

**Maersk Supply Service  
Nigeria A/S**  
Esplanaden 50  
1263 Copenhagen K  
Central Business Registration No  
37041637

**Annual report 2017**

The Annual General Meeting adopted the annual report on 25.05.2018

**Chairman of the General Meeting**

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Name: Ida Marie Schydt

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## Entity details

### Entity

Maersk Supply Service Nigeria A/S  
Esplanaden 50  
1263 Copenhagen K

Central Business Registration No: 37041637

Founded: 27.08.2015

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Carsten Gram Haagensen, Chairman  
Michael Krabbe  
Claus Bachmann

### Executive Board

Søren Torp Nielsen

### 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 Nigeria A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 25.05.2018

### Executive Board

Søren Torp Nielsen

### Board of Directors

Carsten Gram Haagensen  
Chairman

Michael Krabbe

Claus Bachmann

# Independent auditor's report

## To the shareholders of Maersk Supply Service Nigeria 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 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 Supply Service Nigeria 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 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 of 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

## Independent auditor's report

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.

## 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, 25.05.2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

State Authorised Public Accountant

mne32209

## Management commentary

	2017 USD'000	2015/16 USD'000
<b>Financial highlights</b>		
<b>Key figures</b>		
Revenue	3,046	15,693
Gross profit/loss	485	7,226
Operating profit/loss	(11,383)	3,595
Net financials	(945)	(2,971)
Profit/loss for the year	(12,713)	137
Total assets	3,223	51,140
Equity	(2,499)	10,214
<b>Ratios</b>		
Gross margin (%)	15.9	46.0
Equity ratio (%)	(77.5)	20.0
Profit margin (%)	(373.5)	22.9
Return assets (%)	(313.6)	7.0
Return on equity (%)	(500.7)	2.7
Solvency ratio (%)	(70.2)	20.0

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Profit margin (%)	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$	Profitability of the entity.
Return assets (%)	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$	Profitability ratio measuring net income produced by total assets.
Return on equity (%)	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$	Return on capital invested in the entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$	Solvency ratio measuring the ability to meet debt.

2016 was the Company's first financial year. The financial year was extended and covered the period from 27 August 2015 – 31 December 2016.



## Management commentary

### Primary activities

Maersk Supply Service Nigeria A/S is a 100% owned subsidiary of Maersk Supply Service International A/S, providing 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 2017 shows a loss of USD -13 million and at 31 December 2017 the balance sheet of the Company shows an equity of USD -3 million. The result for 2017 amounted to a loss of USD -13 million compared to a profit of USD 0 million in 2016.

### Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have been affected by a sales loss of USD -11 million and a rapid decline in activity.

### Outlook

As a result of the lower oil price, the markets we operate in are under severe pressure with activities dropping to historical low levels. Consequently, we expect low activity during 2018.

### Particular risks

There is no significant dependency on particular customers or suppliers. The Company has no significant credit risks.

The main risks to Maersk Supply Service Nigeria's performance relate to development in global demand for offshore support vessels and the corresponding development in day rates.

#### Foreign exchange risks:

The Company's income is mainly in USD, whereas expenditure is spread across several currencies. Due to net earnings in USD, this currency is also the Company's primary financing currency. Based on specific assessment, the Company uses financial instruments to reduce the impact of exchange rate fluctuations.

