



BLUE WATER SHIPPING A/S

ANNUAL REPORT 2018 | CVR NR: 40 51 66 11



**BLUE
WATER
SHIPPING**

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Entity details

ENTITY

Blue Water Shipping A/S
Trafikhavnskaj 9
6700 Esbjerg

CVR No: 40516611
Registered in: Esbjerg
Financial year: 01.01.2018 - 31.12.2018

Website: www.bws.dk
E-mail: bwsebj@bws.dk

BOARD OF DIRECTORS

Kurt Skov, chairman
Niels Stie Kaalund
Jørgen Meyer
Anne Roed Skov
Peter Damsboe

EXECUTIVE BOARD

Søren Nørgaard Thomsen

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postboks 200
6700 Esbjerg

The annual General Meeting adopted the annual report on 29.05. 2019

Chairman of the General Meeting



Name: _____

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue Water Shipping A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

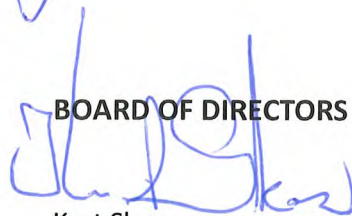
We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 29.05.2019

EXECUTIVE BOARD



Søren Nørgaard Thomsen



BOARD OF DIRECTORS

Kurt Skov
Chairman



Niels Stie Kaalund

Jørgen Meyer



Anne Roed Skov



Peter Damsboe

Independent auditor's report

To the shareholders of Blue Water Shipping A/S

Opinion

We have audited the financial statements of Blue Water Shipping A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

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

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

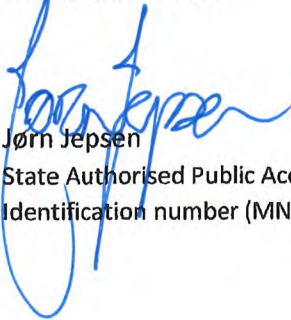
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR nr. 33963556

