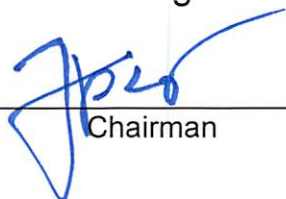


Lauritzen Bulkers A/S

(CVR nr. 15 25 15 49)

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 Bulkers 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:



Peter Borup
President

The independent auditor's report

To the shareholder of Lauritzen Bulkers A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Lauritzen Bulkers A/S for the financial year 1 January – 31 December 2013. The financial statements comprise 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 statements give a true and fair view of the Company's financial position at 31 December 2013 and of the results of its operations for the financial year 1 January – 31 December 2013 in accordance with 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

Company details

Company: Lauritzen Bulkers A/S
Sankt Annæ Plads 28
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Company Registration number (CVR) 15 25 15 49

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

Management: Peter Borup

Auditors: KPMG Statsautoriseret Revisionspartnerselskab

Lauritzen Bulkers A/S is 100 % owned by J. Lauritzen A/S. Lauritzen Bulkers 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	306	348	314	376	235
Operating income	(96)	(194)	(50)	106	63
Result of financial items	(16)	(19)	(16)	(13)	(5)
Result for the year	(128)	(243)	(72)	96	77
Non current assets	527	609	812	697	651
Current assets	38	40	42	110	108
Total Assets	564	648	854	807	760
Share capital	1	1	1	1	1
Equity	8	38	280	411	315
Non current liabilities	-	-	-	-	-
Current liabilities	556	611	573	396	445
Total equity and liabilities	564	648	854	807	760
Average number of employees	47	45	48	48	46
USD exchange rate year end	541	566	575	561	519
Average USD exchange rate	562	580	536	563	536

Key figures

Solvency ratio	(31)%	(56)%	(16)%	17%	18%
Return on equity	(559)%	(153)%	(21)%	19%	24%

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

$$\frac{\text{Result after taxation} \times 100}{\text{Average equity}}$$

Management report

Lauritzen Bulkera A/S, a company of the J. Lauritzen Group, is a major player in transporting dry cargo and operates globally. The JL group bulk activities are carried out by Lauritzen Bulkera A/S and its affiliates.

This report includes only accounts for Lauritzen Bulkera A/S, while a report for JL Group's overall bulk activities can be found in the annual report for the parent company J. Lauritzen A/S.

In 2013, Lauritzen Bulkera's result amounted to USD (128.4)m compared to USD (242.8)m in 2012. The result was impacted by one-off items with a net effect of USD (42.9)m (2012: USD (143.7)m) due to write-downs and vessel disposals due to counterparty defaults.

Adjusted for one-off items, the result was USD (85.5)m, slightly better than the result of USD (99.1)m in 2012, but still very unsatisfactory. It reflects the sustained, depressed market for bulk carriers and expensive time-charter commitments.

Global market developments

After a tough start to the year, the bulk market is thought to have bottomed out during the first half of 2013. Towards the end of Q2, a slow market recovery began due to a strong Southern Hemisphere grain season, and the market continued to improve during the second half of the year as a result of high Chinese imports of iron ore and large exports of grain from the Northern Hemisphere.

As a consequence of the above, the annual spot market average improved compared to 2012; handysize and supramax by 8% and 10% respectively, panamax by 24% and capesize by 93%.

Demand for bulk carriers

Demand for bulk carriers is estimated to have increased by around 9% (in dwt terms) in 2013 compared to 6.5% in 2012.

The greatest contributor to demand growth was iron ore. China, accounting for 67% of total world imports of iron ore, maintained a strong appetite for this commodity and is estimated to have imported around 795m tonnes in 2013m, up 10% on 2012. The significant spike in the capesize market during the autumn was caused by record high levels of Chinese iron ore imports, primarily due to the easing of China's economic policies and restocking. The Australian iron ore majors increased production during 2013 and after the summer, Brazilian exporters did the same, leading to more long haul exports.

