ESVAGT A/S

Dokvej 4
6700 Esbjerg

CVR no. 60 69 88 13

Annual report for

01.01.2018
-
31.12.2018

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
25 April 2019

Chairman of the meeting

Peter Strandgaard

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	11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity – Group	15
Statement of changes in equity – Parent	16
Cash flow statement	17
Index of notes	18
Notes	19

Company Information

Company
ESVAGT A/S
Dokvej 4
6700 Esbjerg

Company no. / CVR no.	60 69 88 13
Municipality of reg. office	Esbjerg
Phone no.	+45 78 73 07 30
Internet	www.esvagt.com
E-mail	mail@esvagt.com

Board of Directors
Jakob Bo Thomasen, Chairman
Malcolm Brown
Scott B. M. Moseley
Lars Oscar Tylegård
Philip Pacey
Svend Bech Poulsen
Henrik Gorzelak Pedersen

Executive Management
Peter Lytzen
Kristian Ole Jakobsen

Audit
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management review

Activities
ESVAGT's mission is to deliver safety and support at sea. With its modern fleet of Emergency Response and Rescue Vessels (ERRVs) and Service Operation Vessels (SOVs), ESVAGT provides emergency response and rescue services for the oil and gas industry and accommodation and maintenance services for the wind farm operators.

Activity 2018
Result for the year
The Revenue for the ESVAGT Group in 2018 was MDKK 986 against MDKK 906 in 2017. The profit for the year was MDKK 1 compared to MDKK 43 in 2017. This was slightly below expectations, however Management considers the result for 2018 as fair, given the difficult market conditions experienced.

Market and activities
The off-shore oil and gas market remained negative during 2018 with few new activities in Norway and Denmark. In UK the market improved slightly, and more drilling activities were seen. During 2018 ESVAGT managed to secure more contracts in the UK market for its ERRV fleet and increased its market share in the UK spot market. The off-shore wind activities remained satisfactory with continued installation of new wind turbines across the North Sea.

Investments
During 2018 ESVAGT scrapped two old ERRVs, ESVAGT PROMOTOR and ESVAGT GAMMA and took delivery of one new ERRV, ESVAGT INNOVATOR and one new SOV, ESVAGT DANA. ESVAGT DANA was intended used as crew change vessel but later upgraded as SOV to meet the increasing demand for service vessels within the off-shore wind industry. ESVAGT's new building program comprises today of four SOVs for delivery in 2019, 2020 (two units) and 2021. All four newbuilds are on long contracts to MHI Vestas.

Equity
On 31 December 2018 the equity was MDKK 1.740 with an equity ratio of 41,9 % compared to MDKK 1.756 and a ratio of 42.6% in 2017.

Expectations for 2019
Based on the improved oil price, ESVAGT expects a higher activity level in the off-shore oil and gas market, mainly seen in the harsher environments i.e. West of Shetland in UK and the Barents Sea in Norway where exploration and appraisal drilling is taking place. ESVAGT also expects the Tyra re-development in Denmark will require more ERRVs. The activity level in the off-shore wind market is expected to remain positive in 2019. Therefore, our guidance for 2019 is a slightly better result compared to 2018.

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.
ESVAGT regularly assess the valuation of its vessels, also including impairment testing. When performing such assessments and tests, future outlooks are considered. The ESVAGT 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 ESVAGT with its asset base, experience and skills are well positioned when the market recovers.

Subsequent events
No events have occurred after 31 December 2018 which may significantly affect the financial year 2018.

Risks
ESVAGT 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, ESVAGT strives for an appropriate balance between long term and short term contracts for its fleet, taking the market conditions into account.

Development activities
During 2018 ESVAGT held expenses of MDKK 0,2 (2017: MDKK 0,3) related to development of the Fast Rescue Boats and Safe Transfer Boats.

Business model
As described above, ESVAGTs operation is divided in two segments, providing Emergency Response and Rescue Services for the oil and gas industry and accommodation and maintenance services for the wind farm operators.

Corporate Social Responsibility
ESVAGT does not have a formalized overall CSR policy, but a number of corporate policies providing guidance on what we stand for as a company, e.g. HSE, Quality, HR and Compliance. These policies govern how we act and engage with our customers, colleagues, suppliers and the community. They are applicable to all employees and available in our ESVAGT Integrated Management System Manual.

Health, safety and environment
We want to "Make the Sea a Safe place to work" as well as supporting the green energy transition are main issues for us. We want to be the world leader in our business area with focus on avoiding harm to people, the environment and our assets. We care about the wellbeing of our employees and want to give safety the absolute priority. Safety is our license to operate.

Zero incidents will always be a key objective in ESVAGT and we continuously strive to conduct all activities in a manner protecting the health and safety of our employees, customers, partners and owners. Risk of safety incidents with both "Crew change at sea" in FRB boats as well as the "Sliding access" concepts are focus areas and these are controlled by means of continuously improving employee competence level, prepare and comply with additional procedures as well as optimizing employee training and equipment. Both programmes have had high focus during 2018 and will continue in 2019. A yearly customer satisfaction survey has been completed and the result has been positive with a response rate of 99%. Working groups have been formed to address and optimize job satisfaction and well-being.

Environmental improvement and climate change are focus areas for ESVAGT. Both in terms of our services towards customers, where oil spill recovery and response are an integrated part of ESVAGT's primary services, but also in terms of our operations where continuous environmental improvements and energy optimization are an integral part of our HSE & QA programme. Risk of being precluded by customers due to high emission of Sox, NOx and CO2, lack of protecting the biodiversity and habitat as well as contamination incidents are controlled by high focus on fuel reduction and energy efficiency as well as implementing new procedures and equipment. The fuel focus and monitoring in 2018 were incorporated into the onboard Ship Energy Efficiency Management Plan (SEEMP) with the specific purpose of associated action plans and targets to ensure reduction in the consumption. During 2018 the new version of ISO 14001:2015 was implemented onshore and on selected vessels offshore.

Quality
Whatever we do – we do it with quality. Customer focus and flexibility is essential for us. With focus on constant improvements we will continuously strive to improve the way we work – innovation is a prerequisite to meet our customer's expectations. Risk of damaging customer facilities as well as customers becoming dissatisfied with our business concept or performance due to lack of fulfilment of contractual obligation. This is controlled by encouraging and having continued focus on the ESVAGT Standard and the operational excellence. ESVAGT facilitates a yearly customer satisfaction survey, where a selected number of customers are invited to evaluate various parameters of our performance. The result is followed closely, and actions are identified and addressed. In 2018 the result indicated a slightly lower response rate from our customers than previous years, though the top priority remains safety and general technical performance of vessels. Additionally, the new version of ISO 9001:2015 was implemented during 2018.

