



ESVAGT A/S

Dokvej 4
6700 Esbjerg

Annual report 2016

CVR no: 60 69 88 13

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

Esbjerg, 26-5-2017

A handwritten signature in blue ink, appearing to be 'P. P.', written over a horizontal line.

Chairman of the meeting

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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 2016.

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

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

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

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


Esbjerg, 20th April 2017

Executive Board




Søren Nørgaard Thomsen

Board of Directors



Jesper T. Lok
Chairman



Scott B. M. Moseley



Malcolm Brown



Aaron Todd Church



Philip Pacey



Viggo Hvidberg



Anders Kjelsgaard

INDEPENDENT AUDITOR'S REPORT

To the shareholder 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 financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Copenhagen, 20th April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR number 33771231


Thomas Wraae Holm
State Authorised Public Accountant


Martin Lunden
State Authorised Public Accountant

COMPANY INFORMATION

Company ESVAGT A/S
 Dokvej 4
 DK-6700 Esbjerg

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 E-mail: mail@esvagt.com
 Webpage www.esvagt.com

 Company no. 60 69 88 13
 Established 14th May 1981
 Head office Esbjerg
 Accounting period 1 January to 31 December

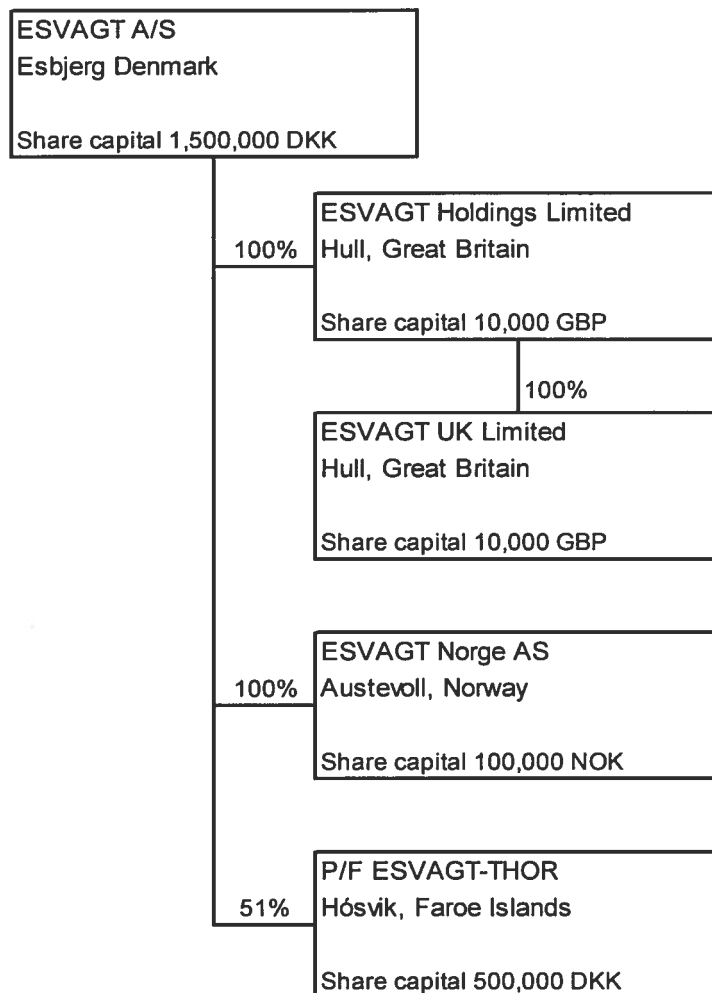
Board of Directors Jesper T. Lok, Chairman
 Scott B. M. Moseley
 Malcolm Brown
 Aaron Todd Church
 Philip Pacey
 Viggo Hvidberg
 Anders Kjeldgaard

Management Søren Nørgaard Thomsen

Auditors PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 Strandvejen 44
 DK-2900 Hellerup

