ANNUAL REPORT 2002

ENERGY FOR GROWTH

BWSC

Burmeister & Wain Scandinavian Contractor A/S

CONTENTS

COMPANY INFORMATION

Burmeister & Wain
Scandinavian Contractor A/S
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Board of Directors:
Torkil Bentzen, Chairman
Katsuhisa Ohno, Deputy Chairman
Makoto Sakurai
Sigurd Andersen
Lars Holmblad
Leif Juul Jørgensen
Svend Erik Christesen *)
Martin Friis Autzen *)
Lars Ellegaard *)

*) Employee representatives

Executive Management:
Sigurd Andersen, Managing Director
Søren Barkholt, Executive Director

Shareholders holding more than 5% of the share capital or the voting rights:
MESCO Denmark A/S, which is owned by Mitsui Engineering & Shipbuilding Company Ltd., Japan

Subsidiaries:
- BWSC Mindanao Inc., Davao, the Philippines
- BWSC Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia
- BWSC Guam Inc., Agana, Guam
- BWSC Generation Services Inc., Davao, the Phillippines
- BWSC Lanka (Private) Ltd., Colombo, Sri Lanka
- BWSC Panama S.A., Panama City, Panama

Auditors:
Ernst & Young Statsautoriseret Revisionsaktieselskab

Bankers:
Danske Bank A/S

This page and front page: Pacora Power Station, Panama.

FINANCIAL HIGHLIGHTS (IN MILLIONS)

	2002	2002	2001	2000	1999	1998
	EUR	DKK	DKK	DKK	DKK	DKK
Income statement:						
Net turnover	95	703	527	801	622	940
Gross profit	22	166	156	121	100	98
Ordinary operating profit	9	66	43	27	19	21
Net financials	1	4	9	6	2	2
Result before tax	10	73	57	36	22	24
Profit for the year	7	51	41	26	21	24
Balance sheet:						
Total assets	70	523	483	448	418	365
Equity*)	30	224	181	143	119	97
Cash flows:						
Cash flow from operating activities	8	62	25	64	120	53
Cash flow from investing activities	-2	-12	-12	-6	-4	-7
Cash flow from financing activities	-1	-5	0	-4	-4	-2
Cash and cash equivalents at year-end	44	326	281	269	215	104
Employees:		No.	No.	No.	No.	No.
Average number of full-time Group employees		449	457	427	381	389
Of which Parent Company employees		259	265	255	233	230
Financial ratios:		%	%	%	%	%
Gross margin		24	30	15	16	10
Profit margin		9	8	3	3	2
Return on investments		13	11	7	5	6
Solidity		43	37	32	28	27
Return on equity		25	25	20	19	27

From the fiscal year 1999, shares in joint ventures are recognised on a pro rata basis.

The ratios are computed in accordance with Guidelines and Financial Ratios, issued by the Danish Society of Financial Analysts in 1997. Section 1 of the accounting policies contains a definition. The comparatives for the years 1998-2001 have not been restated in relation to the policy change.

*) The equity was decreased by dividend DKK 133 million while the share capital was increased on February 25, 2003 by a cash payment of DKK 130 million. Subsequently the equity was DKK 224 million.

Fuel oil venting tank.

Financial Result
BWSC's net-turnover in 2002 was DKK 703 million, an increase of 33% over the previous year. The result after tax for the Group and the Parent Company was DKK 51 million, which is considered satisfactory.

The profit for the year is the best in the Group's history. This is mainly due to implementation of signed service and operation contracts being better than anticipated and to the change in accounting policies.

The profit ratio for the year rose to 9%, and the profit before tax of DKK 73 million is equivalent to 10% of the turnover. Even after the below-mentioned capital increase, the return on equity was 25%, which again was better than the average for the industry.

Activities in 2002
The contracts obtained and the activities completed in 2002 confirm that BWSC is a leading contractor and supplier of services for large, turnkey diesel power plants.

In accordance with BWSC's Strategy Plan, the major activities in 2002 were:

- Development of and investment in new power projects and Independent Power Producer (IPP) companies. This includes all commercial and legal agreements, electrical power and fuel purchase agreements, financing, insurance, leases, a. o.
- Construction and delivery of turnkey power plants.
- Long-term operation and maintenance contracts for power plants, construction of transmission lines, and supporting services such as spare parts, extended training programs and power plant rehabilitation.

In 2002, 52% of turnover came from the construction of power plants. The remaining 48% came from operation, service and maintenance contracts, including operations on the Philippines, Sri Lanka and Panama and in the northern part of Iraq for the United Nations Development Program.

From a geographical viewpoint, 58% of turnover came from countries in South and Central America, 24% from South East Asia, 13% from Africa and the Middle East and 5% from Europe.

For additional segmental information, please refer to Mitsui Engineering & Shipbuilding Company Ltd.'s financial statement, cf. note 12.

Contracts and Orders in hand
During 2002, the Group entered into contracts worth DKK 739 million, among these was one for the construction of a power plant on the Greek island of Crete using Mitsui-MAN B&W 2-stroke low-speed diesel engines. The contract is in consortium with the diesel engine supplier Mitsui Engineering & Shipbuilding Company Ltd. and the Greek company Athena S.A.