HR
Our strength is people with skills, enthusiasm, and dedication – a ship is only as good as its crew. We want to develop a strong and engaged organization and always have access to the human capital. We want to have the best in class people and attract strong candidates. Risk of the inability to attract and retain talented employees both onshore and offshore as well as losing focus on ESVAGT Standard values and the lack of optimal internal cooperation/teamwork due to growth/ change in the organization. This is controlled by increased focus on maintaining good communication with relevant stakeholders as well as having continued focus and plans on introducing the ESVAGT Standards and "House Rules" for all new employees. ESVAGT employees undergo continuous training and education and we constantly measure

commitment and job satisfaction. A yearly customer satisfaction survey has been completed and the result for 2018 has been positive with a response rate of 99%. Working groups have been formed with both onshore and offshore employees to address and optimize job satisfaction and well-being.

ESVAGT operates within an area that historically employees more men than women. In 2018 ESVAGT continued to promote diversity and create equal opportunities for everyone. This approach is embedded in all professional relations and on all levels within the organisation. All evaluation processes focus on the experience and education of new candidates and we offer the same opportunities and terms of employment for women as well as men, aiming for employing the most qualified candidate for any position. During 2018 the owner group appointed a new Chairman of the Board but nevertheless, the target of a female board member by 2020 remains unchanged. In 2018 one out of six Senior Management positions was undertaken by a female employee and additionally, two new female managers were appointed.

Compliance

Being a good corporate citizen, shall always be an integral part of the way we do business. We are committed to work with our employees and stakeholders to promote responsible practices in general and throughout our supply chain around the world. We strive to continually improve within the areas of human rights, labour standards and the environment and to work against any form of corruption. Risk of breach of international conventions regarding social responsibility, corruption and fraud as well as new regulatory compliance requirements. This is controlled by fully implementing the ESVAGT Code of Conduct as well as the whistleblowing & anti-corruption system.

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 stakeholders and the societies where we operate. Our Code of Conduct complies with the UN Global Compact and our respect for universally recognized normative standards such as the United Nations Universal Declaration of Human Rights and the core labour conventions of the International Labour Organization.

ESVAGT is committed to the highest standards of transparency and accountability and has implemented a whistleblowing system that offers protection for individuals who want to voice concerns or reveal illegal, unethical or dangerous practices. ESVAGT encourages all partners and stakeholder to act if they encounter any deviations and to report this to our Whistleblowing system. In 2018 our anti-corruption programme was a focus area. All new onshore employees and all new vessel's officers completed the mandatory e-learning programme successfully and they were all registered in our system. As far as registration of hospitality & facility payment is concerned, this is still a focus area. During 2018 we registered only a few incidents, the reason being both the general increased focus on transparency as well as the fact that ESVAGT currently only operated in markets with low risk of being exposed to corruption or bribery.

CSR Risks and opportunities evaluation

ESVAGT has a strategic risk & opportunity register which is being reviewed and controlled twice a year by the senior management. Through ISO 9001 quality certification, ISO 14001 environmental certification and ISM Code safe management certification we ensure that there are no major HSE, Quality, HR or Compliance risks associated with the ESVAGT activities.

ESVAGT 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, ESVAGT strives for an appropriate balance between long term and short-term contracts for its fleet, taking into account market conditions.

Due diligence

Exercising due diligence is essential to our efforts to uphold our integrity. By thinking due diligence into the way we work, risks are identified and dealt with. This is implemented throughout our management systems certified according to ISO 9001 (quality management), ISO 14001 (environmental management) and the ISM Code (safe management and operation of ships at sea as well as our product label).

Key figures for the consolidated group

	2018 IFRS TDKK	2017 IFRS TDKK	2016 IFRS TDKK	2015*) ÅRL TDKK	2014*) ÅRL TDKK
5 years key figures					
Profit and loss accounts					
Net revenue	985.695	905.537	966.166	1.001.811	946.486
Operating profit	95.011	114.605	197.556	247.456	281.793
Net financials	(93.745)	(75.345)	(38.829)	(64.604)	(22.270)
Profit for the year	1.012	43.169	155.506	192.073	252.282
Balance sheet					
Total assets	4.153.013	4.124.318	3.663.359	3.342.751	2.621.249
Equity	1.740.471	1.756.705	1.327.149	1.188.546	1.294.750
Investment in property, plant and equipment	607.285	260.137	403.534	752.818	331.990
Key Ratios					
Profit margin (%)	10%	13%	20%	25%	30%
Return on equity (%)	0%	3%	12%	15%	21%
Equity ratio	41,9%	42,6%	36,2%	35,6%	49,4%

*) The company has adopted IFRS as per 1.1.2017, the comparative figures for 2016 have been adjusted accordingly. 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 and Board of Directors have today considered and adopted the Annual Report of ESVAGT A/S for the financial year 1 January – 31 December 2018.

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 2018 and the results of the Group's and Company's operations for the financial year 1 January – 31 December 2018.

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

Esbjerg, 25 April 2019

Executive Management

Peter Lytzen

Kristian Ole Jakobsen

Board of Directors

Jakob Bo Thomasen
Chairman

Malcolm Brown

Scott B. M. Moseley

Lars Oscar Tylegård

Philip Pacey

Svend Bech Poulsen

Henrik Gorzelak Pedersen

Independent Auditor's Report

To the Shareholders of ESVAGT A/S

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 2018 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 2018 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 ESVAGT A/S for the financial year 1 January - 31 December 2018, 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 skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

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

Copenhagen, 25 April 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab, *CVR No 33 77 12 31*

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Martin Lunden
State Authorized Public Accountant
mne32209

