BLUE WATER HOLDING A/S

ANNUAL REPORT 2016 | CVR NO: 30 58 40 66

BLUE WATER SHIPPING

Blue Water Shipping A/S | www.bws.dk

Contents

BLUE WATER HOLDING A/S

Entity details

ENTITY
Blue Water Holding A/S
Trafikhavnskaj 9
6700 Esbjerg

CVR No:	30584066
Registered in:	Esbjerg
Financial year:	01.01.2016 - 31.12.2016

Phone:	(+45)79134144
Fax:	(+45)79451344
Website:	www.bws.dk
E-mail:	bwsebj@bws.dk

BOARD OF DIRECTORS
Niels Kaalund, chairman
Kurt Skov
Jørgen Meyer
Preben Møller Nielsen

EXECUTIVE BOARD
Kurt Skov
Allan Vahlun Junge Pedersen

AUDITORS
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postboks 200
6700 Esbjerg

The annual General Meeting adopted the annual report on 18.05.2017

Chairman of the General Meeting

Name: NIELS KAALUND

BLUE WATER HOLDING A/S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue Water Holding A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 18.05.2017

EXECUTIVE BOARD

Kurt Skov

Allan Vahlun Junge Pedersen

BOARD OF DIRECTORS

Niels Kaalund
Chairman

Kurt Skov

Jørgen Meyer

Preben Møller Nielsen

Independent auditor's report

To the shareholders of Blue Water Holding A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Blue Water Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 the 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 these consolidated financial statements and parent financial statements.
As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

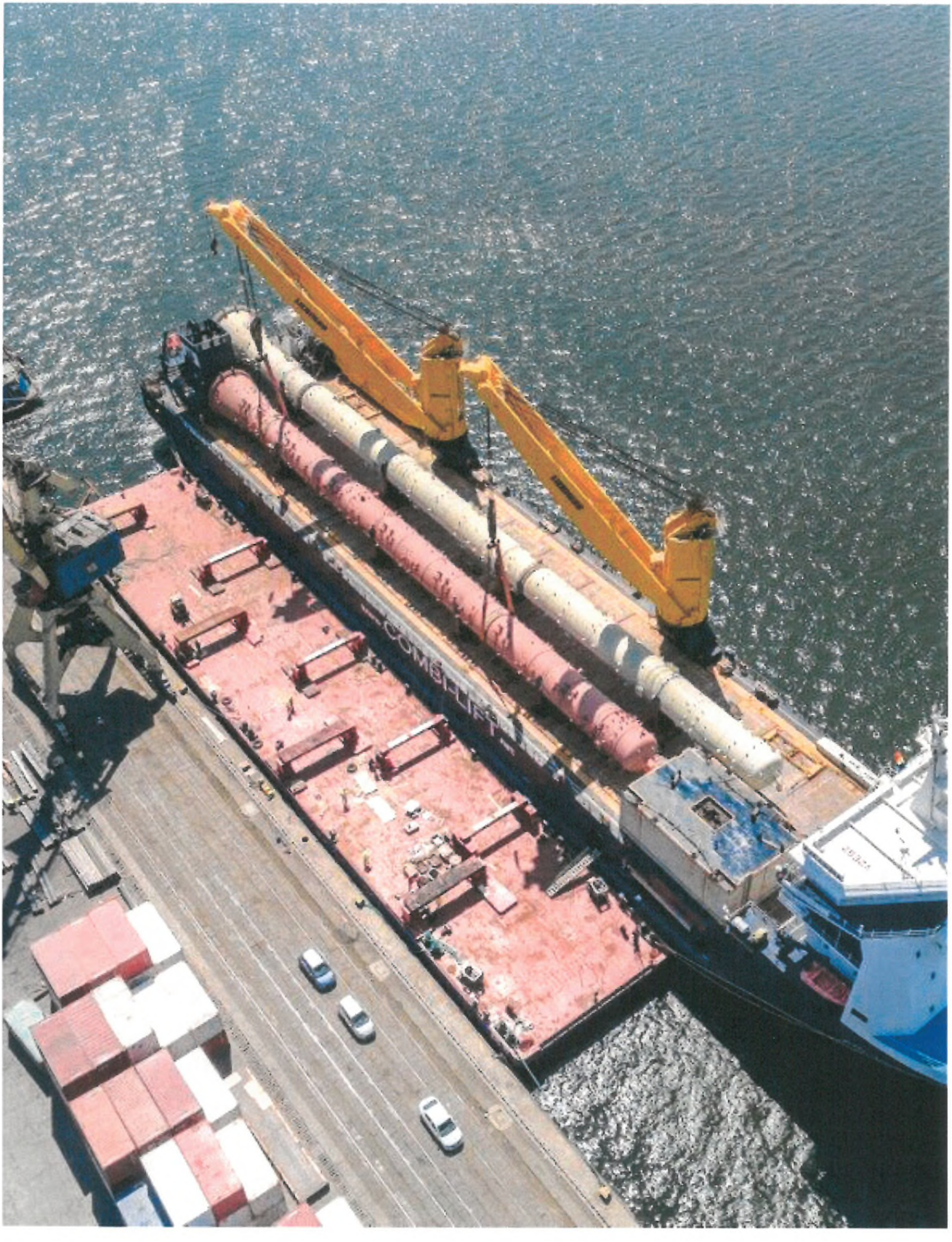
Esbjerg, 18.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-No. 33963556

