USDm (86.0) in same period 2015. For additional information on special items, please see note 3.

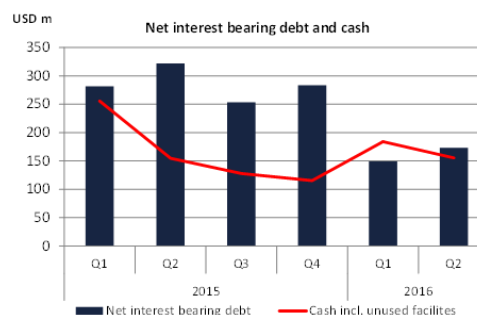
## Net financial items

Net financial items for H1 amounted to USDm 10.0 compared to USDm (17.4) same period last year. Net financial items included USDm 27.1 related to sale of non-strategic assets and unrealized exchange rate adjustments on long-term borrowings in JPY of net USDm (6.2).

## Assets and liabilities

Total assets amounted to USDm 626, down from USDm 859 at year-end 2015 due to sale of assets and cancellation of newbuilding contracts.

At period end, cash and undrawn committed credit facilities amounted to USDm 157 compared to USDm 116 at year-end 2015. Net interest bearing debt (NIBD) was USDm 173 against USDm 284 at year-end 2015.



Solvency ratio amounted 37.1% at period end against 31.5% at year-end 2015.

Key figures	2016	2015	2015
	6 months	6 months	Full year
Solvency ratio	37%	41%	31%
Return on equity	(24.4)%	(57.5)%	(74.3)%
Return on invested capital *)	(17.4)%	(32.5)%	(41.8)%

\*) *Continuing operations only*

Outstanding deliveries amount to one part-owned newbuilding, down from four wholly-owned and two part-owned newbuildings at the beginning of the year. Outstanding deliveries of long-term time-chartered vessels amounted to eight vessels at period end, compared to nine vessels at the beginning of the year. Total commitments related to long-term time-chartered vessels appear in note 8.

### Outlook for 2016

The full year estimate is unchanged with EBITDA at levels similar to 2015, offset by special items contributing positively due to the use of provisions. Depreciation will be reduced due to sale of assets, and finance net is expected to improve following the significant deleveraging of our balance sheet and sale of financial assets.

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

### Events after the balance date

As of 19 September 2016, Mads P. Zachø will take up the position as CEO of J. Lauritzen A/S.

### Forward-looking statements

The interim financial report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of JL, may cause actual developments and actual results to differ materially from expectations contained in the interim financial report.

## Management statement

The Board of Directors and Executive Management have today discussed and approved the interim report of J. Lauritzen A/S (the Group) for the period 1 January to 30 June 2016.

The interim report has been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been audited or reviewed by the company's independent auditors.

In our opinion the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2016 and of the results of the Group's operations and cash flows for the period 1 January 2016 to 30 June 2016.

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

Copenhagen, 19 August 2016.

## Executive Management:

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Jan Kastrup-Nielsen  
President & CEO

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Birgit Aagaard-Svendsen  
Exec. Vice President & CFO

## Board of Directors:

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Jesper T. Lok  
Chairman

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Niels Heering  
Vice Chairman

