Norchem A/S

c/o Gorrissen Federspiel Advokatpartnerselskab, Axeltorv 2, st. 1.

1609 København V

CVR no. 21 25 46 49

Annual report 2019

Approved at the Company's annual general meeting on 25 May 2020

Chairman:

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Peter Hald Appel

Building a better working world

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Norchem A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2019.

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

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

Copenhagen, 18 May 2020
Executive Board:

Torgeir Steinhaug

Board of Directors:

Arild Toft Chairman	Peter Hald Appel	Bernt Daniel Odfjell Jr.
Camilla Odfjell Gruer	Laurence Ward Odfjell	Carl Fredrik Odfjell
Klaus Nyborg		

Independent auditor's report

To the shareholders of Norchem A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Norchem A/S for the financial year 1 January –31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January –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 (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 financial statements 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 18 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised
Public Accountant
mne24830

Management's review

Company details

Name	Norchem A/S
Address, Postal code, City	c/o Gorrissen Federspiel Advokatpartnerselskab, Axeltorv 2, st. 1., 1609 København V
CVR no.	21 25 46 49
Registered office	Copenhagen
Financial year	1 January –31 December
Board of Directors	Arild Toft, Chairman Peter Hald Appel Bernt Daniel Odfjell Jr. Camilla Odfjell Gruer Laurence Ward Odfjell Carl Fredrik Odfjell Klaus Nyborg
Executive Board	Torgeir Steinhaug
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, Postboks 250, 2000 Frederiksberg

Management's review

Financial highlights for the Group

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross margin	-3.860	-5.679	-1.532	2.900	6.084
Profit/loss from ordinary activities	-13.068	-13.370	-8.616	-6.085	-5.738
Profit/loss from net financials	3.761	700	-8.036	11.875	9.974
Profit/loss for the year	-54.008	-450.133	186.080	244.068	-78.204
Total assets	1.561.540	1.615.401	1.953.649	1.930.909	1.694.777
Portion relating to investments in items of property, plant and equipment	-583	-2.192	-3.276	-1.503	-2.748
Equity	1.553.493	1.607.050	1.945.671	1.920.934	1.685.446
Cash flows from operating activities	-8.601	-12.408	-7.926	3.259	82.207
Cash flow from investing activities	-28.372	-9.234	1.540	7.489	-25.892
Cash flows from financing activities	-308	-192	264	-477	0
Total cash flows	-37.281	-21.834	-6.122	10.271	56.315
Financial ratios					
Return on assets	-0,8 %	-0,8 %	-0,4 %	-0,3 %	-0,4 %
Current ratio	2.289,4 %	3.398,3 %	4.254,1 %	2.597,1 %	2.955,1 %
Solvency ratio	99,48 %	99,48 %	99,59 %	99,5 %	99,4 %
Return on equity	-3,4 %	-25,3 %	9,6 %	13,5 %	-4,9 %
Average number of full-time employees	**73**	**72**	**82**	**81**	**84**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society .

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets: $\frac{\text{Profit/loss from operating activities}}{\text{Average assets X 100}}$

Current ratio: $\frac{\text{Current assets X 100}}{\text{Current liabilities}}$

Solvency ratio: $\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity excl. non-controlling interests}}$

Management's review

Business review

The purpose of the Company is directly or through shareholdings to engage in seaborne transportation, trading and industrial activities, to invest in securities and in real property and other related activities.

Financial review

The consolidated income statement, including equity investments in associates, shows a result of DKK -54 million for 2019, compared with DKK -450 million for 2018. At 31 December 2019, the balance sheet shows equity of DKK 1.553 millions. The result is not in line with the expectations.

The Board is not satisfied with the underlying financial results in the group, but given the challenging markets for Odfjell SE, the Board is pleased with Odfjell SE's continued good progress and the overall strengthening of competitiveness.

Risks

The Group is exposed to the changes in value in the companies they own, ie. Odfjell SE and Odfjell Vineyard S.A. Since the two companies have their functional currency in USD and CLP respectively, the Group is therefore exposed to currency risks in changes of the currency rates between DKK/USD and DKK/CLP.

