



BLUE WATER INTERNATIONAL A/S

ANNUAL REPORT 2015 | CBR NO: 78 82 88 11



**BLUE
WATER
SHIPPING**

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Entity details

ENTITY

Blue Water International A/S
Trafikhavnskaj 9
6700 Esbjerg

CBR No: 78828811
Registered in: Esbjerg
Financial year: 01.01.2015 - 31.12.2015

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

BOARD OF DIRECTORS

Niels Kaalund, Chairman
Kurt Skov
Jørgen Meyer
Preben Møller Nielsen

EXECUTIVE BOARD

Kurt Skov, Managing Director

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
Frodesgade 125
6701 Esbjerg

The annual General Meeting adopted the annual report on 18th of May 2016

Chairman of the General Meeting



Name: Niels Kaalund

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue Water International A/S for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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


Esbjerg, 18.05.2016

EXECUTIVE BOARD



Kurt Skov
Managing Director

BOARD OF DIRECTORS



Niels Kaalund
Chairman



Kurt Skov



Jørgen Meyer



Preben Møller Nielsen

Independent auditor's report

To the owners of Blue Water International A/S

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Blue Water International A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's report

STATEMENT ON THE MANAGEMENT COMMENTARY

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Esbjerg, 18.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Jørn Jepsen

State Authorised Public Accountant

CBR No: 33963556



Peder R. Pedersen

State Authorised Public Accountant

Management commentary

PRIMARY ACTIVITIES

The company's activities comprise the possession of shares and international transport, freight forwarding and logistic activities.

DEVELOPMENT IN ACTIVITIES AND FINANCES

The company's income statement for the financial year 01.01.2015 – 31.12.2015 shows a profit of DKK 6.369k and the company's balance sheet at 31.12.2015 shows a total of DKK 142.427k and equity of DKK 110.602k.

Performance for the year is affected by oil- and project-related activities having declined by a total of approx DKK 5m.

Also, because of this, strategic adjustments have been made, with a total earnings impact of another DKK 5m.

The performance development of the Company's other activities has been positive.

OUTLOOK

Management is regularly adapting operations to the market and expects a profit for 2016. The Company is expected to have positive cash flow in 2016.

EVENTS AFTER THE BALANCE SHEET DATE

To this date no events have occurred after the balance sheet date which would influence the evaluation of this annual report.

Accounting policies

REPORTING CLASS

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

CONSOLIDATED FINANCIAL STATEMENTS

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Accounting policies

INCOME STATEMENT

Gross profit or loss

Gross profit or loss comprises revenue, changes in work in progress, consumables and external expenses.

Revenue

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

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

Cost of sales

Cost of sales comprises costs related to achieving the net turnover. Included is settlements of haulage contractors, shipping companies, airlines etc.

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.

Income from investments in group enterprises

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

Income from investments in associates

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

Income from other fixed asset investments

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

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

Income taxes

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 the parent and its 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).

BALANCE SHEET

Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

Accounting policies

Investments in associates

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

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

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

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

Other investments

Other investments comprise shares which are measured at fair value (market price) at the balance sheet date.

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.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions comprise group enterprises and associates with negative equity. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant group enterprises and associates.

Other financial liabilities

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

Accounting policies

Income tax receivable or payable

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.

Income statement for 2015

	Notes	2015 DKK'000	2014 DKK'000
Gross loss		(1.584)	(2.190)
Staff costs	1	(1.244)	(1.407)
Operating profit/loss		(2.828)	(3.597)
Income from investments in group enterprises		7.424	17.835
Income from investments in associates		405	5.127
Income from other investments and receivables that are fixed assets		261	(183)
Other financial income	2	4.168	3.665
Other financial expenses	3	(943)	(912)
Profit/loss from ordinary activities before tax		8.487	21.935
Tax on profit/loss from ordinary activities	4	(2.118)	(2.260)
Profit/loss for the year		6.369	19.675
Proposed distribution of profit/loss			
Dividend for the financial year		7.000	5.000
Reserve for net revaluation according to the equity method		8.822	0
Retained earnings		(9.453)	14.675
		6.369	19.675

Balance sheet at 31.12.2015

		2015	2014
	Notes	DKK'000	DKK'000
Investments in group enterprises		65.917	71.535
Investments in associates		6.627	5.806
Other investments		9.256	9.736
Fixed asset investments	5	81.800	87.077
Fixed assets		81.800	87.077
Trade receivables		5.470	4.507
Contract work in progress	6	0	552
Receivables from group enterprises		40.712	41.907
Receivables from associates		50	90
Other short-term receivables	7	13.965	19.581
Receivables		60.197	66.637
Cash		430	128
Current assets		60.627	66.765
Assets		142.427	153.842

Balance sheet at 31.12.2015

		2015	2014
	Notes	DKK'000	DKK'000
Contributed capital	8	25.000	25.000
Reserve for net revaluation according to the equity method		8.822	0
Retained earnings		69.780	79.233
Proposed dividends		7.000	5.000
Equity		110.602	109.233
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Provisions for investments in group enterprises		0	519
Provisions for investments in associates		0	4
Provisions		0	523
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Bank loans		19.286	34.116
Trade payables		7.619	6.893
Debt to group enterprises		3.135	472
Income tax payable		495	473
Other payables		1.290	2.132
Current liabilities other than provisions		31.825	44.086
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Liabilities other than provisions		31.825	44.086
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Equity and liabilities		142.427	153.842
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Contingent liabilities	9		
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Statement of changes in equity for 2015

	Contributed capital DKK'000	Reserve for net revalu- ation ac- cording to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	25.000	0	79.233	5.000	109.233
Ordinary dividend paid	0	0	0	(5.000)	(5.000)
Profit/loss for the year	0	8.822	(9.453)	7.000	6.369
Equity end of year	25.000	8.822	69.780	7.000	110.602