BWSC also won contracts for the construction of a power plant on Curacao and for the extension of an existing power plant on the Cayman Islands, both in consortium with MAN B&W. BWSC also won a notable contract for environmental protection equipment for the existing power station on Macau, in consortium with Mitsui Engineering & Shipbuilding Company Ltd., plus extensions to and services for existing plants.

At the year-end, the volume of orders totaled DKK 1,740 million, a record for BWSC. The order intake resulted from the Company's substantial sales efforts in both the diesel power plant market and the continued development of new power plant companies and associated long-term operation contracts.

Capital Resources
Results over the past 5 years have enabled the Group to build up a solid cash fund position. The cash fund reserves of the Group at the end of 2002 are considered good.

In 2002, cash flow from operating activities amounted to DKK 62 million. Cash flow from investment activities was DKK -12 million, of which DKK 8 million was for an IPP company established in Panama. BWSC received DKK 2 million as dividends from Asia Power Private Ltd. in Sri Lanka - an IPP company, which BWSC took part in developing and establishing.

Cash flow from financing activities amounted to DKK -5 million. The aggregate change in the cash funds was an improvement of DKK 45 million in 2002.

Events after Balance Sheet Date
At the General Meeting on February 25, 2003 it was resolved to increase the share capital for the Company from DKK 20 million to DKK 150 million through a cash payment of DKK 130 million by BWSC's ultimate Japanese parent company Mitsui Engineering & Shipbuilding Company Ltd. via its subsidiary MESCO Denmark A/S.

After the close of the fiscal year, no other important events have taken place that may have a significant impact on the position of the Company.

Expertise
BWSC is a workplace with challenging, complex and interesting tasks in foreign cultures.

The continued development and securing of know-how are of vital importance for BWSC's continued growth and earnings. Thus in 2002, the focus of Human Resource efforts has been to further develop employee competence, interdisciplinary cooperation, and motivation.

In 2002, the number of employees increased by 11% to 480, of which 246 are employed by the Parent Company. 31% have worked with BWSC for more than 10 years. 120 employees are engineers and marine engineers, with the other main groups consisting of employees with other technical backgrounds and in financial and administrative positions.

Special Risks
BWSC's earnings derive from 3 main areas:

- Development of power plant projects including capital investments
- Construction contracts for power plants
- Service and full operational responsibility contracts for power plants.

Sale of and construction contracts for power plants are individual orders with an opportunity for possible later repeats. However, the focusing of sales efforts on service and operation contracts has successfully decreased dependence on power plant orders.

Due to the worldwide activities of the Company, the profit/loss, cash flow, and equity positions are influenced by the exchange and interest rates of a number of currencies. It is company policy to hedge commercial currency risks. The Parent Company undertakes this task, as well as the Group's cash management. The net cash flow of individual projects is hedged per currency. The Company regards the EUR as a stable currency against DKK, and does not hedge for EUR net positions. Currency risks in connection with investments in associated and affiliated undertakings abroad are not hedged as a general rule.

The only significant interest-bearing debt is the mortgage debt obtained in DKK.

Clifton Pier Power Station, the Bahamas - overhaul of soot blower.

BWSC has a long history of conducting business in markets outside Europe, in both developing and developed countries – and usually of small geographical size, such as in the Caribbean Area. The experience of the Group and its employees contributes to reducing the risks of the Group considerably when implementing contracts.

The External Environment
It is company policy to comply with all relevant standards and regulations in those countries and societies in which the Group conducts its business.

Diesel engines installed by BWSC can be adapted to use a large variety of alternative fuels, such as natural gas. The Company also participates in environmental protection projects, for instance in the reduction of NOx and particle emission to further strengthen the position of the high-efficiency diesel engine, and the corresponding low CO_2 emissions.

In 2001, BWSC built a biogas plant in Japan in cooperation with Mitsui Engineering & Shipbuilding Company Ltd. This plant has been operational for more than a year and has attracted considerable attention. It is expected that the increased interest in environmental improvement worldwide will bring about more biogas plant projects. BWSC has also built three efficient biogas plants in Denmark.

The domestic activities of the Company are of a knowledge-based nature with no traditional production of goods, and it is considered that these activities do not have an impact on the external environment.

Development Activities
BWSC has developed from an engineering company supplying parts for power plants - via the role of turnkey supplier - to a company also developing and investing in power plant companies and IPP companies. This includes all commercial and legal agreements together with electrical and fuel purchase agreements, financing, insurance, leases, a. o.

Power plant companies, IPP companies and self-generating industrial companies depend heavily on their ability to maximize the yield from their investments. Additionally, the access to reliable and low-cost energy becomes increasingly more significant to sustain economic growth and to develop both business and society.

BWSC also conducts a continuous technical and conceptual development programme together with on-going improvement of all operations and business areas. The development costs are expensed in the year incurred.

Ownership
Originally, BWSC was a part of the Burmeister & Wain Group, and the Company was established as an independent company in 1980.