Statement of profit and loss

	Notes	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Net revenue	3	985.695	905.537	983.169	903.507
Other income		(416)	430	(416)	430
Other operating expenses		(286.267)	(224.986)	(286.033)	(224.322)
Gross profit		**699.012**	**680.981**	**696.720**	**679.615**
Staff expenses	4	(373.351)	(345.604)	(372.315)	(344.329)
Profit before depreciation		**325.661**	**335.378**	**324.404**	**335.286**
Amortisation, depreciation and impairment	5	(230.650)	(220.773)	(230.650)	(220.773)
Operating profit		**95.011**	**114.605**	**93.755**	**114.513**
Income from subsidiaries		0	0	1.201	75
Financial income	6	47	35.050	742	34.991
Financial expenses	7	(93.792)	(110.395)	(94.782)	(110.396)
Profit before income tax		**1.267**	**39.260**	**916**	**39.183**
Tax	8	(254)	3.909	(38)	4.114
Profit for the year		**1.012**	**43.169**	**879**	**43.297**
Profit is attributable to:					
Owners of Esvagt A/S		1.016	43.296	879	43.296
Non-controlling interests		(4)	(128)	0	0
		1.012	**43.169**	**879**	**43.296**

Statement of comprehensive income

		Group		Parent	
	Notes	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Profit for the year		**1.012**	**43.169**	**879**	**43.297**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange diff. on translation of subsidiaries		(70)	(398)	(70)	(398)
Income related to adjustment subsidiaries		0	0	137	0
Cash flow hedges:					
Value adjustment of hedges for the year		82	0	82	0
Reclassified to income statement					
- revenue		1.368	627	1.368	627
- operating costs		2.943	0	2.943	0
- financial expenses		0	35.754	0	35.754
Reclassified to non-current assets		(21.568)	0	(21.568)	
Other comprehensive income for the year, net of tax		**(17.245)**	**35.983**	**(17.108)**	**35.983**
Total comprehensive income for the year		**(16.233)**	**79.152**	**(16.230)**	**79.279**
Total comprehensive income for the year attributable to:					
Owners of ESVAGT A/S		(16.230)	79.279	(16.230)	79.279
Non-controlling interests		(4)	(128)	0	0
		(16.233)	**79.152**	**(16.230)**	**79.279**

Balance sheet

	Notes	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Development projects		357	631	357	631
Intangible assets	9	**357**	**631**	**357**	**631**
Vessels		3.474.457	3.050.894	3.474.457	3.050.894
Other operating equipment and fixtures		5.343	4.207	5.343	4.207
Buildings on leased land		46.868	49.945	46.868	49.945
Prepayments for tangible assets		117.469	163.657	92.969	142.958
Tangible assets	10	**3.644.137**	**3.268.703**	**3.619.637**	**3.248.004**
Investment in subsidiaries		0	0	10.623	9.416
Investment in joint ventures		25	0	25	0
Financial assets	11	**25**	**0**	**10.648**	**9.416**
Total non-current assets		**3.644.519**	**3.269.334**	**3.630.642**	**3.258.051**
Bunker oil and other consumables		17.421	8.034	17.421	8.034
Inventories	12	**17.421**	**8.034**	**17.421**	**8.034**
Trade receivables	13	136.623	125.089	101.781	105.055
Receivables from parent company		2.473	2.200	2.473	2.200
Receivables from Group companies		0	0	50.960	40.981
Other receivables		8 521	5.226	7.994	4.671
Prepayments		4.975	4.527	4.975	4.527
Receivables		**152.592**	**137.043**	**168.183**	**157.434**
Cash and cash equivalents		**338.481**	**709.908**	**335.773**	**699.944**
Total current assets		**508.495**	**854.984**	**521.377**	**865.411**
Total assets		**4.153.013**	**4.124.318**	**4.152.018**	**4.123.463**

Balance sheet

	Notes	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Share capital	15	2.000	2.000	2.000	2.000
Retained earnings		1.738.200	1.754.429	1.738.200	1.754.429
Equity attributable to owners of ESVAGT		**1.740.200**	**1.756.429**	**1.740.200**	**1.756.429**
Non-controlling interests		272	275	0	0
Total equity		**1.740.471**	**1.756.705**	**1.740.200**	**1.756.429**
Deferred tax liabilities	16	24	31	0	0
Bank and credit institutions	17	2.224.652	2.211.216	2.224.652	2.211.216
Finance lease liabilities	18	0	5.969	0	5.969
Total non-current liabilities		**2.224.675**	**2.217.216**	**2.224.652**	**2.217.185**
Finance lease liabilities	18	5.969	4.725	5.969	4.725
Received prepayments		8.352	9.491	8.352	9.491
Provisions		2.000	2.000	2.000	2.000
Trade payables		56.560	64.950	56.169	64.633
Income tax liabilities		1.111	1.208	843	1.057
Other payables		97.232	68.024	97.191	67.943
Derivatives, current	20	16.643	0	16.643	0
Total current liabilities		**187.867**	**150.397**	**187.167**	**149.848**
Total liabilities		**2.412.542**	**2.367.614**	**2.411.819**	**2.367.033**
Total equity and liabilities		**4.153.013**	**4.124.318**	**4.152.018**	**4.123.463**

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 01.01.2017	1.500	(750)	(36.381)	1.362.782	1.327.150	464	1.327.614
Profit for the year	0	0	0	43.296	43.296	(128)	43.169
Other comprehensive income	0	(398)	36.381	0	35.983	0	35.983
Total comprehensive income for the year	**0**	**(398)**	**36.381**	**43.296**	**79.279**	**(128)**	**79.152**
Transactions with owners in their capacity as owners							
Dividends provided for or paid	0	0	0	0	0	(61)	(61)
Capital increase	500	0	0	349.500	350.000	0	350.000
Equity at 31.12.2017	**2.000**	**(1.148)**	**(0)**	**1.755.578**	**1.756.429**	**275**	**1.756.705**
Profit for the year	0	0	0	1.016	1.016	(4)	1.012
Other comprehensive income	0	(70)	(17.175)	0	(17.245)	0	(17.245)
Total comprehensive income for the year	**0**	**(70)**	**(17.175)**	**1.016**	**(16.230)**	**(4)**	**(16.233)**
Equity at 31.12.2018	**2.000**	**(1.218)**	**(17.176)**	**1.756.594**	**1.740.200**	**272**	**1.740.472**

