ERRV Holdings ApS

Østergade 1, 2. sal
1100 Copenhagen K

CVR No 36 94 10 30

Annual report for

01.01.2017
-
31.12.2017

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
7 May 2018

Chairman of the meeting

Jesper Møller Boye

Contents

Company Information	3
Management review	4
Key figures for the consolidated group	7
Management's Statement	8
Independent Auditor's Report	9
Statement of profit and loss	12
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity - Group	16
Statement of changes in equity - Parent	17
Cash flow statement	18
Index of notes	19
Notes	20

Company Information

Company
ERRV Holdings ApS
Østergade 1, 2. sal
1100 Copenhagen K

Company no./CVR no.	36 94 10 30
Municipality of reg. office	Copenhagen
Phone number	+45 20 39 48 57

Executive Management
Philip Pacey, Chairman
Scott B. M. Moseley
Henrik Hvidt-Karlsson
Zion Oved

Audit
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management review

Activities

The Group's primary activity is to deliver safety and support at sea. The Group provides 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 2017

Result for the year

Revenue for the Group in 2017 was mDKK 867 against mDKK 966 in 2016. The result for the year was mDKK -205 compared to mDKK -108 in 2016. This was slightly below expectations, however Management considers the result for the year as fair, given the short period of ownership of the ESVAGT Group and difficult market conditions during 2017.

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.

Investments

During 2017 the Group scrapped a Group-3 vessel, ESVAGT PROTECTOR and took delivery of ESVAGT MERCATOR for the offshore wind industry. The 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. Delivery of the vessels are expected in 2018 and 2019. Both the service operating vessel and the multi-purpose vessel are fixed for long term contracts to commence upon delivery of the vessels.

Debt

The Group refinanced all its debt facilities just prior to the end of 2017. The new debt facilities have a duration of 5-10 years, with a mixture of floating and fixed rate interest. In addition, a new capex facility was raised to support expected growth in the Group's off-shore wind activities.

Equity

On 31 December 2017 the equity was mDKK -68 with an equity ratio of -1.4% compared to mDKK 108 and a ratio of 2.2% in 2016. Capital position and going concern is further explained in note 0.

Expectations for 2018

Based on the increased oil price, the Group expects increasing activity levels, mainly in the second half of 2018. Furthermore, the increased tender activities seen within the wind sector during 2017 are expected to continue. Therefore, the Group expects a slightly better result for 2018 compared to 2017.

Uncertainties regarding recognition and measurement

As a natural consequence of the current low activity in the oil and gas industry, returns on investments within the industry in general have declined and could potentially indicate the need for an impairment of assets.

The Group regularly assess the valuation of its goodwill and vessels, also including impairment testing. When performing such assessments and tests, future outlooks are considered. The Management expects the oil and gas industry to recover over the coming years and based upon the impairment tests performed, concludes that there is no need for impairment of its fleet. Management believes that the Group with its asset base, experience and skills is well positioned when the market recovers.

Subsequent events
No events have occurred after 31 December 2017 which may significantly affect the financial year 2017.

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 2017 the Group held expenses of 0.3 mDKK (2016: 0.5 mDKK) related to development of the Fast Rescue Boats and Safe Transfer Boats.

Statutory report on gender diversity
The Group operates within an area that historically employs more men than women, but the Group is promoted as an attractive workplace for women as well as men, and in 2017 the Group continued to promote diversity and create equal opportunities for everyone, to ensure equal distribution of men and women. This approach is embedded in all professional relations and on all levels within the organization. Headhunters, hired to recruit for selected positions, are instructed to report shortlists of the most qualifying candidates of both genders. All evaluation processes focus on the experience and education of the candidate notwithstanding gender, and the Group offer same opportunities and terms of employment for women as well as men, and will always aim for employing the most qualified candidate for any position.

The target for the underrepresented gender is at least one woman in the Executive Management by 2020. During 2017 there was no change in the Executive Management, therefore the target of a female member by 2020 remains unchanged.
In 2017 one out of six Senior Management positions was undertaken by a female employee.

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. Furthermore, it is important to be an attractive employer and workplace for current and future employees.
To achieve this, 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.
Zero incidents will always be a key ambition in the Group and we continuously strive to conduct all activities in a manner protecting the health and safety of employees, subcontractors and customers.

In 2017 we have prioritised to further enhance the boat handling qualifications of our off-shore employees by means of the 'World Class Boat Operations' FRB Competence programme. All employees' sailing skills will be mapped and evaluated, and a team of dedicated FRB assessors work full time to raise the FRB competences of their colleagues on the vessels. The programme continues in 2018.

The Group does not have a formalised 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 the Integrated Management System Manual. The Anti-Corruption policy and procedure was implemented in 2016, where the Group also rolled out an e-learning programme, mandatory for all employees onshore and all ships' Officers. All relevant employees have completed and passed the course in 2017.

To ensure transparency when reporting corrupt incidents, every employee, who encounters a corrupt action or provides a third party with hospitality, gifts, meals or entertainment valued at more than USD 150 per recipient, is obliged to report the incidents on a special report template to a dedicated CSR e-mail address. The Group has registered only a few incidents in 2017, all regarding hospitality and none of the incidents required further follow-up. The reason being both the general increased focus on transparency as well as the fact that the Group currently only operates in markets with low risk of being exposed to corruption or bribery.

The Group is committed to 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 continously 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 recognised normative standards such as the United Nations Universal Declaration of Human Rights and the core labour conventions of the International Labour Organisation.

During 2017 the Group continued our routine screening of suppliers in respect of our Code of Conduct. The approx. 100 screenings did not result in any material findings. 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.

The fuel focus and monitoring continued during 2017. During fourth quarter the data captured were analysed, and it was found that the positive reduction in fuel related to daily ERRV duties was less than hoped for. However, the data also showed a potential to improve on activities with relatively higher consumption but more stakeholders involved. This resulted in four new main focus areas for 2018, which were also incorporated into the onboard Ship Energy Efficiency Management Plan revision 2018 (SEEMP) with specific associated action plan and the target is to reduce up to 6%.

