

BLUE WATER HOLDING A/S

ANNUAL REPORT 2020 | CVR NO: 30 58 40 66



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Entity details

ENTITY

Blue Water Holding A/S

Trafikhavnskaj 9

6700 Esbjerg

CVR No: 30584066
Registered in: Esbjerg
Financial year: 01.01.2020 - 31.12.2020

Phone: (+45)79134144
Website: www.bws.net
E-mail: esbjerg@bws.net

BOARD OF DIRECTORS

Kurt Skov, chairman

Niels Stie Kaalund

Jørgen Meyer

Anne Roed Skov

Peter Damsboe

Jesper Kristensen

Torben Bjerre-Madsen

EXECUTIVE BOARD

Søren Nørgaard Thomsen

Dan Gregers Nissen

Flemming Busch

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

Postboks 200

6700 Esbjerg

The annual General Meeting adopted the annual report on 23.03.2021

Chairman of the General Meeting

Name: Niels Stie Kaalund

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 23.03.2021

EXECUTIVE BOARD

Søren Nørgaard Thomsen

Dan Gregers Nissen

Flemming Busch

BOARD OF DIRECTORS

Kurt Skov
Chairman

Niels Stie Kaalund

Jørgen Meyer

Anne Roed Skov

Peter Damsboe

Jesper Kristensen

Torben Bjerre- Madsen

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 01.01.2020 - 31.12.2020, 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 31.12.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020- 31.12.2020 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.

Independent auditor's report

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.

Independent auditor's report

- 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.

Independent auditor's report

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, 23.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification number (MNE) mne24824

Peder Rene Pedersen
State Authorised Public Accountant
Identification number (MNE) mne23334



Port Service



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

Due to the COVID-19 pandemic, it has been an extraordinary year for almost all our clients worldwide. Despite the challenges caused by the pandemic, we continued our strong client focus and willingness to change to enhance the customer experience. Again in 2020, we delivered on our purpose: to create solutions together with our customers.

COVID-19 had impact on our financial results from February 2020. With the market uncertainty and rapidly declining volumes, we therefore reacted and adjusted our cost base. Together with a positive market development in second half of 2020, this resulted in a stable growth in earnings compared to 2019 in most of our business units and on group level.

In September 2020, Blue Water suffered a severe cyberattack. The attack was so critical that all systems were disconnected from the internet to avoid further damage by the criminals. This led to immediate operational disruption as most of our IT-supported processes had to be handled manually to a great extent. However, with great efforts from our employees and understanding customers, we have been able to handle all of our customers' logistics needs. The attack has had significant financial costs in 2020 in terms of lost gross profit as an effect of lower efficiency and higher production costs.

Despite the challenges, 2020 financially became a good year for Blue Water Holding with a record high Profit before tax of DKK 192 million - a very satisfying result in an abnormal and very challenging year. The main drivers for the record result for 2020 are our *Energy & Projects* business unit and very good performance in our *General Cargo Sea & Air*, *Reefer Sea* and *Wind Logistics* business units. In addition, our focus on improving business processes, agile capacity adjustments and streamlining of our operations improved the gross margin from 17.3 to 19.3%.

During 2020, Blue Water received DKK 8.7 million from the Danish government in COVID-19 salary compensation. Due to the overall good financial performance, the amount has been repaid.

Management commentary

OUTLOOK

In general, the results for 2021 will be positively affected by an increase in the activity level in the *General Cargo Sea & Air*, *Reefer Sea*, *Wind Logistics*, *Port Services* and the *Energy & Projects* business units.

In 2021, we will still be affected by the cyberattack, but as we are recovering, we are investing in best in class cyber security systems and processes as well as upgrading our whole IT architecture to most modern standard.

We expect the 2021 result to be lower than 2020 driven by very successful completion of a major oil project. Overall the Profit before tax is expected to be around DKK 60-90 million and a positive cash flow in 2021.

Management commentary

BLUE WATER GROUP AT A GLANCE

Blue Water is a global transport and logistics company, headquartered in Denmark. Our key contribution is logistics services in modern supply chain management. At the heart of Blue Water is an organisation of professionals skilled to offer complete and tailor-made solutions to any shipping and transport requirement worldwide.

