

Maersk Supply Service West Africa A/S

Esplanaden 50
DK-1263 Copenhagen K

**Central Business Registration
No. 35239510**

Annual Report 2019

The Annual General Meeting adopted the annual report on 22.05.2020.

Chairman of the General Meeting



Name: Lene Blume Larsen

CONTENT

	Page
Company details	3
Statement by Management on the annual report	4
Independent auditor's report	5
Management's Commentary	8
Income statement for 2019	9
Balance sheet at 31 December 2019	10
Statement of changes in equity for 2019	12
Notes	13
Accounting policies	17

COMPANY DETAILS

The Company	Maersk Supply Service West Africa A/S Esplanaden 50 DK-1263 Copenhagen K Denmark
	CVR No.: 35239510
	Registered in: Copenhagen
	Registration date: 10 May 2013
	Accounting period: 1 January 2019 - 31 December 2019
Board of Directors	Karl Fredrik Mikael Thorngren (chairman) Carsten Gram Haagensen Mark Andrew Handin
Executive Board	Kristian Borum Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup Denmark CVR No. 33771231
Consolidated accounts	The Company is included in the consolidated accounts of A.P. Møller Holding A/S, Copenhagen and A.P. Møller – Mærsk A/S, Copenhagen.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and adopted the annual report of Maersk Supply Service West Africa A/S for the financial year 1 January - 31 December 2019.

The annual report for 2019 has been 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 2019 of the Company and of the results of the Company operations for 2019.


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

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 22 May 2020

Executive Board

Kristian Borum Jørgensen



Board of Directors

Karl Fredrik Mikael Thorngren
(chairman)



Carsten Gram Haagensen



Mark Andrew Handin

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Maersk Supply Service West Africa 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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Supply Service West Africa A/S for the financial year 1 January - 31 December 2019, 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 Commentary

Management is responsible for Management's Commentary.

Our opinion on the financial statements does not cover Management's Commentary, 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 Commentary and, in doing so, consider whether Management's Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Commentary 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 Commentary.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 scepticism throughout the audit. We also:

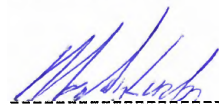
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 (continued)

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, 22 May 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31



Martin Lunden
State Authorised Public Accountant
mne32209



Martin Enderberg Lassen
State Authorised Public Accountant
mne40044

MANAGEMENT'S COMMENTARY

Primary activities

Maersk Supply Service West Africa A/S is a 100% owned subsidiary of Maersk Supply Service A/S, providing global services to the offshore industry including anchor handling, towage of drilling rigs and platforms, as well as supply vessel operation.

Development in activities and finances

The Income Statement of the Company for 2019 shows a loss of USD 3 million (2018: profit 1 million) and at 31 December 2019 the balance sheet of the Company shows an equity of USD 32 million (2018: USD 97 million).

Events after the balance sheet date

The COVID-19 pandemic will have significant impact on the global economy, with many governments across the world deciding to "close down their countries". Management considers the implications of COVID-19 a subsequent event, which occurred after the balance sheet date (31 December 2019). It is therefore a non-adjusting event for the Company.

The impairment test made by Management as at 31 December 2019 is based on the expected future cash flows as at that date. This will differ from the cash flows expected by Management at the time of adopting the Annual Report due to COVID-19, see comments in the section 'outlook' in Management's Commentary. Management is monitoring the development closely. It is, however, still too early to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020 and beyond. Naturally, Management will make every effort to recapture any lost revenue later in the year or in 2021.

In addition, no events have occurred after the reporting date of importance to the Annual Report.

INCOME STATEMENT

Amounts in USD 1,000

Note	<u>2019</u>	<u>2018</u>
Revenue	4,654	4,592
Other external expenses	<u>(5,631)</u>	<u>(5,759)</u>
Gross profit/loss	(977)	(1,167)
3 Depreciation, amortisation and impairment	<u>(2,010)</u>	2,427
Operating profit/loss	(2,987)	1,260
4 Other financial income	358	543
5 Impairment of financial assets	0	(187)
6 Other financial expenses	<u>(23)</u>	<u>(39)</u>
Profit/loss before tax	(2,652)	1,577
7 Tax	<u>(280)</u>	<u>(104)</u>
Profit/loss for the year	<u>(2,932)</u>	<u>1,473</u>
 Proposed distribution of profit/loss		
Retained earnings	<u>(2,932)</u>	1,473
	<u>(2,932)</u>	<u>1,473</u>

BALANCE SHEET 31 DECEMBER

Amounts in USD 1,000

Assets	<u>2019</u>	<u>2018</u>
8 Vessels	<u>28,595</u>	<u>29,766</u>
Vessels, plant and equipment	<u>28,595</u>	<u>29,766</u>
9 Investment in subsidiaries	<u>0</u>	<u>0</u>
Fixed asset investments	<u>0</u>	<u>0</u>
 Total Fixed Assets	 <u>28,595</u>	 <u>29,766</u>
 Manufactured goods and goods for resale	 <u>507</u>	 <u>575</u>
Inventories	<u>507</u>	<u>575</u>
Trade receivables	191	15
Receivables from affiliated companies	4,143	68,916
Other receivables	<u>14</u>	<u>85</u>
Receivables	<u>4,348</u>	<u>69,016</u>
 Cash	 <u>28</u>	 <u>0</u>
 Total current assets	 <u>4,883</u>	 <u>69,591</u>
 Assets	 <u>33,478</u>	 <u>99,357</u>

