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**BLUE
WATER
SHIPPING**

BLUE WATER SHIPPING A/S

ANNUAL FINANCIAL STATEMENTS
AND GROUP REPORT FOR 1997

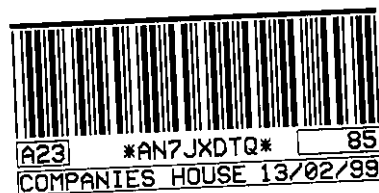


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COMPANY INFORMATION

Company

Blue Water Shipping A/S

Trafikhavns Tværkaj 2

6700 Esbjerg

Company registration no: 65.286

Registered in: Esbjerg

Departments

Denmark

England

Ireland

Holland

Russia

Furthermore the group is represented by subsidiary and associated companies in:

France

Spain

Greenland

Dubai, U.A.E.

Georgia

Azerbaijan

Board of Directors

Solicitor Niels Kaalund, chairman

Shipbroker Kurt Skov

Managing Director Lars Peter Ehrhorn

Management

Kurt Skov

COMPANY INFORMATION

Group relations

The group comprises

Blue Water Shipping A/S, Esbjerg

Blue Water International A/S, Esbjerg

Blue Water Transport A/S, Esbjerg

Blue Water Middle East A/S, Esbjerg

Knud Sørensen Shipping A/S, Esbjerg

Blue Water Shipping SARL, France

Hjerting United Stevedoring ApS, Esbjerg

Nordshipping Hanstholm ApS, Esbjerg

Hjerting Invest ApS, Esbjerg

Blue Water Shipping (UK) Ltd, England

Blue Water Trucking Ltd, England

Blue Water Greenland ApS, Nuuk

Blue Water Stevedoring A/S, Esbjerg

Polar Line A/S, Nuuk

Company auditor

Deloitte & Touche Statsautoriseret Revisionsaktieselskab

Approved by the company in General Meeting, on 19 June 1998

Chairman

ANNUAL REPORT

Activity

The company's and the Group's activities comprise ship's agency, chartering, forwarding, warehousing, stevedoring and other carrying trade.

Economic developments

1997 was a satisfactory year for Blue Water Shipping A/S.

Profit of the year before tax amounts to TDKK 4,635 as compared with TDKK 682 last year.

As previously, development and preliminary expenses are entered as expenditure in the profit and loss account concurrently with payment of same. This has affected the results of 1997 considerably.

The profit of the year after tax amounts to TDKK 2,857.

The budget for 1998 shows a satisfactory profit. Realized profit for the first quarter of 1998 agrees with the budget.

Further comments:

General:

Throughout 1997 Blue Water Shipping A/S has been working on the adaption of the future development to the strategy plan established in 1996. The strategy plan was implemented with the purpose of securing a positive and stable development of the individual fields of activities within Blue Water Shipping A/S.

Denmark

Blue Water Shipping A/S is one of the most all-round shipping and freight forwarding companies in Denmark. The company is nationwide represented with 12 offices in Denmark.

In 1997 the group has strengthened its position within transport by road, rail, sea as well as air.

Within specific niches, food transport and transport and base activities, in particular, related to the oil and energy sector have intensified.

ANNUAL REPORT

The increasing level of activity in the oil and energy sector has resulted in the establishment of a new oil and energy division.

Greenland transport developed favourably and has now stabilized resulting in a big share of the market.

Foreign Countries

Blue Water Shipping A/S has 16 offices outside Denmark distributed in England, Scotland, Ireland, Holland, France, Spain, Greenland, the United Arab Emirates, Russia, Georgia and Azerbaijan.

All branch offices are based on relations and co-operation with other Blue Water departments and usually further developments are effected - in principle within more branches of the transport and forwarding trade.

In addition to representation through its own offices in various countries, Blue Water has established an European as well as a global agency network covering any kind of transport.

Due to our oil activities around the North Sea, an office has been established in the oil city of Aberdeen. Blue Water Shipping Caspian Ltd has made a big transport contract with BP Exploration (Shah Deniz) Ltd in the important oil territory around the Caspian Sea.

Investments

During 1997 the parent company's net investment in fixed assets amounted to DKK 5 mill. net. The investments of the group amount to approx. DKK 1 mill. net.

For the year to come a similar investment level is expected.

Subsequent events

No significant events have taken place, from the balance sheet date until today, which could effect the annual accounts and the consolidated accounts.

