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Fortuna Seaside Invest A/S

Strandvejen 56, 2900 Hellerup

Company reg. no. 37 99 19 02

Annual report

1 January - 31 December 2019

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

Lars Trygved
Chairman of the meeting

Contents

	Page
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Consolidated financial highlights	6
Management commentary	7
Consolidated financial statements and financial statements 1 January - 31 December 2019	
Income statement	8
Statement of financial position	9
Consolidated statement of changes in equity	11
Statement of changes in equity of the parent	11
Statement of cash flows	12
Notes	13
Accounting policies	20

Notes:

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

Management's report

Today, the board of directors and the executive board have presented the annual report of Fortuna Seaside Invest A/S for the financial year 1 January - 31 December 2019 of Fortuna Seaside Invest A/S.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2019, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Hellerup, 19 May 2020

Executive board

Lars Trygved

Michael Steen Jakobsen

Board of directors

Lars Trygved

Michael Steen Jakobsen

Ulrik Lund Rasmussen

Peter Bruno Rasmussen

Henrik Ambjørn Petersen

Independent auditor's report

To the shareholders of Fortuna Seaside Invest A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Fortuna Seaside Invest A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2019 and of the results of the company's activities, consolidated and of the company, respectivelyand of consolidated cash flows , for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, 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 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 financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a 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 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Independent auditor's report

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 19 May 2020

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

Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

Company information

The company	Fortuna Seaside Invest A/S Strandvejen 56 2900 Hellerup	
	Company reg. no.	37 99 19 02
	Established:	8 September 2016
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Lars Trygved Michael Steen Jakobsen Ulrik Lund Rasmussen Peter Bruno Rasmussen Henrik Ambjørn Petersen	
Executive board	Lars Trygved Michael Steen Jakobsen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiary	Fortuna Seaside Bulk Carriers A/S, Hellerup	

Consolidated financial highlights

USD in thousands.	2019	2018	2017
Income statement:			
Gross profit	2.085	73	4.442
Profit from ordinary operating activities	-1.914	-2.322	1.922
Net financials	698	-151	-46
Net profit or loss for the year	-1.777	-1.943	1.459
Statement of financial position:			
Balance sheet total	6.257	10.669	11.138
Equity	-2.194	-416	1.534
Cash flows:			
Operating activities	-1.161	-747	4.158
Investing activities	-17	3.190	-427
Financing activities	-1.067	0	0
Total cash flows	-2.245	2.443	3.731
Employees:			
Average number of full-time employees	14	14	11
Key figures in %:			
Acid test ratio	114,4	94,3	-
Solvency ratio	-35,1	-3,9	13,8
Return on equity	-	-	190,2

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

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

Acid test ratio $\dfrac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$

Solvency ratio $\dfrac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$

Return on equity $\dfrac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$

***Profit** Net profit or loss for the year less non-controlling interests' share hereof

Management commentary

The principal activities of the group

Like previous years, the company is a holding company for Fortuna Seaside Bulk Carriers A/S, whose principal activity is shipping operations.

Development in activities and financial matters

The Group´s gross profit for the year totals USD 2.085.224 against USD 72.551 last year. Loss from ordinary activities after tax totals USD -1.777.062 against USD -1.943.391 last year. Management considers the net loss for the year unsatisfactory.

Special risks

The group is exposed to a number of risks:

Market risks

The Group´s revenues are exclusively generated from the seaborne transportation of dry bulk commodities and freight rates obtained by the vessels time chartered by the Group is a risk factor.

By timechartering vessels only on short term charters and by securing cargo bookings and cargo contracts for the vessels the group has on charter, the group reduces its exposure to fluctuations in the dry cargo freight market.

Foreign currency risks

The majority of the Group´s transactions are denominated in USD.

The Group´s exchange rate risk is thus limited and primarily related to administrative expenses related to the Group´s head office in Denmark.