Since 1990, BWSC has been a wholly owned subsidiary of Mitsui Engineering & Shipbuilding Company Ltd. (MES) through its Danish subsidiary MESCO Denmark A/S. The cooperation between MES and the B&W Group dates back to 1926 when MES entered into a license agreement with Burmeister & Wain A/S as the first of now many global manufacturers of MAN B&W diesel engines.

MES is listed on the Tokyo stock exchange, and Group company activities include the manufacture of industrial plants, shipyards, diesel engines, gas turbine and boiler production. Group activities also include road making, bridge building, and tunnel construction, a. o.

MES has a turnover of approximately USD 2,600 million and approximately 3,800 employees, and today holds a position as MAN B&W senior licensee.

Closing remarks
It is expected that BWSC will increase its turnover and achieve a satisfactory result for the fiscal year 2003. This is based on BWSC's satisfactory level of orders in hand of DKK 1,740 million, including operation contracts and worked up order possibilities for new projects.

The Management hereby express their sincere gratitude to customers, cooperation partners and employees, who through good teamwork and dedicated effort have all contributed to the good results for the BWSC Group.

Two-stroke engine.

MANAGEMENT'S STATEMENT

We have presented and adopted the Annual Report for the year ended 31 December 2002.

The Annual Report has been presented in accordance with Danish statutory accounting requirements.

We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the Annual Report includes the information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion that the Annual Report gives a true and fair view of the Company's assets and liabilities, financial position, results of operations and cash flows for the year ended 31 December 2002.

Allerød, 25 February 2003

Executive Management

Sigurd Andersen Managing Director	Søren Barkholt Executive Director

Board of Directors

Torkil Bentzen (Chairman)	Katsuhisa Ohno (Deputy Chairman)	Makoto Sakurai
Sigurd Andersen	Leif Juul Jørgensen	Lars Holmblad
Martin Friis Autzen*)	Svend Erik Christesen*)	Lars Ellegaard*)

The Annual Report is adopted at the Annual General Meeting of shareholders on 25 February, 2003.

*) Employee representatives

AUDITORS' REPORT

To the Shareholders of Burmeister & Wain Scandinavian Contractor A/S

We have audited the Annual Report of Burmeister & Wain Scandinavian Contractor A/S for the fiscal year ended 31 December 2002.

The Annual Report is the responsibility of the Company's Board of Directors and Executive 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 Board of Directors and Executive 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 Company's financial position at 31 December 2002 and of the results of its operations and its cash flows for the fiscal year then ended in accordance with the Danish Financial Statements Act.

Copenhagen, 25 February 2003

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Tom Hornbøll
State Authorised Public Accountant

PROFIT AND LOSS ACCOUNT (IN DKK THOUSANDS)

Parent Company				The Group	
2001	**2002**	**Note**		**2002**	**2001**
512,377	602,832	1	Net turnover	703,218	526,736
-367,768	-452,157	3	Production costs	-537,071	-370,903
144,609	150,675		**Gross profit**	166,147	155,833
-49,615	-31,494	3	Sales costs	-31,537	-49,564
-54,710	-56,440	3	Administrative expenses	-68,484	-63,058
40,284	62,741		**Operating profit/loss**	66,126	43,211
4,140	559	4	Profit on investments in affiliated undertakings	0	0
5,002	3,151	4	Profit on investments in associated undertakings	3,151	5,002
49,426	66,451		**Profit before non-operating items**	69,277	48,213
10,659	7,329		Interest receivable	7,542	15,362
-4,295	-2,015		Interest payable, etc.	-3,416	-6,458
55,790	71,765		**Profit before tax and extraordinary items**	73,403	57,117
-15,198	-21,014	2	Tax on profit on ordinary activities	-22,652	-16,525
40,592	50,751		**PROFIT FOR THE YEAR**	50,751	40,592

The Board of Directors recommends that the profit for the year, DKK 50,751 thousand, is appropriated as follows:

Dividend	133,000
Transferred to net revaluation reserves	-3,571
Retained profit	-78,678
	50,751

Tank Foundation, Curacao Power Plant under construction.

BALANCE SHEET

ASSETS (IN DKK THOUSANDS)

Parent Company				*The Group*	
2001	**2002**	**Note**		**2002**	**2001**
45,323	44,078		Land and buildings	44,078	45,323
8,781	7,387		Fixtures and fittings, tools and equipment	9,081	9,651
54,104	51,465	3	**Tangible fixed assets**	53,159	54,974
7,969	6,508		Investments in affiliated undertakings	0	0
16,463	28,888		Investments in associated undertakings	28,888	16,463
12,959	1,345		Other securities	1,345	12,959
37,391	36,741	4	**Fixed asset investments**	30,233	29,422
91,495	88,206		**Total fixed assets**	83,392	84,396
253	0		**Stocks**	1,613	1,812
81,332	41,833		Trade debtors	54,302	82,648
10,387	11,353	5	Contract work in progress	9,552	10,719
10,770	22,610		Amounts owed by affiliated undertakings	0	157
1,669	1,533		Amounts owed by associated undertakings	1,533	1,669
4,317	29,930		Other debtors	35,348	11,441
6,877	9,858		Prepayments	11,684	8,946
115,352	117,117		**Debtors**	112,419	115,580
255,548	306,467		**Cash and cash equivalents**	325,989	280,970
371,153	423,584		**Total current assets**	440,021	398,362
462,648	511,790		**TOTAL ASSETS**	523,413	482,758

Photo provided by the Authority of the Canal of Panama.

