

Lauritzen Tankers A/S

(CVR nr. 25 48 95 00)

Annual report 2013

Approved at the Annual General Meeting
on 25 April 2014



Chairman

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Management statement

The Board of Directors and Executive Management have today discussed and approved the annual report of Lauritzen Tankers A/S for the financial year 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statement gives a true and fair view of the company's financial position at 31 December 2013 and of the result of the company's operations for the financial year 1 January – 31 December 2013.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters, the results of the company's operations and financial position.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 24 April 2014

Board of Directors:


Jan Kastrup-Nielsen
Chairman


Birgit Aagaard-Svendsen


Erik Bierre


John Michael Jørgensen


Peter Møller Petersen

Executive Management:


Erik Donner
President

The independent auditor's report

To the shareholder of Lauritzen Tankers A/S

Independent auditors' report on the financial statements

We have audited the financial statement of Lauritzen Tankers A/S for the financial year 1 January – 31 December 2013. The financial statement comprises accounting policies, income statement, balance sheet, equity statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statement gives a true and fair view of the company's financial position at 31 December 2013 and of the results of the company's operations for the financial year 1 January – 31 December 2013 in accordance with requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 24 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab



Henrik Kronborg Iversen
State Authorised Public Accountant



Carsten Kjær
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Company details

Company: Lauritzen Tankers A/S
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Sankt Annæ Plads 28
1291 København K

Company Registration Number (CVR) 25 48 95 00

Board of Directors: Jan Kastrup-Nielsen
Birgit Aagaard-Svendsen
Erik Bierre
John Michael Jørgensen
Peter Møller Petersen

Management: Erik Donner

Auditors: KPMG Statsautoriseret Revisionspartnerselskab

Lauritzen Tankers A/S is 100 % owned by J. Lauritzen A/S. Lauritzen Tankers A/S is included in the Group financial statement for J. Lauritzen A/S and Lauritzen Fonden, both based in Copenhagen.

Key figures and ratios

USD 1000	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenue	81.382	59.504	68.442	93.657	76.818
Operating income	(7.318)	(41.969)	(702)	8.331	(66.247)
Result of financial items	(10.955)	(8.076)	(10.615)	(9.185)	(2.884)
Result for the year	(17.645)	(49.480)	(11.026)	6.604	(70.325)
Non current assets	220.649	271.930	331.518	319.855	230.761
Current assets	20.414	12.441	32.705	49.405	38.005
Total Assets	241.063	284.371	364.223	369.260	268.766
Share capital	2.332	2.285	2.285	2.285	2.105
Equity	13.149	(16.571)	32.909	43.935	11.955
Non current liabilities	-	-	-	64	2.584
Current liabilities	227.914	300.942	331.314	325.262	254.228
Total equity and liabilities	241.063	284.371	364.223	369.260	268.766
Average number of employees	193	132	104	74	75
USD exchange rate year end	541	566	575	561	519
Average USD exchange rate	562	580	536	563	536

Key figures and ratios for 2009-2011 have been adjusted to reflect the merger in 2012 with LT Ship Owner A/S and Lauritzen Tankers Ship owner A/S.

Solvency ratio	5,5%	(5,8)%	9,0%	11,9%	4,4%
Return on equity	1031,2%	(605,7)%	(28,7)%	23,6%	149,5%

Key figures have been calculated as follows:

Solvency ratio

$$\frac{\text{Total equity, year end} \times 100}{\text{Total equity and liabilities, year end}}$$

Return on equity

$$\frac{\text{Share of the result} \times 100}{\text{Average share of equity}}$$

Management report

Lauritzen Tankers A/S, a company in the J. Lauritzen Group, is a global provider of safe and cost-efficient ocean transport for cargoes ranging from vegetable oils to crude oil, petroleum products and chemicals. The tankers business of the J. Lauritzen Group is operated through Lauritzen Tankers A/S and other companies in the Group.