The Group has no interest-bearing debt and therefore they have no interest risk.

The Group has a relatively small holding of cash, only 2 %of total assets. Together with listed shares, bonds and short term receivables the Group has DKK 89.4 mill, corresponding to 5.7 %of total assets. Other assets are mainly strategic investments, which may be difficult to sell and release cash.

Impact on the external environment

The Company has not had any significant impact on the external environment in 2019.

Events after the balance sheet date

Management considers the consequences of COVID-19 an event after the balance sheet date (31 December 2019) and the event is thus a non-adjusting event for the Company. Hence the COVID-19 pandemic has not impacted the financial statement of 31 December 2019. Management expects the COVID-19 pandemic will have an impact on the group's results as described in "Outlook".

In addition, no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management expected that the improvement which Odfjell SE started to show in 2019 would continue and gain momentum in 2020 due to the fundamentals in growing tonne mile demand and limited supply growth of ships. Considering the outbreak of COVID-19, Management believes that the Odfjell SE will take all necessary precautionary measures to mitigate any potential drop in demand. The Company has continued to improve results through Q1 and has guided that it expects slightly weaker results in Q2.

Odfjell Vineyards started 2020 on a strong note, but as the pandemic spread, sales in both its domestic and export markets have dropped significantly. Management believes we may still deliver results comparable to the levels last year because of exchange rate effects and a lower cost structure; however, this expectation is uncertain given the current market.

Management is examining the possibility of relocating Norchem A/S to Norway in 2020. However, a final approval from the Danish authorities has not yet been obtained.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	Gross margin	-3.860	-5.679	-1.261	-1.820
2	Staff costs	-6.714	-5.196	-394	-219
	Amortisation/depreciation of intangible assets and property, plant and equipment	-2.494	-2.495	0	0
	Profit/loss before net financials	-13.068	-13.370	-1.655	-2.039
	Share of net profit/loss in subsidiaries	0	0	-15.000	-17.000
	Share of net profit/loss in associates	-42.384	-437.701	0	34.729
3	Financial income	4.897	4.885	4.874	4.876
4	Financial expenses	-1.136	-4.185	-527	-3.084
	Profit/loss before tax	-51.691	-450.371	-12.308	17.482
5	Tax for the year	-2.317	238	-2.496	-101
	Profit/loss for the year	-54.008	-450.133	-14.804	17.381
	Breakdown of the consolidated results of operations:				
	Shareholders, Norchem A/S	-54.004	-450.129		
	Non-controlling interests	-4	-4		
		-54.008	-450.133		

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	ASSETS				
	Fixed assets				
6	**Intangible assets**				
	Acquired intangible assets	930	1.112	0	0
		930	1.112	0	0
7	**Property, plant and equipment**				
	Land and buildings	40.732	43.865	0	0
	Plant and machinery	4.071	4.847	0	0
	Fixtures and fittings, plant and equipment	270	90	0	0
		45.073	48.802	0	0
8	**Investments**				
	Investments in group enterprises	0	0	67.204	74.192
	Investments in associates	1.426.160	1.421.704	662.098	618.602
		1.426.160	1.421.704	729.302	692.794
	Total fixed assets	1.472.163	1.471.618	729.302	692.794
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	2.005	3.550	0	0
	Work in progress	9.495	9.713	0	0
	Finished goods and goods for resale	4.577	3.838	0	0
		16.077	17.101	0	0
	Receivables				
	Trade receivables	5.342	6.624	0	0
9	Deferred tax assets	1.606	3.362	0	1.961
	Corporation tax receivable	736	1.982	110	588
	Other receivables	390	200	0	4
		8.074	12.168	110	2.553
	Securities and investments	36.496	49.422	36.367	49.246
	Cash	28.730	65.092	23.995	59.904
	Total current assets	89.377	143.783	60.472	111.703
	TOTAL ASSETS	1.561.540	1.615.401	789.774	804.497

