

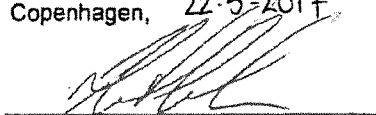
ERRV Holdings ApS

Annual report 2016

CVR no: 36 94 10 30

The Annual Report was presented and
adopted at the Annual General Meeting

Copenhagen, 22-5-2017


Chairman of the meeting

ERRV Holdings ApS
Østergade 1, 2nd floor
1100 Copenhagen K
Denmark

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MANAGEMENT'S STATEMENT

The Executive Board have today considered and adopted the Annual Report of ERRV Holdings ApS 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 Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Company and of the results of the Group and Company's operations and cash flow for the Group for the financial year 1 January - 31 December 2016

In our opinion Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the period and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company

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

Copenhagen, 27 April 2017

Executive Board



Søren M. Moseley



Philip Fahey



Henrik Hvidt Karlsson



Zibin Oved

INDEPENDENT AUDITOR'S REPORT

To the shareholder of ERRV Holdings ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group's and the Parent Company's operations and Group cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ERRV Holdings ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, cashflow statement, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

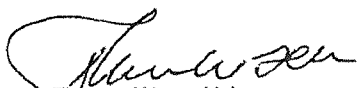
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

Copenhagen, 27th April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR number 33771231


Thomas Wraae Holm
State Authorised Public Accountant

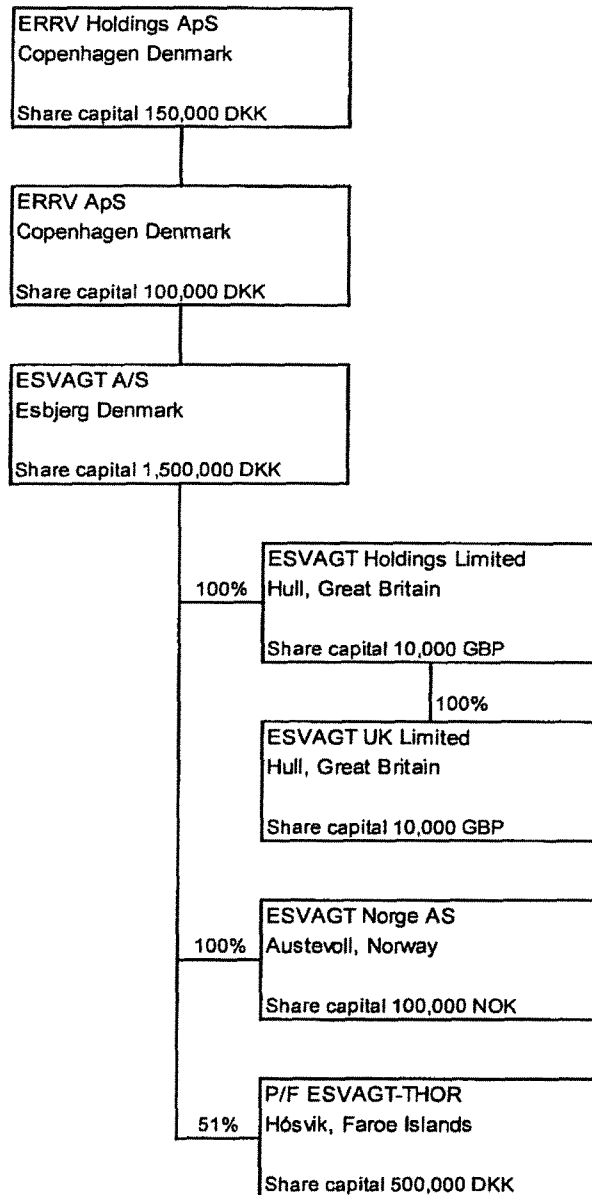

Martin Lunden
State Authorised Public Accountant

COMPANY INFORMATION

Company	ERRV Holdings ApS Østergade 1, 2nd floor DK-1100 Copenhagen K
	Company no. 36 94 10 30 Established 29th June 2015 Accounting period 1 January to 31 December
Executive Board	Scott B. M. Moseley Philip Pacey Henrik Hvidt-Karlsson Zion Oved
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

GROUP STRUCTURE

Consolidated companies per 31. December 2016



FINANCIAL HIGHLIGHTS

For the consolidated Group

Amounts in DKK'000	2016	2015
Revenue	959.495	285.219
Profit before financial items	102.417	46.182
Financial items, net	-232.177	-67.032
Result for the year	-133.104	-21.067
Total assets	4.588.856	4.363.915
Investments in intangible and tangible assets	-404.007	-60.239
Equity	75.500	225.219
Profit margin	10,7	16,2
Equity ratio	1,6	5,2
Return on equity	-88,5	-29,8

The key figures are calculated in accordance with recommendations and guidelines from the Danish Financial Analyst Society.