Statement of changes in equity – Parent

	Share capital	Reserve for foreign currency translation	Cash flow hedges	Develop-ment cost reserve	Retained earnings	Total equity
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 01.01.2017	**1.500**	**(750)**	**(36.381)**	**1.061**	**1.361.720**	**1.327.150**
Profit for the year	0	0	0	(430)	43.726	43.296
Other comprehensive income	0	(398)	36.381	0	0	35.983
Total comprehensive income for the year	**0**	**(398)**	**36.381**	**(430)**	**43.726**	**79.279**
Transactions with owners in their capacity as owners						
Capital increase	500	0	0	0	349.500	350.000
Equity at 31.12.2017	**2.000**	**(1.148)**	**0**	**631**	**1.754.946**	**1.756.429**
Profit for the year	0	0	0	(274)	1.153	879
Other comprehensive income	0	(70)	(17.175)	0	137	(17.108)
Total comprehensive income for the year	**0**	**(70)**	**(17.175)**	**(274)**	**1.290**	**(16.230)**
Transactions with owners in their capacity as owners						
Capital increase	0	0	0	0	0	0
Equity at 31.12.2018	**2.000**	**(1.218)**	**(17.175)**	**357**	**1.756.236**	**1.740.199**

Cash flow statement

	Notes	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Profit before depreciations		325.661	335.378	324.404	335.286
Change in working capital	23	459	9.838	4.781	(9.710)
Cash flows from operating activities before financial income and expenses		326.120	345.216	329.185	325.576
Financial income received		0	0	0	0
Financial expenses paid		(81.274)	(130.290)	(80.792)	(130.245)
Income taxes paid		(509)	(1.661)	(575)	(1.539)
Net cash flow from operating activities		**244.337**	**213.265**	**247.818**	**193.792**
Share capital paid in subsidiaries		(0)	0	(25)	(1.000)
Payments for property, plant and equipment		(612.124)	(258.588)	(608.323)	(237.814)
Sale of intangible assets and property, plant and equipment		1.085	121	1.085	121
Net cash flow from investing activities		**(611.039)**	**(258.467)**	**(607.263)**	**(238.693)**
Repayment of loans from credit institutions	23	0	(2.154.201)	0	(2.156.687)
Proceeds from loans from credit institutions	23	0	2.251.361	0	2.251.361
Repayment of finance leases		(4.725)	(4.545)	(4.725)	(4.545)
Share Capital and Share Premium paid		0	350.000	0	350.000
Dividends paid to company's shareholders		0	(64)	0	(64)
Cash flow from financing activities		**(4.725)**	**442.551**	**(4.725)**	**440.065**
Net cash flow for the year		(371.427)	397.349	(364.169)	395.164
Effects of exchange rate changes on cash and cash equivalents		0	1	(1)	0
Cash and cash equivalents, beginning of the year		709.908	312.558	699.944	304.780
Cash and cash equivalents, end of the year		**338.481**	**709.908**	**335.774**	**699.944**

The information in the cash flow statement cannot 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

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. Financial assets and liabilities
12. Inventories
13. Trade receivables
14. Excepted credit loss on financial assets
15. Share capital
16. Deferred tax
17. Bank and credit institutions
18. Leasing
19. Fee to the statutory auditors
20. Derivative financial instruments
21. Related parties
22. Contingent liabilities
23. Cash flow statement
24. Financial risk management
25. Events after the balance sheet date
26. Composition of the group

Notes

1. Accounting policies

The Annual Report for the period 1 January - 31 December 2018 comprise the consolidated financial statement of the parent company ESVAGT A/S and subsidiaries controlled by the parent company (the group).

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.

Changes in accounting principles
With effect from 1 January 2018 Esvagt has applied IFRS 9 and 15. IFRS 9 effect on the recognized amounts was immaterial. IFRS 15 "Revenue from contracts with customers" resulted in changes in accounting policies and adjustments to the amounts recognized in the Statement of profit and loss. IFRS 15 didn't have any effect on the Balance Sheet. In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year. The adjustments comprised of reclassification of revenue regarding fuel, due to Esvagt being principal according to IFRS 15, instead of agent. In summary, the following adjustments were made to the amounts recognized in the Statement of profit and loss at the date of initial application (1 January 2018) and the beginning of the earliest period presented (1 January 2017):

	2017 IAS 18 TDKK	Reclassi-fication TDKK	2017 IFRS 15 TDKK
Net revenue	866.948	38.589	905.537
Other operating expenses	(186.397)	(38.589)	(224.986)

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 2019. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

IFRS 16 "Leasing" was issued in January 2016. It will result in almost all leases being recognized 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 recognized. 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 has reviewed the leasing arrangements over the last year. The standard will affect the accounting for the groups operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of TDKK 12.918, see note 18. Of these commitments approximately TDKK 143 relate to short-term leases which will be recognized on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the group expects to recognize right-of-use assets of approximately TDKK 8.787 on 1 January 2019 and lease liabilities of TDKK 8.787. The group expects that net profit after tax will decrease by approximately TDKK 126 for 2019 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately TDKK 808, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. Operating cash flows will increase, and financing cash flows decrease by approximately TDKK 808 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 ESVAGT A/S and its subsidiaries.
Subsidiaries are entities controlled by ESVAGT A/S. 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 summarizing the financial statements of the parent company and its subsidiaries which have been prepared in accordance with ESVAGT A/S 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 are included as part of ESVAGT A/S 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, ESVAGT A/S 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.

Derivatives
Derivatives are initially recognized at fair value on the date a derivative contract is entered 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 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 realized. 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 recognized in the income statement as financial income or expenses for interest and currency-based instruments.

Revenue recognition
Esvagt provides support and services to the offshore industry comprising standby and emergency response and rescue, oil spill contingency, tanker assist, rig move and supply duties. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the days spent relative to the total number of days the contract covers.

Support and service contracts include multiple deliverables, such as charter, crew, fuel and services. Except for fuel, the deliverables are integrated in the services and cannot be provided separately. The services in a charter excluding fuel are therefore accounted for as one performance obligation. A part of the contract price is allocated to a separate performance obligation for fuel based on its stand-alone selling price, which is directly observable.
The contracts do not contain any variable elements.

Other income
Other income comprises of other activities, e.g. property rent and gains/losses of sales of fixed assets. Other income is recognized 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.

ESVAGT A/S 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, realized and non-realized 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.

ESVAGT'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 recognized 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 recognized 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 realized, or the deferred income tax liability is settled.

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

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

Development projects

Development projects comprise engineer costs related to specific development projects of ESVAGT's Fast Rescue Boats and Safe Transfer Boats. Development projects are capitalized when development projects imply a technical and/or operational advantage for ESVAGT 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 recognized 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 recognized 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 recognized 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 recognized 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 capitalized 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 recognized 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 recognized 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 recognized 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.

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 realizable value.

Receivables

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost, which usually corresponds to the nominal value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Prepayments

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

Cash and cash equivalents

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

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 Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognized 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 recognized under equity until the hedged transactions are realized.

Dividend distribution

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

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.