Key figures for the consolidated group

	2017 IFRS TDKK	2016 IFRS TDKK	2015*) ÅRL TDKK	2014*) ÅRL TDKK	2013*) ÅRL TDKK
5 years key figures					
Profit and loss accounts					
Net revenue	866.948	966.166	1.001.811	946.486	885.685
Operating profit	63.379	127.452	247.456	281.793	269.269
Net financials	(271.956)	(232.177)	(64.604)	(22.270)	(21.678)
Profit for the period	(204.632)	(107.946)	192.073	252.282	250.467
Balance sheet					
Total assets	5.024.282	4.613.891	3.342.751	2.621.249	2.474.120
Equity	(67.985)	100.535	1.188.546	1.294.750	1.054.739
Investment in property, plant and equipment	260.135	403.534	752.818	331.990	323.966
Key Ratios					
Profit margin (%)	7%	13%	25%	30%	30%
Return on equity (%)	-1257%	-17%	15%	21%	27%
Equity ratio	-1,4%	2,2%	35,6%	49,4%	42,6%

*) The company has first time adopted IFRS as per 1.1.2017. The comparative figures for 2013-2015 are stated under Danish GAAP.

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

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 2017.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion the consolidated Financial Statements and the separate Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and the results of the Group's and Company's operations and cash flows for the financial year 1 January – 31 December 2017.

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 year and of the financial position of the Group and the Company.

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

Esbjerg, 7 May 2018

Executive Management

Philip Pacey

Scott B. M. Moseley

Henrik Hvidt-Karlsson

Zion Oved

Independent Auditor's Report

To the Shareholders 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 Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 2017, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement 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 Financials 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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 scepticism throughout the audit. We also:

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 7 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Martin Lunden
State Authorised Public Accountant
mne32209

Statement of profit and loss

	Notes	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Net revenue	3	866.948	966.166	0	0
Other income		430	1.121	0	0
Other operating expenses		(186.985)	(210.279)	(251)	(319)
Gross profit		**680.394**	**757.008**	**(251)**	**(319)**
Staff expenses	4	(345.603)	(359.532)	0	0
Profit before depreciation		**334.790**	**397.476**	**(251)**	**(319)**
Amortisation, depreciation and impairment	5	(271.411)	(270.024)	0	0
Operating profit		**63.379**	**127.452**	**(251)**	**(319)**
Income from subsidiaries		0	0	(136.671)	(107.750)
Financial income	6	41.528	46.803	0	0
Financial expenses	7	(313.484)	(278.980)	(79)	0
Profit before income tax		**(208.577)**	**(104.725)**	**(137.001)**	**(108.069)**
Income tax expenses	8	3.946	(3.221)	(37)	0
Profit for the period		**(204.632)**	**(107.946)**	**(137.038)**	**(108.069)**
Profit is attributable to:					
Owners of ERRV Holdings ApS		(204.504)	(108.069)	(137.038)	(108.069)
Non-controlling interests		(128)	123	0	0
		(204.632)	**(107.946)**	**(137.038)**	**(108.069)**

Statement of comprehensive income

	Notes	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Profit for the year		**(204.632)**	**(107.946)**	**(137.038)**	**(108.069)**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of subsidiaries		(398)	(750)	(398)	(750)
Cash flow hedges, revenue		627	0	627	0
Cash flow hedges, loans, financial expenses		35.754	(16.030)	35.754	(16.030)
Other comprehensive income for the year, net of tax		**35.983**	**(16.780)**	**35.983**	**(16.780)**
Total comprehensive income for the year		**(168.649)**	**(124.726)**	**(101.055)**	**(124.849)**
Total comprehensive income for the year attributable to:					
Owners of ERRV Holdings ApS		(168.521)	(124.849)	(101.055)	(124.849)
Non-controlling interests		(128)	123	0	0
		(168.649)	**(124.726)**	**(101.055)**	**(124.849)**

Balance sheet

	Notes	Group 2017 TDKK	Group 2016 TDKK	Group As at 1 January 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK	Parent As at 1 January 2016 TDKK
Goodwill		493.502	493.502	493.502	0	0	0
Development projects		631	1.061	1.071	0	0	0
Intangible assets	9	**494.133**	**494.563**	**494.573**	**0**	**0**	**0**
Vessels		3.458.613	3.483.886	3.370.192	0	0	0
Other operating equipment and fixtures		4.207	6.327	4.313	0	0	0
Buildings on leased land		49.945	53.023	55.602	0	0	0
Prepayments for tangible assets		163.657	143.917	137.871	0	0	0
Tangible assets	10	**3.676.422**	**3.687.153**	**3.567.978**	**0**	**0**	**0**
Investment in subsidiaries		0	0	0	0	100.689	225.219
Financial assets	26	**0**	**0**	**0**	**0**	**100.689**	**225.219**
Total non-current assets		**4.170.555**	**4.181.716**	**4.062.551**	**0**	**100.689**	**225.219**
Bunker oil and other consumables		8.034	7.106	7.422	0	0	0
Inventories	12	**8.034**	**7.106**	**7.422**	**0**	**0**	**0**
Trade receivables	13	125.089	102.391	120.596	0	0	0
Receivables from Group companies		0	0	0	0	156	156
Income tax receivable		131	0	5.472	59	0	0
Other receivables		5.226	6.471	11.572	0	0	0
Prepayments		4.527	3.425	7.146	0	0	0
Receivables		**134.973**	**112.287**	**144.786**	**59**	**156**	**156**
Cash and cash equivalents		**710.720**	**312.782**	**149.146**	**642**	**41**	**10**
Total current assets		**853.727**	**432.175**	**301.354**	**701**	**197**	**166**
Total assets		**5.024.282**	**4.613.891**	**4.363.905**	**701**	**100.886**	**225.385**