The keyfigures are calculated as follows:

$$\text{Profit margin} = \frac{\text{Result before financial items} \times 100}{\text{Net turnover}}$$

$$\text{Equity ratio} = \frac{\text{Equity} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Return on equity in 2015 is calculated for the period 17 September - 31 December 2015 following capital increase of DKK 266.7 m and the acquisition of ESVAGT A/S.

MANAGEMENT'S REVIEW

Activities

The Group's primary activity is to deliver safety and support at sea, which it provides through emergency response and rescue (ERR) services for operators of off shore oil and gas installations and service vessel activities for off shore wind farms.

Activity 2016

Result for the year

The loss for the period 1 January - 31 December 2016 is DKK -133.1m compared to DKK -21.1m in 2015.

The loss is in compliance with the expectations for 2016 and the management considers the loss for the period as acceptable given the short period of ownership of the Esvagt Group and the change in market conditions during 2015 and 2016.

Market and activities

The Group's primary market within the oil and gas industry is the North Sea. The Group increased its presence within service vessel activities for the off shore wind industry.

The Group has established a sales office in Aberdeen, UK, to intensify the market presence in the UK sector.

Investments

During 2016 the Group took delivery of one vessel, 'Esvagt NJORD' for the offshore wind industry.

The Group's new building programme comprises three vessels, one service operating vessel for the wind industry, one multi-purpose vessel for the oil and gas industry and one crew change vessel to replace the Group's current crew change vessels. Delivery of the vessels are expected in Q4 2017, Q2 2018 and Q3 2018 respectively. Both the service operating vessel and the multi-purpose vessel are fixed for long term contracts to commence upon delivery of the vessels.

Equity

On 31 December 2016 the equity is DKK 75.5m with an equity ratio of 1.6% compared to DKK 225.2m and a ratio of 5.2% in 2015.

Expectations for 2017

For 2017 the Company expects an activity level lower than 2016, due to the low activity in the oil and gas industry. Therefore the Company expects a result for 2017 below that of 2016.

Subsequent events

No events have occurred after 31 December 2016 which may significantly affect the financial year 2016.

Risks

The Group is, in the opinion of the Management, not exposed to commercial, operational or financial risks beyond what is common and natural for its business and the industry in which it operates.

In accordance with its strategy the Group constantly strives towards a reasonable balance between long term and short term contracts for its fleet.

Development activities

During 2016 the Group held expenses of DKK 0.5m (2015: DKK 1.3m) related to development of our Fast Rescue Boats and Safe Transfer Boats.

Statutory report on gender diversity

The Group will promote diversity and create equal opportunities for everyone in order to ensure equal distribution of men and women, although the Group operates within an area that historically employs more men than women and always will aim for employing the most qualified candidate for any position.

The executive board in ERRV Holdings ApS currently consists of men. The target for the underrepresented gender is at least one woman in the executive board by 2020.

The Group aims to achieve diversity by prioritizing women in the event of equally qualified candidates for any position. Therefore, for future recruitments for management positions, the Group will aim for having representatives from both genders represented in the selection process.

In 2016, following an organisational change, one management position was undertaken by a female employee.

MANAGEMENT'S REVIEW

Statutory report on social responsibility

Corporate social responsibility has always been an integral part of the way the Group operates and is reflected in the Group's core values.

It is essential for the Group to employ people who contribute to delivering services of highest quality and highest level of safety standard. Further, it is important to be an attractive employer and workplace for current and future employees.

To achieve this, the Group employees undergo continuous training and education and the company has constant focus on the safety and health of the employees. For this purpose, the company has its own HSEQ-function (Health Safety Environment Quality).

