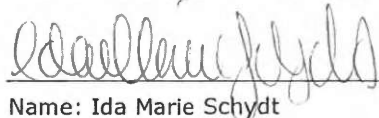


**Maersk Supply Service
International A/S**
Esplanaden 50
1263 Copenhagen K
Central Business Registration No
27552161

Annual report 2018

The Annual General Meeting adopted the annual report on 16.05.2019

Chairman of the General Meeting



Name: Ida Marie Schydt

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	7
Balance sheet at 31.12.2018	8
Statement of changes in equity for 2018	10
Notes	11
Accounting policies	15

Entity details

Entity

Maersk Supply Service International A/S
Esplanaden 50
1263 Copenhagen K

Central Business Registration No: 27552161

Founded: 18.12.2003

Registered In: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Carsten Gram Haagensen, Chairman
Mads Dehlsen Winther
Claus Bachmann

Executive Board

Mads Dehlsen Winther

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Maersk Supply Service International A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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

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

Copenhagen, 16.05.2019

Executive Board



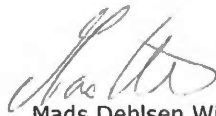
Mads Dehlsen Winther

Board of Directors



Carsten Gram Haagensen

Chairman



Mads Dehlsen Winther



Claus Bachmann

Independent auditor's report

To the shareholders of Maersk Supply Service International 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 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Supply Service International A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

Management's responsibilities for the financial statements

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

Independent auditor's report

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 scepticism throughout the audit. We also:

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

Independent auditor's report

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 16.05.2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Martin Lunden

State Authorised Public Accountant

mne32209

Management commentary

Primary activities

Maersk Supply Service International A/S holds interests in companies with Maersk Supply Service activities.

Development in activities and finances

The result for the year was a loss of USD 343 million (2017: -193 million), driven by the write down of investments in subsidiaries.

Additional paid in capital

During the year Maersk Supply Service A/S has made a capital injection in Maersk Supply Service International A/S of USD 399 million (2017: USD 295 million) as a cash contribution.

Events after the balance sheet date

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

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>USD'000</u>	<u>2017</u> <u>USD'000</u>
Other external expenses		(21)	(2)
Operating profit/loss		(21)	(2)
Other financial income	2	0	29
Impairment of financial assets	3	(333,127)	(193,434)
Other financial expenses		(10)	0
Profit/loss before tax		(333,158)	(193,407)
Tax on profit/loss for the year	4	5	(5)
Profit/loss for the year		(333,153)	(193,412)
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		110,000	0
Retained earnings		(443,153)	(193,412)
		(333,153)	(193,412)

Balance sheet at 31.12.2018

	Notes	2018 USD'000	2017 USD'000
Investments in subsidiaries		328,793	262,941
Fixed asset investments	5	328,793	262,941
Fixed assets		328,793	262,941
Receivables from group enterprises		19,019	19,591
Income tax receivable		6	0
Receivables		19,025	19,591
Current assets		19,025	19,591
Assets		347,818	282,532

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Share capital		84	84
Retained earnings		237,669	282,322
Proposed dividend		<u>110,000</u>	<u>0</u>
Equity		<u>347,753</u>	<u>282,406</u>
Trade payables		9	2
Payables to group enterprises		56	122
Income tax payable		<u>0</u>	<u>2</u>
Current liabilities other than provisions		<u>65</u>	<u>126</u>
Liabilities other than provisions		<u>65</u>	<u>126</u>
Equity and liabilities		<u>347,818</u>	<u>282,532</u>
Special items	1		
Contingent liabilities	6		
Related parties with controlling interest	7		

Statement of changes in equity for 2018

	Share capital USD'000	Retained earnings USD'000	Proposed dividend USD'000	Total USD'000
Equity beginning of year	84	282,322	0	282,406
Additional paid in capital	0	398,500	0	398,500
Profit/loss for the year	0	(443,153)	110,000	(333,153)
Equity end of year	84	237,669	110,000	347,753

Notes

1. Special Items

Special items include significant impairment on investments in subsidiaries amounting to USD 343 million (2017: USD 193 million).

The fair value estimates are highly uncertain due to the nature of the assets. The value in use calculations for the individual cash generating units are sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate and EBITDA margin in the terminal period are critical variables. The day rates in the short to medium term are expected to remain low. In line with analysts in the market, management expects a gradual move towards more economically sustainable rates in the long-term. Due to the uncertain prospects for off-contract vessels, and limited headroom in the deepwater segment, further impairment write downs may be recognized in the coming years, if the market decline continues for a longer period.