ANNUAL REPORT**The future**

Based on the geographical spread Blue Water Shipping A/S will continue to strengthen its position within transport by road, rail, sea and air.

In addition, niches in global transportation of foodstuffs and transport and base activities related to the oil and gas industry in the North Sea, the Middle East and the areas around the Caspian Sea will be given high priority.

Shareholder

Blue Water Holding A/S, Esbjerg owns at least 5% of the share capital.

Appropriation of profit

The Board of Directors recommends the profit of the year to be appropriated as follows:

	1997
	<u>TDKK</u>
Dividends	200
Transferred to equity reserve	808
Result brought forward	<u>1.849</u>
	<u>2.857</u>

SIGNATURES OF THE MANAGEMENT AND THE BOARD OF DIRECTORS

The annual report and the following annual financial statements and group report are recommended for approval by the company in general meeting.

Esbjerg, 30 May 1998

Board of Management

Kurt Skov

Board of Directors

Niels Kaalund
Chairman

Kurt Skov

Lars Peter Ehrhorn

**AUDITORS' REPORT**

We have audited the financial statements and the consolidated financial statements of Blue Water Shipping A/S for 1997 presented by the management.

Basis of opinion

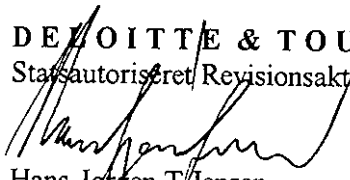
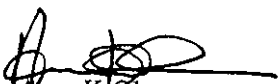
We have planned and conducted our audit in accordance with generally accepted audit standards to obtain reasonable assurance about whether the financial statements are free of material misstatement. Based on an evaluation of materiality and risk our audit has included an examination of evidence supporting the amounts and disclosures in the financial statements. We have assessed the accounting policies applied and the estimates made by the management as well as evaluated the overall financial statement presentation.

Our audit has not given rise to qualifications.

Opinion

In our opinion, the financial statements and the consolidated financial statements have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the group's and the parent company's assets and liabilities, financial position and result.

Esbjerg, May 30, 1998

DELOITTE & TOUCHE
Statsautoriseret Revisionsaktieselskab
Hans-Jørgen T. Jensen
State-Authorised Public Accountant
(Denmark)
Arne K. Olsen
State-Authorised Public Accountant
(Denmark)

ACCOUNTING POLICIES APPLIED

General

The annual accounts and the consolidated accounts in general have been presented in accordance with Danish legislation.

The accounting policies applied are consistent with those applied last year.

Blue Water Shipping A/S is part of the consolidated accounts for Blue Water Holding A/S.

Consolidation

The consolidated accounts include Blue Water Shipping A/S (the parent company) and subsidiary companies owned 100%:

Blue Water International A/S
Blue Water Middle East A/S
Knud Sørensen Shipping A/S
Blue Water Shipping SARL
Hjerting United Stevedoring ApS
Nordshipping Hanstholm ApS
Hjerting Invest ApS
Blue Water Shipping (UK) Ltd
Blue Water Greenland ApS
Blue Water Stevedoring A/S
Polar Line A/S

In addition the consolidated accounts include the subsidiary company Blue Water Transport A/S owned 100% by Blue Water International A/S.

The consolidated accounts are prepared as a summary of the accounts at each single company, and eliminations of internal income and costs, shareholdings, current accounts and dividends together with non-realized internal profit and loss on inventories and fixed assets have been made.

ACCOUNTING POLICIES APPLIED

In the consolidated accounts, the net book value of the parent company's shares in the subsidiary companies equalizes the parent company's share of the subsidiary companies' equity capital at the time when the group relations were established.

Net turnover

The net profit is recorded for the period, where the individual transactions in principal have been carried out. An approximate invoicing principle is used for the recording of the income.

Extraordinary items

Items of income and expenses that differ from the company's ordinary activities are stated as extraordinary items.

Taxation

Company tax is charged to the profit and loss account with 38% of the profit before tax adjusted for items.

Deferred tax - the result of timing differences between income and expenses in the financial statements and in the tax return - is reported in the notes.

The company is jointly taxed with some of the subsidiary companies owned 100%. The tax on the net tax income subject to joint taxation is charged in Blue Water Shipping A/S.