In accordance with the objective of the company to provide performance of highest quality, the Group is certified according to ISO 9001-standard on quality assurance.

As part of regular business procedures the Group is continuously audited by its customers by means of quality assurance system.

The Group does not have a formalized overall CSR policy, however, has a number of policies providing guidance on what we stand for as a company, among others Health, Safety, Environment, Quality and Anti-Corruption policies. These policies, that govern how we act and engage with our customers, colleagues, suppliers and the community, are applicable to all employees and described in our the Group Integrated Management System Manual.

The Group is committed in working with all our partners to ensure that they acknowledge our values and share our commitment to conduct business in an ethical, legal and socially responsible manner. We strive to continually improve within the areas of human rights, labour standards, the environment and to work against any form of corruption.

In the Group, we strongly believe that implementing a 'Code of Conduct' towards our partners and in our supply chain has created value for all parties and this is a step to establish a long-term sustainable relationship with our partners, our employees and the societies where we operate. Our Code of Conduct complies with the UN Global Compact and our respect for universally recognized normative standards such as the United Nations Universal Declaration of Human Rights and the core labour conventions of the International Labour Organization.

During 2016 the Group continued our routinely screening and audits of suppliers in respect of our Code of Conduct. The audits did not result in any material findings other than opportunities for improvement.

The Group is certified according to ISO 14001 on environmental management.

Environmental improvements and being environmentally conscious are continuous focus areas for the Group. Both in terms of our services towards customers, where oil spill recovery and response is an integrated part of the Group's primary services, but also in terms of our operation where continuous environmental improvements are an integral part of our HSEQ programme.

During 2016 the Group implemented an improved and much more detailed registration of fuel consumption in order to improve fuel consumption awareness in general and also to identify improvement potentials within specific areas and types of operation. Following the improved registration on fuel consumption in 2016, specific fuel reduction initiatives for each of the Group's vessels are set for 2017 and will be monitored and evaluated on as part of the continuous work to improve our environmental footprint.

It is our belief that the initiatives that have been implemented in 2016 have made a positive impact on the environment and climate, and on the surrounding societies in which the Group operates.

ACCOUNTING POLICIES

The financial statements for the consolidated ERRV Holdings Group and for the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class C (large) companies.

The accounting policies for the 2016 consolidated financial statements for the Group and for the parent company are consistent with those applied for the financial statements for 2015.

Consolidation

The consolidated financial statements comprise ERRV Holdings ApS (parent company) and subsidiaries controlled by the parent company.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, dividends, intra-group balances and gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way, unless they indicate impairment.

Acquisition

When businesses are acquired, the assets, liabilities and contingent liabilities of the acquired business are recognised and measured at fair value on the date of acquisition (in accordance with the acquisitions method). Any positive amount that cannot be related to assets or liabilities in the acquired business are classified under intangible assets as goodwill and amortised on a straight-line basis over a useful life of up to 20 years.

Foreign Currency Translation

Transactions in other currencies are translated to the exchange rate on the date of transaction. Monetary items in foreign currency not settled by the balance sheet date are translated to the exchange rate on the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income and expenses.

Derivatives

Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable curves and exchange rates.

The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognised under equity until the hedged transactions are realised. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognised. The effective portion of changes in the value of derivative financial instruments used to hedge the value of recognised financial assets and liabilities is recognised in the income statement together with changes in the fair value of the hedged assets or liabilities which can be attributed to the hedging relationship. The ineffective portion of hedge transactions which do not qualify for hedge accounting are recognised in the income statement as financial income or expenses for interest and currency based instruments.

INCOME STATEMENT

Revenue

Revenue is recognised on time of delivery of services and goods sold.

Other external costs

External costs comprise repair and maintenance, stores, vessel fuel, training and travel costs, marketing, administration costs, premises, cost to cover losses on trade receivables, operational lease costs etc.

Staff expenses

Staff expenses include wages and salaries and salary related costs.

Financial items

Financial items include interest income and cost and currency gains and losses.

ACCOUNTING POLICIES

Tax

Tax includes the amount expected to be paid for the year plus adjustment concerning previous years and deferred tax. The amount includes Danish and foreign taxation.

The Group's vessels activities are included in the tonnage taxation scheme.

