A2SEA A/S
Kongens Kvarter 51, 7000 Fredericia

ANNUAL REPORT 2017
1 January-31 December

18th accounting year

(Registration No. 25 49 03 39)

Approved at the ordinary Annual General Meeting on 25 May 2018
Chairman: Bart De Poorter

Table of Contents

Company Details

Company	A2SEA A/S Kongens Kvarter 51 DK-7000 Fredericia	
	Telephone E-mail Internet	+45 75 92 82 11 a2sea@a2sea.com www.a2sea.com
	Registration No. Registered office	25 49 03 39 Fredericia Municipality
Shareholders	100% of the shares are owned by GeoSea NV	
Board of Directors	Bart De Poorter (Chairman) Alain Bernard Els Verbraecken Luc Vandenbulcke Eric Tancré Olivier Maes	
Executive Board	Michael Glavind	
Auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	
Annual General Meeting	Approved at the ordinary Annual General Meeting on 25 May 2018	

Chairman

Bart De Poorter

Financial Highlights

DKK'000	2017	2016	2015	2014	2013
Income Statement					
Net turnover	525,562	650,697	785,567	1,050,230	1,216,155
EBITDA[1]	257,476	119,821	305,869	454,355	493,826
EBITDA margin (%)	*48.99*	18.41	*38.94*	*43.26*	*40.61*
EBIT[2]	100,245	-224,747	39,842	286,386	350,930
EBIT margin (profit margin) (%)	*19.07*	-34.54	*5.07*	*27.27*	*28.86*
Result of net financials	1,807	3,505	-134,710	13,989	-109
Profit/loss before tax	102,053	-221,243	-94,868	300,374	350,821
Profit/loss for the year	**70,512**	**-85,563**	**-105,326**	**233,931**	**276,466**
Balance					
Investments in tangible fixed assets	17,671	60,723	47,271	434,838	565,728
Tangible fixed assets	1,680,202	1,849,367	2,258,891	2,477,601	2,222,790
Equity	2,067,737	1,997,338	2,083,237	2,363,834	2,332,487
Balance sheet total	2,175,808	2,149,347	2,647,376	2,810,996	2,635,308
Business related key figures					
Average number of employees	183	297	407	403	357

For definition of the financial ratios, please refer to 'Accounting Policies'.

[1] Earnings Before Interest, Tax, Depreciation and Amortisation
[2] Earnings Before Interest and Tax

Management's Review

Main activities
A2SEA A/S is part of the DEME Group as a direct subsidiary to GeoSea NV (Belgium) with DEME NV as the ultimate parent company. For further information, please see the Annual Report of DEME NV.

A2SEA was founded in the year 2000 on the basis of the idea of providing a crane vessel with legs and is today one of the world's leading companies within installation of offshore wind farms and offshore service.

A2SEA's vision is:

> "to stay ahead in taking wind power offshore and the future of energy in a sustainable direction".

A2SEA's mission is:

> "to provide the offshore wind industry with safer, sustainable and more cost efficient operations through know how, seamless integration of installation and service solutions, and quality of service".

The above-mentioned has been the core business of A2SEA since the establishment in 2000.

Results and financial development in 2017

Profit for the year
In the year 2017, A2SEA realised a profit before tax of DKK 102.1m and DKK 70.5m after tax compared to a loss before tax of DKK 221.2m and DKK 85.6m after tax the year before.

The profit for the year is the result of the usual course of business of the Company, i.e. the execution of offshore installation activities and services.

In 2017, A2SEA has elected to be taxed in accordance with the Danish Tonnage Tax Act from 2015 and onwards. The effect of this is specified in note 7.

The management considers the result for the year satisfactory.

Investments
In 2017, A2SEA has invested in various minor improvements of the existing vessels. The total investments in tangible fixed assets amount to DKK 17.7m in 2017.

Capital Resources
A2SEA is firmly based. At year end, the solvency ratio was 95.0% (2016: 93.0%) equal to an equity of DKK 2,067.8m at 31 December 2017 (2016: DKK 1,997.3m).

The Company's financial resources amount to DKK 373.5m at the end of the financial year.

Expectations for 2018
A2SEA enters 2018 with a comfortable order book, which will secure a sound utilisation rate for the 2nd generation wind turbine installation vessels in 2018. A similar result is expected in 2018 compared to 2017.

Special risks

General risks

The Company's primary business risk is tied to the ability to remain strongly positioned in the most important markets, primarily in Northern Europe. Besides, it is important for the Company to remain constantly at edge with the technological development within new installation capacity.

