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Blue Water Shipping A/S
Central Business Registration No: 40 51 66 11

Annual report 2002



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COMPANIES HOUSE 26/09/03

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Company details

Company

Blue Water Shipping A/S

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Central Business Registration No: 40 51 66 11

Registered in: Esbjerg

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Supervisory Board

Kurt Skov, chairman

Niels Kaalund

Morten Petersen

Michael Honoré

Executive Board

Carsten Eskildsen

Company auditors

Deloitte & Touche Statsautoriseret Revisionsaktieselskab

The Annual General Meeting adopted the annual report on

Chairman

Management's statement on the annual report

We have today presented the annual report of Blue Water Shipping A/S for 2002.

The annual report has been presented in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent company's assets, equity and liabilities, financial position, results and cash flows.

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

Esbjerg, march 7, 2003

Executive Board

Carsten Eskildsen

Supervisory Board

Kurt Skov
Chairman

Niels Kaalund

Morten Petersen

Michael Honoré

Auditors' report

To the shareholders of Blue Water Shipping A/S

We have audited the annual report of Blue Water Shipping A/S for the financial year 01.01-31.12.2002.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

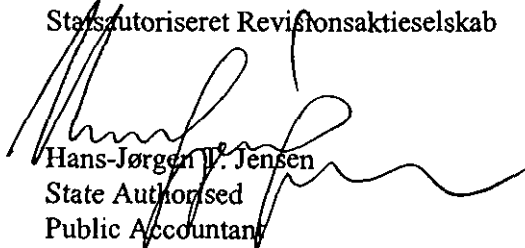
Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's financial position at 31.12.2002 and of the results of their operations as well as the consolidated cash flows for the financial year 01.01.-31.12.2002 in accordance with the Danish Financial Statements Act.

Esbjerg, march 7, 2003

Deloitte & Touche

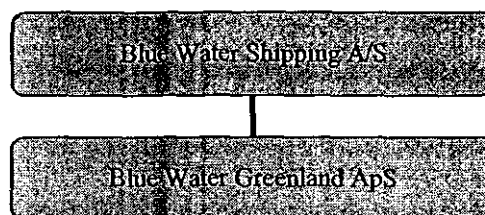
Statsautoriseret Revisionsaktieselskab



Hans-Jørgen W. Jensen
State Authorised
Public Accountant

Management's review

Group chart



| | <u>2002</u> <u>DKK'000</u> | <u>2001</u> <u>DKK'000</u> | <u>2000</u> <u>DKK'000</u> | <u>1999</u> <u>DKK'000</u> | <u>1998</u> <u>DKK'000</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Group financial highlights | | | | | |
| Key figures | | | | | |
| Gross profit | 150.022 | 138.323 | 180.742 | 168.674 | 167.876 |
| Profit/loss from ordinary activities | 13.096 | 7.346 | 2.447 | (8.407) | 6.069 |
| Net financials | (2.132) | (3.472) | (2.320) | (952) | (2.666) |
| Profit/loss from extraordinary items | 0 | 0 | 7.492 | 0 | 1.553 |
| Profit/loss before tax | 11.605 | 4.042 | 9.014 | (9.359) | 4.956 |
| Net profit/loss for the year | 8.177 | 2.492 | 6.823 | (7.536) | 5.003 |
| Trade receivables | 75.634 | 89.635 | 111.407 | 137.186 | 112.955 |
| Equity | 30.902 | 30.528 | 28.036 | 31.773 | 21.547 |
| Balance sheet total | 144.716 | 194.371 | 224.723 | 245.007 | 186.176 |
| Investments in property, plant and equipment | 2.964 | 5.210 | 7.665 | 11.384 | 6.552 |
| Ratios | | | | | |
| Profit margin (%) | 8,7 | 5,2 | 1,4 | (5,0) | 3,6 |
| Return on assets (%) | 9,0 | 3,7 | 1,1 | (3,4) | 3,3 |
| Return on equity (%) | 26,6 | 8,5 | 22,8 | (28,3) | 26,3 |
| Equity ratio (%) | 21,4 | 15,7 | 12,5 | 13,0 | 11,6 |

The restructuring that started 31.12.2000, has resulted in transferring of activities to other Blue Water Companies in the Group.

Management's review

Primary activity

The company's and Group's activities comprise transport arrangement of industrial cargo by road, sea and air including short and long-term warehouse arrangements as well as cargo handling.

Development in activities and finances

2002 was a satisfactory year for Blue Water Shipping A/S as the result of the year was a profit of DKK 8.177k after tax - compared to a profit of DKK 2.492k in 2001 after tax.

At the end of the year, the equity amounts to DKK 30.902k.

01.01.2002 is the subsidiary company Blue Water / Scan Euro A/S merge in with Blue Water Shipping A/S, and Blue Water Property ApS is cleaved out off Blue Water Shipping A/S. 31.12.2002 is the subsidiary company Blue Water Transport A/S sold to the parent company Blue Water Holding A/S.

Particular risks

Operating risks

The Group's financial development is influenced by the total amount of cargo assigned for transport within the Danish industry.