Balance sheet

		Group			Parent		
	Notes	2017 TDKK	2016 TDKK	As at 1 January 2016 TDKK	2017 TDKK	2016 TDKK	As at 1 January 2016 TDKK
Share capital		150	150	100	150	150	100
Retained earnings		(68.135)	100.385	225.119	(670)	100.385	225.119
Equity attributable to owners of ERRV Holdings ApS		**(67.985)**	**100.535**	**225.219**	**(520)**	**100.535**	**225.219**
Non-controlling interests		275	464	635	0	0	0
Total equity	16	**(67.709)**	**100.999**	**225.854**	**(520)**	**100.535**	**225.219**
Deferred tax liabilities	11	31	77	93	0	0	0
Bank and credit institutions	17	2.211.216	2.146.942	1.982.539	0	0	0
Financial lease liabilities	20	5.969	10.695	15.238	0	0	0
Derivatives	15	0	26.130	16.026	0	0	0
Total non-current liabilities		**2.217.216**	**2.183.844**	**2.013.896**	**0**	**0**	**0**
Loan from parent company		2.724.133	2.177.670	1.925.249	0	0	0
Financial lease liabilities		4.725	4.544	4.382	0	0	0
Received prepayments		9.491	11.540	13.599	0	0	0
Trade payables		67.196	39.302	50.259	111	0	0
Payables to Group companies		0	0	156	1.110	276	166
Income tax liabilities		1.206	6.032	58	0	0	0
Other payables		68.024	79.709	126.127	0	75	0
Derivatives, current	15	0	10.251	4.325	0	0	0
		2.874.775	**2.329.048**	**2.124.155**	**1.221**	**351**	**166**
Total liabilities		**5.091.991**	**4.512.892**	**4.138.051**	**1.221**	**351**	**166**
Total equity and liabilities		**5.024.282**	**4.613.891**	**4.363.905**	**701**	**100.886**	**225.385**

Statement of changes in equity - Group

	Share capital	Reserve for foreign currency translation	Cash flow hedges	Retained earnings	Total	Non-controlling interests	Total equity
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 01.01.2016	**100**	**0**	**(20.351)**	**245.470**	**225.219**	**635**	**225.854**
Capital increase		0		0	0	0	0
Profit for the period	0	0	0	(108.069)	(108.069)	123	(107.946)
Other comprehensive income	0	(750)	(16.030)	0	(16.780)	0	(16.780)
Total comprehensive income for the period	**0**	**(750)**	**(16.030)**	**(108.069)**	**(124.849)**	**123**	**(124.726)**
Transactions with owners in their capacity as owners							
Capital increase	50	0	0	0	50	0	50
Dividends provided for or paid	0	0	0	116	116	(294)	(178)
Equity at 31.12.2016	**150**	**(750)**	**(36.381)**	**137.517**	**100.536**	**464**	**101.000**
Profit for the period	0	0	0	(204.504)	(204.504)	(128)	(204.632)
Other comprehensive income	0	(398)	36.381	0	35.983		35.983
Total comprehensive income for the period	**0**	**(398)**	**36.381**	**(204.504)**	**(168.521)**	**(128)**	**(168.649)**
Equity at 31.12.2017	**150**	**(1.148)**	**(0)**	**(66.987)**	**(67.985)**	**275**	**(67.710)**

Statement of changes in equity - Parent

	Share capital	Reserve for foreign currency translation	Cash flow hedges	Retained earnings	Total equity
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 01.01.2016	**100**	**0**	**(20.351)**	**245.470**	**225.219**
Capital increase	0	0	0	0	0
Profit for the year	0	0	0	(108.070)	(108.070)
Other comprehensive income	0	(750)	(16.030)	0	(16.780)
Total comprehensive income for the year	**0**	**(750)**	**(16.030)**	**(108.070)**	**(124.850)**
Transactions with owners in their capacity as owners					
Capital increase	50	0	0	0	50
Dividends provided for or paid	0	0	0	116	116
Equity at 31.12.2016	**150**	**(750)**	**(36.381)**	**137.516**	**100.535**
Profit for the year	0	0	0	(137.038)	(137.038)
Other comprehensive income	0	(398)	36.381	0	35.983
Total comprehensive income for the year	**0**	**(398)**	**36.381**	**(137.038)**	**(101.055)**
Equity at 31.12.2017	**150**	**(1.148)**	**(0)**	**478**	**(520)**

Cash flow statement

		Group		Parent	
		2017	2016	2017	2016
	Notes	TDKK	TDKK	TDKK	TDKK
Profit before depreciations		334.790	397.476	(251)	(319)
Adjust for loss/gain from sale of fixed assets		(179)	15.252	0	0
Change in working capital	22	6.013	26.319	327	1.050
Cash flows from operating activities before financial income and expenses		340.624	439.047	76	731
Financial expenses paid		(130.439)	(66.417)	(79)	0
Income taxes paid		(1.057)	8.207	604	(700)
Net cash flow from operating activities		**209.128**	**380.837**	**601**	**31**
Payments for intangible assets		0	0	0	0
Payments for property, plant and equipment		(258.588)	(410.017)	0	0
Sale of intangible assets and property, plant and equipment		300	1.546	0	0
Net cash flow from investing activities		**(258.288)**	**(408.471)**	**0**	**0**
Repayment of loans from credit institutions	22	(2.154.201)	(4.381)	0	0
Proceeds from loans from credit institutions	22	2.251.361	201.000	0	0
Proceeds from loans from parent company		350.000	0	0	0
Repayment of payables to parent company		0	(5.056)	0	0
Dividends paid to company's shareholders		125	(303)	0	0
Dividends paid to non-controlling interests in subsidiaries		(189)	0	0	0
Cash flow from financing activities		**447.096**	**191.260**	**0**	**0**
Net cash flow for the year		397.936	163.626	601	31
Effects of exchange rate changes on cash and cash equivalents		2	0	0	0
Cash and cash equivalents, beginning of the year		312.782	149.156	41	10
Cash and cash equivalents, end of the year		**710.720**	**312.782**	**642**	**41**