BALANCE SHEET

Intangible fixed assets

Goodwill

Goodwill comprise any amount from the acquisition of a business that cannot be allocated to assets or liabilities in the acquired business.

Goodwill is amortised on a straight-line basis over the estimated financial useful life, which is determined based on management's judgement. The useful life of goodwill is 20 years as acquired business is a strategically acquired business with a strong market position and with expected long-term financial profitability.

Development expenses

Development expenses comprise engineer costs related to specific development projects of Fast Rescue Boats and Safe Transfer Boats. Development expenses are capitalized when development projects imply a technical and/or operational advantage for the Group companies and where the financial net present value of these projects exceeds the development expenses.

Development expenses are measured at cost less of accumulated depreciation and impairment losses.

Depreciation to estimated residual value is recognised in the income statement on a straight-line basis over the useful life, which is:

Development expenses	3 years
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Tangible fixed assets

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

Depreciation to estimated residual value is recognised in the income statement on a straight-line basis over the useful life, which is:

Premises on leased land	20-30 years
Vessels	up to 25 years
Docking costs	2½-5 years
Other operating equipment and fixtures etc	3-5 years

New build vessels are depreciated over 25 years. Used vessels are depreciated over a shorter period based on the vessel age upon time of purchase. Charter contract related upgrades and other improvements are depreciated over expected useful life of 3-5 years. Residual values and depreciation periods for tangible fixed assets are reassessed on an ongoing basis.

Expenses for docking of vessels are recognised when incurred in the carrying amount of vessels and depreciated over the period until next docking.

Borrowing costs from specific as well as general borrowing directly related to assets with a long production period are attributed to cost during the period of construction.

Lease contracts

Lease contracts related to tangible assets where the Group holds all significant risks and benefits to the underlying asset (financial lease) are recognised in the balance sheet at discounted value of the contractual lease payments.

Assets held under finance leases are treated as tangible fixed assets.

All other lease contracts are treated as operational lease. Payments related to operational leases are recognised in the income statement over the contract period.

ACCOUNTING POLICIES

Impairment of intangible and tangible assets

Estimate of useful life and residual value is regularly reassessed. Impairment losses are recognised when the carrying amount of an asset exceeds the highest of estimated value in use and fair value less the cost of disposal.

Investments in subsidiaries

Income statement

A pro rate share of the result from subsidiaries is recognised in the income statement. Internal gains and losses are eliminated.

Balance sheet

Investments in subsidiaries are measured at pro rate share of the subsidiaries' equity in accordance with the accounting policies of the parent company. Adjustments are made for unrealized group internal gains and losses and for remaining value of positive or negative goodwill.

Inventories

Inventories are measured at cost according to the FIFO method. Writedown is made to a possibly lower net realisable value.

Receivables

Receivables are generally recognised at nominal value. Provisions for bad debts are made based on specific assessment.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years, such prepaid insurance, subscriptions etc.

Equity

Dividend for distribution is recognised as a separate component of equity.

Deferred tax

Deferred tax is calculated on the basis of differences between the carrying amount and the tax base of assets and liabilities.

Provisions

Provisions are recognised when the Group has a current legal or constructive obligation. Provisions are recognised on the basis of specific estimates.

Financial liabilities

Financial liabilities are initially recognised at the proceeds received. Any premium or discount is amortised over the term of the liabilities.

Received prepayments

Received prepayments comprises income related to subsequent periods.

Cash flow statement

Cash flow for the year is divided into cash flow from operating activities, cash flow used for investing activities and cash flow from financing activities. Cash and cash equivalents comprise cash and bank balances.

Segmental specifications

Segmental specifications are given for the Group's revenue on its primary markets.