In 2013, large Southern and Northern crops increased the availability of grains for export and hence shipments increased by 11% which paved the way for the slight rate increase for handysize and supramax during Q2 (the Southern grain season) and the significant increase in Q4 (the Northern grain season).

Strong Chinese imports of coal, mainly steam coal, led demand for coal to increase by 8%. Minor bulks increased by 6%.

Supply of bulk carriers

At the beginning of 2013, the world fleet of bulk carriers amounted to 680m dwt. Deliveries and demolitions both decreased in 2013 compared to 2012, leading to net fleet growth of 6%, down from 10% in 2012 and at year-end 2013 the world bulk fleet totalled 717m dwt.

Fleet growth in the capesize and supramax segments was 5% and 7% respectively whereas the handysize fleet decreased by 1%.

For the first time since 2010, growth in demand exceeded supply in 2013 leading to an improvement in the market balance. Volatility in the spot market was also higher during 2013, particularly during the autumn, supporting the view that the market balance has improved.

A combination of low newbuilding prices, positive market outlook and demand for more fuel-efficient vessels led to a significant increase in contracting of bulk carriers in 2013 with a total of 80m dwt corresponding to more than a trebling of contracting in 2012. As a consequence of the increased contracting activity, newbuilding prices increased by 7% during the year. The demand for tonnage also led secondhand prices to rise by 25-35%.

At year-end 2013, the order book for capesize stood at 20% of the existing fleet, 24% for supramax and 18% for handysize. The average age of the bulk fleet was approximately nine years compared to 11 years at year-end 2012.

Business model and risk management

The dry bulk markets are fragmented with no dominant players and are very liquid in terms of tonnage for charter for shorter or longer periods, providing ample possibilities to seek both short-term and long-term cover in addition to the FFA market. This liquidity is, however, more prevalent in the supramax and panamax segments than in handysize. It is, however, a unique feature of the dry cargo markets and as such it is critical to have sufficient scale in any segment in which we operate in order to manage the risks associated with contracts of affreightment and volatility in geographical submarkets.

Lauritzen Bulkera will continue to develop our presence in the handysize segment where we have historically had a very strong position and where we have a large and important group of clients. Further, we will expand our presence in the "neighbouring" supramax segment as this comprises some of the same clients and because of its

higher liquidity, it will allow us more opportunity to act as operators and conduct arbitrage business in the market.

In handysize and supramax, we believe that we can maintain and build sufficient scale, whereas we have ceased activities in the panamax segment and with the expiry of time-charter commitments, we will act strictly as shipowners under long-term charters for our remaining capesize activities.

Due to defaults, we have revised and strengthened our risk management, which comes in three parts: 1) Careful monitoring of our trading risk. In 2013 we focused on securing longer term tonnage to rejuvenate our fleet in handysize and supramax, concentrating on eco designs from owners who offer us optionality in terms of trading, period and purchase options; 2) Careful scrutiny of counterparties prior to concluding longer term business with them. This implies a dual focus on their rating/financial statements as well as on their recent trading, positioning and payment performance; 3) Careful fleet portfolio management of owned as well as short, medium and long-term time-chartered tonnage and vessels committed by partners.

Main events

As of 1 February 2013, Peter Borup became President of Lauritzen Bulkers.

During the second half of the year, we initiated a fleet renewal process in our core segments.

Eleven handysize bulk carriers newbuildings for delivery in 2014-16 were taken on long-term charter with extension and purchase options.

Two second-hand handysize bulk carriers were taken on charter for one year each with delivery at the end of 2013/beginning 2014.

Existing long-term time-charters for five handysize and two supramax bulk carriers were extended during the year.

A handysize bulk carrier newbuilding scheduled for delivery in Q3 2013 was sold and subsequently taken on long-term time-charter with extension and purchase options.