The information in the cash flow statement can not directly be reconciled to the statement of profit and loss. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index of notes

0. Capital position and going concern
1. Accounting policies
2. Critical accounting estimates and judgements
3. Revenue
4. Staff expenses
5. Amortisation, depreciation and impairment losses
6. Financial income
7. Financial expenses
8. Tax on profit for the year
9. Intangible assets
10. Property, plant and equipment
11. Deferred tax
12. Inventories
13. Trade receivables
14. Financial assets and liabilities
15. Derivative financial instruments
16. Share capital
17. Bank and credit institutions
18. Fee to the statutory auditors
19. Related parties
20. Leasing
21. Contingent liabilities
22. Cash flow statement
23. Financial risk management
24. Events after the balance sheet date
25. First time adoption of IFRS
26. Composition of the group

Notes

0. 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 0 mDKK 31 December 2017 (31 December 2016: 101 mDKK). The loss in ERRV ApS of 137 mDKK (2016: 108 mDKK) is primarily caused by income from ESVAGT A/S amounting to DKK 61 million in 2017 after amortisation of goodwill and the interests on the loans from parents 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.

1. Accounting policies

The Annual Report for the period 1 January - 31 December 2017 comprise the consolidated financial statement of the parent company ERRV Holdings ApS and subsidiaries controlled by the parent company (the group).

For all periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with Danish generally accepted accounting practice. These financial statements for the year ended 31 December 2017 are the first the Group has prepared in accordance with IFRS.

First time adoption

The Annual Report is the first Annual Report for 2017 that is presented in accordance with IFRS. The figures for 2016 and 2017 in the income statement and the balance sheet items as at 1 January 2016 were prepared according to IFRS.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided in note 25.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that occurred before 1 January 2016. Use of this excemption means, that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed costs at the date of the acquisition. After the date of adoption to IFRS the measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognision or derecognision of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2016.

The Group has applied the following exemptions:
* Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2016.
* Costs of acquisitions of subsidiaries before 1 January 2016 are deemed to be Local GAAP carrying amount of assets and liabilities.

Measurement basis
The Consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

Adoption of new and amended standards
The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 1 January 2017. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

- IFRS 9 "Financial Instruments" reducing the number of asset classes for financial assets to two: amortized cost and fair value. The standard incorporates new requirements for accounting for financial liabilities. The standard will be effective for financial years beginning on or after 1 January 2018. The group is assessing the impact of IFRS 9.

- IFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group is assessing the impact of IFRS 15.

- IFRS 16 "Leasing" was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The group is assessing the impact of IFRS 16.

There are no other IFRS' or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Group.

Basis of consolidation
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Consolidation
The Consolidated financial statements comprise the parent company ERRV Holdings ApS and its subsidiaries.

Subsidiaries are entities controlled by ERRV Holdings ApS. Control is based on the power to direct the relevant activities of an entity and the exposure, or right, to variable returns arising from it. Control is usually achieved by directly or indirectly owning or in other ways controlling more than 50% of the voting rights or by other rights, such as agreements on management control.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries which has been prepared in accordance with the Groups accounting policies. Intra-group income and expenses, shareholdings, dividends, intra-group balances and gains on intra-group transactions are eliminated.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of ERRV Holdings ApS profit and equity respectively, but shown as separate items.

Foreign currency translation
Functional and presentation currency
Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The functional currency of the Parent company, ERRV Holdings ApS is DKK.
The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Foreign exchange forwards and option contracts are used to hedge the currency risk related to recognised and unrecognised transactions.

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 the 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 transaction are recognised in the income statement as financial income or expenses for interest and currency based instruments.

Revenue
Revenue from sale of services is recognized in the income statement if the control has been transferred to the purchaser at the balance sheet date, the income can be measured reliably, and expenses incurred or expected to be incurred in connection with the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received excluding VAT and less discounts granted in connection with the sales.

Revenue comprise of safety and support activities for the offshore oil and gas- and wind industry. Revenue is recognised when the agreed safety and support service is delivered and the control of the service has been transferred to the purchaser.

Other income
Other income comprise of other activities, e.g. property rent and gains/losses of sales of fixed assets. Other income is recognised when the agreed service or asset is delivered and the control has been transferred to the purchaser.

Other operating expenses
Other operating expenses comprise repair and maintenance, stores, vessel fuel, training and travel costs, expenses related to marketing, administration, office expenses, bad debt, leases etc.

Staff expenses including pensions and similar liabilities
Staff expenses comprise wages and salaries, pensions, social security costs and other staff costs to the company's employees.

The Group has entered into pension and similar agreements with most employees. Obligations relating to defined contribution plans are recognized in the income statement in the period in which they are earned.

Amortisation, depreciation and impairment
Amortisation, depreciation and impairment comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised and non-realised capital gains/losses on transactions in foreign currency, amortisation of financial assets and liabilities etc.

Income tax and deferred tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The Group's vessels activities are subject to the tonnage taxation scheme under which the computation of taxable income includes an amount, calculated on the basis of the fleet's tonnage.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Development projects

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

Intangible 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:

Development projects: 3 years

Tangible assets

Premises on leased land, vessels, docking costs and other operating equipment and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Borrowing costs from specific as well as general borrowing directly related to assets with a long production period are attributed to costs during the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Premises on leased land: 20-30 years
Vessels: Up to 25 years
Docking costs: 2,5-5 years
Other fixtures and fittings: 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 contracts related upgrades and other improvements are depreciated over expected useful life of 3-5 years.

Expenses for docking of vessels are recognised when incurred in the carrying amount of vessels and depreciated over the period until next docking.
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account as other operating income or other operating costs.