This report includes only the financial statement for Lauritzen Tankers A/S. A report for JL Group's total tank activities can be found in the annual report for the parent company J. Lauritzen A/S.

Net result in 2013 was USD (17.6)m, compared to USD (49.5)m in 2012. This result was impacted by write-downs and sale of assets totaling USD (18.3)m. (2012: (44.4)m). Adjusted for impairments and sale of assets, the net result was USD 0.7m compared to USD (5.1)m in 2012.

Main events

In August 2013, JL announced a strategic decision to trim the balance sheet by a gradual exit from the product tanker segment. Subsequently, the fleet of wholly-owned products tankers, ten vessels, was sold to Hafnia Tankers in October 2013 with scheduled delivery to the new owners prior to the end of February 2014.

At year-end 2013 three of the vessels were delivered and the remaining seven vessels were delivered to new owners after the balance sheet date.

Global market developments

Positive developments characterized the product tanker market in 2013. Average spot market earnings for MR product tankers (40-60,000 dwt) increased by 26% and one year period rates were up 6% on average on 2012.

Tonnage prices also increased, primarily during the second half of the year, with values of five year MR product tankers about 30% higher at year-end 2013 compared to year-end 2012.

According to MSI, demand for product tankers increased by 3.5% in 2013 compared to 3.7% in 2012 and was driven by rising oil consumption and new trading patterns. Expanding oil production in the US, combined with a 1.3% increase in global oil consumption, led to a rise in exports from the US that has been a net exporter of oil products since mid-2011.

Further, refinery closures in for example the Euro zone and OECD Asia/Pacific-rim countries caused world imports of oil products to rise even though oil consumption in these regions was down. Emerging markets also saw upward movements in trade with refined oil products.

During the year, approximately 80 newbuildings (55 in 2012) were added to the existing MR product tanker fleet which was in line with expectations, whereas scrapping was lower than expected, causing net fleet growth to be higher than expected at approximately 5.5%

The positive sentiment in the MR product tanker segment caused a massive increase in ordering, with contracts for 175 newbuildings being signed in 2013, exceeding the combined orders in 2011 and 2012. This caused the world order book to increase to 25% of the existing fleet at year-end 2013 compared to 19% at year-end 2012.

The average age of the MR product tanker fleet is eight years, and with a young fleet scrapping was limited.

Fleet management

Technical management of owned ships was provided by Wallem Shipmanagement in Hong Kong and Bergen and MMS in Singapore. LT's technical department worked closely with both suppliers on all aspects of achieving safe, cost-effective and responsible vessel operations.

There were no dry-dockings in 2013 (none in 2012). The unscheduled off-hire for LT's owned fleet was 0.15% (0.8% in 2012).

Outlook for 2014

The net result for 2014 is expected to be in the range USD 0-5 mill. The delivery of the remaining 7 product tankers to new owners is not expected to affect the income statement.

Risk factors

Lauritzen Tankers A/S is a company with international activities. The business risks relate primarily to the company's fleet. The Company monitors and manages the commercial risks related to supply and demand in the respective markets. Reporting this constitutes a central role in the overall current reporting.

Vessels employed in the spot market or on COA are commercially and operationally managed by the MR pool of part-owned Hafnia Management, Copenhagen. Pooling the spot business reduces LT's market risk, inasmuch as the coverage obtained by the pool in terms of meeting customer requirements and being spread across many markets provides better protection against adverse market movements. In 2013, LT remained the largest tonnage provider to this pool.

LT uses its market access to charter in/out tonnage from/to first class charterers, providing fixed income with limited risk. In addition, sale and purchase of vessels is an integrated part of the business model.

Besides ordinary operational business risks the company is also exposed to financial risks. Financial risks comprise changes in currency exchange rates and interest rates related to the operation, investments and financing. It is company policy not to engage in speculation in financial risks. The company's financial management is solely at managing the already assumed financial risks.

Currency risks

The Company's currency exposure from operations is limited as the Company's operations are primarily generated in the functional currency of USD. A significant non-USD cost currency is DKK arising mainly from administrative costs. It is company policy to hedge currency risk from operating costs in other currencies via currency forward contracts with the parent company.

