

Maersk Oil Qatar A/S

CVR-No. 16157473

Annual Report 2015

Approved at the General Assembly: 27/05/2016

Chairman of the meeting: Majbritt Perotti Carlson

Esplanaden 50, 1263 Copenhagen K



Company information

Maersk Oil Qatar A/S
Esplanaden 50
1263 Copenhagen K

CVR-No.: 16157473
Date of incorporation: 21 May 1992
Registered office: Copenhagen
Financial year: 01 January 2015 - 31 December 2015

Board of Directors

Jakob Bo Thomasen (Chairman)
Graham Stuart Talbot
Gretchen Hauser Watkins

Executive Board

Lewis Grant Affleck

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Affiliate

Maersk Oil Qatar
Al Jazi Tower
Asia Street 950, Zone 60
West Bay
P.O. Box 22050
Doha
Qatar

Directors' Report

The company is a wholly owned subsidiary of Mærsk Olie og Gas A/S.

Maersk Oil Qatar participates through its branch in exploration and production of oil and gas in Block 5 offshore Qatar.

The Al Shaheen Field produced 276.4 thousand barrels of oil per day in 2015, compared to 297.8 thousand barrels per day in 2014.

The company's average share of the oil production was 131,000 barrels per day in 2015, higher than last year (2014: 102,000 barrels per day). The increase was due to higher cost recovery following the decline in oil price. The current field production level in the range of 300,000 barrels of oil per day is expected to continue.

The FDP 2012 development plan in Qatar is essentially complete. Five wells were completed during Q4 making a total of 44 out of 50 planned for the project. The remaining six wells have been deferred.

In Q2 2015, Qatar Petroleum announced its intention to issue a competitive tender for the selection of a partner to participate in the long term development of the Al Shaheen field beyond July 2017. Maersk Oil was invited to participate in the tender and the successful bidder will be selected by September 2016.

The result for 2015 shows a profit of USD 241 million, which is lower than expectations, and is approximately 62% lower than the result for last year (2014: USD 632 million). The results were influenced by the low oil price throughout 2015.

Key figures for the Company are as follows:

USD million	2015	2014	2013	2012	2011
Income statement:					
Revenue	2,362	3,571	3,886	4,181	6,130
Profit before financial items and tax	755	1,887	2,290	2,311	4,118
Financial items, net	1	5	7	1	1
Profit for the year after tax	241	632	850	823	1,434
Balance sheet:					
Total assets	895	1,193	1,369	1,354	2,271
Investments in property, plant and equipment	411	436	280	75	195
Equity	557	716	884	1,033	1,811
Employees:					
Average number of employees	964	905	844	824	643

The result for 2016 is expected to be lower than 2015 due to the decline in oil price.

Maersk Oil continuously develops the production process using the best and safest technologies. Furthermore, Maersk Oil seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

Social responsibility is important for Maersk Oil Qatar A/S' business and Maersk Oil Qatar A/S continues its activities in line with the following the ultimate parent company A.P. Møller - Mærsk A/S' Sustainability Strategy. For more information, reference is made to the ultimate parent company A.P. Møller - Mærsk A/S' sustainability report on the website: <http://www.maersk.com/en/the-maersk-group/sustainability#sustainability-strategy>

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognises the advantages of a board comprising a wide range of backgrounds such as global experience, style, culture and gender.

On the basis of this ambition the Board has in 2013 defined a target to increase the share of the under-represented gender on the Board, to account for at least 25% of the shareholder-appointed Board members, no later than May 2017. The Company's board composition fulfills the diversity requirements among the elected board members with regard to the underrepresented gender.

In 2013, a group policy was adopted with the aim to increase the share of the under-represented gender on the company's other management levels (Link to policy: <http://www.maersk.com/en/the-maersk-group/sustainability>). In accordance with this policy Maersk Oil Qatar A/S has taken steps to look into how the company can attract qualified women to relevant management positions. In addition, this is a focus area when identifying candidates to key positions.

Risks and uncertainties

Maersk Oil Qatar A/S is subject to a variety of risks which derive from the nature of the oil production activities.