One supramax bulk carrier newbuilding for delivery in 2016 was taken on long-term charter with extension and purchase options.

One 2011 built supramax bulk carrier for delivery in Q1 2014 was taken on long-term charter with extension and purchase options.

Lauritzen Bulkers A/S fleet

The wholly-owned fleet comprised 15 vessels at the end of 2013 (15 in 2012).

Fleet management

Technical management, including crewing for owned bulk carriers, is performed by New Century Overseas Management Inc., Manila and Synergy Maritime Pte., Singapore.

Our technical department works closely with external providers on all aspects of achieving safe, cost-effective and reliable vessel operations.

Two scheduled dry dockings were completed in 2013. Unscheduled off-hire for LB's owned fleet came to 0.57% of available vessel days in 2013 (0.29% in 2012).

After year-end events

An order for two 61,000 dwt ECO design supramax bulk carriers was placed at Dalian COSCO Kawasaki HI Ship Engineering Co., Ltd., Dalian, China (DACKS) for delivery in Q3 2016. Further, two 63,000 dwt ECO design supramax bulk carriers were ordered from Imabari, Japan for delivery H2 2017.

Outlook for 2014

The positive rate development experienced during the second half of 2013 is expected to continue into 2014, and it is generally believed that 2014 will be better than 2013 on average.

Supply growth is estimated at around 7%, with demand growth at around 9%, indicating further improvement of the market balance. Demand growth is supported by increased distances for both laden and ballast legs.

The supply situation remains particularly favourable in the handysize segment, which is LB's main segment, with 18% of the world fleet aged more than 25 years and an order book amounting to 18% of the current fleet – the lowest ratio of all bulk segments.

Together with the improving freight market, vessel prices for all segments are also projected to increase further in 2014.

During 2014, a number of expensive time-charter commitments will expire and further reduce average fleet costs from 2015.

The net result for 2014 is expected in the range USD 5-10m.

Risk factors

Lauritzen Bulkcarriers 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.

The company is exposed to operational risks as well as financial risks such as counterparty risk and changes in exchange rates and interest rates as a result of the company's operating, investing 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 risk

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 is affected by changes in exchange rates on investments in newbuilding contracts in other currencies than USD. Currency risks relating to investment in newbuildings in other currencies than USD are hedged when the exchange rate is considered advantageous.

The Company has no currency risk on the 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.

Counterparty risk

Counterparty risks are managed through continuous monitoring and evaluation of charterers' substance and performance. Lower contract cover for the Handysize and Handymax operations means exposure to short-term market volatility which is to some extent evened out by the size of the controlled fleet. This risk is mitigated by booking cargoes for shorter periods (typically up to six months) or longer on affreightment contracts.

Important counterparties are monitored and rated and limits to exposure have been established.

JL is constantly reviewing its policies with a view to extending the measures available for minimising counterparty risks.

Social responsibility

Please refer to the corporate social responsibility report in the consolidated financial statement available at http://static.j-l.com/imce/jlcr2013_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 amounted to USD 305.8m against USD 347.7m in 2012.

Total costs of vessels incl. hire of chartered vessels and provisions for onerous contracts amounted to USD 315.0m against USD 348.3m in 2012.

Office and fleet staffing costs and other sales and administrative costs amounted to USD 15.6m (USD 17.1m in 2012).

Net gains/losses on sale of vessels amounted to USD (10.7)m (USD (73.3m) in 2012).

Depreciation of tangible fixed assets amounted to USD (23.9)m USD (30.2)m in 2012). Write-downs of tangible fixed assets amounted to USD (42.9)m (USD (80.7)m in 2012).

Result of subsidiaries and associated companies amounted to USD (15.6)m (USD (31.5)m in 2012).

Result before tax for 2013 was USD (127.5)m against USD (245.1)m in 2012.

