# Maersk Supply Service Nigeria A/S

**Esplanaden 50, DK-1098 Copenhagen K**

**Company reg. no. 37 04 16 37**

## Annual report

## 27 August 2015 - 31 December 2016

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

________________________________

Ida Marie Schydt
Chairman

## Contents



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 Nigeria A/S for the financial year 27 August 2015 - 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 2015/16.

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**

Søren Torp Nielsen

**Board of Directors**

| | | |
|---|---|---|
| Carsten Gram Haagensen<br>Chairman | Kasper Mahon Andreasen | Claus Bachmann |

## The Independent Auditor's Reports

**To the shareholder 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 2016, and of the results of the Company's operations for the financial year 27 August 2015 - 31 December 2016 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 27 August 2015 - 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.

**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.

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 Nigeria A/S<br>Esplanaden 50<br>DK-1098 Copenhagen K |
| | Company reg. no. 37 04 16 37<br>Financial year: 27 August 2015 - 31 December 2016<br>Municipality of reg. office: Copenhagen |
| **Board of Directors** | Carsten Gram Haagensen, Chairman<br>Kasper Mahon Andreasen<br>Claus Bachmann |
| **Executive Board** | Søren Torp Nielsen |
| **Auditors** | PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup |
| **Parent company** | Maersk Supply Service International A/S |

## Financial Highlights

| USD in thousands. | 2015/16 |
|---|---|
| **Profit/loss:** | |
| Revenue | 15.693 |
| Gross profit | 7.226 |
| Operating profit | 3.595 |
| Net financials | -2.971 |
| Results for the year | 137 |
| **Balance sheet:** | |
| Balance sheet sum | 51.140 |
| Investments in tangible fixed assets represent | 47.000 |
| Equity | 10.214 |
| **Key figures in %:** | |
| Gross margin | 46,0 |
| Profit margin | 22,9 |
| Return on assets | 7,0 |
| Solvency ratio | 20,0 |
| Return on equity | 2,7 |

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and have been calculated as follow:

**Gross margin** $$\frac{\text{Gross results x 100}}{\text{Revenue}}$$

**Profit margin** $$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$$

**Return on assets** $$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$$

**Solvency ratio** $$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

**Return on equity** $$\frac{\text{Results for the year x 100}}{\text{Average equity}}$$

### The principal activities of the Company

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 financial matters

The Income Statement of the Company for 2016 shows a profit of USD 0,1 million, and at 31 December 2016 the balance sheet of the Company shows equity of USD 10 million.

This is the Company's first financial year.

### Cash contribution

A tax free contribution of USD 10 million was made by Maersk Supply Service International A/S to Maersk Supply Service Nigeria A/S in 2015.

### The expected development

The markets we operate in are under severe pressure with activities dropping to historical low activity levels as a result of the lower oil price. As a response to the development, we have initiated further cost cutting initiatives. We are expecting to sell Maersk Nomad to Maersk Supply Service Subsea Ltd. in 2017.

### Special risks

Market risks:
We have a fixed long-term contract, but the risk is manageable and lies within the risk appetite. There is no significant dependency on other particular customers or suppliers. The Company has no significant credit risks.

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.

### Uncertainties as to recognition or measurement

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

### Events subsequent to the financial year

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

## Income Statement 27 August 2015 - 31 December 2016

USD in thousands.

| Note | | 27/8 2015 - 31/12 2016 |
|---|---|---|
| | Revenue | 15.693 |
| | Other external expenses | -8.467 |
| | **Gross results** | **7.226** |
| 1 | Depreciation, amortisation and impairment of intangible assets and vessels, plant and equipment | -3.631 |
| | **Profit/loss before financial income and expenses** | **3.595** |
| 2 | Other financial income | 10 |
| 3 | Other financial expenses | -2.981 |
| | **Profit/lose before tax** | **624** |
| 4 | Tax on profit/loss for the year | -487 |
| **5** | **Results for the year** | **137** |

## Balance Sheet

| Note | Assets | 31/12 2016 |
|---|---|---|
| | **Fixed assets** | |
| 6 | Vessels | 43.369 |
| | Tangible fixed assets in total | 43.369 |
| | **Fixed assets in total** | **43.369** |
| | **Current assets** | |
| | Raw materials and consumables | 84 |
| | Inventories in total | 84 |
| | Trade receivables | 1.977 |
| | Receivables from group enterprises | 3.506 |
| | Corporation tax | 394 |
| | Other receivables | 176 |
| | Receivables in total | 6.053 |
| | Cash at bank and in hand | 1.634 |
| | **Current assets in total** | **7.771** |
| | **Assets in total** | **51.140** |