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Peter Poul Lauritzen Bay

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Marianne Wiinholt

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Søren Berg\*

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Ulrik Danstrøm\*

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Søren Roschmann\*

\*) Elected by the employees

## Financial statements – JL Group

<b>INCOME STATEMENT - CONDENSED</b>		<b>2016</b>	2015	<b>2016</b>	2015	2015
USD '000		<b>2nd quarter</b>	2nd quarter	<b>6 months</b>	6 months	<b>Full year</b>
	Note					
Revenue	2	68,054	91,098	155,452	180,684	349,078
Voyage related costs		(10,741)	(19,718)	(38,933)	(38,015)	(80,746)
Time-charter equivalent income		57,313	71,380	116,519	142,670	268,332
Other operating income		940	1,749	2,161	3,665	6,897
Hire of chartered vessels		(44,324)	(48,989)	(93,238)	(99,574)	(191,054)
Operating costs of vessels		(15,373)	(21,500)	(33,256)	(42,313)	(81,529)
Administrative costs		(11,452)	(11,001)	(22,323)	(22,302)	(43,699)
<b>Operating income before depreciation (EBITDA) and special items</b>		<b>(12,897)</b>	<b>(8,361)</b>	<b>(30,137)</b>	<b>(17,854)</b>	<b>(41,053)</b>
Profit/(loss) on sale of vessels and other assets		(67)	(51)	(41)	(8)	52
Depreciation		(7,571)	(11,736)	(15,175)	(23,445)	(41,678)
Share of profit in joint ventures		(1,587)	(579)	(2,338)	274	4,047
<b>Operating income (EBIT) before special items</b>		<b>(22,121)</b>	<b>(20,726)</b>	<b>(47,691)</b>	<b>(41,034)</b>	<b>(78,633)</b>
Special items, net	3	8,157	(92,695)	7,005	(86,017)	(207,192)
Financial items, net	4	(8,412)	(3,993)	10,012	(17,398)	(26,859)
Profit/(loss) from continuing operations before tax		(22,377)	(117,414)	(30,674)	(144,449)	(312,683)
Income tax		(38)	(72)	(46)	(81)	(1,322)
Profit/(loss) from continuing operations		(22,414)	(117,486)	(30,720)	(144,529)	(314,006)
Profit/(loss) from discontinued operations	6	1	(123)	47	(58)	560
<b>Profit/(loss) for the period</b>		<b>(22,413)</b>	<b>(117,609)</b>	<b>(30,673)</b>	<b>(144,588)</b>	<b>(313,446)</b>
Attributable to:						
<b>The J. Lauritzen Group</b>		<b>(22,413)</b>	<b>(117,609)</b>	<b>(30,673)</b>	<b>(144,588)</b>	<b>(313,446)</b>

<b>STATEMENT OF COMPREHENSIVE INCOME</b>		<b>2016</b>	2015	<b>2016</b>	2015	2015
USD '000		<b>2nd quarter</b>	2nd quarter	<b>6 months</b>	6 months	<b>Full year</b>
Profit/(loss) for the period		(22,413)	(117,609)	(30,673)	(144,588)	(313,446)
<i>Items that can be reclassified subsequently to profit or loss:</i>						
Other comprehensive income:						
Exchange differences on translating foreign operations		(69)	112	75	(728)	(772)
Fair value adjustment of hedging instruments		(456)	2,749	(2,966)	417	(2,547)
Deferred gains/(loss) on hedging instr. transfer to Financial items, net		1,352	1,918	3,402	4,319	8,252
Fair value adjustment of shares available for sale		52	981	1	603	6,152
Fair value adjustment of shares available for sale reclassified to Financial items, net	4	-	-	(27,072)	-	-
Other comprehensive income net of tax		880	5,760	(26,560)	4,611	11,085
<b>Total comprehensive income for the period</b>		<b>(21,534)</b>	<b>(111,849)</b>	<b>(57,233)</b>	<b>(139,977)</b>	<b>(302,361)</b>
Attributable to:						
<b>The J. Lauritzen Group</b>		<b>(21,534)</b>	<b>(111,849)</b>	<b>(57,233)</b>	<b>(139,977)</b>	<b>(302,361)</b>