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	51.600	51.600	51.600	51.600
	Retained earnings	1.501.868	1.555.422	733.129	747.933
	Equity holders' share of equity, Norchem A/S	1.553.468	1.607.022	784.729	799.533
	Non-controlling interests	25	28	0	0
	Total equity	1.553.493	1.607.050	784.729	799.533
11	**Non-current liabilities**				
	Bank debt	35	108	0	0
	Payables to shareholders and management	4.108	4.012	4.108	4.012
	Total non-current liabilities	4.143	4.120	4.108	4.012
	Current liabilities				
11	Bank debt	80	315	0	0
	Trade payables	1.808	2.234	0	0
	Other payables	2.016	1.682	937	952
	Total current liabilities	3.904	4.231	937	952
	Total liabilities	8.047	8.351	5.045	4.964
	TOTAL LIABILITIES	1.561.539	1.615.401	789.774	804.497

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Mortgages and collateral
14 Related parties

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Group				
	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2019	51.600	1.555.422	1.607.022	28	1.607.050
Transfer, see "Appropriation of profit/loss"	0	-54.004	-54.004	-4	-54.008
Foreign exchange adjustments	0	33.537	33.537	1	33.538
Other value adjustments of equity	0	-33.087	-33.087	0	-33.087
Equity at 31 December 2019	51.600	1.501.868	1.553.468	25	1.553.493

DKK'000	Parent		
	Share capital	Retained earnings	Total
Equity at 1 January 2019	51.600	747.933	799.533
Transfer, see "Appropriation of profit/loss"	0	-14.804	-14.804
Equity at 31 December 2019	51.600	733.129	784.729

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group 2019	Group 2018
	Profit/loss for the year	-54.008	-450.133
16	Adjustments	42.515	437.547
	Cash generated from operations before changes in working capital	-11.493	-12.586
17	Changes in working capital	2.024	309
	Cash generated from operations	-9.469	-12.277
	Interest received	650	867
	Interest paid	-9	-11
	Other financial adjustment related to operating activities	-484	-549
	Income taxes paid	711	-438
	Cash flows from operating activities	-8.601	-12.408
	Acquisition of intangible assets	0	-218
	Acquisition of property, plant and equipment	-583	-2.192
	Disposal of property, plant and equipment	0	0
	Purchase of shares in associates	-43.496	-41.927
	Purchase and sale of investments and securities	14.660	-387
	Received dividend from investments and securities	1.047	761
	Received dividend from associates	0	34.729
	Cash flows from investing activities	-28.372	-9.234
	Loan financing:		
	Repayment of non-current liabilities	-308	-192
	Increase in bank debt	0	0
	Cash flows from financing activities	-308	-192
	Net cash flows	-37.281	-21.834
	Cash and cash equivalents, beginning of year	65.092	85.666
	Exchange rate adjustments, cash	919	1.260
18	**Cash and cash equivalents, year-end**	28.730	65.092

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Norchem A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Norchem A/S and subsidiaries controlled by Norchem A/S.

Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Restructuring costs decided by the acquiring entity must be recognised in the income statement. Allowance is made for the tax effect of revaluations made. Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met. Goodwill and negative goodwill from acquired entities can be adjusted until 12 months after the year of acquisition.

Entities over which the Group has significant influence are considered associates. The Group is considered to have significant influence when it directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments 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 fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Revenue

Income from the sale of goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include the year's expenses relating to administration, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life.

The expected useful lives of the assets are as follows:

Acquired intangible assets	20 years
Land and buildings	8-30 years
Plant and machinery	12 years
Fixtures and fittings, other plant and equipment	8 years

Profit/loss from investments in subsidiaries and associates

Parent:

The item includes dividend received from subsidiaries and associates to the extent that the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Group:

The item includes the entity's proportionate share of the profit/loss for the year in associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Vessels are revalued at fair value. Revaluations and reversals hereof, less deferred tax, are taken directly to equity. The fair value is made up on the basis of an external assessment based on discounted cash flows.