Miraflores Power Station, Panama.

BALANCE SHEET

LIABILITIES (IN DKK THOUSANDS)

Parent Company				The Group	
2001	**2002**	**Note**		**2002**	**2001**
20,000	20,000		Share capital	20,000	20,000
6,433	2,862		Net revaluation reserve acc. to the equity method	1,358	6,259
0	7,465		Reserve for financial instruments	7,465	0
154,231	63,990		Retained earnings	65,494	154,405
180,664	94,317	6	**Equity**	94,317	180,664
1,484	29,101		Deferred tax	28,998	1,532
22,296	20,059		Warranty provisions	20,059	22,296
23,780	49,160		**Provisions**	49,057	23,828
22,917	21,119	7	Mortgage debt	21,119	22,917
4,338	0		Other debt	0	4,338
27,255	21,119		**Long-term liabilities**	21,119	27,255
1,671	1,798		Mortgage debt, maturing in 2003	1,798	1,671
96,500	87,368	5	Prepayments received from customers	92,701	110,869
22,466	35,597		Trade creditors	37,245	22,633
23,581	0		Corporation tax	801	24,378
11,998	11,215		Amounts owed to affiliated undertakings	11,555	13,766
71,733	78,216	8	Other creditors	81,820	74,694
3,000	133,000		Dividend for the fiscal year	133,000	3,000
230,949	347,194		**Current liabilities**	358,920	251,011
258,204	368,313		**Total long-term and current liabilities**	380,039	278,266
462,648	511,790		**TOTAL EQUITY AND LIABILITIES**	523,413	482,758

9 Audit fee
10 Staff
11 Financial instruments
12 Transactions between related parties
13 Contingent liabilities, security for loans, etc.

Transformer Station - Pacora Power Station, Panama.

CASH FLOW STATEMENT (IN DKK THOUSANDS)

	Note	2002	2001
Operating profit		66,126	43,211
Adjustments	14	4,509	11,310
Changes in working capital	15	25,361	-40,492
Cash flow from operating activities before net financials		95,996	14,029
Interest received and similar income		-681	15,362
Interest paid		-3,416	-4,314
Cash flow from ordinary activities		91,899	25,077
Income taxes paid-30,378			-424
Cash flow from operating activities		61,521	24,653
Additions of fixtures and fittings, tools and equipment		-5,359	-3,720
Disposals of fixtures and fittings, tools and equipment		428	513
Dividends received from associated undertakings		1,514	3,307
Payment of subordinate loan capital		0	-12,004
Additions of securities		-8,414	-319
Cash flow from investing activities		-11,831	-12,223
Repayments, long-term liabilities other than provisions		-1,671	-1,554
Proceeds from long-term borrowing		0	4,338
Dividends distributed		-3,000	-3,000
Cash flow from financing activities		-4,671	-216
Changes in cash and cash equivalents		45,019	12,214
Cash and cash equivalents at beginning of year		280,970	268,756
Cash and cash equivalents at year-end		325,989	280,970

Marsa Alam Power Plant, Egypt.

General
The Annual Report of Burmeister & Wain Scandinavian Contractor A/S (BWSC A/S) has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

In consequence of the adoption the new Financial Statements Act, the accounting policies have been changed in the following respects:

1. Production overheads are recognized in the value of contract work in progress. They were previously accounted for in the profit and loss accounts as incurred. The change has a positive effect of DKK 7,438 thousand on the results of operations.
2. Receivables, payables and other monetary items in foreign currency, which are not paid at the balance sheet date, are now translated at the exchange rate ruling at the balance sheet date. The change has a negative effect of DKK 2,514 thousand on the results of operations.
3. Exchange losses and gains resulting from hedging of the Company's future liabilities concerning purchases and sales in foreign currencies are recognized directly on equity. Such hedge instruments were previously disclosed in the notes only. The change increases the equity by DKK 723 thousand at 1 January 2002, whereas other debtors increase accordingly. The change has a positive effect of DKK 7,348 thousand on the results of operations.
4. Deferred tax is recognized on the basis of all temporary differences between the book values and the tax values of assets and liabilities. Deferred tax of land and buildings were previously not recognized. The change has a negative effect of DKK 337 thousand on results of operations. At 1 January 2002, equity was reduced by DKK 6,662 thousand.

The accumulated effect of the recognized policy changes increases the results of operations by DKK 11,935 thousand. The balance sheet total has increased by DKK 19,014 thousand, whereas equity is reduced by DKK 5,939 thousand at 1 January 2002.

In accordance with the provisions of the Danish Financial Statements Act, the figures for the years 1998-2001 have not been adjusted accordingly.

The accounting policies are otherwise consistent with those of last year.