Blue Water's ambition has always been to provide our customers with the best service and highest quality in the industry.

Management commentary

FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
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Key figures (DKK'000)

Revenue	5.779.745	6.413.353	5.573.014	5.200.113	5.198.009
Gross profit/loss	1.117.926	1.113.342	859.953	688.766	690.470
Operating profit/loss	223.647	215.142	28.890	(67.588)	28.970
Net financials	(33.827)	(23.441)	(18.840)	(24.188)	(18.540)
Profit/loss for the year	145.142	145.574	2.401	(76.323)	1.112
Balance sheet total	1.716.198	1.735.952	1.750.275	1.642.193	1.545.075
Investments in property, plant and equipment	17.690	10.733	38.733	45.798	98.874
Equity	466.343	331.705	194.444	192.165	262.632
Equity incl minority interests	463.751	328.874	191.864	190.027	260.673
Net interest – bearing debt	(40.077)	181.726	288.989	292.714	207.454
Cash flows from operating activities	238.267	122.819	17.933	(33.438)	28.804
Cash flows from investing activities	3.312	(10.193)	(19.388)	(45.704)	(91.630)
Cash flows from financing activities	(23.228)	(13.896)	(19.804)	(15.354)	92.769

Ratios

Gross margin (%)	19,34	17,36	15,43	13,25	13,28
Net margin (%)	2,51	2,27	0,04	(1,47)	0,02
Financial gearing (%)	(0,09)	0,55	1,49	1,52	0,79
Return on equity (%)	36,37	55,34	1,24	(33,56)	0,40
Equity ration (%)	27,02	18,94	10,96	11,57	16,87

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 (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity

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.



Reefer Sea



Management commentary

RISK MANAGEMENT

In order to continue a sustainable business with a global presence, we must expect and adjust to the constant dynamics in the markets and develop new business opportunities. It is key for us to manage the associated risks in a systematic and model-based approach to secure and create value from the short to the long term.

Executive Management and the Board of Directors review a risk report with our biggest risks annually. This report is based on a bottom-up exercise with inclusion of management teams in all organisational areas and includes risks that could cause significant disruptions to the business over a three-year horizon. Below is a more detailed overview of our key risks.

PARTICULAR RISKS

	What is the risk?	What is the impact?	What is the mitigating action?
Economic development	Due to its large global presence, Blue Water is dependent on the domestic and global economies and development. The business is influenced by the total market volume available for transport in each product segment throughout the market where we operate.	Domestic and Global recession decrease trade and hence the need for transport and logistics solutions resulting in lower revenue.	The business model is asset-light, ensuring an operational flexibility, which facilitates adjustments of operating expenses to the overall level of activity. In addition, the business activities are spread globally and on the different client segments, which minimises local impact on corporate level.
Contractual liabilities	Blue Water may be held liable if damages on goods or disputes occur.	Claims, lawsuits and reputational damages	The risk will be covered through contractual relationships with clients and subcontractors, through determination of maximum compensation for major transport projects and via our insurance policy. In addition, Blue Water has high focus on delivery of the agreed quality to clients from subcontractors and in this connection minimisation of defects before, during and after the execution of the transport assignments.

