Danish Marine Service ApS

Karetmagervej 1, 9490 Pandrup

Company reg. no. 31 57 82 56

Annual report

1 January - 31 December 2019

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

Tham Yew Hong
Chairman of the meeting

Contents

Notes:

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

Management's report

The managing director has today presented the annual report of Danish Marine Service ApS for the financial year 1 January to 31 December 2019.

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

I consider the accounting policies used appropriate, and in my opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

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

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

Pandrup, 6 July 2020

Managing Director

Tham Yew Hong
Director

Independent auditor's report

To the shareholders of Danish Marine Service ApS

Opinion

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

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

Basis for opinion

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

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

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

Independent auditor's report

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

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

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s and the company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management's review

The management is responsible for the management's review.

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

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

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

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

Aalborg, 6 July 2020

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

Marian Fruergaard
State Authorised Public Accountant
mne24699

Company information

The company	Danish Marine Service ApS Karetmagervej 1 9490 Pandrup	
	Phone	+4570271000
	Fax	+4570271001
	Web site	www.sbs-international.com
	Company reg. no.	31 57 82 56
	Established:	1 June 2008
	Domicile:	Pandrup
	Financial year:	1 January - 31 December
Managing Director	Tham Yew Hong, Director	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Subsidiaries	SBS International ApS, Pandrup Scandinavian Boiler Service A/S, Pandrup Scandinavian Boiler Service Inc., USA Scandinavian Boiler Service (Asia) Pte. Ltd., Singapore SBS Gulf FZE, UAE Scandinavian Boiler Service LLC, UAE Scandinavian Boiler Service India Pte. Ltd., India SBS Pacific Asia Pte. Ltd., Singapore Scandinavian Boiler Service Nantong Ltd., China SBS Europe D.o.o,, Croatia SBS Repair ApS, Pandrup SBS Repair (S)Pte Ltd., Singapore SBS (China) Pte. Ltd. (Strike off at the 6st. of August 2018), Singapore SBS Repair (Guangzhou) Co. Ltd., China	

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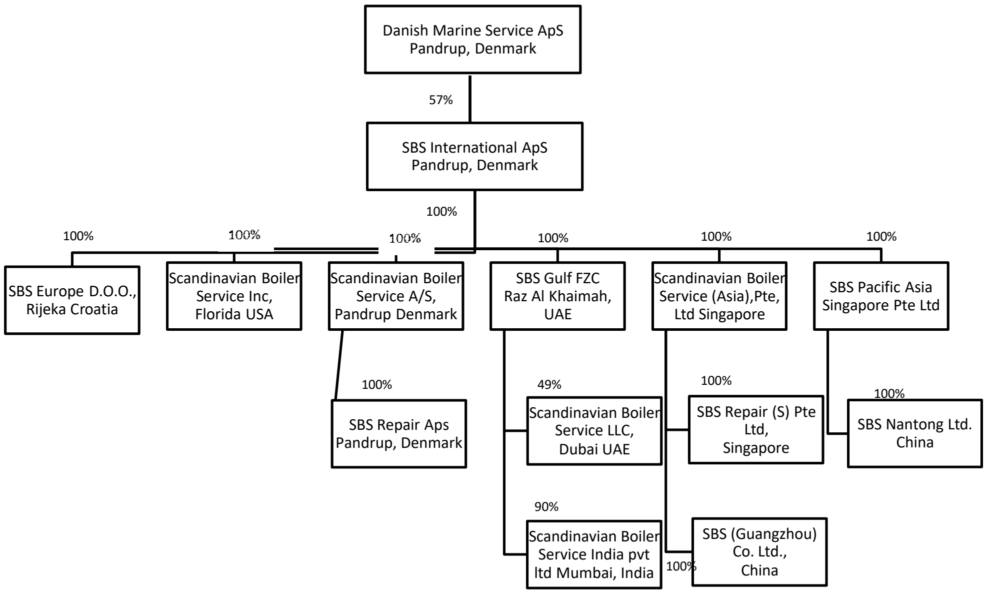