The company is jointly taxed with the Danish group subsidiaries under Lauritzen Fonden. Tax for the year amounted to an expense of USD (1.0)m against a tax income of USD 2.3m in 2012. Net result after tax was USD (128.4)m against USD (242.8)m in 2012.

Balance sheet

The carrying amount of vessels amounted to 496.6m at year-end 2013 against USD 561.1m at year-end 2012, while prepayments on fixed assets amounted to USD 0m end of 2013 compared to USD 2.0m end of the year before.

Current assets amounted to USD 37.6m against USD 39.6m end of 2012.

At year-end 2013, total assets amounted to USD 564.2m against USD 648.3m at the end of 2012.

At year-end 2013, the total equity amounted to USD 8.3m corresponding to an equity ratio of 1.5% compared to USD 37.7m and 5.8% end of 2012.

At year-end 2013, total liabilities and provisions amounted to USD 556.0m against USD 610.6m end of 2012.

Related parties

Related parties include the Board of Directors, the executive Management and other group companies under Lauritzen Fonden.

ACCOUNTING POLICIES

The annual report for Lauritzen Bulkers 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 Bulkers 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.

Accounting policies are consistent with those applied in previous year's financial statements.

Translation of foreign currencies

Items included in the financial statements of Lauritzen Bulkers 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 Bulkers 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.

Derivative financial instruments

Derivatives are recognised initially at cost price. Subsequently, derivatives are re-measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the balance sheet respectively under other receivables or other payables.

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

Changes in fair value of derivative financial instruments that are designated and qualify as hedges of future assets or liabilities are included in receivables or other debts as well as directly in equity. Income and expenses relating to such hedging

transactions are transferred from equity on the realization of the hedged item and recognised in the same item as the hedged item.

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

Derivatives used to hedge net investments in foreign subsidiaries, associated companies or joint ventures are recognised immediately in the balance sheet under equity.

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.

Result from ships operating together, during which employment risk and profit sharing are recognized in revenue on a net distribution basis.

Operating cost of vessels

Ship charges include costs for repairs and maintenance, insurance of hull and machinery, consumption of lubricating oil, stores, etc.

Other operating expenses

Other operating expenses include bunker costs, port expenses, agent fees and other travel related costs.

Income from investments in subsidiaries and associated companies

The income statement includes the proportionate share of the subsidiaries' income after elimination of intercompany profit / loss and deduction of goodwill amortization.

The income statements included the proportionate share of associates' profit after elimination of the proportionate share of intercompany gains / losses and deductions of goodwill amortization.

Financial income and expenses

Financial income and expenses comprise interest income and costs, gains and losses on securities, debt and foreign currency transactions, and amortization of financial assets and liabilities. Financial income and expenses are recognized at the amounts relating to the financial year.

Tax on profit

Income tax expense consists of income from shipping activities calculated in accordance with the provisions of the Tonnage Tax Act, income from other activities under the ordinary tax rules and regulations relating to deferred taxes. Income tax is recognized in the income statement except for the portion attributable to entries directly on equity and therefore recognized in equity.

Lauritzen Bulkers A/S is taxed jointly with affiliated Danish subsidiaries of Lauritzen Fonden.

Balance

Tangible assets

Ships and machinery and equipment are measured at cost less accumulated depreciation.

Cost for dry docking tests capitalized and amortized over the period between dockings. The period between dockings is 30 months.

The cost of newbuildings includes purchase price and any costs directly attributable to the acquisition until the time the ship is ready for use, which means contractual construction sum, nests supplies, supervision, counseling by contracting and registration costs.

Interest costs on borrowings to finance newbuildings and relating to the period of construction, are included in cost. All other borrowing costs are recognized in the income statement.

Conversions of vessels are capitalized if the conversion can be attributed to life prolonging or revenue-enhancing measures. Alterations considered in addition to cost and depreciated over the same remaining term as the original asset. Expenses of other enhancements and maintenance of ships are expensed when incurred.