Foreign currency conversion

Accounts receivable and payable in foreign currencies and the consolidation of foreign departments/subsidiaries are in DKK at the rate of exchange ruling on the balance sheet date. Realised as well as unrealised profit and losses due to exchange fluctuation are included in the profit and loss account.

ACCOUNTING POLICIES APPLIED**Intangible fixed assets**

Intangible fixed assets are recorded at purchase price less depreciation.

The straight-line depreciation made is based on the following expected useful lives of the assets:

Group goodwill	5 years
Goodwill	5 years
Leasehold improvements	5 years

Deposits are not subject to depreciation.

Tangible fixed assets

Tangible fixed assets are recorded at purchase price less depreciation.

The straight-line depreciation made is based on the following expected useful lives of the assets:

Buildings	22-30 years
Cold storage plants	10 years
Other fixtures, fittings, tools and equipment	3-8 years

Assets at purchase price of less than TDKK 9 per unit are charged to the profit and loss account in the year of purchase.

Investments in subsidiary and associated companies and other companies

Investments in subsidiaries and associated companies and other companies are assessed according to the equity method. Consequently, the share of the equity is recorded in the balance sheet at proportional share of the book value and the share of the profit of the year is recorded in the profit and loss account.

Other financial fixed assets

Other securities and investments, receivables and subordinated loan capital are recorded at purchase price less depreciation according to valuation.

ACCOUNTING POLICIES APPLIED

Inventories

Valuation of spare parts inventories at purchase price (assessed after the FIFO-principle) or net realizable value, if lower. Depreciation of unmarketable articles and articles of slow marketability.

Trade debtors

Trade debtors less provision for loss-risks are, based on individual evaluation, recorded at their estimated realizable value.

Cash flow statement

The cash flow statement is presented according to the indirect method. It shows cash flow from operations, investments and financing as well as the group's / company's cash and cash equivalents at the beginning and the end of the year.

"Cash flow from operations" is determined as the profit/loss of the year adjusted for non-cash operating items, movements in the working capital and company tax paid.

"Cash flow from investments" includes the purchase and sale of fixed assets.

"Cash flow from financing" includes the raising of and instalments on long term loans as well as payment of dividends.

"Cash and cash equivalents" include cash at bank and in hand less short term bank loans.

PROFIT AND LOSS ACCOUNT FOR 1997 (TDKK)

	Note	The Group 1997	The Group 1996	The Parent Company 1997	The Parent Company 1996
Net turnover		161.949	148.274	109.433	98.214
Other external costs		(58.475)	(53.736)	(33.509)	(32.680)
Staff expenses	1	(87.303)	(78.536)	(64.904)	(58.501)
Depreciations etc.	2	(9.265)	(11.343)	(6.078)	(5.751)
Operating profit		6.906	4.659	4.942	1.282
Share of subsidiary companies' result before tax	3	0	0	813	2.357
Share of associated companies' result before tax	4	0	(278)	0	(278)
Share of other companies' result before tax	5	37	697	47	35
Operating profit before interest		6.943	5.078	5.802	3.396
Financial income	6	2.204	2.833	1.938	2.710
Financial expenses	7	(4.512)	(6.884)	(3.105)	(5.079)
Profit before extraordinary items and tax		4.635	1.027	4.635	1.027
Extraordinary items	8	0	(345)	0	(345)
Profit before tax		4.635	682	4.635	682
Company tax	9	(1.778)	45	(1.778)	45
PROFIT FOR THE YEAR		2.857	727	2.857	727

The appropriation of the profit is shown in the annual report.

BALANCE SHEET AT 31.12 1997 (TDKK)

ASSETS

	Note	The Group 1997	The Group 1996	The Parent Company 1997	The Parent Company 1996
Group goodwill	10	627	1.252	627	1.252
Goodwill	10	1.719	759	1.719	759
Leasehold improvements	10	201	3	0	3
Deposits	10	634	416	554	345
Total intangible fixed assets		3.181	2.430	2.900	2.359
Buildings and cold storage plants	11	32.289	32.558	21.746	23.689
Other fixtures, fittings, tools and equipment	11	18.700	26.638	8.361	9.028
Total tangible fixed assets		50.989	59.196	30.107	32.717
Investment in subsidiary companies	12	0	0	11.865	9.148
Investment in associated companies	12	1.023	243	0	243
Investment in other companies	12	1.211	1.168	203	203
Other securities and capital investments	12	1.522	1.639	456	456
Other financial fixed assets	13	186	311	2.000	2.000
Total financial fixed assets		3.942	3.361	14.524	12.050
TOTAL FIXED ASSETS		58.112	64.987	47.531	47.126
Inventories		300	496	0	0
Trade debtors		96.677	77.640	79.895	65.115
Subsidiary companies receivables	14	267	244	6.930	3.576
Other debtors		4.340	6.165	2.107	2.611
Work in progress	22	1.259	0	1.457	623
Accrued income and deferred expenses		1.064	647	586	40
Total debtors		103.607	84.696	90.975	71.965
Cash at bank and in hand		26.793	29.143	23.923	26.348
TOTAL CURRENT ASSETS		130.700	114.335	114.898	98.313
TOTAL ASSETS		188.812	179.322	162.429	145.439