GROUP STRUCTURE

Consolidated companies



FINANCIAL HIGHLIGHTS

For the consolidated ESVAGT Group

Amounts in DKK'000	2016	2015	2014	2013	2012
Revenue	959.495	1.001.811	946.486	885.685	740.579
Profit before financial items	197.556	247.456	281.793	269.269	211.943
Financial items, net	-38.829	-64.604	-22.270	-21.678	-35.587
Profit for the year	155.383	192.073	252.282	250.467	184.062
Total assets	3.663.359	3.342.751	2.621.249	2.474.120	2.264.937
Investments in intangible and tangible assets	404.007	752.818	331.990	323.966	414.948
Equity	1.327.149	1.188.546	1.294.750	1.054.739	800.329
Profit margin	20,6	24,7	29,8	30,4	28,6
Equity ratio	36,2	35,6	49,4	42,6	35,3
Return on equity	12,4	15,5	21,5	27,0	25,9

The key figures are calculated in accordance with recommendations and guidelines from the Danish Financial Analyst Society. Reference is made to definitions in the paragraph concerning Accounting Policies.

The keyfigures are calculated as follows:

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

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

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

MANAGEMENT'S REVIEW

Activities

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

Activity 2016

Result for the year

Revenue for the ESVAGT Group in 2016 was DKK 959.5m against DKK 1,001.8m in 2015.

The profit for the year was DKK 155.4m compared to DKK 192.1m in 2015.

The management considers the profit for the year as fair given the market conditions during 2016.

Market and activities

ESVAGT's primary market within the oil and gas industry is the North Sea. In 2016 ESVAGT further increased its presence within service vessel activities for the off shore wind industry.

Investments

During 2016 ESVAGT took delivery of one vessel, ESVAGT NJORD for the offshore wind industry.

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

Equity

On 31 December 2016 the ESVAGT's equity is DKK 1,327.1m with an equity ratio of 36.2% compared to DKK 1,188.5m and a ratio of 35.6% in 2015.

Expectations for 2017

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

Uncertainties regarding recognition and measurement

As a natural consequence of the currently 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, including also 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 is well positioned when the market recovers.

Subsequent events

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

MANAGEMENT'S REVIEW

Risks

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

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

Development activities

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

Statutory report on gender diversity

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

The board of directors in ESVAGT currently consists of men. The target for the underrepresented gender is at least one woman in the board of directors by 2020.

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

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

Statutory report on social responsibility

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

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

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

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

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

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

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

MANAGEMENT'S REVIEW

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

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

ESVAGT is certified according to ISO 14001 on environmental management.

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

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

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

ACCOUNTING POLICIES

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

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

Consolidation

The consolidated financial statements comprise ESVAGT A/S (parent company) and subsidiaries controlled by the parent company.

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

Foreign Currency Translation

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

Derivatives

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

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

INCOME STATEMENT

Revenue

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

Other external costs

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

Staff expenses

Staff expenses include wages and salaries and salary related costs.

Financial items

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

ACCOUNTING POLICIES

Tax

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

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

BALANCE SHEET

Intangible fixed assets

Development expenses comprise engineer costs related to specific development projects of ESVAGT's Fast Rescue Boats and Safe Transfer Boats. Development expenses 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 fixed assets are measured at cost less of accumulated depreciation and impairment losses.

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

Development expenses	3 years
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Tangible fixed assets

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

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

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

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

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

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

Lease contracts

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

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

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

Impairment

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

ACCOUNTING POLICIES

Investments in subsidiaries

Income statement

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

Balance sheet

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

Inventories

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

Receivables

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

Prepayments

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

Equity

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

Deferred tax

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

Provisions

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

Financial liabilities

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

Received prepayments

Received prepayments comprises income related to subsequent periods.

