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Thopas Holding A/S

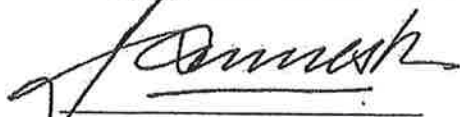
Strandvejen 102B, 2900 Hellerup

Company reg. no. 26 52 35 67

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 2 June 2020.


Jørgen P. Dannesboe
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 USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Thopas Holding 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 consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows 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.

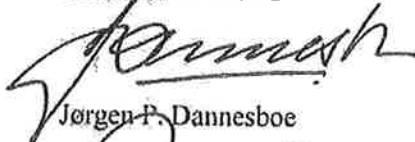
The annual report is recommended for approval by the general meeting.

Hellerup, 14 May 2020

Managing Director

Jacob Palle Madsen

Board of directors



Jørgen P. Dannesboe



Robert R.A. Sjøqvist



Michael Dannesboe



Jacob Palle Madsen

Independent auditor's report

To the shareholders of Thopas Holding A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Thopas Holding A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows 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 consolidated annual accounts and 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 consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and 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 consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and 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 consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and 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 consolidated annual accounts and the annual accounts.

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 consolidated annual accounts and 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 group's and 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 consolidated annual accounts and 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 group's and 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 consolidated annual accounts and 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 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 consolidated annual accounts and 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.

In connection with our audit of the consolidated annual accounts and 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 consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

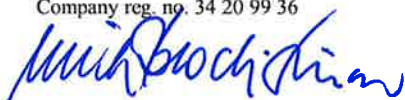
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and 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.

Copenhagen, 14 May 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913



Martin Bomholtz
State Authorised Public Accountant
mne34117

Company data

The company

Thopas Holding A/S
Strandvejen 102B
2900 Hellerup

Company reg. no. 26 52 35 67

Financial year: 1 January - 31 December

Board of directors

Jørgen P. Dannesboe
Robert R.A. Sjøqvist
Jacob Palle Madsen
Michael Dannesboe

Managing Director

Jacob Palle Madsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Maestro Shipping S.A

Subsidiaries

T.K.B. Shipping A/S, Hellerup
TKB Partners ApS, Hellerup

Consolidated financial highlights

USD in thousands.	2019	2018	2017
Income statement:			
Gross profit	2.828	7.251	4.249
Profit from ordinary operating activities	1.496	5.318	3.490
Net financials	-104	-11	-18
Net profit or loss for the year	1.080	5.076	3.131
Statement of financial position:			
Balance sheet total	16.595	17.438	10.072
Equity	8.611	9.150	4.900
Cash flows:			
Operating activities	4.187	2.328	1.728
Investing activities	-683	-68	-3
Financing activities	-953	-1.200	0
Total cash flows	2.551	1.060	1.725
Employees:			
Average number of full-time employees	10	12	14
Key figures in %:			
Acid test ratio	206,2	208,3	211,6
Solvency ratio	50,6	47,4	48,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financial highlights for 2017 solely comprise the period 1/7 2017 to 31/12 2017.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$
Solvency ratio	$\frac{\text{Equity less non-controlling interests, closing balance} \times 100}{\text{Total assets, closing balance}}$

Management's review

The principal activities of the group

Like previous years, the principal activities of the group and of Thopas Holding A/S are shipping activities.

Development in activities and financial matters

The gross loss for the year is USD -31.237 against USD -28.000 last year. The results from ordinary activities after tax are USD 1.129.159 against USD 4.566.000 last year. The management consider the results satisfactory.

Profit and loss account 1 January - 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Note	Group		Parent enterprise	
	2019	2018	2019	2018
Gross profit	2.828.133	7.251	-31.237	-28
1 Staff costs	-1.320.391	-1.922	0	0
Depreciation and writedown relating to fixed assets	-12.013	0	0	0
Income from equity investments in group enterprises	0	0	1.116.272	4.582
Other financial income from group enterprises	0	0	48.372	7
Other financial income	12.199	63	135	1
Other financial costs	-116.080	-74	-753	-1
Pre-tax net profit or loss	1.391.848	5.318	1.132.789	4.561
Tax on ordinary results	-311.675	-242	-3.630	5
Net profit or loss for the year	1.080.173	5.076	1.129.159	4.566
Shareholders in Thopas Holding A/S	1.129.159	4.567		
Non-controlling interests	-48.986	509		
	1.080.173	5.076		

Proposed distribution of the results:

Extraordinary dividend adopted during the financial year	1.000.000	0
Reserves for net revaluation as per the equity method	-3.389.658	4.480
Dividend for the financial year	1.000.000	0
Allocated to results brought forward	2.518.817	86
Distribution in total	1.129.159	4.566

Balance sheet 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD in thousands.