INCOME STATEMENT

(DKK'000)	Note	Group		Parent company	
		1/1-31/12 2016	29/6-31/12 2015	1/1-31/12 2016	29/6-31/12 2015
Revenue	2	959.495	285.219	0	0
Other external costs		<u>-202.487</u>	<u>-59.164</u>	<u>-319</u>	<u>0</u>
		757.008	226.055	-319	0
Staff expenses	3	<u>-359.532</u>	<u>-99.116</u>	<u>0</u>	<u>0</u>
Profit before depreciations and amortisations		397.476	126.939	-319	0
Depreciations and amortisations	6-7	<u>-295.059</u>	<u>-80.757</u>	<u>0</u>	<u>0</u>
Profit before financial items		102.417	46.182	-319	0
Income from subsidiaries	8	0	0	-132.785	-21.067
Financial income	4	41.636	11.986	0	0
Financial expenses	4	<u>-273.813</u>	<u>-79.018</u>	<u>0</u>	<u>0</u>
Result before tax		-129.760	-20.850	-133.104	-21.067
Tax	9	<u>-3.221</u>	<u>-204</u>	<u>0</u>	<u>0</u>
Result before minority shareholders		-132.981	-21.054	-133.104	-21.067
Minority shareholders share of net result		<u>-123</u>	<u>-13</u>	<u>0</u>	<u>0</u>
Result for the year	5	<u>-133.104</u>	<u>-21.067</u>	<u>-133.104</u>	<u>-21.067</u>

BALANCE SHEET

(DKK'000)	Note	Group		Parent company	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
ASSETS					
NON-CURRENT ASSETS					
INTANGIBLE ASSETS					
	6				
Goodwill		468.467	493.502	0	0
Development expenses		1.061	1.071	0	0
		<u>469.528</u>	<u>494.573</u>	<u>0</u>	<u>0</u>
TANGIBLE FIXED ASSETS					
	7				
Vessels		3.483.886	3.370.192	0	0
Other operating equipment and fixtures etc.		4.348	4.313	0	0
Buildings on leased land		53.023	55.602	0	0
Prepayments for tangible assets		143.917	137.871	0	0
		<u>3.685.174</u>	<u>3.567.978</u>	<u>0</u>	<u>0</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	8	0	0	75.654	225.219
		<u>0</u>	<u>0</u>	<u>75.654</u>	<u>225.219</u>
TOTAL NON-CURRENT ASSETS		<u>4.154.702</u>	<u>4.062.551</u>	<u>75.654</u>	<u>225.219</u>
CURRENT ASSETS					
INVENTORIES					
Bunkers and other consumables		9.085	7.422	0	0
		<u>9.085</u>	<u>7.422</u>	<u>0</u>	<u>0</u>
RECEIVABLES					
Trade receivables		102.391	120.596	0	0
Trade receivables from group companies		0	0	156	156
Corporation tax, receivable	9	0	5.472	0	0
Other receivables		6.471	11.572	0	0
Prepayments		3.425	7.146	0	0
		<u>112.287</u>	<u>144.786</u>	<u>156</u>	<u>156</u>
Cash and bank balances		312.782	149.156	41	10
TOTAL CURRENT ASSETS		<u>434.154</u>	<u>301.364</u>	<u>197</u>	<u>166</u>
TOTAL ASSETS		<u>4.588.856</u>	<u>4.363.915</u>	<u>75.851</u>	<u>225.385</u>

BALANCE SHEET

(DKK'000)	Note	Group		Parent company	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
EQUITY AND LIABILITIES					
EQUITY					
Share capital		150	100	150	100
Retained earnings		75.350	225.119	75.350	225.119
		<u>75.500</u>	<u>225.219</u>	<u>75.500</u>	<u>225.219</u>
Minority shareholders		<u>464</u>	<u>635</u>	<u>0</u>	<u>0</u>
PROVISIONS					
Deferred tax	9	<u>77</u>	<u>93</u>	<u>0</u>	<u>0</u>
NON-CURRENT LIABILITIES					
Loan from associated companies		2.177.670	1.925.249	0	0
Bank and other credit institutions	10	2.146.942	1.982.539	0	0
Financial lease debt	10	10.695	15.238	0	0
Derivatives, non-current		26.130	16.026	0	0
		<u>4.361.437</u>	<u>3.939.052</u>	<u>0</u>	<u>0</u>
CURRENT LIABILITIES					
Short term part of non-current debt	10	4.544	4.382	0	0
Received prepayments		11.540	13.599	0	0
Trade payables		39.302	50.259	0	0
Payables to group companies		0	166	276	166
Corporation tax, payable	9	6.032	58	0	0
Derivatives, current		10.251	4.325	0	0
Other payables		79.709	126.127	75	0
		<u>151.378</u>	<u>198.916</u>	<u>351</u>	<u>166</u>
TOTAL LIABILITIES		<u>4.512.815</u>	<u>4.137.968</u>	<u>351</u>	<u>166</u>
TOTAL EQUITY AND LIABILITIES		<u>4.588.856</u>	<u>4.363.915</u>	<u>75.851</u>	<u>225.385</u>
Other financial commitments	11				
Hedging	12				
Auditor's fee	13				
Related parties	14				