Contract work in progress has been reclassified so that, in future, the item will be recognized under other debtors instead of, as was previously the case, under stocks.

Consolidation
The consolidated financial statements are prepared on the basis of the audited Annual Report of the Parent Company and each subsidiary by aggregating items of a uniform nature and by eliminating intra-group income, expenses and balances. Furthermore, intra-group profits and losses are eliminated.

Shares in consortia are recognized using pro rata consolidation. Intra-group profits, losses and balances are eliminated relative to the Company's investment in such consortia. Any remaining balances are stated under the items 'Investments in associated undertakings' and 'Amounts owed by associated undertakings'.

The project financial statements of international contracting activities are translated into Danish kroner as follows: The items in the profit and loss account and the balance sheet are translated according to weighted project rates, corresponding to the exchange rates according to forward exchange contracts entered into. As the exchange rates applied are the same during the entire project period, no exchange rate differences will arise.

The financial statements of international subsidiaries that are independent entities are translated into Danish kroner as follows: The items in the profit and loss account are translated at average rates that do not differ materially from the exchange rates ruling at the date of transaction. Balance sheet items are translated into closing exchange rates. Currency retranslation differences are taken directly to equity.

The financial statements of international subsidiaries that are integrated entities are translated into Danish kroner as follows: The items in the profit and loss account are translated at average rates that do not differ materially from the exchange rates ruling at the date of transaction. Current assets and liabilities are translated at the exchange rate at the balance sheet date, whereas fixed assets and long-term liabilities are translated at historical rates. Exchange differences are recognized in the profit and loss account.

Foreign currency translation
Monetary items in foreign currency are translated at the exchange rate at the transaction date. Exchange differences arising between the exchange rate ruling at the transaction date and the payment date are recognized in the profit and loss account.

Receivables, payables and other monetary items in foreign currency, which are not paid at the balance sheet date, are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time when the receivable or payable is incurred is recognized in the profit and loss account.

Derivative financial instruments are recognized in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Changes in the fair value of derivative financial instruments, which are classified as and qualify for hedging of fair value of a recognized asset or liability, are recognized in the profit and loss account together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments, which are classified as and which qualify for hedging of future assets and liabilities, are recognized as prepayments and deferred income and in equity, respectively. If the future transaction results in recognition of assets or liabilities, the amounts deferred under equity are transferred from equity and recognized in the cost of the asset or liability, respectively. If the future transaction results in revenues or expenses, the amounts, which have been deferred under equity, are recognized in the profit and loss account in the period in which the hedged item affected the profit and loss account.

For any derivative financial instruments, which do not qualify for being treated as hedging instruments, the changes in fair value are recognized in the profit and loss account on a current basis.

PROFIT AND LOSS ACCOUNT

Revenue

The Company's revenue derives from contract activities, etc.

Contract work is recognized according to the percentage-of-completion method. Profits on contracts are recognized by reference to actual stage of completion, based on a conservative estimate allowing for both known and expected additional expenses.

Realized profits on completed contracts are recognized net of provisions for necessary warranties.

Income from operational and spare part contracts is recognized when invoiced.

Production costs

Production costs include expenses, including wages and salaries and depreciation made for purposes of generating the year's revenue, including direct and indirect expenses related to raw materials and consumables, wages and salaries, rent and leases and depreciation of plant.

Furthermore, research costs, development costs which do not qualify for capitalization and depreciation of capitalized plant are recognized under production costs.

Write-downs in connection with expected losses on contract activities are recognized.

Sales costs

Expenses related to offers and orders, etc. are recognized, including expenses related to sales personnel, marketing and internal development projects.

Administrative expenses

Expenses related to management and group administration, including expenses related to administrative officers, management, office premises, office expenses, etc. and depreciation are recognized.

The administrative expenses, which are included in production overheads, are transferred to production overheads.

Net financials

Financial income and expenses include interest income and expenses, realized and unrealized capital gains and losses, payables and transactions in foreign currency, amortization of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme, etc. Financial income and expenses are recognized at the amounts relating to the reporting period.

Tax

The Company is taxed on a consolidated basis with some of its foreign subsidiaries. The net tax charge of the jointly taxed income is proportionately distributed on the enterprises domiciled in Denmark with positive income.

The estimated tax charge for the year is recognized in the profit and loss account and is recorded as a current liability in the balance sheet. Non-refunded withholding tax concerning dividends from foreign subsidiaries is accounted for in the year in which the dividend is declared.

Deferred tax resulting from timing differences between income and expenses in the financial statements and the statement of taxable income and from tax loss carryforwards is provided for in the balance sheet at 30%. Changes in the deferred tax charge for the year are taken to the profit and loss account.

Intangible fixed assets and property, plant and equipment
Intangible fixed assets and property, plant and equipment are measured at cost plus subsequent additions and revaluations and less accumulated amortization/depreciation and write-downs.

Amortization/depreciation in the year is provided on a straight-line basis over the estimated useful lives of the individual assets, using the following periods:

Leasehold improvements	5 years
Office building	100 years
Warehouse	25 years
Installations	10 years
Cars	5 years
Plant and equipment	2-5 years
Fixtures and fittings	3-10 years
Computer software	3 years
Computer hardware	3 years

Minor acquisitions not exceeding DKK 10,100 per unit are accounted for in the year of acquisition.