Credit risks

The Group is dependent on its counterparties fulfilling their payment obligations. The check the financial strength of a counterparty, the Group makes frequent use of providers of independent due diligence, credit reporting and risk management consultancy services to the shipping industry.

Liquidity risks

The Group takes all necessary steps to ensure that the Group at all times will have sufficient liquidity to fulfill its commitments.

Expected developments

The company expects a profit for year 2020.

Events occurring after the end of the financial year

The dry cargo freight market dropped significantly in the first months of 2020 as demand was reduced due to the global outbreak of the Corona virus. The group expects the market to improve in the second half of the year.

Income statement 1 January - 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Gross profit	**2.085.224**	**73**	**0**	**0**
	Distribution costs	-98.701	-144	0	0
	Administration costs	-3.900.790	-2.251	-16.821	-44
	Operating profit	**-1.914.267**	**-2.322**	**-16.821**	**-44**
	Income from equity investments in group enterprises	0	0	-2.388.460	-1.822
	Other financial income	936.219	22	935.490	21
2	Other financial costs	-238.262	-173	-132.851	-133
	Financing, net	697.957	-151	-1.585.821	-1.934
	Pre-tax net profit or loss	**-1.216.310**	**-2.473**	**-1.602.642**	**-1.978**
	Tax on ordinary results	-560.752	530	-174.420	35
3	**Net profit or loss for the year**	**-1.777.062**	**-1.943**	**-1.777.062**	**-1.943**
	Break-down of the consolidated profit or loss:				
	Shareholders in Fortuna Seaside Invest A/S	-1.777.062	-1.943		
		-1.777.062	**-1.943**		

Statement of financial position at 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Non-current assets				
4	Other fixtures and fittings, tools and equipment	9.500	89	0	0
	Total property, plant, and equipment	9.500	89	0	0
5	Equity investments in group enterprises	0	0	2.440.735	4.830
6	Other receivables	6.841	11	0	0
7	Deposits	37.090	120	0	0
	Total investments	43.931	131	2.440.735	4.830
	Total non-current assets	**53.431**	**220**	**2.440.735**	**4.830**
	Current assets				
	Raw materials and consumables	754.159	475	0	0
	Total inventories	754.159	475	0	0
	Trade debtors	586.282	2.321	0	0
8	Voyages in progress	680.708	710	0	0
	Receivables from group enterprises	0	0	1.616.566	0
9	Deferred tax assets	0	552	0	37
	Other debtors	33.224	102	0	0
10	Prepayments and accrued income	2.583	22	0	0
	Total receivables	1.302.797	3.707	1.616.566	37
	Other securities and equity investments	17.975	18	0	0
	Total financial instruments	17.975	18	0	0
	Available funds	4.129.105	6.249	92.941	2.941
	Total current assets	**6.204.036**	**10.449**	**1.709.507**	**2.978**
	Total assets	**6.257.467**	**10.669**	**4.150.242**	**7.808**

Statement of financial position at 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
11	Contributed capital	75.476	75	75.476	75
12	Retained earnings	-2.269.964	-491	-2.269.964	-492
	Equity before non-controlling interest.	-2.194.488	-416	-2.194.488	-417
	Total equity	**-2.194.488**	**-416**	**-2.194.488**	**-417**
	Liabilities other than provisions				
13	Subordinated loan capital	3.000.000	0	3.000.000	0
14	Other payables	27.295	0	0	0
	Total long term liabilities other than provisions	3.027.295	0	3.000.000	0
8	Voyages in progress	934.646	1.082	0	0
	Trade creditors	1.091.175	1.724	8.397	7
	Debt to group enterprises	0	0	0	85
15	Payables to shareholders and management	3.132.328	8.133	3.132.328	8.133
	Corporate tax	6.962	12	0	0
	Tax payables to group enterprises	0	0	137.192	0
	Other debts	259.549	134	66.813	0
	Total short term liabilities other than provisions	5.424.660	11.085	3.344.730	8.225
	Total liabilities other than provisions	**8.451.955**	**11.085**	**6.344.730**	**8.225**
	Total equity and liabilities	**6.257.467**	**10.669**	**4.150.242**	**7.808**

1 Employee issues

16 Contingencies

Consolidated statement of changes in equity

USD thousand.