Impairment of non-financial assets
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment. Tangible and intangible assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Leases
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Investment in subsidiaries

Income statement

Investments in subsidiaries are recognised according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies.

Balance sheet

Investments in subsidiaries are measured at pro rata 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. Subsidiaries with negative equity are recognised at DKK 0, provided ERRV Holdings ApS has not provided guarantees or otherwise is liable for the subsidiary.

Inventories

Inventories comprise of bunkers and other consumables. Inventories are measured at cost according to the FIFO-method. Write-down is made to a possibly lower net realisable value.

Receivables

Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortised cost, which usually corresponds to the nominal value. Write-down is made for bad debts based on the expected loss.

Prepayments

Prepayments comprise various prepaid expenses such as prepaid insurance, subscriptions etc. Prepayments are measured at cost.

Equity

Reserve for foreign currency translation

The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognised in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Cash flow hedges
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.

Dividend distribution
Dividends are recognised as a liability in the period in which they are adopted at the Annual General Meeting.

Bank and Credit institutions
Borrowings from credit institutions are initially recognised at fair value, net of transaction expenses incurred. Borrowings from credit institutions are subsequently measured at amortised cost. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

Other liabilities
Other debt or liabilities covering trade payables and other debt are recognized at amortized cost, which is usually equivalent to the 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.

Statement of cash flow
The cash flow statement shows the Group's cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated by the indirect method using the profit before depreciation adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise "Cash at bank and in hand".

Consolidated Key Figures
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

2. Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Impairment testing of goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are made of the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on an assessment of current and future developments in the cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Useful life's of vessels
The vessels are estimated to operate in 25 years, before they are taken out of the fleet. Some vessels operate longer than that, and the depreciations are calculated individually when the useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each year.

3. Revenue	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Support and safety activities, offshore oil & gas	642.337	785.324	0	0
Support and safety activities, offshore wind	224.611	180.842	0	0
	866.948	**966.166**	**0**	**0**

The main part of the revenue is services delivered.

4. Staff expenses	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Wages and salaries	322.375	336.754	0	0
Pensions, defined contribution plans	17.298	17.006	0	0
Other staff costs	5.931	5.772	0	0
	345.603	**359.532**	**0**	**0**
Average number of full time employees	868	903	0	0

Key Management Compensation

Key Management includes Board of Directors and Executive Management in the Group, in total 7 persons by end 2017. The compensation paid or payables to key management for employee services is shown below:

	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Wages and salaries	5.088	4.636	0	0
Termination benefits	1.000	0	0	0
Compensation to the Board of Directors and Executive Management	**6.088**	**4.636**	**0**	**0**

Compensation has been disclosed in total in accordance with Danish Financial Statements Act section 98.

5. Amortisation, depreciation and impairment losses

Amortisation of intangible assets	667	483	0	0
Depreciation of tangible assets	270.744	269.541	0	0
	271.411	**270.024**	**0**	**0**

6. Financial income

Exchange rate adjustments	34.920	41.636	0	0
Other interest income	6.608	5.167	0	0
	41.528	**46.803**	**0**	**0**

7. Financial expenses

Interest expenses to parent	196.463	193.348	74	0
Interest expenses, credit institutions	116.260	78.977	0	0
Other financial expenses, including bank fees	762	6.655	5	0
	313.484	**278.980**	**79**	**0**

8. Tax on profit for the year

	Group		Parent	
	2017	**2016**	**2017**	**2016**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Income tax:				
Tax on profit/loss for the year	(3.946)	3.221	37	0
Tonnage tax	147	136	0	0
Total tax for the year	(3.799)	3.357	37	0
Tax on profit/loss for the year can be broken down as follows:				
Current tax	1.028	696	(57)	0
Deferred tax	(20)	(18)	0	0
Adjustments for current tax of prior periods	(4.953)	2.543	94	0
Tax on profit/loss for the year	(3.946)	3.221	37	0
Income tax is specified as follows:				
Calculated 22.0% tax on profit for the year before	(30.140)	(23.775)	(45.887)	(23.040)
Tax effects of:				
Income tax under tonnage taxation	-7.655	-34.351	0	0
Non-deductible expenses	38.803	58.804	45.830	23.040
Adjustments in respect of prior years	-4.953	2.543	94	0
	(3.946)	**3.221**	**37**	**0**
Effective tax rate	1,9%	-3,1%	0,0%	0,0%

The GROUPS's activities are primarily subject to taxation under the Danish Tonnage Taxation 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.

9. Intangible assets

	Group		
	Goodwill TDKK	Develop-ment projects TDKK	Total TDKK
Cost:			
At 01.01.2016	500.699	1.331	502.030
Additions during the year	0	473	473
At 31.12.2016	500.699	1.804	502.503
Amortisation and impairment:			
At 01.01.2016	7.197	260	7.457
Amortisation charge	0	483	483
At 31.12.2016	7.197	743	7.940
Carrying amount 31.12.2016	**493.502**	**1.061**	**494.563**
Cost:			
At 01.01.2017	500.699	1.804	502.503
Additions during the year	0	237	237
At 31.12.2017	500.699	2.041	502.740
Amortisation and impairment:			
At 01.01.2017	7.197	743	7.940
Amortisation charge	0	667	667
At 31.12.2017	7.197	1.410	8.607
Carrying amount 31.12.2017	**493.502**	**631**	**494.133**

Impairment test for goodwill
Goodwill is monitored by management per segment: Off-shore oil & gas and Off-shore Wind.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the segment is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period.

Cash flows beyond the three-year forecast period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry.