	2018	2017
	USD'000	USD'000
2. Other financial income		
Exchange rate adjustments	0	29
	0	29

3. Impairment of financial assets

Impairment of financial assets comprises write down on investments in subsidiaries of USD 344 million (2017: USD 193 million).

	2018	2017
	USD'000	USD'000
4. Tax on profit/loss for the year		
Tax on current year taxable income	(5)	2
Adjustment concerning previous years	0	3
	(5)	5

Notes

	Investments in subsidiaries USD'000
5. Fixed asset investments	
Cost beginning of year	456,375
Additions	<u>398,979</u>
Cost end of year	<u>855,354</u>
Impairment losses beginning of year	(193,434)
Impairment losses for the year	<u>(333,127)</u>
Impairment losses end of year	<u>(526,561)</u>
Carrying amount end of year	<u>328,793</u>

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity USD'000</u>	<u>Profit/loss USD'000</u>
Investments in group enterprises comprise:					
Maersk Supply Service Nigeria A/S**	Denmark	A/S	100.0	(3)	(2,503)
Maersk Supply Service Brazil Holding A/S**	Denmark	A/S	100.0	(23,597)	(12,171)
Maersk Supply Service Canada Ltd.*	Canada	Ltd.	100.0	26,153	(8,325)
Maersk Supply Service UK Ltd.*	United Kingdom	Ltd.	100.0	260,706	(79,959)
Maersk Supply Service Subsea UK Ltd.*	United Kingdom	Ltd.	100.0	227,798	(73,324)
Maersk Supply Service France SAS*	France	SAS	100.0	(261)	(368)
Maersk Supply Service Singapore Ltd.*	Singapore	Ltd.	100.0	1	0
Maersk Crewing Australia Pty Ltd.*	Australia	Ltd.	100.0	82	(24)
Maersk Supply Service (Angola) S.A.*	Angola	S.A.	49.0	(2,172)	(266)
Maersk Supply Service Apoio Maritimo Ltda.*	Brazil	Ltda.	100.0	5,256	(10,136)
Maersk Supply Service Congo SA*	Congo	SA	100.0	23	(62)
Maersk Supply Service Philippines A/S**	Denmark	A/S	100.0	458	(21)
Maersk Supply America Latina Servicos Maritimos Ltda.***	Brazil	Ltda.	100.0	NA	NA

Notes

Maersk Supply						
Service Novo	Canada	Ltd.	100.0	16	3	
Scotia Ltd.*						

* Annual Report 2017 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2017, and the profit is calculated using the average exchange rate for 2017).

** Annual Report 2018 (converted from local currency to USD, share capital and equity has been calculated using the exchange rates as of 31 December 2018, and the profit is calculated using the average exchange rate for 2018).

***: No published financial statements available.

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which A.P. Møller Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

There are no other contingent liabilities at 31 December 2018.

7. Related parties with controlling interest

Controlling interest:

Majority shareholder: Maersk Supply Service A/S, Esplanaden 50, 1263 Copenhagen K, Denmark.

Other related parties:

Companies affiliated with A.P. Møller – Mærsk A/S and A.P. Møller Holding A/S.

The Company's related parties include the members of the Board of Directors, Management and the key executives, as well as the related family members of these persons. Related parties also include companies in which the above-mentioned persons have a significant interest.

Transactions:

During the financial year, related party transactions have been conducted on an arm's length basis.

Consolidated annual accounts:

The Company is included in the consolidated financial statements for A.P. Møller – Mærsk A/S, Esplanaden 50, 1263 Copenhagen K, Denmark and A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K, Denmark.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year and the Annual Accounts are presented in American dollars (USD). The exchange rate of USD to DKK was 6.521 at 31 December 2018 (2016: DKK 6.602).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The Annual Accounts of Maersk Supply Service International A/S and its group enterprises are included in the consolidated annual accounts for A.P. Møller – Mærsk A/S, Copenhagen, CVR nr. 22 75 62 14.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Other external expenses

Other external expenses comprise costs of administration etc.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and transactions in foreign currencies.

Tax on profit/loss for the year

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

The Company is jointly taxed with group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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