Investments

Investments in affiliated and associated undertakings

Profit and loss account
The Company's proportionate share of the after-tax profit or loss of affiliated undertakings is recognized in the profit and loss account after full elimination of intra-group profits and losses.

The Company's proportionate share of the pre-tax profit or loss of associated undertakings is recognized in the profit and loss account after full elimination of intra-group profits and losses. The Company's share of associated undertakings' tax charge and extraordinary items are recognized under 'Tax on profit or loss on ordinary activities' and 'Extraordinary profit or loss after tax', respectively.

Balance sheet
Investments in affiliated and associated undertakings are recognized in the balance sheet at the Company's proportionate share of the net asset value of the enterprises, calculated by reference to the accounting polices applied by the Parent Company, less or plus unrealized intra-group profits and losses.

Affiliated and associated undertakings whose net asset values are negative are recognized as DKK 0, and any receivables from these enterprises are written down by the Parent Company's share of the negative net asset value. If the net asset value exceeds the receivables, the residual amount is recognized under provisions, provided that the Parent Company has a legal or actual obligation to cover the subsidiaries' deficits.

Net revaluations of investments in affiliated and associated undertakings are taken to equity as a net revaluation reserve according to the equity method to the extent that the book value exceeds the cost.

Newly acquired or newly established enterprises are recognized in the financial statements from the time of acquisition. Enterprises sold or otherwise disposed of are recognized until the time of sale.

Profits or losses on the sale of affiliated and associated undertakings are stated as the difference between the selling price and the book value of the net assets at the time of sale and expected expenses related to the sale and/or disposal. Profits and losses are recognized in the profit and loss account under net financials.

The takeover method is applied to newly acquired affiliated and associated undertakings. Thus, the assets and liabilities of such enterprises are measured at fair value at the time of acquisition.

Stocks
Stocks are measured at cost according to the FIFO principle. However, stocks are written down to the lower of cost and net realisable value.

Debtors
Receivables, etc. are measured at amortized cost, which usually equals the nominal value.

Provisions for bad debts are based on individual assessments of high-risk accounts receivable.

Securities
Securities under 'Current assets' are stated at the lower of cost and the market price at the balance sheet date.

Contract work in progress
Contract work in progress is measured by reference to the stage of completion.

The market price is based on the stage of completion at the balance sheet date and the total expected income on the individual work in progress.

The individual work in progress is recognized in the balance sheet under debtors or liabilities other than provisions, dependent on the net value of the selling price less payments on account and prepayments. Expenses related to sales work and contracts are recognized in the profit and loss account as incurred.

Prepayments
Payments made or received concerning expenses or income in subsequent years are recognized under prepayments.

Cash and cash equivalents
Cash and cash equivalents comprise cash and near money securities in respect of which the risk of changes in value is insignificant.

Provisions
Provisions comprise expected expenses relating to performance guarantees and expected losses on work in progress.

Performance guarantees comprise commitments to repair work within the guarantee period. Provisions are measured and recognized based on previous experience with guarantee work.

When it is probable that the total expenses will exceed the total income on contract work in progress, a provision is made for the total loss estimated on the work. The provision is recognized as an expense under production costs.

Dividend for the fiscal year
Proposed dividend for the year is recognized as a liability.

Financial liabilities
Financial liabilities are recognized on the raising of the loan at the proceeds received net of transaction costs incurred. The financial liability is subsequently measured at amortized cost, equaling the capitalized value, using the effective interest rate method. The difference between the proceeds and the nominal value is thus recognized in the profit and loss account over the loan term.

Other financial liabilities, which comprise trade creditors, payables to affiliated and associated undertakings and other creditors are measured at amortized cost, which usually corresponds to the nominal value.

Cash flow statement
The cash flow statement shows the Group's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the Group's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operating activities
Cash flow from operating activities is made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flow from investing activities
Cash flow from investing activities comprises payments related to additions and disposals of enterprises and activities and additions and disposals of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities
Cash flow from financing activities comprises changes in the size or composition of share capital and related expenses, raising of loans and repayments of interest-bearing debt and dividends distributed to shareholders.

Ratios are computed in accordance with 'Guidelines and Financial Ratios', issued by the Danish Society of Financial Analysts in 1997.

Definitions of the ratios included in the Financial Highlights:

Gross margin $\dfrac{\text{Gross profit x 100}}{\text{Net turnover}}$

Profit Margin $\dfrac{\text{Operating profit/loss x 100}}{\text{Net turnover}}$

Return on investments $\dfrac{\text{Operating profit or loss incl. interest x 100}}{\text{Assets}}$

Solidity $\dfrac{\text{Equity at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Result for analysis purposes Profit after tax

Return on equity $\dfrac{\text{Profit after tax x 100}}{\text{Average equity}}$

NOTES (IN DKK THOUSANDS)

Note 1.Net turnover

Parent Company			The Group	
2001	2002		2002	2001
875,075	338,025	Final invoicing	374,083	889,434
-362,698	264,807	Changes in contract work in progress	329,135	-362,698
512,377	602,832		703,218	526,736

Note 2.Taxes

Parent Company			The Group	
2001	2002		2002	2001
82	59	Withholding tax in foreign subsidiaries	59	82
-6,321	20,955	Adjustment of deferred tax	20,804	-6,369
21,437	0	Tax for the year	1,789	22,812
15,198	21,014	Expensed in the year	22,652	16,525

Atherinolakkos Power Plant in Greece under construction.