Key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

Group information and assumptions	2017 Oil & Gas	2016 Oil & Gas	2017 Wind	2016 Wind
Goodwill, distributed (mDKK)	335	335	159	159
Utilization (annual growth rate)	0%	0%	0%	0%
Day Rates (annual growth rate)	1%	1%	1%	1%
Inflation rate	1%	1%	1%	1%
Long term growth rate	1%	1%	1%	1%
Pre-tax discount rate	8%	8%	8%	8%
Recoverable amount of the segment on a debt free basis (mDKK)	3.136	3.209	2.579	1.758

Utilization: Average annual growth rate over the three-year forecast period. It is based on committed commercial contracts, past performance and management's expectations of market development.

Day Rates: Average escalation factor over the three-year forecast period. It is based on committed contracts and current market trends.

Long term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Pre-tax discount rates: Reflect specific risks relating to the relevant segments and the countries in which they operate.

Impact of possible changes in key assumptions
In 2017, the recoverable amount calculated based on value in use exceeded carrying value by mDKK 1.556 (mDKK 1.021 in 2016). A Long term growth rate of 0,5% (in stead of 1%) would, all changes taken in isolation, result in the headroom being equal to mDKK 0, same for an annual inflation rate of 2,5% compared to 1% in the calculations.

If the pre-tax discount rate applied to the cash flow projections of the segments had been 1,4% higher, still neither segment would recognise an impairment.

The Day Rates and utilization have already been recognized at a low level in the calculations, and a lower level is not likely realised.

10. Property, plant and equipment

Group	Vessels	Operating equipment & fixtures	Buildings	Prepay-ments	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost:					
At 01.01.2016	3.442.259	30.771	61.307	137.871	3.672.208
Additions during the year	0	3.980	499	399.055	403.534
Disposals	(24.926)	0	0	0	(24.926)
Reclassifications	393.009	0	0	(393.009)	0
At 31.12.2016	3.810.342	34.751	61.806	143.917	4.050.816
Amortisation and impairment:					
At 01.01.2016	72.067	24.479	5.705	0	102.251
Disposals	(8.128)	0	0	0	(8.128)
Amortisation charge	262.517	3.945	3.078	0	269.540
At 31.12.2016	326.456	28.424	8.783	0	363.663
Carrying amount 31.12.2016	**3.483.886**	**6.327**	**53.023**	**143.917**	**3.687.153**
Hereof finance leases	14.699	0	0	0	14.699

The amount of borrowing costs capitalised during the year was TDKK 5.157. The rate used to determine the amount of borrowing cost eligible for capitalisation was 3,63%.

	Vessels	Operating equipment & fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2017	3.810.342	34.751	61.806	143.917	4.050.816
Additions during the year	238.717	719	0	20.699	260.135
Disposals	0	(3.120)	0	0	(3.120)
Reclassifications	959	0	0	(959)	0
At 31.12.2017	4.050.018	32.350	61.806	163.657	4.307.831
Amortisation and impairment:					
At 01.01.2017	326.456	28.424	8.783	0	363.663
Disposal	0	(2.998)	0	0	(2.998)
Amortisation charge	264.949	2.717	3.078	0	270.744
At 31.12.2017	591.405	28.143	11.861	0	631.409
Carrying amount 31.12.2017	**3.458.613**	**4.207**	**49.945**	**163.657**	**3.676.422**
Hereof finance leases	10.099	0	0	0	10.099

The amount of borrowing costs capitalised during the year was TDKK 6.608. The rate used to determine the amount of borrowing cost eligible for capitalisation was 3,63%.

Commitments for tangible assets
The Group's new building programme comprise 3 vessels: 1 service vessel for the wind industry, 1 multi-purpose vessel for the oil and gas industry and 1 crew change vessels to replace the current crew change vessels. Delivery of the vessels are expected in 2018 and 2019:

	Group		Parent	
	2017	**2016**	**2017**	**2016**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Remaining commitments, new building programme	751.322	700.616	0	0
Total commitments	**751.322**	**700.616**	**0**	**0**

11. Deferred tax

	Group		Parent	
	2017	**2016**	**2017**	**2016**
At 1 January	77	93	0	0
Deferred tax recognised in the income statement	(46)	(16)	0	0
At 31 December	**31**	**77**	**0**	**0**
Deferred tax relates to:				
Property, plant and equipment	0	20	0	0
Provisions	31	57	0	0
	31	**77**	**0**	**0**

12. Inventories

Bunker oil	8.034	7.106	0	0
	8.034	**7.106**	**0**	**0**

During 2017 TDKK 18.016 (2016: TDKK 11.838) was recognised as an expense.

13. Trade receivables

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Trade receivables and other receivables at 31.12.2017	125.114	102.416	0	0
Less provision for impairment of trade receivables	(25)	(25)	0	0
Trade receivables net	**125.089**	**102.391**	**0**	**0**
Movement on the Group provision for impairment of trade receivables are as follows:				
Opening balances	0	0	0	0
Allocation of overdue net receivables (not written off) by maturity period are as follows:				
Up to 30 days	39.474	40.727	0	0
Between 31 and 90 days	2.018	0	0	0
Between 91 and 365 days	1.001	0	0	0
Overdue net receivables at 31.12.2017	**42.493**	**40.727**	**0**	**0**

14. Financial assets and liabilities

Carrying amount				
Financial assets:				
Loans and receivables:				
Trade receivables	125.089	102.391	0	0
Receivables from Group companies	0	0	0	156
Other receivables	5.226	6.471	0	0
Cash and cash equivalents	710.720	312.782	642	41
Total	**841.036**	**421.644**	**642**	**197**
Financial liabilities:				
Financial liabilities at fair value				
Interest rate swap	0	(35.754)	0	0
Foreign currency forwards	0	(627)	0	0
Total financial liabilities at fair value	**0**	**(36.381)**	**0**	**0**
Financial liabilities at amortised cost				
Bank and credit institutions	2.211.216	2.146.942	0	0
Loan from parent company	2.724.133	2.177.670	0	0
Trade payables	67.196	39.302	111	0
Financial leases	10.694	15.239	0	0
Payables to group companies	0	0	1.110	276
Other payables	68.024	79.709	0	75
Total Financial liabilities at amortised cost	**5.081.263**	**4.458.862**	**1.221**	**351**
Total	**5.081.263**	**4.422.481**	**1.221**	**351**

15. Derivative financial instruments

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.