Assets				
Note	Group		Parent enterprise	
	2019	2018	2019	2018
Non-current assets				
2 Other fixtures and fittings, tools and equipment	61.444	0	0	0
Total property, plant, and equipment	61.444	0	0	0
3 Equity investments in group enterprises	0	0	4.095.513	7.960
Amounts owed by group enterprises	0	0	3.947.422	0
4 Other securities and equity investments	162.175	173	162.175	173
Total investments	162.175	173	8.205.110	8.133
Total non-current assets	223.619	173	8.205.110	8.133
Current assets				
Raw materials and consumables	2.226.673	4.609	0	0
Total inventories	2.226.673	4.609	0	0
Trade debtors	3.207.561	4.430	0	0
5 Contract work in progress	2.498.467	2.280	0	0
Receivable corporate tax	0	0	0	5
Other debtors	202.155	297	7.466	0
Accrued income and deferred expenses	61.999	25	0	0
Total receivables	5.970.182	7.032	7.466	5
Available funds	8.174.669	5.624	191.415	133
Total current assets	16.371.524	17.265	198.881	138
Total assets	16.595.143	17.438	8.403.991	8.271

Balance sheet 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD in thousands.

Equity and liabilities					
Note	Group		Parent enterprise		
	2019	2018	2019	2018	
Equity					
6	Contributed capital	81.769	82	81.769	82
7	Reserves for net revaluation as per the equity method	0	0	1.090.753	4.480
8	Results brought forward	7.313.575	8.184	6.222.822	3.704
9	Proposed dividend for the financial year	1.000.000	0	1.000.000	0
	Equity before non- controlling interest.	8.395.344	8.266	8.395.344	8.266
10	Non-controlling interests	215.270	884	0	0
	Total equity	8.610.614	9.150	8.395.344	8.266
Liabilities other than provisions					
	Other debts	46.781	0	0	0
	Total long term liabilities other than provisions	46.781	0	0	0
	Bank debts	15	0	15	0
5	Contract work in progress	2.864.759	4.165	0	0
	Trade creditors	4.788.529	3.539	0	0
	Corporate tax	0	4	3.630	0
	Other debts	284.445	580	5.002	5
	Total short term liabilities other than provisions	7.937.748	8.288	8.647	5
	Total liabilities other than provisions	7.984.529	8.288	8.647	5
	Total equity and liabilities	16.595.143	17.438	8.403.991	8.271

11 Contingencies

Cash flow statement 1 January - 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Note	Group	
	2019	2018
Net profit or loss for the year	1.080.173	5.076
12 Adjustments	427.597	252
13 Change in working capital	3.240.928	-2.652
Cash flows from operating activities before net financials	4.748.698	2.676
Interest received, etc.	12.199	63
Interest paid, etc.	-116.080	-73
Cash flows from ordinary activities	4.644.817	2.666
Income tax paid	-457.601	-324
Cash flows from operating activities	4.187.216	2.342
Purchase of property, plant, and equipment	-73.457	0
Purchase of fixed asset investments	-162.175	-7
Purchase of non-controlling interests	-782.269	0
Sale of minority interests	162.175	0
Repayments received	172.881	75
Cash flows from investment activities	-682.845	68
Long term holiday pay	46.781	0
Dividends distributed to non-controlling interests	0	-150
Dividend paid	-1.000.000	-1.200
Cash flows from investment activities	-953.219	-1.350
Change in cash and cash equivalents	2.551.152	1.060
Cash and cash equivalents at 1 January 2019	5.623.532	4.564
Cash and cash equivalents at 31 December 2019	8.174.684	5.624
Cash and cash equivalents		
Available funds	8.174.669	5.624
Short-term bank debts	15	0
Cash and cash equivalents at 31 December 2019	8.174.684	5.624

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

	Group 2019	2018
1. Staff costs		
Salaries and wages	1.195.728	1.774
Pension costs	114.139	125
Other costs for social security	10.524	13
Other staff costs	0	10
	1.320.391	1.922
 Average number of employees	 10	 12
	Group 31/12 2019	31/12 2018
2. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	0	0
Additions during the year	73.457	0
Cost 31 December 2019	73.457	0
 Amortisation and writedown 1 January 2019	 0	 0
Depreciation for the year	-12.013	0
Amortisation and writedown 31 December 2019	-12.013	0
 Carrying amount, 31 December 2019	 61.444	 0

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD in thousands.