<b>FINANCIAL POSITION</b>		<b>2016</b>	2015	2015
USD '000	Note	<b>30-jun</b>	30-jun	31-dec
<b>ASSETS</b>				
Vessels, property and equipment	5, 7	405,985	545,719	464,531
Investment in joint ventures		26,261	86,016	77,286
Deferred tax assets		2,700	3,600	2,700
Shares available for sale	9	52	41,443	46,982
Receivable from joint ventures		-	(4,793)	1,238
Other receivables		494	21,747	21,735
<b>Non-current assets</b>		<b>435,493</b>	<b>693,731</b>	<b>614,472</b>
Bunkers		8,109	7,554	7,152
Trade receivables		3,010	11,036	10,906
Other receivables		24,939	76,994	54,058
Prepayments		6,699	5,943	8,007
Current tax receivables		668	872	651
Derivative financial instruments		3,869	1,468	1,625
Securities		-	7,300	10,000
Cash at hand and in bank		91,874	154,801	115,570
		139,167	265,969	207,968
Assets held for sale		51,304	90,806	36,162
<b>Current assets</b>		<b>190,471</b>	<b>356,775</b>	<b>244,130</b>
<b>Total assets</b>		<b>625,964</b>	<b>1,050,507</b>	<b>858,603</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		63,864	62,356	62,356
Retained earnings		183,894	365,551	196,693
Reserves		(15,194)	4,892	11,366
<b>Equity</b>		<b>232,564</b>	<b>432,799</b>	<b>270,415</b>
Long-term provisions		15,196	22,496	31,842
Non-current derivative financial instruments		33,880	29,689	34,979
Long-term borrow ings		230,446	369,096	310,953
<b>Non-current liabilities</b>		<b>279,522</b>	<b>421,281</b>	<b>377,774</b>
Current portion of long-term borrow ings		34,530	115,078	98,251
Trade payables		11,490	7,341	7,481
Other payables		15,209	24,379	21,169
Provisions		45,665	33,005	66,118
Prepayments		242	200	812
Derivative financial instruments		6,741	16,425	16,584
<b>Current liabilities</b>		<b>113,878</b>	<b>196,427</b>	<b>210,414</b>
<b>Total liabilities</b>		<b>393,400</b>	<b>617,707</b>	<b>588,188</b>
<b>Total equity and liabilities</b>		<b>625,964</b>	<b>1,050,507</b>	<b>858,603</b>

**EQUITY STATEMENT**

USD '000	Share capital	Hedging instruments	Shares available for sale	Translation gain/loss	Reserves	Retained earnings	Total
Equity 1 January 2016	62,356	(9,730)	27,071	(5,976)	11,366	196,693	270,415
Profit/(loss) for the period	-	-	-	-	-	(30,673)	(30,673)
Other compr. Income	-	436	(27,071)	75	(26,560)	-	(26,560)
Total compr. income	-	436	(27,071)	75	(26,560)	(30,673)	(57,233)
<i>Transaction with owners:</i>							
Capital increase	1,508	-	-	-	-	17,874	19,382
<b>Equity 30 June 2016</b>	<b>63,864</b>	<b>(9,294)</b>	<b>-</b>	<b>(5,901)</b>	<b>(15,194)</b>	<b>183,894</b>	<b>232,564</b>
Equity 1 January 2015	62,356	(15,434)	20,919	(5,204)	281	510,139	572,776
Profit/(loss) for the period	-	-	-	-	-	(144,588)	(144,588)
Other compr. Income	-	4,736	603	(728)	4,611	-	4,611
Total compr. income	-	4,736	603	(728)	4,611	(144,588)	(139,977)
<b>Equity 30 June 2015</b>	<b>62,356</b>	<b>(10,698)</b>	<b>21,522</b>	<b>(5,932)</b>	<b>4,892</b>	<b>365,551</b>	<b>432,799</b>

**CASH FLOW STATEMENT - CONDENSED**

USD '000	2016 6 months	2015 6 months
Cash flow from:		
Operating activities	(8,831)	(46,727)
- hereof Operations before financial items	13,475	(7,624)
- hereof Ordinary operations before tax	(8,777)	(44,653)
Investment activities	88,320	(3,475)
Financing activities	(104,623)	21,484
Changes for the period in cash and cash equivalents	(25,134)	(28,718)
Cash and cash equivalents at beginning of the period	115,570	184,388
Currency adjustments on cash and cash equivalents	1,437	(870)
Cash and cash equivalents at the end of the period	91,874	154,801
Undrawn committed credit facilities at end of period *)	64,639	-
Financial resources at the end of the period	156,513	154,801
Committed facilities available upon delivery of vessels	-	77,800
<b>Financial resources incl. committed facilities available upon delivery of vessels</b>	<b>156,513</b>	<b>232,601</b>

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

## 1. Accounting policies

### *Basis for consolidation*

The interim report comprises the condensed consolidated financial statements of J. Lauritzen A/S.