Financial risks

Due to the Company's financial position and financial resources, the Company is only to a limited extent exposed to changes in the level of interest rates. However, in relation to the current operation, the Company is exposed to foreign exchange risks.

Foreign exchange risks

Activities abroad imply that results, cash flow and equity are affected by the exchange rate movements and the interest rate development of a number of currencies. It is the policy of the Company to cover commercial currency exposure. The major part of the Company's turnover is, however, paid in EUR, which is not hedged due to this currency's close connection to the DKK.

Credit risks

The Company's credit risks are primarily tied to financial assets recognised in the balance sheet.

The Company does not have any significant risk relating to a single customer or cooperative partner. The Company's policy for undertaking credit risks includes current credit evaluation of all major customers and other cooperative partners.

Know-how capacity

A2SEA's business is based on delivery of a very essential business service to the wind industry in the form of transport, installation and servicing of offshore wind turbines. This service places heavy demands on employees with special knowledge and on business processes.

In order to be capable of delivering competitive solutions it is crucial that the Company is able to recruit and retain employees with the right competences.

It is our target that the Company should always retain employees with the right experience and knowledge in order to secure our leading position in the market.

Employees are currently offered training as a fundamental element of their employment, to stay ahead with the latest knowledge and technology and to ensure that staff is continuously competent and qualified.

Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statements Act

A2SEA is highly aware of the Company's role as a key player in society in a local, national and international context. Hence A2SEA remains attentive towards making targeted efforts to ensure that its core business area and activities are developed in a financially, environmentally and socially responsible manner both by complying with statutory requirements and by taking corporate responsibility initiatives.

Environment and climate
A2SEA is committed to protecting the environment and reducing the environmental impact of our activities - this is reflected in our focus on the environmental aspects of managing our business.
We aim to continuously reduce emissions and avoid harming the environment through the efficient use of resources, using materials that have a minimal environmental impact and by enforcing responsible disposal practices. We will continuously assess the adoption of procedures and actions that can be used to further increase the efficiency of vessel operations and improve cost-effective utilization of energy and natural resources.

To control the environmental issues, A2SEA has prepared an environmental policy. This policy is based on an environmentally compatible way of conducting business and performing projects and is a natural part of A2SEA's operation and product quality targets.

To ensure that A2SEA's activities do not affect the environment, specific working instructions have been prepared in order to minimise the risk in connection with the execution of all considerable tasks, both in harbour and in connection with transportation and performance of offshore lifting tasks.

To ensure a continuous development of A2SEA's organisation, systems and competences regarding the ability to provide extraordinarily safety and quality in all aspects of our business, the Company is continuously working with personnel training and improvement of documentation within safety and quality. In addition, throughout 2017, all incidents and near-misses are reported, and preventive and corrective actions taken.

A2SEA's environmental, safety and quality management systems are certified by Det Norske Veritas (DNV) according to DS/EN ISO 9001, MLC (Marine Labour convention), ISO 14001, OHSAS 18001 and the ISM and ISPS Code. (Document of Compliance – DoC).

People & human rights
A2SEA considers diversity an important asset and remains committed to ensuring equal opportunities and rights for employees. Hence A2SEA does not tolerate discrimination or harassment based on religion, race, ethnicity, gender, age, sexuality, political opinion or other status. Moreover, we actively promote a culture of safety and environmental excellence, at all levels in the organisation, in order to achieve incident-free operation and improve our processes and performance. A2SEA also actively promotes a fair and just culture in order to ensure open and timely communication throughout the organization and with all stakeholders.

At A2SEA we take responsibility for our own and others' safety and security and are committed to ensure the prevention of human injury, illness and loss of life - it is our objective that people, in any capacity, shall be able to execute their work correctly under safe and healthy conditions.

The ISO/OHSAS systems have latest been certified by an external auditor in July 2017, and the certificates are valid until September 2018.

A2SEA's Document of Compliance (DoC) has been verified under the ISM Code from Søfartsstyrelsen (the Danish Maritime Authority) for operation of passenger and HSC vessels as well as for the operation of installation vessels.

In addition hereto, we are certified according to MARPOL, International Anti-Fouling System, Class and several other maritime certificates.