Management commentary

	What is the risk?	What is the impact?	What is the mitigating action?
IT Security Breaches	Disruption to IT systems, such as virus attacks and breaches of data security, may happen where reliable IT systems and infrastructure are critical for our ability to operate effectively.	Customers' or other individuals' privacy could be compromised if confidential information was disclosed and breaches of IT security could have a severe impact on Blue Water' ability to maintain operations and hence on its financial situation.	IT security technologies and controls are in place to help prevent intruders from causing damage to systems and gaining access to critical data and systems. Continuity plans are in place in the event of non-availability of IT systems. Awareness campaigns, access controls and intrusion detection and prevention systems have been implemented. Internal audits of IT security controls are conducted to detect and mitigate any breaches.
Currency impact and tax disputes	Exchange rate fluctuations, disputes with tax authorities and changes to tax legislation are external factors. Blue Water' foreign exchange risk is most significant in USD, while the EUR exchange rate risk is regarded as low due to Denmark's fixed rate policy towards EUR.	Blue Water' cash flow, statement of comprehensive income and balance sheet can be impacted significantly by currency fluctuations. Changes to tax legislation or loss of major tax cases could result in significant tax adjustments and fines and could lead to a higher-than-expected tax level for Blue Water.	Trade with subsidiary companies outside Europe is primarily in USD or currencies dependent on the US currency. Blue Water regularly evaluates hedging of its positions in USD and currencies dependent on the US currency. Applicable taxes are paid in jurisdictions where the business activity generates profits, and transfer pricing are frequently controlled in a structured manner.

Management commentary

	What is the risk?	What is the impact?	What is the mitigating action?
Credit risks and Cash Flow	Loss on debtors due to clients becoming insolvent is a risk. Blue Water handles a large volume of clients of all sizes in many different segments, and hence insolvency is likely and prevalent. In the project-based divisions, large outlays are a part of business, and this puts pressure on the positive cash flow in periods during the year.	Loss on debtors has a potential impact on Blue Water' financial results and cash flow. Large Cash flow fluctuations can result in high interest costs due to usage of bank facilities.	Blue Water has a strict credit policy, which includes credit insurance insofar as possible and ensures that potential losses are handled before becoming considerable. As part of Blue Water's policy, capital procurement and placement of excess liquidity are controlled at group level insofar as is appropriate. Furthermore, Blue Water has liquidity measures in the shape of excess liquidity and credits, which must be available to Blue Water at any time.



Wind Logistics



Management commentary

KNOWLEDGE RESOURCES

With reference to maintaining and strengthening its position among the leading providers of services within BlueWater's business areas, it is essential that Blue Water and Group will continue to be able to attract and retain the most skilled and service-minded staff. Blue Water 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, goal-oriented courses and education as well as through a talent development programme called Blue Water Academy.

CORPORATE SOCIAL RESPONSIBILITY

Statutory report on corporate social responsibility

Blue Water Group has finalised and initiated global implementation of Blue Water Group's official Code of Conduct, Blue Water Group's ethical guidelines in 2017. The internal implementation was launched by publishing of a common Code of Conduct including various communication materials and internal information meetings. The specification is available to stakeholders on the website where our Supplier Code of Conduct also is available: <https://www.bws.net/en/about/policies>

Our Sustainability Report 2020 covers our policies, the global risks, data ethics and our focus areas within Health, Safety, Environment, Quality and CSR (Corporate Social Responsibility). The report can be found here: <https://www.bws.net/media/2egni325/sustainability-report-2020.pdf>

Blue Water Group engages in local society around the world and supports the UN Sustainable Development Goals. We focus on creating actions within Quality Education (goal 4), Decent Work and Economic Growth (goal 8) enhancing a safe place to work, Responsible Consumption and Production (goal 12) reducing our environmental footprint as well as Peace, Justice and Strong Institutions (goal 16) reducing corruption and bribery in all their forms.

Management commentary

STATUTORY REPORT ON THE UNDERREPRESENTED GENDER

Diversity

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

When filing the 2017 annual report Blue Water Holding A/S' board of directors consisted of four male members. It was the target at that time that the share of the underrepresented gender by 2020 would be 20 % of the members elected to the board of directors.

This target was achieved in May 2018, but as the board of directors in May 2019 was expanded by two members from five to seven members and both members were of the male gender the ratio of the underrepresented gender dropped below the 20 % target to approx. 14 %.

Due to the above it is still the target that the share of the underrepresented gender on the board of directors will be 20 %.