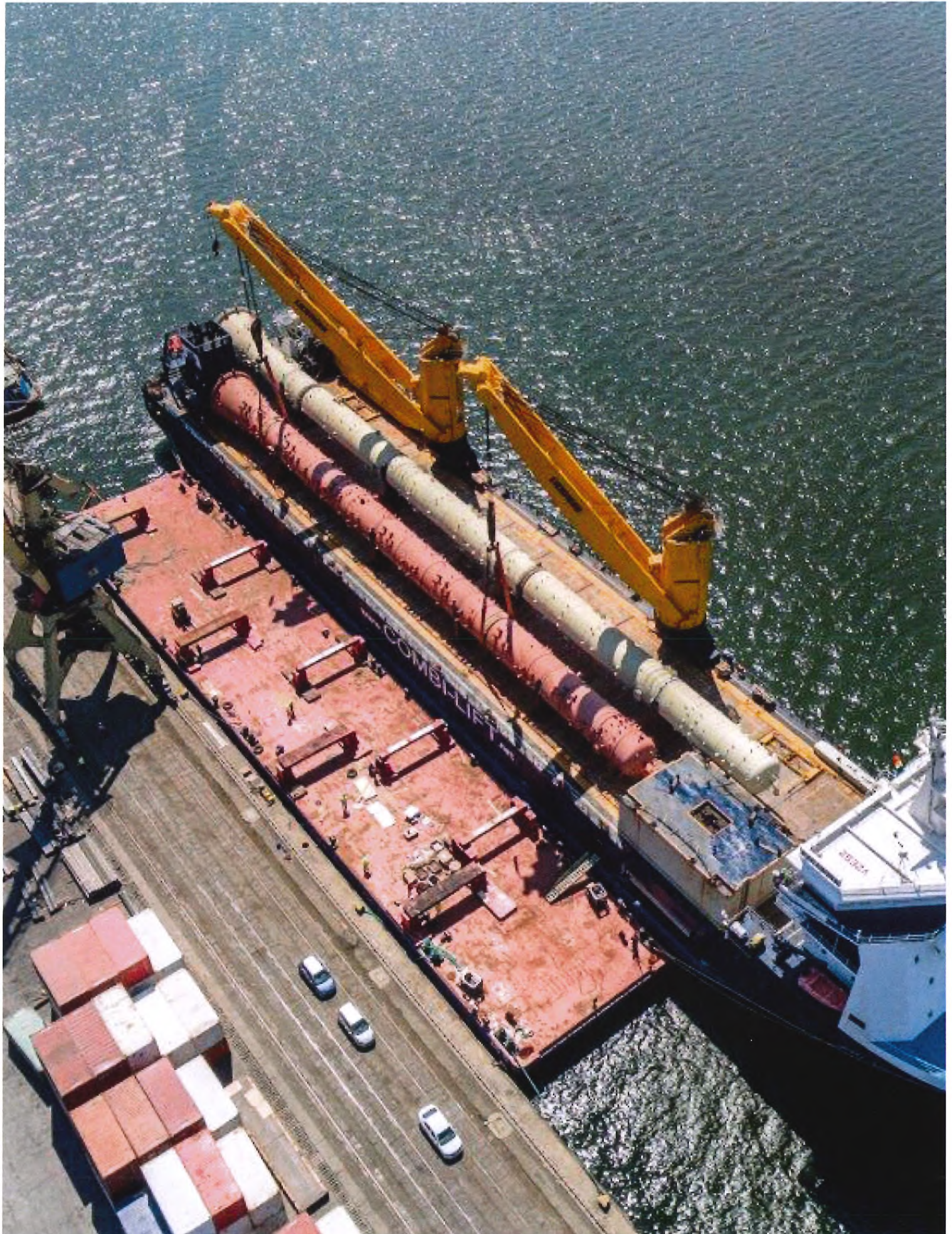


Jørn Jepsen
State Authorised Public Accountant
Identification number (MNE) mne24824



Peder Rene Pedersen
State Authorised Public Accountant
Identification (MNE) mne 23334

Oil, Gas & Industrial Projects



Management commentary

FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
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Key figures (DKK'000)

Revenue	4.447.761	4.350.528	4.197.515	4.206.938	4.062.698
Gross profit/loss	549.550	489.054	508.140	488.989	492.282
Operating profit/loss	(57.827)	(104.067)	(9.836)	(46.312)	12.464
Net financials	534	(7.995)	(3.543)	1.514	134
Net profit/loss for the year	(45.570)	(87.544)	(10.837)	(35.629)	8.778
Total assets	1.008.391	910.737	784.979	777.440	761.531
Investments in property, plant and equipment	12.076	23.573	14.534	3.419	10.426
Equity	180.974	180.544	180.088	190.925	191.554
Interest bearing debt, net	(93.242)	(173.794)	(140.467)	(136.181)	(166.129)

Ratios

Gross margin (%)	12,4	11,2	12,1	11,6	12,1
Financial gearing (%)	(0,5)	(1,0)	(0,8)	(0,7)	(0,9)
Return on equity (%)	(25,2)	(48,6)	(5,8)	(18,6)	4,7
Equity ratio (%)	17,9	19,8	22,9	24,6	25,2

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

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

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

Management commentary

PRIMARY ACTIVITIES

The Company's activities comprise international transport, freight forwarding and logistic services. The company structure within Europe is adopted as part of the Blue Water Group strategy. The total international activity in Europe is run by Blue Water Shipping A/S.

DEVELOPMENT IN ACTIVITIES AND FINANCES

The Company's income statement for the financial year 01.01.2018 – 31.12.2018 shows a financial loss of DKK 45,570k and the Company's balance sheet total at 31.12.2018 is DKK 1,008,391k and equity stands at DKK 180,974k including a Group contribution of DKK 46,000k.

The Company's activities have been stable over the year, and the financial performance has improved compared to last year.

Despite this management still considers the financial performance for the year to be unsatisfactory. Performance for the year is affected by total losses of approx. DKK 30m from the Company's Danish and Nordic activities.

The performance from the Company's oil & energy-, project related activities has developed positively, however one large project in the Baltic Sea was affected delay caused by circumstances outside the Company's control.

Compared to expectations for the year the delay had negative financial effect of DKK 35m.

The Company has launched and started implementation of a new global IT applications strategy in 2016 - 2019 and will over the next two years further reduce the number of stand-alone IT systems to fewer integrated IT platforms in order to improve the efficiency of business processes and routines.