Investments in subsidiaries and associates

Group:

In the consolidated financial statements, investments in associates are measured using the equity method at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment to the extent that the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' to the extent that the parent has a legal or constructive obligation to cover the deficit.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Parent:

Investments in subsidiaries and associates are measured at cost in the parent company. Dividends received which exceed the accumulated earnings in the subsidiary or the associate in the period of ownership are accounted for as a cost reduction.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Securities and equity investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks.

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Notes

2 Staff costs

DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
Wages and salaries	6.714	5.196	394	219
	6.714	5.196	394	219
Average number of full-time employees	73	72	0	0

Total remuneration for the Executive Board and Board of Directors: 394 t.kr. (2018: 219 t.kr.)

3 Financial income

Other interest income	4.897	4.885	4.874	4.876
	4.897	4.885	4.874	4.876

4 Financial expenses

Other financial expenses	1.136	4.185	527	3.084
	1.136	4.185	527	3.084

5 Tax for the year

Current tax charge for the year	0	0	0	0
Adjustment of the deferred tax charge for the year	1.782	-238	1.961	101
Adjustments, prior years	535	0	535	0
	2.317	-238	2.496	101

Consolidated financial statements and parent company financial statements 1 January – 31 December

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6 Intangible assets

DKK'000	Group Acquired intangible assets
Cost at 1 January 2019	1.633
Exchange rate adjustment relating to foreign entities	-68
Additions	0
Cost at 31 December 2019	1.565
Amortisation and impairment losses at 1 January 2019	521
Exchange rate adjustment relating to foreign entities	-22
Amortisation	136
Amortisation and impairment losses at 31 December 2019	635
Carrying amount at 31 December 2019	930

7 Property, plant and equipment

	Group			
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, plant and equipment	Total
Cost at 1 January 2019	79.317	25.535	671	111.007
Exchange rate adjustment relating to foreign entities	-3.293	-1.060	-28	-4.381
Additions	125	242	216	583
Disposals	0	0	0	0
Cost at 31 December 2019	76.149	24.717	859	107.209
Depreciation and impairment losses at 1 January 2019	35.452	20.688	581	58.179
Exchange rate adjustment	-1.544	-859	-24	-2.427
Other adjustments	0	0	0	0
Depreciation	1.509	817	32	2.358
Disposals	0	0	0	0
Depreciation and impairment losses at 31 December 2019	35.417	20.646	589	56.652
Carrying amount at 31 December 2019	40.732	4.071	270	45.073

Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling 115 t.kr.

Note 12 provides more details on security as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Investments

DKK'000	Group Investments in associates
Cost at 1 January 2019	618.602
Additions	43.496
Disposals	0
Cost at 31 December 2019	662.098
Value adjustments at 1 January 2019	803.102
Exchange rate adjustment to value at 1 January 2019	36.431
Value adjustments related to additions in investment in associates	52.433
Profit/loss for the year	-94.817
Dividend distribution	0
Changes in equity	-33.087
Other adjustments	0
Value adjustments at 31 December 2019	764.062
Carrying amount at 31 December 2019	1.426.160

Name	registered office	Ownership	Profit/loss DKK'000	Equity DKK'000
Associates				
Odfjell SE	Norway	38,76 %	-244.625	3.679.462

DKK'000	Parent Investments in group enterprises	Investments in associates	Total
Cost at 1 January 2019	142.192	618.602	702.895
Additions	8.012	43.496	51.508
Disposals	0	0	0
Cost at 31 December 2019	150.204	662.098	754.403
Value adjustments at 1 January 2019	-68.000	0	-68.000
Impairment losses	-15.000	0	-15.000
Value adjustments at 31 December 2019	-83.000	0	-83.000
Carrying amount at 31 December 2019	67.204	662.098	729.302

Name	registered office	Ownership	Profit/loss DKK'000	Equity DKK'000
Group enterprises				
Norchem Trading A/S	Norway	100 %	-119	2.389
Norchem Treasure Services Ltd (in liquidation)*	UK	100 %	-139	368
Odfjell Vineyards S.A.	Chile	99,99 %	-11.562	67.415
Associates				
Odfjell SE	Norway	38,76 %	-244.625	3.679.462

* Norchem Treasury Services (UK) Limited (in liquidation) is exempt from the requirements of UK Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A(2)(d).