Write-down of vessels is made if the recoverable amount of the asset is substantially lower than book value. The assessment is made at the lowest cash-generating unit.

Assets are depreciated at straight-line basis to the expected scrap value over the following periods:

Bulk carriers	25 years
Machinery and equipment	5 years

The estimated residual value and the economic useful lives are reviewed yearly and adjusted if appropriate.

Gains and losses on disposal of tangible fixed assets is calculated as the difference between the selling price less selling costs and the carrying value at the time of sale. Gains and losses on disposal of machinery and equipment recognized in the income statement under "costs, moreover, by sales and administration. Gains and losses on disposal of ships are recognized in income on a separate line.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured using the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of its net asset value calculated after the parent company's

accounting practices with minus or plus unrealized intercompany profits and losses and plus or minus residual value of positive goodwill or negative goodwill.

Subsidiaries and associates with negative book value is measured to USD nil and any receivables from these companies are written down by the parent company's share of the negative equity to the extent it deemed irrecoverable. If the negative equity value exceeds the receivable, a provision is made to the extent that the parent has a legal or constructive obligation to cover the remaining balance.

Net revaluation of investments in subsidiaries and associated companies in equity are transferred to reserve for net revaluation under the equity method to the extent that the carrying value exceeds acquisition value.

Inventories

Bunker oil is measured at cost according to the FIFO principle. Major spare parts purchased and stored ashore for subsequent use are measured at cost less individually assessed write-down. Other inventories are recognised at the lower of cost or net realisable value.

Receivables

Receivables are measured at amortized cost. If relevant, provisions are made to expected losses on receivables.

Prepayments

Prepayments recognised under assets comprise incurred costs relating to subsequent periods.

Other investments

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

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

Equity

Proposed dividends are recognized as a liability at the time of adoption at the General Meeting (declaration). The expected dividend paid talked for years, is shown as a separate item under equity.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary future differences between accounting and tax bases of assets and liabilities. There are recognized but not deferred tax on temporary differences by-moving non-tax deductible goodwill and other items where temporary differences arising on acquisition time without having any effect on profit or taxable income. In cases where the computation of the tax base may be made by alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the obligation.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognized 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 credit institutions recognized by borrowing for the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are recognized for the amortized cost equal to the capitalized value using the effective rate, so that the difference between proceeds and the nominal value is recognized in the income statement over the loan period.

Other liabilities which include debts to suppliers, affiliated and associated companies and other payables are measured at amortized cost.

Prepayments

Prepayments recognized under liabilities include any negative goodwill, see the description of consolidation practice, and received payments for income in subsequent years.

Notes Income Statement

	2013 USD '000	2012 USD '000
1 Revenue	305.792	347.718
Other operating income	6.418	7.793
	<u>312.211</u>	<u>355.511</u>
Hire of chartered vessels	(208.844)	(239.016)
Operating cost of vessels	(106.204)	(109.274)
2 Staff costs, office and fleet	(6.747)	(6.158)
Other sales and administrative costs	(8.844)	(10.982)
	<u>(330.639)</u>	<u>(365.430)</u>
Result before depreciation (EBITDA)	(18.428)	(9.919)
3 Profit and loss on the sale of vessels and other assets	(10.692)	(73.267)
4 Depreciation and write-downs	(66.790)	(110.957)
	<u>(77.482)</u>	<u>(184.224)</u>
Operating Income	(95.911)	(194.143)
11 Result after tax in subsidiaries	282	(43)
12 Result after tax in associates	(15.879)	(31.451)
5 Financial income	38	867
6 Financial expenses	(16.015)	(20.362)
	<u>(12.574)</u>	<u>(21.008)</u>
Result before tax	(127.484)	(245.132)
7 Income tax	(953)	2.345
	<u>(953)</u>	<u>2.345</u>
Result for the year	(128.437)	(242.787)
Proposed allocation of the result		
Proposed dividend	-	-
Transferred to reserve for net revaluation according to the intrinsic value method	-	(17.654)
Transferred to other reserves	(128.437)	(225.133)
	<u>(128.437)</u>	<u>(242.787)</u>