CASH FLOW STATEMENT

(DKK'000)	Note	Group	
		1/1-31/12 2016	29/6-31/12 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before depreciations and amortisations		397.476	126.939
Other income		15.252	0
Change in working capital	15	26.320	90.470
Net financial expenses paid		-66.417	-62.167
Taxes paid/received		8.207	-174
		380.838	155.068
CASH FLOW USED FOR INVESTING ACTIVITIES			
Business acquisition		0	-4.147.858
Investments in intangible and tangible fixed assets		-404.007	-60.239
Change in payables related to investing activities		-6.010	11.551
Sale of intangible and tangible fixed assets		1.546	0
		-408.471	-4.196.546
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		201.000	2.000.000
Proceeds from short term borrowings		-4.381	1.925.249
Change in loans from group companies		-5.056	0
Repayment of financial lease debt		0	-1.424
Paid in share capital during the year		0	266.809
Dividend paid during the year		-294	0
		191.269	4.190.634
NET CASH FLOW FOR THE YEAR		163.636	149.156
Cash and cash equivalents 1 January 2016		149.156	0
Currency translation effect		-10	0
CASH AND CASH EQUIVALENTS 31 DECEMBER		312.782	149.156

Information in the cash flow statement can not directly be calculated from the profit & loss, balance sheet and notes.

STATEMENT OF CHANGES IN EQUITY

(DKK'000)

Group	Share capital	Retained earnings	Total equity
2016			
Equity 1 January 2016	100	225.119	225.219
Capital increase 2016	50	116	166
Cash flow hedges	0	-16.031	-16.031
Exchange rate adjustments of subsidiaries	0	-750	-750
Profit for the year	0	-133.104	-133.104
Equity 31 December 2016	150	75.350	75.500
2015			
Equity 29 June 2015	50	0	50
Capital increase 17 September 2015	50	266.709	266.759
Cash flow hedges	0	-20.351	-20.351
Exchange rate adjustments of subsidiaries	0	-172	-172
Profit for the year	0	-21.067	-21.067
Equity 31 December 2015	100	225.119	225.219
Parent company			
2016			
Equity 1 January 2016	100	225.119	225.219
Capital increase 2016	50	0	50
Share premium	0	116	116
Equity movements in subsidiaries	0	-16.031	-16.031
Exchange rate adjustments of subsidiaries	0	-750	-750
Profit for the year	0	-133.104	-133.104
Equity 31 December 2016	150	75.350	75.500
2015			
Equity 29 June 2015	50	0	50
Capital increase 17 September 2015	50	266.709	266.759
Equity movements in subsidiaries	0	-20.351	-20.351
Exchange rate adjustments of subsidiaries	0	-172	-172
Profit for the year	0	-21.067	-21.067
Equity 31 December 2015	100	225.119	225.219
2016			
2015			
The share capital is divided into:			
100,000 shares	100	100	

NOTES

1 CAPITAL POSITION AND GOING CONCERN

The purpose of ERRV Holdings ApS is to hold the shares in ERRV ApS, which is the holding company of ESVAGT A/S. The investment in ERRV ApS had a carrying value of DKK 76 million at 31 December 2016 (31 December 2015: DKK 225 million). The loss in ERRV ApS of DKK 133 million is primarily caused by income from ESVAGT A/S amounting to DKK 61 million in 2016 after amortisation of goodwill and the interests on the loans from associated companies amounting to DKK 193 million.

Impairment tests have been carried out regarding the investment in ESVAGT A/S, which did not result in any impairment.

The lenders of the loans in ERRV ApS have expressed their continuing interest in assuring that ERRV Holdings ApS and ERRV ApS can continue as a going concern and have expressed their intention not to call the loans already extended and any additional future loans that may be extended to ERRV Holdings ApS and ERRV ApS, unless the liquidity position of the ERRV Holdings ApS and ERRV ApS are adequate to justify such repayment.