BALANCE SHEET AT 31.12 1997 (TDKK)**LIABILITIES**

	Note	The Group 1997	The Group 1996	The Parent Company 1997	The Parent Company 1996
Share capital	15	2.000	2.000	2.000	2.000
Appreciation - subsidiary companies	16	915	0	915	0
Equity reserve	17	0	0	1.215	407
Profit brought forward	18	15.073	12.416	13.858	12.009
TOTAL EQUITY		17.988	14.416	17.988	14.416
 Mortgage loans		29.316	28.768	22.012	24.105
Deposits		76	94	76	94
Bank loans		15.706	19.789	5.459	443
Total long term creditors	19	45.098	48.651	27.547	24.642
 Mortgage loans		2.149	1.671	1.427	1.413
Bank loans	20	5.082	3.201	4.493	2.676
Trade creditors		93.682	83.533	82.640	69.966
Subsidiary companies payables	21	0	276	10.050	10.300
Company tax	9	1.722	0	1.722	0
Work in progress	22	0	23	0	0
Other creditors		22.891	27.551	16.362	22.026
Dividends for the accounting year		200	0	200	0
Total short term creditors		125.726	116.255	116.894	106.381
 TOTAL CREDITORS		170.824	164.906	144.441	131.023
 TOTAL LIABILITIES		188.812	179.322	162.429	145.439

Pledged assets and contingent liabilities etc. are shown on page 16

CASH FLOW STATEMENT FOR 1997 (TDKK)

	The Group		The Parent Company	
	1997	1996	1997	1996
Profit before financial items	6.943	5.078	5.802	3.396
Depreciations	9.265	11.343	6.078	5.751
Share of subsidiary, associated and other companies' result before tax	(37)	(419)	(860)	(2.114)
Cash flow from operation before changes in working capital	16.171	16.002	11.020	7.033
Change in working capital	(13.047)	(15.798)	(12.236)	(8.939)
Cash flow from operation after changes in working capital	3.124	204	(1.216)	(1.905)
Net interest and capital gains	(2.308)	(4.051)	(1.167)	(2.369)
Extraordinary items	0	(345)	0	(345)
Company tax paid	(56)	45	(56)	45
NET CASH FLOW FROM OPERATIONS	760	(4.147)	(2.439)	(4.574)
Net investment in fixed assets	(1.438)	(5.631)	(4.708)	(5.410)
NET CASH FLOW IMPACT ON INVESTMENTS	(1.438)	(5.631)	(4.708)	(5.410)
Raise of and instalment on long term loan, net	(3.553)	(2.212)	2.905	(223)
CASH FLOW FROM FINANCING	(3.553)	(2.212)	2.905	(223)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4.231)	(11.990)	(4.242)	(10.207)
Cash and cash equivalents at 01.01 1997	25.942	37.932	23.672	33.879
CASH AND CASH EQUIVALENTS AT 31.12 1997	21.711	25.942	19.430	23.672
Cash and cash equivalents comprise:				
Cash at bank and in hand	26.793	29.143	23.923	26.348
Short term bank loans	(5.082)	(3.201)	(4.493)	(2.676)
	21.711	25.942	19.430	23.672

On 31.12 1997, the Group had in excess of cash and cash equivalents unutilized credit-drawing facilities of approx TDKK 18.000 in credit institutions.

