

Maersk Supply Service Brazil Holdings A/S

Esplanaden 50, DK-1098 Copenhagen K

Company reg. no. 32 32 01 39

Annual report

1 January - 31 December 2016

The Annual Report have been submitted and approved by the General Meeting on the 30 May 2017.

Ida Marie Schydt
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk Supply Service Brazil Holdings 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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 30 May 2017

Executive Board

Kasper Mahon Andreasen

Board of Directors

Carsten Gram Haagenen
Chairman

Kasper Mahon Andreasen

Claus Bachmann

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To the shareholder 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 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 Supply Service Brazil Holdings 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.

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.

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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.

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- 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.

Hellerup, 30 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant

Martin Lunden
State Authorised Public Accountant

Company Data

The Company

Maersk Supply Service Brazil Holdings A/S
Esplanaden 50
DK-1098 Copenhagen K

Company reg. no. 32 32 01 39
Financial year: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Carsten Gram Haagensen, Chairman
Kasper Mahon Andreasen
Claus Bachmann

Executive Board

Kasper Mahon Andreasen

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The principal activities of the Company

Maersk Supply Service Brazil Holdings 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 financial matters

The result for the year was a loss of USD 28 million (2015: USD 0 million), driven by the writedown of the investment in the Brazilian subsidiary.

Events subsequent to the financial year

No events have occurred after 31 December 2016 which may significantly affect the financial year 2016.

Income Statement 1 January - 31 December

USD in thousands.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Other external expenses	-5	-2
Gross results	-5	-2
3 Impairment of financial assets	-28.270	0
Profit/loss before tax	-28.275	-2
2 Tax on profit/loss for the year	1	0
Results for the year	-28.274	-2
Proposed distribution of the results:		
Retained earnings	-28.274	-2
Distribution in total	-28.274	-2

Balance Sheet 31 December

USD in thousands.

Assets			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Fixed assets			
3	Investments in subsidiaries	<u>0</u>	<u>13.270</u>
	Financial fixed assets in total	<u>0</u>	<u>13.270</u>
	Fixed assets in total	<u>0</u>	<u>13.270</u>
Current assets			
	Corporation tax	<u>1</u>	<u>0</u>
	Debtors in total	<u>1</u>	<u>0</u>
	Current assets in total	<u>1</u>	<u>0</u>
	Assets in total	<u>1</u>	<u>13.270</u>

Balance Sheet 31 December

USD in thousands.

Equity and liabilities			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Equity			
4	Share capital	913	913
	Retained earnings	-28.342	-68
	Equity in total	-27.429	845
Liabilities			
	Trade payables	1	2
	Payables to group enterprises	27.429	12.423
	Short-term liabilities in total	27.430	12.425
	Liabilities in total	27.430	12.425
	Equity and liabilities in total	1	13.270
1	Going concern		
5	Contingencies		
6	Related parties		

Statement of Changes in Equity

USD in thousands.

	<u>Share capital</u>	<u>Retained earnings</u>	<u>In total</u>
Equity 1 January 2016	913	-68	845
Profit or loss for the year brought forward	<u>0</u>	<u>-28.274</u>	<u>-28.274</u>
	913	-28.342	-27.429

Notes

USD in thousands.

1. Going concern

The Company's shareholder has issued a letter of support confirming that the Shareholder will support Maersk Supply Service Brazil Holding 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 2017.

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

	<u>2016</u>	<u>2015</u>
2. Tax on profit/loss for the year		
Current tax for the year	-1	0
	<u>-1</u>	<u>0</u>
3. Investments in subsidiaries		
Cost at 1 January 2016	13.270	13.270
Additions during the year	15.000	0
Cost 31 December 2016	<u>28.270</u>	<u>13.270</u>
Impairment for the year	-28.270	0
Impairment 31 December 2016	<u>-28.270</u>	<u>0</u>
Book value 31 December 2016	<u>0</u>	<u>13.270</u>

The financial highlights for the subsidiaries according to the latest approved annual reports

USD in thousands	Share of ownership	Equity	Results for the year
Maersk Supply Service Apoio Maritimo Ltda., Brazil*	100 %	1.029	-10.537

* Annual Report 2015 (converted from BRL to USD, share capital and equity has been calculated using the exchange rate as of 31 December 2015, and the profit is calculated using the average exchange rate for 2015)

The impairment is considered a special item and relates to write-down on the net book value of the investment by declining market and reduced activity.

Notes

USD in thousands.

4. Share capital

The share capital consists of 50,000 shares of a nominal value of DKK 100 equal to USD '000 913. No shares carry any special rights.

5. Contingencies

Joint taxation

The Company is subject to the tonnage tax scheme. The Company is not subject to deferred tax. However, tax may become payable on the sale of vessels or on withdrawal from the tonnage tax scheme.

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

There are no other security and contingent liabilities at 31 December 2016.

6. Related parties

Controlling interest

Maersk Supply Service A/S
Esplanaden 50
DK-1098 Copenhagen K
Denmark

Majority shareholder

Other related parties

Companies affiliated with A. P. Møller - Mærsk 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 a significant interest.

Transactions

No transactions relating to purchases or sales of vessels with related parties has taken place during 2016.

Consolidated Annual Accounts

The Company is included in the Consolidated Annual Accounts of A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K and A.P. Møller Holding A/S, Esplanaden 50, 1098 Copenhagen K.

Accounting Policies used

The Annual Report for Maersk Supply Service Brazil Holdings A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the Company has chosen to comply with some of the rules applying for class C enterprises.

The Accounting Policies used are unchanged compared to last year, and the Annual Accounts are presented in American dollars (USD).

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. 22756214.

Recognition and measurement in general

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.

Translation of foreign currency

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Accounting Policies used

Income Statement

Other external expenses

Other external expenses comprise cost of administration etc.

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

The Balance Sheet

Financial fixed assets

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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.

Liabilities

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