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Deferred tax assets

Deferred tax assets relates to temporary difference between the carrying amount and the tax base of the groups assets.

10 Share capital

The share capital comprises:

5.000.000 class A shares of DKK 1,00 each
46.600.000 class B shares of DKK 1,00 each

The share capital has remained unchanged for the past five years.

11 Debt to mortgage credit institutions and other credit institutions

Analysis of liabilities:

	Group			
DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-tem portion	Outstanding debt after 5 years
Bank debt	115	80	35	0
Payables to shareholders and management	4.108	0	4.108	0
	4.223	80	4.143	0

	Parent			
DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-tem portion	Outstanding debt after 5 years
Payables to shareholders and management	4.108	0	4.108	0
	4.108	0	4.108	0

12 Contractual obligations and contingencies, etc.

Group

The subsidiary Odfjell Vineyards S.A. maintains guarantee bills in the amount of DKK 18 thousand issued in Banco Santander in the name of the National Institute of Agricultural Development for the Contract for the Provision of Technical Advisory Services Specializing in Winemaking and Wine Raising in the Liberator General Bernardo O'Higgins region.

Parent

The parent company has issued a letter of financial support for the operation of its subsidiary Odfjell Vineyards S.A. until 20 April 2021.

13 Collateral

Group

No group assets had been pledged as collateral or otherwise charged at 31 December 2019.

Parent

No parent assets had been pledged as collateral or otherwise charged at 31 December 2019.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

14 Related parties

The following shareholders are registered in the Company's register of shareholders as holding minimum 5%of the votes or minimum 5%of the share capital:

Name	Domicile
Laurence Ward Odfjell	Singapore
Bernt Daniel Odfjell Jr.	Cobham, UK
Carl Fredrik Odfjell	Cobham, UK
Camilla Odfjell Gruer	Hønefoss, Norway
Rederiet Odfjell AS	Bergen, Norway

Related party transactions

All related party transactions carried out in the year took place on normal market terms.

DKK'000	Parent 2019	Parent 2018
15 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	-14.804	17.381
	-14.804	17.381

Consolidated financial statements and parent company financial statements
1 January – 31 December

Notes

		Group	
	DKK'000	2019	2018
16	**Adjustments**		
	Amortisation/depreciation and impairment losses	2.494	2.806
	Income from investments in associates	42.384	437.701
	Financial income	-4.897	-4.885
	Financial expenses	1.136	4.185
	Tax for the year	535	0
	Deferred tax	1.782	-694
	Other adjustments	-919	-1.566
		42.515	437.547
17	**Changes in working capital**		
	Change in inventories	1.024	465
	Change in receivables	1.092	-529
	Change in trade and other payables	-92	373
		2.024	309
18	**Cash and cash equivalents**		
	Cash according to the balance sheet	28.730	65.092
		28.730	65.092

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Torgeir Steinhaug
Executive Board
Serial number: 9578-5993-4-2392367
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2020-05-21 10:09:27Z
bankID

Bernt Daniel Odfjell
Board of Directors
Serial number: 9578-5999-4-1056333
IP: 86.164.xxx.xxx
2020-05-21 10:45:52Z
bankID

Carl Fredrik Odfjell
Board of Directors
Serial number: 9578-5999-4-1302610
IP: 86.27.xxx.xxx
2020-05-21 12:18:10Z
bankID

Klaus Nyborg
Board of Directors
Serial number: PID:9208-2002-2-332427424421
IP: 2.58.xxx.xxx
2020-05-21 13:13:37Z
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Camilla Odfjell Gruer
Board of Directors
Serial number: 9578-5997-4-261115
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Arild Toft
Board of Directors
Serial number: 9578-5993-4-2128467
IP: 62.92.xxx.xxx
2020-05-22 10:00:28Z
bankID

Peter Hald Appel
Board of Directors
Serial number: PID:9208-2002-2-255432484231
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Henrik Reedtz
State Authorised Public Accountant
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Chairman
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