Material accounting estimates relate to valuation of non-current assets including determination of amortisation and depreciation profiles.

Maersk Oil Qatar A/S' strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Qatar A/S for 2015.

The annual report for 2015 of Maersk Oil Qatar A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2015 and of the results of the Company's operations for the financial year 2015.

In our opinion the Directors' report includes a fair review of the development in and the result of the Company's operations and financial conditions, the result for the year and financial position as well as a description of the most significant risks and uncertainty factors that the Company faces.

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

Copenhagen, 27 May 2016

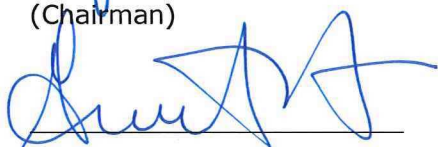
Executive Board:

Lewis Grant Affleck

Board of Directors:



Jakob Bo Thomasen
(Chairman)



Gretchen Hauser Watkins



Graham Stuart Talbot
(Vice Chairman)

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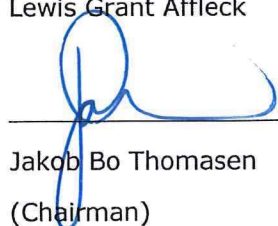
Copenhagen, 27 May 2016

Executive Board:



Lewis Grant Affleck

Board of Directors:



Jakob Bo Thomasen
(Chairman)

Graham Stuart Talbot
(Vice Chairman)

Gretchen Hauser Watkins

Independent auditors' report

To the shareholder of Maersk Oil Qatar A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Maersk Oil Qatar A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Directors' report

Pursuant to the Danish Financial Statements Act, we have read the Directors' report. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Directors' report is consistent with the financial statements.

Copenhagen, 27 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab

CVR nr. 25578198



Henrik O. Larsen
State Authorised
Public Accountant

Accounting Policies

The Annual Report for 2015 of Maersk Oil Qatar A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large (class C) companies.

The accounting policies for the financial statements are unchanged from last year.

Maersk Oil Qatar A/S has with reference to the Danish Financial Statements Act provision 86 section 4 refrained from preparing cash flow statement. With reference to provision 96, 3 of the Danish Financial Statements Act, fees for auditor elected by the general assembly are not published.

Presentation, classification and designations in the income statement and balance sheet have been adjusted to the special nature of the company.

Foreign Currency

The functional currency is USD. The Annual Report is presented in USD, in accordance with provision 16 of the Danish Financial Statements Act. The exchange rate of USD to DKK was 6.8300 at 31 December 2015 (2014: DKK 6.1214).

Monetary assets and liabilities in currencies other than USD are translated at the exchange rate at the balance sheet date. Transactions in currencies other than USD are translated at the exchange rate prevailing at the date of the transaction.

Exchange rate gains and losses are included in the income statement as financial income and expenses.

The Income Statement

Revenue comprises the value of the company's share of the oil and gas production. If the company sells more than its share of the produced oil (overlift) this is recognised at sales price in the balance sheet under "Deferred income". If the company sells less than its share of the produced oil (underlift) this is recognised at the lower of cost price and market price under "Prepayments". Tax settled in oil is recognised both as revenue and tax expenses.

Production expenses comprise costs incurred in generating the revenue for the year.

Administrative expenses comprise parent company overhead, staff costs and other general administrative costs.

Financial items comprise interest and currency exchange rate gains and losses from translation of balances in foreign currencies other than USD.

The company is jointly taxed with a number of Danish companies in the A.P. Møller - Mærsk Group. Tax on profit for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years and change in deferred tax. Provision for deferred tax is made on temporary differences between the accounting and tax values of assets and liabilities. Deferred tax on temporary differences which at the time of the transaction does not affect the financial result or the taxable income is not recognised. Deferred tax assets are only recognised to the extent that it is probable that they can be utilised against future taxable income.

The tax amount includes the special taxes relating to extraction and production of hydrocarbons in Qatar.

The Balance Sheet

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

IT software is amortised over a useful life of 3 years.