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.

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.

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 of vessels
Management has considered indicators of impairment on the company's vessels. Based on the current market conditions in the oil and gas industry management has evaluated that indicators exists and have performed an impairment test of the vessels. The impairment test is based on budgets of cash flows for the coming years including an expectation that the oil and gas industry will recover over the coming years. The impairment test concludes that there is no need for impairment of the vessels.

Useful lives 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 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Support and safety activities, offshore oil & gas	642.124	642.337	639.537	640.307
Support and safety activities, offshore wind	278.412	224.611	278.472	224.611
Sale of fuel, offshore oil & gas	51.183	27.518	51.183	27.518
Sale of fuel, offshore wind	13.977	11.071	13.977	11.071
	985.695	**905.537**	**983.169**	**903.507**
Current contract assets relating to charters	252	180	252	180
Current contract liabilities relating to charters	(8.352)	(9.491)	(8.352)	(9.491)
	(8.100)	**(9.311)**	**(8.100)**	**(9.311)**

4. Staff expenses				
Wages and salaries	346.779	322.375	345.743	321.101
Pensions, defined contribution plans	18.355	17.298	18.355	17.298
Other staff costs	8.216	5.931	8.216	5.931
	373.351	**345.604**	**372.315**	**344.329**
Average number of full time employees	905	868	904	867

Key Management Compensation

Key Management includes Board of Directors and Executive Management in ESVAGT A/S, in total 9 persons by end 2018 (7 in 2017). The compensation paid or payables to key management for employee services is shown below:

Wages and salaries	6.497	5.088	6.497	5.088
Pensions, defined contribution plans	197	0	197	0
Termination benefits	0	1.000	0	1.000
Compensation to the Board of Directors and Executive Management	**6.694**	**6.088**	**6.694**	**6.088**

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

5. Amortisation, depreciation and impairment losses	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Amortisation of intangible assets	426	667	426	667
Depreciation of tangible assets	230.224	220.106	230.224	220.106
	230.650	**220.773**	**230.650**	**220.773**

6. Financial income	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Interest income from parent	47	130	47	173
Interest income from subsidiaries	0	0	694	0
Exchange rate adjustments	0	34.920	0	34.818
	47	**35.050**	**742**	**34.991**

7. Financial expenses	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Interest expenses, credit institutions	95.150	116.247	95.155	116.248
Exchange rate adjustments	1.702	0	1.902	0
Other financial expenses, including bank fees	926	756	926	756
Capitalized interests	(3.986)	(6.608)	(3.201)	(6.608)
	93.792	**110.395**	**94.782**	**110.396**

8. Tax	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Income tax:				
Tax on profit/loss for the year	95	(4.056)	(121)	(4.261)
Total income tax	**95**	**(4.056)**	**(121)**	**(4.261)**
Tonnage tax	159	147	159	147
Total tax for the year	**254**	**(3.909)**	**38**	**(4.114)**
Tax on profit/loss for the year can be broken down as follows:				
Current tax	917	1.012	684	910
Deferred tax	(7)	(46)	0	(20)
Adjustments for current tax of prior periods	(814)	(5.021)	(805)	(5.151)
Tax on profit/loss for the year	**95**	**(4.056)**	**(121)**	**(4.261)**
Income tax is specified as follows:				
Calculated 22% tax on "Profit for the year before income tax"	202	8.620	279	8.637
Tax effects of:				
Income tax under tonnage taxation	708	-7.655	405	-7.747
Adjustments in respect of prior years	-814	-5.021	-805	-5.151
	95	(4.056)	(121)	(4.261)
Effective tax rate	7,5%	-10,3%	-13,3%	-10,9%

ESVAGT'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 Develop-ment projects TDKK	Parent Develop-ment projects TDKK
Cost:		
At 01.01.2017	1.804	1.804
Additions during the year	237	237
At 31.12.2017	2.041	2.041
Amortisation and impairment:		
At 01.01.2017	743	743
Amortisation charge	667	667
At 31.12.2017	1.410	1.410
Carrying amount 31.12.2017	**631**	**631**
Cost:		
At 01.01.2018	2.042	2.042
Additions during the year	152	152
At 31.12.2018	2.194	2.194
Amortisation and impairment:		
At 01.01.2018	1.411	1.411
Amortisation charge	426	426
At 31.12.2018	1.837	1.837
Carrying amount 31.12.2018	**357**	**357**

10. Property, plant and equipment (continued)

GROUP	Vessels TDKK	Operating equipment & fixtures TDKK	Buildings TDKK	Prepay-ments TDKK	Total TDKK
Cost:					
At 01.01.2017	4.384.611	34.751	61.804	143.917	4.625.085
Additions during the year	238.719	719	0	20.699	260.137
Disposals	0	(3.120)	0	0	(3.120)
Reclassifications	959	0	0	(959)	0
At 31.12.2017	4.624.289	32.350	61.804	163.657	4.882.100
Amortisation and impairment:					
At 01.01.2017	1.359.082	28.424	8.781	0	1.396.289
Disposals	0	(2.996)	0	0	(2.996)
Amortisation charge	214.313	2.715	3.078	0	220.106
At 31.12.2017	1.573.395	28.143	11.859	0	1.613.399
Carrying amount 31.12.2017	**3.050.894**	**4.207**	**49.945**	**163.657**	**3.268.703**
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%.

	Vessels TDKK	Operating equipment & fixtures TDKK	Buildings TDKK	Prepay-ments TDKK	Total TDKK
Cost:					
At 01.01.2018	4.624.289	32.350	61.804	163.657	4.882.100
Additions during the year	(23)	436	0	606.872	607.285
Disposals	(157.428)	(243)	0	0	(157.671)
Reclassifications	649.577	3.483	0	(653.060)	0
At 31.12.2018	5.116.415	36.026	61.804	117.469	5.331.714
Amortisation and impairment:					
At 01.01.2018	1.573.396	28.143	11.859	0	1.613.398
Disposals	(155.802)	(243)	0	0	(156.044)
Amortisation charge	224.364	2.782	3.078	0	230.224
At 31.12.2018	1.641.958	30.683	14.937	0	1.687.577
Carrying amount 31.12.2018	**3.474.457**	**5.343**	**46.868**	**117.469**	**3.644.137**
Hereof finance leases	5.500	0	0	0	5.500

The amount of borrowing costs capitalised during the year was TDKK 3.986. The rate used to determine the amount of borrowing cost eligible for capitalisation was 3,52%.

