

# Swire Blue Ocean A/S

Arne Jacobsens Allé 7, 7., 2300 København S

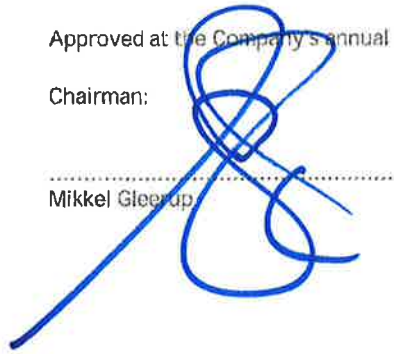
CVR no. 31 18 05 03

## Annual report 2018

Approved at the Company's annual general meeting on 24 June 2019

Chairman:

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Mikkel Gleerup



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Swire Blue Ocean A/S for the financial year 1 January - 31 December 2018.

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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 24 June 2019  
Executive Board



Mikkel Gleerup  
CEO



Martin Møller Olesen  
CFO

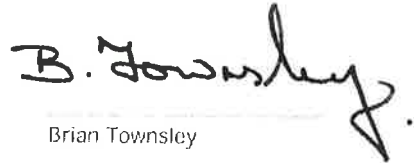
Board of Directors:



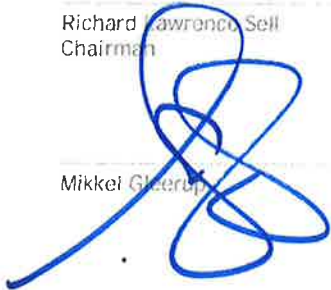
Richard Lawrence Sell  
Chairman



Roy George Shearer



Brian Townsley



Mikkel Gleerup



Martin Møller Olesen



## Independent auditor's report

To the shareholder of Swire Blue Ocean A/S

### Opinion

We have audited the financial statements of Swire Blue Ocean A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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

### Independence

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 rules and requirements.

### 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 as to 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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.

## Independent auditor's report

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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 June 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Jens Thordahl Nøhr  
State Authorised Public Accountant  
mne32212

## Management's review

### Company details

Name	Swire Blue Ocean A/S
Address, Postal code, City	Arne Jacobsens Allé 7, 7., 2300 København S
CVR no.	31 18 05 03
Established	15 January 2008
Registered office	København
Financial year	1 January - 31 December
Website	<a href="http://www.swireblueocean.com">www.swireblueocean.com</a>
Board of Directors	Richard Lawrence Sell, Chairman Roy George Shearer Brian Townsley Mikkel Gleerup Martin Møller Olesen
Executive Board	Mikkel Gleerup, CEO Martin Møller Olesen, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2018	2017	2016	2015	2014
<b>Key figures</b>					
Revenue	536,992	334,576	528,143	746,821	-
Ordinary operating profit/loss	18,548	-60,880	74,147	142,938	-41,264
Net financials	1,144	-489	-6,366	4,415	-3,542
<b>Profit/loss for the year</b>	<b>6,861</b>	<b>-47,496</b>	<b>52,861</b>	<b>112,699</b>	<b>-34,285</b>
<b>Balance sheet</b>					
Total assets	198,359	193,270	218,898	157,555	78,077
Investment in property, plant and equipment	1,286	235	317	93	107
<b>Equity</b>	<b>134,280</b>	<b>127,419</b>	<b>174,915</b>	<b>122,055</b>	<b>9,356</b>
<b>Financial ratios</b>					
Return on assets	9.5%	-29.5%	39.4%	121.3%	-36.3%
Equity ratio	67.7%	65.9%	79.9%	77.5%	12.0%
Return on equity	5.2%	-31.4%	35.6%	171.5%	-129.4%
<b>Operational metrics</b>					
Average number of employees	32	28	27	27	23

Financial ratios are calculated in accordance with the terms and definitions included in the accounting policies (note 1).

Revenue for the year 2014 is not disclosed as the Company was subject to the reporting requirements applying to medium reporting class C entities and decided not to disclose its revenue.

## Management's review

### Business review

Swire Blue Ocean was founded in 2008 and is a leading marine service provider to the offshore windfarm industry. The Company supports the installation of offshore wind foundations and turbines, as well as the decommissioning of offshore oil & gas operations. It also provides consultancy services, operation and maintenance support, and offshore accommodation.

Swire Blue Ocean is a wholly-owned subsidiary of Swire Pacific Offshore Group, based in Singapore, and is a constituent of the Marine Services Division of Swire Pacific Limited, listed in Hong Kong. Swire Pacific Offshore had a fleet of 77 offshore support vessels as at 31 December 2018, and serves the energy industry in every major offshore production and exploration region outside the USA. Further information can be found in the annual report of Swire Pacific Limited.