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

The cost price of production facilities etc. comprises direct and indirect costs for appraisal and production wells and production equipment, etc. for fields considered commercial. The cost of an asset is divided into separate components which are depreciated separately if the useful lives of the individual components differ. Depreciation on production facilities etc. is made over the expected production period/economic life up to 5 years.

For oil production facilities including facilities under construction, where oil is received as payment for the investment (cost oil), depreciation takes place concurrently with the receipt of cost oil.

Depreciation periods and residual values for intangible and tangible fixed assets are re-evaluated annually.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs to sell.

Receivables are measured at nominal value which in all material respects corresponds to amortised cost. Write-down is made for anticipated losses on an individual basis.

Prepayments recognised under assets include prepaid expenses at cost and underlift at lower of cost and market price.

Dividend for distribution regarding the financial year is included as part of the equity.

Provisions are recognised when there is an existing legal or actual obligation. Provisions are recognised on the basis of specific estimates and consider discounting when the time element is significant.

MAERSK OIL QATAR A/S
INCOME STATEMENT
FOR 2015

Note	USD 1,000	
	2015	2014
Revenue	2,361,938	3,570,574
Production expenses	1,161,684	1,283,695
Gross profit	1,200,254	2,286,879
1. Administrative expenses	17,564	17,200
4. Depreciation	428,005	382,966
Profit before financial items and tax	754,684	1,886,713
2. Financial income	1,471	5,168
3. Financial expenses	306	278
Profit before tax	755,849	1,891,603
6. Tax on profit for the year	514,941	1,259,253
PROFIT FOR THE YEAR	240,908	632,350
Proposed distribution of net profit		
Proposed dividend for distribution	150,000	400,000
Retained earnings	90,908	232,350
	240,908	632,350

MAERSK OIL QATAR A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
	ASSETS	
4.	NON-CURRENT ASSETS	
	Intangible assets	
	Software	2,012
		-
	Property, plant and equipment	
	Production facilities etc.	676,234
	Production facilities etc. under construction	-
		660,845
		676,234
	TOTAL NON-CURRENT ASSETS	678,246
	CURRENT ASSETS	
	Receivables	
	Receivables from sale of oil	144,750
	Receivables Group companies	246,249
	Other receivables	11,678
	Prepayments	88,436
		87,380
		232,992
		491,113
	Cash	23,324
		980
	TOTAL CURRENT ASSETS	514,437
	TOTAL ASSETS	1,192,683
		894,817

MAERSK OIL QATAR A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
	LIABILITIES AND EQUITY	
5.	EQUITY	
	Share capital	28,240 28,240
	Retained earnings	378,575 287,666
	Proposed dividend	150,000 400,000
		<u>556,815 715,906</u>
7.	PROVISIONS	
	Pension and similar obligations	7,558 5,761
	Other provisions	94,992 104,662
		<u>102,550 110,423</u>
	SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	
	Trade payables	212,079 268,851
	Payables to group companies	6,783 32,450
	Other payables	16,590 65,053
		<u>235,452 366,354</u>
	TOTAL LIABILITIES	<u>235,452 366,354</u>
	TOTAL LIABILITIES, PROVISIONS AND EQUITY	<u>894,817 1,192,683</u>
8.	Contingencies etc.	
9.	Related parties	

MAERSK OIL QATAR A/S

Notes as at 31.12.2015

(USD 1,000)

	<u>2015</u>	<u>2014</u>
Note 1, Staff costs		
Salaries and wages	192,912	185,964
Pension contributions	5,805	4,286
Other social security costs	3,010	5,203
	<u>201,727</u>	<u>195,453</u>
Average number of employees	<u>964</u>	<u>905</u>

Staff costs included in the income statement are contained under the items production expenses and administrative expenses, and in the balance sheet under production facilities etc. under construction.

No Board of Directors fee and Management remuneration has been charged to profit and loss account as the Management engaged in 2015 was employed in Rederiet A.P. Møller A/S.