10. Property, plant and equipment (continued)

Impairment analysis

Property, plant and equipment (PPE) is monitored by management per cash generating unit (CGU). The group tests whether PPE has suffered any impairment on an annual basis. The recoverable amount of the CGU per segment is determined based on value-in-use calculations or fair value less cost to sell if higher. The value-in-use calculation require the use of assumptions. The calculations use cash flow projections based on financial budget for 2019 and business plan for 2020-2023 as approved by management.

For small/mid-size ERRV vessels, that comprise a uniform and generic type of vessels, cash flows beyond the 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.

For large size ERRV vessels and purposebuild SOV vessels these are in general on long term contracts with contract expiry post 2023. The longterm cashflows, most significantly related to the day rate and utilization assumptions, from these vessels have be assessed and forecasted by management for each vessel individually.

For the value-in-use calculation a lifetime of 25 years per asset is assumed. Residual values upon end on vessel lifetime are considered and included in the projected cash flow.

Part of ESVAGT´s revenue is invoiced in foreign currencies, mainly EUR, GBP and NOK. For the value-in-use calculation day rate forecasts are made in these relevant foreign currencies. The fx rate assumptions applied for calculation of the forecasted cash flow is based on fx forward rate level on 31st December 2018.

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

Oil & Gas, ERRV	2018	2017	2018	2017
	Small/mid size vessels		Mid/large size vessels	
Day rates, escalation rate	1%	1%	1%	1%
Utilization, growth rate	0%	0%	0%	0%
Other operating costs, inflation rate	1%	1%	1%	1%
Pre-tax discount rate	8%	8%	8%	8%
Recoverable amount on a debt free basis (MDKK)	1.010	922	1.243	1.159

Wind, SOV	2018	2017	2018	2017
	Purpose-build SOV		Small size SOV	
Day rates, escalation rate	1%	1%	1%	1%
Utilization, growth rate	0%	0%	0%	0%
Other operating costs, inflation rate	1%	1%	1%	1%
Pre-tax discount rate	8%	8%	8%	8%
Recoverable amount on a debt free basis (MDKK)	1.521	1.331	6	10

10. Property, plant and equipment (continued)

Day Rates: Day rates are based on committed contracts, and for post-contract periods and for vessels not on long term contract based on management´s view on market trends. Assessment of market trends is supported by independent 3rd party opinion. In management´s view the day rate levels for ERRV activities are expected to improve in 2019 compared to 2018, and further improve over the forecast period until 2023. For Wind/SOV activities, day rates are closely linked to specific contracts and therefore no specific trend for day rate level has been assumed. Escalation beyond the forecast period follows above escalation rates.

Utilization: The forecast for vessel utilization is based on committed commercial contracts, past performance and management's expectations of market development. Utilization on ERRV activities is forecast to improve in 2019 compared to 2018 and to remain stable over remainder of the forecast period until 2023. No growth in utilization is expected beyond the forecast period.

Pre-tax discount rates: Reflect specific risks relating to the relevant CGUs.

Impact of possible changes in key assumptions

At 31 December 2018 the recoverable amount exceeds carrying value. The recoverable amount is however sensitive to changes in key assumptions, in particular to those of return requirement and macro-economic parameters on inflation level and fx rates.

A change in inflation rate, and implicit the escalation of day rate for vessels not on contract, of 0.5% has impact on total recoverable amount of approx. MDKK 150.

A reduction of fx rates of 5% will lead to impairment on specific vessel group of approx. MDKK 100. The fx rate level by end April 2019 has improved by approx. 4-5% compared to the fx level on 31 December 2018 that was applied for calculation of recoverable amount.

The overall assessment is that reasonable changes to the assumptions in negative directions could result in impairment. However, management does not expect impairment based on the current forecasts.

Commitments for tangible assets

ESVAGT's new building programme comprise 4 vessels for the wind industry. Delivery of the vessels are expected in 2019, 2020 and 2021:

	Group		Parent	
	2018 TDKK	**2017 TDKK**	**2018 TDKK**	**2017 TDKK**
Remaining commitments, new building programme	1.099.720	751.322	884.220	532.268
Total commitments	**1.099.720**	**751.322**	**884.220**	**532.268**

11. Financial assets and liabilities

Carrying amount **Financial assets:**	Group 2018 TDKK	 2017 TDKK	Parent 2018 TDKK	 2017 TDKK
Financial assets at amortised cost:				
Trade receivables	136.623	125.089	101.781	105.055
Receivables from parent company	2.473	2.200	2.473	2.200
Receivables from Group companies	0	0	50.960	40.981
Other receivables	8.521	5.226	7.994	4.671
Cash and cash equivalents	338.481	709.908	335.773	699.944
Total Financial assets at amortised cost	**486.099**	**842.423**	**498.981**	**852.850**
Financial liabilities:				
Financial liabilities at fair value				
Foreign currency forwards	16.643	0	16.643	0
Total financial liabilities at fair value	**16.643**	**0**	**16.643**	**0**
Financial liabilities at amortised cost				
Borrowings	2.257.584	2.251.361	2.257.584	2.251.361
Trade payables	56.560	64.950	56.169	64.633
Financial leases	5.969	10.694	5.969	10.694
Other payables	97.232	68.024	97.191	67.943
Total Financial liabilities at amortised cost	**2.417.345**	**2.395.029**	**2.416.913**	**2.394.631**
Total	**2.433.987**	**2.395.029**	**2.433.556**	**2.394.631**

Fair value is approximately the same as the carrying amounts, except for borrowings, representing a fair value of MDKK 2.334 (MDKK 2.251).

12. Inventories

Bunker oil	17.421	8.034	17.421	8.034
	17.421	**8.034**	**17.421**	**8.034**

During 2018 TDKK 86.219 (2017: TDKK 56.605) was recognized as an expense.

13. Trade receivables	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Trade receivables and other receivables at 31.12.2018	136.723	125.114	101.781	105.080
Expected credit loss	0	(25)	0	(25)
Trade receivables net	**136.723**	**125.089**	**101.781**	**105.055**
Allocation of overdue net receivables (not written off) by maturity period are as follows:				
Up to 30 days	50.463	39.474	37.580	33.478
Between 31 and 90 days	2.625	2.018	51	2.018
Between 91 and 365 days	0	1.001	0	0
Overdue net receivables at 31.12.2018	**53.088**	**42.493**	**37.631**	**35.496**

14. Expected credit loss on financial assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.
To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected credit losses for all trade receivables and contract assets, 98,2% less than 30 days overdue and 1,8% 30-60 days overdue, are immaterial and therefore not recognized in the Balance Sheet.