Report on the Gender Distribution in Management, cf. Section 99b of the Danish Financial Statements Act

In line with its overall quality policy, it is A2SEA's primary objective that candidates proposed for Board of Directors or management positions are selected considering their suitability based on professional and personal skills and competences. Currently the board consists of 6 members, 1 female and 5 male. In this respect A2SEA has reached its initial target of having one female member of the Board of Directors at the end of 2019. Additionally, A2SEA has a policy regarding the proportion of gender in the management levels of the company. When choosing between equally qualified candidates, the general diversity among the employees shall be taken into consideration. In connection with recruitment for any position in A2SEA, including managerial positions, it should be ensured, where possible, that the candidates considered for filling in these positions include both men and women.

At year-end 2017, the managerial positions below top-management level in the Company were covered by respectively 25% women and 75% men. This gender distribution is generally in line with the previous year. The goal for the coming years for recruitment for managerial positions and for top-level positions will be to shift towards a distribution of 40%/60% by 2020.

Research and development activities
There has been continuous improvement of equipment, concept and competences. Development in 2017 has primarily been focused on design of new vessels and upgrades of existing vessels for handling the requirements of the future installation markets.

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A2SEA for the financial year 1 January-31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company's operations for 2017.

Further, in our opinion, Management's Review includes a true and fair account of the conditions dealt with.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Fredericia, 25 May 2018

Executive Board:

Michael Glavind
CEO

Board of Directors:

Bart De Poorter Chairman	Alain Bernard
Els Verbraecken	Luc Vandenbulcke
Eric Tancré	Olivier Maes

Independent Auditor's Report

To the Shareholders of A2SEA A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January-31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A2SEA A/S for the financial year 1 January-31 December 2017, which comprise income statement, balance sheet, statements of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Trekantområdet, 25 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Rasmus Friis Jørgensen State Authorised Public Accountant mne28705	Lasse Berg State Authorised Public Accountant mne35811

Income Statement 1 January-31 December

DKK'000	Note	2017	2016
Net turnover	1	525,562	650,697
Project and vessel costs		-127,472	-318,461
Other operating income	2	5,513	0
Other external expenses		-18,110	-29,179
Staff expenses	3	-128,017	-183,236
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)		**257,476**	**119,821**
Depreciation and amortisation		-138,053	-273,541
Other operating expenses	4	-19,178	-71,027
Operating profit (EBIT)		**100,245**	**-224,747**
Income from investments in subsidiaries after tax		179	296
Financial income	5	2,572	8,338
Financial expenses	6	-944	-5,130
Profit/loss before tax		**102,052**	**-221,243**
Tax on the profit/loss for the year	7	-31,540	135,680
Profit/loss for the year		**70,512**	**-85,563**
Proposal for distribution of the profit/loss for the year			
Proposed dividend for the year		0	0
Retained earnings for the year		70,512	-85,563
		70,512	-85,563

Balance Sheet at 31 December

DKK'000	Note	2017	2016
Assets			
Rights		0	0
Software		1,542	3,602
Intangible fixed assets	8	**1,542**	**3,602**
Vessels and related equipment		1,644,785	1,804,905
Other plants and equipment		35,417	44,462
Tangible fixed assets	9	**1,680,202**	**1,849,367**
Investments in subsidiaries		2,888	2,822
Deposit		1,752	1,744
Financial fixed assets	10	**4,640**	**4,566**
Total fixed assets		**1,686,384**	**1,857,535**
Trade receivables		33,971	20,088
Receivables from group enterprises		440,934	254,500
Work in progress		5,621	14,379
Prepayments	11	623	0
Other receivables		8,221	2,510
Receivables	12	**489,370**	**291,477**
Cash at bank and in hand		**54**	**335**
Total current assets		**489,424**	**291,812**
Total assets		**2,175,808**	**2,149,347**

Balance Sheet at 31 December (continued)

DKK'000	Note	2017	2016
Liabilities			
Share capital	13	429,363	429,363
Retained earnings		1,638,374	1,567,975
Proposed dividend for the year		0	0
Total equity		**2,067,737**	**1,997,338**
Provision for deferred tax	14	0	0
Provisions		**0**	**0**
Trade payables		16,560	18,796
Payables to group enterprises		3,296	705
Corporation tax		48,694	16,942
Other debt		36,065	114,796
Deferred income		3,457	770
Short-term debt		**108,071**	**152,009**
Total liabilities		**108,071**	**152,009**
Liabilities		**2,175,808**	**2,149,347**
Contractual obligations	15		
Fees for auditor(s) appointed by the Annual General Meeting	16		
Related party transactions	17		
Events after 31 December 2017	18		
Accounting policies	19		

