

Swire Blue Ocean A/S

Ørestads Boulevard 73, 9. sal, 2300 København S

CVR no. 31 18 05 03

Annual report 2016

Approved at the annual general meeting of shareholders on *15 May 2017*.

Chairman

Hans Blicher

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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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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, 15 May 2017
Executive Board:

.....
Lars Blicher

.....
Martin Møller Olesen

Board of Directors:

.....
Rupert Peter Napier Bray
Chairman

.....
Seng Yum Ronald Tham

.....
Brian Townsley

.....
Lars Blicher

.....
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 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 skepticism throughout the audit. We also:

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

Independent auditor's report

- u 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 conclusion is 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.
- u 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 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 our procedures, 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, 15 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant

Management's review

Company details

Name	Swire Blue Ocean A/S
Address, Postal code, City	Ørestads Boulevard 73, 9. sal, 2300 København S
CVR no.	31 18 05 03
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Rupert Peter Napier Bray, Chairman Seng Yum Ronald Tham Brian Townsley Lars Blicher Martin Møller Olesen
Executive Board	Lars Blicher Martin Møller Olesen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKKt	2016	2015	2014	2013	2012
Key figures					
Revenue	528,143	746,821	-	-	-
Operating profit/loss	74,148	142,938	-41,264	84,248	-14,112
Net financials	-6,366	4,415	-3,542	405	-20
Profit/loss for the year	52,861	112,699	-34,285	63,568	-10,725
Balance sheet					
Total assets	218,898	157,555	78,077	149,546	149,078
Investment in property, plant and equipment	317	93	107	408	2,347
Equity	174,915	122,055	9,356	43,641	-19,928
Financial ratios					
Return on assets	39.4%	121.3%	-36.3%	56.4%	-10.1%
Solvency ratio	79.9%	77.5%	12.0%	29.2%	-13.4%
Return on equity	35.6%	171.5%	-129.4%	536.1%	53.8%
Other					
Average number of employees	27	27	23	17	11

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

Revenue for the years 2012-2014 is not disclosed as the Company was under the reporting requirements for class C medium enterprises and selected not to disclose the revenue.

Management's review

Management commentary

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 81 offshore support vessels as at 31 December 2016, 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 2016 shows a profit of DKK 52,861 thousand against DKK 112,699 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 174,915 thousand and total assets of DKK 218,898 thousand.

The Company's principal activity is dependent on the bareboat charter agreements entered into with a related company. New 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.

Special risks

General risks

The Company is strongly positioned and operates reliable, highly specialised and fuel efficient vessels in Northern Europe. 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 GBP 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.

Statutory CSR report

Swire Blue Ocean does not have any local CSR policy, including Human Rights, Climate or Environment, as it 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 on http://www.swirepacific.com/en/ir/financials/ar16_p109.pdf

Management's review

Management commentary

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. As at the moment there are 5 men and 0 women on the Board of Directors elected at the annual general meeting.

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 share of the underrepresented gender has remained unchanged during 2016.