Financial exposure

The Group is in consequence of its activities exposed to changes in exchange rates.

Currency exposure

The greater part of the Group's turnover is in Euro dependent currencies or in Danish kroner.

Credit risks

The Group has no essential risks regarding one single client or co-operation partner. The Group pursues a strict credit policy which ensures that potential losses are discovered before they assume a considerable size.

Cash flow

Central control of capital procurement and placement of excess liquidity – by the parent company Blue Water Holding A/S in so far as it answers purpose – is part of the Group's policy. Furthermore the Group has liquidity measures in the shape of excess liquidity and credits which at any time must be available for the company/Group.

Management's review

Events after the balance sheet date

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

Outlook

The Management expects a continued progress for the Group – both in respect of turnover and result for next year. The expectation is partly based on expected growth in the cargo volume and partly on a continuous effectiveness process which started in 2001.

The company expects to have a positive liquidity in 2003 and investments are expected to be at the same level as in 2002.

Foreign branches

2 offices in England

Accounting policies

An adaptation of the format to the accounts diagrams of the Danish Financial Statements Act has been performed. Under liabilities, the item "subordinate loan capital" has been added between equity capital and provisions. The adaptation is due to the fact that the characteristics of this loan capital in respect of liability and interest differ from both equity capital and debts. The adaptation will neither affect assets and liabilities nor the economic position or the result.

Beyond this the annual report has been prepared in accordance with the Danish Financial Statements Act governing reporting class C enterprises (medium-size).

Changes in accounting policies

As a consequence of the new Danish Financial Statements Act the accounting policies have been changed as follows:

Financial liabilities

At the time of borrowing, financial liabilities (mortgage debt etc) are measured at the proceeds received less transaction costs incurred, and they are subsequently measured at amortised cost, corresponding to the capitalised value using the effective interest method. Formerly, financial liabilities were measured at nominal value, and any debt discounts were recorded as an asset in the balance sheet and amortised over the term of the loan.

Proposed dividends for the financial year

Proposed dividends for the financial year are disclosed in a specific item under equity. Formerly, such dividends were disclosed under short-term liabilities other than provisions.

Effect of changes in accounting policies

There is no aggregate effect of these changes in accounting policies on the pre-tax profit/loss or on the equity at 31.12.2002. The balance sheet total increases by DKK 10.000k, which relates to proposed dividends.

Apart from the above policies, the annual report has been presented applying the same accounting policies as were used last year.

Accounting policies

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group 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 Group, and the value of the liabilities 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 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. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Accounting policies

Consolidated financial statements

The consolidated financial statements comprise Blue Water Shipping A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, see group chart on page 4. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Blue Water Shipping A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation intra-group income and expenses, intra-group accounts as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated using 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. Fixed assets purchased in foreign currencies are translated using historical rates.

Income statement

Net turnover

The net turnover is included exclusive of VAT and discounts in connection with the sale. Invoiced sale includes allowance for both services as well as outlays. In the opinion of the Management statement of invoiced sale as turnover will not give a true and fair view of the company's business volume. We have therefore chosen in the accounts only to state the forwarding profit which is calculated as invoiced turnover less outlays and direct related expenses.

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

Accounting policies

Other external expenses

Other external expenses comprise expenses to sale, advertising, administration, facilities, bad debts etc.

Staff expenses

Staff expenses comprise wages and salaries as well as social insurance expenses and employers' contributions, pensions etc. to the company's staff.

Financial income and expenses

These items comprise interest income and expenses, as well as, realised and unrealised capital gains and losses on payables and transactions in foreign currencies.

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/loss for the year, and recognised directly on equity by the portion attributable to entries directly on equity.

The 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.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry-forward, 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.

The Company is jointly taxed with the Parent and all of its wholly owned subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by the Management for each business area. The period of amortisation is usually 5 years, however, 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 period of amortisation is considered to give a better reflection of the Group's benefit from the relevant resources.

The carrying amount of goodwill is assessed currently and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related.

Property, plant and equipment

Buildings, other fixtures and fittings, tools and equipment and leasehold improvements 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:

| | |
|--|-----------|
| Buildings | 25 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years |

Assets costing less than DKK 10k per unit are recognised as costs in the income statement at the time of acquisition.

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depreciation and impairment losses.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries, associates and capital investments in other companies, where the activity matches the primary activities of the parent company, are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill on consolidation and plus or minus unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.

Investments with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity 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.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Deposits

Deposits are recorded at costs.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Equity

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost, which corresponds to the proceeds received less transaction costs incurred. It is subsequently measured at amortised cost, which corresponds to the capitalised value applying the effective interest method.

Accounting policies

Other financial liabilities

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

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are 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 and activities as well as purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash less short-term bank debt.