The Company has no currency risk on the investment or financing of vessels, as financing is solely recorded in USD.

Interest rate risk

The Company's interest-bearing debt is subject to floating interest rates and is not hedged by the company.

Social responsibility

Please refer to the corporate social responsibility report in the consolidated financial statement available at http://static.j-l.com/imce/flcr2013_LORES.pdf

The company is subject to J. Lauritzen Group's policies and goals in relation to gender diversity available at <http://www.j-l.com/about/corporate-governance>.

Development in operations and financial matters

Income statement

Revenues totaled USD 81.4m in 2013 compared to USD 59.5m in 2012.

Hire of chartered vessels including operating costs of vessels amounted to USD 46.8m compared to USD 35.2m in 2012.

Office and fleet staffing costs and other sales and administrative costs totaled USD 14.1m compared to USD 12.4m in 2012.

Gain/(loss) on sale of assets amounted to USD 8.4m.(2012: USD (4.5)m).

Depreciations and write-downs on vessels amounted to USD 36.3m (2012: USD 49.3m). Hereof amounted write-downs on vessels and vessels under constructions to USD 13.1m and USD 13.6m respectively. In 2012 USD 26.0m and USD 13.9m respectively.

Result from subsidiaries and associated companies amounted to USD 0.3m (USD 0.2m in 2012).

Net financial costs amounted to USD (11.0)m, including a loss on receivables of USD (3.4). In 2012 net financial costs amounted to USD (8.1)m.

Result for the year amounted to USD (17.6)m compared to USD (49.5)m in 2012.

Balance Sheet

At year-end 2013, total assets amounted to USD 241.1m down from USD 284.4m in 2012.

Total equity amounted to USD 13.1m compared to USD (16.6)m in 2012.

At year-end 2013, total liabilities amounted to USD 227.9m compared to USD 300.9m in 2012.

Related parties

Related parties with a significant influence of the activities of Lauritzen Tankers A/S are the company's Board of Directors and the Executive Management. Other related parties are subsidiaries and associated companies' owend by Lauritzen Fonden.

Accounting policies

General

The annual report for Lauritzen Tankers A/S for 2013 has been prepared in accordance with the requirements in the Danish Financial Statement Act for reporting of class C (large enterprises).

With reference to the provisions of the Danish Financial Statements Act paragraph 112 section 1, Lauritzen Tankers A/S has refrained from preparing a consolidated financial statement and also omitted a cash flow statement in accordance with the Danish Financial Statements Act paragraph 86 section 4.

The accounting policies applied are identical to those of last year.

Translation of foreign currencies

Items included in the financial statements of Lauritzen Tankers A/S are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statement of Lauritzen Tankers A/S is stated in USD which is both functional and presentation currency.

Foreign currency transactions are translated into the functional currency at the exchange rate of the date when initially recognised. Gains and losses arising between the exchange rate of the transaction date and that of the settlement date are recognised in the income statement under financial items.

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

Income statement

Principles for revenue and cost recognition

Revenues and costs are recognised in the income statement as they occur. Uncompleted voyages are recognised in the income statement with the share related to the financial year.

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 in associated companies and subsidiaries

The proportionate share of the net result after tax in subsidiaries, after the elimination of inter-company profits/losses and deductions of impairment losses for goodwill are recognised in the income statement.

The proportionate share of the net result after tax in associated companies, after the elimination of intercompany profit/losses and deductions of impairment losses for goodwill are recognised in the income statement.

Financial items

Financial items comprise interest income and expenses, gains and losses on securities, debt and foreign currency transactions, and amortization of financial assets and liabilities. Financial income and expenses are recognised with the share related to the financial year.

Income tax

Income tax consists of tax calculated according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for other activities, as well as adjustments related to deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Lauritzen Tankers A/S is jointly taxed with Danish subsidiaries to the commercial foundation Lauritzen Fonden.