Cash flow statement

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

Segmental specifications

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

INCOME STATEMENT

(DKK'000)	Note	Group		Parent company	
		2016	2015	2016	2015
Revenue	1	959.495	1.001.811	956.165	998.302
Other income		787	5.578	787	5.578
Other external costs		-186.240	-215.650	-184.287	-214.300
		774.042	791.739	772.665	789.580
Staff expenses	2	-359.532	-351.648	-358.503	-350.917
Profit before depreciations		414.510	440.091	414.162	438.663
Depreciations	4	-216.954	-192.635	-216.954	-192.635
Profit before financial items		197.556	247.456	197.208	246.028
Income from subsidiaries	5	0	0	321	1.879
Financial income	3	41.636	21.368	41.749	21.368
Financial expenses	3	-80.465	-85.972	-80.664	-86.234
Profit before tax		158.727	182.852	158.614	183.041
Tax	6	-3.221	9.257	-3.231	9.032
Profit before minority shareholders		155.506	192.109	155.383	192.073
Minority shareholders share of net result		-123	-36	0	0
Profit for the year		155.383	192.073	155.383	192.073
DISTRIBUTION OF PROFIT FOR THE YEAR					
Proposed distribution of profit					
Retained earnings		155.383	192.073	155.383	192.073
TOTAL DISTRIBUTION		155.383	192.073	155.383	192.073

BALANCE SHEET

(DKK'000)	Note	Group		Parent company	
		2016	2015	2016	2015
ASSETS					
NON-CURRENT ASSETS					
INTANGIBLE ASSETS					
Development expenses	4	1.061	1.071	1.061	1.071
		<u>1.061</u>	<u>1.071</u>	<u>1.061</u>	<u>1.071</u>
TANGIBLE FIXED ASSETS					
Vessels	4	3.025.529	2.842.726	3.025.529	2.842.726
Other operating equipment and fixtures etc.		4.348	4.313	4.348	4.313
Buildings on leased land		53.023	55.602	53.023	55.602
Prepayments for tangible assets		143.917	137.871	143.917	137.871
		<u>3.226.817</u>	<u>3.040.512</u>	<u>3.226.817</u>	<u>3.040.512</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	5	0	0	8.803	9.538
		<u>0</u>	<u>0</u>	<u>8.803</u>	<u>9.538</u>
TOTAL NON-CURRENT ASSETS		<u>3.227.878</u>	<u>3.041.583</u>	<u>3.236.681</u>	<u>3.051.121</u>
CURRENT ASSETS					
INVENTORIES					
Bunkers and other consumables		9.085	7.422	9.085	7.422
		<u>9.085</u>	<u>7.422</u>	<u>9.085</u>	<u>7.422</u>
RECEIVABLES					
Trade receivables		102.391	120.596	86.623	100.231
Receivables from group companies		1.551	0	22.250	17.590
Corporation tax, receivable	6	0	5.472	0	5.472
Other receivables		6.471	11.572	6.007	10.830
Prepayments		3.425	7.146	3.425	7.146
		<u>113.838</u>	<u>144.786</u>	<u>118.305</u>	<u>141.269</u>
Cash and bank balances		312.558	148.960	304.780	148.198
TOTAL CURRENT ASSETS		<u>435.481</u>	<u>301.168</u>	<u>432.170</u>	<u>296.889</u>
TOTAL ASSETS		<u>3.663.359</u>	<u>3.342.751</u>	<u>3.668.851</u>	<u>3.348.010</u>

BALANCE SHEET

(DKK'000)	Note	Group		Parent company	
		2016	2015	2016	2015
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1.500	1.500	1.500	1.500
Retained earnings		1.325.649	1.187.046	1.325.649	1.187.046
		1.327.149	1.188.546	1.327.149	1.188.546
MINORITY SHAREHOLDERS					
		464	635	0	0
PROVISIONS					
Deferred tax	6	77	93	20	20
NON-CURRENT LIABILITIES					
Bank and other credit institutions	7	2.146.942	1.982.539	2.146.942	1.982.539
Financial lease debt	7	10.695	15.238	10.695	15.238
Derivatives, non-current		26.130	16.026	26.130	16.026
		2.183.767	2.013.803	2.183.767	2.013.803
CURRENT LIABILITIES					
Short term part of non-current debt	7	4.544	4.382	4.544	4.382
Received prepayments		11.540	13.599	11.540	13.599
Trade payables		39.302	50.259	38.776	49.798
Payables to group companies		0	0	6.633	6.497
Corporation tax, payable	6	6.732	58	6.690	0
Derivatives, current		10.251	4.325	10.251	4.325
Other payables		79.533	67.051	79.481	67.040
		151.902	139.674	157.915	145.641
TOTAL LIABILITIES		2.335.669	2.153.477	2.341.682	2.159.444
TOTAL EQUITY AND LIABILITIES		3.663.359	3.342.751	3.668.851	3.348.010
Other financial commitments	8				
Hedging	9				
Auditor's fees	10				
Related parties	11				