PLEDGED ASSETS AND CONTINGENT LIABILITIES ETC. (TDKK)

	The Group		The Parent Company	
	1997	1996	1997	1996
Pledged assets				
The bank loans are secured by way of a deposited owner's mortgage on real property of the Group, and mortgage on technical equipment and machinery and furthermore first priority in associated company receivables has been transferred to the bank:				
• Nominal value of owner's mortgage deeds etc.	5.950	2.450	5.950	2.450
• Nominal value of mortgage deed on movable property	27.900	27.900	0	0
• Net book value of pledged assets	12.542	20.945	3.698	4.125
• Net book value of accounts receivable	0	0	0	0
The mortgage loan is secured by way of a mortgage on buildings. The mortgage loan includes TDKK 8.006 from the Group and TDKK 3.420 from the parent company, secured by way of mortgage deeds registered to the owner.				
Nominal value of mortgage deeds etc.	25.000	25.000	5.000	5.000
Deposited in the bank as security for trade creditors.	452	326	0	0
Leasing obligations				
Leasing obligations for about 3 years lie with the Group/company - at a total yearly expense of				
	700	600	600	600
Payment Guarantees				
Foreign customs credits etc. are secured by bank guarantees				
	6.602	2.925	5.814	2.905
Contract of Guarantee companies'				
Guarantee for subsidiary company's bank loans (max TDKK 1.200), which on the balance date amounts to				
	0	0	587	0
Guarantee for associated company's bank loans.	0	1.000	0	1.000
Guarantee for subsidiary company's bank loans, which on the balance date amounts to TDKK 10.249 max. liability	0	0	1.000	3.000
Guarantee for subsidiary company's bank loans, in connection with which the debtor has mortgaged TDKK 7.214 on tangible assets. The bank loans on the balance sheet date amounts to	0	0	2.320	2.500

The company/Group is liable for debt in ship of TDKK 500.

NOTES (TDKK)

	The Group		The Parent Company	
	1997	1996	1997	1996
1. Staff expenses				
Wages and salaries	85.203	76.838	64.292	58.359
Pension contributions and other social security expenses	<u>2.100</u>	<u>1.698</u>	<u>612</u>	<u>142</u>
	<u>87.303</u>	<u>78.536</u>	<u>64.904</u>	<u>58.501</u>
 Average number of employees	 <u>323</u>	 <u>331</u>	 <u>256</u>	 <u>255</u>
2. Depreciations etc.				
Depreciations	11.889	11.679	6.236	5.912
Profit from sale of tangible fixed assets	<u>(2.624)</u>	<u>(336)</u>	<u>(158)</u>	<u>(161)</u>
	<u>9.265</u>	<u>11.343</u>	<u>6.078</u>	<u>5.751</u>
3. Share of subsidiary companies' result before tax				
Profit	0	0	813	2.357
Loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>813</u>	<u>2.357</u>
4. Share of associated companies' result before tax				
Profit	0	0	0	0
Loss	<u>0</u>	<u>278</u>	<u>0</u>	<u>278</u>
	<u>0</u>	<u>278</u>	<u>0</u>	<u>278</u>
5. Share of other companies' result before tax				
Profit	37	697	47	35
Loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>37</u>	<u>697</u>	<u>47</u>	<u>35</u>

NOTES (TDKK)

	The Group		The Parent Company	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
6. Financial income				
Interest income - subsidiary companies	14	4	242	170
Interest income - others	1.270	1.683	1.080	1.394
Adjustment of currency etc.	<u>920</u>	<u>1.146</u>	<u>616</u>	<u>1.146</u>
	<u>2.204</u>	<u>2.833</u>	<u>1.938</u>	<u>2.710</u>
7. Financial expenses				
Interest expenses - subsidiary companies	0	0	312	290
Interest expenses	4.512	6.884	2.793	4.789
Adjustment of currency etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>4.512</u>	<u>6.884</u>	<u>3.105</u>	<u>5.079</u>
8. Extraordinary items				
Expenses paid/set aside in connection with claims	<u>0</u>	<u>345</u>	<u>0</u>	<u>345</u>
	<u>0</u>	<u>345</u>	<u>0</u>	<u>345</u>

NOTES (TDKK)

