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WMO Shipping Company A/S

Torskekaj 1
6700 Esbjerg
Central Business Registration No 34731683

Annual report 2018

The Annual General Meeting adopted the annual report on 21.05.2019

Chairman of the General Meeting

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Name: Peter Lykke-Kjeldsen

Contents

Entity details

Entity
WMO Shipping Company A/S
Torskekaj 1
6700 Esbjerg

Central Business Registration No (CVR): 34731683
Registered in: Esbjerg
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Johnny Christian Haahr, Chairman of the Board
Søren Hygom
Søren Kristian Espersen
Peter Lykke-Kjeldsen
Peter Jensen Toft

Executive Board
Peter Lykke-Kjeldsen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of WMO Shipping Company A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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, 21.05.2019

Executive Board

Peter Lykke-Kjeldsen

Board of Directors

Johnny Christian Haahr Chairman of the Board	Søren Hygom	Søren Kristian Espersen
Peter Lykke-Kjeldsen	Peter Jensen Toft	

Independent auditor's report

To the shareholders of WMO Shipping Company A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of WMO Shipping Company A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group’s and the Parent’s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Parent’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit 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 the consolidated financial statements and the parent 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, 21.05.2019

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Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jesper Smedegaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne18510

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000
Financial highlights			
Key figures			
Gross profit	83.188	49.040	49.558
Operating profit/loss	20.050	20.130	21.313
Net financials	(4.969)	(5.660)	(6.308)
Profit/loss for the year	14.168	14.463	14.998
Profit/loss excl minority interests	5.827	13.037	14.982
Total assets	346.729	315.403	258.732
Investments in property, plant and equipment	32.770	21.632	22.852
Equity	102.757	91.705	76.255
Equity excl minority interests	89.113	86.335	73.139
Cash flows from (used in) operating activities	37.237	26.753	14.258
Cash flows from (used in) investing activities	(14.162)	(42.603)	(18.391)
Cash flows from (used in) financing activities	(17.793)	11.744	3.383
Ratios			
Return on equity (%)	6,6	16,4	20,5
Equity ratio (%)	25,7	27,4	28,3

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Return on equity (%)	Profit/loss excl minority interests x 100 / Average equity excl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity excl minority interests x 100 / Total assets	The financial strength of the entity.

Management commentary

Primary activities

The primary activity of the Group is transport of personnel and goods to offshore installation, Offshore Logistics services, Maritime Management and Subsea activities. The primary activity of the Company is operation of Crew Transfer Vessels.

Development in activities and finances

Sales have increased in the current period as a result of the merger with NT Offshore ApS and new projects. The result is satisfactory and in line with expectations.

The parent company balance sheet has been corrected regarding the measurement of ships compared to the annual report of 2017. The consolidated balance sheet is not effected. Refer to the accounting policies regarding this matter.

Outlook

The activity level and result for 2019 is expected to be in same range as 2018.

Particular risks

The Group does not have any particular business or financial risks in addition to generally occurring risks within the industry.