Statement of Changes in Equity 1 January-31 December

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	**429,363**	**1,653,874**	**2,083,237**
Exchange rate adjustments of investments		-336	-336
Loss for the year		-85,563	-85,563
Equity at 31 December 2016	**429,363**	**1,567,975**	**1,997,338**
Equity at 1 January 2017	**429,363**	**1,567,975**	**1,997,338**
Exchange rate adjustments of investments		-113	-113
Profit for the year		70,512	70,512
Equity at 31 December 2017	**429,363**	**1,638,374**	**2,067,737**

Notes

Note 1 Net turnover

In compliance with section 96 of the Danish Financial Statements Act, information regarding turnover on geographical markets and activities has been left out for competitive reasons.

Note 2 Other operating income

DKK'000	2017	2016
Gain on sale of fixed assets	5,513	0
Other operating income	**5,513**	**0**

Note 3 Staff expenses

DKK'000	2017	2016
Wages and salaries	108,448	151,684
Pensions	8,660	12,915
Other staff costs, incl. social security costs, etc.	10,909	18,637
Staff expenses	**128,017**	**183,236**
Average number of full time employees	183	297

Remuneration for the Executive Board and Board of directors for 2017 is DKK'000 6,594. In compliance with section 98 b (3) of the Danish Financial Statements Act, no information is given for 2016.

Note 4 Other operating expenses

DKK'000	2017	2016
Loss on disposal of fixed assets	19,178	71,027
Other operating expenses	**19,178**	**71,027**

Note 5 Financial income

DKK'000	2017	2016
Interest income from group enterprises	2,549	7,232
Other financial income	-23	1,106
Financial income	**2,572**	**8,338**

Note 6 Financial expenses

DKK'000	2017	2016
Interest expenses to group enterprises	32	3,464
Other financial expenses	912	1,665
Financial expenses	**944**	**5,130**

Note 7 Tax on the profit/loss for the year

DKK'000	2017	2016
Breakdown of the tax for the year:		
Tax on the profit for the year	31,540	-135,680
Tax on the profit for the year	**31,540**	**-135,680**
Explanation of the tax on the profit for the year:		
Current tax	17,684	1,461
Adjustments for previous years (current tax)	13,856	41,027
Adjustments for previous years (deferred tax)	0	-178,168
Tax on the profit for the year	**31,540**	**-135,680**

Note 8 Intangible fixed assets

DKK'000	Software	Rights	Total
Cost at 1 January 2017	10,860	327	11,187
Additions for the year	83	0	83
Disposals for the year	-1,699	0	-1,699
Cost at 31 December 2017	**9,244**	**327**	**9,571**
Amortisation, depreciation and write-downs at 1 January 2017	7,258	327	7,585
Depreciation and amortisation for the year	2,143	0	2,143
Reversed depreciation on assets disposed of	-1,699	0	-1,699
Amortisation, depreciation and write-downs at 31 December 2017	**7,702**	**327**	**8,029**
Book value at 31 December 2017	**1,542**	**0**	**1,542**
Amortised over a period of	3-5 years	5 years	-

Note 9 Tangible fixed assets

DKK'000	Vessels and related equipment	Other plants and equipment	Total
Cost at 1 January 2017	2,735,515	75,075	2,810,590
Additions for the year	13,272	4,399	17,671
Disposals for the year	-612,787	-12,897	-625,684
Cost at 31 December 2017	**2,136,000**	**66,577**	**2,202,577**
Depreciation and write-downs at 1 January 2017	930,610	30,613	961,223
Depreciation for the year	124,392	11,518	135,910
Reversed depreciation on assets disposed of	-563,787	-10,971	-574,758
Depreciation and write-downs at 31 December 2017	**491,215**	**31,160**	**522,375**
Book value at 31 December 2017	**1,644,785**	**35,417**	**1,680,202**
Depreciation period	5-20 years	2-5 years	-

Note 10 Financial fixed assets

DKK'000	Investments in subsidiaries	Deposit	Total
Cost at 1 January 2017	237,819	1,744	239,563
Additions during the year	0	8	8
Disposals for the year	-223,837	0	-223,837
Cost at 31 December 2017	**13,982**	**1,752**	**15,734**
Value adjustments at 1 January 2017	-234,997	0	-234,997
Profit for the year	179	0	179
Changes in equity	-113	0	-113
Depreciations and amortisations at 31 December 2017	**-11,094**	**0**	**-11,094**
Book value at 31 December 2017	**2,888**	**1,752**	**4,640**

Breakdown of investment in subsidiaries:

	Registered office	Ownership
A2SEA Deutschland GmbH	Germany	100%
A2SEA Ltd.	UK	100%

Note 11 Prepayments

Prepayments comprise prepaid costs relating to other external costs.

