

MAERSK H2S SAFETY SERVICES A/S

Ravnevej 12
6705 Esbjerg Ø

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

24/04/2017

Katrine Zacho
Chairman of general meeting

Content**Company informations**

Company informations	3
----------------------------	---

Reports

Statement by Management	4
-------------------------------	---

Reports

The independent auditor's report on financial statements	5
--	---

Management's Review

Management's Review	7
---------------------------	---

Key figures and Financial Ratios	7
--	---

Financial statement

Accounting Policies	9
---------------------------	---

Income statement	12
------------------------	----

Balance sheet	13
---------------------	----

Statement of changes in equity	15
--------------------------------------	----

Disclosures	16
-------------------	----

Company information

Reporting company MAERSK H2S SAFETY SERVICES A/S
Ravnevej 12
6705 Esbjerg Ø
Phone number: 76138000
CVR-nr: 29193487
Reporting period: 01/01/2016 - 31/12/2016

Auditor PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Herredsvej 32
7100 Vejle
DK Denmark
CVR-nr: 33771231
P-number: 1016976209

Statement by Management

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk H2S Safety Services 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 Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for 2016.

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

Esbjerg, the 28/03/2017

Management

Peter Skjærbæk

Board of directors

Jan Matthiesen

Claus Bihl
Chairman

Thommas Ludvig

The independent auditor's report on financial statements

To the Shareholders of Maersk H2S Safety Services 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 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk H2S Safety Services A/S for the financial year 1 January - 31 December 2016, 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.

Responsibilities of management 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 responsibility

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.

Statement on the 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.

Vejle, 28/03/2017

Morten Elbæk Jensen
State Authorised Public Accountant
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR: 33771231

Management's Review

The main activities of MAERSK H2S SAFETY SERVICES A/S are to provide services to the oil and gas industry, in particular the supply of H2S contingency, supervision, instruction and servicing of safety equipment.

Profit for the year was DKK 3.9 million against DKK 7.1 million last year.

The primary activities of MAERSK H2S SAFETY SERVICES A/S have been in line with expectations. Profit before financial income and expenses has also been as expected and is considered satisfactory, taken the market in consideration.

The Company's activities include the operation of a Branch in Norway, Brunei and Congo, which provides services to the oil and gas industry, including, in particular, H2S response and servicing of safety equipment in the offshore market. New Branch in Congo has been established in September 2016. The Company has subsidiaries in Italy, Australia and Brazil which also provides services to oil and gas industry.

Investments for the year were as expected and included, in particular, investment in and replacement of safety equipment.

MAERSK H2S SAFETY SERVICES A/S income is spread across several currencies. Based on specific assessments the company uses financial instruments to reduce this risk and impact in general of exchange rate fluctuation, etc.

The main customers of MAERSK H2S SAFETY SERVICES A/S are dependent on the oil price and should this deteriorate further it will also have an influence on MAERSK H2S SAFETY SERVICES A/S business.

The Company has a certain concentration of customers but no significant dependency on any particular customer. The Company has no significant credit risk.

The Company has adopted and participated in joint efforts within the Group to document and live up to the ideal of good corporate social responsibility. The report is available at

www.maersk.com/en/the-maersk-group/sustainability/reports

The activity in 2017 is expected to be at the same level as 2016, but with profit at a lower level, mainly due to the decrease in oil prices.

Key figures and Financial Ratios

	2016	2015	2014	2013	2012
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Gross profit or loss	38,1	43,7	34,4	31,0	28,7
Profit before financial income and expenses	4,4	6,6	4,3	5,9	2,4
Net financials	0,3	0,5	0,9	0,6	8,7

Ordinary profit for the year	3,9	7,1	2,8	5,0	10,4
Profit (loss)	3,9	7,1	2,8	5,0	10,4
Total assets	68,5	61,6	66,1	52,2	46,0
Investment in property, plant and equipment	8,4	4,6	27,6	6,6	3,8
Equity	57,6	53,7	46,6	43,8	38,9

Financial ratios

Return on invested capital	9,7 %	13,3 %	10,9 %	20,5 %	7,9 %
Assets/Equity	1.2	1.1	1.4	1.2	1.2
Return on equity	7,0 %	14,1 %	6,2 %	12,0 %	30,8 %
Average number of employees	53	59	52	47	43

For definition of Key ratios, see under accounting policies.

Link to statement regarding social responsibility

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

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, medium-size enterprise.

The Annual Report of MAERSK H2S SAFETY SERVICES A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting Class C.

Consolidated financial statements are not prepared in accordance with the provisions set out in Section 112 of the Danish Financial Statements Act. MAERSK H2S SAFETY SERVICES A/S and its subsidiaries are included in the consolidated financial statements for A.P. Møller - Maersk A/S - CVR no. (Business Registration Number) 22 75 62 14 based in Copenhagen.