Notes Balance Sheet

	2013 USD '000	2012 USD '000
Assets		
Non current assets		
Vessels, property and equipment		
8 Vessels	496.571	561.094
9 Machinery, tools and equipment	2.353	3.831
10 Prepayments on vessels	(0)	2.042
	<u>498.925</u>	<u>566.967</u>
Financial assets		
11 Investments in subsidiaries	2.073	1.791
12 Investments in associated companies	25.648	39.928
	<u>27.721</u>	<u>41.719</u>
Total non current assets	<u>526.646</u>	<u>608.685</u>
Current assets		
Bunkers		
	10.762	13.677
Receivables		
Trade receivables	13.019	4.875
Other receivables	6.469	4.671
Receivables from affiliated companies	2.136	2.759
Corporate tax receivables	-	1.413
Prepayments	5.173	12.180
	<u>26.797</u>	<u>25.898</u>
Cash and bank deposits	44	31
Total current assets	<u>37.603</u>	<u>39.606</u>
Total Assets	<u>564.249</u>	<u>648.291</u>
Equity and Liabilities		
Equity		
Share capital	1.491	1.392
Other reserves	6.795	36.294
Proposed dividend	-	-
Total Equity	<u>8.286</u>	<u>37.686</u>
Current liabilities		
Trade payables	4.167	4.250
Other payables	4.126	6.786
Debt to affiliated companies	546.362	599.570
7 Corporate tax	1.308	-
	<u>555.963</u>	<u>610.605</u>
Total Liabilities	<u>555.963</u>	<u>610.605</u>
Total Equity and Liabilities	<u>564.249</u>	<u>648.291</u>
13 Operating leases (vessels)		
14 Mortgages		
15 Contingent liabilities		
16 Related parties		
17 Ownership		

Equity Statement

USD '000

	Share capital	Net revaluation according to the equity method	Result carried forward	Proposed dividend	Total
Equity 1/1 2012	1.392	17.654	261.427	-	280.473
Result for the year	-	(17.654)	(225.133)	-	(242.787)
Equity 31/12 2012	1.392	-	36.294	-	37.686
Equity 1/1 2013	1.392	-	36.294	-	37.686
Capital increase	99	-	98.938	-	99.037
Result for the year	-	-	(128.437)	-	(128.437)
Equity 31/12 2013	1.491	-	6.795	-	8.286

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

	2009	2010	2011	2012	2013
Share capital beginning of year	1.392	1.392	1.392	1.392	1.392
Capital increase	-	-	-	-	99
Share capital end of year	1.392	1.392	1.392	1.392	1.491

The share capital consists of 12,075 shares with a value of nom. 1,000 Danish Kroner per share

Notes

1 Revenue

Lauritzen Bulkers 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

	2013 USD '000	2012 USD '000
2 Staff costs, office and fleet		
Staff costs include:		
Wages and salaries	5.904	5.388
Pensions	820	746
Social security	23	24
	<u>6.747</u>	<u>6.158</u>
Average number of employees	<u>47</u>	<u>45</u>
Number of employees at year end	<u>49</u>	<u>45</u>

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 Profit and loss on the sale of vessels and other assets

Profit/loss on the sale of vessels	(10.735)	(73.267)
Profit/loss on the sale of other assets	43	-
	<u>(10.692)</u>	<u>(73.267)</u>

4 Depreciation and write-downs

Vessels	(65.313)	(98.338)
Machinery and equipment	(1.477)	(1.800)
Newbuildings contracts	-	(10.819)
	<u>(66.790)</u>	<u>(110.957)</u>

