



**MAERSK H2S SAFETY SERVICES A/S**  
**Ravnevej 12, 6705 Esbjerg Ø**

**Annual Report**  
**2017**

The Annual Report was presented and adopted at  
the Company's Annual General Meeting

11 / 4 2018

Alice Vestergaard Trolle  
Chairman

CVR no. (Business Registration number) 29 19 34 87

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## Company Information

### **The Company**

MAERSK H2S SAFETY SERVICES A/S  
Ravnevej 12  
6705 Esbjerg Ø

Telephone: 7613 8000

Website: [www.maerskh2s.com](http://www.maerskh2s.com)

E-mail: [finance@maerskh2s.com](mailto:finance@maerskh2s.com)

CVR no. (Business Registration number): 29 19 34 87

Municipality of reg. office: Esbjerg

### **Board of Directors**

Johan Uggla (Chairman)  
Thommas Ludvig  
Jan Matthiesen

### **Executive Board**

Peter Skjærbæk

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

### **Annual General Meeting**

The Annual General Meeting is scheduled to be held in March 2018.

## Financial highlights

	<u>2017</u> MDKK	<u>2016</u> MDKK	<u>2015</u> MDKK	<u>2014</u> MDKK	<u>2013</u> MDKK
<b>Income Statement:</b>					
Gross profit/loss	43.0	38.1	43.7	34.4	31.0
Profit before financial income and expenses	11.3	4.4	6.6	4.3	5.9
Financial income and expenses	1.2	0.3	0.5	0.9	0.6
Ordinary profit for the year	8.2	3.9	7.1	2.8	5.0
Profit for the year	8.2	3.9	7.1	2.8	5.0
<b>Balance Sheet:</b>					
Total Assets	99.0	68.5	61.6	66.1	52.2
Investment in Property, plant and equipment	11.5	8.4	4.6	27.6	6.6
Equity	55.9	57.6	53.7	46.6	43.8
<b>Staff:</b>					
Average number of employees	45	53	59	52	47
<b>Key figures:</b>					
Return on Invested Capital	17.7%	9,7%	13.3%	10.9%	20.5%
Assets/Equity	1.8	1.2	1.1	1.4	1.2
Return on Equity	14.5%	7,0%	14.1%	6.2%	12.0%

For definition of Key ratios, see under accounting policies.

## **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 8.2 million against DKK 3.9 million last year.

The primary activities of MAERSK H2S SAFETY SERVICES A/S have been above expectations. Profit before financial income and expenses has also been better than expected and is considered satisfactory.

The Company's activities include the operation of Branches 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. The Company has subsidiaries in Italy, Australia and Brazil which provides the same services.

Investments for the year were at a higher level as expected and included, in particular, investment in and replacement of safety equipment. The higher investment level is mainly due to tender won in Italy and Egypt.

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 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

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

The activity in 2018 is expected to be at the same level as 2017, but with profit at a lower level, due to high focus on cost from our clients and constantly requirement of lower prices.

## **Management's Statement**

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 2017.

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 2017 and of the results of the Company's operations for 2017.

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

Esbjerg, 27 March 2018

### **Executive Board**

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Peter Skjærbæk

### **Board of Directors**

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Johan Ugglå  
Chairman

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Thommas Ludvig

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Jan Matthiesen

## Independent Auditor's Report

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 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 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 2017, 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.

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.

Vejle, 27 March 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Morten Elbæk Jensen

State Authorised Public Accountant

mne27737

## Income Statement 1 January – 31 December

TDKK	Note	<u>2017</u>	<u>2016</u>
<b>Gross profit</b>		<b>43,017</b>	<b>38,117</b>
Staff expenses	1	-21,307	-23,669
Depreciation and amortisation of plant and equipment	5	-10,558	-10,081
Other operating income		115	0
<b>Profit before financial income and expenses</b>		<b>11,267</b>	<b>4,367</b>
Income from investments in subsidiaries	6	0	0
Financial income	2	236	317
Financial expenses	3	-1,396	-4
<b>Profit before tax</b>		<b>10,107</b>	<b>4,680</b>
Tax on profit for the year	4	-1,866	-771
<b>Profit for the year</b>		<b>8,241</b>	<b>3,909</b>
 <b>Proposed distribution of profit</b>	 7		

## Balance Sheet as at 31 December

TDKK	Note	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>Property, plant and equipment</b>	5		
Plant, equipment and machinery		28,536	27,117
Leasehold improvements		<u>1,152</u>	<u>1,634</u>
		<u>29,688</u>	<u>28,751</u>
<b>Fixed asset investments</b>			
Investments in subsidiaries	6	<u>12,321</u>	<u>12,321</u>
		<u>12,321</u>	<u>12,321</u>
<b>Fixed assets</b>		<u><b>42,009</b></u>	<u><b>41,072</b></u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>325</u>	<u>344</u>
		<u>325</u>	<u>344</u>
<b>Receivables</b>			
Trade receivables		19,383	10,582
Receivables from group enterprises		21,932	16,081
Other receivables		1,156	308
Prepayments		<u>11,561</u>	<u>61</u>
		<u>54,032</u>	<u>27,032</u>
Cash at bank and in hand		<u>2,664</u>	<u>34</u>
<b>Current assets</b>		<u><b>57,021</b></u>	<u><b>27,410</b></u>
<b>ASSETS</b>		<u><b>99,030</b></u>	<u><b>68,482</b></u>