NOTES (IN DKK THOUSANDS)

Note 3.Tangible fixed assets

Parent Company			*The Group*	
Fixtures and fittings, tools and equipment	**Land and buildings**		**Fixtures and fittings, tools and equipment**	**Land and buildings**
37,898	60,673	Costs at 1 January 2002	41,563	60,673
3,883	228	Additions in the year	5,359	228
-558	0	Disposals in the year	-1,094	0
41,223	60,901	Costs at 31 December 2002	45,828	60,901
29,117	15,350	Depreciation at 1 January 2002	32,039	15,350
4,932	1,473	Depreciation in the year	5,411	1,473
-213	0	Depreciation of disposals	-703	0
33,836	16,823	Depreciation at 31 December 2002	36,747	16,823
7,387	44,078	**Book value at 31 December 2002**	9,081	44,078
8,781	*45,323*	*Book value at 31 December 2001*	*9,651*	*45,323*

Depreciation in the year is included in:

Parent Company			*The Group*	
2001	**2002**		**2002**	**2001**
545	602	Production costs	806	816
94	134	Sales costs	134	94
6,139	5,669	Administrative expenses	5,944	6,447
6,778	6,405		6,884	7,357

According to the public assessment at 1 January 2002, the Group's property was stated at DKK 33 million, of which the land value totals DKK 5.7 million.

A mortgage deed, DKK 75 million in the property, has been registered to the mortgagor. The mortgage deed is available.

Transport of diesel engine, Panama.

NOTES (IN DKK THOUSANDS)

Note 4.In vestments and other securities

Parent Company				The Group	
Affiliated undertakings	Associated undertakings	Other securities		Associated undertakings	Other securities
5,392	10,204	12,974	Costs at 1 January 2002	10,204	12,974
0	7,765	-12,104	Adjustment at beginning of the year	7,765	-12,104
0	7,924	490	Additions in the year	7,924	490
0	0	0	Disposals in the year	0	0
5,392	25,893	1,360	Costs at 31 December 2002	25,893	1,360
2,576	6,259	-15	Revaluations/write-downs at 1 January 2002	6,259	-15
560	3,151	0	Profit share in 2002	3,151	0
-876	-4,901	0	Currency retranslation adjustments in 2002	-4,901	0
-866	-1,514	0	Distribution of dividend to Parent Company	-1,514	0
-278	0	0	Transferred to debtors/creditors	0	0
1,116	2,995	-15	Revaluations/write-downs at 31 December 2002	2,995	-15
6,508	28,888	1,345	**Book value at 31 December 2002**	28,888	1,345
7,969	*16,463*	*12,959*	*Book value at 31 December 2001*	*16,463*	*12,959*

Note 5.W ork in progress

Parent Company			The Group	
2001	2002		2002	2001
148,676	413,483	Market value of production in progress	479,025	149,890
-234,789	-489,498	Prepayments received	-562,174	-250,040
-86,113	-76,015	Contract work in progress, net	-83,149	-100,150
		Classified as follows:		
10,387	11,353	Contract work in progress	9,552	10,719
-96,500	-87,368	Prepayments recevied from customers	-92,701	-110,869
-86,113	-76,015		-83,149	-100,150

NOTES (IN DKK THOUSANDS)

Note 6.Equity

Parent Company

The share capital is divided into 20 shares of DKK 1 million each.

	Share capital	Net revaluation reserve	Financial instruments	Retained earnings	Total
Balance at 1 January 2002	20,000	6,433	0	154,231	180,664
Adjustment at beginning of the year, deferred tax	0	0	0	-6,662	-6,662
Adjustment at beginning of the year, financial instruments	0	0	723	0	723
Profit for the year	0	0	0	50,751	50,751
Provision for dividends for 2002	0	0	0	-133,000	-133,000
Profit in affiliated and associated undertakings	0	3,710	0	-3,710	0
Distribution of dividend in affiliated undertakings	0	-866	0	866	0
Distribution of dividend in associated undertakings	0	-1,514	0	1,514	0
Changes in financial instruments	0	0	6,742	0	6,742
Currency retranslation adjustment of opening net assets and currency translation of accounts of affiliated and associated undertakings	0	-4,901	0	0	-4,901
Equity at 31 December 2002	20,000	2,862	7,465	63,990	94,317

The Group

	Share capital	Net revaluation reserve	Financial instruments	Retained earnings	Total
Balance at 1 January 2002	20,000	6,259	0	154,405	180,664
Adjustment at beginning of the year, deferred tax	0	0	0	-6,662	-6,662
Adjustment at beginning of the year, financial instruments	0	0	723	0	723
Profit for the year	0	0	0	50,751	50,751
Dividend provided for 2002	0	0	0	-133,000	-133,000
Changes in financial instruments	0	0	6,742	0	6,742
Currency retranslation adjustment of opening net assets and currency translation of the accounts of affiliated and associated undertakings	0	-4,901	0	0	-4,901
Equity at 31 December 2002	20,000	1,358	7,465	65,494	94,317

NOTES (IN DKK THOUSANDS)

Note 7.Mor tgage debt

Of the mortgage debt, DKK 12,464 thousand falls due after more than 5 years.