Ratios

The ratios have been compiled in accordance with "Anbefalinger & Nøgletal 1997" (Recommendations & Ratios 1997) issued by the Danish Society of Financial Analysts.

| | | |
|------------------|---|---|
| Profit margin | = | $\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$ |
| Return on assets | = | $\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$ |
| Return on equity | = | $\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$ |
| Equity ratio | = | $\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$ |

Income statement for 2002

| Parent | | | Group | |
|---------------------|---------------------|---|---------------------|---------------------|
| 2001 | 2002 | | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 94.244 | 109.485 | Net turnover | 150.022 | 138.323 |
| (25.592) | (28.864) | Other external expenses | (43.880) | (41.058) |
| (61.571) | (68.513) | Staff expenses | (89.662) | (84.824) |
| <u>(3.170)</u> | <u>(1.956)</u> | Depreciations etc. | <u>(3.384)</u> | <u>(5.095)</u> |
| 3.911 | 10.152 | Gross profit/loss | 13.096 | 7.346 |
| 2.768 | 3.182 | Profit/loss before tax in group enterprises | 708 | 0 |
| 11 | 0 | Profit/loss before tax in associates | 79 | 142 |
| 26 | (146) | Profit/loss before tax in other companies | (146) | 26 |
| 1.356 | 1.140 | Financial income | 1.280 | 1.235 |
| <u>(4.030)</u> | <u>(2.723)</u> | Financial expenses | <u>(3.412)</u> | <u>(4.707)</u> |
| 4.042 | 11.605 | Profit before tax | 11.605 | 4.042 |
| <u>(1.550)</u> | <u>(3.428)</u> | Tax on profit/loss for the year | <u>(3.428)</u> | <u>(1.550)</u> |
| <u>2.492</u> | <u>8.177</u> | Net profit for the year | <u>8.177</u> | <u>2.492</u> |

Proposed distribution of profit/loss

| | |
|---------------------|---|
| 10.000 | Dividends for the financial year |
| 340 | Transfer to reserve for net revaluation under the equity method |
| <u>(2.163)</u> | Retained earnings |
| <u>8.177</u> | |

Balance sheet at 31.12.2002

| Parent | | | | Group | |
|-----------------------|-----------------------|--|-------|-----------------------|-----------------------|
| 2001 | 2002 | | | 2002 | 2001 |
| DKK'000 | DKK'000 | | Notes | DKK'000 | DKK'000 |
| <u>100</u> | <u>1.650</u> | Goodwill | 10 | <u>1.650</u> | <u>2.350</u> |
| <u>100</u> | <u>1.650</u> | Intangible assets | | <u>1.650</u> | <u>2.350</u> |
| 42.713 | 0 | Buildings | 11 | 5.979 | 48.841 |
| 2.276 | 3.026 | Other fixtures and fittings, tools and equipment | 11 | 3.439 | 3.012 |
| <u>1.107</u> | <u>523</u> | Leasehold improvements | 11 | <u>523</u> | <u>1.107</u> |
| <u>46.096</u> | <u>3.549</u> | Property, plant and equipment | | <u>9.941</u> | <u>52.960</u> |
| 4.967 | 1.220 | Investments in group enterprises | 12 | 0 | 0 |
| 59 | 0 | Investments in associates | 12 | 0 | 2.358 |
| 35 | 0 | Investments in other companies | 12 | 0 | 35 |
| <u>781</u> | <u>770</u> | Deposits | 13 | <u>770</u> | <u>799</u> |
| <u>5.842</u> | <u>1.990</u> | Fixed asset investments | | <u>770</u> | <u>3.192</u> |
| <u>52.038</u> | <u>7.189</u> | Fixed assets | | <u>12.361</u> | <u>58.502</u> |
| 68.241 | 72.272 | Trade receivables | | 75.634 | 89.635 |
| 15.243 | 22.581 | Receivables from group enterprises | | 20.177 | 9.600 |
| 815 | 0 | Income taxes | | 0 | 815 |
| 5.172 | 2.553 | Work in progress | 18 | 2.104 | 4.743 |
| 0 | 1.605 | Deferred tax assets | 16 | 1.231 | 0 |
| 1.538 | 2.398 | Other receivables | | 2.488 | 4.132 |
| <u>1.360</u> | <u>1.035</u> | Accrued income and deferred expenses | | <u>1.057</u> | <u>1.387</u> |
| <u>92.369</u> | <u>102.444</u> | Receivables | | <u>102.691</u> | <u>110.312</u> |
| <u>22.633</u> | <u>29.648</u> | Cash | | <u>29.664</u> | <u>25.557</u> |
| <u>115.002</u> | <u>132.092</u> | Current assets | | <u>132.355</u> | <u>135.869</u> |
| <u>167.040</u> | <u>139.281</u> | Assets | | <u>144.716</u> | <u>194.371</u> |