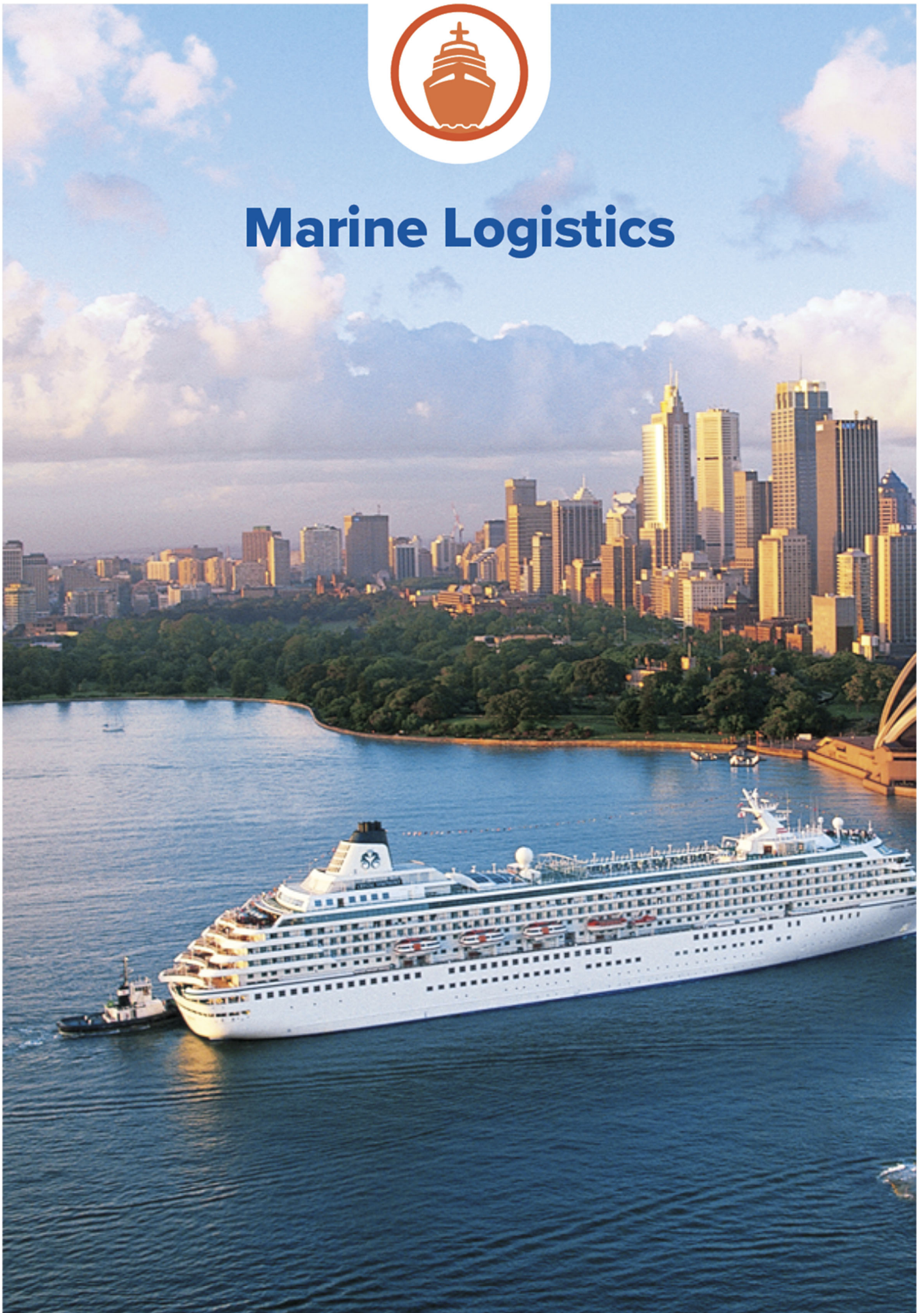
As the number of employees of Blue Water Holding A/S is below 50 the company is not obliged to adopt a policy with an aim to increase the representation of underrepresented gender at other management levels.

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.