Notes

	2015	2014
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	1.124	1.096
Other social security costs	120	311
	1.244	1.407
2. Other financial income		
Financial income arising from group enterprises	1.066	376
Other financial income	3.102	3.289
	4.168	3.665
3. Other financial expenses		
Other financial expenses	943	912
	943	912
4. Tax on ordinary profit/loss for the year		
Current tax	1.908	2.211
Adjustment relating to previous years	210	49
	2.118	2.260

Notes

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000
5. Fixed asset investments			
Cost beginning of year	103.581	2.340	25.820
Additions	3.367	0	5
Disposals	(54.471)	(43)	(515)
Cost end of year	52.477	2.297	25.310
Revaluations beginning of year	0	3.466	0
Exchange rate adjustments	0	(144)	0
Share of profit/loss after tax	0	406	0
Dividend	0	(3.408)	0
Investments with negative equity depreciated over receivables	0	3.948	0
Other adjustments	13.440	(379)	0
Reversal regarding disposals	0	441	0
Revaluations end of year	13.440	4.330	0
Impairment losses beginning of year	(32.046)	0	(16.084)
Exchange rate adjustments	1.455	0	(20)
Share of profit/loss after tax	7.423	0	0
Dividend	(15.269)	0	0
Investments with negative equity depreciated over receivables	(187)	0	0
Fair value adjustments	0	0	731
Other adjustments	(13.440)	0	0
Reversal regarding disposals	52.064	0	(681)
Impairment losses end of year	0	0	(16.054)
Carrying amount end of year	65.917	6.627	9.256

Notes

Subsidiaries	Registered in	Corporate form	Equity interest %
Blue Water Middle East A/S	Esbjerg, Denmark	A/S	100,00
Blue Water Shipping GmbH	Bremen, Germany	GMBH	100,00
Blue Water Shipping SARL	Lorient, France	SARL	100,00
Blue Water Projects S.L.	Barcelona, Spain	S.L.	100,00
Blue Water Shipping US Inc.	Houston, USA	Inc.	100,00
Blue Water Shipping do Brazil Ltda	São Paulo, Brasil	Ltda	99,00
BWCNH ApS	Esbjerg, Denmark	ApS	100,00
Blue Water Shipping OY	Helsingfors, Finland	OY	100,00
Blue Water Shipping AS	Oslo, Norge	AS	100,00
P/F Blue Water Shipping	Tórshavn, Faroe Islands	P/F	100,00
Blue Water Shipping AB	Göteborg, Sweden	AB	100,00
Blue Water Stevedoring A/S	Esbjerg, Denmark	A/S	100,00
Blue Water Greenland A/S	Sermersooq, Denmark	A/S	100,00
Blue Water Shipping B.V.	Amsterdam, Netherlands	B.V.	100,00
Blue Water Shipping ehf.	Reykjavik, Iceland	EHF.	100,00
Blue Water Transport PTY Ltd.	Sydney, Australia	Ltd.	100,00
Aarhus Logistics Center A/S	Aarhus, Denmark	A/S	100,00
Blue Water Shipping España S.A.	Barcelona, Spain	S.A	75,00
Blue Water Shipping UK Ltd.	Manchester, United Kingdom	Ltd.	100,00
Blue Water Shipping Ireland Ltd	Dublin, Ireland	Ltd.	100,00
Blue Water Shipping Poland SP.Z.O.O	Warszawa, Poland	SP.Z.O.O	100,00
Blue Water International Ltd.	Amman, Jordan	Ltd.	100,00
Blue Water Shipping Portugal, Unipessoal Lda.	Lisbon, Portugal	Lda.	100,00

Notes

Associates	Registered in	Corpo- rate form	Equity interest %
Femern Belt Services A/S	Lolland, Denmark	A/S	25,00
Esbjerg Marine Service K/S	Esbjerg, Denmark	K/S	31,66
Komplementarselskabet Esbjerg Marine Service ApS	Esbjerg, Denmark	ApS	33,34
Team Esbjerg Elite Håndbold A/S	Esbjerg, Denmark	A/S	50,00
Trans World Shipping AB	Vantaa, Finland	AB	45,00
Ocean Atlantic Partners Ltd.	Bahamas	Ltd.	20,00
Esbjerg Tubular Services ApS	Esbjerg, Denmark	ApS	50,00

Notes

6. Contract work in progress

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

7. Other short-term receivables

Of other receivables, DKK 15.361k fall due for payment after one (1) year.

	Number	Par value DKK'000	Nominal value DKK'000
8. Contributed capital			
Share	1	3.900,00	3.900
Share	1	2.500,00	2.500
Share	1	1.157,00	1.157
Share	6	100,00	600
Share	1	16.843,00	16.843
	10		25.000

Changes in contributed capital:

	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000
Contributed capital beginning of year	25.000	25.000	25.000	8.157	8.157
Increase of capital	0	0	0	16.843	0
Contributed capital end of year	25.000	25.000	25.000	25.000	8.157

Notes

	2015	2014
	DKK'000	DKK'000
9. Contingent liabilities		
Recourse and non-recourse guarantee commitments	2.470	5.121
Contingent liabilities	2.470	5.121
Recourse guarantee commitments towards Parent and fellow subsidiaries	0	0
Contingent liabilities related to Parent and fellow subsidiaries	0	0

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

The Company has presented a letter of support to Blue Water Shipping UK Ltd that they will provide the necessary liquidity in the accounting year of 2016.

The Company 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 Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

10. Assets charged and collateral

By way of security for bank debt towards Parent and fellow subsidiaries, the following capital investment has been provided to security:

	2015	2014
	DKK'000	DKK'000
Book value of capital investment	0	2.426

11. Consolidation

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