## Balance Sheet as at 31 December

TDKK	Note	<u>2017</u>	<u>2016</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share Capital		6,000	6,000
Retained earnings		39,868	41,627
Proposed dividend for the year		<u>10,000</u>	<u>10,000</u>
<b>Equity</b>		<b><u>55,868</u></b>	<b><u>57,627</u></b>
<b>Provisions</b>			
Provision for deferred tax	8	<u>442</u>	<u>661</u>
<b>Provisions</b>		<b><u>442</u></b>	<b><u>661</u></b>
<b>Short-term debt</b>			
Trade payables		23,569	5,793
Payables to group enterprises		15,259	245
Corporation tax		512	1,263
Other payables		<u>3,380</u>	<u>2,893</u>
<b>Short-term debt</b>		<b><u>42,720</u></b>	<b><u>10,194</u></b>
<b>LIABILITIES AND EQUITY</b>		<b><u>99,030</u></b>	<b><u>68,482</u></b>
<b>Contingent assets, liabilities and other financial obligations</b>			
	9		
<b>Related parties</b>			
	10		
<b>Subsequent events</b>			
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## Statement of Changes in Equity

### TDKK

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2017	6.000	41.627	10.000	57.627
Paid ordinary dividend	0	0	-10.000	-10.000
Net Profit for the year	0	8.241	0	8.241
Proposed dividend	<u>0</u>	<u>-10.000</u>	<u>10.000</u>	<u>0</u>
<b>Equity at 31 December 2017</b>	<b><u>6.000</u></b>	<b><u>39.868</u></b>	<b><u>10.000</u></b>	<b><u>55.868</u></b>

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.

## Notes to the Financial Statements

TDKK

	<u>2017</u>	<u>2016</u>
<b>1 - Staff expenses</b>		
Salaries and wages	19.720	21.960
Pensions	1.516	1.632
Other social security expenses	<u>71</u>	<u>77</u>
	<u><b>21.307</b></u>	<u><b>23.669</b></u>
Average number of employees	<u><b>45</b></u>	<u><b>53</b></u>

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

<b>2 - Financial income</b>		
Interest received from group enterprises	233	14
Other interest income	<u>3</u>	<u>303</u>
	<u><b>236</b></u>	<u><b>317</b></u>

<b>3 - Financial expenses</b>		
Interest paid to group enterprises	125	0
Other interest expenses	<u>1.271</u>	<u>4</u>
	<u><b>1.396</b></u>	<u><b>4</b></u>

<b>4 - Tax on profit for the year</b>		
Current tax for the year	415	1.263
Deferred tax for the year	-219	-785
Adjustment of tax concerning previous years	254	39
Other taxes	<u>1.416</u>	<u>254</u>
	<u><b>1.866</b></u>	<u><b>771</b></u>

## Notes to the Financial Statements

### TDKK

	Plant, equip- ment and machinery	Leasehold improvement
<b>5 – Property, plant and equipment</b>		
Cost at 1 January 2017	78.981	2.412
Additions for the year	11.494	0
Disposals for the year	<u>-254</u>	<u>0</u>
Cost at 31 December 2017	<u>90.221</u>	<u>2.412</u>
Depreciation at 1 January 2017	51.864	778
Depreciation for the year	10.075	482
Depreciation of sold assets for the year	<u>-254</u>	<u>0</u>
Depreciation at 31 December 2017	<u>61.685</u>	<u>1.260</u>
<b>Carrying amount at 31 December 2017</b>	<b><u>28.536</u></b>	<b><u>1.152</u></b>

### 6 - Investments in subsidiaries

Cost at 1 January 2017	12.321
Additions for the year	0
Disposals for the year	<u>0</u>
Cost at 31 December 2017	<u>12.321</u>
Value adjustments at 1 January 2017	0
Value adjustment for the year	<u>0</u>
Value adjustments at 31 December 2017	<u>0</u>
<b>Carrying amount at 31 December 2017</b>	<b><u>12.321</u></b>

Investments in subsidiaries are specified as follows:

	<u>Place of registered office</u>	<u>Ownership</u>	<u>Net profit/ loss</u>	<u>Equity</u>
Maersk H2S Safety Services Australia Pty Ltd.*	Australia	100%		
Maersk H2S Safety Services Italia Srl.	Italy	100%	-463	3.530
Maersk H2S Safety Services Brasil Ltda.	Brazil	99%	779	4.142

\* No local Annual Report is prepared.

## Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
<b>7 – Proposed distribution of profit</b>		
Proposed dividend for the year	10.000	10.000
Retained earnings	<u>-1.759</u>	<u>-6.091</u>
	<u>8.241</u>	<u>3.909</u>
<b>8 – Deferred tax</b>		
Deferred tax at 1 January 2017	661	1.446
Deferred tax for the year recognized in profit/loss for the year	<u>-219</u>	<u>-785</u>
<b>Deferred tax at 31 December 2017</b>	<u>442</u>	<u>661</u>
Deferred tax relates to:		
Intangible assets	-1.135	-1.135
Tangible fixed assets	<u>1.577</u>	<u>1.796</u>
<b>Deferred tax at 31 December 2017</b>	<u><u>442</u></u>	<u><u>661</u></u>

### 9 – Contingent asset, liabilities and other financial obligations

#### *Contingent liabilities*

Rental agreements and leases:

Lease obligations, period of non-term inability, 15 years MDKK 10.7

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.

### 10 - Related parties

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

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

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

### 11 – Subsequent events

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



## Notes, Accounting Policies

The Annual Report of MAERSK H2S SAFETY SERVICES A/S for 2017 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. Moller - 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.

## Notes, Accounting Policies

### 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.

## Notes, Accounting Policies

### 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.

## Notes, Accounting Policies

### Key ratios

Definition of key ratios.

Return on invested  
capital (ROIC) =  $\frac{\text{Profit before financials} \times 100}{\text{Average operating assets}}$

Assets/Equity =  $\frac{\text{Total assets at year end}}{\text{Equity at year end}}$

Return on equity =  
(ROE)  $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$