	Contributed capital not paid	Retained earnings	Total
1 January 2018 1 January 2018	75	1.459	1.534
Profit or loss for the year brought forward	0	-1.943	-1.943
Foreign exchange	0	-7	-7
1 January 2019 1 January 2019	75	-491	-416
Profit or loss for the year brought forward	0	-1.778	-1.778
Foreign exchange	0	-1	-1
	75	**-2.270**	**-2.195**

Statement of changes in equity of the parent

USD thousand.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2018	75	1.584	-126	1.533
Share of results	0	-1.584	-359	-1.943
Adjustment 4	0	0	-7	-7
Equity 1 January 2019	75	0	-492	-417
Share of results	0	0	-1.777	-1.777
	75	**0**	**-2.270**	**-2.195**

Statement of cash flows 1 January - 31 December

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

Note		Group 2019	2018
	Net profit or loss for the year	-1.777.062	-1.943
17	Adjustments	-90.108	-344
18	Change in working capital	911.160	2.106
	Cash flows from operating activities before net financials	-956.010	-181
	Interest received, etc.	2.467	22
	Interest paid, etc.	-193.797	-173
	Cash flows from ordinary activities	-1.147.340	-332
	Income tax paid	-13.325	-415
	Cash flows from operating activities	**-1.160.665**	**-747**
	Purchase of property, plant, and equipment	-133.997	-5
	Sale of property, plant, and equipment	166.367	61
	Purchase of fixed asset investments	-37.090	0
19	Acquisition of enterprises and activities	-137.108	0
	Sale of fixed asset investments	119.587	0
	Repayments received	4.742	1
	Outstanding loans	0	3.133
	Cash flows from investment activities	**-17.499**	**3.190**
	Repayments of long-term payables	-1.067.134	0
	Cash flows from investment activities	**-1.067.134**	**0**
	Change in cash and cash equivalents	**-2.245.298**	**2.443**
	Cash and cash equivalents at 1 January 2019	6.419.230	3.806
	Foreign currency translation adjustments (cash and cash equivalents)	-44.827	0
	Cash and cash equivalents at 31 December 2019	**4.129.105**	**6.249**

	2019	2018
Cash and cash equivalents		
Available funds	4.129.105	6.249
Cash and cash equivalents at 31 December 2019	**4.129.105**	**6.249**

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

		Group 2019	Group 2018	Parent 2019	Parent 2018
1.	**Employee issues**				
	Salaries and wages	2.137.906	1.467	0	3
	Pension costs	185.161	126	0	0
	Other costs for social security	57.552	-25	0	0
	Other staff costs	57.555	26	0	0
		2.438.174	**1.594**	**0**	**3**
	Average number of employees	14	14	0	0
2.	**Other financial costs**				
	Financial costs, group enterprises	0	0	0	0
	Other financial costs	238.262	173	132.851	133
		238.262	**173**	**132.851**	**133**

		Parent 2019	Parent 2018
3.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	0	-1.584
	Allocated from retained earnings	-1.777.062	-359
	Total allocations and transfers	**-1.777.062**	**-1.943**

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
4. Other fixtures and fittings, tools and equipment				
Cost 1 January 2019	198.904	256	0	110
Correction to 1 January 2019	-39.467	0	0	0
Additions during the year	133.997	5	0	0
Disposals during the year	-243.054	-61	0	-110
Foreign exchange	0	-1	0	0
Cost 31 December 2019	**50.380**	**199**	**0**	**0**
Depreciation and writedown 1 January 2019	-109.937	-75	0	-39
Correction to 1 January 2019	39.467	0	0	0
Depreciation for the year	-20.019	-39	0	0
Reversal of depreciation, amortisation and writedown, assets disposed of	49.609	4	0	39
Depreciation and writedown 31 December 2019	**-40.880**	**-110**	**0**	**0**
Carrying amount, 31 December 2019	**9.500**	**89**	**0**	**0**