### *Accounting policies*

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', and additional Danish disclosure requirements for interim reports of listed companies.

J. Lauritzen A/S has adopted the accounting standards and interpretations that became effective in EU from 2016. None of these have affected recognition and measurement.

Apart from adoption of new, amended or revised accounting standards, accounting policies are unchanged from those applied in the Annual Report 2015 of J. Lauritzen A/S.

## 2. Operating segments

USDm	Lauritzen Bulkers	Lauritzen Kosan	Lauritzen Offshore (discontinued operation)	Lauritzen Tankers (discontinued operation)	Total reportable segments	Other/ Unallocated	Total Group	Total Group Continuing Operations
<b>6 months 2016</b>								
Revenue	97.5	57.9	0.0	0.0	155.5	0.0	155.5	155.5
EBITDA before special items	(34.9)	10.4	0.0	0.0	(24.5)	(5.6)	(30.1)	(30.1)
Operating income before special items	(40.6)	(1.5)	0.0	0.0	(42.0)	(5.6)	(47.6)	(47.7)
Operating income after special items	(32.5)	(1.5)	0.0	0.0	(34.0)	(6.7)	(40.6)	(40.7)
<b>6 months 2015</b>								
Revenue	125.0	55.7	(0.1)	0.5	181.1	0.0	181.1	180.7
EBITDA before special items	(24.9)	11.2	(0.1)	(0.0)	(13.9)	(4.1)	(18.0)	(17.9)
Operating income before special items	(34.8)	(0.5)	(0.1)	(0.0)	(35.4)	(5.8)	(41.2)	(41.0)
Operating income after special items	(117.5)	(0.5)	(0.1)	(0.0)	(118.1)	(9.1)	(127.2)	(127.1)

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



### 3. Special items

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

USD '000	2016 2nd quarter	2015 2nd quarter	2016 6 months	2015 6 months	2015 Full year
One-off revenue from sale of claims, claim settlements and termination of contracts	76	77,229	3,926	77,229	77,229
Impairment losses on vessels and vessels under construction	(3,806)	(151,587)	(16,306)	(151,587)	(217,564)
Provisions and use of provisions for onerous contracts	15,613	(122)	25,901	6,557	(29,630)
Impairment losses on vessels owned by joint ventures	(2,692)	(14,919)	(5,481)	(14,919)	(34,659)
Financial items related to termination of contracts	(1,035)	(3,296)	(1,035)	(3,296)	(2,568)
Special items, net	8,157	(92,695)	7,005	(86,017)	(207,192)

For further information about impairment and provisions for onerous contracts please refer to note 5.

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

INCOME STATEMENT - CONDENSED USD '000	2016 2nd quarter	2015 2nd quarter	2016 6 months	2015 6 months	2015 Full year
Revenue	68,130	168,328	159,379	257,914	426,307
Other operating income	940	1,749	2,161	3,665	6,897
Costs	(66,278)	(101,330)	(161,849)	(195,646)	(424,657)
Operating income before depreciation (EBITDA)	2,793	68,747	(310)	65,932	8,547
Profit/(loss) on sale of assets	(67)	(51)	(41)	(8)	52
Depreciation and impairment losses	(11,377)	(163,323)	(31,481)	(175,032)	(261,243)
Share of profit in joint ventures	(4,279)	(15,498)	(7,819)	(14,646)	(30,613)
Operating income	(12,930)	(110,125)	(39,651)	(123,754)	(283,257)
Net financial items	(9,447)	(7,290)	8,977	(20,694)	(29,427)
Profit/(loss) before tax	(22,377)	(117,414)	(30,674)	(144,449)	(312,683)
Income tax	(38)	(72)	(46)	(81)	(1,322)
Profit/(loss) from continuing operations	(22,414)	(117,486)	(30,720)	(144,529)	(314,006)

#### 4. Financial items

In Q1, sale of shares classified as Shares available for sale resulted in fair value adjustments of USDm 27.1 being reclassified from the Equity-reserve of Shares available for sale to Financial items, net.