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Income statement:					
Gross profit	44.177	43.742	64.261	53.811	61.995
Profit from ordinary operating activities	2.355	-10.163	-3.427	1.937	5.388
Net financials	-2.415	-1.624	-2.569	-2.446	-2.061
Net profit or loss for the year	-1.019	-12.958	-6.541	396	1.121
Statement of financial position:					
Balance sheet total	76.398	69.777	107.764	97.484	98.411
Investments in property, plant and equip-ment	-313	-6.580	-3.200	-539	-1.019
Equity	6.639	7.105	19.161	17.090	18.569
Cash flows:					
Operating activities	1.922	6.499	-2.494	3.441	719
Investing activities	-266	8.761	-4.272	-1.480	-2.176
Financing activities	-196	-16.787	-746	-1.092	-2.163
Total cash flows	1.460	-1.527	-7.512	870	-3.620
Employees:					
Average number of full-time employees	118	104	109	92	101
Key figures in %:					
Acid test ratio	104,7	95,5	-	-	-
Solvency ratio	-6,5	-5,7	3,3	6,0	7,6
Return on equity	-	-	-92,7	-18,9	-16,3

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities of the group

The activity of the group are sales, service and repair within the maritime business sector.

Development in activities and financial matters

The gross profit for the year is DKK 44.176.660 against DKK 43.742.318 last year. The results after tax of the year are DKK -1.019.332 against DKK -12.958.018 last year.

The management considers the results for less satisfactory.

The parent company have lost the contributed capital. The management expects to reestablish the contributed capital in the comming years with positive results.

The expected development

Looking back on 2019, we passed several milestones of our ambitious transformation merging of repair sales in Singapore. Moving of the holding company and the completion of the legal documentation will take place in year 2020.

Despite a backdrop of weak trade growth, ongoing competition and uncertainty in many markets in 2019, the execution of our strategy has allowed us to deliver improved financial performance, while making a meaningful progress on our transformation.

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

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

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

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

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

Management commentary

Our focus remain on developing our end to end effective boiler service, repair, spare part and technology solutions.

The product range of the company will continue to expand organically adding to our core business volume, but to win new markets outside our present business fields, it is decided to pursue other segments where our competences and organization allows for it, without incurring unacceptable risk or high demand for investments.

Cost management is imperative in a competitive market with uncertainties. And good leadership, strong talent and right combination of current and new resources are key to ensure that all activities stay focus on our customers and our strategic priorities.

Therefore the Management has great faith and optimism moving forward.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have materiel impact on the financial position of the company .

Income statement 1 January - 31 December

All amounts in DKK.

		Group		Parent	
Note		2019	2018	2019	2018
	Gross profit	**44.176.660**	**43.742.318**	**-20.100**	**-24.625**
2	Staff costs	-39.587.734	-50.444.519	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.233.885	-2.348.807	0	0
	Other operating costs	0	-1.112.262	0	0
	Operating profit	**2.355.041**	**-10.163.270**	**-20.100**	**-24.625**
	Income from equity investments in group enterprises	0	0	-29.113	-6.951.456
	Other financial income	647.336	466.961	0	0
3	Other financial costs	-3.062.020	-2.090.636	-1.275.854	-1.131.161
	Pre-tax net profit or loss	**-59.643**	**-11.786.945**	**-1.325.067**	**-8.107.242**
	Tax on ordinary results	-959.689	-1.171.073	0	0
4	**Net profit or loss for the year**	**-1.019.332**	**-12.958.018**	**-1.325.067**	**-8.107.242**
	Break-down of the consolidated profit or loss:				
	Shareholders in Danish Marine Service ApS	-1.325.065	-8.107.242		
	Minority interests	305.733	-4.850.776		
		-1.019.332	**-12.958.018**		