The closing loss allowances for trade receivables and receivables from group companies as at 31 December 2018 reconcile to the opening loss allowances as follows.

	Receivables from group companies	
	2018	**2017**
	TDKK	**TDKK**
31 December - calculated under IAS 39	25	25
Loss allowance as at 1 January 2018 - IFRS 9	25	25
Increase in loss allowance in profit and loss in 2018	75	0
At 31 December	**100**	25

15. Share capital

The share capital comprise of:	No shares	Nominal value	2018 TDKK	2017 TDKK
	12	100.000	1.200.000	1.200.000
	6	30.000	180.000	180.000
	2	15.000	30.000	30.000
	9	10.000	90.000	90.000
	500.000	1	500.000	500.000
			2.000.000	2.000.000

No shares carry any special rights. There are no restrictions connected to the transferability or voting rights of the shares. All shares have been fully paid in.
All shares in ESVAGT A/S is owned by ERRV ApS.

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 Group has not adopted a specific key ratio, but 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 have 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.

16. Deferred tax

	Group		Parent	
	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
At 1 January	31	77	0	20
Deferred tax recognised in the income statement	(7)	(46)	0	(20)
At 31 December	**24**	**31**	**0**	**0**
Deferred tax relates to:				
Property, plant and equipment	0	0	0	0
Provisions	24	31	0	0
	24	31	0	0

17. Bank and credit institutions

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

2018 - Group	Principal	Effective interest rate	Currency	Maturity	Carrying amount
Floating rate loans	43 mEUR	2,480%	EUR	2022	319.600
Floating rate loans	183 mDKK	2,593%	DKK	2022	183.168
Fixed-rate loans	235 mEUR	3,802%	EUR	2024-2027	1.754.815

2018 - Parent	Principal	Effective interest rate	Currency	Maturity	Carrying amount
Floating rate loans	43 mEUR	2,480%	EUR	2022	319.600
Floating rate loans	183 mDKK	2,593%	DKK	2022	183.168
Fixed-rate loans	235 mEUR	3,802%	EUR	2024-2027	1.754.815

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

2017 - Parent	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

18. Leasing

Operating leases

The Group has entered into leases on land and cars. The remaining lease period for land is 24 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	
Operating lease commitments:	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Due within 1 year	797	726	797	726
Due between 1 and 5 years	2.359	2.101	2.359	2.101
Due after 5 years	9.762	9.779	9.762	9.779
	12.918	**12.606**	**12.918**	**12.606**
Expensed payments relating to operating leases	1.062	1.003	1.062	1.003

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:

	Group		Parent	
	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
	Minimum payments	Minimum payments	Minimum payments	Minimum payments
Within one year	5.058	5.058	5.058	5.058
Due between 1 and 5 years	1.063	6.312	1.063	6.312
Total minimum lease payments	6.121	11.370	6.121	11.370
Finance charges	(152)	(485)	(152)	(485)
Present value of min. lease paym.	5.969	10.885	5.969	10.885

19. Fee to the statutory auditors	Group 2018 TDKK	Group 2017 TDKK
Statutory audit	575	360
Other assurance services	318	280
Tax and VAT advisory services	297	880
Other services	1.416	106
Total fees to PwC	2.606	1.626

20. 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 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 24.

Reclassified from other comprehensive income	Group 2018 TDKK	Group 2017 TDKK	Parent 2018 TDKK	Parent 2017 TDKK
Gains/losses arising on currency forward contracts (cash flow hedges) reclassified to revenue/other operating expenses during the year	615	(171)	615	(171)

21. Related parties

The Company and its parent company ERRV ApS are included in the consolidated financial statements for ERRV Holding ApS, Østergade 1, 2nd floor, 1100 Copenhagen, Denmark.

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

The following transactions were carried through with related parties within the group:	**Parent**	
	2018	**2017**
	TDKK	**TDKK**
Transactions with subsidiaries		
Sales of goods	192.537	162.706
	192.537	**162.706**

All intercompany accounts regarding parent companies are recognized in the Balance Sheet.

22. Contingent liabilities

Litigation
None.

	Group		**Parent**	
	2018	**2017**	**2018**	**2017**
Bank loans secured in vessels	**TDKK**	**TDKK**	**TDKK**	**TDKK**
Bank and other credit institutions - amount secured	2.257.583	2.251.361	2.257.583	2.251.361
Carrying amount of vessels provided as security	3.474.457	3.050.894	3.474.457	3.050.894

Other contingent liabilities
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.

ESVAGT A/S has, through Letter of Financial Support, expressed intention of providing necessary financial support to the subsidiaries ESWIND01 ApS and ESWIND ApS.

23. Cash flow statement

	Group		Parent	
	2018	2017	2018	2017
Change in working capital	**TDKK**	**TDKK**	**TDKK**	**TDKK**
Change in inventories	(9.387)	(1.642)	(9.387)	(1.642)
Change in trade receivables and receiv. from parent	(11.807)	(22.699)	(6.978)	(17.912)
Change in other receivables and prepayments	(3.743)	(473)	(3.771)	(22.219)
Change in trade payables, excl. payables related to fixed assets	(8.390)	34.235	(8.464)	31.770
Change in other payables	29.208	(2.580)	29.248	(2.608)
Change in received prepayments	(1.139)	0	(1.139)	0
Exchange gains and losses on working capital	992	(1.548)	547	(1.644)
	(4.266)	**5.293**	**56**	**(14.255)**
Changes in liabilities arising from financing activities				
Financing liabilities at 01.01.2018	2.221.910	2.162.181	2.221.910	2.162.181
Proceeds from borrowings	0	2.251.361	0	2.251.361
Repayment of borrowings	0	(2.154.201)	0	(2.154.201)
Repayment of finance leases	(4.725)	(4.545)	(4.725)	(4.545)
Foreign currency	13.436	(32.886)	13.436	(32.886)
Cash flow from financing activities at 31.12.2018	**2.230.621**	**2.221.910**	**2.230.621**	**2.221.910**

