

MAERSK TANKERS A/S

(Central Business Registration no: 28 67 35 90)

Annual Report 2015
(9th Accounting Year)

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

Copenhagen, 20 / 5 2016



Chairman of the meeting

Esplanaden 50, 1263 København K

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Company information

Maersk Tankers A/S
Esplanaden 50
1263 København K
Denmark

Registration no.:	28 67 35 90
Founded:	7 December 2006
Domicile:	Copenhagen
Financial year:	1 January - 31 December

Board of directors

Nils Smedegaard Andersen (Chairman)
Trond Ødegård Westlie
Morten Henrik Engelstoft
Anne Pindborg

Management

Morten Henrik Engelstoft

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

General meeting

20 May 2016

Amounts in USD million

Financial highlights

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<i>Revenue</i>	623	655	775	1,020	-
<i>Profit before depreciation and impairment losses</i>	153	29	(26)	20	-
<i>Financial items, net</i>	(6)	86	(37)	(62)	(2)
<i>Profit/loss for the year</i>	171	210	(403)	(544)	(2)
<i>Total assets</i>	1,587	1,610	2,189	2,623	943
<i>Equity</i>	990	1,414	1,209	1,612	298
<i>Investments in tangible fixed assets</i>	130	133	125	16	-
<i>Profit margin</i>	24.5%	4.4%	-3.3%	1.9%	-
<i>Equity ratio</i>	62.4%	87.8%	55.2%	61.5%	31.7%
<i>Return on equity</i>	14.2%	16.0%	-28.6%	-56.9%	-1.1%

Management's review

Maersk Tankers A/S is a 100% owned subsidiary of A.P. Møller - Mærsk A/S. Maersk Tankers A/S and subsidiaries' (hereafter: "Maersk Tankers") objective is to manage shipping, chartering and other transportation business.

Activities for the year

Profit for the year was USD 171 million (2014: USD 210 million) after net reversal of impairments of USD 91 million (2014: USD 139 million). The result is at a satisfactory level.

The result was positively affected by improved earnings across all segments, cost saving initiatives, reversal of impairments on affiliated companies and reversal of provision for onerous contracts of USD 36 million (2014: provision of USD 0 million).

Investments and divestments

To renew the product fleet, Maersk Tankers have in 2014 and 2015 ordered a total of 19 new build MR vessels. Two of the vessels were delivered in 2015 and the remaining vessels will be delivered until 2018.

Events after balance sheet date

No events have occurred after 31 December 2015 which may significantly affect the financial year 2015.

Expectations for 2016

Excluding impairment losses and reversals of provisions the 2016 result for Maersk Tankers is expected to be in line with 2015.

Risks

Maersk Tankers income is mainly in USD, whereas expenditure is spread across several currencies. Due to net earnings in USD, this currency is also the Maersk Tankers primary financing currency. Based on a specific assessment, Maersk Tankers uses financial instruments to reduce the impact of exchange rate fluctuations.

Maersk Tankers has a certain concentration of customers but no significant dependency on particular customers or suppliers. Maersk Tankers has no significant credit risks.

Management's review

Health, safety and environment

We place a high priority on the health, safety and security of our employees and assets as well as on the wellbeing of all those contributing to or affected by our operations. We promote the health, safety and security of all our employees through managing risks and changes with prudence and promoting a strong safety culture. It is the objective of Maersk Tankers to provide a safe workplace with zero work-related injuries. We promote good occupational health and a healthy lifestyle for all our employees.

We are committed to the protection and conservation of the environment and we aim to continuously reduce emissions, optimise our operations, have zero spills, zero incidents, avoid harm to the environment, and to find innovative and timely solutions for improvement. During 2015 we have improved performance on all HSE-priorities compared to 2014.

Diversity

The Board has a target for the diversity of the Company's shareholder-appointed board members with respect to the under-represented gender.

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognizes the advantages of a board comprising a wide range of backgrounds such as global experience, style, culture and gender.

On the basis of this ambition the Board has defined a target to increase the share of the under-represented gender on the Board to account for at least 33% of the shareholder-appointed Board members.

As of 31 December 2015 the target has not been reached but should be within the next 3 years.

Corporate Social Responsibility

Reference is made to the parent company A.P. Møller - Mærsk A/S' separate sustainability report on the website:

<http://www.maersk.com/en/the-maersk-group/sustainability/publications>

Management's statement

The Board of Directors and Management have today discussed and approved the Annual Report for the financial year 1 January - 31 December 2015 for Maersk Tankers A/S.

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 Company's assets, liabilities and financial position as of 31 December 2015 as well as the results of the Company's operations for financial year 1 January to 31 December the 2015.

Furthermore, in our opinion the Management's review contains a fair review of the development in the Company's operations and financial matters, the results of the Company's activities and financial position taken as a whole.