Jørn Jepsen	Peder Rene Pedersen
State Authorised Public Accountant	State Authorised Public Accountant

Oil, Gas & Industrial Projects



Management commentary

FINANCIAL HIGHLIGHTS

Key figures (DKK'000)

	2016	2015	2014	2013	2012
Revenue	5.198.009	5.000.808	4.980.292	4.482.875	4.135.888
Gross profit/loss	690.470	650.965	642.480	518.958	509.360
Operating profit/loss	28.970	(3.934)	64.093	48.803	101.435
Net financials	(18.540)	(10.389)	(890)	(14.036)	(17.043)
Net profit/loss for the year	1.112	(14.674)	46.926	23.565	61.392
Total assets	1.545.075	1.432.739	1.348.438	1.261.991	1.103.745
Investments in property, plant and equipment	98.874	142.202	38.129	45.099	26.340
Equity incl minority interests	262.632	268.453	277.959	241.798	220.970
Net interest – bearing debt, net	207.454	137.833	10.548	41.936	405
Cash flows from (used in) operating activities	28.804	15.106	57.303	28.671	60.099
Cash flows from (used in) investing activities	(91.630)	(143.200)	(37.481)	(61.230)	(25.286)
Cash flows from (used in) financing activities	92.769	54.986	(12.743)	23.756	110.462

Ratios

	2016	2015	2014	2013	2012
Gross margin (%)	13,3	13,0	12,9	11,6	12,3
Financial gearing (%)	0,8	0,5	0,0	0,2	0,0
Return on equity (%)	0,4	(5,4)	18,1	10,2	31,6

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation Formula	Ratios reflect
Gross Margin (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The Entity's operating gearing.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

PRIMARY ACTIVITIES
The Company's activity is to invest in shares and other securities. The Group's activities comprise international transport, freight forwarding and logistic services.

DEVELOPMENT IN ACTIVITIES AND FINANCES
The Company's income statement for the financial year 01.01.2016 - 31.12.2016 shows a financial profit of DKK 1,112k compared to last year's loss of DKK 14,674k, and the Company's equity at 31.12.2016 totals DKK 260,673k.

The Group invested in 2016 DKK 59,435k in a new freight terminal in Taulov, Denmark.

The Group´s Danish activities have grown over the year, and earnings have developed positively.

Performance for the year is affected by total losses of approx DKK 45m from the Group's Nordic activities, implementation costs of the new freight terminal, and decline in oil- and project-related activities.

