

**Odense Steel Shipyard discontinues shipbuilding activities**

Historically, Odense Steel Shipyard (Lindø) has had a very special role in the A.P. Moller - Maersk Group.

Due to the expansion of the yard capacity in low cost countries in the Far East and most recently with China's determined endeavours of becoming the world's largest shipbuilding nation, the competitive situation for the shipbuilding industry has become increasingly difficult in recent years.

Regardless of the even huge effort to improve the yard's competitiveness with investments in new technology and streamlining of the production, the yard has run up very considerable annual deficits and must today realise that it is impossible to attract orders, which are commercially sound.

In this light **the Board of the yard has decided to discontinue the shipbuilding activities**, when the contracted orders have been fulfilled. Thus the present workforce will be continuously downsized to accommodate production. The contracted orders (five bulk carriers, seven Ro-Ro ships and three frigates) extend to August 2010, November 2011, and February 2012, respectively. The first redundancies of approx. 175 employees are expected to take place from the end of August this year.

"We have to realise that it is impossible for Lindø to attract new orders. The Board has therefore decided to make it absolutely clear that Lindø will not be building more vessels, once the contracted orders have been delivered," says Lars-Erik Brenøe, Chairman of the Board, and continues:

"We will continue the process of attracting clients to the business unit, Lindø Industrial Services, and in that connection we strive to ensure a considerable number of jobs. We will in the time to come work closely with all relevant parties to provide the best possible assistance to the employees who will be leaving Lindø during the next few years."

As the shipyard's orders are fulfilled, capacity for Lindø Industrial Services will increase. This means that both Lindø Industrial Park and Lindø Industrial Services have increased capacity to sell to other clients, and that Lindø Industrial Services' business areas are no longer strategically essential and can therefore be sold as independent businesses. Lindø Industrial Services' business areas comprise operation of mooring space and cranes, including the gantry crane, steel storage and handling, internal transport of heavy equipment, production of pipes and steel components as well as letting of ocean-going transport barges.

With the discontinuation of the shipbuilding activities at Lindø, there is no longer a need for ownership of the Lithuanian shipyard, Baltija Shipyard. The company is therefore put up for sale. Danske Markets Corporate Finance will act as Lindø's financial advisor in the sales process. The sale will not have any effect on Lindø's and Baltija's contracted orders. Also the design- and engineering company UAB Baltic Engineering Centre in Lithuania is put up for sale.

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