We recommend the Annual Report for adoption at the Annual General Meeting.

Copenhagen, 19 May 2016

Management

Morten Henrik Engelstoft

Board of Directors




Nils Smedegaard Andersen
Chairman



Morten Henrik Engelstoft



Trond Ødegård Westlie



Anne Pindborg

Independent auditors' report

To the shareholder of Maersk Tankers A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Maersk Tankers A/S for the financial year 1 January - 31 December 2015.

The financial statements comprise income statement, balance sheet, accounting policies and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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 that Management determines is necessary to enable the presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position as of 31 December 2015 and of the results of its operations and for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

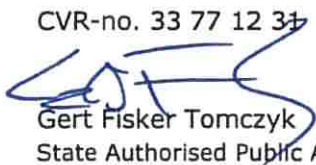
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 19 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-no. 33 77 12 34



Gert Fisker Tomczyk
State Authorised Public Accountant



MIKKEL STYR
State Authorised Public Accountant

Amounts in USD '000

<i>Note</i>	Income statement	2015	2014
1	Revenue	622,908	654,606
2	External costs	(470,260)	(625,505)
	Profit/loss before depreciation and impairment losses	152,648	29,101
6,7	Depreciation and impairment losses	(49,762)	(47,333)
	Result on sale of non-current assets, net	(16,506)	3,946
	Profit/loss before financial items	86,380	(14,286)
8	Impairment/reversal of affiliated and associated companies	91,000	139,000
3	Financial income	23,097	120,249
4	Financial expenses	(29,481)	(34,615)
	Profit/loss before tax	170,996	210,348
5	Tax on profit for the year	121	(35)
	Profit/loss for the year	171,117	210,313
	Proposal for distribution of the profit for the year		
	Proposed dividend for the financial year	0	600,000
	Retained earnings	171,117	(389,687)
	Total Distribution	171,117	210,313

Amounts in USD '000

<i>Note</i> Assets	2015	2014
IT software	2,400	1,636
6 Total intangible assets	2,400	1,636
Vessels etc.	420,571	498,033
7 Total tangible fixed assets	420,571	498,033
Investment in affiliated companies	900,574	828,437
Investment in associated companies	639	639
8 Total fixed asset investments	901,213	829,076
Total non-current assets	1,324,184	1,328,745
Total inventories	8,582	15,703
Trade receivables	55,935	63,614
Receivables from affiliated companies	133,521	127,863
Other receivables	11,084	7,896
Prepayments	9,367	19,804
Total receivables	209,907	219,177
9 Cash and bank balances	44,222	46,231
Total current assets	262,711	281,111
TOTAL ASSETS	1,586,895	1,609,856

Amounts in USD '000

<i>Note</i> Liabilities	<u>2015</u>	<u>2014</u>
Share capital	51,401	51,401
Proposed dividend	0	600,000
Retained earnings	938,141	762,499
10 Total equity	<u>989,542</u>	<u>1,413,900</u>
11 Other provisions	<u>5,968</u>	<u>39,253</u>
Total provisions	<u>5,968</u>	<u>39,253</u>
Bank and other credit institutions, etc.	169	46
Trade payables	56,245	56,345
Payables to affiliated companies	504,771	59,610
Deferred income	5,699	8,770
Tax payables	269	3,146
Value of hedging contracts, etc.	1,390	6,631
Other payables	22,842	22,155
Total current liabilities	<u>591,385</u>	<u>156,703</u>
Total liabilities	<u>591,385</u>	<u>156,703</u>
TOTAL LIABILITIES	<u>1,586,895</u>	<u>1,609,856</u>
12 Other financial obligations		
13 Related parties		
14 Accounting policies		

Amounts in USD '000

*Note***1 Revenue - Geographical segments**

Distribution of revenue is based on the destination, split into three principal regions; Europe, North and South America and Other Regions.

Revenue	2015	2014
Europe	274,198	325,785
North and South America	112,662	134,932
Other Regions ¹⁾	236,048	193,888
	622,908	654,606

1) Other regions primarily include Africa, Asia and the Middle East.

2 External cost

The Company has no directly employed persons, as all the employees working with the Company's activities are employed by Rederiet A.P. Møller A/S or other affiliates. In the accounting year, an average of 1,104 persons (2014: 1,044 persons) were engaged in the Company's activities.

The total payroll cost was USD 71 million (2014: USD 78 million).

Persuant to section 98(b)(3) of the Danish Financial Statements Act, remuneration to Management has not been disclosed.

No emoluments have been paid to the Board of Directors.