The Company's vision is: Excellence in Marine Services. Excellence in every operation, every time, everywhere.

The Company's mission is: The Global offshore Wind, Construction and Decommissioning Partner. Delivering the promise through superior vessels, committed and competent employees. Focusing on safety.

### Financial review

The income statement for 2018 shows a profit of DKK 6,861 thousand against a loss of DKK 47,496 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 134,280 thousand.

The results of operation for the year is lower than expected, as it was negatively impacted by an incident on one of the vessels' cranes during the year. Except for this, the results of the operations for the year was as expected.

The Company's principal activity is dependent on the bareboat charter agreements entered into with a related company. Bareboat charter agreements covering the period 1 January 2017 - 31 December 2021 were signed 18 January 2017.

### Knowledge resources

It is essential for Swire Blue Ocean's continued growth to attract and maintain highly skilled labor, including engineers with expertise to modify the vessels for customer projects and to support the continued operation of the vessels and commercial people with network in the industry.

### Special risks

#### General risks

The Company is strongly positioned and operates reliable, highly specialised and fuel efficient vessels worldwide. The Company keeps up with all developments and advancements in the windfarm installation and energy exploration industries.

#### Financial risks

The Company has a strong balance sheet and further, the Company's intermediate holding company, Swire Pacific Offshore Holdings Ltd, has committed to provide continuing financial support to enable the Company to meet its obligations as and when they fall due.

#### Foreign exchange risks

The Company is exposed to foreign currency risks. Income is primarily invoiced in EUR and a majority of the Company's operating and administrative costs are invoiced and paid in USD.

#### Credit risks

The Company adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The Company deals only with customers with an appropriate history and obtains sufficient security where appropriate to mitigate credit risk.





## Management's review

### Statutory CSR report

For the statutory statement on corporate responsibility cf. section 99a of the Danish Financial Statements Act, Swire Blue Ocean is part of Swire Pacific Group, who has developed a Sustainability Report that covers the entire Group. For Swire Blue Ocean's statutory report on Corporate Social Responsibility, please see Swire Pacific Group's Sustainability Report (included in the 2018 Annual report for Swire Pacific Group): <https://www.swirepacific.com/en/ir/reports/ar18.pdf>

### Account of the gender composition of Management

Swire Blue Ocean has set a goal of having at least one woman included in the Board of Directors before 2020. During 2018, two of the board members resigned. Two new board members were elected in 2018. There was no female candidates in connection with the election of the new board members, and at the date of the approval of the 2018 financial statements, the Board of Directors therefore comprised 5 men and 0 women.

During 2018, 1 out of 8 of our Managers at other managerial positions was a woman. We wish to ensure a diverse workforce and have a policy of increasing the underrepresented gender on management levels. In order to support this policy, Swire Blue Ocean seeks to have at least one of each gender represented among the last three candidates in the hiring process for management positions. The one female Manager left her position late 2018, her position will due to restructuring not be re-occupied with a new candidate.

Overall, the current gender composition in Swire Blue Ocean is 62% men and 38% women.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

### Outlook

Swire Blue Ocean will continue to provide support to the offshore wind industry and the decommissioning of offshore oil & gas operations. Due to the current contract coverage and planned repair and maintenance work of the vessels in 2019, the financial performance of the Company for 2019 is expected to result in a loss before tax in the range of DKK 70-80 million.

Swire Blue Ocean has made a strategic decision to build up capabilities to become a Transport and Installation (T&I) contractor, which means the office staff will grow from 30 people to app. 45 people. These resources are mainly hired to handle the increased bidding complexity, but also to prepare the business for new requirements in the execution phase e.g. quality management, supply chain management and subcontractor management.

It is not the intention to build up a large fixed overhead, while bidding and operating as a T&I contractor, but more to rely on a smaller and agile set-up, and partnerships with other companies for the work that is considered to be outside our "standard" scope.