The group has entered into interest rate swap on borrowings, from a floating rate interest to a fixed rate (all bought out in 2017) and foreign exchange options and forwards used to hedge currency risk on contracted long term revenue, fuel consumption and committed purchase of vessels.

Information about the group's exposure to financial risk is provided in note 23.

Reclassified from other comprehensive income				
Gains/losses arising on currency forward contracts (cash flow hedges) reclassified to revenue/other operating expenses during the year	(171)	(4.718)	0	0

16. Share capital

The share capital comprise of:	No shares	Nominal value	2017 TDKK	2016 TDKK
	150.000	1	150.000	150.000
			150.000	150.000

No shares carry any special rights. There are no restrictions connected to the transferability or voting rights of the shares. All shares has been fully paid in.

All shares in ERRV Holdings ApS is owned by ERRV Luxembourg Holdings S.á r.l.

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The management and board of directors monitor the share and capital structure to ensure that the group's capital resources support the strategic goals. The overall target is to having secured long term financing with fixed interest rates at competitive rates. During the year, through a close dialogue with its main lenders and with the shareholders, the Group was able to decide on funding of current operation and future strategic initiatives in line with overall target.

17. Bank and credit institutions

The borrowings comprise of shareholder loans, vessel financing related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

2017 - Group	**Principal**	**Effective interest rate**	**Currency**	**Maturity**	**Carrying amount**
Floating rate loans	43 mEUR	2,480%	EUR	2022	318.642
Floating rate loans	183 mDKK	2,596%	DKK	2022	183.168
Fixed-rate loans	235 mEUR	3,802%	EUR	2024-2027	1.749.552
Fixed-rate loans	2.724 mDKK	10,000%	DKK	-	2.724.133

2016 - Group	**Principal**	**Effective interest rate**	**Currency**	**Maturity**	**Carrying amount**
Floating rate loans	1.001 mDKK	3,452%	DKK	2020	1.001.000
Floating rate loans	39 mGBP	4,257%	GBP	2020	39.214
Floating rate loans	54 mEUR	3,136%	EUR	2020	53.616
Floating rate loans	497 mNOK	4,217%	NOK	2020	497.240
Fixed-rate loans	2.724 mDKK	10,000%	DKK	-	2.724.133

18. Fee to the statutory auditors

	Group	
	2017 TDKK	**2016 TDKK**
Statutory audit	619	586
Other assurance services	280	60
Tax and VAT advisory services	880	677
Other services	106	3.132
Total fees to PwC	1.885	4.455

19. Related parties

The ultimate controlling party is the parent company ERRV Luxembourg Holdings S.à.r.l., Luxembourg. The disclosure of "Key management compensation" is presented in note 4.

20. Leasing

Operating leases

The Group has entered into leases on land and cars. The remaining lease period for land is 26 years and the lease period for cars is typically 36 months. ESVAGT can terminate the contract of the leased land with a 6 month notice.

	Group		Parent	
	2017	**2016**	**2017**	**2016**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Operating lease commitments:				
Due within 1 year	726	926	0	0
Due between 1 and 5 years	2.101	2.702	0	0
Due after 5 years	9.779	9.471	0	0
	12.606	**13.099**	**0**	**0**
Expensed payments relating to operating leases	1.003	1.005	0	0

Financial leases

The Group has finance leases for other fixtures and fitting. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are, as follows:

	Minimum payments	Minimum payments	Minimum payments	Minimum payments
Within one year	5.058	5.058	0	0
Due between 1 and 5 years	6.312	11.370	0	0
Due after 5 years	0	0	0	0
Total minimum lease payments	11.370	16.428	0	0
Finance charges	(485)	(999)	0	0
Present value of minimum lease payments	10.885	15.429	0	0

21. Contingent liabilities

Litigation
None

	Group		Parent	
	2017	2016	2017	2016
Bank loans secured in vessels	TDKK	TDKK	TDKK	TDKK
Bank and other credit institutions - amount secured	2.251.361	2.201.000	0	0
Carrying amount of vessels provided as security	3.050.894	3.025.529	0	0

The subsidiary ESVAGT A/S was part of national joint taxation in Denmark with A.P. Møller - Mærsk A/S until 17 September 2015 and is jointly liable with other Danish companies within A.P. Møller - Maersk Group for corporate and withholding taxes to Denmark up until this date.

Since 17 September 2015 ESVAGT A/S is a part of national joint taxation in Denmark with ERRV Holding ApS and is jointly liable with other Danish companies owned by ERRV Holding ApS.

22. Cash flow statement

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Change in working capital				
Change in inventories	(1.642)	(1.663)	0	0
Change in trade receivables and receivables from paren	(22.699)	20.943	0	0
Change in other receivables and prepayments	(473)	9.796	0	0
Change in trade payables, excl. Payables related to fixe	34.306	(4.744)	36	75
Change in other payables	(1.931)	3.916	291	0
Change in received prepayments	0	(2.059)	0	975
Exchange gains and losses on working capital	(1.548)	130	0	0
	6.013	**26.319**	**327**	**1.050**
Changes in liabilities arising from financing activities				
Cash flow from financing activities at 01.01.2017	4.339.851	3.927.408	0	0
Assigned interest rates	196.463	252.421		
Proceeds from borrowings	2.601.361	201.000	0	0
Repayment of borrowings	(2.154.201)	0	0	0
Repayment of finance leases	(4.545)	(4.381)	0	0
Foreign currency	(32.886)	(36.597)	0	0
Cash flow from financing activities at 31.12.2017	**4.946.043**	**4.339.851**	**0**	**0**