USD '000	2016	2015	2016	2015	2015
	2nd quarter	2nd quarter	6 months	6 months	Full year
Reclassification of fair value adjustment on shares available for sale	-	-	27,072	-	-
Financial income and expenses	(8,412)	(3,993)	(17,060)	(17,398)	(26,859)
Financial items, net	(8,412)	(3,993)	10,012	(17,398)	(26,859)

In the first half of 2016 unrealised exchange rate adjustments on long-term borrowings in JPY amounted to net USDm (6.2).

#### 5. Impairment losses and provisions

During Q2 further cash saving initiatives were implemented as two new buildings for delivery in 2016 were sold and one part owned new building for delivery in 2017 was confirmed cancelled causing additional write down of a total of USDm (6.5).

In Q1, cash saving initiatives caused impairments and provisions totalling USDm (17.8) related to cancellation of two newbuildings and cancellation of a time charter contract. Q1 impairments totalled USDm (20.6) as certain part owned vessels were sold at lower prices than estimated at year end 2015.

Operating segment	CGU	Impairment losses and provisions					Total
		Fully owned vessels	Part-owned vessels	Assets under construction	Provisions for onerous contracts	Use of provisions for onerous contracts	
Lauritzen Bulkers	Small Bulk Carriers	-	(5.5)	(16.3)	(5.3)	24.3	(2.8)
Lauritzen Bulkers	Large Bulk Carriers	-	-	-	-	6.9	6.9
Lauritzen Kosan	FP Gas Carriers	-	-	-	-	-	-
Lauritzen Kosan	Other Gas Carriers	-	-	-	-	-	-
		-	(5.5)	(16.3)	(5.3)	31.2	4.1

During early part of 2016 broker values for the bulk fleet have declined significantly however with an upward trend during the 2nd quarter. Broker values for gas carriers have only decreased slightly but more than the age entail. Hence we have carried out an impairment test of vessels and time charters based on updated assumptions. The rate forecast and broker values have changed, while other assumptions are in line with the year-end assumptions. The conclusion is that the carrying amount of vessels and time charter at 30 June 2016 is supported by the calculated value in use or broker values for both bulk and gas carriers. For additional information on impairment testing and assumptions applied please refer to our Annual Report 2015.

## 6. Discontinued operations

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

For additional information, please see our Annual Report 2015.

## 7. Vessels, property and equipment

USD '000	Vessels	Vessels under construction	Land and Buildings	Machinery, tools and equipment	Total
<b>2016</b>					
Cost as at 1 January	880,710	30,671	2,793	10,119	924,293
Exchange rate adjustments	126	-	19	1	146
Additions	2,637	4,775	-	-	7,412
Disposals	(27,430)	(100)	-	-	(27,530)
Transferred to assets held for sale	-	(10,939)	-	-	(10,939)
Cost as at 30 June	856,043	24,407	2,812	10,120	893,383
Depr. and impairment losses as at 1 January	(436,015)	(16,039)	(683)	(7,024)	(459,761)
Exchange rate adjustments	(54)	-	(4)	(2)	(61)
Depreciation	(14,706)	-	(41)	(428)	(15,175)
Impairment losses	-	(16,306)	-	-	(16,306)
Disposals	(4,099)	-	-	-	(4,099)
Transferred to assets held for sale	-	8,005	-	-	8,005
Depr. and impairment losses as at 30 June	(454,874)	(24,340)	(729)	(7,454)	(487,397)
Balance as at 30 June	401,169	67	2,083	2,666	405,985
<b>2015</b>					
Cost as at 1 January	1,262,005	28,960	2,927	10,138	1,304,031
Exchange rate adjustments	(666)	-	(106)	(20)	(791)
Additions	4,318	11	-	6	4,335
Disposals	(2,935)	(2,400)	-	-	(5,335)
Transferred to assets held for sale	(240,524)	-	-	-	(240,524)
Cost as at 30 June	1,022,199	26,571	2,822	10,124	1,061,716
Depr. and impairment losses as at 1 January	(489,025)	-	(628)	(6,163)	(495,816)
Exchange rate adjustments	158	-	21	20	200
Depreciation	(22,956)	-	(41)	(448)	(23,445)
Impairment losses	(62,174)	-	-	-	(62,174)
Disposals	2,935	-	-	-	2,935
Transferred to assets held for sale	62,304	-	-	-	62,304
Depr. and impairment losses as at 30 June	(508,758)	-	(648)	(6,590)	(515,997)
Balance as at 30 June	513,441	26,571	2,173	3,534	545,719

