Svitzer Towage A/S

c/o Svitzer A/S, Pakhus 48, Sundkaj 9, DK-2150
Nordhavn

Annual Report for 1 January - 31 December 2016

CVR No 29 53 72 16

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2017

Malin Mattson
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svitzer Towage A/S ('the Company') 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 Annual Report gives a true and fair view of the assets and liabilities, financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 31 May 2017

Executive Board

Karl Thorngren

Board of Directors

Knud Winkler Chairman	Karl Thorngren	David Paul Phillips

Independent Auditor's Report

To the Shareholder of Svitzer Towage 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 Svitzer Towage A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, accounting policies and notes ('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.

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.

Copenhagen, 31 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen	Henrik Mikkelsen
State Authorised Public Accountant	State Authorised Public Accountant

Company Information

The Company	Svitzer Towage A/S c/o Svitzer A/S Pakhus 48, Sundkaj 9 DK-2150 Nordhavn Telephone: 39 19 39 19 CVR No: 29 53 72 16 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Main activity	The purpose of the company is to operate in the towing-, pump-out businesses, and in similar activities with the company's own or chartered vessels.
Board of Directors	Knud Winkler, Chairman Karl Thorngren David Paul Phillips
Executive Board	Karl Thorngren
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2016 AUD ('000)	2015 AUD ('000)
Gross profit/loss		**14,270**	**3,915**
Staff costs	2	-207	-163
Depreciation, amortisation and impairment of property, plant and equipment		-4,247	-743
Profit/loss before financial income and expenses		**9,816**	**3,009**
Financial income	3	1,530	10,486
Financial expenses	4	-786	-496
Profit/loss before tax		**10,560**	**12,999**
Tax on profit/loss for the year	5	5,281	10,957
Net profit/loss for the year		**15,841**	**23,956**

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	0	52,976
Proposed dividend for the year	0	0
Retained earnings	15,841	-29,020
	15,841	**23,956**

Balance Sheet 31 December

Assets

	Note	2016 AUD ('000)	2015 AUD ('000)
Ships		84,084	72,257
Property, plant and equipment in progress		79,783	37,523
Property, plant and equipment	6	**163,867**	**109,780**
Fixed assets		**163,867**	**109,780**
Loan receivables		0	0
Receivables from group enterprises		24,600	67,654
Other receivables		110	6,995
Deferred tax asset		17,117	14,022
Receivables		**41,828**	**88,671**
Currents assets		**41,828**	**88,671**
Assets		**205,694**	**198,451**

Balance Sheet 31 December

Liabilities and equity

	Note	2016 AUD ('000)	2015 AUD ('000)
Share capital		12,097	12,097
Retained earnings		187,005	169,534
Equity	7	**199,102**	**181,631**
Trade payables		27	16
Payables to group enterprises		6,278	13,635
Corporation tax		0	721
Other payables		286	2,448
Short-term debt		**6,591**	**16,820**
Debt		**6,591**	**16,820**
Liabilities and equity		**205,694**	**198,451**

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Notes to the Financial Statements

1 Main activities of the company

The purpose of the company is to operate in the towing and pump-out businesses and in similar activities with the company's own or chartered vessels

2 Staff costs

	2016 AUD ('000)	2015 AUD ('000)
Other social security expenses	207	163
	207	**163**
Average number of employees	2	1

3 Financial income

Interest received from group enterprises	562	1,480
Other financial income	1	0
Exchange rate adjustments	967	9,006
	1,530	10,486

4 Financial expenses

Interest paid to group enterprises	0	12
Other financial expenses	786	475
Exchange rate adjustments	0	9
	786	**496**

5 Tax on profit/loss for the year

Current tax for the year	-3,097	-2,643
Deferred tax for the year	6,843	13,600
Adjustment of tax concerning previous years	1,535	0
	5,281	10,957

Notes to the Financial Statements

6 Property, plant and equipment

	Ships AUD ('000)	Property, plant and equipment in progress AUD ('000)	Total AUD ('000)
Cost at 1 January	73,000	37,523	110,523
Additions for the year	16,075	42,260	58,335
Cost at 31 December	89,075	79,783	168,858
Impairment losses and depreciation at 1 January	743	0	743
Depreciation for the year	4,247	0	4,247
Impairment losses and depreciation at 31 December	4,990	0	4,990
Carrying amount at 31 December	**84,084**	**79,783**	**163,867**

7 Equity

	Share capital AUD ('000)	Retained earnings AUD ('000)	Total AUD ('000)
Equity at 1 January	12,097	169,534	181,631
Net profit/loss for the year	0	15,841	15,842
Fair value adjustment of hedging instruments	0	2,170	2,170
Tax on value adjustment of hedging instruments	0	-651	-651
Other adjustments	0	110	110
Equity at 31 December	**12,097**	**187,005**	**199,102**

The share capital comprises two shares, one A share in the amount of nominal DKK 53,781,750 (Common Share) and one B share in the amount of nominal DKK 543,250 (preference share). Restrictions apply regarding rights to receive dividends between the two share classes. Each share amount of DKK 1,000 represents one vote, however certain changes to the articles of association require consensus by both share classes. The total share capital has remained unchanged for the last five years.

The fully issued and paid share capital, DKK 54,325,000, had been translated to AUD 12,096,955 using the registration date exchange rate of DKK 4,490 to 1 AUD (as per April 2006).

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the A.P. Moller – Maersk Group and for the Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax.

9 Related parties and ownership

Svitzer A/S has the controlling interest and holds 100% of the A shares, whereas one B share has been issued to Maersk FPSOs A/S.

All Svitzer Group companies, A.P. Moller – Maersk Group companies and the ultimate parent company, A.P. Møller Holding A/S, are considered related parties.

The financial statements of the company are included in both the consolidated financial statements of A.P. Møller – Mærsk A/S and A.P. Møller Holding A/S, which are available at the companies' registered office address, Esplanaden 50, DK-1098 Copenhagen K. Further, the consolidated financial statements of A.P. Møller – Mærsk A/S can be downloaded from the website www.maersk.com.

Notes to the Financial Statements

10 Accounting Policies

Basis of Preparation

The financial statements of Svitzer Towage A/S for 2016 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial statements for 2016 are presented in AUD.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared as the Company is part of the consolidated financial statements prepared for A.P. Møller – Mærsk A/S, incorporated in Denmark under registration no. 22756214.

Cash flow statement

With reference to section 86 par. 4 of the Danish Financial Statements Act, the Company does not prepare a cash flow statement as the Company is included in the consolidated cash flow statement of A.P. Møller - Mærsk Group.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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 measured reliably.

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 measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

Notes to the Financial Statements

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments and adjustments of investments.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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 based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Ships	20-25	years

Notes to the Financial Statements

Receivables

Receivables and receivables from group enterprises are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as 'Other receivables' and 'Other Payables' respectively.

Changes in the fair values if derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payment and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.