Balance sheet

Vessels, property and equipment

Vessels, machinery and equipment are measured at cost less accumulated depreciation.

Costs relating to dockings are capitalised and depreciated over the period between dockings which are 30 months for product tankers.

Vessels under construction are measured at cost incurred until the time the vessel is taken into service which includes contractual construction sum, nests supplies, supervision, advice on contracting and recording costs.

The carrying amounts of vessels are tested for impairment annually and are written down to the recoverable amount if this is lower than the carrying amount. The assessment is made asset for asset.

The straight-line method of depreciation is applied and the expected useful life of the assets is as follows:

Product tankers	25 years
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The estimated scrap value and estimated service life of a vessel are assessed annually and adjusted if appropriate.

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

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recognised according to the equity method of accounting.

Investments in subsidiaries and associated companies are measured in the balance sheet at the proportionate share of the company's net asset value calculated after the parent company's accounting policies minus or plus unrealized intercompany profits and losses and plus or minus residual value of positive goodwill or negative goodwill.

Receivables

Receivables are recognised at amortised cost. Provisions are made to counter expected losses.

Prepayments

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

Other securities and investments

Other securities and investments included under financial assets are measured at cost or lower.

Listed securities and investments included under current assets are measured at fair value at balance sheet date.

Equity

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

Corporate and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the taxable income, adjusted for tax on prior years' taxable income.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, and other items where temporary differences arising on acquisition time without having any effect on profit or taxable income. In cases where the statement of the tax value can be made in accordance with alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the value at which they expected to be used, either by elimination in tax on future earnings or by offsetting the outward deferred tax liabilities within the same legal tax unit and jurisdiction.

Financial liabilities

Mortgage debt and debt to credit institutions are recognised as the proceeds received less any transaction costs incurred. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method, such that the difference between the proceeds and the redemption value is recognised in the income statement over the lifetime of the loan.

Other liabilities, including trade payables, affiliates and subsidiaries and other payables are measured at amortized cost.

Accruals

Accruals include prepayments regarding income relating to periods after the balance sheet date.

Notes Income Statement

	2013 USD '000	2012 USD '000
1 Revenue	81.382	59.504
	81.382	59.504
Hire of chartered vessels	(36.204)	(27.618)
Operating cost of vessels	(10.560)	(7.623)
2 Staff costs, office and fleet	(12.432)	(10.432)
Other sales and administrative costs	(1.628)	(1.946)
	(60.823)	(47.619)
Result before depreciation (EBITDA)	20.558	11.885
Profit and loss on the sale of assets	8.423	(4.518)
3 Depreciation and writedowns	(36.299)	(49.335)
Operating Income	(7.318)	(41.969)
9 Result after tax in subsidiaries	297	1.296
10 Result after tax in associated companies	-	(1.063)
4 Financial income	99	249
5 Financial expenses	(11.054)	(8.325)
Result before tax	(17.976)	(49.812)
6 Income tax	331	332
Result for the year	(17.645)	(49.480)
Proposed allocation of the result		
Proposed dividend	-	-
Transferred to reserve for net revaluation according to the intrinsic value method	1.593	-
Transferred to other reserves	(19.238)	(49.480)
	(17.645)	(49.480)