The Group has launched and started implementation of a new global IT applications strategy and will over the next two to three years reduce the number of stand-alone IT systems to fewer integrated IT platforms in order to improve the efficiency of business processes and routines. The implementation performed in 2016 was expected and successful but affected the performance by DKK 30m.

OUTLOOK
The performance in 2017 will be affected by DKK 50m from continued implementation of the new IT applications strategy and continued implementation of the new terminal at Taulov.

Management is regularly adapting operations to the market and is expecting a profit and a positive cashflow in 2017.

During 2016 the Group has secured a major contract in relation to the oil and energy sector. The period 2016-2017 is considered as a start up and planning period whereas the actual project will take place 2018-2020. The project will have a positive impact on the Group´s result in 2018-2020.

RISK MANAGEMENT
The Group is exposed to risks arising from the Group's global presence. The overall risk management is based on a risk management model under which the main risks are assessed every six months. An overview is reviewed by the Board of Directors and the Executive Board.

PARTICULAR RISKS
Operating risks/economic development

The Group is dependent on the general development in the geographical areas where the group is present. The Group's activities are influenced by the total market volume available for transport in each product segment throughout the Group's Nordic market as well as in relevant overseas markets – and specifically in the product segments of oil, energy and perishables.

The Group's business concept is based on an asset-light way of thinking, ensuring an operational flexibility, which facilitates current adjustments of operating expenses to the Group's overall level of activity.

Management commentary

Furthermore, the Group's activities are spread globally and on the different client segments, which makes it possible to neutralise negative effects.

Damages to goods

In connection with damages to goods, the Group may be held liable. The risk will be covered through contractual relationship with clients and subcontractors, through determination of maximum compensation for major transport projects and via the Group's insurance policy.

In addition, the Group has heavy focus on delivery of the agreed quality to clients and from subcontractors and in this connection minimisation of defects before, during and after the execution of the transport assignments.

IT

Access to efficient and reliable IT systems is an essential precondition for the execution of the Group's activities. Through IT safety policies and agreed minimum requirements for hardware and important software applications, The Group focuses on securing a high level of reliability and operational uptime. The Group continuously develops software applications for fulfilling the clients' requirements and needs in connection with the execution of the transport assignments. Focus on process optimisation ensures optimal workflow in the software applications and efficient and competitive execution of the transport assignments.

Financial/currency exposure

Due to its operation, the Group is exposed to changes in the interest-rate level. The Group regularly evaluates hedging instruments for identifying the interest-rate exposure.

Foreign exchange risks

Most of the Group's sales is effected in euro-related currencies. Current trade with and impact of results from subsidiary companies outside Europe are primarily in USD or currencies dependent on the US currency. The Group regularly evaluates hedging of its positions in USD and currencies dependent on the US currency.

Credit risks

The Group pursues a strict credit policy, which includes credit insurance insofar as possible, and ensures that potential losses are handled before becoming considerable.

Cash Flow

As part of the Group's policy, capital procurement and placement of excess liquidity are controlled at group level insofar as is appropriate. Furthermore, the Group has liquidity measures in the shape of excess liquidity and credits, which is available to the Group at any time.

Management commentary

Intellectual capital resources

With reference to maintaining and strengthening its position among the leading providers of services within the Group's business areas, it is essential that the Group will continue to be able to attract and retain the most skilled and service-minded staff. The Group strongly focuses on being an attractive workplace and on further developing the staff's competences. This is done through the ongoing execution of transport assignments, goaloriented courses and education as well as through a talent development programme.

Corporate social responsibility policies

The Group has finalised and initiated global implementation of the Company's official Code of Conduct, Blue Water's ethical guidelines. The internal implementation was launched by publishing of a com- mon Code of Conduct including various communication materials and internal information meetings. The specification is available to suppliers on the website:
www.bws.net/-/media/Website/Files/BWS%20Code%20of%20Conduct.pdf and hard copies thereof are obtainable through the Blue Water Group headquarter.