	The Group		The Parent Company	
	1997	1996	1997	1996
9. Company tax				
Actual company tax	1.722	16	1.722	0
Adjustment regarding previous years	<u>56</u>	<u>(61)</u>	<u>56</u>	<u>(61)</u>
	1.778	(45)	1.778	(61)
Share of company tax in subsidiary companies	0	0	0	16
Share of company tax in associated companies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1.778</u>	<u>(45)</u>	<u>1.778</u>	<u>(45)</u>
Extraordinary items have reduced the company tax by	<u>0</u>	<u>131</u>	<u>0</u>	<u>131</u>
Company tax paid during the year	<u>56</u>	<u>(45)</u>	<u>56</u>	<u>(61)</u>
Realization of the assets at the net book value stated in the balance sheet would result in taxable income, which calculated with 34% amounts to:				
Intangible fixed assets	0	(1)	0	0
Buildings and cold storage plants	2.016	1.972	1.693	1.790
Other tangible fixed assets	1.862	1.839	650	611
Inventories	165	169	0	0
Trade debtors	(1.079)	(1.048)	(854)	(951)
Tax loss	<u>(172)</u>	<u>(397)</u>	<u>0</u>	<u>(286)</u>
	<u>2.792</u>	<u>2.534</u>	<u>1.489</u>	<u>1.164</u>

Realization of a financial fixed asset within a period of approximately 3 years, will result in an additional total tax of TDKK 311.

The total deferred tax is not listed under allocation in the annual/Group report.

NOTES (TDKK)

	Group good- will	The Group Good will	Lease- hold improve- ments	Depo- sits
10. Intangible fixed assets				
Purchase price at 01.01 1997	3.129	7.805	1.043	416
Adjustment of currency at 01.01 1997	0	0	32	0
Additions	0	1.500	34	223
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5)</u>
Purchase price at 31.12 1997	<u>3.129</u>	<u>9.305</u>	<u>1.109</u>	<u>634</u>
Depreciation at 01.01 1997	(1.877)	(7.046)	(843)	0
Adjustment of currency at 01.01 1997	0	0	(10)	0
Depreciation	(625)	(540)	(55)	0
Depreciation regarding disposals of the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation at 31.12 1997	<u>(2.502)</u>	<u>(7.586)</u>	<u>(908)</u>	<u>0</u>
Net book value at 31.12 1997	<u>627</u>	<u>1.719</u>	<u>201</u>	<u>634</u>
Net book value at 31.12 1996	<u>1.252</u>	<u>759</u>	<u>3</u>	<u>416</u>

NOTES (TDKK)

	<u>Group good- will</u>	<u>The parent company Good- will</u>	<u>Leasehold improve- ments</u>	<u>Depo- sits</u>
10. Intangible fixed assets				
Purchase price at 01.01 1997	3.129	3.157	611	345
Additions	0	1.500	0	209
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Purchase price at 31.12 1997	<u>3.129</u>	<u>4.657</u>	<u>611</u>	<u>554</u>
Depreciation at 01.01 1997	(1.877)	(2.398)	(608)	0
Depreciation	(625)	(540)	(3)	0
Depreciation regarding disposals of the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation at 31.12 1997	<u>(2.502)</u>	<u>(2.938)</u>	<u>(611)</u>	<u>0</u>
Net book value at 31.12 1997	<u>627</u>	<u>1.719</u>	<u>0</u>	<u>554</u>
Net book value at 31.12 1996	<u>1.252</u>	<u>759</u>	<u>3</u>	<u>345</u>

NOTES (TDKK)

	The Group	
	Buil- dings and cold storage plants	Other fixtures, fittings, tools and equipment
11. Tangible fixed assets		
Purchase price at 01.01 1997	52.647	71.388
Adjustment of currency at 01.01 1997	(47)	(24)
Additions	2.201	3.639
Disposals	0	(16.154)
Purchase price at 31.12 1997	54.801	58.849
Depreciation at 01.01 1997	(20.089)	(44.623)
Adjustment of currency at 01.01 1997	0	(4)
Depreciation	(2.423)	(8.246)
Depreciation regarding disposals of the year	0	12.724
Depreciation at 31.12 1997	(22.512)	(40.149)
Net book value at 31.12 1997	32.289	18.700
Net book value at 31.12 1996	32.558	26.638

Property value as per 01.01 1997 amounts to TDKK 38.699.

Property valuation comprises public assessment of Danish properties at 01.01 1997 with addition of the purchase prices for the addition of the year of Danish properties as well as net book value of foreign properties.