24. 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, mainly EUR, but the foreign exchange risks related to this are not considered material, due to fixed change rate policy in Denmark against EUR. 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 TEUR**	**GBP TGBP**	**NOK TNOK**	**USD TUSD**
2018				
Trade receivables	2.589	4.000	23.642	2
Cash and cash equivalents	17.887	2.817	51.425	1.077
Bank loans	(277.800)	0	0	0
Trade payables	(461)	(207)	(1.921)	(2.893)
	(257.785)	6.610	73.146	(1.814)
2017				
Trade receivables	5.102	1.541	30.859	0
Cash and cash equivalents	13.393	6.228	75.697	371
Bank loans	(277.800)	0	0	0
Trade payables	(2.248)	(583)	(4.392)	(1.558)
	(261.553)	6.262	102.091	(1.187)
Parent				
2018				
Trade receivables	2.348	0	23.642	2
Cash and cash equivalents	17.887	2.509	51.362	1.077
Bank loans	(277.800)	0	0	0
Trade payables	(461)	(169)	(1.921)	(2.893)
	(258.026)	2.340	73.083	(1.814)
2017				
Trade receivables	4.007	3	30.859	1
Cash and cash equivalents	13.393	5.304	75.624	371
Bank loans	(277.800)	0	0	0
Trade payables	(2.248)	(2.301)	(1.054)	(1.541)
	(262.648)	3.006	105.429	(1.169)

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

The sensitivity of profit or loss to changes in the exchange rates arises mainly from borrowings, financial instruments denominated in NOK, GBP and USD and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

	2018		2017	
	Impact on post tax profit TDKK	Impact on other components of equity TDKK	Impact on post tax profit TDKK	Impact on other components of equity TDKK
Group				
GBP/DKK exchange rate - increase 10%	5.468	5.468	6.030	6.030
NOK/DKK exchange rate - increase 10%	5.476	5.476	7.730	7.730
USD/DKK exchange rate - increase 10%	(1.183)	(1.183)	(737)	(737)
Parent				
GBP/DKK exchange rate - increase 10%	1.936	1.936	2.522	2.522
NOK/DKK exchange rate - increase 10%	5.472	5.472	7.977	7.977
USD/DKK exchange rate - increase 10%	(1.183)	(1.183)	(726)	(726)

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

	2018		2017	
	Impact on post tax profit TDKK	Impact on other components of equity TDKK	Impact on post tax profit TDKK	Impact on other components of equity TDKK
Group				
Interest rates – increase by 100 basis points	(5.043)	0	(5.033)	0
Interest rates – decrease by 100 basis points	5.043	0	5.033	0
Parent				
Interest rates – increase by 100 basis points	(5.043)	0	(5.033)	0
Interest rates – decrease by 100 basis points	5.043	0	5.033	0

The calculation is based on an increase in both short- and long-term interest. All other variables are held constant. All loans are in EUR and DKK, and due to the fixed rate policy in Denmark against EUR, there is immaterial 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 analyzing 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 utilization 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 TDKK 550,000 that may be available for future operating activities.

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 31.12.2017				
Credit institutions	82.240	827.897	1.914.410	2.824.547
Trade payables	66.950	0	0	66.950
Other payables	68.024	0	0	68.024
	217.214	**827.897**	**1.914.410**	**2.959.521**
At 31.12.2018				
Credit institutions	82.240	827.897	1.914.410	2.824.547
Trade payables	58.560	0	0	58.560
Other payables	97.232	0	0	97.232
	238.031	**827.897**	**1.914.410**	**2.980.338**
Group - derivatives				
At 31.12.2018				
Foreign exchange options / forwards used to hedge currency risk	16.643	0	0	16.643
	16.643	**0**	**0**	**16.643**

The tables below analyses the parent company'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 31.12.2017				
Credit institutions	82.240	827.897	1.914.410	2.824.547
Lease liabilities	4.725	5.969	0	0
Trade payables	64.950	0	0	64.950
Other payables	68.024	0	0	68.024
	219.939	**833.866**	**1.914.410**	**2.957.521**
At 31.12.2018				
Credit institutions	80.530	816.914	1.852.521	2.749.965
Lease liabilities	5.969	0	0	0
Trade payables	56.560	0	0	56.560
Other payables	97.232	0	0	97.232
	240.291	**816.914**	**1.852.521**	**2.903.756**

Group - derivatives				
At 31.12.2018				
Foreign exchange options / forwards used to hedge currency risk	16.643	0	0	16.643
	16.643	**0**	**0**	**16.643**

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.

Significant other observable inputs (Level 2)

Group	**2018 TDKK**	**2017 TDKK**
Forwards used to hedge currency risk	16.643	0
As at 31.12.2018	16.643	0
Parent		
Forwards used to hedge currency risk	16.643	0
As at 31.12.2018	16.643	0

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

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Esvagt or the derivative counterparty and as differences between the spot rate and the forward rate of a contract.

The group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

The group designates the forward rate of foreign currency forwards in hedge relationships. The intrinsic value of foreign currency is determined with reference to the relevant spot market exchange rate.

The group operates internationally and is exposed to foreign exchange risk, primarily the NOK, GBP and USD. Foreign exchange risk arises from future commercial transactions denominated in currencies that are not DKK or EUR. The risk is measured through forecasts of highly probable expenditures in NOK, GBP and USD. The risk is hedged with the objective of minimizing the volatility of currency cost of highly probable revenue and purchases of property, plant and equipment.

The group treasury's risk management policy is to hedge up to 80% of forecast income and expenses in currencies other than DKK and EUR up to two years in advance.

The effects of the foreign currency related hedging instruments on the group's financial position and performance are as follows:

Foreign currency forwards as at 31 December 2018	**NOK**	**GBP**	**USD**
Carrying amount in TDKK	- 20.783	669	3.472
Maturity date	JAN 2019 - JAN 2021	JAN 2019 - DEC 2019	JAN 2019 - SEP 2020
Weighted average hedged rate for the year (incl. forward points)	76,14	835,16	608,86

25. Events after the balance sheet date

Subsequent to the balance sheet date, no events that could significantly affect the financial statements as of 31 December 2018 have occurred.

26.Composition of the group

Name	Ownership and voting rights	Place of registered office
Investments in subsidiaries:		
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
Investments in Associates and Joint Operations:		
EWPL Ocean ApS	50%	Denmark

On 10 December 2018 the Group acquired 50% of the shares in the newly founded entity EWPL Ocean ApS. The Group holds substantive participating rights over the significant financial and operating decisions of the above entity, which enables the Group to exercise joint control with the other shareholder. The first financial period for EWPL Ocean ApS ends 31 December 2019. There wasn't any activity in 2018. There are no material commitments or contingent liabilities of the joint Operation.