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	Group 2019	Group 2018	Parent 2019	Parent 2018
	Non-current assets				
5	Goodwill	4.324.699	4.978.519	0	0
	Total intangible assets	4.324.699	4.978.519	0	0
6	Land and property	30.746.858	30.965.599	0	0
7	Production plant and machinery	495.434	757.721	0	0
8	Other plants, operating assets, and fixtures and furniture	608.243	713.611	0	0
	Total property, plant, and equipment	31.850.535	32.436.931	0	0
9	Equity investments in group enterprises	0	0	18.827.809	18.529.952
10	Deposits	10.796	57.032	0	0
	Total investments	10.796	57.032	18.827.809	18.529.952
	Total non-current assets	**36.186.030**	**37.472.482**	**18.827.809**	**18.529.952**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Current assets				
	Raw materials and consumables	11.164.680	10.056.564	0	0
	Total inventories	11.164.680	10.056.564	0	0
	Trade debtors	16.455.663	15.071.126	0	0
	Work in progress for the account of others	0	521.801	0	0
	Amounts owed by group enterprises	2.357.037	0	0	0
11	Deferred tax assets	518.486	530.184	0	0
	Receivable corporate tax	103.862	0	0	0
	Other debtors	2.819.005	1.327.466	0	0
12	Accrued income and deferred expenses	764.526	227.294	0	0
	Total receivables	23.018.579	17.677.871	0	0
	Available funds	6.029.206	4.569.618	0	0
	Total current assets	**40.212.465**	**32.304.053**	**0**	**0**
	Total assets	**76.398.495**	**69.776.535**	**18.827.809**	**18.529.952**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
13	Contributed capital	125.000	125.000	125.000	125.000
14	Retained earnings	-5.122.789	-4.124.694	-5.122.790	-4.124.693
	Equity before non-controlling interest.	-4.997.789	-3.999.694	-4.997.790	-3.999.693
	Minority interests	11.637.002	11.104.231	0	0
	Total equity	**6.639.213**	**7.104.537**	**-4.997.790**	**-3.999.693**
	Provisions				
15	Other provisions	353.737	82.700	0	0
	Total provisions	**353.737**	**82.700**	**0**	**0**
	Liabilities other than provisions				
16	Mortgage debt	14.237.372	12.641.054	0	0
17	Leasing liabilities	743.037	1.088.096	0	0
	Debt to group enterprises	15.834.295	15.040.788	15.834.295	15.040.788
	Other payables	169.578	0	0	0
	Total long term liabilities other than provisions	30.984.282	28.769.938	15.834.295	15.040.788

Statement of financial position 31 December

All amounts in DKK.

Note	Equity and liabilities	Group 2019	Group 2018	Parent 2019	Parent 2018
	Current portion of long term payables	1.223.516	953.189	0	0
	Bank debts	2.453.573	3.402.838	0	0
	Prepayments received from customers	900.160	1.182.719	0	0
	Prepayments received from customers concerning work in progress for the account of others	0	741.777	0	0
	Trade payables	6.122.319	3.919.564	20.000	20.000
	Payables to group enterprises	21.302.940	17.311.187	7.971.303	7.468.857
	Corporate tax	816.849	176.264	0	0
	Other payables	5.601.906	6.131.822	1	0
	Total short term liabilities other than provisions	38.421.263	33.819.360	7.991.304	7.488.857
	Total liabilities other than provisions	**69.405.545**	**62.589.298**	**23.825.599**	**22.529.645**
	Total equity and liabilities	**76.398.495**	**69.776.535**	**18.827.809**	**18.529.952**