Furthermore, Swire Blue Ocean has started to explore new offshore wind markets, primarily in Asia and the US, and will continue to monitor these markets to allow the business to evaluate, whether it is possible to build a pipeline of projects, which could drive a healthy business model in markets outside the EU.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
2	Revenue	536,992	334,576
3	Other operating income	0	2,282
	External expenses	-489,176	-371,396
	Gross profit	47,816	-34,538
4	Staff costs	-28,704	-23,722
	Depreciation and impairment of property, plant and equipment	-565	-338
	Profit/loss before net financials	18,547	-58,598
	Financial income	1,502	71
	Financial expenses	-358	-560
	Profit/loss before tax	19,691	-59,087
5	Tax for the year	-12,830	11,591
	Profit/loss for the year	6,861	-47,496

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Cars	0	61
	Other fixtures and fittings, tools and equipment	1,098	316
		<u>1,098</u>	<u>377</u>
7	Investments		
	Deposits	1,538	2,028
		<u>1,538</u>	<u>2,028</u>
	Total fixed assets	<u>2,636</u>	<u>2,405</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,313	4,844
		<u>6,313</u>	<u>4,844</u>
	Receivables		
	Trade receivables	93,987	23,339
	Receivables from group entities	89,047	143,279
9	Deferred tax assets	0	11,805
	Joint taxation contribution receivable	79	0
	Other receivables	2,439	1,150
	Prepayments	393	475
		<u>185,945</u>	<u>180,048</u>
	Cash	<u>3,465</u>	<u>5,973</u>
	Total non-fixed assets	<u>195,723</u>	<u>190,865</u>
	TOTAL ASSETS	<u>198,359</u>	<u>193,270</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
8	Share capital	780	780
	Retained earnings	133,500	126,639
	<b>Total equity</b>	<b>134,280</b>	<b>127,419</b>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Deferred income	481	0
		481	0
	Current liabilities other than provisions		
	Trade payables	7,497	6,967
	Corporation tax	1,132	0
	Other payables	5,958	5,420
	Deferred income	49,011	53,464
		63,598	65,851
	<b>Total liabilities other than provisions</b>	<b>64,079</b>	<b>65,851</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>198,359</b>	<b>193,270</b>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Related parties
- 12 Fee to the auditors appointed by the Company in general meeting



Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	780	174,135	174,915
13	Transfer, see "Appropriation of profit/loss"	0	-47,496	-47,496
	Equity at 1 January 2018	780	126,639	127,419
13	Transfer, see "Appropriation of profit/loss"	0	6,861	6,861
	Equity at 31 December 2018	780	133,500	134,280

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Swire Blue Ocean A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

#### Changes in accounting policies

The accounting policies applied by the Company are consistent with those of last year, except that the Company has chosen to adopt IFRS 15 as interpretation for revenue recognition as of 1 January 2018. The company has used the modified retrospective approach without restatement of prior periods. The adjustment as of 1 January 2018 amounted to DKK 0.

The financial statements are presented in Danish kroner.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the intermediate parent company, Swire Pacific Limited.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

#### Income statement

##### Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from charter hire and associated services is recognised in the income statement when delivery and transfer of risk has incurred before year end.

*Booking fees are recognised during the hire period as the booking fees are assessed to be part of the lease service provided.*

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Other operating income

Other operating income comprises items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

##### External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including charter and crew hire and expenses relating to sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

##### Amortisation/depreciation

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Cars	5 years
Other fixtures and fittings, tools and equipment	2-3 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the administrative company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administrative company.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Impairment of fixed assets

The carrying amount of property, plant and equipment and investments is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

#### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash and cash equivalents comprise cash.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As administrative company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

#### Other payables

Other payables are measured at net realisable value.





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

##### Financial ratios

	<u>Profit/loss from operating activities x 100</u>	
Return on assets	Average assets	
Equity ratio	<u>Equity, year-end x 100</u>	
	Total equity and liabilities, year-end	
Return on equity	<u>Profit/loss after tax x 100</u>	
	Average equity	
DKK'000	2018	2017
<b>2 Segment information</b>		
Breakdown of revenue by business segment:		
Charter hire income, Windfarm Installation Vessels	536,992	334,576
	<u>536,992</u>	<u>334,576</u>
<b>3 Other operating income</b>		
Other operating income	0	2,282
	<u>0</u>	<u>2,282</u>
Other operating income for 2017 consists of reimbursed costs from the settlement of a legal dispute relating to a submission of a public tender in 2016.		
<b>4 Staff costs</b>		
Wages/salaries	28,632	23,659
Other social security costs	72	63
	<u>28,704</u>	<u>23,722</u>
Wages/salaries include expenses for temps and temporary assistance, but they are not reflected in the average number of full-time employees.		
Average number of full-time employees	<u>32</u>	<u>28</u>
Remuneration to members of management:		
Executive board	3,058	2,778
	<u>3,058</u>	<u>2,778</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
5 Tax for the year		
Estimated tax charge for the year	1,102	0
Deferred tax adjustments in the year	11,805	-11,580
Tax adjustments, prior years	0	-11
Refund in joint taxation	-77	0
	<u>12,830</u>	<u>-11,591</u>