Part of the Group's strategy and philosophy of being "Best in Town" means the Group will take an active share in, take responsibility for and support the local activities to the extent that the Group's physical and businessrelated presence justifies this.

The Group's contribution in this field is strengthened by addition of more resources, as the launched and planned activities related to social responsibility are expected to continue to have a positive influence on the Group's reputation. We expect that the activities will appeal to current and future employees and business partners.

The policies are the Group's ethical guidelines. No continuous measurements of the realization of the ethical guidelines are performed.

Human rights

The Group has no distinct policy and action plan for endeavors on human rights, but as company they dissociate themselves from any violation of these.

STATUTORY REPORT ON THE UNDERREPRESENTED GENDER

Diversity

A target for the underrepresented gender has been set for the board of directors.

It was the target that, by 2016, the share of the underrepresented gender should be 25% of the members elected to the board of directors of Blue Water Holding A/S. Blue Water Holding A/S' board currently consists of four members, all men. The target was not reached as the shareholders in Blue Water Holding A/S have not wished to propose any change to the composition of the board of directors during the period from 2013 to 2016. The gender of new board members consequently has not been brought up as an issue.

As Blue Water Holding A/S employs less than 50 persons, Blue Water Holding A/S is not obliged to lay down a policy with an aim to increase the share of the underrepresented gender of the other management levels of the company. Such policy therefore has not been established.

Management commentary

It is the target by 2020 that the share of the underrepresented gender is 20% of the members elected to the board of directors of Blue Water Holding A/S. Achieving this target is considered realistic.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date,which would influence the evaluation of this annual report.

Wind Logistics

General Cargo

Consolidated income statement 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	5.198.009	5.000.808
Cost of sales		(4.245.651)	(4.070.709)
Other external expenses	2	(261.888)	(279.134)
Gross profit/loss		**690.470**	**650.965**
Staff costs	3	(635.475)	(608.909)
Depreciation, amortisation and impairment losses	4	(26.025)	(45.990)
Operating profit/loss		**28.970**	**(3.934)**
Income from investments in associates		1.011	556
Income from other fixed assets investments		2.304	50
Other financial income		3.031	7.057
Other financial expenses		(24.886)	(18.052)
Profit/loss before tax		**10.430**	**(14.323)**
Tax on profit/loss for the year	5	(9.318)	(351)
Profit/loss for the year	6	**1.112**	**(14.674)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Goodwill		8.054	11.175
Intangible assets	7	**8.054**	**11.175**
Land and buildings		452.072	317.070
Other fixtures and fittings, tools and equipment		35.223	29.720
Leasehold improvements		1.673	2.287
Property, plant and equipment in progress		750	71.185
Property, plant and equipment	8	**489.718**	**420.262**
Investments in associates		6.910	11.742
Other investments		11.465	9.307
Deposits		6.920	5.716
Fixed asset investments	9	**25.295**	**26.765**
Fixed assets		**523.067**	**458.202**
Trade receivables		633.202	667.674
Contract work in progress	11	52.510	31.220
Other receivables	12	19.235	31.887
Income tax receivable		1.367	4.241
Prepayments	13	16.504	10.054
Receivables		**722.818**	**745.076**
Other investments		2.253	2.778
Other investments		**2.253**	**2.778**
Cash		**296.937**	**226.683**
Current assets		**1.022.008**	**974.537**
Assets		**1.545.075**	**1.432.739**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		50.000	50.000
Retained earnings		210.673	216.651
Equity attributable to Parent's owners		**260.673**	**266.651**
Share of attributable to minority interest		**1.959**	**1.802**
Equity		**262.632**	**268.453**
Deferred tax	14	4.211	3.906
Other provisions		0	14.200
Provisions		**4.211**	**18.106**
Mortgage debts		374.269	280.096
Deposits		6.833	6.909
Other payables		62.020	57.092
Non-current liabilities other than provisions	15	**443.122**	**344.097**
Current portion of long-term liabilities other than provisions	15	12.930	10.413
Bank loans		118.559	78.248
Trade payables		575.769	594.414
Other payables		121.451	115.594
Deferred income		6.401	3.414
Current liabilities other than provisions		**835.110**	**802.083**
Liabilities other than provisions		**1.278.232**	**1.146.180**
Equity and liabilities		**1.545.075**	**1.432.739**