CASH FLOW STATEMENT

(DKK'000)	Note	Group		Parent company	
		2016	2015	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before depreciations		414.510	440.091	414.162	438.663
Other income		-787	-5.578	-787	-5.578
Change in working capital	12	19.934	-2.944	12.298	692
Net financial expenses paid		-66.415	-60.624	-66.612	-60.875
Taxes paid/received		8.907	-376	8.931	-264
		376.149	370.568	367.992	372.638
CASH FLOW USED FOR INVESTING ACTIVITIES					
Investments in intangible and tangible fixed assets		-404.007	-752.818	-404.007	-752.818
Dividends from financial fixed assets		0	0	306	0
Change in payables related to investing activities		-6.010	-52.980	-6.010	-52.980
Sale of intangible and tangible fixed assets		1.546	6.475	1.546	6.475
		-408.471	-799.323	-408.165	-799.323
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings		201.000	2.472.797	201.000	2.472.797
Repayment of long term borrowings		-4.381	-1.550.508	-4.381	-1.550.508
Change in loans with group companies		-396	-53.519	136	-53.350
Dividend paid to during the year		-294	-299.610	0	-299.610
		195.929	569.160	196.755	569.329
NET CASH FLOW FOR THE YEAR					
		163.607	140.405	156.582	142.644
Cash and cash equivalents 1 January		148.960	8.428	148.198	5.554
Currency translation effect		-9	127	0	0
CASH AND CASH EQUIVALENTS 31 DECEMBER		312.558	148.960	304.780	148.198

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

STATEMENT OF CHANGES IN EQUITY

(DKK'000)

Group	Share capital	Retained earnings	Dividends	Total equity
2016				
Equity 1 January 2016	1.500	1.187.046	0	1.188.546
Cash flow hedges	0	-16.030	0	-16.030
Exchange rate adjustments of subsidiaries	0	-750	0	-750
Profit for the year	0	155.383	0	155.383
Equity 31 December 2016	1.500	1.325.649	0	1.327.149

2015				
Equity 1 January 2015	1.500	1.293.250	0	1.294.750
Transfer	0	-299.610	299.610	0
Dividend paid during the year	0	0	-299.610	-299.610
Cash flow hedges	0	1.258	0	1.258
Exchange rate adjustments of subsidiaries	0	75	0	75
Profit for the year	0	192.073	0	192.073
Equity 31 December 2015	1.500	1.187.046	0	1.188.546

Parent company	Share capital	Retained earnings	Dividends	Total equity
2016				
Equity 1 January 2016	1.500	1.187.046	0	1.188.546
Cash flow hedges	0	-16.030	0	-16.030
Exchange rate adjustments of subsidiaries	0	-750	0	-750
Profit for the year	0	155.383	0	155.383
Equity 31 December 2016	1.500	1.325.649	0	1.327.149

2015				
Equity 1 January 2015	1.500	1.293.250	0	1.294.750
Transfer	0	-299.610	299.610	0
Dividend paid during the year	0	0	-299.610	-299.610
Cash flow hedges	0	1.258	0	1.258
Exchange rate adjustments of subsidiaries	0	75	0	75
Profit for the year	0	192.073	0	192.073
Equity 31 December 2015	1.500	1.187.046	0	1.188.546

	2016	2015
The share capital is divided into:		
100.000 DKK, 12 shares	1.200	1.200
30.000 DKK, 6 shares	180	180
15.000 DKK, 2 shares	30	30
10.000 DKK, 9 shares	90	90
	1.500	1.500

No changes to share capital occurred during the last 4 years.