1 Special items
18 Charges and security
19 Contingencies
20 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Retained earnings	Non-controlling interests	Total
1 January 2018 1 January 2018	125.000	0	3.442.623	15.593.704	19.161.327
Share of results	0	0	-8.107.242	-4.850.776	-12.958.018
Exchange rate adjustments	0	0	539.925	361.303	901.228
1 January 2019 1 January 2019	125.000	0	-4.124.694	11.104.231	7.104.537
Share of results	0	0	-1.325.065	305.743	-1.019.322
Exchange rate adjustments	0	0	315.832	218.626	534.458
Aquired minority	0	0	11.138	8.402	19.540
	125.000	**0**	**-5.122.789**	**11.637.002**	**6.639.213**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2018	125.000	3.442.624	0	3.567.624
Share of results	0	-3.442.624	-4.664.618	-8.107.242
Exchange rate adjustments	0	0	539.925	539.925
Equity 1 January 2019	125.000	0	-4.124.693	-3.999.693
Share of results	0	0	-1.325.067	-1.325.067
Exchange rate adjustments	0	0	315.832	315.832
Aquired minority	0	0	11.138	11.138
	125.000	**0**	**-5.122.790**	**-4.997.790**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2019	2018
	Results for the year	-1.019.332	-12.958.018
21	Adjustments	6.376.964	7.105.946
22	Change in working capital	-586.144	14.106.158
	Cash flow from operating activities before net financials	4.771.488	8.254.086
	Interest received and similar amounts	647.336	466.961
	Interest paid and similar amounts	-3.062.020	-2.090.636
	Cash flow from ordinary activities	2.356.804	6.630.411
	Corporate tax paid	-434.435	-131.573
	Cash flow from operating activities	**1.922.369**	**6.498.838**
	Purchase of tangible fixed assets	-312.715	-6.579.937
	Sale of tangible fixed assets	0	15.398.254
	Purchase of financial fixed assets	0	-57.032
	Sale of financial fixed assets	46.236	0
	Cash flow from investment activities	**-266.479**	**8.761.285**
	Raising of long-term debts	2.415.341	14.556.466
	Repayments of long-term debt	-1.662.378	-13.808.825
	Change in short-term bank facilities	-949.265	-17.534.471
	Cash flow from financing activities	**-196.302**	**-16.786.830**
	Changes in available funds	**1.459.588**	**-1.526.707**
	Available funds 1 January 2019	4.569.618	6.096.325
	Available funds 31 December 2019	**6.029.206**	**4.569.618**
	Available funds		
	Available funds	6.029.206	4.569.618
	Available funds 31 December 2019	**6.029.206**	**4.569.618**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

As mentioned in the management's review, the results for the year are affected by a number of factors that differ from what the management consider a part of the operating profit.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

	Group	
	2019	2018
Costs:		
Loss on sale of fixed assets	0	-1.112.262
Provision doubtful debts	0	-2.406.000
	0	-3.518.262
Special items are recognised in the following items in the annual accounts:		
Other external costs	0	2.406.000
Other operating costs	0	1.112.262
Results of special items, net	**0**	**3.518.262**

2. Staff costs

Salaries and wages	36.487.943	45.578.285
Pension costs	1.708.561	3.208.469
Other costs for social security	1.391.230	1.657.765
	39.587.734	**50.444.519**
Average number of employees	118	104

Notes

All amounts in DKK.

	Group 2019	Group 2018	Parent 2019	Parent 2018
3. Other financial costs				
Financial costs, group enterprises	1.520.177	732.580	1.271.020	1.088.240
Other financial costs	1.541.843	1.358.056	4.834	42.921
	3.062.020	**2.090.636**	**1.275.854**	**1.131.161**

	Parent 2019	Parent 2018
4. Proposed appropriation of net profit		
Reserves for net revaluation according to the equity method	0	-3.442.624
Allocated from retained earnings	-1.325.067	-4.664.618
Total allocations and transfers	**-1.325.067**	**-8.107.242**

	Group 31/12 2019	Group 31/12 2018
5. Goodwill		
Cost 1 January 2019	11.664.771	11.664.771
Cost 31 December 2019	**11.664.771**	**11.664.771**
Revaluation 1 January 2019	-6.686.252	-6.032.439
Amortisation and writedown for the year	-653.820	-653.813
Revaluation 31 December 2019	**-7.340.072**	**-6.686.252**
Book value 31 December 2019	**4.324.699**	**4.978.519**

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
6.	**Land and property**		
	Cost 1 January 2019	21.608.200	29.964.459
	Additions during the year	0	6.217.153
	Disposals during the year	0	-15.344.404
	Currency alignment	274.112	770.992
	Cost 31 December 2019	**21.882.312**	**21.608.200**
	Revaluation 1 January 2019	11.719.944	16.993.124
	Revaluations, assets disposed of	0	-5.867.460
	Currency alignment	0	594.280
	Revaluation 31 December 2019	**11.719.944**	**11.719.944**
	Depreciation and writedown 1 January 2019	-2.362.545	-6.039.798
	Depreciation and writedown for the year	-772.936	-652.316
	Currency alignment	280.083	-76.997
	Depreciation and writedown, assets disposed of	0	4.406.566
	Depreciation and writedown 31 December 2019	**-2.855.398**	**-2.362.545**
	Book value 31 December 2019	**30.746.858**	**30.965.599**