## Balance Sheet

| Note | Equity and liabilities | 31/12 2016 |
|---|---|---|
| | **Equity** | |
| 7 | Share capital | 77 |
| | Retained earnings | 10.137 |
| | **Equity in total** | **10.214** |
| | **Provisions** | |
| 8 | Other provisions | 214 |
| | **Provisions in total** | **214** |
| | **Liabilities** | |
| | Trade payables | 1.086 |
| | Payables to group enterprises | 38.961 |
| | Corporate tax | 154 |
| | Other payables | 511 |
| | Short-term liabilities in total | 40.712 |
| | **Liabilities in total** | **40.712** |
| | **Equity and liabilities in total** | **51.140** |

**9 Contingencies**

**10 Related parties**

## Statement of Changes in Equity

USD in thousands.

| | Share capital | Retained earnings | In total |
|---|---|---|---|
| Equity 27 August 2015 | 77 | 0 | 77 |
| Profit or loss for the year brought forward | 0 | 137 | 137 |
| Contribution from group | 0 | 10.000 | 10.000 |
| | **77** | **10.137** | **10.214** |

## Notes

USD in thousands.

| | | 27/8 2015 - 31/12 2016 |
|---|---|---|
| **1.** | **Depreciation, amortisation and impairment of intangible assets and vessels, plant and equipment** | |
| | Depreciation of vessels, plant and equipment | 3.631 |
| | | **3.631** |
| **2.** | **Other financial income** | |
| | Interest received from group enterprises | 10 |
| | | **10** |
| **3.** | **Other financial expenses** | |
| | Financial expenses, group enterprises | 1.907 |
| | Exchange loss | 1.068 |
| | Other financial expenses | 6 |
| | | **2.981** |
| **4.** | **Tax on profit/loss for the year** | |
| | Current tax for the year | 487 |
| | | **487** |
| **5.** | **Proposed distribution of the results** | |
| | Retained earnings | 137 |
| | **Distribution in total** | **137** |

| | |
|---|---|
| | 31/12 2016 |
| **6. Vessels** | |
| Additions during the year | 47.000 |
| **Cost 31 December 2016** | **47.000** |
| Depreciation for the year | -3.631 |
| **Amortisation and writedown 31 December 2016** | **-3.631** |
| **Book value 31 December 2016** | **43.369** |

**7. Share capital**

The share capital consists of 5,000 shares of a nominal value of DKK 1.000, equal to USD '000 77. No shares carry any special rights.

**8. Other provisions**

| | |
|---|---|
| Change of the year in other provisions | 214 |
| | **214** |

Other provisions compromising redundancy for crew (off-shore) of USD 0,2 million are expected to mature within one year. Provisions are recognized based on specific estimates and may vary, as these are uncertain.

**9. 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 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.

USD in thousands.

**10. Related parties**

**Controlling interest**

| | |
|---|---|
| Maersk Supply Service International A/S<br>Esplanaden 50<br>DK-1098 Copenhagen K<br>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**

The vessel Maersk Nomad was purchased by Maersk Supply Service Nigeria A/S in late 2015 from Maersk Supply Service Canada Ltd. The vessel was purchased at cost price.

**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 Nigeria A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The Annual Accounts are presented in American dollars (USD). Since it is the Company's first financial year there are no comparative figures.

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.

**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.

## Income Statement

**Revenue**

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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.

Revenue is measured at the consideration received and is recognised exclusive of any VAT and net of discounts relating to sales.

**Other external expenses**

Other external expenses comprise cost of staff, daily running costs, administration etc.

**Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and vessels, plant and equipment.

**Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

**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 Company is included in the tonnage taxation scheme.

## Accounting Policies used

# The Balance Sheet

**Vessels, plant and equipment**

Vessels, 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.

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.

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:

| | |
|---|---|
| Vessels | 20 years |

Depreciation period and residual value are reassessed annually.

**Impairment of fixed assets**

The carrying amounts of vessels, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

**Inventories**

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

**Receivables**

Receivables 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.

**Available funds**

Available funds comprise cash at bank and in hand.

**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.

## Accounting Policies used

**Other provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

**Liabilities**

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