BALANCE SHEET 31 DECEMBER

Amounts in USD 1,000

Equity and liabilities

Note		<u>2019</u>	<u>2018</u>
10	Share capital	858	858
	Proposed dividend	0	62,000
	Retained earnings	<u>31,472</u>	<u>34,404</u>
	Total equity	<u>32,330</u>	<u>97,262</u>
	Trade payables	264	556
	Payables to affiliated companies	806	1,460
	Income tax payable	78	77
	Other payables	<u>0</u>	<u>2</u>
	Current liabilities	<u>1,148</u>	<u>2,095</u>
	Total liabilities	<u>1,148</u>	<u>2,095</u>
	Equity and liabilities	<u>33,478</u>	<u>99,357</u>

- 1 Special Items
- 2 Events after the balance sheet date
- 11 Contingent liabilities
- 12 Related parties with controlling interest
- 13 Transactions with related parties
- 14 Group relations

STATEMENT OF CHANGES IN EQUITY FOR 2019

Amounts in USD 1,000

	Share capital	Proposed dividend	Retained earnings	Total
1 January 2019	858	62,000	34,404	97,262
Dividend paid	0	(62,000)	-	(62,000)
Profit for the year	-	-	(2,932)	(2,932)
31 December 2019	858	0	31,472	32,330

NOTES

Amounts in USD 1,000

Note

1 **Special Items**

Special items include impairment reversals on vessels in 2019 amounting to USD 0.4 million (2018: USD 4.6 million) and impairment of investments in subsidiaries amounting to USD 0 thousand (2018: USD 187 thousand).

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 head-room in the deepwater segment, further impairment write downs may be recognized in the coming years, if the market decline continues for a longer period.

2 **Events after the balance sheet date**

The COVID-19 pandemic will have significant impact on the global economy, with many governments across the world deciding to "close down their countries". Management considers the implications of COVID-19 a subsequent event, which occurred after the balance sheet date (31 December 2019). It is therefore a non-adjusting event for the Company.

Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit for Maersk Supply Service West Africa A/S. It is, however, still too early to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

In addition, no events have occurred after the reporting date of importance to the Annual Report.

	<u>2019</u>	<u>2018</u>
3 Depreciation, amortisation and impairment		
Depreciation of vessels, plant and equipment	2,374	2,132
Impairment losses on vessels, plant and equipment	(364)	(4,559)
	<u>2,010</u>	<u>2,427</u>
4 Other financial income		
Financial income arising from affiliated companies	358	543
	<u>358</u>	<u>543</u>

NOTES (continued)

Amounts in USD 1,000

Note

5 Impairment of financial assets

Impairment of financial assets (2018) relates to write down of investment in Maersk Supply Service Griffon Ghana Limited.

	<u>2019</u>	<u>2018</u>
6 Other financial expenses		
Exchange rate adjustments	18	36
Other financial expenses	<u>5</u>	<u>3</u>
	<u>23</u>	<u>39</u>
7 Tax		
Tax on current year taxable income	(233)	(77)
Adjustments concerning previous years	<u>(47)</u>	<u>(27)</u>
	<u>(280)</u>	<u>(104)</u>
8 Vessels, plant and equipment		<u>Vessels</u>
Costs		
1 January 2019		58,540
Additions		<u>839</u>
31 December 2019		<u>59,379</u>
Depreciation and impairment losses		
1 January 2019		(28,774)
Impairment losses / reversals		364
Depreciation for the year		<u>(2,374)</u>
31 December 2019		<u>(30,784)</u>
Carrying amount 31 December 2019		<u>28,595</u>

NOTES (continued)

Amounts in USD 1,000

9 Fixed assets investments

	Investments in subsidiaries
Cost:	
1 January 2019	200
Addition	0
31 December 2019	<u>200</u>
Value adjustments:	
1 January 2019	(200)
Impairment losses for the year	0
31 December 2019	<u>0</u>
Carrying amount 31 December 2019	<u>0</u>

	Regi- stered in	Corpo- rate form	Equity interest %	Equity USD 1,000	Profit/loss USD 1,000
<i>Investment in group enterprises comprise:</i>					
Maersk Supply Service Griffon Ghana Limited *	Ghana	Limited	90%	N/A	N/A

* No published financial statements available.

10 Share capital

The share capital consists of 5,001 shares of a nominal value of DKK 1,000, equal to USD 858 thousands. No shares carry any special rights.

11 Contingent liabilities

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 participates in a Danish joint taxation arrangement in which A.P. Møller Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company 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 taxation arrangement is evident from the administration company's financial statements.

Apart of customary risk to operations, there are no other contingent liabilities at 31 December 2019.

NOTES (continued)

Amounts in USD 1,000

12 **Related parties with controlling interest**

Majority shareholder: Maersk Supply Service A/S, Esplanaden 50, 1263 Copenhagen, 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 a significant interest.

13 **Transactions with related parties**

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

14 **Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

A.P. Møller - Mærsk A/S, Esplanaden 50, 1263 Copenhagen K, Denmark

The Company is also included in the consolidated financial statements for A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K, Denmark.

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 Report are presented in American dollars (USD). The exchange rate of USD to DKK was 6.676 at 31 December 2019 (2018: DKK 6.521).

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

Recognition and measurement in general

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 Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

ACCOUNTING POLICIES (CONTINUED)

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for staff, daily running costs, administration etc.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to vessels, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Impairment of financial assets

Impairment of financial assets comprises Impairment of 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

The Company is included in the Tonnage Taxation scheme. 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 other Danish companies in the A.P. Møller Holding A/S group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

ACCOUNTING POLICIES (CONTINUED)

Balance sheet

Vessels, plant and equipment

Vessels, plant and equipment as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of vessels, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Vessels	20 years
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Estimated useful lives and residual values are reassessed annually.

Items of vessels, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries

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

Inventories

Inventories are measured at lower of cost, using the FIFO method and net realisable value.

Receivables

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

ACCOUNTING POLICIES (CONTINUED)

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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