NOTES

(DKK'000)

	Group		Parent company	
	2016	2015	2016	2015
1 REVENUE				
Support and safety activities for offshore oil and gas industry	772.843	865.663	770.887	863.508
Support and safety activities for offshore wind industry	180.841	127.900	180.841	127.900
Other activities	5.811	8.248	4.437	6.894
	<u>959.495</u>	<u>1.001.811</u>	<u>956.165</u>	<u>998.302</u>
2 STAFF EXPENSES				
The staff costs are specified as follows:				
Salaries and remunerations	336.754	330.290	335.725	329.559
Pension costs	17.006	16.585	17.006	16.585
Other social security contributions	5.772	4.773	5.772	4.773
	<u>359.532</u>	<u>351.648</u>	<u>358.503</u>	<u>350.917</u>
Salary and remuneration to Management and Board of Directors	<u>4.599</u>	<u>4.138</u>	<u>4.599</u>	<u>4.138</u>
Average number of employees	<u>903</u>	<u>902</u>	<u>902</u>	<u>901</u>
3 FINANCIAL ITEMS				
Financial income:				
Exchange rate gains and currency adjustments	41.636	21.368	41.749	21.368
	<u>41.636</u>	<u>21.368</u>	<u>41.749</u>	<u>21.368</u>
Financial expenses:				
Interest costs to group related companies	0	-1.521	-188	-1.913
Interest costs and other financial costs	-78.977	-38.547	-78.988	-38.566
Exchange rate losses and currency adjustments	0	-551	0	-402
Other financial expenses	-1.488	-45.353	-1.488	-45.353
	<u>-80.465</u>	<u>-85.972</u>	<u>-80.664</u>	<u>-86.234</u>

NOTES

(DKK'000)

4 INTANGIBLE & TANGIBLE FIXED ASSETS

Group	Intangible	Tangible Fixed Assets				
	Fixed Assets	Development expenses	Vessels	Other operating equipment and fixtures etc	Buildings on leased land	Pre-payments
Cost as of 1 January 2016		1.331	4.060.842	22.387	61.307	137.871
Addition during the year		473	0	3.980	499	399.055
Disposal during the year		0	-69.240	0	0	0
Transfer		0	393.009	0	0	-393.009
Cost as of 31 December 2016		1.804	4.384.611	26.367	61.806	143.917
Depreciation as of 1 January 2016		260	1.218.116	18.074	5.705	0
Disposal during the year		0	-68.481	0	0	0
Depreciation for the year		483	209.447	3.945	3.078	0
Depreciation as of 31 December 2016		743	1.359.082	22.019	8.783	0
Carrying amount as of 31 December 2016		1.061	3.025.529	4.348	53.023	143.917
Of which leased		0	14.699	0	0	0

Carrying amount of amortized borrowing costs included in tangible fixed assets is DKK 36,447t (2015: DKK 33,406t).

Parent company	Intangible	Tangible Fixed Assets				
	Fixed Assets	Development expenses	Vessels	Other operating equipment and fixtures etc	Buildings on leased land	Pre-payments
Cost as of 1 January 2016		1.331	3.955.863	22.387	61.307	137.871
Addition during the year		473	0	3.980	499	399.055
Disposal during the year		0	-69.240	0	0	0
Transfer		0	393.009	0	0	-393.009
Cost as of 31 December 2016		1.804	4.279.632	26.367	61.806	143.917
Depreciation as of 1 January 2016		260	1.113.137	18.074	5.705	0
Disposal during the year		0	-68.481	0	0	0
Depreciation for the year		483	209.447	3.945	3.078	0
Depreciation as of 31 December 2016		743	1.254.103	22.019	8.783	0
Carrying amount as of 31 December 2016		1.061	3.025.529	4.348	53.023	143.917
Of which leased		0	14.699	0	0	0

Carrying amount of amortized borrowing costs included in tangible fixed assets is DKK 36,447t (2015: DKK 33,406t).