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 dry-dockings of the vessels in 2017, the financial performance of the Company for 2017 is therefore expected to decline significantly.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
2	Revenue	528,142,522	746,820,840
	Other operating income	98,000	6,563
	External expenses	<u>-431,807,245</u>	<u>-580,149,737</u>
	Gross margin	96,433,277	166,677,666
3	Staff costs	-21,919,288	-23,004,499
	Depreciation and impairment of property, plant and equipment	<u>-366,446</u>	<u>-735,011</u>
	Profit before net financials	74,147,543	142,938,156
4	Financial income	355,114	4,477,846
5	Financial expenses	<u>-6,721,384</u>	<u>-62,404</u>
	Profit before tax	67,781,273	147,353,598
6	Tax for the year	<u>-14,920,533</u>	<u>-34,654,653</u>
	Profit for the year	<u><u>52,860,740</u></u>	<u><u>112,698,945</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Cars	188,533	316,933
	Other fixtures and fittings, tools and equipment	290,534	211,793
		<u>479,067</u>	<u>528,726</u>
8	Financial assets		
	Deposits	590,058	693,967
		<u>590,058</u>	<u>693,967</u>
	Total fixed assets	<u>1,069,125</u>	<u>1,222,693</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	5,432,473	10,406,330
		<u>5,432,473</u>	<u>10,406,330</u>
	Receivables		
	Trade receivables	44,006,439	68,020,291
	Receivables from group entities	167,582,643	61,194,174
10	Deferred tax assets	225,082	254,483
	Other receivables	315,321	7,000,960
	Prepayments	261,373	0
		<u>212,390,858</u>	<u>136,469,908</u>
	Cash	5,633	9,455,482
	Total non-fixed assets	<u>217,828,964</u>	<u>156,331,720</u>
	TOTAL ASSETS	<u><u>218,898,089</u></u>	<u><u>157,554,413</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	780,000	780,000
	Retained earnings	174,135,368	121,274,628
	Total equity	<u>174,915,368</u>	<u>122,054,628</u>
	Liabilities		
	Non-current liabilities other than provisions		
	Deferred income	18,555,556	15,604,213
		<u>18,555,556</u>	<u>15,604,213</u>
	Current liabilities		
	Trade payables	1,438,043	4,669,702
	Corporation tax	3,430,639	3,384,050
	Other payables	4,954,270	8,091,820
	Deferred income	15,604,213	3,750,000
		<u>25,427,165</u>	<u>19,895,572</u>
	Total liabilities other than provisions	<u>43,982,721</u>	<u>35,499,785</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>218,898,089</u></u>	<u><u>157,554,413</u></u>

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

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	780,000	8,575,683	9,355,683
15 Transfer, see "Appropriation of profit"	0	112,698,945	112,698,945
Equity at 1 January 2016	780,000	121,274,628	122,054,628
15 Transfer, see "Appropriation of profit"	0	52,860,740	52,860,740
Equity at 31 December 2016	780,000	174,135,368	174,915,368

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Swire Blue Ocean A/S for 2016 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

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

1. In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

In 2016 the Company has changed from reporting under the provisions applying to medium reporting class C entities to reporting under the provisions applying to large reporting class C entities. This has resulted in new disclosure requirements. Comparative figures have been included if required.

Apart from the above changes in accounting policy and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015 and the change in reporting class, the accounting policies are consistent with those of last year.

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

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

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 comprise 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 for the period 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

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 Company and its Danish group entities are jointly taxed. 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 non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates 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 for the period 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. Impairment losses on goodwill are not reversed.

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.

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 Company is liable for the Danish group entities' income taxes vis-à-vis the tax authorities as the Danish group entities pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Other payables

Other payables are measured at net realisable value.

Deferred income

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

2 Segment information

Charter hire income, Windfarm Installation Vessels	<u>528,142,522</u>	<u>746,820,840</u>
	<u>528,142,522</u>	<u>746,820,840</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2016	2015
3	Staff costs		
	Wages/salaries	21,858,638	22,946,899
	Other social security costs	60,650	57,600
		<u>21,919,288</u>	<u>23,004,499</u>
	Average number of full-time employees	<u>27</u>	<u>27</u>
	Remuneration to members of management:		
	Executive board	3,120,386	3,232,970
		<u>3,120,386</u>	<u>3,232,970</u>
		DKK	DKK
		2016	2015
4	Financial income		
	Other interest income	355,114	4,702
	Exchange gain	0	4,473,144
		<u>355,114</u>	<u>4,477,846</u>
		DKK	DKK
		2016	2015
5	Financial expenses		
	Other interest expenses	0	13,895
	Exchange losses	6,689,133	0
	Interest surcharges and tax recognised under net financials	32,251	0
	Other financial expenses	0	48,509
		<u>6,721,384</u>	<u>62,404</u>
		DKK	DKK
		2016	2015
6	Tax for the year		
	Estimated tax charge for the year	14,912,766	24,697,050
	Deferred tax adjustments in the year	29,401	10,616,929
	Tax adjustments, prior years	-21,634	0
	Refund in joint taxation	0	-659,326
		<u>14,920,533</u>	<u>34,654,653</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Cars	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	960,820	2,040,840	3,001,660
Additions	0	317,422	317,422
Disposals	-318,820	-635	-319,455
Cost at 31 December 2016	642,000	2,357,627	2,999,627
Impairment losses and depreciation at 1 January 2016	643,887	1,829,047	2,472,934
Depreciation	128,400	238,046	366,446
Amortisation/depreciation and impairment of disposals in the year	-318,820	0	-318,820
Impairment losses and depreciation at 31 December 2016	453,467	2,067,093	2,520,560
Carrying amount at 31 December 2016	188,533	290,534	479,067
Amortised over	5 years	2-3 years	