Environmental performance

The Group is constantly working to reduce environmental impacts from its operations.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Gross profit	1	**83.188**	**49.040**
Staff costs	2	(34.858)	(17.853)
Depreciation, amortisation and impairment losses	3	(14.780)	(11.057)
Other operating expenses	4	(13.500)	0
Operating profit/loss		**20.050**	**20.130**
Income from investments in associates		162	0
Other financial income		953	236
Other financial expenses		(6.084)	(5.896)
Profit/loss before tax		**15.081**	**14.470**
Tax on profit/loss for the year	5	(913)	(7)
Profit/loss for the year	6	**14.168**	**14.463**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired licences		163	215
Goodwill		12.358	13.912
Intangible assets	7	**12.521**	**14.127**
Land and buildings		1.614	1.717
Ships		184.519	190.624
Other fixtures and fittings, tools and equipment		1.433	2.079
Property, plant and equipment in progress		43.301	32.321
Property, plant and equipment	8	**230.867**	**226.741**
Investments in associates		212	4.152
Receivables from associates		0	4.851
Deposits		25	179
Other receivables		3.000	0
Fixed asset investments	9	**3.237**	**9.182**
Fixed assets		**246.625**	**250.050**
Trade receivables		48.913	33.271
Contract work in progress		2.550	0
Receivables from associates		2.327	127
Deferred tax	12	0	45
Other receivables		10.352	7.803
Prepayments	11	5.124	3.659
Receivables		**69.266**	**44.905**
Cash		**30.838**	**20.448**
Current assets		**100.104**	**65.353**
Assets		**346.729**	**315.403**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		35.000	35.000
Retained earnings		54.113	48.335
Proposed dividend		0	3.000
Equity attributable to the Parent's owners		**89.113**	**86.335**
Share of equity attributable to minority interests		**13.644**	**5.370**
Equity		**102.757**	**91.705**
Deferred tax	12	191	79
Provisions		**191**	**79**
Subordinate loan capital		79.302	60.050
Bank loans		51.567	70.619
Payables to shareholders and management		15.000	18.200
Other payables		0	400
Non-current liabilities other than provisions	13	**145.869**	**149.269**
Current portion of long-term liabilities other than provisions	13	18.948	33.141
Bank loans		16.048	10.940
Deposits		44	0
Prepayments received from customers		2.297	0
Trade payables		51.705	16.343
Payables to associates		0	1.365
Payables to shareholders and management		1.574	65
Income tax payable		666	155
Other payables		6.630	12.341
Current liabilities other than provisions		**97.912**	**74.350**

Consolidated balance sheet at 31.12.2018

Liabilities other than provisions		**243.781**	**223.619**
Equity and liabilities		**346.729**	**315.403**
Associates	10		
Financial instruments	15		
Claims of creditor subordinated to other creditors	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Transactions with related parties	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	35.000	48.335	3.000
Corrections of material errors	0	0	0
Adjusted equity, beginning of year	**35.000**	**48.335**	**3.000**
Ordinary dividend paid	0	0	(3.000)
Fair value adjustments of hedging instruments	0	18	0
Other entries on equity	0	(67)	0
Profit/loss for the year	0	5.827	0
Equity end of year	**35.000**	**54.113**	**0**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	5.317	91.652
Corrections of material errors	53	53
Adjusted equity, beginning of year	**5.370**	**91.705**
Ordinary dividend paid	0	(3.000)
Fair value adjustments of hedging instruments	0	18
Other entries on equity	(67)	(134)
Profit/loss for the year	8.341	14.168
Equity end of year	**13.644**	**102.757**

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		20.050	20.130
Amortisation, depreciation and impairment losses		14.780	11.057
Working capital changes	14	7.748	1.233
Cash flow from ordinary operating activities		**42.578**	**32.420**
Financial income received		953	236
Financial expenses paid		(6.084)	(5.896)
Income taxes refunded/(paid)		(210)	(7)
Cash flows from operating activities		**37.237**	**26.753**
Acquisition etc of intangible assets		0	(10.554)
Acquisition etc of property, plant and equipment		(16.270)	(15.621)
Sale of property, plant and equipment		0	250
Acquisition of fixed asset investments		(2.869)	0
Sale of fixed asset investments		4.851	0
Other cash flows from investing activities		126	(16.678)
Cash flows from investing activities		**(14.162)**	**(42.603)**
Loans raised		5.000	18.600
Repayments of loans etc		(22.793)	(6.856)
Cash flows from financing activities		**(17.793)**	**11.744**
Increase/decrease in cash and cash equivalents		**5.282**	**(4.106)**
Cash and cash equivalents beginning of year		9.508	13.614
Cash and cash equivalents end of year		**14.790**	**9.508**
Cash and cash equivalents at year-end are composed of:			
Cash		30.838	20.448
Short-term debt to banks		(16.048)	(10.940)
Cash and cash equivalents end of year		**14.790**	**9.508**

Notes to consolidated financial statements

1. Gross profit
In 2018, the Group reversed a previous loss provision on sales, which has a positive effect on the gross profit by DKK 3.6 million.

