
Sparrows Denmark ApS

Farvervej 1, DK-7600 Struer

Annual Report for 1 January - 31 December 2018

CVR No 39 14 31 27

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/4 2019

Mikkel Jensby Lund
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sparrows Denmark ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

Struer, 29 April 2019

Executive Board

Mikkel Jensby Lund

Board of Directors

Stewart Andrew Allan Mitchell
Chairman

Steven Louis Bertone

Neil Austin Johnson

Eskild Bielefeldt

Mikkel Jensby Lund

Independent Auditor's Report

To the Shareholder of Sparrows Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sparrows Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Company 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.

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 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 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 judgement and maintain professional scepticism throughout the

Independent Auditor's Report

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 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 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 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.

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.

Holstebro, 29 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Hans Jørgen Andersen
State Authorised Public Accountant
mne30211

Company Information

The Company

Sparrows Denmark ApS
Farvervej 1
DK-7600 Struer

CVR No: 39 14 31 27
Financial period: 1 January - 31 December
Municipality of reg. office: Struer

Board of Directors

Stewart Andrew Allan Mitchell, Chairman
Steven Louis Bertone
Neil Austin Johnson
Eskild Bielefeldt
Mikkel Jensby Lund

Executive Board

Mikkel Jensby Lund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Hjaltesvej 16
Postboks 1443
DK-7500 Holstebro

Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Other external expenses		-75	0
Gross profit/loss		-75	0
Income from investments in subsidiaries		14.623	0
Financial income	2	331	0
Financial expenses	3	-7.432	0
Profit/loss before tax		7.447	0
Tax on profit/loss for the year	4	1.579	0
Net profit/loss for the year		9.026	0

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	11.841	0
Retained earnings	-2.815	0
	9.026	0

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Investments in subsidiaries	5	281.131	260.997
Fixed asset investments		281.131	260.997
Fixed assets		281.131	260.997
Receivables from group enterprises		10.135	6.000
Other receivables		50	50
Corporation tax receivable from group enterprises		1.579	0
Receivables		11.764	6.050
Cash at bank and in hand	6	10.554	35.820
Currents assets		22.318	41.870
Assets		303.449	302.867

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		100	100
Retained earnings		106.595	109.410
Equity		106.695	109.510
Other provisions		37.426	45.340
Provisions		37.426	45.340
Payables to group enterprises		100.000	100.000
Payables to owners and Management		51.858	48.017
Long-term debt	7	151.858	148.017
Trade payables		38	0
Payables to group enterprises	7	5.000	0
Payables to owners and Management	7	2.432	0
Short-term debt		7.470	0
Debt		159.328	148.017
Liabilities and equity		303.449	302.867
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2018	100	109.410	109.510
Extraordinary dividend paid	0	-11.841	-11.841
Net profit/loss for the year	0	9.026	9.026
Equity at 31 December 2018	100	106.595	106.695

Notes to the Financial Statements

1 Key activities

The company's purpose is, directly or by possession of investments in subsidiaries in other companies, to conduct investment activity

	<u>2018</u> TDKK	<u>2017</u> TDKK
2 Financial income		
Interest received from group enterprises	331	0
	331	0
3 Financial expenses		
Interest paid to group enterprises	5.000	0
Interest paid to associates	2.432	0
	7.432	0
4 Tax on profit/loss for the year		
Current tax for the year	-1.579	0
	-1.579	0
5 Investments in subsidiaries	<u>2018</u> TDKK	<u>2017</u> TDKK
Cost at 1 January 2018	260.997	0
Additions for the year	20.134	260.997
Carrying amount at 31 December 2018	281.131	260.997

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Alpha Offshore Services A/S	Struer, Denmark	100%

Notes to the Financial Statements

6 Cash at bank and in hand

Cash at bank and in hand are deposit at escrow-agent in connection with purchase of investment in subsidiaries.

7 Long-term debt

	<u>2018</u> TDKK	<u>2017</u> TDKK
Payables to group enterprises		
After 5 years	100.000	100.000
Long-term part	<u>100.000</u>	<u>100.000</u>
Within 1 year	<u>5.000</u>	<u>0</u>
	<u>105.000</u>	<u>100.000</u>
Payables to owners and Management		
After 5 years	51.858	48.017
Long-term part	<u>51.858</u>	<u>48.017</u>
Within 1 year	<u>2.432</u>	<u>0</u>
	<u>54.290</u>	<u>48.017</u>

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9 Related parties

The company is included in the consolidated financial statements for the parent company,

Name	Place of registered office
Hawk Noteco Limited	Aberdeen, Scotland

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Sparrows Denmark ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2018 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.