Associates	10
Unrecognised rental and lease commitments	17
Contingent liabilities	18
Mortgages and securities	19
Subsidiaries	20

Reefer Logistics

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	50.000	216.651	1.802	268.453
Ordinary dividend paid	0	0	(372)	(372)
Exchange rate adjustment	0	0	(7)	(7)
Fair value adjustments of hedging instruments	0	(6.554)	0	(6.554)
Profit/loss for the year	0	576	536	1.112
Equity end of year	**50.000**	**210.673**	**1.959**	**262.632**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		28.970	(3.934)
Amortisation, depreciation and impairment losses		26.025	45.990
Other provisions		(14.200)	14.200
Working capital changes	16	13.530	(15.019)
Cash flow from ordinary operating activities		**54.325**	**41.237**
Financial income received		3.657	7.057
Financial income paid		(24.886)	(17.422)
Income taxes refunded/(paid)		(4.292)	(15.766)
Cash flows from operating activities		**28.804**	**15.106**
Acquisition etc. of intangible assets		0	(6.220)
Sale of intangible assets		0	731
Acquisition etc. of property, plant and equipment		(98.874)	(142.202)
Sale of property, plant and equipment		6.403	1.014
Acquisition of fixed asset investments		(10.097)	(258)
Sale of fixed asset investments		6.330	28
Dividends received		4.608	3.707
Cash flows from investing activities		**(91.630)**	**(143.200)**
Loans raised		93.141	57.061
Dividend paid		(372)	(2.075)
Cash flows from financing activities		**92.769**	**54.986**
Increase/decrease in cash and cash equivalents		**29.943**	**(73.108)**
Cash and cash equivalents beginning of year		148.435	221.543
Cash and cash equivalents end of year		**178.378**	**148.435**
Cash and cash equivalents at year-end are composed of:			
Cash		296.937	226.683
Short-term debt to banks		(118.559)	(78.248)
Cash and cash equivalents end of year		**178.378**	**148.435**

Notes to consolidated financial statements

	2016	2015
	DKK'000	DKK'000
1. Revenue		
Transport of industrial goods	3.888.025	3.716.584
Oil, energy and perishables	1.282.638	1.259.106
Rental of commercial properties	27.346	25.118
	5.198.009	**5.000.808**

2. Fee to the auditor appointed by the Annual General Meeting

	2016	2015
Statutory audit services	643	619
Other assurance engagements	15	0
Tax services	200	166
Other services	589	556
	1.447	**1.341**

3. Staff costs

	2016	2015
Wages and salaries	581.583	558.582
Pension costs	30.401	27.244
Other social security costs	23.491	23.083
	635.475	**608.909**
Average number of employees	1.410	1.424
Remuneration of Management		
Executive Board	3.163	10.284
Board of Directors	600	1.961
	3.763	**12.245**

Notes to consolidated financial statements

	2016	2015
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.121	9.031
Impairment losses on intangible assets	0	15.153
Depreciation of property, plant and equipment	25.706	23.003
Profit/loss from sale of intangible assets and property, plant and equipment	(2.802)	(1.197)
	26.025	**45.990**

5. Tax on profit/loss for the year

Tax on current year taxable income	8.270	7.249
Change in deferred tax for the year	1.019	(6.274)
Adjustment concerning previous years	29	(624)
	9.318	**351**

6. Proposed distribution of profit/loss

Retained earnings	576	(14.835)
Minority interest's share of profit/loss	536	161
	1.112	**(14.674)**