Performance for the year is impacted by DKK 25m of costs from implementation of the new global IT applications strategy.

OUTLOOK

During 2016 and 2017 the Company has secured major contracts in relation to the oil and energy sector. The projects will take place in 2018-2020 and will have a positive impact on the Company's result in 2019-2020.

In general, the results for 2019 will be positively affected by: increase in activity level in the Group's Danish activities, in the wind logistics, Port Service and oil and energy sector and improving of efficiency from new business processes and routines across the Group as a result of the continued implementation of the IT applications strategy.

The performance in 2019 will be impacted by approx. DKK 30m of cost from continued implementation of the new global IT applications strategy.

Management is regularly adapting operations and the organisation to the market and is expecting a profit of DKK 50m and a positive cashflow in 2019.

Management commentary

RISK MANAGEMENT

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

PARTICULAR RISKS

Operating risks/economic development

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

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

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

Contractual liabilities

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

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

IT

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

Financial exposure

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

Foreign exchange risks

Most of the Company's sales is done in euro-related currencies. Trade with subsidiary companies outside Europe are primarily in USD or currencies dependent on the US currency. The Company regularly evaluates hedging of its positions in USD and currencies dependent on the US currency.

Management commentary

Credit risks

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

PARTICULAR RISKS

Cash Flow

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

INTELLECTUAL CAPITAL RESOURCES

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

CORPORATE SOCIAL RESPONSIBILITY

Statutory report on corporate social responsibility

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

<https://bws.net/en/about/policies>

Our Sustainability Report 2018 covers our policies, the global risks and our focus areas within Health, Safety, Security, Environment, Quality and CSR. The report can be found here: [https://media-cdn.bws.net/-](https://media-cdn.bws.net/-/media/Website/Files/Reports/Sustainability%20Report%202018.pdf?modified=20190520071321&la=en)

[/media/Website/Files/Reports/Sustainability%20Report%202018.pdf?modified=20190520071321&la=en](https://media-cdn.bws.net/-/media/Website/Files/Reports/Sustainability%20Report%202018.pdf?modified=20190520071321&la=en)

The Group is certified in accordance with ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 and therefore focuses on continuously improvements on Health & Safety, Environment and Quality. Additionally, the Group was TRACE certified in 2017. TRACE certified companies are "pre-vetted" partners for multinational companies seeking to do business with suppliers, agents and consultants who share their commitment to commercial transparency.

Management commentary

Statutory report on the underrepresented gender

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

When filing the 2017 annual report Blue Water Shipping A/S' board of directors consisted of four male members. It was at that time the target that the share of the underrepresented gender by 2020 would be 20% of the members elected to the board for Blue Water Shipping A/S. This target has been achieved in May 2018. As it is planned to expand the number of board members with two members who are both of the male gender we will once again fall below our 20% target. Due to the above it will be the target that the share of the underrepresented gender by 2024 will be 20% of the members elected to the board for Blue Water Shipping A/S.

For the other levels of management, a policy has been adopted aiming at increasing the number of the underrepresented gender.

It is the target that, by 2020, that the share of the underrepresented gender should be 20% at other management levels of Blue Water Shipping A/S.

The underrepresented gender at the other management levels of Blue Water Shipping A/S, which means members of the management board, managers of managers and leaders of employees at the present time accounts for 23%. Compared to the ratio when the previous policy was made in 2017 of 17%.

EVENTS AFTER THE BALANCE SHEET DATE

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

Wind Logistics



Income statement for 2018

		2018	2017
	Notes	DKK'000	DKK'000
Revenue	1	4.447.761	4.350.528
Cost of sales		(3.620.987)	(3.613.022)
Other external expenses		(277.224)	(248.452)
Gross profit/loss		549.550	489.054
Staff costs	2	(594.445)	(579.843)
Depreciation, amortisation and impairment losses	3	(12.932)	(13.278)
Operating profit/loss		(57.827)	(104.067)
Other financial income	4	3.880	837
Other financial expenses		(3.346)	(8.832)
Profit/loss before tax		(57.293)	(112.062)
Tax on profit/loss for the year	5	11.723	24.518
Profit/loss for the year	6	(45.570)	(87.544)

Balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Goodwill		4.976	8.705
Intangible assets	7	4.976	8.705
Other fixtures and fittings, tools and equipment		14.906	22.496
Leasehold improvements		21.0870	0
Property, plant and equipment in progress		0	11.303
Property, plant and equipment	8	35.993	33.799
Deposits		1.888	1.818
Fixed asset investments	9	1.888	1.818
Fixed assets		42.857	44.322
Trade receivables		632.548	574.861
Contract work in progress	10	25.200	26.921
Receivables from group enterprises		226.041	118.100
Deferred tax	11	41.192	33.642
Other receivables		4.445	9.853
Joint taxation contribution receivable		0	239
Prepayments	12	10.937	8.909
Receivables		940.363	772.525
Other investments		176	176
Other investments		176	176
Cash		24.995	93.714
Current assets		965.534	866.415
Assets		1.008.391	910.737

Balance sheet at 31.12.2018

		2018	2017
	Notes	DKK'000	DKK'000
Contributed capital	13	50.000	50.000
Retained earnings		130.974	130.544
Equity		180.974	180.544
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Deposits		325	405
Non-current liabilities other than provisions		325	405
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Bank loans		67.079	8.159
Trade payables		660.821	611.860
Payables to group enterprises		26.469	35.383
Other payables		72.723	74.386
Current liabilities other than provisions		827.092	729.788
<hr/>			
Liabilities other than provisions		827.417	730.193
<hr/>			
Equity and liabilities		1.008.391	910.737
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Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50.000	130.544	180.544
Group contributions etc.	0	46.000	46.000
Profit/loss for the year	0	(45.570)	(45.570)
Equity end of year	50.000	130.974	180.974

Marine Logistics



Cash flow statement 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		(57.827)	(104.066)
Amortisation, depreciation and impairment losses		12.932	13.278
Working capital changes	14	(122.143)	(15.613)
Cash flow from ordinary operating activities		(167.038)	(106.401)
Financial income received		3.880	855
Financial income paid		(3.346)	(8.833)
Income taxes refunded/(paid)		4.412	97
Cash flows from operating activities		(162.092)	(114.282)
Acquisition etc. of intangible assets		(400)	(6.100)
Acquisition etc. of property, plant and equipment		(12.076)	(23.573)
Sale of property, plant and equipment		1.079	945
Acquisition of fixed asset investments		(492)	(450)
Sale of fixed asset investments		422	666
Cash flows from investing activities		(11.467)	(28.512)
Instalments on loans etc.		(80)	(118)
Cash increase of capital		46.000	88.000
Cash flows from financing activities		45.920	87.882
Increase/decrease in cash and cash equivalents		(127.639)	(54.912)
Cash and cash equivalents beginning of year		85.555	140.467
Cash and cash equivalents end of year		(42.084)	85.555
Cash and cash equivalents at year-end are composed of:			
Cash		24.995	93.714
Short-term debt to banks		(60.079)	(8.159)
Cash and cash equivalents end of year		(42.084)	85.555

Notes

	2018	2017
	DKK'000	DKK'000
1. Revenue		
Transport of industrial goods	2.955.658	3.409.101
Oil, energy and perishables	1.492.103	941.427
	4.447.761	4.350.528
2. Staff costs		
Wages and salaries	588.519	545.691
Pension costs	28.514	26.252
Other social security costs	7.112	7.900
	594.445	579.843
Average number of employees	1.225	1.198
Remuneration of Management		
Executive Board	2.538	1.351
Board of Directors	205	120
	2.743	1.471
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.129	4.129
Depreciation of property, plant and equipment	9.174	9.183
Profit/loss from sale of intangible assets and property, plant and equipment	(371)	(34)
	12.932	13.278
4. Other financial income		
Financial income arising from group enterprises	1.546	0
Interest income	214	776
Other financial income	2.120	64
	3.880	837

Notes

	2018	2017
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	656	13
Change in deferred tax for the year	(12.379)	(24.182)
Adjustment concerning previous years	0	(349)
	(11.723)	(24.518)

6. Proposed distribution of profit/loss

Retained earnings	(45.570)	(87.544)
	(45.570)	(87.544)