23. Financial risk management

Financial risk factors

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. Group finance/Treasury department identifies and evaluates exposures in close co-operation with the group's operating units. The board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The cost of goods sold and operating expenses are mainly incurred in DKK. The Group has transactions in other currencies, but the foreign exchange risks related to this are not considered material. Increases or decreases in the exchange rate of such foreign currencies against the functional currency, the DKK, can affect the group's results and cash position negatively or positively.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in currency units, was as follows:

	Group			
	EUR	**GBP**	**NOK**	**USD**
	TEUR	**TGBP**	**TNOK**	**TUSD**
2017				
Trade receivables	5.102	1.541	30.859	0
Bank loans	-277.800	0	0	0
Trade payables	-2.248	-583	-4.392	-1.541
	-274.946	958	26.467	-1.541
2016				
Trade receivables	3.917	1.096	25.599	0
Bank loans	-53.600	-39.200	-497.200	0
Trade payables	-54	-85	-9.235	-174
	-49.737	-38.189	-480.836	-174

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Group policy is to ensure that at all times a minimum of 75 per cent of the total outstanding Debt is at fixed rate or effectively bears a fixed rate pursuant to a Hedging Agreement.

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest from borrowings and fair value changes of interest rate derivatives as a result of changes in interest rates.

23. Financial risk management (continued)

Group	2017 Impact on post tax profit TDKK	2017 Impact on other components of equity TDKK	2016 Impact on post tax profit TDKK	2016 Impact on other components of equity TDKK
Interest rates – increase by 100 basis points	-5.033	0	-3.956	57.980
Interest rates – decrease by 100 basis points	5.033	0	3.956	-57.980

The calculation is based on an increase in both short and long term interest. All other variables are held constant. There were no interest rate derviatives end 2017. All loans end 2017 is in EUR and DKK, and due to the fixed rate policy in Denmark against EUR, there is no currency risk on the loans.

Credit risks
Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-' are accepted. For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying amount of receivables and cash.

Liquidity risk
Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans and compliance with loan documentation.

The group has undrawn borrowing facilities of mDKK 550 that may be available for future operating activities.

23. Financial risk management (continued)

The tables below analyses the group's derivatives and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group - non-derivatives	Less than 1 year TDKK	1-5 years TDKK	>5 years TDKK	Total TDKK
At 31.12.2016				
Credit institutions	64.698	2.341.472	0	2.406.170
Loan from parent company	0	0	2.177.670	2.177.670
Trade payables	39.302	0	0	39.302
Other payables	79.533	0	0	79.533
	183.533	**2.341.472**	**2.177.670**	**4.702.675**
At 31.12.2017				
Credit institutions	82.240	827.897	1.914.410	2.824.547
Loan from parent company	0	0	2.724.133	2.724.133
Trade payables	82.151	0	0	82.151
Other payables	52.824	0	0	52.824
	217.214	**827.897**	**4.638.543**	**5.683.654**

Group - derivatives	Less than 1 year TDKK	1-5 years TDKK	>5 years TDKK	Total TDKK
At 31.12.2016				
Interest rate swap	35.754	0	0	35.754
Foreign exchange options / forwards used to hedge currency risk	627	0	0	627
	36.381	**0**	**0**	**36.381**
At 31.12.2017				
Interest rate swap	0	0	0	0
Foreign exchange options / forwards used to hedge currency risk	0	0	0	0
	0	**0**	**0**	**0**

23. Financial risk management (continued)

The tables below analyses the group's derivatives and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Parent - non-derivatives	<1 year TDKK	1-5 years TDKK	>5 years TDKK	Total TDKK
At 31.12.2016				
Payables to Group companies	276	0	0	276
	276	**0**	**0**	**276**
At 31.12.2017				
Trade payables	111	0	0	111
Payables to Group companies	1.110	0	0	1.110
	1.221	**0**	**0**	**1.221**

Fair value

Financial instruments measured at fair value can be divided into three levels:
Level 1 - Quoted prices in active markets for identical assets or liabilities
Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability
Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of bank borrowings does not differ significantly from the carrying amount. The fair value of derivatives are calculated on level 2 in the fair value hierarchy using direct quotes.

Fair value measurements at 31.12.2017

Group	2017 Significant other observable inputs (Level 2) TDKK	2016 Significant other observable inputs (Level 2) TDKK
Interest rate swap	0	35.754
Foreign exchange options / forwards used to hedge currency risk	0	627
As at 31.12.2017	0	36.381

Measurement of derivatives

The valuation techniques used to measure derivatives include:

- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

24. Events after the balance sheet date

Subsequent to the balance sheet date, no other events that could significantly affect the financial statements as of 31 December 2017 have occurred.

25. First time adoption of IFRS

The group has adopted IFRS for its consolidated financial accounts with effect from 1 January 2017. The comparative figures for 2017 have been restated.

Group reconciliation of equity as at 1 January 2017 (date of transition to IFRS)	**ÅRL TDKK**	**Remeasure-ment TDKK**
Equity as 1 January 2016	75.500	0
Correction of amortisation of goodwill in 2016 in ERRV ApS	25.035	25.035
	100.535	**25.035**

Group reconciliation of result for the year in 2016	**ÅRL TDKK**	**Remeasure-ment TDKK**
Result for the year in 2016	(133.104)	0
Correction of amortisation of goodwill in 2016 in ERRV ApS	25.035	25.035
	(108.069)	**25.035**

26. Composition of the group

Investment in subsidiaries

Name	**Ownership and voting rights**	**Place of registered office**
ERRV ApS	100%	Denmark
ESVAGT A/S	100%	Denmark
ESVAGT Holdings Limited	100%	Great Britain
ESVAGT UK Limited	100%	Great Britain
ESVAGT Norge AS	100%	Norway
ESWIND A/S	100%	Denmark
ESWIND01 A/S	100%	Denmark
P/F ESVAGT-THOR	51%	Faroe Islands