Marine Logistics

Notes to consolidated financial statements

	Goodwill DKK'000
7. Intangible assets	
Cost beginning of year	74.014
Cost end of year	**74.014**
Amortisation and impairment losses beginning of year	(62.839)
Amortisation for the year	(3.121)
Amortisation and impairment losses end of year	**(65.960)**
Carrying amount end of year	**8.054**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment				
Cost beginning of year	425.646	106.560	7.497	71.185
Addition through business combinations ect	17.007	0	0	0
Exchange rate adjustments	(8)	546	(162)	0
Transfers	71.185	0	0	(71.185)
Additions	60.656	20.461	0	750
Disposals	(1.368)	(28.168)	0	0
Cost end of year	**573.118**	**99.399**	**7.335**	**750**
Depreciation and impairment losses beginning of the year	(108.576)	(76.840)	(5.210)	0
Exchange rate adjustments	6	(442)	(51)	0
Depreciation for the year	(12.476)	(12.829)	(401)	0
Reversal regarding disposals	0	25.935	0	0
Depreciation and impairment losses end of the year	**(121.046)**	**(64.176)**	**(5.662)**	**0**
Carrying amount end of year	**452.072**	**35.223**	**1.673**	**750**

Notes to consolidated financial statements

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000
9. Fixed asset investments			
Cost beginning of year	6.229	25.341	5.716
Exchange rate adjustments	0	0	121
Additions	8.893	0	6.520
Disposals	(12.379)	(254)	(5.437)
Cost end of year	**2.743**	**25.087**	**6.920**
Revaluations beginning of year	5.513	0	0
Exchange rate adjustments	3	0	0
Share of profit/loss for the year	1.011	0	0
Dividend	(4.608)	0	0
Investments with negative equity depreciated over receivables	(3.947)	0	0
Reversal regarding disposals	6.195	0	0
Revaluations end of year	**4.167**	**0**	**0**
Impairment losses beginning of year	0	(16.034)	0
Impairment losses for the year	0	2.121	0
Reversal of impairment losses	0	291	
Impairment losses end of year	**0**	**(13.622)**	**0**
Carrying amount end of year	**6.910**	**11.465**	**6.920**

Notes to consolidated financial statements

10. Associates

	Registered in	Equity interest %
Kartoffelpakhuset I/S	Esbjerg, Denmark	50,0
Esbjerg Marine Service K/S	Esbjerg, Denmark	31,7
Team Esbjerg Elitehåndbold A/S	Esbjerg, Denmark	33,3
Transbroker LLC	Baku, Azerbaijan	49,0
Trans World Shipping AB	Vantaa, Finland	45,0
Komplementarselskabet Esbjerg Marine Service ApS	Esbjerg, Denmark	33,3
Femern Belt Services A/S	Lolland, Denmark	25,0
Esbjerg Tubular Services ApS	Esbjerg, Denmark	50,0
Blue Water BREB GmbH	Cuxhaven, Germany	50,0

11. Contract work in progress

The amount comprises vendor´s invoices not received and not yet invoiced but performed transactions.

12. Other short-term receivables

Of other receivables, DKK 4.232k fall due for payment after one (1) year.

13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Notes to consolidated financial statements

	2016	2015
	DKK'000	DKK'000
14. Deferred tax		
Intangible assets	(3.111)	(3.457)
Property, plant and equipment	12.138	7.363
Tax losses carried forward	(4.816)	0
	4.211	**3.906**

Changes during the year	
Beginning of year	3.906
Recognised in the income statement	1.019
Recognised directly in equity	(714)
Changes during the year	**4.211**

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding After 5 years DKK'000
15. Liabilities other than provisions				
Mortgage debts	12.930	10.413	374.269	318.875
Deposits	0	0	6.833	6.833
Other payables	0	0	62.020	62.020
	12.930	**10.413**	**443.122**	**387.728**

The Group has entered into interest rate swap contracts at the balance sheet date relating to loans of DKK 270m. Unrealised net losses on these contracts at 31 December 2016 of DKK 62,020k are recognised under long-term liabilities, other payables and taken directly to equity by DKK 48,376k as well as deferred tax by DKK 13,645k. The interest rate swap with an interest rate of 3.76% relating to DKK 100m expires on 31 March 2021, the interest rate swap with an interest rate of 3.95% relating to DKK 100m expires on 29 March 2041, the interest rate swap with an interest rate of 2.05% relating to DKK 40m expires on 26 June 2035, the interest rate swap with an interest rate of 3.50% relating to DKK 24m expires on 30 December 2026, and the interest rate swap with an interest rate of 1.47% relating to DKK 30m expires on 28 December 2035.