(DKK'000)

	Group		Parent company	
	1/1-31/12 2016	29/6-31/12 2015	1/1-31/12 2016	29/6-31/12 2015

2 REVENUE

Support and safety activities for offshore oil and gas industry	772.843	237.964	0	0
Support and safety activities for offshore wind industry	180.841	45.793	0	0
Other activities	5.811	1.462	0	0
	<u>959.495</u>	<u>285.219</u>	<u>0</u>	<u>0</u>

3 STAFF EXPENSES

The staff costs are specified as follows:

Salaries and remunerations	336.754	89.506	0	0
Pension costs	17.006	4.837	0	0
Other social security contributions	5.772	4.773	0	0
	<u>359.532</u>	<u>99.116</u>	<u>0</u>	<u>0</u>
Salary and remuneration to Management and Board of Directors	4.599	1.207	0	0
Average number of employees	903	902	0	0

4 FINANCIAL ITEMS

Financial income:				
Exchange rate gains and currency adjustments	41.636	11.986	0	0
	<u>41.636</u>	<u>11.986</u>	<u>0</u>	<u>0</u>
Financial expenses:				
Interests and other financial costs	-273.813	-79.018	0	0
	<u>-273.813</u>	<u>-79.018</u>	<u>0</u>	<u>0</u>

5 DISTRIBUTION OF RESULT FOR THE YEAR

Proposed distribution of result for the year				
Retained earnings	-133.104	-21.067	-133.104	-21.067
	<u>-133.104</u>	<u>-21.067</u>	<u>-133.104</u>	<u>-21.067</u>

NOTES

(DKK'000)

6 INTANGIBLE FIXED ASSETS	Group	
	Goodwill	Development expenses
Cost as of 1 January 2016	500.699	1.331
Addition during the year	0	473
Cost as of 31 December 2016	500.699	1.804
Depreciation as of 1 January 2016	7.197	260
Depreciation for the year	25.035	483
Depreciation as of 31 December 2016	32.232	743
Carrying amount as of 31 December 2016	468.467	1.061

7 TANGIBLE FIXED ASSETS	Group			
	Vessels	Other operating equipment and fixtures etc	Buildings on leased land	Pre-payments
Cost as of 1 January 2016	3.442.259	5.168	55.980	137.871
Addition during the year	0	3.980	499	399.055
Disposal during the year	-24.926	0	0	0
Transfer	393.009	0	0	-393.009
Cost as of 31 December 2016	3.810.342	9.148	56.479	143.917
Depreciation as of 1 January 2016	72.067	855	378	0
Disposal during the year	-8.128	0	0	0
Depreciation for the year	262.517	3.945	3.078	0
Depreciation as of 31 December 2016	326.456	4.800	3.456	0
Carrying amount as of 31 December 2016	3.483.886	4.348	53.023	143.917
Of which leased	14.699	0	0	0

Carrying amount of amortised borrowing costs included in tangible fixed assets is DKK 6,726t (2015: DKK 1,594t).

8 FIXED ASSET INVESTMENTS	Parent company	
	1/1-31/12 2016	29/6-31/12 2015
	Investment in subsidiaries	Investment in subsidiaries
Cost as of 1 January 2016	266.809	0
Addition during the year	0	266.809
Cost as of 31 December 2016	266.809	266.809
Net adjustment as of 1 January 2016	-41.590	0
Share in subsidiaries' net result for the year	-132.785	-21.067
Equity movements related to hedging	-16.030	-20.351
Exchange rate adjustments	-750	-172
Net adjustment as of 31 December 2016	-191.155	-41.590
Carrying amount as of 31 December 2016	75.654	225.219

Investments in subsidiaries comprise:
 ERRV ApS, Denmark (100%)
 ESVAGT A/S, Denmark (100%)
 ESVAGT Holdings Limited, Great Britain (100%)
 ESVAGT UK Limited, Great Britain (100%)
 ESVAGT Norge AS, Norway (100%)
 P/F ESVAGT - THOR, Faroe Islands (51%)

NOTES

(DKK'000)

9 TAX

Group	Tax in Income Statement	Corporation Tax, receivable	Deferred tax provision	Corporation Tax, payable
1 January 2016		5.472	-93	-58
Tax paid	0	-8.907	0	0
Adjustment to previous years	2.543	3.435	0	-5.978
Currency adjustments	0	0	-2	0
Adjustment to deferred tax	-18	0	18	0
Tax for 2016, through income statement	696	0	0	-696
31 December 2016	3.221	0	-77	-6.732

The Group's activities are primarily subject to taxation under the Danish Tonnage Tax Legislation. Tax may materialize if the Company leaves the tonnage tax regime.