In accordance with the Danish Financial Statements Act section 86 (4), the cash flow statement has not been included.

The Annual Report are prepared using the same accounting policies as last year and is presented in DKK.

Recognition and measurement

The income statement recognises income as earned. This includes recognition of value adjustments for financial assets and liabilities. The income statement also recognises all costs including depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company and the value of the liability can be reliably measured.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, including a constant effective interest rate over the term. Amortised cost is calculated as original cost less any repayments and plus / less the accumulated amortisation of the difference between cost and nominal amount.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or disprove affairs and conditions existing at the balance sheet date.

Translation policies

Foreign currency transactions are translated at the exchange rates at the dates of transaction.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rates at the balance sheet date.

Exchange differences are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Revenue

Revenue of services is recognised in the income statement when delivery and transfer of risk has been made before year end.

Other external expenses

Other external expenses include costs for sales, distribution, administration and purchasing services for re-sale.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Other operating income and expenses

Other operating income and expenses include accounting items of a secondary nature in terms of the Company's principal activities, including gains and losses on the sale of tangible fixed assets.

Amortisation and depreciation

Amortisation and depreciation comprise amortisation and depreciation of property, plant and equipment.

Financial income and expenses

Financial items include amortised interest rates etc., on financial receivables, other interest rates, gains and losses on foreign currency items.

Tax on profit for the year

MAERSK H2S SAFETY SERVICES A/S is part of a group taxed jointly with a number of Danish companies. Danish corporation tax is allocated between the jointly taxed companies (full allocation). The jointly taxed companies are part of the joint tax scheme.

Deferred tax is recognised from temporary differences between accounting and tax values of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the value at which they are expected to be used. Tax assets are recognised in the balance sheet under current assets.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation is calculated on a linear basis over the expected useful lives of the assets, taking into account estimated residual values. The expected useful lives are:

Plant, equipment and machinery	3 - 10 years
Leasehold improvements	5 years

Depreciation period and residual value are re-assessed annually.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost or recoverable value, whichever is lower.

Inventories

Inventories are measured at cost. In cases where the net realisable value is lower than the cost, a write-down is made to this lower value.

Receivables

Receivables are measured at nominal value. A write-down is made for anticipated losses.

Prepayments

Prepayments recognised as assets include costs incurred relating to subsequent financial years.

Equity**Dividend**

Proposed dividends are recognised as a liability at the time of adoption at the General Meeting. The expected dividend payment for the year is shown as a separate equity item.

Liabilities

Financial liabilities are recognised on the date on which the loan is borrowed for the proceeds received net of transaction costs. In subsequent periods, loans are measured at amortised cost, so that the difference between the proceeds and the nominal value is recognised in the income statement as interest expense over the loan period.

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

Key ratios

Definition of key ratios.

Return on invested capital (ROIC) = Profit before financials x 100 / Average operating assets

Assets/Equity = Total assets at year end / Equity at year end

Return on equity (ROE) = Net profit for the year x 100 / Average equity

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Income from investments in group enterprises and associates ..			760,000
Gross profit (loss)		38,117,000	43,733,000
Employee expense	1	-23,669,000	-26,671,000
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-10,081,000	-10,453,000
Profit (loss) from ordinary operating activities		4,367,000	6,609,000
Other finance income	2	317,000	145,000
Other finance expenses	3	-4,000	-430,000
Profit (loss) from ordinary activities before tax		4,680,000	7,084,000
Tax expense	4	-771,000	3,000
Profit (loss)		3,909,000	7,087,000

Balance sheet 31 December 2016

Assets

	Disclosure	2016 kr.	2015 kr.
Plant and machinery		27,117,000	28,391,000
Leasehold improvements		1,634,000	2,040,000
Property, plant and equipment	5	28,751,000	30,431,000
Investments in group enterprises		12,321,000	5,672,000
Investments	6	12,321,000	5,672,000
Total non-current assets		41,072,000	36,103,000
Manufactured goods and goods for resale		344,000	241,000
Inventories		344,000	241,000
Trade receivables		10,582,000	9,136,000
Receivables from group enterprises		16,081,000	15,884,000
Other receivables		308,000	185,000
Deferred income assets		61,000	60,000
Receivables		27,032,000	25,265,000
Cash and cash equivalents		34,000	11,000
Current assets		27,410,000	25,517,000
Total assets		68,482,000	61,620,000