Notes to consolidated financial statements

	2016	2015
	DKK'000	DKK'000
16. Change in working capital		
Increase/decrease in receivables	23.331	(70.851)
Increase/decrease in trade payables etc	(9.801)	55.832
	13.530	**(15.019)**

17. Unrecognised rental and lease commitments

Hereof liabilities under rental or lease agreements until maturity in total	**47.009**	**55.736**

18. Contingent liabilities

Recourse and non-recourse guarantee commitments	76.307	61.505
Contingent liabilities in total	**76.307**	**61.505**

The Group is liable for mortgage in partnership with DKK 2.982k.

Lawsuits
The Group is involved in a few lawsuits. These lawsuits will in the opinion of the managements not have material influence on the Group´s financial position.

Expert opinion and appraisal
In connection with the construction of a building, the contractor has filed a claim for a total additional payment of approx DKK 4,8m. Acceptance of this claim was refused because the Group has made a counterclaim for compensation for construction faults.

19. Mortgages and securities
Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by way of a mortgage registred to the owners of nominal DKK 13,950k on properties.

The carrying amount of mortgaged properties is DKK 449,659k.

Trade payables is secured by deposited cash in bank DKK 1,483k (2015: DKK 1,475k.)

Notes to consolidated financial statements

20. Subsidiaries

	Registered in	Corporate form	Equity interest %
Blue Water Shipping A/S	Esbjerg, Denmark	A/S	100,0
Blue Water International A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Property A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Middle East A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Shipping GmbH	Bremen, Germany	GmbH	100,0
Blue Water Shipping SARL	Lorient, France	SARL	100,0
Blue Water Projects S.L.	Barcelona, Spain	S.L.	100,0
Blue Water Shipping US Inc.	New Jersey, USA	Inc.	100,0
Blue Water Shipping do Brazil Ltda	São Paulo, Brazil	Ltda	99,0
BWCNH ApS	Esbjerg, Denmark	ApS	100,0
Blue Water Shipping OY	Helsinki, Finland	OY	100,0
Blue Water Shipping AS	Oslo, Norway	AS	100,0
P/F Blue Water Shipping	Tórshavn,Faroe Islands	P/F	100,0
Blue Water Shipping AB	Göteborg, Sweden	AB	100,0
Blue Water Stevedoring A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Greenland A/S	Sermersooq, Greenland	A/S	100,0
Blue Water Logistics UK Ltd.	Manchester, United Kingdom	Ltd.	100,0
Blue Water Shipping B.V.	Amsterdam, Netherlands	B.V.	100,0
Blue Water Shipping ehf.	Reykjavik, Iceland	ehf.	100,0
Blue Water Transport PTY Ltd.	Sydney, Australia	Ltd.	100,0
Aarhus Logistics Center A/S	Aarhus, Denmark	A/S	100,0
Blue Water Shipping España S.A.	Barcelona, Spain	S.A.	75,0
Blue Water Shipping UK Ltd.	Manchester, United Kingdom	Ltd.	100,0
Blue Water Shipping Ireland Ltd.	Dublin, Ireland	Ltd.	100,0
Blue Water Shipping Singapore Pte Ltd.	Singapore	Pte Ltd.	100,0
Blue Water int. Sdn. Bnd	Subang Jaya, Malaysia	Sdn. Bnd	100,0
Blue Water Shipping China Ltd.	Shanghai, China	Ltd.	100,0
Blue Water Shipping Kazakhstan LLP	Aktau, Kazakhstan	LLP	100,0
Blue Water Shipping Caspian Ltd.	Baku, Azerbaijab	Ltd.	99,0
Blue Water Shipping Poland SP.Z.O.O	Warszawa, Poland	SPZOO	100
Blue Water Shipping Portugal, Unipessoal Lda.	Lisbon, Portugal	Lda	100
Blue Water Shipping Qatar L.L.C.	Doha, Qatar	L.I.C	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Other external expenses		(138)	(163)
Operating profit/loss		**(138)**	**(163)**
Income from investments in group enterprises		2.327	(14.209)
Other financial income		148	348
Other financial expenses		(2.245)	(991)
Profit/loss from before tax		**92**	**(15.015)**
Tax on profit/loss for the year	1	484	180
Profit/loss for the year	2	**576**	**(14.835)**