Deferred tax relates to tangible fixed assets not covered by tonnage taxation activities.

ERRV Holdings ApS is part of national joint taxation in Denmark with ERRV ApS and is jointly liable with other Danish subsidiaries.

Due to the activities under the Danish Tonnage Tax Legislation both the Group's Danish Subsidiaries face full deduction cuts of financing expenses in their taxable incomes in 2016. Therefore, no income tax losses transferable to later years arise, and consequently no tax asset is recognised.

10 BANK AND OTHER CREDIT INSTITUTIONS

	Group		Parent company	
	2016	2015	2016	2015
Bank and other credit institutions				
Due within 1 year	0	0	0	0
Due within 2-5 years	2.146.942	1.982.539	0	0
Due after 5 years	0	0	0	0
	<u>2.146.942</u>	<u>1.982.539</u>	<u>0</u>	<u>0</u>
Financial lease debt				
Due within 1 year	4.544	4.382	0	0
Due within 2-5 years	10.695	15.238	0	0
Due after 5 years	0	0	0	0
	<u>15.239</u>	<u>19.620</u>	<u>0</u>	<u>0</u>

11 OTHER FINANCIAL COMMITMENTS

	Group		Parent company	
	2016	2015	2016	2015
Bank loans secured in vessels				
Bank and other credit institutions - amount secured	2.201.000	2.000.000	0	0
Carrying amount of vessels provided as security	3.025.529	2.712.318	0	0
Lease commitments				
Lease of land	239	239	0	0
Operational lease of cars etc	1.233	1.301	0	0

Lease commitment for lease of land has a remaining contractual duration of 27 years. ESVAGT can terminate the contracts with a 6 months notice, which is reflected in the above commitment of DKK 239t.

NOTES

(DKK'000)

12 HEDGING

The Group enters into exchange rate contracts in order for hedging of revenue and vessels under construction, and into interest rate contracts to cover part of the company's long term financing of tangible assets.

The market value of exchange rate and interest rate contracts for hedging of future cash flows is as follows:

	Group		Parent company	
	2016	2015	2016	2015
Financial fixed asset - gain on contracts above 1 year	0	0	0	0
Liabilities, non-current - loss on contracts above 1 year	-26.130	-16.026	0	0
Liabilities, current - loss on contracts less than 1 year	-10.251	-4.325	0	0
	<u>-36.381</u>	<u>-20.351</u>	<u>0</u>	<u>0</u>

Hedging contracts cover 90% of the Group's interest risk on loans with bank and other credit institutions on 31 December 2016.

13 AUDITOR'S FEES

Fees paid to the auditor appointed by the General Assembly, PriceWaterHouseCoopers

	Group		Parent company	
	2016	2015	2016	2015
Statutory audit	586	353	63	0
Other assurance services	60	150	12	0
Tax and VAT services	677	264	0	0
Other services	3.132	0	0	0
	<u>4.455</u>	<u>767</u>	<u>75</u>	<u>0</u>

14 RELATED PARTIES

Shareholders, with more than 5% ownership according to the Danish Companies Act provision 55 :
ERRV Holding Aps, Østergade 1, 2nd floor, 1100 Copenhagen, Denmark.

The ultimate parent company is ERRV Luxembourg Holdings S.à.r.l., Luxembourg.

15 CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

	Group	
	2016	2015
Change in inventories	-1.663	-1.369
Change in trade receivables and group trade receivables	20.944	21.224
Change in other receivables and prepayments	9.796	-3.474
Change in received prepayments	-2.059	13.599
Change in trade payables, excl. payables related to fixed assets	-4.744	1.163
Change in payables to group companies	0	166
Change in other payables	3.916	59.161
Exchange gains and losses on working capital	130	0
	<u>26.320</u>	<u>90.470</u>

2015: Change in working capital includes movements from the 17 September 2015 balance in the acquired business.