Marine Logistics



Consolidated income statement 2020

		2020	2019
	Notes	DKK'000	DKK'000
Revenue	1	5.779.745	6.413.353
Cost of sales		(4.139.704)	(4.830.238)
Other external expenses	2	(522.115)	(469.773)
Gross profit/loss		1.117.926	1.113.342
Staff costs	3	(877.746)	(861.723)
Depreciation, amortisation and impairment losses	4	(16.533)	(36.477)
Operating profit/loss		223.647	215.142
Income from investments in group enterprises		0	(241)
Income from investments in associates		2.519	4.678
Income from other fixed assets investments		0	(612)
Other financial income		8.753	576
Other financial expenses		(42.580)	(27.842)
Profit/loss before tax		192.339	191.701
Tax on profit/loss for the year	5	(47.197)	(46.127)
Profit/loss for the year	6	145.142	145.574

Consolidated balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		8.466	9.776
Intangible assets	7	8.466	9.776
Land and buildings		404.791	419.884
Other fixtures and fittings, tools and equipment		25.812	25.196
Leasehold improvements		19.608	21.472
Property, plant and equipment	8	450.211	466.552
Investments in associates		16.741	14.315
Other investments		10.298	11.179
Deposits		9.270	8.558
Fixed asset investments	9	36.309	34.052
Fixed assets		494.986	510.380
Trade receivables		715.588	789.334
Contract work in progress		53.338	88.468
Deferred tax	10	0	8.884
Other receivables		36.707	18.951
Prepayments	11	28.826	29.440
Receivables		834.459	935.077
Other investments		2.072	2.455
Other investments		2.072	2.455
Cash		384.681	288.040
Current assets		1.221.212	1.225.572
Assets		1.716.198	1.735.952

Consolidated balance sheet at 31.12.2020

		2020	2019
	Notes	DKK'000	DKK'000
Contributed capital	12	50.000	50.000
Reserve for fair value adjustments of hedging instruments		1.932	0
Retained earnings		391.819	273.874
Proposed dividend		20.000	5.000
Equity belonging to Parent's shareholders		463.751	328.874
Equity belonging to minority interest		2.592	2.831
Equity		466.343	331.705
Deferred tax	10	9.386	0
Provisions		9.386	0
Mortgage debts		298.639	316.642
Lease liabilities		7.552	0
Deposits		7.321	7.214
Other payables		57.663	68.999
Non-current liabilities other than provisions	13	371.175	392.855
Current portion of non-current liabilities other than provisions	13	19.127	15.336
Bank loans		4.978	126.687
Trade payables		618.286	699.370
Income tax payable		21.851	11.101
Other payables	14	190.432	151.990
Deferred income	15	14.620	6.908
Current liabilities other than provisions		869.294	1.011.392
Liabilities other than provisions		1.240.469	1.404.247
Equity and liabilities		1.716.198	1.735.952

Consolidated balance sheet at 31.12.2020

Unrecognised rental and lease commitments	17
Contingent liabilities	18
Assets charged and collateral	19
Subsidiaries	20



General Cargo Sea & Air



Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	50.000	0	273.874	5.000	328.874
Ordinary dividend paid	0	0	0	(5.000)	(5.000)
Exchange rate adjustment	0	0	(7.087)	0	(7.087)
Fair value adjustments of hedging instruments	0	1.932	0	0	1.932
Profit/loss for the year	0	0	125.032	20.000	145.032
Equity end of year	50.000	1.932	391.819	20.000	463.7581

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	2.831	331.705
Ordinary dividend paid	(339)	(5.339)
Exchange rate adjustment	(10)	(7.097)
Fair value adjustments of hedging instruments	0	1.932
Profit/loss for the year	110	145.142
Equity end of year	2.592	466.343