### Events after the balance sheet date

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

## Income statement for 2017

	<b>Notes</b>	<b>2017 USD'000</b>	<b>2015/16 USD'000</b>
Revenue		3,046	15,693
Other external expenses		<u>(2,561)</u>	<u>(8,467)</u>
<b>Gross profit/loss</b>		<b>485</b>	<b>7,226</b>
Depreciation, amortisation and impairment losses	2	(744)	(3,631)
Other operating expenses	3	<u>(11,124)</u>	<u>0</u>
<b>Operating profit/loss</b>		<b>(11,383)</b>	<b>3,595</b>
Other financial income	4	608	10
Other financial expenses	5	<u>(1,553)</u>	<u>(2,981)</u>
<b>Profit/loss before tax</b>		<b>(12,328)</b>	<b>624</b>
Tax on profit/loss for the year	6	<u>(385)</u>	<u>(487)</u>
<b>Profit/loss for the year</b>	7	<b><u>(12,713)</u></b>	<b><u>137</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2015/16 USD'000</u>
Vessels		0	43,369
<b>Vessels, plant and equipment</b>	8	<b>0</b>	<b>43,369</b>
<b>Fixed assets</b>		<b>0</b>	<b>43,369</b>
Raw materials and consumables		0	84
<b>Inventories</b>		<b>0</b>	<b>84</b>
Trade receivables		0	1,977
Receivables from group enterprises		3,098	3,506
Other receivables		0	176
Income tax receivable		72	394
<b>Receivables</b>		<b>3,170</b>	<b>6,053</b>
<b>Cash</b>		<b>53</b>	<b>1,634</b>
<b>Current assets</b>		<b>3,223</b>	<b>7,771</b>
<b>Assets</b>		<b>3,223</b>	<b>51,140</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD'000</u>	<u>2015/16 USD'000</u>
Share capital		77	77
Retained earnings		(2,576)	10,137
<b>Equity</b>		<b>(2,499)</b>	<b>10,214</b>
Other provisions	9	0	214
<b>Provisions</b>		<b>0</b>	<b>214</b>
Trade payables		158	1,086
Payables to group enterprises		5,564	38,961
Income tax payable		0	154
Other payables		0	511
<b>Current liabilities other than provisions</b>		<b>5,722</b>	<b>40,712</b>
<b>Liabilities other than provisions</b>		<b>5,722</b>	<b>40,712</b>
<b>Equity and liabilities</b>		<b>3,223</b>	<b>51,140</b>
Going concern	1		
Contingent liabilities	10		
Related parties with controlling interest	11		
Transactions with related parties	12		
Group relations	13		

## Statement of changes in equity for 2017

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Equity beginning of year	77	10,137	10,214
Profit/loss for the year	0	(12,713)	(12,713)
<b>Equity end of year</b>	<b>77</b>	<b>(2,576)</b>	<b>(2,499)</b>

## 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 Nigeria A/S for 2017 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 Nigeria 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 2018.

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

	<b>2017</b> <b>USD'000</b>	<b>2015/16</b> <b>USD'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of vessels, plant and equipment	744	3,631
	<b>744</b>	<b>3,631</b>

### 3. Other operating expenses

Other operating expenses include loss on sale of vessels.

### 4. Other financial income

Financial income arising from group enterprises	27	10
Exchange rate adjustments	581	0
	<b>608</b>	<b>10</b>

### 5. Other financial expenses

Financial expenses from group enterprises	1,277	1,908
Exchange rate adjustments	267	1,068
Other financial expenses	9	5
	<b>1,553</b>	<b>2,981</b>

## Notes

	<b>2017</b>	<b>2015/16</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>6. Tax on profit/loss for the year</b>		
Tax on current year taxable income	528	487
Adjustment concerning previous years	(143)	0
	<b>385</b>	<b>487</b>

### 7. Proposed distribution of profit/loss

Retained earnings	(12,713)	137
	<b>(12,713)</b>	<b>137</b>

	<b>Vessels</b>
	<b>USD'000</b>
<b>8. Vessels, plant and equipment</b>	
Cost beginning of year	47,000
Disposals	(47,000)
<b>Cost end of year</b>	<b>0</b>
Depreciation and impairment losses beginning of the year	(3,631)
Depreciation for the year	(744)
Reversal regarding disposals	4,375
<b>Depreciation and impairment losses end of the year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

### 9. Other provisions

In 2016, other provisions comprised redundancy for crew (off-shore) of USD 0,2 million.

### 10. 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 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 jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

There are no other contingent liabilities at 31 December 2017.

## Notes

### **11. Related parties with controlling interest**

Related parties with controlling interest:

Majority shareholder: Maersk Supply Service International 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.

### **12. Transactions with related parties**

The vessel Maersk Nomad was sold to Maersk Supply Service Subsea UK Ltd in April 2017. The vessel was sold at market value.

### **13. 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 C enterprises (medium sized).

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 6.602 at 31 December 2017 (2016: 6.725).

Pursuant to section 86(4) of the Danish Financial Statemnets Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of A.P. Møller – Mærsk A/S.

### 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.

### 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.

## Accounting policies

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 premises, stationery and office supplies, marketing costs, etc.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to vessels, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of vessels, plant and equipment.

### Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### 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. The Company is included in the Tonnage Taxation scheme.

### Balance sheet

#### Vessels, plant and equipment

Vessels, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

## Accounting policies

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.

Expenses for dry docking of the vessel is recognised when incurred in the carrying amount of the vessel, etc. and depreciated over the period until next dry docking.

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.

### Inventories

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

### 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.

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

### Other financial liabilities

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

### Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of A.P. Møller – Mærsk A/S.