	2018 DKK'000	2017 DKK'000
2. Staff costs		
Wages and salaries	31.918	16.630
Pension costs	1.667	978
Other social security costs	873	245
Other staff costs	440	0
Staff costs classified as assets	(40)	0
	34.858	**17.853**
Average number of employees	**81**	**48**

	Remuneration of management 2018 DKK'000	Remuneration of management 2017 DKK'000
Total amount for management categories	1.744	1.543
	1.744	**1.543**

	2018 DKK'000	2017 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.606	1.660
Depreciation of property, plant and equipment	12.135	9.397
Profit/loss from sale of intangible assets and property, plant and equipment	1.039	0
	14.780	**11.057**

4. Other operating expenses
Other operating expenses comprise of costs relating to the termination of contracts regarding newbuildings of ships.

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	721	7
Change in deferred tax	194	0
Adjustment concerning previous years	(2)	0
	913	**7**

	2018 DKK'000	2017 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	5.827	13.037
Minority interests' share of profit/loss	8.341	1.426
	14.168	**14.463**

	Acquired licences DKK'000	Goodwill DKK'000
7. Intangible assets		
Cost beginning of year	0	15.342
Changes in accounting policies	250	195
Cost end of year	**250**	**15.537**
Amortisation and impairment losses beginning of year	(35)	(1.625)
Amortisation for the year	(52)	(1.554)
Amortisation and impairment losses end of year	**(87)**	**(3.179)**
Carrying amount end of year	**163**	**12.358**

Notes to consolidated financial statements

	Land and buildings DKK'000	Ships DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment				
Cost beginning of year	2.050	230.112	3.767	32.321
Additions	0	5.074	216	27.480
Disposals	0	0	(30)	(16.500)
Cost end of year	**2.050**	**235.186**	**3.953**	**43.301**
Depreciation and impairment losses beginning of year	(333)	(39.488)	(1.688)	0
Depreciation for the year	(103)	(11.179)	(853)	0
Reversal regarding disposals	0	0	21	0
Depreciation and impairment losses end of year	**(436)**	**(50.667)**	**(2.520)**	**0**
Carrying amount end of year	**1.614**	**184.519**	**1.433**	**43.301**
Financial expenses included in carrying amount	**0**	**1.198**	**0**	**1.231**

Notes to consolidated financial statements

	Investments in associates DKK'000	Receivables from associates DKK'000	Deposits DKK'000	Other receivables DKK'000
9. Fixed asset investments				
Cost beginning of year	5.025	4.851	179	0
Disposals on divestments etc	0	(4.851)	0	0
Transfers	(5.000)	0	0	0
Additions	25	0	25	3.000
Disposals	0	0	(179)	0
Cost end of year	**50**	**0**	**25**	**3.000**
Transfers	134	0	0	0
Adjustments on equity	(134)	0	0	0
Share of profit/loss for the year	162	0	0	0
Revaluations end of year	**162**	**0**	**0**	**0**
Impairment losses beginning of year	(873)	0	0	0
Transfers	873	0	0	0
Impairment losses end of year	**0**	**0**	**0**	**0**
Carrying amount end of year	**212**	**0**	**25**	**3.000**

	Registered in	Equity inte-rest %
10. Associates		
Inertia ApS	Esbjerg	25,0
WMO Sitefacility ApS	Esbjerg	25,0

11. Prepayments

Prepayments include advance payments regarding rent, IT-subscriptions, insurance etc.

Notes to consolidated financial statements

	2018 DKK'000
12. Deferred tax	
Changes during the year	
Beginning of year	34
Recognised in the income statement	194
Other changes	(37)
End of year	**191**

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000	Outstanding after 5 years DKK'000
13. Liabilities other than provisions				
Subordinate loan capital	0	14.250	79.302	0
Bank loans	18.948	18.891	51.567	0
Payables to shareholders and management	0	0	15.000	9.000
	18.948	**33.141**	**145.869**	**9.000**

	2018 DKK'000	2017 DKK'000
14. Change in working capital		
Increase/decrease in receivables	(24.406)	(18.522)
Increase/decrease in trade payables etc	32.136	19.596
Other changes	18	159
	7.748	**1.233**

15. Financial instruments

The Group has entered into forward exchange contracts with a maturity at 02.01.2019 in EUR.
The contractual value is DKK 29,9 million at 31.12.2018. A net value of DKK 9 thousand was recognized in other payables at 31.12.2018.