NOTES

(DKK'000)

5 FIXED ASSET INVESTMENTS

	Investment in subsidiaries
Cost as of 1 January 2016	186.638
Addition during the year	0
Disposal during the year	0
Cost as of 31 December 2016	<u>186.638</u>
Net adjustment as of 1 January 2016	-177.100
Share in subsidiaries' net result for the year	321
Dividends received during the year	-306
Exchange rate adjustments	-750
Net adjustment as of 31 December 2016	<u>-177.835</u>
Carrying amount as of 31 December 2016	<u><u>8.803</u></u>

Investments in subsidiaries comprise:	Ownership
ESVAGT Holdings Limited, Great Britain	100%
ESVAGT UK Limited, Great Britain	100%
ESVAGT Norge AS, Norway	100%
P/F ESVAGT - THOR, Faroe Islands	51%

6 TAX

Group	Tax in Income Statement	Corporation Tax, receivable	Deferred tax provision	Corporation Tax, payable
1 January 2016		5.472	-93	-58
Currency adjustments	0	0	-2	0
Tax from previous years paid during the year	0	-8.907	0	0
Adjustment to previous years	2.543	3.435	0	-5.978
Adjustment to deferred tax	-18	0	18	0
Corporate tax for 2016	696	0	0	-696
31 December 2016	<u>3.221</u>	<u>0</u>	<u>-77</u>	<u>-6.732</u>

Parent company	Tax in Income Statement	Corporation Tax, receivable	Deferred tax provision	Corporation Tax, payable
1 January 2016		5.472	-20	0
Tax from previous years paid during the year	0	-8.931	0	0
Adjustment to previous years	2.541	3.459	0	-6.000
Adjustment to deferred tax	0	0	0	0
Corporate tax for 2016	690	0	0	-690
31 December 2016	<u>3.231</u>	<u>0</u>	<u>-20</u>	<u>-6.690</u>

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.

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

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

NOTES

(DKK'000)

7 BANK AND OTHER CREDIT INSTITUTIONS

	Group		Parent company	
	2016	2015	2016	2015
Bank and other credit institutions				
Due within 1 year	0	0	0	0
Due within 2-5 years	2.146.942	1.982.539	2.146.942	1.982.539
Due after 5 years	0	0	0	0
	<u>2.146.942</u>	<u>1.986.921</u>	<u>2.146.942</u>	<u>1.986.921</u>
Financial lease debt				
Due within 1 year	4.544	4.382	4.544	4.382
Due within 2-5 years	10.695	15.238	10.695	15.238
Due after 5 years	0	0	0	0
	<u>15.239</u>	<u>19.620</u>	<u>15.239</u>	<u>19.620</u>

8 OTHER FINANCIAL COMMITMENTS

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

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

9 HEDGING

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

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

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

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

10 AUDITOR'S FEES

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

	Group		Parent company	
	2016	2015	2016	2015
Statutory audit	430	203	275	203
Other assurance services	37	150	37	150
Tax and VAT services	662	264	662	264
Other services	2.896	0	2.868	0
	<u>4.024</u>	<u>617</u>	<u>3.842</u>	<u>617</u>

NOTES

11 RELATED PARTIES

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

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

The Company is included in the consolidated accounts for :
ERRV Holding ApS, Østergade 1, 2nd floor, 1100 Copenhagen, Denmark
ERRV Aps, Østergade 1, 2nd floor, 1100 Copenhagen, Denmark.

12 CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

	Group		Parent company	
	2016	2015	2016	2015
Change in inventories	-1.663	-164	-1.663	-164
Change in trade receivables and group trade receivables	16.283	-8.784	8.948	-4.872
Change in other receivables and prepayments	8.821	-8.982	8.544	-8.958
Change in trade payables, excl. payables related to fixed assets	-4.919	-3.548	-5.012	-3.866
Change in other payables	3.340	4.674	3.297	4.692
Change in recieved prepayments	-2.059	13.599	-2.059	13.600
Exchange gains and losses on working capital	130	260	243	260
	<u>19.934</u>	<u>-2.944</u>	<u>12.298</u>	<u>692</u>