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
7.	**Production plant and machinery**		
	Cost 1 January 2019	2.735.022	2.888.764
	Additions during the year	29.214	57.185
	Disposals during the year	0	-275.626
	Currency alignment	30.457	64.699
	Cost 31 December 2019	**2.794.693**	**2.735.022**
	Depreciation and writedown 1 January 2019	-1.977.301	-1.696.277
	Depreciation and writedown for the year	-291.172	-295.603
	Currency alignment	-30.786	-64.883
	Depreciation and writedown, assets disposed of	0	79.462
	Depreciation and writedown 31 December 2019	**-2.299.259**	**-1.977.301**
	Book value 31 December 2019	**495.434**	**757.721**

		Group	
		31/12 2019	31/12 2018
8.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2019	8.377.010	7.939.225
	Additions during the year	283.501	474.984
	Disposals during the year	0	-242.805
	Currency alignment	43.823	205.606
	Cost 31 December 2019	**8.704.334**	**8.377.010**
	Depreciation and writedown 1 January 2019	-7.663.399	-7.077.173
	Depreciation and writedown for the year	-515.957	-631.859
	Currency alignment	83.265	-191.215
	Depreciation and writedown, assets disposed of	0	236.848
	Depreciation and writedown 31 December 2019	**-8.096.091**	**-7.663.399**
	Book value 31 December 2019	**608.243**	**713.611**

Notes

All amounts in DKK.

		Parent 31/12 2019	31/12 2018
9.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	17.193.106	17.193.106
	Cost 31 December 2019	**17.193.106**	**17.193.106**
	Revaluations, opening balance 1 January 2019	6.188.208	12.165.353
	Results for the year before goodwill amortisation	405.273	-6.517.070
	Currency alignment	315.832	539.925
	Other movements in capital	11.138	0
	Revaluation 31 December 2019	**6.920.451**	**6.188.208**
	Amortisation of goodwill, opening balance 1 January 2019	-4.851.362	-4.416.976
	Amortisation of goodwill for the year	-434.386	-434.386
	Depreciation on goodwill 31 December 2019	**-5.285.748**	**-4.851.362**
	Book value 31 December 2019	**18.827.809**	**18.529.952**
	The items include goodwill with an amount of	3.401.971	3.836.357

Group enterprises:

	Domicile	**Share of ownership**
SBS International ApS	Pandrup	57 %
Scandinavian Boiler Service A/S	Pandrup	57 %
Scandinavian Boiler Service Inc.	USA	57 %
Scandinavian Boiler Service (Asia) Pte. Ltd.	Singapore	57 %
SBS Gulf FZE	UAE	57 %
Scandinavian Boiler Service LLC	UAE	28 %
Scandinavian Boiler Service India Pte. Ltd.	India	51 %
SBS Pacific Asia Pte. Ltd.	Singapore	57 %
Scandinavian Boiler Service Nantong Ltd.	China	57 %
SBS Europe D.o.o,	Croatia	57 %
SBS Repair ApS	Pandrup	57 %
SBS Repair (S)Pte Ltd.	Singapore	57 %
SBS (China) Pte. Ltd. (Strike off at the 6st. of August 2018)	Singapore	57 %
SBS Repair (Guangzhou) Co. Ltd.	China	57 %

Notes

All amounts in DKK.