Balance sheet at 31.12.2002

| Parent | | | | Group | |
|---|----------------|--|-------|----------------|----------------|
| 2001 | 2002 | | | 2002 | 2001 |
| DKK'000 | DKK'000 | | Notes | DKK'000 | DKK'000 |
| 20.000 | 20.000 | Share capital | 14 | 20.000 | 20.000 |
| 0 | 340 | Reserve for net revaluation according to the equity method | | 0 | 1.704 |
| 10.528 | 562 | Retained earnings | | 902 | 8.824 |
| 0 | 10.000 | Proposed dividends for the financial year | | 10.000 | 0 |
| <u>30.528</u> | <u>30.902</u> | Equity | | <u>30.902</u> | <u>30.528</u> |
| <u>10.000</u> | <u>9.018</u> | Subordinate loan capital | 15 | <u>9.018</u> | <u>10.000</u> |
| <u>6.246</u> | <u>0</u> | Deferred tax | 16 | <u>0</u> | <u>6.983</u> |
| <u>6.246</u> | <u>0</u> | Provisions | | <u>0</u> | <u>6.983</u> |
| 22.276 | 0 | Mortgage debt | 17 | 3.578 | 26.395 |
| 15 | 0 | Deposits | 17 | 0 | 15 |
| <u>22.291</u> | <u>0</u> | Long-term liabilities other than provisions | | <u>3.578</u> | <u>26.410</u> |
| 894 | 0 | Current portion of long-term debt | 17 | 535 | 1.390 |
| 0 | 213 | Investments in group enterprises | 12 | 213 | 0 |
| 4.542 | 610 | Bank debt | | 880 | 5.766 |
| 79.382 | 85.698 | Trade payables | | 86.258 | 95.493 |
| 1.688 | 0 | Group enterprises payable | | 0 | 42 |
| 253 | 0 | Associates payable | | 0 | 253 |
| 0 | 0 | Income taxes | | 75 | 119 |
| 767 | 2.149 | Tax refund to parent company | | 2.149 | 1.321 |
| <u>10.449</u> | <u>10.691</u> | Other payables | | <u>11.108</u> | <u>16.066</u> |
| <u>97.975</u> | <u>99.361</u> | Short-term liabilities other than provisions | | <u>101.218</u> | <u>120.450</u> |
| <u>120.266</u> | <u>99.361</u> | Liabilities other than provisions | | <u>104.796</u> | <u>146.860</u> |
| <u>167.040</u> | <u>139.281</u> | Equity and liabilities | | <u>144.716</u> | <u>194.371</u> |
| Assets charged and contingent liabilities etc | | | 19 | | |
| Other notes | | | 23-25 | | |

Statement of changes in equity for 2002

| | Group | | | | |
|--|------------------|--|----------------------|--|---------------|
| | Share capital | Net revalu- ation, equity method | Retained earnings | Proposed dividends for financial year | Total |
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Equity at 31.12.2001 | 20.000 | 1.704 | 8.824 | 0 | 30.528 |
| Cleaved off to Blue Water Property ApS | 0 | 0 | (7.803) | 0 | (7.803) |
| Net profit/loss for the year | 0 | (1.704) | (119) | 10.000 | 8.177 |
| Equity at 31.12.2002 | <u>20.000</u> | <u>0</u> | <u>902</u> | <u>10.000</u> | <u>30.902</u> |

Statement of changes in equity for 2002

| | Parent | | | | |
|--|-----------------------------|---|---------------------------------|---|------------------|
| | Share capital DKK'000 | Net revalu- ation, equity method DKK'000 | Retained earnings DKK'000 | Proposed dividends for financial year DKK'000 | Total DKK'000 |
| Equity at 31.12.2001 | 20.000 | 0 | 10.528 | 0 | 30.528 |
| Cleaved off to Blue Water Property ApS | 0 | 0 | (7.803) | 0 | (7.803) |
| Net profit/loss for the year | 0 | 340 | (2.163) | 10.000 | 8.177 |
| Equity at 31.12.2002 | <u>20.000</u> | <u>340</u> | <u>562</u> | <u>10.000</u> | <u>30.902</u> |

Cash flow statement for 2002

| | Notes | Group | |
|--|--------------|----------------|----------------|
| | | 2002 | 2001 |
| | | DKK'000 | DKK'000 |
| Operating profit/loss | | 13.096 | 7.346 |
| Depreciation and amortisation etc. | 3 | 3.384 | 5.095 |
| Working capital changes | 21 | (6.412) | 33.795 |
| | | 10.068 | 46.236 |
| Interest income etc received | | 1.280 | 1.235 |
| Interest expenses etc paid | | (3.412) | (4.324) |
| Dividend | | 104 | 153 |
| Income taxes paid | | (651) | (2.126) |
| Cash flows from operating activities | | 7.389 | 39.798 |
| Acquisition of intangible assets | | 0 | (48) |
| Sale of intangible assets | | 0 | 294 |
| Acquisition of property, plant and equipment | | (3.862) | (5.210) |
| Sale of property, plant and equipment | | 327 | 2.040 |
| Fixed asset investments | | (1) | (127) |
| Fixed asset divestments | | 5.030 | 231 |
| Cash flows from investing activities | | 1.494 | 2.820 |
| Instalments on long-term liabilities other than provisions | | (540) | (5.105) |
| Instalments on subordinate loan capital | | (982) | 0 |
| Subordinate loan capital | | 0 | 10.000 |
| Dividends paid | | 0 | (10.000) |
| Cash flows from financing activities | | (1.522) | (5.105) |
| Change in cash | | 7.361 | 32.098 |
| Cash in sold subsidiary company | | (2.368) | 0 |
| Increase/decrease in cash and cash equivalents | | 4.993 | 32.098 |
| Cash and cash equivalents at 01.01.2002 | | 19.791 | (12.307) |
| Bankloan, cleaved off to Blue Water Property ApS | | 4.000 | 0 |
| Cash and cash equivalents at 31.12.2002 | 22 | 28.784 | 19.791 |

