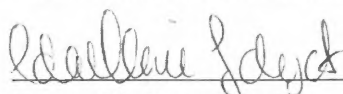


**Maersk Supply Service
Brazil Holdings A/S**
Esplanaden 50
1263 Copenhagen K
Central Business Registration No
32320139

Annual report 2018

The Annual General Meeting adopted the annual report on 16.05.2019

Chairman of the General Meeting



Name: Ida Marie Schydt

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Entity details

Entity

Maersk Supply Service Brazil Holdings A/S
Esplanaden 50
1263 Copenhagen K

Central Business Registration No: 32320139
Founded: 13.04.2010
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Carsten Gram Haagensen, Chairman
Mads Dehlsen Winther
Claus Bachmann

Executive Board

Mads Dehlsen Winther

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by Management on the annual report

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

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

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

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

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

Copenhagen, 16.05.2019

Executive Board



Mads Dehlsen Winther

Board of Directors



Carsten Gram-Hagensen
Chairman



Mads Dehlsen Winther



Claus Bachmann

Independent auditor's report

To the shareholders of Maersk Supply Service Brazil Holdings A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

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

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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

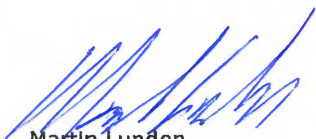
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 16.05.2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Martin Lunden

State Authorised Public Accountant

mne32209

Management commentary

Primary activities

Maersk Supply Service Brazil Holding A/S holds interests in Maersk Supply Service Apoio Maritimo Ltda.

The Company is registered in Brazil with activities including the ownership and operation of offshore support vessels and the operation of chartered vessels.

Development in activities and finances

The result for the year was a loss of USD 16 million (2017: USD -39 million), driven by the write down of the investments in the Brazilian subsidiary.

Additional paid in capital

During the year Maersk Supply Service International A/S has made a capital injection in Maersk Supply Service Brazil Holdings A/S of USD 16 million as a cash contribution.

Events after the balance sheet date

No events have occurred after the balance sheet date, which may significantly affect the financial year 2018.

Income statement for 2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Other external expenses		(5)	(4)
Operating profit/loss		(5)	(4)
Impairment of financial assets	3	(15.938)	(38.503)
Other financial expenses		(62)	(92)
Profit/loss before tax		(16.005)	(38.599)
Tax on profit/loss for the year	4	11	7
Profit/loss for the year		(15.994)	(38.592)
Proposed distribution of profit/loss			
Retained earnings		(15.994)	(38.592)
		(15.994)	(38.592)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>USD'000</u>	<u>2017</u> <u>USD'000</u>
Investments in subsidiaries		<u>0</u>	<u>0</u>
Fixed asset investments	5	<u>0</u>	<u>0</u>
Fixed assets		<u>0</u>	<u>0</u>
Receivables from group enterprises		13	3
Other receivables		1	0
Income tax receivable		<u>11</u>	<u>7</u>
Receivables		<u>25</u>	<u>10</u>
Current assets		<u>25</u>	<u>10</u>
Assets		<u>25</u>	<u>10</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Share capital		913	913
Retained earnings		<u>(28.333)</u>	<u>(28.339)</u>
Equity		<u>(27.420)</u>	<u>(27.426)</u>
Trade payables		6	1
Payables to group enterprises		<u>27.439</u>	<u>27.435</u>
Current liabilities other than provisions		<u>27.445</u>	<u>27.436</u>
Liabilities other than provisions		<u>27.445</u>	<u>27.436</u>
Equity and liabilities		<u>25</u>	<u>10</u>
Going concern	1		
Special items	2		
Contingent liabilities	6		
Related parties with controlling interest	7		

Statement of changes in equity for 2018

	Share capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	913	(28.339)	(27.426)
Additional paid in capital	0	16.000	16.000
Profit/loss for the year	0	(15.994)	(15.994)
Equity end of year	913	(28.333)	(27.420)

Notes

1. Going concern

In connection with the board of directors and the management's assessment of the assumption of going concern which forms the basis of the preparation of the Financial Statements of Maersk Supply Service Brazil Holdings A/S for 2018 we, Maersk Supply Service International A/S, being the parent company, hereby inform that we in line with prior practice have the intention to support Maersk Supply Service Brazil Holdings A/S to the extent necessary to finance the Company's operating activities and to settle its financial obligations as they fall due until the date of publishing of the financial statements for 2019.

Based on this, the financial statements of Maersk Supply Service Brazil Holdings A/S are based on the assumption of going concern.

2. Special items

Special items include significant impairment on investments in subsidiaries amounting to USD 16 million (2017: USD 39 million).

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

3. Impairment of financial assets

Impairment of financial assets comprises write down on investments of USD 16 million (2017: USD 39 million).

	2018	2017
	USD'000	USD'000
4. Tax on profit/loss for the year		
Tax on current year taxable income	(11)	(8)
Adjustment concerning previous years	<u>0</u>	<u>1</u>
	<u>(11)</u>	<u>(7)</u>

Notes

	Investments in subsidiaries
	USD'000
5. Fixed asset investments	
Cost beginning of year	66.773
Additions	15.938
Cost end of year	82.711
Impairment losses beginning of year	(66.773)
Impairment losses for the year	(15.938)
Impairment losses end of year	(82.711)
Carrying amount end of year	0

	Registered in	Corpo- rate form	Equity inte- rest %	Equity USD'000	Profit/loss USD'000
Investments in group enterprises comprise:					
Maersk Supply Service Apoio Maritimo Ltda.*	Brazil	Ltda.	100,0	5.256	(10.136)
Maersk Supply America Latina Servicios Maritimos Ltda.**	Brazil	Ltda.	100,0	NA	NA

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

** No published financial statements available.

6. Contingent liabilities

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

Notes

There are no other security or contingent liabilities at 31 December 2018.

7. Related parties with controlling interest

Related parties with controlling interest:

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

Other related parties:

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

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

Transactions:

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

Consolidated annual accounts:

The Company is included in the consolidated annual accounts of A.P. Møller – Mærsk A/S, Esplanaden 50, 1263 Copenhagen K and A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year and the Annual Accounts are presented in American dollars (USD). The exchange rate of USD to DKK was 6.521 at 31 December 2018 (2017: DKK 6.602).

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Other external expenses

Other external expenses comprise costs of administration etc.

Accounting policies

Impairment of financial assets

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

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Investments in group enterprises

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

Receivables

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

Income tax payable or receivable

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

Other financial liabilities

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