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

		Parent 31/12 2019	31/12 2018
5.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	5.075.476	75
	Additions during the year	0	5.000
	Cost 31 December 2019	**5.075.476**	**5.075**
	Revaluations, opening balance 1 January 2019	-245.353	1.584
	Currency exchange rate	-928	-7
	Results of the year	-2.388.460	-1.822
	Revaluation 31 December 2019	**-2.634.741**	**-245**
	Carrying amount, 31 December 2019	**2.440.735**	**4.830**

Financial highlights for the enterprises according to the latest approved annual reports (2019)

	Equity interest	Equity USD	Results for the year USD	Carrying amount, Fortuna Seaside Invest A/S USD
Fortuna Seaside Bulk Carriers A/S, Hellerup	100 %	2.440.735	-2.388.460	2.440.735
		2.440.735	**-2.388.460**	**2.440.735**

		Group 31/12 2019	31/12 2018
6.	**Other receivables**		
	Cost 1 January 2019	11.151	36
	Disposals during the year	-4.310	-25
	Cost 31 December 2019	**6.841**	**11**
	Carrying amount, 31 December 2019	**6.841**	**11**

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

		Group 31/12 2019	Group 31/12 2018
7.	**Deposits**		
	Cost 1 January 2019	119.587	116
	Additions during the year	37.090	4
	Disposals during the year	-119.587	0
	Cost 31 December 2019	**37.090**	**120**
	Carrying amount, 31 December 2019	**37.090**	**120**

		Group 31/12 2019	Group 31/12 2018
8.	**Voyages in progress**		
	Sales value of the production of the period	722.057	861
	Payments on account received	-975.995	-1.233
	Voyages in progress, net	**-253.938**	**-372**
	The following is recognised:		
	Voyages in progress for the account of others (current assets)	680.708	710
	Voyages in progress for the account og others (short-term liabilities)	-934.646	-1.082
		-253.938	**-372**

		Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
9.	**Deferred tax assets**				
	Deferred tax assets 1 January 2019	552.381	2	37.228	3
	Deferred tax of the results for the year	-552.381	550	-37.228	35
		0	**552**	**0**	**38**

		Group 31/12 2019	Group 31/12 2018
10.	**Prepayments and accrued income**		
	Prepaid parkingspace etc.	2.583	22
		2.583	**22**

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
11. Contributed capital				
Contributed capital 1 January 2019	75.476	75	75.476	75
	75.476	**75**	**75.476**	**75**

The share capital consists of 500 shares, each with a nominal value of DKK 1.000.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
12. Retained earnings				
Retained earnings 1 January 2019	-491.974	1.459	-491.974	-126
Profit or loss for the year brought forward	-1.777.062	-1.943	-1.777.062	-359
Currency exchange	-928	-7	-928	-7
	-2.269.964	**-491**	**-2.269.964**	**-492**

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
13. Subordinated loan capital				
Total subordinated loan capital	**3.000.000**	**0**	**3.000.000**	**0**
Share of payables due after 5 years	0	0	0	0

There has not yet been set a due date for repayment of the subordinated loans.

Notes

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
14. Other payables				
Holiday pay obligations, salaried staff	27.295	0	0	0
	27.295	**0**	**0**	**0**
Share of liabilities due after 5 years	27.295	0	0	0

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
15. Payables to shareholders and management				
Debt to shareholders	3.132.328	8.133	3.132.328	8.133
	3.132.328	**8.133**	**3.132.328**	**8.133**

16. Contingencies

Contingent liabilities

The group's annual rent obligation amounts to 64,002 USD

The group has entered into long-term lease agreements with foreign tonnage. The total liability 31 December 2019 amounts to USD 576,700, relating to the financial year 2020.

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.

TheThe 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

Amounts concerning 2019: USD.