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		223.647	215.142
Amortisation, depreciation and impairment losses		16.533	36.477
Working capital changes	16	57.188	(81.764)
Cash flow from ordinary operating activities		297.368	169.855
Financial income received		8.753	206
Financial expenses paid		(49.677)	(27.842)
Taxes refunded/(paid)		(18.177)	(19.400)
Cash flows from operating activities		238.267	122.819
Acquisition etc. of property, plant and equipment		(17.690)	(10.773)
Sale of property, plant and equipment		18.808	1.797
Acquisition of fixed asset investments		(2.208)	(3.222)
Sale of fixed asset investment		196	1.186
Dividends received		2.274	819
Equity movements		1.932	0
Cash flows from investing activities		3.312	(10.193)
Free cash flows generated from operations and investments before financing		241.579	112.626
Repayments of loans etc.		(17.889)	(12.464)
Dividend paid		(5.339)	(1.432)
Cash flows from financing activities		(23.228)	(13.896)
Increase/decrease in cash and cash equivalents		218.351	98.730
Cash and cash equivalents beginning of year		161.353	62.623
Cash and cash equivalents end of year		379.704	161.353
Cash and cash equivalents at year-end are composed of:			
Cash		384.681	288.040
Short-term debt to banks		(4.977)	(126.687)
Cash and cash equivalents end of year		379.704	161.353

Notes to consolidated financial statements

	2020	2019
	DKK'000	DKK'000
1. Revenue		
Transport of industrial goods	2.678.659	3.290.251
Oil, energy and perishables	3.062.850	3.091.898
Rental of commercial properties	38.236	31.204
	5.779.745	6.413.353
2. Fee to the auditor appointed by the Annual General Meeting		
Statutory audit services	783	719
Other assurance engagements	0	12
Tax services	757	2.177
Other services	8.908	5.077
	10.448	7.985
3. Staff costs		
Wages and salaries	803.774	765.722
Pension costs	49.063	53.588
Other social security costs	24.909	42.413
	877.746	861.723
Average number of employees	1.633	1.667
Remuneration of Management		
Executive Board	13.052	13.667
Board of Directors	1.600	1.400
	14.652	15.067

Notes to consolidated financial statements

	2020	2019
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.310	4.720
Depreciation of property, plant and equipment	31.822	32.917
Profit/loss from sale of intangible assets and property, plant and equipment	(16.599)	(1.160)
	16.533	36.477
5. Tax on profit/loss for the year		
Current tax	25.000	30.052
Change in deferred tax	17.797	16.114
Adjustment concerning previous years	4.400	(39)
	47.197	46.127
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	20.000	5.000
Retained earnings	125.032	139.892
Minority interest's share of profit/loss	110	682
	145.142	145.574



Reefer Road



Notes to consolidated financial statements

	Goodwill DKK'000
7. Intangible assets	
Cost beginning of year	90.276
Disposals	(78.016)
Cost end of year	12.260
Amortisation and impairment losses beginning of year	(80.500)
Amortisation for the year	(1.310)
Reversal regarding disposals	78.016
Amortisation and impairment losses end of year	(3.794)
Carrying amount end of year	8.466

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
8. Property, plant and equipment			
Cost beginning of year	581.443	120.764	30.103
Exchange rate adjustments	(9)	(1.328)	(134)
Transfers	(1.337)	(828)	419
Additions	1.216	15.591	883
Disposals	0	(10.002)	(149)
Cost end of year	581.313	124.197	31.122
Depreciation and impairment losses beginning of the year	(161.559)	(95.568)	(8.631)
Exchange rate adjustments	9	1.093	25
Transfers	1.802	899	(394)
Depreciation for the year	(16.774)	(12.354)	(2.694)
Reversal regarding disposals	0	7.545	180
Depreciation and impairment losses end of the year	(176.522)	(98.385)	(11.514)
Carrying amount end of year	404.791	25.812	19.608

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	5.081	25.087	8.558
Exchange rate adjustments	0	0	(363)
Transfers	(7)	0	245
Additions	1.496	0	7.692
Disposals	(168)	0	(6.862)
Cost end of year	6.402	25.087	9.270
Revaluations beginning of year	9.234	0	0
Exchange rate adjustments	(55)	0	0
Transfers	1	0	0
Share of profit/loss for the year	2.519	0	0
Dividend	(1.393)	0	0
Reversal regarding disposals	33	0	0
Revaluations end of year	10.339	0	0
Impairment losses beginning of year	0	(13.908)	0
Impairment losses for the year	0	(881)	0
Impairment losses end of year	0	(14.789)	0
Carrying amount end of year	16.741	10.298	9.720