6 Property, plant and equipment

DKK'000	Cars	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	642	2,593	3,235
Additions	0	1,286	1,286
Disposals	0	-1,947	-1,947
Cost at 31 December 2018	<u>642</u>	<u>1,932</u>	<u>2,574</u>
Impairment losses and depreciation at 1 January 2018	581	2,277	2,858
Depreciation	61	504	565
Amortisation/depreciation and impairment of disposals in the year	0	-1,947	-1,947
Impairment losses and depreciation at 31 December 2018	<u>642</u>	<u>834</u>	<u>1,476</u>
Carrying amount at 31 December 2018	<u>0</u>	<u>1,098</u>	<u>1,098</u>
Depreciated over	<u>5 years</u>	<u>2-3 years</u>	

7 Investments

DKK'000	Deposits
Cost at 1 January 2018	2,028
Disposals in the year	-490
Cost at 31 December 2018	<u>1,538</u>
Carrying amount at 31 December 2018	<u>1,538</u>

DKK'000	2018	2017
8 Share capital		
Analysis of the share capital:		
780,000 shares of DKK 1.00 nominal value each	780	780
	<u>780</u>	<u>780</u>

The Company's share capital has remained DKK 780 thousand over the past 5 years.



Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
9 Deferred tax		
Deferred tax at 1 January	-11,805	-225
Adjustment of deferred tax for the year	11,805	-11,580
Deferred tax at 31 December	0	-11,805
Deferred tax relates to:		
Property, plant and equipment	0	-299
Tax loss	0	-11,506
	0	-11,805

The Company has tax loss carry-forwards at a tax value of DKK 9,852 thousand. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

Tonnage taxation

In December 2015, the Danish Parliament passed a bill to expand the scope of the Danish tonnage tax regime. The EU Commission has approved the new legislation with an effective date of 1 January 2017. Since the effective date has been changed by the EU Commission compared to the bill passed in the Danish Parliament, a new bill must be enacted. Due to the June 2019 election to the Danish Parliament, such a bill is expected to be set forth in the fall of 2019. Until then, Management will assess the suitability of an application to enter the new Danish tonnage tax regime.

If the regime is applied with retrospective effect from the income year 2017, the Company's current and deferred taxes accounted for in 2017 and 2018 and the value of the Company's tax loss to be carried forward as at 31 December 2018, currently recognised under the applicable Danish corporate income tax regime, may be significantly impacted.

Joint taxation

The Company is jointly taxed with the Danish group entity. As the administrative company, the Company is jointly taxed with the other Danish group entities and has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation group. At 31 December 2018, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 1,132 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

Transfer pricing audit

In 2017, the Danish Tax Authorities ("Authorities") requested transfer pricing documentation for certain preceding tax years. In 2019, the Authorities issued a preliminary assessment for the years under review, in which they put forth a material upward adjustment of the taxable income for the concerned years.

Management have challenged certain key assumptions applied by the Authorities, and discussions on the matter are ongoing.

Based on the uncertainty of the outcome, no provision has been recognised as of 31 December 2018.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### Other financial obligations

Rent and lease liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	2018	2017
Rent and lease liabilities	428,325	543,795

The minimum lease obligation in accordance with bareboat contracts with a related company amounts to DKK 428 million (2017: DKK 544 million). The agreement was signed in January 2017 and expires 31 December 2021.

Other rent and lease liabilities:

DKK'000	2018	2017
Rent and lease liabilities	11,835	13,329

#### 11 Related parties

Swire Blue Ocean A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Parent Company, Swire Pacific Offshore Operations (Pte) Ltd.	Singapore	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Swire Pacific Limited	Hong Kong	<a href="http://www.swirepacific.com">www.swirepacific.com</a>

##### Related party transactions

Swire Blue Ocean A/S was engaged in the below related party transactions:

DKK'000	2018	2017
Lease of vessels	-255,552	-204,912
Crew hire	-81,784	-82,019
Management fee	-11,996	-6,859
Receivables from related parties	89,047	143,279
Joint taxation contribution receivable	79	0

#### 12 Fee to the auditors appointed by the Company in general meeting

Statutory audit	103	100
Tax services	716	608
Other services	159	15
	978	723



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2018	2017
13 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	6,861	-47,496
	<u>6,861</u>	<u>-47,496</u>