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Global Offshore ApS

Amerikavej 3 B
6700 Esbjerg
CVR No. 32556620

Annual report 2019

The Annual General Meeting adopted the annual report on 15.04.2020

Mikael Hedager Würtz
Conductor

Contents

Entity details

Entity
Global Offshore ApS
Amerikavej 3 B
6700 Esbjerg

CVR No.: 32556620
Registered office: Esbjerg
Financial year: 01.01.2019 - 31.12.2019
Phone number: 86519000
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URL: www.globaloffshore.eu

Executive Board
Paul John George Brebner
Kristian Svarrer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
P. O. Box 200
6701 Esbjerg

Statement by Management

The Board of Directors have today considered and approved the annual report of Global Offshore ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Esbjerg, 15.04.2020

Executive Board

Paul John George Brebner

Kristian Svarrer

Independent auditor’s extended review report

To the shareholders of Global Offshore ApS

Conclusion

We have performed an extended review of the financial statements of Global Offshore ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the extended review of the financial statements” section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 15.04.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Management commentary

Primary activities
The company's primary activity is trade and distribution of products to the oil industry and related companies of the oil industry.

Development in activities and finances
The result for 2019 is considered less than satisfactory.

2019 was used to develop a new client base for the newly developed products to the oil and gas industry. Sales projections are positive, but decision processes has taken longer than expected.

The company has lost more than 50% of its share capital, and falls within the provisions of section 119 of The Danish Companies Act governing loss of capital. The executive board expects the capital to be reestablished by future earnings.

The parent company has declared that it will support the company financially.

Profit/loss for the year in relation to expected developments
The profit is lower than expected in the budgets for 2019 and this is mostly due to decision process being longer than expected.

Outlook
We expect a positive result in 2020.

Events after the balance sheet date
We have reservations to this due to the uncertainties relating to the worldwide Covid-19 outbreak and the low oil price. No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Gross profit/loss		**(1,812)**	**(911)**
Staff costs	3	(1,072)	(837)
Depreciation, amortisation and impairment losses		(253)	(134)
Operating profit/loss		**(3,137)**	**(1,882)**
Other financial income from group enterprises		6	5
Financial expenses from group enterprises		(11)	(10)
Other financial expenses		(112)	(45)
Profit/loss before tax		**(3,254)**	**(1,932)**
Tax on profit/loss for the year	4	715	425
Profit/loss for the year		**(2,539)**	**(1,507)**
Proposed distribution of profit and loss			
Retained earnings		(2,539)	(1,507)
Proposed distribution of profit and loss		**(2,539)**	**(1,507)**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Completed development projects	6	568	739
Intangible assets	5	**568**	**739**
Other fixtures and fittings, tools and equipment		311	394
Property, plant and equipment	7	**311**	**394**
Fixed assets		**879**	**1,133**
Manufactured goods and goods for resale		1,468	69
Inventories		**1,468**	**69**
Trade receivables		76	502
Contract work in progress		103	16
Receivables from group enterprises		209	0
Deferred tax		0	127
Other receivables		336	347
Joint taxation contribution receivable		981	303
Prepayments		1	13
Receivables		**1,706**	**1,308**
Cash		**3**	**35**
Current assets		**3,177**	**1,412**
Assets		**4,056**	**2,545**

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		125	125
Reserve for development expenditure		443	576
Retained earnings		(4,779)	(2,373)
Equity		**(4,211)**	**(1,672)**
Deferred tax		139	0
Provisions		**139**	**0**
Bank loans		7,734	3,385
Trade payables		356	391
Payables to group enterprises		0	356
Other payables		38	85
Current liabilities other than provisions		**8,128**	**4,217**
Liabilities other than provisions		**8,128**	**4,217**
Equity and liabilities		**4,056**	**2,545**
Going concern	1		
Events after the balance sheet date	2		
Contingent liabilities	9		
Group relations	10		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	125	576	(2,373)	(1,672)
Transfer to reserves	0	(133)	133	0
Profit/loss for the year	0	0	(2,539)	(2,539)
Equity end of year	**125**	**443**	**(4,779)**	**(4,211)**

Cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		(3,137)	(1,882)
Amortisation, depreciation and impairment losses		253	134
Working capital changes	8	(1,683)	(281)
Cash flow from ordinary operating activities		**(4,567)**	**(2,029)**
Financial income received		6	5
Financial expenses paid		(123)	(55)
Income taxes refunded/(paid)		303	(4)
Cash flows from operating activities		**(4,381)**	**(2,083)**
Acquisition etc of intangible assets		0	(852)
Acquisition etc of property, plant and equipment		0	(414)
Cash flows from investing activities		**0**	**(1,266)**
Increase/decrease in cash and cash equivalents		**(4,381)**	**(3,349)**
Cash and cash equivalents beginning of year		(3,350)	(1)
Cash and cash equivalents end of year		**(7,731)**	**(3,350)**
Cash and cash equivalents at year-end are composed of:			
Cash		3	35
Short-term debt to banks		(7,734)	(3,385)
Cash and cash equivalents end of year		**(7,731)**	**(3,350)**

Notes

1 Going concern

The company's capital is lost. The company has secured the liquidity by having received a declaration of support from the parent company, where they have undertaken to support the company until 01.01.2021. The management believes that the capital resources are then sufficient to carry out the planned operation and activities in 2020. The statement of support is reproduced in its entirety below:

“The undersigned parent hereby confirms that in the period up to 01.01.2021, we undertake, on demand at one or more times, to supply Global Offshore ApS with the liquidity that may be necessary in order for Global Offshroe ApS to meet its obligations in line with that they are falling.

The supply of cash must be in the form of equity capital as a capital increase, or as a foreign capital by the granting of money loans that fall due for payment at the earliest on 01.01.2021, and which on our part is irrevocable in the period up to 01.01.2021, and with a amounts that, according to the Executive Board of Global Offshroe ApS's estimate, are sufficient for Global Offshore ApS to be able to fulfill its obligations as they fall due. The deposit is irrespective of whether capital has been transferred to Global Offshore ApS during the period. This liquidity deposit is irrevocable and may otherwise be claimed by the Executive Board of Global Offshore ApS without special conditions or conditions”.

2 Events after the balance sheet date

We have reservations to this due to the uncertainties relating to the worldwide Covid-19 outbreak and the low oil price. No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

3 Staff costs

	2019 **DKK'000**	**2018** **DKK'000**
Wages and salaries	958	750
Pension costs	76	60
Other social security costs	4	3
Other staff costs	34	24
	1,072	**837**
Average number of full-time employees	**1**	**1**

4 Tax on profit/loss for the year

	2019 **DKK'000**	**2018** **DKK'000**
Change in deferred tax	266	(122)
Refund in joint taxation arrangement	(981)	(303)
	(715)	**(425)**

5 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	853
Cost end of year	**853**
Amortisation and impairment losses beginning of year	(114)
Amortisation for the year	(171)
Amortisation and impairment losses end of year	**(285)**
Carrying amount end of year	**568**

6 Development projects

Completed development projects include cradles to safe handling of casing, tubing and stabilizers. Orders are recorded and delivered to a satisfactory extent.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	749
Cost end of year	**749**
Depreciation and impairment losses beginning of year	(355)
Depreciation for the year	(83)
Depreciation and impairment losses end of year	**(438)**
Carrying amount end of year	**311**

8 Changes in working capital

	2019 DKK'000	2018 DKK'000
Increase/decrease in inventories	(1,399)	19
Increase/decrease in receivables	153	(632)
Increase/decrease in trade payables etc	(437)	332
	(1,683)	**(281)**

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Kristian Svarrer Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Harbour Group Holding ApS, Esbjerg

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the mother company and its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with purchase, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.
Cash flows from financing activities comprise inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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