Notes

| Parent | | | Group | |
|---|----------------|--|----------------|----------------|
| 2001 | 2002 | | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 1. Net turnover | | | | |
| <u>94.244</u> | <u>109.485</u> | Forwarding profit | <u>150.022</u> | <u>138.323</u> |
| <u>94.244</u> | <u>109.485</u> | | <u>150.022</u> | <u>138.323</u> |
| 2. Staff costs | | | | |
| 59.161 | 65.340 | Wages and salaries | 86.066 | 81.933 |
| 2.096 | 2.837 | Pension contributions | 2.837 | 2.343 |
| <u>314</u> | <u>336</u> | Other social security costs | <u>759</u> | <u>548</u> |
| <u>61.571</u> | <u>68.513</u> | | <u>89.662</u> | <u>84.824</u> |
| <u>231</u> | <u>240</u> | Average number of employees | <u>304</u> | <u>300</u> |
| 3. Depreciation and amortisation | | | | |
| 300 | 700 | Goodwill | 700 | 900 |
| 226 | 211 | Leasehold improvements | 211 | 226 |
| 1.581 | 0 | Buildings | 149 | 1.730 |
| 1.106 | 1.103 | Other fixtures and fittings, tools and equipment | 2.382 | 2.425 |
| <u>(43)</u> | <u>(58)</u> | Profit from sale of operating equipment | <u>(58)</u> | <u>(186)</u> |
| <u>3.170</u> | <u>1.956</u> | | <u>3.384</u> | <u>5.095</u> |

Notes

| Parent | | | Group | |
|---|----------------|--|----------------|----------------|
| 2001 | 2002 | | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 4. Profit/loss before tax in group enterprises | | | | |
| 2.629 | 2.335 | Share of profit/loss before tax | 0 | 0 |
| 139 | 139 | Amortisation of goodwill on consolidation | 0 | 0 |
| 0 | 708 | Profit from sale of capital investments | 708 | 0 |
| <u>2.768</u> | <u>3.182</u> | | <u>708</u> | <u>0</u> |
| 5. Profit/loss before tax in associates | | | | |
| 11 | 0 | Share of profit/loss before tax | 79 | 142 |
| <u>11</u> | <u>0</u> | | <u>79</u> | <u>142</u> |
| 6. Profit/loss before tax in other companies | | | | |
| 26 | (146) | Share of profit/loss before tax | (146) | 26 |
| <u>26</u> | <u>(146)</u> | | <u>(146)</u> | <u>26</u> |
| 7. Financial income | | | | |
| 1.010 | 767 | Interest from group enterprises | 599 | 779 |
| 180 | 373 | Other interests | 470 | 290 |
| 166 | 0 | Exchange adjustments | 211 | 166 |
| <u>1.356</u> | <u>1.140</u> | | <u>1.280</u> | <u>1.235</u> |
| 8. Financial expenses | | | | |
| 1.695 | 0 | Interest and amortisation premium on mortgage debt | 303 | 2.049 |
| 0 | 0 | Interest portion of in lease payment | 326 | 383 |
| 241 | 0 | Interest to group enterprises | 0 | 114 |
| 1.785 | 2.310 | Other interests | 2.353 | 1.835 |
| 309 | 246 | Bank charges | 263 | 326 |
| 0 | 167 | Exchange adjustments | 167 | 0 |
| <u>4.030</u> | <u>2.723</u> | | <u>3.412</u> | <u>4.707</u> |

Notes

| Parent | | | Group | |
|---|----------------|---|----------------|----------------|
| 2001 | 2002 | | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 9. Tax on profit/loss for the year | | | | |
| 860 | 2.439 | Current tax | 3.129 | 1.534 |
| (318) | 307 | Change of deferred tax | 403 | (150) |
| 881 | 786 | Share of Group enterprises' tax | 0 | 0 |
| 0 | 0 | Share of associates' tax | 0 | 39 |
| 127 | (879) | Adjustment concerning previous years current tax | (879) | 127 |
| 0 | 775 | Adjustment concerning previous years deferred tax | 775 | 0 |
| <u>1.550</u> | <u>3.428</u> | | <u>3.428</u> | <u>1.550</u> |

| Parent | | Group |
|------------------------------|--|-----------------|
| <u>Goodwill</u> | | <u>Goodwill</u> |
| <u>DKK'000</u> | | <u>DKK'000</u> |
| 10. Intangible assets | | |
| 4.657 | Cost at 01.01.2002 | 12.305 |
| 3.000 | Merge in from Blue Water / Scan Euro A/S | 0 |
| 0 | Additions | 0 |
| 0 | Disposals | 0 |
| <u>7.657</u> | Cost at 31.12.2002 | <u>12.305</u> |
| (4.557) | Amortisation at 01.01.2002 | (9.955) |
| (750) | Merge in from Blue Water / Scan Euro A/S | 0 |
| (700) | Additions | (700) |
| <u>(6.007)</u> | Amortisation at 31.12.2002 | <u>(10.655)</u> |
| <u>1.650</u> | Carrying amount at 31.12.2002 | <u>1.650</u> |
| 100 | Carrying amount at 31.12.2001 | 2.350 |

