

# Scandinavian Boiler Service A/S

Karetmagervej 1, 9490 Pandrup

Company reg. no. 20 51 01 88

## Annual report

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 27 August 2020.

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**Tham Yew Hong**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

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The board of directors and the managing director have today presented the annual report of Scandinavian Boiler Service A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Pandrup, 6 July 2020

### Managing Director

Alen Prpic  
Managing director

### Board of directors

Tham Yew Hong  
Chairman

Alen Prpic

Ngu Bee Ling

## Independent auditor's report

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### To the shareholders of Scandinavian Boiler Service A/S

#### Opinion

We have audited the annual accounts of Scandinavian Boiler Service A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## Independent auditor's report

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

### Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## Independent auditor's report

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aalborg, 6 July 2020

### **Redmark**

State Authorised Public Accountants  
Company reg. no. 29 44 27 89

### **Marian Fruergaard**

State Authorised Public Accountant  
mne24699

## Company information

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<b>The company</b>	Scandinavian Boiler Service A/S Karetmagervej 1 9490 Pandrup
	Phone +4570271000 Fax +4570271001 Web site <a href="http://www.sbs-international.com">www.sbs-international.com</a>
	Company reg. no. 20 51 01 88 Established: 28 October 1997 Financial year: 1 January - 31 December
<b>Board of directors</b>	Tham Yew Hong, Chairman Alen Prpic Ngu Bee Ling
<b>Managing Director</b>	Alen Prpic, Managing director
<b>Auditors</b>	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg
<b>Bankers</b>	Danske Bank A/S
<b>Parent company</b>	SBS International ApS
<b>Subsidiary</b>	SBS Repair ApS, Pandrup

## Management commentary

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### **The principal activities of the company**

The activity of the company is sales, service and upgrading within the maritime business sector.

### **Development in activities and financial matters**

The gross profit for the year is DKK 2.452.000 against DKK 3.564.000 last year. The results from ordinary activities after tax are DKK -999.000 against DKK 484.000 last year. The management consider the results for satisfactory.

The outlook for 2020 is subject to significant uncertainties and impacted by the current outbreak of the Coronavirus, which has significant lower the visibility on what to expect in 2020.

The tanker market has a positive 2019 and 2020 was shaping up to be equally good but the latest developments with the Coronavirus and its impact on world trade could derail this estimate.

Cruise market is facing significant uncertainties due to the covid-19 and the container market will start to recover from mid-2020 onwards. However, even in an upside scenario the pace of recovery will be noticeably weaker than that seen after previous slowdowns.

The bulk market is expected to be on long-term recovery cycle, primarily driven by supply normalization with 2-3% fleet growth annually in the next few years.

SBS remain positive for the coming 2-3 years, as the new building market for ships will be very slow due IMO-regulations coming into force and a general over supply of ships over the previous years



## Income statement 1 January - 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross profit</b>	<b>2.452.326</b>	<b>3.564</b>
1 Staff costs	-3.479.018	-3.387
<b>Operating profit</b>	<b>-1.026.692</b>	<b>177</b>
Income from equity investments in group enterprises	-18.500	144
Other financial income from group enterprises	18.145	160
Other financial income	54.314	116
Other financial costs	-16.511	-18
<b>Pre-tax net profit or loss</b>	<b>-989.244</b>	<b>579</b>
Tax on ordinary results	-10.181	-95
<b>Net profit or loss for the year</b>	<b>-999.425</b>	<b>484</b>
<b>Proposed appropriation of net profit:</b>		
Reserves for net revaluation according to the equity method	-18.500	-1.556
Transferred to retained earnings	0	2.040
Allocated from retained earnings	-980.925	0
<b>Total allocations and transfers</b>	<b>-999.425</b>	<b>484</b>

## Statement of financial position at 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<b>Assets</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Non-current assets</b>		
Equity investments in group enterprises	500.301	518
Total investments	500.301	518
<b>Total non-current assets</b>	<b>500.301</b>	<b>518</b>
<b>Current assets</b>		
Raw materials and consumables	1.686.309	1.641
Total inventories	1.686.309	1.641
Trade debtors	4.152.780	4.609
Amounts owed by group enterprises	2.181.884	1.459
Deferred tax assets	0	10
Other debtors	212.755	853
Total receivables	6.547.419	6.931
Available funds	1.295.996	1.388
<b>Total current assets</b>	<b>9.529.724</b>	<b>9.960</b>
<b>Total assets</b>	<b>10.030.025</b>	<b>10.478</b>

## Statement of financial position at 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	600.000	600
Reserves for net revaluation as per the equity method	300.894	319
Results brought forward	4.339.586	5.320
<b>Total equity</b>	<b>5.240.480</b>	<b>6.239</b>
<b>Liabilities other than provisions</b>		
Other debts	76.443	0
Total long term liabilities other than provisions	76.443	0
Trade creditors	2.388.718	3.049
Debt to group enterprises	1.709.430	320
Corporate tax	0	196
Other debts	614.954	674
Total short term liabilities other than provisions	4.713.102	4.239
<b>Total liabilities other than provisions</b>	<b>4.789.545</b>	<b>4.239</b>
<b>Total equity and liabilities</b>	<b>10.030.025</b>	<b>10.478</b>

**2 Mortgage and securities**

**3 Contingencies**

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	<u>2019</u>	<u>2018</u>
<b>1. Staff costs</b>		
Salaries and wages	3.198.511	3.091
Pension costs	244.808	259
Other costs for social security	<u>35.699</u>	<u>37</u>
	<b><u>3.479.018</u></b>	<b><u>3.387</u></b>
Average number of employees	<u>5</u>	<u>5</u>

## 2. Mortgage and securities

There are no mortgage liabilities or securities.

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

### 3. Contingencies

#### Contingent liabilities

##### Joint taxation

Danish Marine Service ApS, company reg. no 31578256 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The total tax payable under the joint taxation amounts to DKK 0 thousand.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

## Accounting policies

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The annual report for Scandinavian Boiler Service A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Scandinavian Boiler Service A/S and its group enterprises are included in the consolidated annual accounts for Danish Marine Service ApS, Pandrup, reg. nr. 31578256.

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

## Accounting policies

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### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

## Income statement

### Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

## Accounting policies

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### Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## The balance sheet

### Financial fixed assets

#### Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.



## Accounting policies

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Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **Equity**

#### **Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

## Accounting policies

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The reserve cannot be recognised by a negative amount.

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Scandinavian Boiler Service A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.