

M-Tech Offshore A/S

Torskekaj 1
6700 Esbjerg
Business Registration No
37867322

Annual report 08.07.2016 - 31.12.2017

The Annual General Meeting adopted the annual report on 12.07.2018

Chairman of the General Meeting

Name: Jimmy Thyregod Kristensen

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Entity details

Entity

M-Tech Offshore A/S

Torskekaj 1

6700 Esbjerg

Central Business Registration No (CVR): 37867322

Founded: 08.07.2016

Registered in: Esbjerg

Financial year: 08.07.2016 - 31.12.2017

Reporting period, number:1

Board of Directors

Ioannis Skaftouros, Chairman

Vyron Skaftouros

Lars Christian Zøhner

Helle Nielsen

Executive Board

Jimmy Thyregod Kristensen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

Postbox 200

6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of M-Tech Offshore A/S for the financial year 08.07.2016 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 08.07.2016 - 31.12.2017.

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

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

Esbjerg, 12.07.2018

Executive Board

Jimmy Thyregod Kristensen
CEO

Board of Directors

Disagreement regarding the annual report

Ioannis Skaftouros does not agree with the annual report for the following reason:

Reserves his rights to dispute the financial figures.

Vyron Skaftouros does not agree with the annual report for the following reason:

Reserves his rights to dispute the financial figures.

Independent auditor's report

To the shareholders of M-Tech Offshore A/S

Opinion

We have audited the financial statements of M-Tech Offshore A/S for the financial year 08.07.2016 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 08.07.2016 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

We point out that the owners of the Entity have ongoing negotiations on the sale of the company's activities and a subsequent liquidation of the company. Consequently, the final financial statements are not prepared on a going concern basis. Our opinion has not been modified with respect to this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Esbjerg, 12.07.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Claus Vium Jensen
State Authorised Public Accountant
Identification No (MNE) mne33724

Management commentary

Primary activities

The primary activities covers the whole value chain of survey, route preparation, cable laying, protection, maintenance and repair of subsea cables.

Development in activities and finances

The company's earnings are lower than budgeted as a result of write-downs on the company's ships due to the ongoing negotiations on the sale of the company's activities and a subsequent liquidation of the company.

The negotiations on the sale of the company's assets and liquidation have not yet been finalized, but the most likely outcome is that the company is liquidated in 2018, and that all liabilities will be paid in full.

The annual report has been prepared in accordance with this assumption of the sale of the company's activities and a subsequent liquidation of the company, and recognition, measurement, classification and presentation of financial statements etc. has taken into account that the company's assets and liabilities are to be realized.

Events after the balance sheet date

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

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>EUR</u>
Gross profit		1,570,132
Staff costs	3	(1,187,691)
Depreciation, amortisation and impairment losses	4	<u>(540,759)</u>
Operating profit/loss		(158,318)
Other financial expenses	5	<u>(79,301)</u>
Profit/loss before tax		(237,619)
Tax on profit/loss for the year	6	<u>(32,862)</u>
Profit/loss for the year		<u>(270,481)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(270,481)</u>
		<u>(270,481)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/17</u> <u>EUR</u>
Ships		<u>2,149,122</u>
Property, plant and equipment	7	<u>2,149,122</u>
Deposits		<u>5,641</u>
Fixed asset investments		<u>5,641</u>
Fixed assets		<u>2,154,763</u>
Trade receivables		632,257
Other receivables		<u>10,224</u>
Receivables		<u>642,481</u>
Cash		<u>23,595</u>
Current assets		<u>666,076</u>
Assets		<u>2,820,839</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/17</u> <u>EUR</u>
Contributed capital		134,320
Retained earnings		<u>938,400</u>
Equity		<u>1,072,720</u>
Subordinate loan capital		<u>705,181</u>
Non-current liabilities other than provisions	8	<u>705,181</u>
Current portion of long-term liabilities other than provisions	8	235,060
Bank loans		1,032
Trade payables		94,113
Payables to shareholders and management		603,014
Other payables		<u>109,719</u>
Current liabilities other than provisions		<u>1,042,938</u>
Liabilities other than provisions		<u>1,748,119</u>
Equity and liabilities		<u>2,820,839</u>
Going concern	1	
Uncertainty relating to recognition and measurement	2	
Unrecognised rental and lease commitments	9	

Statement of changes in equity for 2016/17

	Contributed capital EUR	Retained earnings EUR	Total EUR
Contributed upon formation	134,320	1,208,881	1,343,201
Profit/loss for the year	0	(270,481)	(270,481)
Equity end of year	134,320	938,400	1,072,720

Notes

1. Going concern

Management has estimated that the going concern assumption is not met, as the company's owners are in the process of negotiating the sale of the company's assets and subsequent liquidation of the company.

The negotiations on the sale of the company's assets and liquidation have not yet been finalized, but the most likely outcome is that the company is liquidated in 2018, and that all liabilities will be paid in full.

The annual report has been prepared in accordance with this assumption, and recognition, measurement, classification and presentation of financial statements etc. has taken into account that the company's assets and liabilities are to be realized.

2. Uncertainty relating to recognition and measurement

As a consequence of the fact that the negotiations on the sale of the company's assets have not been definitively completed, there is uncertainty regarding recognition and measurement of the company's ships. The assets are calculated at the expected recoverable amount.

	2016/17
	EUR
3. Staff costs	
Wages and salaries	1,146,817
Pension costs	33,939
Other social security costs	3,919
Other staff costs	3,016
	1,187,691
Average number of employees	14

	2016/17
	EUR
4. Depreciation, amortisation and impairment losses	
Depreciation of property, plant and equipment	279,700
Impairment losses on property, plant and equipment	261,059
	540,759

Notes

	2016/17
	EUR
9. Unrecognised rental and lease commitments	
Liabilities under rental or lease agreements until maturity in total	<u>78,610</u>

Accounting policies

Reporting class

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

Going concern

Management has estimated that the going concern assumption is not met, cf. Note 1. The annual report has been prepared in accordance with this assumption, and recognition, measurement, classification and presentation of financial statements etc. has taken into account that the company's assets and liabilities are to be realized.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Gross profit or loss

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

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs in the financial year measured at cost.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial expenses

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

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Ships

10 years

Accounting policies

Estimated useful lives and residual values are reassessed annually. Residual values are estimated to 10% of cost.

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

Receivables

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

Cash

Cash comprises bank deposits.

Other financial liabilities

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