Amounts concerning 2018: USD thousand.

16. Contingencies (continued)

Joint taxation (continued)

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

	Group 2019	2018
17. Adjustments		
Depreciation, amortisation, and impairment	20.019	35
Loss from disposal of non-current assets	27.078	0
Other financial income	-936.219	-22
Other financial costs	238.262	173
Tax on ordinary results	8.371	21
Deferred tax	552.381	-551
	-90.108	**-344**

	Group 2019	2018
18. Change in working capital		
Change in inventories	-279.337	1.518
Change in receivables	1.824.054	735
Change in trade payables and other payables	-633.557	-147
	911.160	**2.106**

	Group 2019	2018
19. Acquisition of enterprises and activities		
Receivables	1.071	0
Cash on hand and demand deposits	170.335	0
Trade payables	-34.298	0
	137.108	**0**

Accounting policies

The annual report for Fortuna Seaside Invest A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Accounting policies

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

The consolidated financial statements

The consolidated income statements comprise the parent company Fortuna Seaside Invest A/S and those group enterprises of which Fortuna Seaside Invest A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control. According to the group overview, enterprises in which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not dominant, control are considered associates.
In the consolidation process, intercompany income and expenses, shareholding, intercompany balances and dividends, and realised and unrealised profit and loss derived from transactions among the consolidated enterprises will be eliminated.

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

Newly acquired or newly established enterprises are recognised in the consolidated financial statements as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated financial statements until the date of disposal. Comparatives are not restated for newly acquired, disposed, or terminated enterprises.

For acquisition of new enterprises, the acquisition method is applied whereupon the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Restructuring costs, recognised in the acquiree before the acquisition date and not agreed upon as part of the acquisition, are recognised in the preacquisition balance sheet and thus forms part of the measurement of goodwill. Restructuring determined by the acquiree is recognised in the income statement. The tax effect of revaluations is taken into account.

Positive balances (goodwill) between cost and fair value of acquired identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible assets and, based on individual assessment, systematically amortised in the income statement over their remaining useful economic lives. Negative balances (negative goodwill) are recognised as income in the income statement on the date of acquisition providing the general requirements for recognition of income are met.

Accounting policies

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

Profit or loss from the disposal or termination of group enterprises or associates are recognised as the difference between the sales price or the disposal consideration and the carrying amount of the net assets at the date of sale inclusive of goodwill not amortised and expected sale or termination costs.

For business combinations such as the acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., concerning enterprises controlled by the parent, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year and a restatement of comparatives is made.

Non-controlling interests

The items of the group enterprises are fully recognised in the consolidated financial statement. The proportionate share of non-controlling interests as regards the profit and equity of the group enterprises are adjusted annually and presented as a separate item at the end of the income statement and as a separate item under equity, respectively.

Income statement

Gross profit

Gross profit comprises revenue, production costs, and other operating income.

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.

Revenue compromises income from voyages and is recognised exclusive of VAT and duties. Revenue is recognised as the work is completed, calculated on the basis of stage of completion (production criterion) at the balance sheet date. Recognition occurs when the following conditions are met:
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the end of the reporting period can be measured reliably:
and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

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

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Accounting policies

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

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 on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

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

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

Statement of financial position

Property, plant, and equipment

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

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

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

Accounting policies

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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 when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount 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 derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Accounting policies

Investments

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.

Other financial instruments and equity investments

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

Deposits

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

Inventories

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

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.

Contract work in progress

Voyages in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Voyages in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be 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 reporting date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an assessment 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 seems probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

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

Prepayments from customers are recognised as liabilities.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Financial instruments and equity investments

Financial instruments and equity investments recognised as current assets are measured at fair value on the reporting date.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Fortuna Seaside Invest A/S is jointly taxed with the Danish group companies and acts, in this respect, as the administration company. According to the rules of joint taxation, Fortuna Seaside Invest A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Accounting policies

Statement of cash flows

The statement of cash flows shows group cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.