The Group has entered into forward exchange contracts with a maturity of up to 28.02.2020 in EUR and GBP. The forward exchange contracts have been concluded on behalf of WMO Sitefacility ApS and all benefits, risks and obligations have been transferred to this company. The contractual value is DKK 5.9 million at 31.12.2018. A net value of DKK 0.3 million was recognized in other payables at 31.12.2018, which is also included in receivables from WMO Sitefacility ApS.

Notes to consolidated financial statements

16. Claims of creditor subordinated to other creditors

Subordinated loan capital are subordinated for all financial creditors (banks and other credit institutions), and the loans is settled in the event of the Debtor's dissolution or bankruptcy after the financial creditors have been settled. The financial creditors comprises DKK 82.5 million at 31.12.2018.

17. Unrecognised rental and lease commitments

The Group has entered into operational lease and rent agreements with remaining maturity of 2 - 56 months, where the total obligations are DKK 3.3 million at 31.12.2018.

18. Contingent liabilities

A shipyard has made a counterclaim of approx. DKK 2.5 million as a result of a terminated shipbuilding contract. The claim from the shipyard is related to WMO Shipping Company A/S’ claim against the shipyard. The case has not yet been to court. The management has made an assessment of the claim and on this basis concluded that the claim will not cause loss to the company, and has therefore not recognized any costs in the annual report regarding the claim.

In relation to the compensation claim against the shipyard, the company has received payments from bank guarantees of approx. DKK 21 million in 2018. The payments are deducted from additions in Property, plant and equipment in progress. If the case against the shipyard is lost , the company risks that the received payments from bank guarantees must be repaid.

19. Assets charged and collateral

Security has been provided in Timecharter agreements, as well as a guarantees and withdrawal declarations have been given to the parent company's financial partners. The parent company's financial partners have jointly provided guarantees and granted loans of DKK 82.5 million at 31.12.2018. Loans are secured by ships, barges and cash. The carrying amount of these ships, barges and cash amounts to DKK 209 million.

For security of bank loans, corporate pledge of DKK 2 million have been issued in propellants and other excipients, goodwill, operating inventories, receivables from sales and services, inventories, etc. The carrying amount of the accounts under the corporate pledge amounts to DKK 6 million.

	Other related parties. **DKK'000**
20. Transactions with related parties	
Interest expenses	1.935
Liabilities other than provisions	51.640

Notes to consolidated financial statements

21. Subsidiaries	Registered in	Corporate form	Equity interest %
World Marine Offshore A/S	Esbjerg	A/S	50,0
BB Towing & Diving A/S	Esbjerg	A/S	38,9
WMO Logistics A/S	Esbjerg	A/S	50,0
WMO Invest A/S	Esbjerg	A/S	50,0
Wi-nd ApS	Esbjerg	ApS	50,0
NT Offshore GmbH	Germany	GmbH	42,5
World Marine Offshore Ltd.	United Kingdom	Ltd.	50,0

Consolidation not based on majority of voting rights

World Marine Offshore A/S
WMO Shipping Company A/S, Esbjerg, Denmark has a controlling interest in the World Marine Offshore A/S and the underlying subsidiaries through shares and owner agreements.

Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Gross profit		**40.886**	**41.094**
Staff costs	1	(13.721)	(12.854)
Depreciation, amortisation and impairment losses	2	(15.113)	(14.480)
Other operating expenses	3	(13.500)	0
Operating profit/loss		**(1.448)**	**13.760**
Income from investments in group enterprises		8.092	1.426
Other financial expenses	4	(4.965)	(5.767)
Profit/loss before tax		**1.679**	**9.419**
Tax on profit/loss for the year	5	(3)	(3)
Profit/loss for the year	6	**1.676**	**9.416**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Ships		164.338	174.652
Other fixtures and fittings, tools and equipment		79	0
Property, plant and equipment in progress		43.301	32.321
Property, plant and equipment	7	**207.718**	**206.973**
Investments in group enterprises		12.567	4.542
Deposits		25	0
Other receivables		3.000	0
Fixed asset investments	8	**15.592**	**4.542**
Fixed assets		**223.310**	**211.515**
Receivables from group enterprises		5.750	7.549
Receivables from associates		53	0
Other receivables		919	2.477
Prepayments	9	1.681	1.690
Receivables		**8.403**	**11.716**
Cash		**6.764**	**14.229**
Current assets		**15.167**	**25.945**
Assets		**238.477**	**237.460**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital	10	35.000	35.000
Reserve for net revaluation according to the equity method		9.568	1.542
Retained earnings		24.901	31.300
Proposed dividend		0	3.000
Equity		**69.469**	**70.842**
Subordinate loan capital		79.302	60.050
Bank loans		51.567	70.332
Non-current liabilities other than provisions	11	**130.869**	**130.382**
Current portion of long-term liabilities other than provisions	11	18.948	33.141
Bank loans		11.968	485
Trade payables		4.030	450
Payables to group enterprises		1.313	275
Payables to shareholders and management		1.486	1.365
Income tax payable		1	3
Other payables		393	517
Current liabilities other than provisions		**38.139**	**36.236**
Liabilities other than provisions		**169.008**	**166.618**
Equity and liabilities		**238.477**	**237.460**
Financial instruments	12		
Claims of creditor subordinated to other creditors	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	35.000	1.542	46.793
Corrections of material errors	0	0	(15.493)
Adjusted equity, beginning of year	**35.000**	**1.542**	**31.300**
Ordinary dividend paid	0	0	0
Fair value adjustments of hedging instruments	0	0	18
Other entries on equity	0	(67)	0
Profit/loss for the year	0	8.093	(6.417)
Equity end of year	**35.000**	**9.568**	**24.901**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	3.000	86.335
Corrections of material errors	0	(15.493)
Adjusted equity, beginning of year	**3.000**	**70.842**
Ordinary dividend paid	(3.000)	(3.000)
Fair value adjustments of hedging instruments	0	18
Other entries on equity	0	(67)
Profit/loss for the year	0	1.676
Equity end of year	**0**	**69.469**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
1. Staff costs		
Wages and salaries	12.894	12.106
Pension costs	519	516
Other social security costs	308	232
	13.721	**12.854**
Average number of employees	**50**	**42**

	Remuneration of management 2018 DKK'000	Remuneration of management 2017 DKK'000
Total amount for management categories	1.744	1.543
	1.744	**1.543**

	2018 DKK'000	2017 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	15.113	14.480
	15.113	**14.480**

3. Other operating expenses

Other operating expenses comprise of costs relating to the termination of contracts regarding newbuildings of ships.

	2018 DKK'000	2017 DKK'000
4. Other financial expenses		
Other financial expenses	4.965	5.767
	4.965	**5.767**

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	3	3
	3	**3**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	3.000
Retained earnings	1.676	6.416
	1.676	**9.416**

	Ships DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment			
Cost beginning of year	229.117	0	32.321
Additions	4.799	79	27.480
Disposals	0	0	(16.500)
Cost end of year	**233.916**	**79**	**43.301**
Depreciation and impairment losses beginning of year	(54.465)	0	0
Depreciation for the year	(15.113)	0	0
Depreciation and impairment losses end of year	**(69.578)**	**0**	**0**
Carrying amount end of year	**164.338**	**79**	**43.301**
Financial expenses included in carrying amount	**981**	**-**	**1.231**

	Investments in group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000
8. Fixed asset investments			
Cost beginning of year	3.000	0	0
Additions	0	25	3.000
Cost end of year	**3.000**	**25**	**3.000**
Revaluations beginning of year	1.542	0	0
Adjustments on equity	(67)	0	0
Share of profit/loss for the year	8.092	0	0
Revaluations end of year	**9.567**	**0**	**0**
Carrying amount end of year	**12.567**	**25**	**3.000**

Notes to parent financial statements

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9. Prepayments

Prepayments include advance payments etc.