			Group 31/12 2019	31/12 2018
10. Deposits				
Cost 1 January 2019			57.032	0
Additions during the year			0	57.032
Disposals during the year			-46.236	0
Cost 31 December 2019			**10.796**	**57.032**
Book value 31 December 2019			**10.796**	**57.032**

11. Deferred tax assets				
Deferred tax assets 1 January 2019	530.184	2.023.668	0	0
Deferred tax of the results for the year	-11.698	-1.493.484	0	0
	518.486	**530.184**	**0**	**0**
The following items are subject to deferred tax:				
Losses carried forward from previous years	518.486	530.184	0	0
	518.486	**530.184**	**0**	**0**

12. Accrued income and deferred expenses		
Other prepayments/deferred income	764.526	227.294
	764.526	**227.294**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
13.	**Contributed capital**				
	Contributed capital 1 January 2019	125.000	125.000	125.000	125.000
		125.000	**125.000**	**125.000**	**125.000**
14.	**Retained earnings**				
	Retained earnings 1 January 2019	-4.124.693	3.442.623	-4.124.693	0
	Profit or loss for the year brought forward	-1.325.066	-8.107.242	-1.325.067	-4.664.618
	Currency alignment	315.832	539.925	315.832	539.925
	Aquired minority	11.138	0	11.138	0
		-5.122.789	**-4.124.694**	**-5.122.790**	**-4.124.693**

		Group	
		31/12 2019	31/12 2018
15.	**Other provisions**		
	Provisions for guarentee	353.737	82.700
		353.737	**82.700**

		Group	
		31/12 2019	31/12 2018
16.	**Mortgage debt**		
	Mortgage debt in total	15.094.248	13.230.913
	Share of amount due within 1 year	-856.876	-589.859
		14.237.372	**12.641.054**
	Share of liabilities due after 5 years	7.864.756	10.286.000

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
17.	**Leasing liabilities**		
	Leasing liabilities in total	1.109.677	1.451.426
	Share of amount due within 1 year	-366.640	-363.330
		743.037	**1.088.096**
	Share of liabilities due after 5 years	0	0

18. Charges and security

Group

As security for mortgage debts, DKK 14.237.372, mortgage has been granted on land and buildings representing a book value of DKK 30.746.858 at 31 December 2019.

19. Contingencies

Contingent liabilities

Group

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 156.000. The leasing contracts have 12 months left to run, and the total outstanding leasing payment is DKK 156.000.

Recourse guarantee commitments

The group has entered into a rent building contract that experis on December 1. 2022. The annual rent is currently DKK 156.000.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

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

Notes

All amounts in DKK.

19. Contingencies (continued)

Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

20. Related parties

Controlling interest

Danish Marine Holding GbR, Kaiserstrasse 4, Kiel, Germany	Majority shareholder

	Group	
	2019	2018
21. Adjustments		
Depreciation and amortisation	2.233.885	3.461.069
Other financial income	-647.336	-466.961
Other financial costs	3.062.020	2.090.636
Tax on ordinary results	959.689	1.171.073
Other adjustments	768.706	850.129
	6.376.964	**7.105.946**
22. Change in working capital		
Change in inventories	-1.108.116	189.980
Change in debtors	-5.352.406	23.201.552
Change in trade creditors and other liabilities	5.874.378	-9.285.374
	-586.144	**14.106.158**

Accounting policies

The annual report for Danish Marine Service ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

Recognition and measurement in general

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

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

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

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

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

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

The consolidated annual accounts

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

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

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

Accounting policies

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

Minority interests

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

Income statement

Gross profit

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

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

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

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

Staff costs

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

Depreciation, amortisation and writedown

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

Net financials

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

Results from equity investments in group enterprises

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

Tax of the results for the year

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

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

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

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

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

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

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

Buildings	30 years
Technical plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

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

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

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Writedown of fixed assets

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

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

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

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

Financial fixed assets

Equity in group enterprises

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

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

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

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

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

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

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

Deposits
Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories
Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

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

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

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

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

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

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

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

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

Accrued income and deferred expenses

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

Available funds

Available funds comprise cash at bank and in hand.

Equity

Corporate tax and deferred tax

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

Danish Marine Service ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Danish Marine Service ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

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

Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

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

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

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

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

The cash flow statement

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

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

Cash flow from operating activities

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

Accounting policies

Cash flow from investment activities

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

Cash flow from financing activities

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

Available funds

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