Note 12 Receivables

All receivables are due for payment within one year after the end of the financial year.

Note 13 Share capital

DKK'000	2017	2016	2015	2014	2013
Share capital at 1 January	429,363	429,363	429,363	429,363	302,363
Capital increase	0	0	0	0	127,000
Share capital at 31 December	**429,363**	**429,363**	**429,363**	**429,363**	**429,363**

Ownership:
100% of the share capital is owned by GeoSea NV.

Note 14 Deferred tax

DKK'000	2017	2016
Deferred tax at 1 January	0	178,168
Adjustment, beginning of year	0	-178,168
Deferred tax at 31 December	**0**	**0**

Deferred tax on transitional balance and equalisation balance relating to vessels amounts to DKK'000 146,736.

Note 15 Contractual obligations

A2SEA A/S has assumed liabilities for a total of DKK'000 3,306 in the form of property leases and leased operating equipment. Breakdown of the future lease obligations:

DKK'000	2017	2016
0-1 year	3,148	3,929
1-5 years	158	346
> 5 years	0	0
	3,306	**4,275**

Note 16 Fees for auditor(s) appointed by the Annual General Meeting

DKK'000	2017	2016
Auditor fee for PwC	221	109
Other reviews	0	0
Tax advisory	18	238
Other services	40	132
	279	**479**

Note 17 Related parties

The Company is directly owned by GeoSea NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimately owned by Ackermans & van Haaren N.V, Begijnenvest 113, 2000 Antwerp, Belgium.

Other related parties with a significant influence comprise the Company's Board of Directors, the Executive Board and executives and the close family of these individuals. Related parties also include companies in which the before-mentioned individuals hold a considerable interest. In addition, related parties also include group enterprises to A2SEA A/S. For a complete list of subsidiaries, please refer to note 10 'Financial fixed assets'.

A2SEA A/S is included in the immediate Consolidated Financial Statements of DEME NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimate Consolidated Financial Statements of Ackermans & van Haaren NV, Begijnenvest 113, 2000 Antwerp, Belgium. The Consolidated Financial Statements may be obtained upon request by contacting DEME NV and Ackermans & van Haaren NV.

With reference to section 98 C(7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

Note 18 Events after 31 December 2017

No events have occurred after the closing of this financial year that would influence the financial position of the Company.

Note 19 Accounting policies

GENERAL

The Annual Report of A2SEA A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for enterprises of accounting class C (large enterprises).

In accordance with the Danish Financial Statements Act section 112(1), no consolidated annual accounts have been made. The annual accounts for A2SEA A/S and subsidiaries are part of the consolidated annual accounts for DEME NV, Haven 1025, Scheldedijk 30, 2070 Zwijndrecht, Belgium, registration number 0400.473.705.

In accordance with the Danish Financial Statements Act section 86(4) the Company has omitted the cash flow statement from this Annual Report as A2SEA A/S is included in the cash flow statement of the DEME NV.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

On recognition or measurement predictable losses and risks appearing before the presentation of the Annual Report that are confirming or invalidating conditions already existing on the balance sheet date will be taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities, measured at fair value or amortised cost. Equally, costs incurred to achieve the earnings for the year, including depreciation, amortisation and provisions made and reversals resulting from changes in accounting estimates of amounts previously included in the income statement are recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as an item under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the exchange rate prevailing at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement under financial income and expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as receivables or payables and in capital and reserves. If the future transaction results in recognition of assets or liabilities, the amount previously recognised under equity will be transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, the amount, deferred under equity or together with a recognised asset in the balance sheet will be transferred to the income statement for the period in which the hedged item affects the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement when they occur.

INCOME STATEMENT

Net turnover

Net turnover is recognised in the income statement when delivery and passing of risk to buyer have taken place before the year end and if the income can be reliably measured and is expected received before year-end.

Net turnover is measured at fair value of the agreed contract sum exclusive of VAT charged on behalf of a third party. All types of allowed discounts are recognised in the net turnover.

Contracts relating to offshore wind turbine projects are included in the net turnover concurrently with the execution of the work, based on the degree of completion of the individual contracts.

Project and vessel costs

Project and vessel costs comprising expenses related to project execution and costs for the operation of the Company's fleet.