3 Financial income

	2015	2014
Dividend received	771	76,570
Other financial income	22,326	43,679
	23,097	120,249

4 Financial expenses

Interest expenses to affiliated companies	(18,334)	(32,958)
Other financial expenses	(11,147)	(1,658)
	(29,481)	(34,615)

5 Tax on profit for the year

Current tax	121	(35)
	121	(35)

The Company is subject to the Danish tonnage tax scheme. The Company has a joint taxation scheme with A.P. Møller Holding A/S.

Amounts in USD '000

Note

6 Intangible assets	<u>2015</u>
	<u>It software</u>
Cost as of January 1	12,043
Addition during the year	2,095
Disposals during the year	(10,930)
Cost as of December 31	<u>3,208</u>
Amortisation and impairment losses as of January 1	(10,407)
Amortisation and impairment for the year	(1,331)
Disposals during the year	10,930
Amortisation and impairment losses as of December 31	<u>(808)</u>
Carrying amount as of December 31	<u>2,400</u>
7 Tangible fixed assets	<u>2015</u>
	<u>Vessels</u>
Cost as of January 1	807,643
Addition during the year	130,068
Disposal during the year	(194,569)
Cost as of December 31	<u>743,142</u>
Depreciation and impairment losses as of January 1	(309,610)
Depreciation and impairment for the year	(48,431)
Disposal during the year	35,470
Depreciation and impairment losses as of December 31	<u>(322,571)</u>
Carrying amount as of December 31	<u>420,571</u>

Tangible fixed assets includes assets under construction net USD 0.9 million, (2014: USD 2.5 million).

Amounts in USD '000

Note

8 Investments in subsidiaries

	2015
Cost as of January 1	1,413,747
Additions during the year	121
Repayments of investments	(18,983)
Cost as of December 31	<u>1,394,884</u>
Impairments as of January 1	585,310
Impairment for the year	9,000
Reversal of impairment for the year	(100,000)
Impairments as of December 31	<u>494,310</u>
Carrying amount as of December 31	<u>900,574</u>

Subsidiaries

Name	Domicile	Capital	Equity	Profit/loss	Ownership interest
Broström General Partner A/S	Denmark	90	1,032	10	100%
Maersk Gas Carriers Pte. Ltd. 1)	Singapore	5,000	5,001	0	100%
Maersk Tankers MR General Partner A/S	Denmark	90	2,930	762	100%
O.P.S.A. Operadora Portuaria S.A. 2)	Venezuela	12	2,533	2,306	100%
Maersk Tankers Singapore Pte. Ltd.	Singapore	1,170,000	873,725	99,512	100%
Maersk Tankers Holland B.V. 2)	Holland	937	18,393	(40)	100%
Maersk Tankers France SAS 2)	France	6,616	(42,927)	(29,624)	100%
Bro A B.V. 2)	Holland	30,057	10,255	426	100%
Maersk Product Tankers A/S	Denmark	92	68	(11)	100%
Handytankers K/S	Denmark	13	14	(2)	100%
Broström AB 1)	Sweden	10,158	12,514	11,147	100%
Nova Tankers A/S	Denmark	86	82	(2)	100%
Maersk Tankers LR2 General Partners A/S	Denmark	75	72	(3)	100%
Broström K/S	Denmark	12	11	(1)	100%
Maersk Tankers MR K/S	Denmark	12	10	(2)	100%
Maersk Tankers LR2 K/S	Denmark	12	11	(1)	100%

Investments in associated companies

	2015
Cost as of January 1	639
Disposals	0
Cost as of December 31	<u>639</u>

Associated companies

Name	Domicile	Capital	Equity	Profit	Ownership interest
Long Range 2 A/S	Denmark	57	65	3	50%
LR2 Management K/S	Denmark	18	980	(178)	50%

1) 2014-figures

2) 2013-figures

Amounts in USD '000

Note

9 Cash and bank balances

USD 44 million of the total liquid funds are classified as restricted funds (2014: USD 45 million)

10 Equity

	Share capital	Proposed dividend	Retained earnings etc.	Total
Equity as of January 1	51,401	600,000	762,499	1,413,900
Transferred distribution of the profit for the year	0	0	171,117	171,117
Paid dividends	0	(600,000)	0	(600,000)
Cash flow hedge	0	0	4,525	4,525
Equity as of December 31	51,401	0	938,141	989,542

Share capital

Share capital of nominally USD 51.4 million is divided into 51,401 shares of a nominal value of USD 1,000 each.

Changes in the Company's share capital the last 5 years:

Share capital as of January 1, 2010	89
Capital increases in 2011	10,050
Capital increases in 2012	41,262
Share capital as of December 31	51,401

11 Other provisions

Provisions as of January 1	39,253
Provisions for the year	5,748
Provisions used/reversed during the year	(39,033)
Other provisions as of December 31	5,968
Maturities for provisions are expected to be:	
Within a year	5,538
Between one and five years	430
	5,968

*Note***12 Other financial obligations****Other obligations**

The Company is subject to the tonnage tax scheme. Tax may become payable on the sale of vessels or on withdrawal from the tonnage tax scheme.