NOTES (TDKK)

	The Parent Company	
	<u>Buil- dings and cold- storage plants</u>	<u>Other fixtures, fittings, tools and equipment</u>
11. Tangible fixed assets		
Purchase price at 01.01 1997	42.700	30.922
Adjustment of currency at 01.01 1997	(47)	0
Additions	97	2.694
Disposals	<u>0</u>	<u>(1.143)</u>
Purchase price at 31.12 1997	<u>42.750</u>	<u>32.473</u>
Depreciation at 01.01 1997	(19.011)	(21.894)
Depreciation	(1.993)	(3.075)
Depreciation regarding disposals of the year	<u>0</u>	<u>857</u>
Depreciation at 31.12 1997	<u>(21.004)</u>	<u>(24.112)</u>
Net book value at 31.12 1997	<u>21.746</u>	<u>8.361</u>
Net book value at 31.12 1996	<u>23.689</u>	<u>9.028</u>

Property valuation as per 01.01 1997 amounts to TDKK 28.349

Property valuation comprises public assessment of Danish properties at 01.01 1997 with addition of the purchase prices for the addition of the year of Danish properties as well as net book value of foreign properties.

NOTES (TDKK)

	Asso- ciated com- panies	The Group Other com- panies	Other secu- rities and capital investments
12. Capital investments			
Purchase price at 01.01 1997	500	1.237	1.390
Additions	108	0	0
Disposals	(500)	0	0
Purchase price at 31.12 1997	108	1.237	1.390
Appreciation at 01.01 1997	0	0	249
Lower price compared to the booked values in connection with purchase of joint venture	915	0	0
Share of profit of the year after tax	0	0	(117)
Appreciation at 31.12 1997	915	0	132
Depreciation at 01.01 1997	(257)	(69)	0
Share of profit of the year after tax	0	43	0
Disposals	257	0	0
Distribution	0	0	0
Depreciation at 31.12 1997	0	(26)	0
Net book value at 31.12 1997	1.023	1.211	1.522
Net book value at 31.12 1996	243	1.168	1.639

	Share of owner- ship in %	The Group Result after tax 1997	Equity 1997 31.12	Net book value 1997 31.12
Associated companies				
Blue Water Shipping Caspian Ltd, Azerbaijan	50	0*	941	941
Blue Water Shipping (Georgia) Ltd, Georgia	40	0*	82	82
		0	1.023	1.023

* Share of ownership is purchased at the end of 1997

NOTES (TDKK)

	The Parent Company			
	<u>Subsidiary com- panies</u>	<u>Asso- ciated com- panies</u>	<u>Other com- panies</u>	<u>Other secu- rities and capital investments</u>
12. Capital investments				
Purchase price at 01.01 1997	8.466	500	221	456
Additions	1.251	0	0	0
Disposals	<u>0</u>	<u>(500)</u>	<u>0</u>	<u>0</u>
Purchase price at 31.12 1997	<u>9.717</u>	<u>0</u>	<u>221</u>	<u>456</u>
Appreciation at 01.01 1997	682	(257)	(18)	0
Lower price compared to the booked values in connection with purchase of joint venture	915	0	0	0
Transfer	(257)	257	0	0
Adjustment of currency of foreign companies as per 01.01 1997	3	0	0	0
Share of profit of the year after tax	805	0	10	0
Dividend	<u>0</u>	<u>0</u>	<u>(10)</u>	<u>0</u>
Appreciation at 31.12 1997	<u>2.148</u>	<u>0</u>	<u>(18)</u>	<u>0</u>
Net book value at 31.12 1997	<u>11.865</u>	<u>0</u>	<u>203</u>	<u>456</u>
Net book value at 31.12 1996	<u>9.148</u>	<u>243</u>	<u>203</u>	<u>456</u>

NOTES (TDKK)

	The Parent Company			
	Share of owner- ship in%	Result after tax 1997	Equity 1997 31.12	Net book value 1997 31.12
Subsidiary companies:				
Blue Water International A/S	100	724	3.221	3.221
Blue Water Middle East A/S	100	414	2.403	2.403
Knud Sørensen Shipping A/S	100	34	584	584
Blue Water Shipping SARL	100	(466)	609	609
Nordshipping Hanstholm ApS	100	(101)	798	798
Hjerting United Stevedoring ApS	100	166	2.131	2.131
Hjerting Invest ApS	100	20	509	509
Blue Water Shipping (UK) Ltd	100	(47)	(68)	(68)
Blue Water Trucking Ltd	100	(78)	0	0
Blue Water Greenland A/S	100	117	605	605
Blue Water Stevedoring A/S	100	0	505	505
Polar Line A/S	100	22	568	568
		805	11.865	11.865
Adjustment of currency		8		
		<u>813</u>		