Notes Balance sheet

	2013 USD '000	2012 USD '000
Assets		
Non current assets		
Vessels, property and equipment		
7 Vessels	219.000	221.455
8 Vessels under construction	-	37.023
	<u>219.000</u>	<u>258.478</u>
Financial assets		
9 Investments in subsidiaries	1.638	1.341
Long-term receivable from associated companie	-	10.976
10 Investments in associated companies	-	456
Shares available for sale	11	679
	<u>1.649</u>	<u>13.452</u>
Total non current assets	<u>220.649</u>	<u>271.930</u>
Current assets		
Trade receivables	2.525	2.475
Other receivables	17.044	7.895
Receivables from affiliated companies	199	36
	<u>19.768</u>	<u>10.405</u>
Cash and bank deposits	646	2.035
Total current assets	<u>20.414</u>	<u>12.441</u>
Total Assets	<u>241.063</u>	<u>284.371</u>
Liabilities		
Equity		
Share capital	2.332	2.285
Net revaluation according to the intrinsic value method	1.594	0
Other reserves	9.224	(18.856)
Proposed dividend	-	-
Total Equity	<u>13.149</u>	<u>(16.571)</u>
Current liabilities		
Trade payables	1.440	270
Other payables	453	455
Debt to affiliated companies	225.827	299.882
Prepayments	-	182
6 Corporate tax	194	154
	<u>227.914</u>	<u>300.942</u>
Total Liabilities	<u>227.914</u>	<u>300.942</u>
Total equity and liabilities	<u>241.063</u>	<u>284.371</u>
11 Operating leases		
12 Contingent liabilities		
13 Related parties		
14 Ownership		
15 Events after the balance sheet date		

Equity Statement

	USD '000				
	Share capital	Net revaluation according to the intrinsic value method	Other reserves	Proposed dividend	Total
Equity 1/1 2012	2.285	0	30.624	-	32.909
Result for the year	-	-	(49.480)	-	(49.480)
Equity 31/12 2012	2.285	0	(18.856)	-	(16.571)
Capital increase	47	-	47.318	-	47.365
Result for the year	-	1.593	(19.238)	-	(17.645)
Proposed dividend	-	-	-	-	-
Equity 31/12 2013	2.332	1.594	9.224	-	13.149

The last five years the share capital has developed as follows:

	2009	2010	2011	2012	2013
Share capital beginning of year	2.105	2.105	2.285	2.285	2.285
Capital increase	-	179	-	-	47
Share capital end of year	2.105	2.285	2.285	2.285	2.332

The share capital consists of 501 shares with a value of 1,000 Danish Kroner

Notes

	2013 USD '000	2012 USD '000
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1 Revenue

Lauritzen Tankers considers the global market as a whole and no specific vessels are limited to specific parts of the world, hence only one geographical segment applies.

2 Staff costs, office and fleet

Staff costs include:

Wages and salaries	12.341	10.352
Pensions	88	78
Social security	2	2
	<u>12.432</u>	<u>10.432</u>

Average number of employees	<u>193</u>	<u>132</u>
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Number of employees at year end	<u>157</u>	<u>162</u>
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There has been no payment of directors fees to the board. The management and a number of leading employees are member of a bonus and/or severance scheme. With reference to the provisions of the Danish Financial Statements Act paragraph §98b, section 3 remuneration to the management is not disclosed.

3 Depreciation and writedowns

Writedown on vessels under construction	13.579	13.862
Depreciations and writedowns on vessels	<u>22.720</u>	<u>35.473</u>
	<u>36.299</u>	<u>35.473</u>

4 Financial income

Interest on accounts with affiliated companies	3	14
Interest income	94	225
Realised and unrealised net currency exchange gains	1	11
Financial Income	<u>99</u>	<u>249</u>

5 Financial expenses

Loss on receivables	(3.366)	-
Interest on accounts with affiliated companies	(7.675)	(8.262)
Other financial expenses	(12)	(63)
Financial expenses	<u>(11.054)</u>	<u>(8.325)</u>

6 Income tax

The Danish companies in the J. Lauritzen group are jointly taxed with subsidiaries to the J. Lauritzen Foundation.