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.	2015 kr.
Contributed capital		6,000,000	6,000,000
Retained earnings		41,627,000	47,718,000
Proposed dividend		10,000,000	0
Total equity		57,627,000	53,718,000
Provisions for deferred tax	7	661,000	1,446,000
Provisions, gross		661,000	1,446,000
Trade payables		5,793,000	2,095,000
Payables to group enterprises		245,000	27,000
Tax payables		1,263,000	1,822,000
Other payables, including tax payables, liabilities other than provisions		2,893,000	2,512,000
Short-term liabilities other than provisions, gross		10,194,000	6,456,000
Liabilities other than provisions, gross		10,194,000	6,456,000
Liabilities and equity, gross		68,482,000	61,620,000

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
	kr.	kr.	kr.	kr.
Equity, beginning balance	6,000,000	47,718,000	0	53,718,000
Dividend	0	-10,000,000	10,000,000	0
Profit (Loss)	0	3,909,000	0	3,909,000
Equity, ending balance	6,000,000	41,627,000	10,000,000	57,627,000

The share capital consists of 3 shares with nominal values of DKK 500,000, DKK 1,000,000 and DKK 4,500,000. No shares carry any special rights.

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

Disclosures

1. Employee expense

	2016	2015
	kr.	kr.
Wages and salaries	21,960,000	24,761,000
Pensions	1,632,000	1,828,000
Social security contributions	77,000	82,000
	<u>23,669,000</u>	<u>26,671,000</u>
Average number of employees	53	59

Remuneration to the Executive Board has not been disclosed in accordance with section 98b paragraph 3 of the Danish Financial Statements Act.

2. Other finance income

	2016	2017
	kr.	kr.
Interest received from group enterprises	14,000	140,000
Other interest income	303,000	5,000
	<u>317,000</u>	<u>145,000</u>

3. Other finance expenses

	2016	2015
	kr.	kr.
Interest paid to group enterprises	0	363,000
Other interest expenses	4,000	67,000
	<u>4,000</u>	<u>430,000</u>

4. Tax expense

	2016	2015
	kr.	kr.
Current tax	1,263,000	1,822,000
Changes in deferred tax	-785,000	-1,244,000
Prior year adjustments	39,000	-657,000
Other taxes	254,000	76,000
	771,000	-3,000

5. Property, plant and equipment

	Plants and machinery	Leasehold improvement
	kr.	kr.
Cost, beginning of year	70,863,000	2,128,000
Increase	8,118,000	283,000
Decrease	0	0
Cost, end of year	78,981,000	2,412,000
Depreciations, beginning of year	-42,472,000	-88,000
Depreciations, this year	-9,392,000	-689,000
Reversal on disposal	0	0
Depreciations, end of year	-51,864,000	-778,000
Carrying value, end of year	27,117,000	1,634,000

6. Investments

	Investments in group enterprises kr.
Cost, beginning of year	5,672,000
Increase	6,649,000
Decrease	0
Cost, end of year	12,321,000
Net revaluations, beginning of year	0
Share of profit (loss), see disclosure	0
Distributed dividends	0
Net revaluations, end of year	0
Carrying value, end of year	12,321,000

Investments in group enterprises include:

Name, legal form and homeplace	Ownership	Equity	Profit (loss)
Maersk H2S Safety Services Australia Pty Ltd.*, Australia	100%		
Maersk H2S Safety Services Italia Srl., Italy	100%	4,009,000	-2,087,000
Maersk H2S Safety Services Brasil Ltda., Brazil	99%	2,740,000	1,723,000

*No local Annual Report is prepared.

7. Provisions for deferred tax

	2016 kr.	2015 kr.
Deferred tax, beginning of year	1,446,000	2,690,000
Deferred tax for the year recognised in profit/loss	-785,000	-1,244,000
Deferred tax, end of year	661,000	1,446,000

Deferred tax relates to:

Intangible assets	-1,135,000	-1,135,000
Tangible fixed assets	1,796,000	2,581,000
	661,000	1,446,000

8. Disclosure of significant events occurring after end of reporting period

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

9. Disclosure of contingent assets

Rental agreements and leases:

Lease obligations, period of non-term inability, 16 years : MDKK 11,4

10. Disclosure of contingent liabilities

Maersk H2S Safety Services A/S is a Danish joint taxation company and is therefore jointly and severally liable for tax on taxed income, etc.

11. Disclosure of ownership

Related parties

The parent company Maersk Training A/S Svendborg and A.P. Moller - Maersk A/S, Copenhagen both have a controlling interest.

Group relations

The Company is included in the consolidated financial statements for A.P. Moller - Maersk A/S.

12. Information on transactions with related parties made on an arm's length basis

Transactions with related parties take place on market terms. Transactions are disclosed according to the Danish Financial Statements Act section 98c.7.

13. Proposed distribution of results

	2016	2015
	kr.	kr.
Proposed dividend recognised in equity	10,000,000	0
Retained earnings	-6,091,000	7,087,000
Proposed distribution of profit (loss)	3,909,000	7,087,000