NOTES (TDKK)

	The Group
	<u>Other debtors</u>
13. Other financial fixed assets	
Purchase price at 01.01 1997	311
Additions	0
Disposals	<u>(125)</u>
Purchase price at 31.12 1997	<u>186</u>
 Net book value at 31.12 1997	 <u>186</u>
 Net book value at 31.12 1996	 <u>311</u>
	The Parent Company
	<u>Subordinated loan capital</u>
13. Other financial fixed assets	
Purchase price at 01.01 1997	2.000
Additions	0
Disposals	<u>0</u>
Purchase price at 31.12 1997	<u>2.000</u>
 Net book value at 31.12 1997	 <u>2.000</u>
 Net book value at 31.12 1996	 <u>2.000</u>

Subordinated loan capital TDKK 2.000 in Blue Water Middle East A/S is bearing interest at 5% per annum and is irredeemable until 31.01 1999

NOTES (TDDK)

	The Group		The Parent Company	
	31.12 1997	31.12 1996	31.12 1997	31.12 1996
14. Subsidiary company receivables				
Blue Water Holding A/S receivables	267	244	267	244
Blue Water International A/S receivables	0	0	1.370	1.285
Nordshipping, Hanstholm ApS receivables	0	0	149	161
Polar Line A/S receivables	0	0	0	500
Knud Sørensen Shipping A/S receivables	0	0	528	574
Hjerting Invest ApS receivables	0	0	437	49
Blue Water Shipping SARL receivables	0	0	0	43
BWS Ltd, Aberdeen receivables	0	0	227	650
Blue Water Greenland A/S receivables	0	0	1.827	0
Blue Water Stevedoring A/S receivables	0	0	127	70
Blue Water Middle East A/S receivables	0	0	1.998	0
	<u>267</u>	<u>244</u>	<u>6.930</u>	<u>3.576</u>
15. Share capital				
The share capital consists of 1 share of TDKK 2.000				
The share is not divided into classes.				
16. Appreciation - subsidiary companies				
Balance at 01.01 1997	0	0	0	0
Appreciation of capital investment to equity value at the time of buying	<u>915</u>	<u>0</u>	<u>915</u>	<u>0</u>
Balance at 31.12 1997	<u>915</u>	<u>0</u>	<u>915</u>	<u>0</u>
17. Equity reserve				
Balance at 01.01 1997	0	0	407	0
Transferred from profit of the year	<u>0</u>	<u>0</u>	<u>808</u>	<u>407</u>
Balance at 31.12 1997	<u>0</u>	<u>0</u>	<u>1.215</u>	<u>407</u>

NOTES (TDDK)

	The Group		The Parent Company	
	31.12 1997	31.12 1996	31.12 1997	31.12 1996
18. Profit brought forward				
Balance at 01.01 1997	12.416	11.689	12.009	11.689
Transferred from profit of the year	<u>2.657</u>	<u>727</u>	<u>1.849</u>	<u>320</u>
Balance at 31.12 1997	<u>15.073</u>	<u>12.416</u>	<u>13.858</u>	<u>12.009</u>

19. Total long term creditors

Falling due after 5 years or more	<u>19.195</u>	<u>21.217</u>	<u>15.666</u>	<u>17.611</u>
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20. Bank loans

On 31.12 1997, the Group had in excess of cash and cash equivalents unutilized credit-drawing facilities of approx TDKK 18.000 in credit institutions.

21. Subsidiary company payables

Blue Water Transport A/S payables	0	0	7.901	7.695
Blue Water Shipping SARL payables	0	0	159	0
Hjerting United Stevedoring ApS payables	0	0	1.417	1.857
Blue Water Middle East A/S payables	0	0	0	472
Polar Line A/S payables	0	0	573	0
Blue Water Stevedoring A/S payables	<u>0</u>	<u>276</u>	<u>0</u>	<u>276</u>
	<u>0</u>	<u>276</u>	<u>10.050</u>	<u>10.300</u>

22. Work in progress

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

23. Fee to auditor elected at the general meeting

The total auditor's fee for the past financial year amounts to TDKK 302, TDKK 125 of which covers the auditing fee and TDKK 177 covers fee for other services.