Parent balance sheet for 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Investments in group enterprises		324.194	335.421
Fixed asset investments	3	**324.194**	**335.421**
Fixed assets		**324.194**	**335.421**
Deferred tax		504	0
Income tax receivables		4.001	5.708
Receivables		**4.505**	**5.708**
Cash		**109**	**803**
Current assets		**4.614**	**6.511**
Assets		**328.808**	**341.932**

Parent balance sheet for 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	4	50.000	50.000
Reserve for net revaluation according to the equity method		130.181	135.735
Retained earnings		80.492	79.916
Equity		**260.673**	**266.651**
Bank loans		68.135	35.281
Payables to group enterprises		0	40.000
Current liabilities other than provisions		**68.135**	**75.281**
Liabilities other than provisions		**68.135**	**75.281**
Equity and liabilities		**328.808**	**341.932**
Contingent liabilities	5		
Mortgages and securities	6		
Related parties with controlling interest	7		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50.000	136.735	79.916	266.651
Other equity postings	0	(6.554)	0	(6.554)
Profit/loss for the year	0	0	576	576
Equity end of year	**50.000**	**130.181**	**80.492**	**260.673**

Notes to parent financial statements

	2016	2015
	DKK'000	DKK'000
1. Tax on profit/loss for the year		
Tax on current year taxable income	0	(180)
Change in deferred tax for the year	(482)	0
Adjustment concerning previous years	(2)	0
	(484)	**(180)**

	2016	2015
2. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	0	(13.975)
Retained earnings	576	(860)
	576	**(14.835)**

	Investments in group enterprises DKK'000
3. Fixed asset investments	
Cost beginning of year	198.920
Cost end of year	**198.920**
Revaluations beginning of year	136.501
Adjustments on equity	(6.554)
Share of profit/loss for the year	2.327
Dividend	(7.000)
Revaluations end of year	**125.274**
Carrying amount end of year	**324.194**

Notes to parent financial statements

	Number	Par value DKK'000	Nominal value DKK'000
4. Contribute capital			
Class A – shares	37.500.000	1	37.500
Class B – shares	12.500.000	1	12.500
	50.000.000		**50.000**

5. Contingent liabilities
The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

The Company has provided guarantees for the bank debt towards subsidiaries.

6. Mortgages and securities
Bank debt is secured by deposited shares in affilates. The carrying amount of mortgage shares amounts to DKK 324.194k. (2015: DKK 335.396k.)

7. Related parties with controlling interest
Blue Water Fonden, Esbjerg

Accounting policies

REPORTING CLASS

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

INCOME STATEMENT

Revenue

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting profit of a forwarding job is booked as income at the time when the transport of the shipment in question starts.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Accounting policies

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Income from other fixed asset investments
Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

Other financial Income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expences from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

BALANCE SHEET

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis.

Goodwill	*5-10 years*

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold impropments are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	*5-40 years*
Other fixtures and fittings, tools and equipment	*3-10 years*
Leasehold improvements	*5 years*

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value. Deposits under fixed assets are measured at amortised.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments
Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise anticipated costs of decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Deferred income
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Accounting policies

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank loans.