5 Financial income

Interest income and dividend received	38	867
	<u>38</u>	<u>867</u>

6 Financial expenses

Interest expense	(3)	(36)
Realised and unrealised net currency exchanges losses	650	(7)
Interest on accounts with affiliated companies	(16.525)	(20.142)
Other financial expenses	(136)	(178)
	<u>(16.015)</u>	<u>(20.362)</u>

Notes

	2013 USD '000	2012 USD '000
7 Income tax		
The Danish companies in the J. Lauritzen group are jointly taxed with Danish subsidiaries to Lauritzen Fonden. No deferred tax applies to Lauritzen Bulkers A/S.		
Tax in the Income Statement consists of:		
Current tax	(1.308)	1.413
Adjustments to previous years	355	932
	<u>(953)</u>	<u>2.345</u>
Corporate tax payable can be specified as follows:		
Corporate tax 1st January	1.413	(1.478)
Exchange rate adjustments	36	10
Paid during the year	(1.804)	536
Adjustments previous years	355	932
Current taxation	(1.308)	1.413
	<u>(1.308)</u>	<u>1.413</u>
Should the fleet be disposed of, the company would not be subject to any deferred tax.		
8 Vessels		
Cost as at 1 January	686.954	705.689
Additions during the year	790	164.245
Disposals during the year	-	(182.979)
Cost as at 31 December	<u>687.744</u>	<u>686.954</u>
Depreciations and write-downs at 1 January	(125.860)	(39.219)
Depreciations during the year	(22.404)	(28.410)
Write down	(42.909)	(69.928)
Disposals during the year	-	11.697
Depreciations and write-downs as at 31 December	<u>(191.173)</u>	<u>(125.860)</u>
Balance at 31 December	<u>496.571</u>	<u>561.094</u>
9 Machinery, tools and equipment		
Cost as at 1 January	9.557	9.450
Additions during the year	-	107
Disposals during the year	(835)	-
Cost as at 31 December	<u>8.722</u>	<u>9.557</u>
Depreciations and write-downs at 1 January	(5.726)	(3.926)
Depreciations during the year	(1.477)	(1.800)
Disposals during the year	835	-
Depreciations and write-downs as at 31 December	<u>(6.369)</u>	<u>(5.726)</u>
Balance at 31 December	<u>2.353</u>	<u>3.831</u>
10 Prepayments on vessels		
Cost as at 1 January	12.861	74.385
Additions during the year	32.495	102.408
Disposals during the year	(34.537)	(163.932)
Cost as at 31 December	<u>10.819</u>	<u>12.861</u>
Depreciations and write-downs at 1 January	(10.819)	-
Write-downs during the year	-	(10.819)
Write-downs as at 31 December	<u>(10.819)</u>	<u>(10.819)</u>
Balance at 31 December	<u>(0)</u>	<u>2.042</u>

Notes

11 Investments in subsidiaries

		2013 USD '000	2013 USD '000	2012 USD '000	2012 USD '000
	Ownership	Result	Equity	Result	Equity
Labas (Bahamas) Limited	100%	55	1.492	81	1.437
Greden Limited, Bahamas	100%	4	279	31	275
J. Lauritzen (USA) Inc.	100%	223	302	(155)	79
		<u>282</u>	<u>2.073</u>	<u>(43)</u>	<u>1.791</u>

	2013 USD '000	2012 USD '000
Cost as at 1 January	<u>129</u>	<u>129</u>
Cost as at 31 December	<u>129</u>	<u>129</u>
Revaluations as at 1 January	1.662	1.704
Revaluations during the year	<u>282</u>	<u>(42)</u>
Revaluations as at 31 December	<u>1.945</u>	<u>1.662</u>
Balance as at 31 December	<u>2.073</u>	<u>1.791</u>