Note 8.Other creditors

Parent Company			*The Group*	
2001	**2002**		**2002**	**2001**
12,209	13,563	Due holiday pay	13,563	12,209
		Forward contracts concerning		
0	1,321	future cash flows	1,321	0
34,156	26,070	Residual costs, completed projects	26,070	34,156
25,368	37,262	Other accrued expenses, etc.	40,866	28,329
71,733	78,216		81,820	74,694

Notes 9.A udit fee

Parent Company			*The Group*	
2001	**2002**		**2002**	**2001**
380	380	Audit fee	509	516
500	418	Non-audit fee	650	784
880	798		1,159	1,300

Note 10.Staff

Analysis of staff costs:

Parent Company			*The Group*	
2001	**2002**		**2002**	**2001**
131,384	132,020	Wages and salaries	145,222	144,960
472	463	Social security costs	1,990	1,645
131,856	132,483		147,212	146,605
		Including remuneration for:		
3,733	3,764	Executive Management of Parent Company	3,764	3,733
385	630	Board of Directors of Parent Company	630	385
4,118	4,394		4,394	4,118
265	259	Average number of employees	449	457

NOTES (IN DKK THOUSANDS)

Note 11.F inancial instruments

It is company policy to hedge the net cash flow per currency of individual projects, primarily through forward contracting. Net positions are - apart from capital investments in subsidiaries - mainly amounts appropriated for covering future balances due from customers and amounts owed to creditors.

	Payment/ maturity	Cash and cash equivalents and receivables	Debt	Hedge transaction	Net position
USD	0-24 months	131,694	-26,376	-66,777	38,541
EUR	0-24 months	160,249	-12,180	-2,134	145,935
CHF	0-24 months	1,260	-338	0	922
SEK	0-24 months	0	-373	1,898	1,525
JPY	0-24 months	9,996	-5,614	-21,997	-17,615
HKD	0-24 months	348	0	4,995	5,343
EGP	0-24 months	1,874	0	0	1,874
MYR	0-24 months	2,901	-1,528	0	1,373
LKR	0-24 months	4,617	-688	0	3,929
PHP	0-24 months	5,659	-1,826	0	3,833
Other	0-24 months	1,015	-126	0	889
Subsidiaries					
USD		44	0	0	44
MYR		366	0	0	366
PHP		4,286	0	0	4,286
LKR		1,812	0	0	1,812
		326,121	-49,049	-84,015	193,057

Note 12: Transactions between related parties

Purchase of diesel engines, spare parts, guarantees etc. from Mitsui Engineering & Shipbuilding Company Ltd., Japan and purchase of diesel engines and spare parts etc. from MAN B&W A/S and MAN B&W A.G., Germany have taken place at market conditions.

The sale of goods to associated undertakings have also taken place at market conditions.

Apart from intercompany transactions which have been eliminated in the Group accounts, plus usual management fee, no transactions have been made with board, executive management, senior executives, affiliated undertakings or other related parties during the year.

Group relationships

BWSC's ultimate parent company is Mitsui Engineering & Shipbuilding Company Ltd., which prepares the accounts for the group in which BWSC is located.

Group accounts for the foreign parent company can be obtained from: Mitsui Engineering & Shipbuilding Company Ltd., 6-4, Tsukiji 5-chome, Chuo-ku, Tokyo 104-8439, Japan.

NOTES (IN DKK THOUSANDS)

Note 13: Contingent liabilities, security for loans, etc.
Guarantees totaling DKK 258 million have been provided for ongoing and completed projects, including DKK 56 million by way of prepayment guarantees.

Associated undertakings and joint ventures are jointly and severally liable. No other warranty commitments exist apart from service and guarantee commitments customary in the industry.

Note 14.A djustments

	2002	2001
Amortisation/depreciation	6,884	7,380
Changes in performance guarantee	-2,237	4,183
Profit/loss on the sale of fixed assets	-138	-95
Currency retranslation adjustments	0	-158
	4,509	11,310

Note 15.Chang es in working capital

Changes in stocks	199	224
Changes in contract work in progress	-17,001	-12,654
Changes in trade debtors	28,346	-4,285
Changes in receivables from affiliated and associated undertakings	293	462
Changes in other debtors	-897	2,038
Changes in prepayments and deferred income	-2,738	-80
Changes in trade creditors	14,612	-26,863
Changes in payables to affiliated and associated undertakings	-2,211	-12,967
Changes in other creditors	4,758	13,633
	25,361	-40,492

Packing of equipment at BWSC headquarters.

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