Vessel costs are recognised in the income statement when incurred.

Costs related to offshore wind turbine projects are included in the project costs concurrently with the execution of the work, based on the degree of completion of the individual contracts.

Other external expenses

Other external expenses comprise indirect production costs and costs related to premises, sales and offices, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than project wages.

Other operating income and expenses

Other operating income and expenses comprise items that are secondary compared to the Company's principal activities, including profit and loss on current sale and renewal of intangible assets and tangible fixed assets. Profits and losses on sale of intangible assets and tangible fixed assets are calculated as the sales price with deduction of selling costs and the book value at the time of sale.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses and losses concerning debt and transactions in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit for the year

Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The company's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Group's planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note "Deferred tax".

BALANCE SHEET

Intangible fixed assets

Rights
Rights include patents. These are measured at cost less accumulated amortisation and impairment losses. Patents are amortised over 5 years.

Software
Software is measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis, i.e. the cost related to software is divided over the expected useful life – normally 3-5 years.

Residual value of intangible fixed assets is reassessed every year.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises costs of materials, components, sub-suppliers, direct cost of labour and indirect production cost.

The cost of a combined asset is separated into individual items for which depreciation is made individually if the useful life of the individual items differs.

Subsequent costs, e.g. related to replacement of parts of a tangible fixed asset, are recognised in the book value of the asset in question when it is likely that the incurrence will imply a future financial benefit to the Company. The replaced parts cease being recognised in the balance sheet when the book value of these is transferred to the income statement. All other costs related to ordinary repair and maintenance are recognised in the income statement when incurred.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the estimated useful lives of the assets.

Vessels and related equipment	5-20 years
Other plant and equipment	2-5 years
Plant under construction	No depreciation

Depreciation period and residual value of tangible fixed assets is reassessed every year.

Gains and losses on the disposal of tangible fixed assets are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income/expenses.

Impairment of assets

The book value of the Company's fixed assets is estimated on a yearly basis to determine whether there might be indications of impairment beyond the planned depreciation.

If there are any indications of impairment, an impairment test is carried out for each individual asset or group of assets, respectively. Write-down to recoverable amount is made if this turns out to be lower than the book value. The recoverable amount is determined as the higher of net selling price and value in use. The value in use is calculated as the present value of the expected net cash flow from the use of the asset or group of assets and expected net cash flow from sale of the asset or group of assets after expired useful life.

Investments in subsidiaries
Investments in subsidiaries are measured under the equity method in the Parent Company's balance sheet.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net assets calculated in conformity with the according policies adopted by the Parent Company less or plus unrealised inter-company profit/loss and plus or less remaining value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiaries is transferred under equity to net revaluation reserve according to the equity method to the extent that the book value exceeds the acquisition cost. The acquisition method is applied in connection with acquisition of subsidiaries as described above under Consolidated Financial Statements.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the Parent Company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the Parent Company has a legal or constructive obligation to cover the enterprise's deficit.

Deposit
Other receivables comprise deposit measured at fair value.

Receivables
Receivables are measured at amortised cost.

Provisions for bad debts are made when it is estimated on the basis of an objective indication that the value of a receivable is impaired.

Prepayments
Prepayments recognised as receivable consists of prepayments of costs relating to the coming financial years.

Current tax and deferred tax
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred tax is measured under the balance-sheet liability method on all temporary differences between book value and tax base of assets and liabilities. In the cases where statement of the tax base can be made on the basis of different taxation rules, the deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including tax base of tax loss carry-forwards, are measured at the value at which the assets are expected realised either by elimination in tax on future earnings or by offsetting against deferred tax liabilities or within the same legal tax entity.

Debt
Financial debt comprises mortgage debt, credit institutions, trade payables and other liabilities to the public authorities, etc.

Payables to credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial debt is measured at amortised cost according to 'the effective interest method', so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses during the term of the loan.

Other debt is measured at net realisable value.

Deferred income

Deferred income includes prepayments and accrual of contribution margin relating to time charter contracts. If the deferred income is an asset, it is recorded as work in progress, if a liability, it is recorded as deferred income.

FINANCIAL RATIOS

The financial ratios mentioned in the Financial Highlights are calculated as follows:

EBITDA margin	$\dfrac{\text{Earnings before Interest, Tax, Depreciation and Amortisation}}{\text{Net turnover}}$
EBIT margin	$\dfrac{\text{Operating profit or loss (EBIT)}}{\text{Net turnover}}$