Notes to consolidated financial statements

	Registered in	Equity interest %
Associates		
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
Esbjerg Tubular Services ApS	Esbjerg, Denmark	50,0
Blue Water BREB GmbH	Cuxhaven, Germany	50,0
BWS Aduanas S.L.	Barcelona, Spain	25,0

Notes to consolidated financial statements

	2020	2019
	DKK'000	DKK'000
10. Deferred tax		
Intangible assets	(495)	1.099
Property, plant and equipment	(14.688)	(15.587)
Receivables	(506)	0
Liabilities other than provisions	213	0
Tax losses carried forward	6.090	23.372
Deferred tax	(9.386)	8.884

Changes during the year

Beginning of year	8.884	28.500
Recognised in the income statement	(17.797)	(21.557)
Recognised directly in equity	(473)	1.941
End of year	(9.386)	8.884

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx. 3 years. This expectation is primarily based on the significant positive impact on the Group's result as a consequence of major contracts related to the oil and energy sector.

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Notes to consolidated financial statements

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

	Instalments within 12 months 2020 DKK'000	Instalments within 12 months 2019 DKK'000	Instalments beyond 12 months 2020 DKK'000	Outstanding After 5 years 2020 DKK'000
13. Non-current liabilities other than provisions				
Mortgage debts	19.127	15.336	298.639	204.160
Lease liabilities	0	0	7.552	0
Deposits	0	0	7.321	7.321
Other payables	0	0	57.663	57.663
	19.127	15.336	371.175	269.144

14. Other payables

The Company has entered into interest rate swap contracts at the balance sheet date relating to loans of DKK 170m. Unrealised net losses on these contracts at 31 December 2020 of DKK 57,338k are recognised under long-term liabilities, other payables and taken directly to equity by DKK 44,724k as well as deferred tax by DKK 12,614k. 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 1.47% relating to DKK 30m expires on 28 December 2035.

Notes to consolidated financial statements

15. Deferred income

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

	2020	2019
	DKK'000	DKK'000
16. Change in working capital		
Increase/decrease in receivables	92.117	79.797
Increase/decrease in trade payables etc	(34.929)	(161.561)
	57.188	(81.764)

17. Unrecognised rental and lease commitments

Total liabilities under rental or lease agreements until maturity in total	224.292	213.192
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18. Contingent liabilities

Recourse and non-recourse guarantee commitments	63.250	118.287
Contingent liabilities in total	63.250	118.287

The Group is liable for mortgage in partnership with DKK 1.762k.

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. The counterclaim for compensation exceeds the contractor claim of DKK 4,8m.

Notes to consolidated financial statements

19. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by way of a mortgage registered to the owners of nominal DKK 10,950k on properties.

The carrying amount of mortgaged properties is DKK 403,309k.

Trade payables is secured by deposited cash in bank DKK 670k (2019: DKK 1,468k.)

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
20. Subsidiaries			
Blue Water Shipping A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Property A/S	Esbjerg, Denmark	A/S	100,0
Blue Water International A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Shipping SARL	Lorient, France	SARL	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 Poland SP.Z.O.O	Warszawa, Poland	SP.Z.O.O	100,0
Blue Water Shipping Portugal, Unipessoal Lda.	Lisbon, Portugal	Lda.	100,0
Blue Water International FZCO	Dubai, United Arab Emirates	FZCO	100,0
Blue Water international Ltd.	Ho Chi Minh, Vietnam	Ltd.	100,0
Blue Water Shipping LLC	Moscow, Russia	LLC	100,0
Blue Water Shipping Trinidad 6 Tobago Ltd.	Trinidad & Tobago	Ltd.	100,0
Blue Water Shipping Inc.	Guyana	Inc.	100,0
Blue Water Middle East A/S	Esbjerg, Denmark	A/S	100,0
Blue Water Shipping L.L.C	Tbilisi, Georgia	L.L.C	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, Azerbaijan	Ltd.	99,0