Notes

| | Group | | |
|--|---------------------|--------------------------|--------------------------------|
| | Buildings | Other fixtures etc | Leasehold improve- ments |
| | <u>DKK'000</u> | <u>DKK'000</u> | <u>DKK'000</u> |
| 11. Property, plant and equipment | | | |
| Cost at 01.01.2002 | 50.977 | 13.475 | 1.549 |
| Exchange adjustment | 0 | (10) | 0 |
| Cleaved off to Blue Water Property ApS | (44.491) | 0 | (1.161) |
| Additions | 0 | 2.233 | 731 |
| Disposals | <u>0</u> | <u>(3.488)</u> | <u>0</u> |
| Cost at 31.12.2002 | <u>6.486</u> | <u>12.210</u> | <u>1.119</u> |
| Revaluations 01.01.2002 | 26.120 | 0 | 0 |
| Cleaved off to Blue Water Property ApS | <u>(26.120)</u> | <u>0</u> | <u>0</u> |
| Revaluations 31.12.2002 | <u>0</u> | <u>0</u> | <u>0</u> |
| Depreciation at 01.01.2002 | (28.256) | (10.463) | (442) |
| Exchange adjustment | 0 | (11) | 0 |
| Cleaved off to Blue Water Property ApS | 27.898 | 0 | 57 |
| Additions | (149) | (1.294) | (211) |
| Disposals | <u>0</u> | <u>2.997</u> | <u>0</u> |
| Depreciation at 31.12.2002 | <u>(507)</u> | <u>(8.771)</u> | <u>(596)</u> |
| Carrying amount at 31.12.2002 | <u>5.979</u> | <u>3.439</u> | <u>523</u> |
| Carrying amount at 31.12.2001 | <u>48.841</u> | <u>3.012</u> | <u>1.107</u> |

Notes

| | Parent | | |
|--|-------------------|------------------|------------------|
| | Buildings | Other | Leasehold |
| | DKK'000 | fixtures | improve- |
| | | etc | ments |
| | <u>DKK'000</u> | <u>DKK'000</u> | <u>DKK'000</u> |
| 11. Property, plant and equipment | | | |
| Cost at 01.01.2002 | 44.491 | 7.508 | 1.327 |
| Exchange adjustment | 0 | (10) | 0 |
| Cleaved off to Blue Water Property ApS | (44.491) | 0 | 0 |
| Additions | 0 | 2.143 | 0 |
| Disposals | <u>0</u> | <u>(1.809)</u> | <u>(430)</u> |
| Cost at 31.12.2002 | <u>0</u> | <u>7.832</u> | <u>897</u> |
| Revaluations 01.01.2002 | 26.120 | 0 | 0 |
| Cleaved off to Blue Water Property ApS | <u>(26.120)</u> | <u>0</u> | <u>0</u> |
| Revaluations 31.12.2002 | <u>0</u> | <u>0</u> | <u>0</u> |
| Depreciation at 01.01.2002 | (27.898) | (5.232) | (220) |
| Exchange adjustment | 0 | (11) | 0 |
| Cleaved off to Blue Water Property ApS | 27.898 | 0 | 0 |
| Additions | 0 | (1.103) | (211) |
| Disposals | <u>0</u> | <u>1.540</u> | <u>57</u> |
| Depreciation at 31.12.2002 | <u>0</u> | <u>(4.806)</u> | <u>(374)</u> |
| Carrying amount at 31.12.2002 | <u>0</u> | <u>3.026</u> | <u>523</u> |
| Carrying amount at 31.12.2001 | <u>42.713</u> | <u>2.276</u> | <u>1.107</u> |

Notes

| | Group | |
|---------------------------------------|--|--|
| | Invest- ments in associates DKK'000 | Invest- ments in other companies DKK'000 |
| 12. Fixed asset investments | | |
| Cost at 01.01.2002 | 522 | 167 |
| Additions | 0 | 0 |
| Disposals | (522) | 0 |
| Cost at 31.12.2002 | 0 | 167 |
| Net revaluations 01.01.2002 | 1.836 | (132) |
| Revaluations | 0 | 126 |
| Net share of profit/loss for the year | 0 | (270) |
| Disposals | (1.836) | 0 |
| Dividends | 0 | (104) |
| Net revaluations 31.12.2002 | 0 | (380) |
| Carrying amount at 31.12.2002 | 0 | (213) |
| Carrying amount at 31.12.2001 | 2.358 | 35 |