Tax in the Income Statement consists of:

Current tax	(194)	(154)
Adjustments previous years	<u>525</u>	<u>485</u>
	<u>331</u>	<u>332</u>

Corporate tax payable can be specified as follows:

Balance as at 1 January	154	165
Exchange rate adjustments	4	0
Paid during the year	367	320
Adjustment to prior years taxation	(525)	(485)
Actual tax for the period	<u>194</u>	<u>154</u>

Notes

	2013 USD '000	2012 USD '000
7 Vessels		
Cost as at 1 January	316.584	217.492
Additions during the year	349	-
Transferred from vessels under construction	136.930	180.700
Disposals during the year	(136.665)	(81.608)
Cost as at 31 December	<u>317.198</u>	<u>316.584</u>
Depreciations and writedowns at 1 January	95.129	46.313
Disposals during the year	(57.239)	-
Depreciations during the year	9.589	9.457
Writedowns during the year	13.131	26.016
Transferred from vessels under construction	37.588	13.343
Depreciations and writedowns as at 31 December	<u>98.198</u>	<u>95.129</u>
Balance at 31 December	<u>219.000</u>	<u>221.455</u>

8 Vessels under construction		
Cost as at 1 January	61.032	167.495
Additions during the year	75.898	74.237
Transferred to depreciable assets	(136.930)	(180.700)
Cost as at 31 December	<u>-</u>	<u>61.032</u>
Depreciations and writedowns at 1 January	24.009	23.490
Transferred to depreciable assets	(37.588)	(13.343)
Writedowns during the year	13.579	13.862
Depreciations and writedowns as at 31 December	<u>-</u>	<u>24.009</u>
Balance as at 31 December	<u>-</u>	<u>37.023</u>

9 Investments in subsidiaries	Ownership	2013	2013	2012	2012
		Result	Equity	Result	Equity
Quantum Tankers A/S	50%	593	3.276	2.593	2.682
		593	3.276	2.593	2.682
External shareholders part		(297)	(1.638)	(1.296)	(1.341)
Lauritzen Tankers share of net result and equity		<u>297</u>	<u>1.638</u>	<u>1.296</u>	<u>1.341</u>

	2013 USD '000	2012 USD '000
Cost as at 1 January	44	44
Cost as at 31 December	<u>44</u>	<u>44</u>
Revaluations as at 1 January	1.297	2.881
Net result in subsidiaries	297	1.296
Paid dividend	-	(2.881)
Revaluations as at 31 December	<u>1.593</u>	<u>1.297</u>
Balance as at 31 December	<u>1.638</u>	<u>1.341</u>

Notes

	2013 USD '000	2012 USD '000
10 Investments in associated companies		
Cost as at 1 January	4.448	4.595
Disposals during the year	(4.448)	(146)
Cost as at 31 December	-	4.448
Write downs as at 1 January	(3.992)	(2.929)
Net result in associated companies	-	(1.063)
Disposals during the year	3.992	-
Write-downs as at 31 December	-	(3.992)
Balance as at 31 December	-	456

Investments in associated companies comprise (equity method):

	Ownership	Country
Freja Polaris A/S (disposed in 2013)	0%	Denmark

11 Operating leases

Contractual commitments with a remaining term in excess of 1 year amounts to	56.373	82.369
They fall due as follows:		
Within 1 year	25.773	28.698
Between 1 and 5 years	30.600	53.671
More than 5 years	-	-
Number of charter parties with a remaining term in excess of 1 year	Number 7	Number 7
Remaining term	1 - 4 years	1 - 5 years

12 Contingent liabilities

At the balance sheet date the company has contingent liabilities as follows:

	Expire, year	USD mill.
Guarantees undertaken for debt in parent company J. Lauritzen A/S	2022	159
Guarantees undertaken for debt in parent company J. Lauritzen A/S	2016	243

The company is jointly taxed with Danish subsidiaries to Lauritzen Fonden. Under the joint taxation the company is joint and several liable for danish withholding taxes on dividends, interests and royalties. The company has no further contingent assets or liabilities.

13 Related parties

Related parties comprise shareholders as disclosed below as well as group companies in the J. Lauritzen Group. Other related parties with significant influence is the management of the company.

14 Ownership

The following shareholder is recorded in the company's register of shareholders as owning more than 5% of the votes or the share capital:

J. Lauritzen A/S, Sankt Annæ Plads 28 1291 København K

15 Events after the balance sheet date

There have been no events after the balance sheet date that could materially affect the accounts as presented.