7. Intangible assets

	Goodwill
	DKK'000
Cost beginning of year	101.317
Additions	400
Cost end of year	101.717
Amortisation and impairment losses beginning of year	(92.612)
Amortisation for the year	(4.129)
Amortisation and impairment losses end of year	(96.741)
Carrying amount end of year	4.976

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold Improve- ments DKK'000	Property, plants and equipment in progress DKK'000
8. Property, plant and equipment			
Cost beginning of year	66.612	3.722	11.303
Transfers	0	21.087	(21.087)
Additions	2.292	0	9.784
Disposals	(1.722)	0	0
Cost end of year	67.182	24.809	0
Depreciation and impairment losses beginning of the year	(44.116)	(3.722)	0
Depreciation for the year	(9.174)	0	0
Reversal regarding disposals	1.014	0	0
Depreciation and impairment losses end of the year	(52.276)	(3.722)	0
Carrying amount end of year	14.906	21.087	0
			Deposits DKK'000
9. Fixed asset investments			
Cost beginning of year			1.818
Additions			492
Disposals			(422)
Cost end of year			1.888
Carrying amount end of year			1.888
10. Contract work in progress			
The amount comprises vendor's invoices not received and not yet invoiced but performed transactions.			

General Cargo



Notes

	2018	2017
	DKK'000	DKK'000
11. Deferred tax		
Intangible assets	1.300	1.799
Property, plant and equipment	2.572	2.118
Tax losses carried forward	37.320	29.725
	41.192	33.642

Changes during the year

Beginning of year	33.642
Recognised in the income statement	7.550
End of year	41.192

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

12. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years

13. Contributed capital

	Number	Par value DKK'000	Nominal Par value DKK'000
Share capital	50.000.000	1	50.000
	50.000.000		50.000

Notes

	2018	2017
	DKK'000	DKK'000
14. Change in working capital		
Increase/decrease in receivables	(160.527)	(142.731)
Increase/decrease in trade payables etc.	38.384	127.118
	(122.143)	(15.613)
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	24.440	27.472
16. Contingent liabilities		
Recourse and non-recourse guarantee commitments	120.343	121.463
Contingent liabilities in total	120.343	121.463
Recourse and non-recourse guarantee commitments	13.281	23.854
Hereof contingent liabilities to group enterprises	13.281	23.854

Notes

Lawsuits

The Company is involved in a few lawsuits. These lawsuits will in the opinion of the management not have material influence on the company's financial position.

The Entity participates in a Danish joint taxation arrangement in which Blue Water Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The Company has entered into forward exchange rate contracts of USD 5,000k, AUD 800k and GBP 2,704k. Unrealised net losses at 31 December 2018 amounts to DKK 282k.

17. Mortgages and securities

None

18. Transactions with related parties

The Company has registered the following shareholders to hold 100% of the voting share capital or the nominal value of the share capital:

Blue Water Holding A/S, Esbjerg, Denmark

19. Transactions with related parties

The annual report discloses transactions with related parties that have not been completed on normal market terms.

Blue Water Shipping A/S has received group contributions DKK 46,000k from Blue Water Holding A/S.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Blue Water Holding A/S, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Blue Water Holding A/S, Esbjerg

Port Services & Agency



Accounting policies

REPORTING CLASS

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

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

RECOGNITION AND MEASUREMENT

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

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

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

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

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

FOREIGN CURRENCY TRANSLATION

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Accounting policies

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

INCOME STATEMENT

Revenue

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

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

Accounting policies

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation, and impairment losses

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

Other financial income

Other financial income comprises interest income payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

BALANCE SHEET

Goodwill

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

Goodwill

5-10 years

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

Property, plant and equipment

Leasehold improvement, other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment

3-10 years

Leasehold improvement

5 years

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

Estimated useful lives and residual values are reassessed annually.

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

Receivables

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

Contract work in progress

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

Accounting policies

Deferred tax

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

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

Income tax payable or receivable

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

Prepayments

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

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date. Deposits under fixed assets are measured at amortised cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

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

Other financial liabilities

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

Reefer Logistics



Accounting policies

CASH FLOW STATEMENT

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

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

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

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

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