	Number	Par value DKK'000	Nominal value DKK'000
10. Contributed capital			
Shares	35.000	1	35.000
	35.000		**35.000**

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000
11. Liabilities other than provisions			
Subordinate loan capital	0	14.250	79.302
Bank loans	18.948	18.891	51.567
	18.948	**33.141**	**130.869**

12. Financial instruments

The Company has entered into forward exchange contracts with a maturity at 02.01.2019 in EUR.

The contractual value is DKK 29,9 million at 31.12.2018. A net value of DKK 9 thousand was recognized in other payables at 31.12.2018.

13. Claims of creditor subordinated to other creditors

Subordinated loan capital are subordinated for all financial creditors (banks and other credit institutions), and the loans is settled in the event of the Debtor's dissolution or bankruptcy after the financial creditors have been settled. The financial creditors comprises DKK 82.5 million at 31.12.2018.

14. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

A shipyard has made a counterclaim of approx. DKK 2.5 million as a result of a terminated shipbuilding contract. The claim from the shipyard is related to WMO Shipping Company A/S' claim against the shipyard. The case has not yet been to court. The management has made an assessment of the claim and on this basis concluded that the claim will not cause loss to the company, and has therefore not recognized any costs in the annual report regarding the claim.

Notes to parent financial statements

In relation to the compensation claim against the shipyard, the company has received payments from bank guarantees of approx. DKK 21 million in 2018. The payments are deducted from additions in Property, plant and equipment in progress. If the case against the shipyard is lost , the company risks that the received payments from bank guarantees must be repaid.

15. Assets charged and collateral

Security has been provided in Timecharter agreements, as well as a guarantees and withdrawal declarations have been given to the parent company's financial partners. The parent company's financial partners have jointly provided guarantees and granted loans of DKK 82.5 million at 31.12.2018. Loans are secured by ships and cash. The carrying amount of these ships and cash amounts to DKK 185 million.

The company has guaranteed for bank loans up to DKK 3 million in World Marine Offshore A/S.

16. Related parties with controlling interest

The Company has no related parties with a controlling interest.

	Subsidiaries DKK'000	Other related parties. DKK'000
17. Transactions with related parties		
Sales	42.858	0
Purchase	15.182	0
Interest expenses	0	1.935
Receivables	5.750	0
Liabilities other than provisions	0	51.640

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Non-comparability

A number of reclassifications of accounts have been made in the annual report for 2018 compared to the annual report for 2017.

Corrections in previous years

Ships are included in the parent company at a value that reflects the purchase option that World Marine Offshore A/S has on the ships. This was not done in the past and the negative correction of the assets and equity at 01.01.2018 amounts to DKK 15.5 million. Profit in 2017 was negatively affected by DKK 3.6 million and the profit in 2018 was negatively affected by DKK 4.2 million. The consolidated balance sheet is not effected by the corrections.

Changes in accounting policies

In the 2017 annual report investments in associates were measured at cost. In 2018 investments in associates are recognised and measured according to the equity method, subsequently the consolidated assets as pr. 31.12.2017 have been negatively affected by DKK 0.9 million.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Accounting policies

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made 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).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Accounting policies

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income
Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired licenses.

Licenses are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement.

Licenses are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Buildings, Ships as well as 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

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:

Buildings	20 years
Ships in the consolidated financial statements	20 years
Ships in the parent financial statements	12 years
Other fixtures and fittings, tools and equipment	3-10 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.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

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 financecosts are recognised in the income statement as incurred.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management’s proposal for distribution of profit/loss.

Accounting policies

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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 or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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 acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash comprises cash in hand and bank deposits less short-term bank loans.