Notes

| | Parent | | |
|--|---|--|-------------------------------|
| | Invest- ments in enterprises DKK'000 | Invest- ments in associates DKK'000 | Other companies DKK'000 |
| 12. Fixed asset investments | | | |
| Cost at 01.01.2002 | 6.041 | 22 | 167 |
| Merge in from Blue Water / Scan Euro A/S | (500) | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Disposals | (5.041) | (22) | 0 |
| Cost at 31.12.2002 | 500 | 0 | 167 |
| Net revaluations 01.01.2002 | (1.074) | 37 | (132) |
| Merge in from Blue Water / Scan Euro A/S | (644) | 0 | 0 |
| Revaluations | 0 | 0 | 126 |
| Net share of profit/loss for the year | 1.710 | 0 | (270) |
| Depreciation goodwill on consolidation | 139 | 0 | 0 |
| Dividends | 0 | 0 | (104) |
| Disposals | 589 | (37) | 0 |
| Net revaluations 31.12.2002 | 720 | 0 | (380) |
| Carrying amount at 31.12.2002 | 1.220 | 0 | (213) |
| Carrying amount at 31.12.2001 | 4.967 | 59 | 35 |

| | Share of owner- ship in % | Result after tax 2002 | Equity 31.12 2002 | Net book value 31.12 2002 |
|---|------------------------------------|--------------------------------|-------------------------|------------------------------------|
| Group enterprises: | | | | |
| Blue Water Greenland ApS, Nuuk, Greenland | 100 | 292 | 1.220 | 1.220 |
| Blue Water Transport A/S, Esbjerg | | 1.418 | | |

Notes

| Parent | | Group |
|----------------|--------------------------------------|----------------|
| <u>t.kr.</u> | | <u>t.kr.</u> |
| | 13. Deposits | |
| 781 | Cost at 01.01.2002 | 799 |
| 1 | Additions | 1 |
| <u>(12)</u> | Disposals | <u>(30)</u> |
| <u>770</u> | Cost at 31.12.2002 | <u>770</u> |
| <u>770</u> | Carrying amount at 31.12.2002 | <u>770</u> |
| <u>781</u> | Carrying amount at 31.12.2001 | <u>799</u> |

14 Share capital

The share capital consists of:

1 share at DKK 18.000k

1 share at DKK 1.900k

10 shares at DKK 10k

The shares have not been divided into classes.

15. Subordinate loan capital

The loan is granted in a way that first priority is given to the company's other creditors and second priority to the lender.

No repayment of the loan was required until 31.07.2002. Hereafter 60 equal instalments are to be paid each month for 5 years. The loan is paid off on 31.07.2007. After 5 years or more DKK 0k fall due.

The loan capital bears fixed interest as well as annuity conditional upon the result, making up part of the accounting result of the parent company Blue Water Holding A/S.

Notes

| Parent | | | Group | |
|--|---------------------------------|--|----------------------------|---------------------------------|
| 2001 | 2002 | | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 16. Deferred tax | | | | |
| (197) | (219) | Intangible assets | (219) | (197) |
| 7.626 | (441) | Property, plant and equipment | (16) | 8.391 |
| <u>(1.183)</u> | <u>(945)</u> | Receivables etc | <u>(996)</u> | <u>(1.211)</u> |
| <u>6.246</u> | <u>(1.605)</u> | | <u>(1.231)</u> | <u>6.983</u> |
| Net value is recognised as follows in the balance sheet: | | | | |
| 0 | 1.605 | Deferred tax assets | 1.231 | 0 |
| <u>6.246</u> | <u>0</u> | Deferred tax liabilities | <u>0</u> | <u>6.983</u> |
| <u>6.246</u> | <u>1.605</u> | | <u>1.231</u> | <u>6.983</u> |
| Deferred tax assets | Deferred tax liabilities | | Deferred tax assets | Deferred tax liabilities |
| <u>DKK'000</u> | <u>DKK'000</u> | | <u>DKK'000</u> | <u>DKK'000</u> |
| 0 | 6.246 | Deferred tax at 01.01.2002 | 0 | 6.983 |
| 0 | 701 | Prior year adjustments | 0 | 701 |
| 0 | 307 | Changes of the year | 0 | 403 |
| 0 | 32 | Merge in from Blue Water / Scan Euro A/S | 0 | 0 |
| 0 | (8.891) | Cleaved off to Blue Water Property ApS | 0 | (8.891) |
| 0 | 0 | Deferred tax in sold subsidiary Company | 0 | (427) |
| <u>1.605</u> | <u>1.605</u> | Transfer | <u>1.231</u> | <u>1.231</u> |
| <u>1.605</u> | <u>0</u> | Deferred tax at 31.12.2002 | <u>1.231</u> | <u>0</u> |