	Parent enterprise	
	31/12 2019	31/12 2018
3. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	3.478.734	4.829
Additions during the year	807.790	0
Dividend	-1.119.589	-1.350
Disposals during the year	-162.175	0
Cost 31 December 2019	3.004.760	3.479
Revaluations, opening balance 1 January 2019	4.480.411	-101
Result for the year	1.116.272	4.582
Disposal during the year	-25.519	0
Dividend	-4.480.411	0
Revaluation 31 December 2019	1.090.753	4.481
Book value 31 December 2019	4.095.513	7.960

Group enterprises:

	Domicile	Share of ownership
T.K.B. Shipping A/S	Hellerup	75 %
TKB Partners ApS	Hellerup	80 %

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
4. Other securities and equity investments				
Cost 1 January 2019	172.880	241	172.880	241
Additions during the year	163.126	7	163.126	7
Disposals during the year	-173.831	-75	-173.831	-75
Cost 31 December 2019	162.175	173	162.175	173
Book value 31 December 2019	162.175	173	162.175	173

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD in thousands.

	Group	
	31/12 2019	31/12 2018
5. Contract work in progress		
Sales value of the production of the period	11.295.009	4.851
Payments on account received	-11.661.301	-6.736
Contract work in progress, net	-366.292	-1.885
The following is recognised:		
Work in progress for the account of others (Current assets)	2.498.467	2.280
Work in progress for the account of others (Short-term liabilities)	-2.864.759	-4.165
	-366.292	-1.885

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
6. Contributed capital				
Contributed capital 1 January 2019	81.769	82	81.769	82
	81.769	82	81.769	82

No change in the contributed capital have been made within the last 5 years.

	Parent enterprise	
	31/12 2019	31/12 2018
7. Reserves for net revaluation as per the equity method		
Reserves for net revaluation 1 January 2019	4.480.411	0
Share of results	-3.389.658	4.480
	1.090.753	4.480

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD in thousands.

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
8. Results brought forward				
Results brought forward 1 January 2019	8.184.416	86	3.704.005	3.618
Profit or loss for the year brought forward	-870.841	8.098	2.518.817	86
Extraordinary dividend adopted during the financial year	1.000.000	0	1.000.000	0
Distributed extraordinary dividend adopted during the financial year.	-1.000.000	0	-1.000.000	0
	7.313.575	8.184	6.222.822	3.704

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
9. Proposed dividend for the financial year				
Dividend 1 January 2019	0	1.200	0	1.200
Distributed dividend	0	-1.200	0	-1.200
Dividend for the financial year	1.000.000	0	1.000.000	0
	1.000.000	0	1.000.000	0

	Group	
	31/12 2019	31/12 2018
10. Non-controlling interests		
Non-controlling interests 1 January 2019	884.350	525
Share of the results for the year	-48.986	509
Acquisition	162.175	0
Disposal	-782.269	0
Dividend paid	0	-150
	215.270	884

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

11. Contingencies

Contingent liabilities

The group's annual rent obligation amount to 165.929 USD.

The group has entered into long-term lease agreements for foreign tonnage. The total commitment amounts to December 31, 2019 USD 12.706.850, of which USD 10.904.662 relates to the financial year 2020 and USD 1.802.188 relates to the financial year 2021.

Joint taxation

Maestro Shipping A/S, company reg. no 40 90 10 19 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.

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

12. Adjustments

	Group 2019	2018
Depreciation, amortisation, and impairment	12.013	0
Other financial income	-12.199	-63
Other financial costs	116.080	73
Tax on ordinary results	311.675	242
Other adjustments	28	0
	<u>427.597</u>	<u>252</u>

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

	Group 2019	2018
13. Change in working capital		
Change in inventories	2.382.217	-2.869
Change in receivables	1.204.218	-3.507
Change in trade payables and other payables	-345.507	3.724
	3.240.928	-2.652

Accounting policies used

The annual report for Thopas Holding 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 American dollars (USD).

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.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Thopas Holding A/S and those group enterprises of which Thopas Holding A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

Accounting policies used

Income statement

Gross profit

Revenue comprises income from voyages and is recognised exclusive of VAT and duties. Revenue is recognised as the work is completed, calculated on the basis of stage of completion (production criterion) at the balance sheet date. Recognition occurs when the following conditions are met:

- the amount of revenue can be measured reliably
 - it is probable that the economic benefits associated with the transaction will flow to the entity
 - the stage of completion of the transaction at the end of the reporting period can be measured reliably:
- and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

Production costs comprise the vessels operation expenses, incurred to generate revenue for the year. The expenses include charter hire for chartered vessels (operating leases), bunker oil consumption, staff costs, other voyage costs such as commissions and harbour charges, repair and maintenance costs, insurance costs and other operation expenses. Like revenue, vessels operation expenses are recognised on the basis of stage of completion.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

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.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

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.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Accounting policies used

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 of the parent 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 parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish 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

Tangible fixed assets

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Accounting policies used

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Technical plants and machinery</i>	<i>5-10 years</i>	<i>0-20 %</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

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.

Accounting policies used

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.

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 strategical 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.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Accounting policies used

Inventories

Inventories comprise bunker oil kept on board vessels. 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.

Work in progress for the account of others

Voyages in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Voyages in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

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.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

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, Thopas Holding 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 assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

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

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

Accounting policies used

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.