## 8. Lease obligations

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

	Bulkers		Kosan		Total continuing business	
	USDm committed obligation	No. of vessels, full year equivalents	USDm committed obligation	No. of vessels, full year equivalents	USDm committed obligation	No. of vessels, full year equivalents
<b>2016</b>						
3rd - 4th quarter 2016	53.6	12.5	8.7	3.2	62.3	15.6
1 - 2 Year	105.7	24.3	4.1	2.3	109.8	26.7
2 - 3 Year	102.6	23.4			102.6	23.4
3 - 4 Year	77.1	18.0			77.1	18.0
4 - 5 Year	63.9	14.7			63.9	14.7
> 5 Year	185.8	42.3			185.8	42.3
Total	588.7	-	12.8	-	601.5	-
<b>2015</b>						
3rd - 4th quarter 2015	72.4	16.2	6.0	3.0	78.4	19.2
1 - 2 Year	120.3	26.4	7.7	4.3	128.0	30.7
2 - 3 Year	106.6	24.1	3.7	2.1	110.3	26.2
3 - 4 Year	97.3	22.4	-	-	97.3	22.4
4 - 5 Year	72.8	17.0	-	-	72.8	17.0
> 5 Year	222.6	51.1	-	-	222.6	51.1
Total	692.0	-	17.4	-	709.4	-

At end of June 2016 J. Lauritzen had purchase option on 24 bulk carriers (end of June 2015: 22 bulk carriers).

## 9. Fair value measurement of financial instruments

The techniques used for calculation of fair values in this interim report are consistent with the Annual Report of 2015 to which reference is made.

Carrying amount of financial instruments recognized in the statement of financial position at amortized cost does not differ materially from their fair value with the exception of issued corporate bonds. At June 30 2016 fair value of issued bonds amounted to USDm 50.8, whereas the carrying amount totalled USDm 53.6.

### *Fair value hierarchy*

With the exception of shares available for sale of USDm 0.1 (Level 3), all financial instruments at fair value are stated on the basis of observable market prices (Level 2), directly as prices or indirectly derived from prices.

Financial instruments categorized at Level 3 have developed as follows:

	2016	2015	2015
USD '000	30-jun	30-jun	31-dec
Book value at 1 January	46,982	40,839	40,839
Sale during the year	(46,930)	-	(10)
Fair value adjustment of shares available for sale recognised on other comprehensive income	-	604	6,153
Book value end of period	52	41,443	46,982

## 10. Related parties

In order to strengthen the balance sheet and improve the cash position, an agreement was reached in Q1 2016 with Lauritzen Fonden, our sole shareholder to inject new capital of approx. USDm 19 and to transfer a number of non-strategic assets and obligations to LF Investment ApS, wholly-owned by Lauritzen Fonden. The transactions provide J. Lauritzen with additional cash of USDm 125 during 2016. The assets have a combined book value of USDm 105.9. The transaction will include transfer of the shareholding in Axis Offshore Pte. Ltd., which is classified as held for sale as per end of June 2016, while the injection of new capital and transfer of other assets have been executed in Q1 2016.

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