

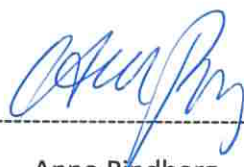
Maersk Fluid Technology A/S

CVR-No. 25598105

Annual Report 2016

As adopted by the Company in general meeting

19 May 2017



Anne Pindborg

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 Maersk Fluid Technology A/S for the financial year 01 January 2016 - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the result of the Company's operations for 2016.

We recommend the annual report to be approved at the Annual General Meeting.

Copenhagen, 19 May 2017

Executive Board:



Jens N. Byrgesen
(Managing Director)

Board of Directors:



Niels Henrik Lindegaard
(Chairman)



Jens. N. Byrgesen



Henrik Larsen

Independent Auditor's Report

To the shareholders of Maersk Fluid Technology A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 01 January 2016 – 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Fluid Technology A/S for the financial year 01 January 2016– 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going

concern.

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

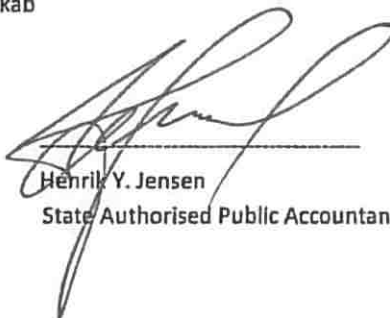
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 19 May 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab



Martin Lunden
State Authorised Public Accountant



Henrik Y. Jensen
State Authorised Public Accountant

Company Information

The Company

Maersk Fluid Technology A/S
Esplanaden 50
1098 Copenhagen K

Telephone: +45 3363 3363

Email: <mailto:motadm@maersk.com>

Company reg. no: 25598105

Financial period: 01 January 2016- 31 December 2016

Municipality of reg. office: Copenhagen

Board of Directors

Niels Henrik Lindegaard (Chairman)
Jens N. Byrgesen
Henrik Larsen

Executive Board

Jens N. Byrgesen (Managing Director)

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The Company's main activities

Maersk Fluid Technology is responsible for continued development of the SEA-Mate Blending on Board system and SEA-Mate Analyzer, as well as the ongoing operational and commercial activities related to the products. Blending on Board is considered as the future lubrication management system to be used for container vessels.

Development in operations and financial position

The result of the year ended with a loss of 2,748 thousand DKK against last year's profit 10,953 thousand DKK. The result of the year was impacted by generally lower freight rates in the marine industry, the financial challenges and constraints for the ship-owners, which resulted in a slowdown in retrofit investments, both within A.P. Moller-Maersk but equally for 3rd party customers.

For 2017 Maersk Fluid Technology expect the market conditions to be more favorable towards retrofit investments and the expansion of our distributor network during 2016, are expected to support our objectives for 3rd party business. The organizational changes taking place in A.P. Moller-Maersk during 2016, are also expected to generate further focus on lubrication oil and the related retrofit investment possibilities.

Financial statements 1 January - 31 December

Accounting policies

The annual report for Maersk Fluid Technology A/S for 2016 is presented in accordance with the regulations of the Danish Financial Statements Act concerning class B entities. The accounting policies applied remain unchanged from last year. The statement is presented in DKK 1,000, as in previous years.

General matters related to recognition and measurement

Assets are recognised in the balance sheet when it is probable that future financial benefits will move into the company and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future financial benefits will leave the company and the value of the liability can be measured reliably. Initially assets and liabilities are recognised at cost price, thereafter assets and liabilities are recognised as stated below for each item. Income is recognised in the income statement concurrently. Furthermore, expenses incurred to achieve the income for the year are recognised.

Foreign currency translation

Transactions in currencies other than the functional currency are translated at the exchange rate on the date of transaction. Monetary items in foreign currency not settled by the balance sheet date are translated at the exchange rate on the balance sheet date. Exchange rate gains and losses are recognised in the income statement under financial income and expenses.

Income statement

Revenue

Revenue is recognised in the income statement upon delivery and transfer of risk to buyer and if the income can be recognised reliably and payment is expected. Revenue is measured at fair value of the agreed price excluding VAT and duties collected on behalf of third parties. Discounts granted are recognised under revenue.

Change in inventories of finished goods

Cost of goods sold includes cost of blending systems, SEA-mate analyzers and related components.

Other external costs

Other external costs include other external expenses, management fees and other operating costs and expenses.

Staff costs

Staff costs include salaries, pension contribution and other staff costs.

Financial statements 1 January - 31 December

Accounting policies

Financial income and expenses

Financial income and expenses include interests, payables and transactions in foreign currency and amortisation of financial assets and liabilities.

Tax and deferred tax

The Company is part of A.P. Møller - Mærsk Group joint taxation. The actual Danish company tax is allocated at settlement between the companies being part of the joint taxation in accordance with their taxable income. Tax, comprising actual company tax (joint taxation) and changes in deferred tax is recognised in the income statement for items related to the income statement and directly in equity for items posted directly to equity. Deferred tax is calculated on differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets are recognised to the extent that it is probable that they can be utilised within a foreseeable future.

Balance sheet

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Receivables

Receivables are generally recognised at nominal value, which corresponds to amortised cost. Write-downs are made for anticipated losses.