Oil, Gas & Industrial Projects



Parent income statement for 2020

		2020	2019
	Notes	DKK'000	DKK'000
Other external expenses		(175)	(160)
Operating profit/loss		(175)	(160)
Income from investments in group enterprises		150.414	150.937
Other financial income	1	4.143	2
Other financial expenses	2	(10.761)	(6.897)
Profit/loss from before tax		143.621	143.882
Tax on profit/loss for the year	3	1.411	1.010
Profit/loss for the year	4	145.032	144.892

Parent balance sheet for 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		550.501	515.254
Fixed asset investments	5	550.501	515.254
<hr/>			
Fixed assets		550.501	515.254
<hr/>			
Deferred tax	6	1.465	1.465
Joint taxation contribution receivables		9.653	9.567
Receivables		11.118	11.032
<hr/>			
Cash		135.140	625
<hr/>			
Current assets		146.258	11.657
<hr/>			
Assets		696.759	526.911
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Parent balance sheet for 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		50.000	50.000
Reserve for net revaluation according to the equity method		167.581	72.334
Retained earnings		226.170	201.540
Proposed dividend for the financial year		20.000	5.000
Equity		463.751	328.874
Bank loans		0	29.857
Payables to group enterprises		233.008	160.000
Tax payables		0	8.034
Other payables		0	146
Current liabilities other than provisions		233.008	198.037
Liabilities other than provisions		233.008	198.037
Equity and liabilities		696.759	526.911
Contingent liabilities	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	50.000	72.334	201.540	5.000	328.874
Ordinary dividend paid	0	0	0	(5.000)	(5.000)
Exchange rate adjustments	0	(7.087)	0		(7.087)
Other equity postings	0	1.932	0	0	1.932
Profit/loss for the year	0	100.402	24.630	20.000	145.032
Equity end of year	50.000	167.581	226.170	20.000	463.751

Notes to parent financial statements

	2020	2019
	DKK'000	DKK'000
1. Other financial income		
Financial income from group enterprises	3.982	0
Other interest income	112	0
Exchange rate adjustments	49	2
	4.143	2
2. Other financial expenses		
Financial expenses from group enterprises	8.623	5.778
Other interest expenses	2.060	958
Exchange rate adjustments	44	18
Interest expenses from tax paid on account	0	115
Other financial expenses	34	28
	10.761	6.897
3. Tax on profit/loss for the year		
Change in deferred tax	0	21
Adjustment concerning previous years	9	502
Refund in joint taxation arrangement	(1.420)	(1.533)
	(1.411)	(1.010)
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	20.000	5.000
Retained earnings	125.032	139.892
	145.032	144.892

Notes to parent financial statements

	Investments in group enterprises DKK'000
5. Fixed asset investments	
Cost beginning of year	332.920
Cost end of year	332.920
Revaluations beginning of year	182.334
Exchange rate adjustments	(7.087)
Adjustments on equity	1.920
Share of profit/loss for the year	150.414
Dividend	(110.000)
Revaluations end of year	217.581
Carrying amount end of year	550.501



General Cargo Road



Notes to parent financial statements

	2020	2019
	DKK'000	DKK'000
6. Deferred tax		
Tax losses carried forward	1.465	1.465
Deferred tax	1.465	1.465
Changes during the year		
Beginning of year	1.465	1.486
Recognised in the income statement	0	(21)
End of year	1.465	1.465

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx. 3 years. This expectation is primarily based on the significant positive impact on the Group's result as a consequence of major contract related to the oil and energy sector.

7. Contingent liabilities

The Entity serves as the 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 for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8. Related parties with controlling interest

The Company has registered the following shareholders to hold 75% of the voting share capital or the nominal value of the share capital:

Blue Water Fonden, Esbjerg, Denmark.

9. Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

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 (large).

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.

Accounting policies

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.

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.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

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.

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.

Accounting policies

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

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.

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.

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.

Accounting policies

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 improvements 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:

<i>Buildings</i>	3-50 years
<i>Other fixtures and fittings, tools and equipment</i>	3-10 years
<i>Leasehold improvements</i>	5-10 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.

Accounting policies

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.

Joint taxation contributions 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.

Prepayments

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

Other investments (current assets)

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.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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.

Accounting policies

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

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.

Deferred income

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.

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.

Accounting policies

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.