Notes

	2013 USD '000	2012 USD '000	
12 Investments in associated companies			
Cost as at 1 January	52.025	48.072	
Additions during the year	1.720	7.111	
Disposals during the year	(5.440)	(3.158)	
Cost as at 31 December	<u>48.305</u>	<u>52.025</u>	
Revaluations as at 1 January	(12.097)	15.949	
Dividends received	(554)	(100)	
Disposals during the year	5.873	3.505	
Revaluations during the year	(15.879)	(31.451)	
Revaluations as at 31 December	<u>(22.656)</u>	<u>(12.097)</u>	
Balance as at 31 December	<u>25.648</u>	<u>39.928</u>	
Investments in associated companies comprise:			
<u>Results in associated companies</u>	<u>Ownership</u>	<u>Result</u>	<u>Result</u>
Recognised according to the equity method:			
K/S Danred I, Danmark	44%	896	1.035
K/S Danred II	40%	219	(5.224)
K/S Danred III	35%	404	(6.035)
K/S Danred V, Danmark	50%	(471)	(7.911)
K/S Bulkinvest 30	18%	(572)	(4.157)
K/S Danskib 30	10%	(832)	(2.008)
K/S Danskib 34	20%	(3.535)	(9.688)
K/S Danskib 63	14%	641	(19.649)
K/S Danskib 72 (disposed in 2012)	0%	-	(21.303)
K/S Danskib 77 (disposed in 2013)	20%	(41.599)	3.856
K/S Handybulk	24%	(30.070)	(56.514)
ID Handysize A/S, Denmark (disposed in 2012)	0%	-	(4)
		<u>(74.919)</u>	<u>(127.602)</u>
Group external shareholders proportion		<u>59.041</u>	<u>96.151</u>
		<u>(15.879)</u>	<u>(31.451)</u>
<u>Equity in associated companies:</u>	<u>Ownership</u>	<u>Equity</u>	<u>Equity</u>
K/S Danred I, Danmark	44%	10.307	9.411
K/S Danred II	40%	6.568	6.349
K/S Danred III	35%	7.777	7.373
K/S Danred V, Danmark	50%	10.502	10.972
K/S Bulkinvest 30	18%	9.394	9.966
K/S Danskib 30	10%	27	5.139
K/S Danskib 34	20%	5.746	7.973
K/S Danskib 63	14%	22.453	22.712
K/S Danskib 72 (disposed in 2012)	0%	-	-
K/S Danskib 77 (disposed in 2013)	20%	-	35.933
K/S Handybulk	24%	19.078	41.829
ID Handysize A/S, Denmark (disposed in 2012)	0%	-	-
		<u>91.851</u>	<u>157.657</u>
Group external shareholders proportion		<u>(66.204)</u>	<u>(117.729)</u>
		<u>25.648</u>	<u>39.928</u>

Notes

13 Operating leases (vessels)

	2013 USD '000	2012 USD '000
Contractual commitments with a term in excess of 1 year amount to	671.603	552.334
They fall due as follows:		
Within 1 year	144.327	183.639
Between 1 and 5 years	340.885	252.562
After more than 5 years	186.391	116.132
Number of time charter contracts with a term in excess of 1 year:	Number	Number
Bulk carriers	55	42
Remaining term	1 - 13 years	1 - 14 years

14 Mortgages

Vessels recorded at a book value of USD 496.6m (2012: USD 561.1m) has been provided as security for the parent company's debt.

15 Contingent liabilities

At the balance sheet date the company has following contingent liabilities:

	Exp. Date	USD mill.
Joint liability for loan agreement in the parent company J. Lauritzen A/S	2016	46
Joint liability for loan agreement in the parent company J. Lauritzen A/S	2023	110
Joint liability for loan agreement in the parent company J. Lauritzen A/S	2016	93
Joint liability for loan agreement in the parent company J. Lauritzen A/S	2016	243

	2013 USD mill.	2012 USD mill.
Other contingent liabilities:		
Guarantees undertaken for debt in joint ventures	17	24
Max. obligation to pay in capital into joint ventures	29	33
Other Guarantees	20	0

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.

16 Related parties

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

17 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