Notes

| | Group | | | |
|--|--------------------------------------|----------------------------------|---------------------------------------|-------------------------------------|
| | Due within one year DKK'000 | Due after one year DKK'000 | Total amortised debt DKK'000 | Total nominal debt DKK'000 |
| 17. Long-term liabilities other than provisions | | | | |
| Mortgage debt | <u>535</u> | <u>3.578</u> | <u>4.113</u> | <u>4.113</u> |
| Long-term liabilities other than provisions at 31.12.2002 | <u>535</u> | <u>3.578</u> | <u>4.113</u> | <u>4.113</u> |
| Long-term liabilities other than provisions at 31.12.2001 | <u>1.390</u> | <u>26.395</u> | <u>27.785</u> | <u>27.785</u> |
| Due after more than five years: | | | | |
| Mortgage debt | | <u>1.570</u> | | |
| | | <u>1.570</u> | | |
| | Parent | | | |
| | Due within one year DKK'000 | Due after one year DKK'000 | Total amortised debt DKK'000 | Total nominal debt DKK'000 |
| Long-term liabilities other than provisions at 31.12.2002 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Long-term liabilities other than provisions at 31.12.2001 | <u>894</u> | <u>22.276</u> | <u>23.170</u> | <u>23.170</u> |

Notes

18. Work in progress

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

| Parent | | Group | |
|----------------|----------------|----------------|----------------|
| 2001 | 2002 | 2002 | 2001 |
| <u>DKK'000</u> | <u>DKK'000</u> | <u>DKK'000</u> | <u>DKK'000</u> |

19. Assets charged

Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by a deposited mortgage deed registered to the mortgagor on properties of DKK 3.000k nominal.

| | | | | |
|--------------|--------------|---|--------------|--------------|
| <u>0</u> | <u>0</u> | Book value of pledged assets | <u>4.666</u> | <u>4.787</u> |
| <u>9.091</u> | <u>8.738</u> | Bank guarantee to third party as security for liabilities | <u>9.050</u> | <u>9.520</u> |

20. Recourse guarantee commitments and contingent liabilities

Guarantee for affiliated company's associated companies' bank loans and mortgage loans, which on the balance date amount to:

| | | | | |
|--------------|--------------|----------------|----------|----------|
| <u>1.224</u> | <u>270</u> | Bankloan | <u>0</u> | <u>0</u> |
| <u>7.067</u> | <u>6.479</u> | Mortgage loans | <u>0</u> | <u>0</u> |

The Group is under an obligation to pay rent to associated company for 17 years. The annual basic rent is DKK 1.200k.

Joint liability for company tax with part of the other companies in the Group.

Joint liability for cleaved off company's liability on the time for the splits publication however max with the amount corresponding to the remaining netvalue in the company.

| | | | | |
|----------|---------------|--|---------------|----------|
| <u>0</u> | <u>22.725</u> | | <u>22.725</u> | <u>0</u> |
|----------|---------------|--|---------------|----------|

Notes

| | Group | |
|--------------------------------------|-----------------|-----------------|
| | 2002 | 2001 |
| | <u>DKK'000</u> | <u>DKK'000</u> |
| 21. Working capital changes | | |
| Change in receivables | 8.037 | 47.388 |
| Change in trade payables etc | <u>(14.449)</u> | <u>(13.593)</u> |
| | <u>(6.412)</u> | <u>33.795</u> |
| 22. Cash and cash equivalents | | |
| Cash | 29.664 | 25.557 |
| Short-term bank debt | <u>(880)</u> | <u>(5.766)</u> |
| | <u>28.784</u> | <u>19.791</u> |

23. Related parties

Related parties with a controlling interest in Blue Water Shipping A/S:

Blue Water Holding, Tværkaj 2, 6700 Esbjerg, controlling shareholder

Shipbroker Kurt Skov, Liljevænget 14, 6710 Esbjerg V, Blue Water Group controlling shareholder

Other related parties with whom Blue Water Shipping A/S has had transactions in 2002:

Blue Water Greenland ApS, Industrivej 43, 3900 Nuuk, subsidiary company

Blue Water Transport A/S, Istedvej 7, 6330 Padborg, affiliated company

Blue Water International A/S, Tværkaj 2, 6700 Esbjerg, affiliated company

Euroterminal Blue Water/Frigoscandia A/S, 6000 Kolding, affiliated company

Lawyer Niels Kaalund, Torvet 21, 6700 Esbjerg, committee member

Transactions between related parties and Blue Water Shipping A/S in 2002:

In 2002 there has been trade with Euroterminal Blue Water/Frigoscandia A/S, Blue Water International A/S, Blue Water Transport A/S and Blue Water Greenland ApS.

The company has bought various administrative services from Blue Water Holding A/S.

Lawyer Niels Kaalund's firm of lawyers has assisted the Group on a continuing basis.

All related party transactions have been conducted on an arm's length basis.

24. Ownership

The following shareholders hold more than 5% of the Company's share capital:

Blue Water Holding A/S, Tværkaj 2, 6700 Esbjerg.

Notes

32. Consolidation

Blue Water Shipping A/S and subsidiaries are included in the consolidated financial statements of Blue Water Holding A/S.