	<u>2015</u>	<u>2014</u>
Note 2, Financial income		
Interest received from group companies	501	434
Exchange rate adjustments etc.	970	4,734
	<u>1,471</u>	<u>5,168</u>
Note 3, Financial expenses		
Exchange rate adjustments etc.	<u>306</u>	<u>278</u>
	<u>306</u>	<u>278</u>

Note 4, Intangible/tangible assets

USD 1,000	2015	2015	2015
	Software etc.	Production facilities, etc.	Production facilities etc. under construction
Cost at 01.01	5,974	8,814,095	-
Additions during the year	-	-	410,603
Transferred	-	410,603	(410,603)
Cost price 31.12	5,974	9,224,698	-
Depreciation and impairment losses at 01.01	3,962	8,137,861	0
Depreciation and amortisation for the year	2,013	425,992	0
Depreciation, amortisation and write-downs at 31.12	5,974	8,563,853	0
Carrying amount 31.12	-	660,845	-

Ownership of fixed assets in Qatar at a carrying amount of total USD 661 million (2014: USD 678 million) is being transferred to the state-owned oil company, Qatar Petroleum, when the investment has been recovered by the earnings from the production of hydrocarbons or at the time of termination of the concession agreement. The company has the right of use during the concession period.

Note 5, Equity

	<u>2015</u>	<u>2014</u>
Share capital		
Share capital at 01.01	28,240	28,240
Share capital at 31.12	<u>28,240</u>	<u>28,240</u>
Retained earnings		
Retained earnings at 01.01	287,666	455,316
Transferred from profit for the year	90,908	232,350
Extraordinary interim dividend paid	0	(400,000)
Retained earnings at 31.12	<u>378,575</u>	<u>287,666</u>
Dividend for distribution at 01.01	400,000	400,000
Dividend paid	(400,000)	(400,000)
Proposed dividend for distribution	150,000	400,000
Dividend or distribution at 31.12	<u>150,000</u>	<u>400,000</u>
Total equity	<u>556,815</u>	<u>715,906</u>
Share capital consists of the following shares:	<u>Number</u>	<u>Nominal, DKK</u>
	1	1,000,000
	2	3,000,000
	1	4,000,000
	1	5,000,000
	1	9,000,000
	7	25,000,000
	Total nominal value in DKK	<u>200,000,000</u>

There have been no changes to the share capital during the past five years.

Note 6, Corporate tax

Tax expense on profit for the year, USD 514.9 million (2014: expense of 1,259.3 million) comprises foreign tax expenses, USD 514.9 million (2014: expense of USD 1,259.4 million) and Danish tax of USD 0.0 million (2014: income of USD 0.1 million).

This company is part of a joint taxation scheme with A.P. Møller Holding A/S. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Note 7, Provisions

Provisions are due during the period 1-5 years.

Provisions are recognised when there is an existing legal or actual obligation. Provisions are recognised on the basis of specific estimates and consider discounting when the time element is significant.

Provisions falling due within one year amount to USD 35 million (2014: USD 24 million)

Note 8, Contingencies

As a normal part of business operations field development plans are signed and drilling and production rigs are chartered. At the end of 2015 the total commitments are USD 256 million (2014: USD 1,256 million), of which USD 244 million is for leasing commitments (2014: USD 365 million).

Guarantees amounting to USD 8 million (2014 USD 13 million) have been provided to third parties.

Other contingencies amount to USD 3.5 million (2014 USD 3.5 million)

The company is jointly taxed with Danish companies within the A.P. Møller-Mærsk Group. This entails unlimited joint liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties within the jointly taxed companies. A similar obligation exists for joint registration of VAT.

Note 9, Related parties

Companies in the A.P. Møller Mærsk Group and the Executive board and board members of the company are related parties.

Parties exercising control

The company is 100% owned by Mærsk Olie og Gas A/S. The consolidated Maersk Oil financial statements are available at the Company's address, Esplanaden 50, 1263 Copenhagen K, Denmark.

The ultimate parent company is A.P. Møller Holding A/S. The consolidated financial statements of A.P. Møller Holding A/S are available at the company's address, Esplanaden 50, 1098 Copenhagen K, Denmark.

The company is included in both consolidated financial statements as a subsidiary.