The Company is part of national joint taxation in Denmark with A.P. Møller Holding A/S, and is jointly liable with other Danish companies within the Maersk Group for corporate- and withholding tax to Denmark.

Maersk Tankers is involved in a number of legal disputes. Some of these involve significant amounts and are subject to considerable uncertainty.

Leasing obligation

Maersk Tankers A/S has entered into operating leasing obligations totaling USD 267 million (December 31 2014: USD 781 million) until 2028, hereof USD 188 million to related parties (December 31 2014: USD 713 million).

13 Related parties

Maersk Tankers A/S' related parties include:

Controlling interest

Maersk Tankers A/S is 100% owned by A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K, registration no. 22 75 62 14.

The Company is included in the consolidated accounts for A.P. Møller - Mærsk A/S and the ultimate shareholder A.P. Møller Holding A/S, registration no. 25 67 92 88.

Other related parties with significant interest

Companies affiliated and associated with the Maersk Group.

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 abovementioned persons have a significant interest.

Transactions with related parties

As part of its usual trading, the Company purchases and sells goods and services from/to companies in the Maersk Group.

*Note***14 Accounting policies**

The Annual Report 2015 of Maersk Tankers A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class-C (large) companies.

In accordance with provision 112 of the Danish Financial Statements Act, no consolidated accounts have been presented as Maersk Tankers A/S and its subsidiaries are included in the consolidated accounts of A.P. Møller - Mærsk A/S.

The accounting policies are unchanged compared to last year.

Significant accounting estimates and judgements

Significant uncertainty regarding valuation of onerous time charter contracts and vessels within Maersk Tankers A/S and subsidiaries remains.

Recognition and measurement

Income is recognised in the income statement as earned. All expenses are recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable. On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Foreign Currency Translation

USD is used as presentation currency and functional currency, as the majority of the Company's transactions are in USD. Transactions in currencies other than the functional currency are translated to the exchange rate on the date of the 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.

On December 31 2015, the exchange rate was DKK/USD 683.00 (December 31 2014: DKK/USD 612.14).

*Note***14 Accounting policies, continued****Revenue**

Revenue is recognized as the service is rendered, by which incomplete voyages are recognized at the share related to the financial year.

External costs

External costs includes costs for staff, Daily Running Costs, costs for premises, costs for rental of vessels, administration etc.

Financial items

Financial income and expenses are recognized in the income statement at the amount relating to the financial year. Financial items include interest income and expense, gains and losses on transactions in foreign currency.

Tax on profit for the year

Tax on profit for the year includes the amount expected to be paid for the year plus adjustment concerning previous years, deferred tax and Danish Tonnage Tax.

Balance Sheet**Intangible fixed assets**

Intangible fixed assets are measured at cost less of accumulated depreciation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

IT software is amortised over a useful life of 3-5 years.

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 for new vessels is typically 20 years.

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.

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 production.

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

*Note***14 Accounting policies, continued****Investments in subsidiaries and associated companies**

Investments in subsidiaries and associated companies are recognized and measured at cost or at a lower fair value.

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, either individually or in groups.

Prepayments

Prepayments, listed as assets, are recognised on the basis of prepaid costs.

Derivatives

Derivatives are measured at fair value and included under the item "Value of hedging contracts, etc." (assets and liabilities).

Changes to the value of derivatives, used to hedge the value of recognised assets or liabilities, are included in the income statement together with the changes in the value of these assets and liabilities.

Changes to the value of derivatives, used to hedge future transactions, are recognised directly in equity until the hedged transactions are realised, at which time value changes are recognised in the income statement.

Changes to the value of derivatives that do not meet the requirements for being considered as hedging instruments are included in the income statement as financial income and expenses.

Provisions

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

Prepayments

Prepayments, listed as liabilities, are recognised on the basis of received payments concerning subsequent income years.

Financial liabilities

Financial liabilities are initially recognised at the proceeds received and considering discounting when the time element is significant. Any premium or discount is amortised over the term of the liabilities.

Note

14 Accounting policies, continued

Cash flow statement

No Cash flow statement has been presented as cash flow from Maersk Tankers A/S and its subsidiaries are included in the consolidated Cash flow statement of A.P. Møller - Mærsk A/S.

Financial highlights

The ratios and figures shown in the statement of financial highlights are computed as follows:

Profit margin

$$\frac{\text{Profit before depreciation and impairment losses}}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity, closing}}{\text{Total liabilities, closing}}$$

Return on equity

$$\frac{\text{Profit/loss for the year}}{\text{Average equity}}$$