8 Financial assets

DKK	Deposits
Cost at 1 January 2016	693,967
Disposals in the year	-103,909
Cost at 31 December 2016	590,058
Carrying amount at 31 December 2016	590,058

9 Share capital

Analysis of the share capital:

780,000 shares of DKK 1.00 nominal value each	780,000	780,000
	780,000	780,000

The Company's share capital has remained DKK 780,000 over the past 5 years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
10 Deferred tax		
Deferred tax at 1 January	-254,483	-10,871,412
Adjustment of the deferred tax charge for the year	29,401	10,616,929
Deferred tax at 31 December	<u>-225,082</u>	<u>-254,483</u>
Deferred tax relates to:		
Property, plant and equipment	-225,082	-275,993
Provisions	0	21,510
	<u>-225,082</u>	<u>-254,483</u>

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the Danish group entity. As the administrative company, the Company is jointly tax 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 unit. At 31 December 2016, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 4,199 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.

Other financial obligations

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

DKK	2016	2015
Rent and lease liabilities	<u>772,281,600</u>	<u>299,154,000</u>

The maximum lease obligation in accordance with the renewed bareboat contracts with a related company amounts to DKK 772 million (2015: DKK 299 million). The agreement was signed in January 2017 and expires 31 December 2021.

Other rent and lease liabilities:

DKK	2016	2015
Rent and lease liabilities	<u>2,218,013</u>	<u>1,710,596</u>

12 Contingent assets

Tonnage taxation

In December 2015, the Danish Parliament passed a bill to expand the scope of the Danish tonnage tax regime, which is currently pending EU Commission approval. In the event that the EU Commission approves the new legislation in its current form, Management will assess the suitability of and an application to enter the new Danish tonnage tax regime. If the regime is applied with effect for the income year 2016, the Company's tax expense for 2016 will be significantly reduced as compared to the amount recognized under the currently applicable Danish corporate income tax regime.

Legal disputes

The Company is a party to a legal action to receive reimbursement of costs relating to a submission of a public tender. The claim for costs to be reimbursed totals DKK 2 million, which has not been recognised as an asset.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

13 Related parties

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

Parties exercising control

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

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Swire Pacific Limited	Hong Kong	www.swirepacific.com

Related party transactions

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

DKK		<u>2016</u>	<u>2015</u>
Lease of vessels		-224,576,233	-357,995,375
Crew hire		-102,753,066	-118,030,846
Management fee		-7,521,724	-7,411,926
Other		-56,674	0
Receivables from related parties		167,382,724	61,194,174
DKK		<u>2016</u>	<u>2015</u>
14 Fee to the auditors appointed by the Company in general meeting			
Statutory audit		70,000	93,009
Tax assistance		217,942	15,000
Other assistance		271,900	10,000
		<u>559,842</u>	<u>118,009</u>
DKK		<u>2016</u>	<u>2015</u>
15 Appropriation of profit/loss			
Recommended appropriation of profit			
Retained earnings		52,860,740	112,698,945
		<u>52,860,740</u>	<u>112,698,945</u>