Accrued Income

Accrued Income is initially recognised at its fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

Liabilities

Financial liabilities, comprising payables to credit institutions, trade payables and payables to affiliated companies, are initially recognised at cost cost price less transaction costs. In subsequent periods they are measured at amortised cost. Other liabilities are measured at net realisable value.

Financial Statements 1 January - 31 December

Income Statement

Note	2016 DKK 1,000	2015 DKK 1,000
1 Revenue	7,808	39,829
Change in inventories of finished goods	(3,146)	(17,428)
Other external costs	(5,001)	(6,069)
Gross profit	(339)	16,332
2 Staff costs	(4,302)	(4,689)
Result before financial items	(4,641)	11,643
3 Financial income	1,141	2,762
4 Financial expenses	(8)	(47)
Result before tax	(3,508)	14,358
5 Tax on profit/loss for the year	761	(3,405)
Result for the year	(2,747)	10,953
Distribution of profit/loss		
Retained earnings	(2,747)	10,953

Financial Statements 1 January - 31 December

Balance sheet

Note	Assets	2016 DKK 1,000	2015 DKK 1,000
	Current assets		
	Inventories	3,179	2,122
6	Trade receivables	964	461
	Accrued income	377	1,205
7	Receivables from affiliated companies	28,836	37,318
	Current tax receivables	772	–
	Total current assets	<u>34,128</u>	<u>41,106</u>
	TOTAL ASSETS	<u>34,128</u>	<u>41,106</u>

Note	Equity and liabilities	2016 DKK 1,000	2015 DKK 1,000
8	Equity		
	Share capital	540	540
	Retained earnings	27,423	30,170
	Total equity	<u>27,963</u>	<u>30,710</u>
	Current liabilities		
	Trade payables	213	1,185
	Accrued expenses	4,828	3,519
	Payables to affiliated companies	983	2,318
	Current tax payables	–	3,374
	Deferred income	141	–
	Total liabilities	<u>6,165</u>	<u>10,396</u>
	TOTAL EQUITY AND LIABILITIES	<u>34,128</u>	<u>41,106</u>

9 Ownership

10 Contingent Liabilities

Financial Statements 1 January - 31 December

Notes

DKK 1,000

1 Revenue

	2016	2015
	DKK 1,000	DKK 1,000
Sale of goods, external	881	1,574
Sale of services, external	83	–
Sale of goods, internal	6,644	34,726
Sale of services, internal	200	3,529
Revenue	7,808	39,829

2 Staff costs

	2016	2015
	DKK 1,000	DKK 1,000
Salaries	(4,161)	(3,580)
Pension contribution	(420)	(314)
Other staff costs	279	(795)
Staff costs	(4,302)	(4,689)

3 Financial income

	2016	2015
	DKK 1,000	DKK 1,000
Interest received from group companies	115	23
Exchange rate adjustments, income	1,009	2,060
Other financial income	17	679
Financial income	1,141	2,762

4 Financial expenses

	2016	2015
	DKK 1,000	DKK 1,000
Interest expenses, external	(8)	(3)
Exchange rate adjustments, cost	–	(44)
Financial expenses	(8)	(47)

5 Tax

	2016	2015
	DKK 1,000	DKK 1,000
Tax attributes to profit/loss is made up of		
Tax expense/income	772	(3,374)
Previous year Tax adjustment	(11)	(31)
	761	(3,405)

6 Trade receivables

	2016	2015
	DKK 1,000	DKK 1,000
Trade receivables	1,572	370
Badt debt provisions	(778)	(43)
Other receivables	170	134
Trade receivables	964	461

7 Receivables from affiliated companies

	2016	2015
	DKK 1,000	DKK 1,000
Trade receivables	2,026	5,739
Internal cash pooling with ultimate holding corporation	26,810	31,579
Receivables from affiliated companies	28,836	37,318

8 Equity

	Share capital	Retained earnings	Total equity
Balance January 1st, 2016	540	30,170	30,710
Net profit/loss for the year	–	(2,747)	(2,747)
Balance December 31st, 2016	540	27,423	27,963

The share capital has developed as follows:

	2016
Share capital January 1st 2016	540
Capital increase	–
Capital decrease	–
Share capital at 31 December 2016	540

The share capital at 31 December 2016 comprises 540 shares of total nominal value of 1,000 DKK. No shares hold special rights

There have been no changes in the share capital during the last 5 years.

9 Ownership

Maersk A/S, Company reg. no.: 22757016
 50 Esplanaden
 DK-1098 Copenhagen K

holds 100% of the share capital and voting rights.

The Company is included in the consolidated financial statements for A.P. Møller - Mærsk A/S, Copenhagen and A.P. Møller Holding A/S, Copenhagen. The consolidated statement for A.P. Møller - Mærsk A/S is available at the group website: <http://investor.maersk.com/financials.cfm>

10 Contingent Liabilities

The Company is part of A.P. Møller - Mærsk Group joint taxation and the Companies herein are jointly and severally liable for the taxes that concern the joint taxation. The actual Danish company tax is allocated at settlement between the companies being part of the joint taxation in accordance with their taxable income.