

Maersk Oil Qatar A/S

CVR-No. 16157473

Annual Report 2017

Approved at the General Assembly: 11 May 2018
Chairman of the meeting: Majbritt Perotti Carlson

Amerika Plads 29, st., 2100 Copenhagen Ø

Company information

Maersk Oil Qatar A/S
Amerika Plads 29, st.
2100 Copenhagen Ø
Denmark

CVR-No.: 16157473
Date of incorporation: 21 May 1992
Registered office: Copenhagen
Financial year: 01 January 2017 - 31 December 2017

Board of Directors

Laurent René Louis Wolfsheim (Chairman)
Troels Albrechtsen (Vice Chairman)
Martin Rune Pedersen

Executive Board

Morten Stage

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Branch

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

Directors' Report

Activities

The Company is a wholly owned subsidiary of Mærsk Olie og Gas A/S (name changed to Total E&P Danmark A/S, as per May 1st 2018).

Until midnight 13 July 2017, Maersk Oil Qatar A/S (Maersk Oil Qatar) participated through its branch in exploration and production of oil and gas in Block 5 offshore Qatar.

Financial review

Financial performance for the year

The result for 2017 shows a profit of USD 202 million, which is higher than the result for last year (2016: USD 168 million). The result is positively influenced by higher oil price, significantly lower cost offset by end of operations as of 13 July 2017.

The Al Shaheen Field produced 274,000 barrels of oil per day in 2017 until cessation of production at midnight 13 July 2017, compared to 283,000 barrels per day in 2016.

The Company's average share of the oil production was 57,000 barrels per day in 2017, significantly lower than last year (2016: 134,000 barrels per day). The decrease is primarily driven by the significantly lower cost level in 2017 and production only being part of the year. The field and associated assets was successfully handed over to the new operator in July 2017 and thus no production will be attributed to the Company in 2018.

Since the handover, the Company has been working towards closing out any and all commitments in country.

Following the cessation of production, the Company has been classified as discontinued operation.

Key figures for the Company are as follows:

USD million	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Income statement:					
Revenue	1,080	1,939	2,362	3,571	3,886
Profit before financial items and tax	533	608	755	1,887	2,290
Financial items, net	-23	6	1	5	7
Profit for the year after tax	202	168	241	632	850
Balance sheet:					
Total assets	182	991	895	1,193	1,369
Investments in property, plant and equipment	0	13	411	436	280
Equity	67	575	557	716	884
Employees:					
Average number of employees	422	836	964	905	844

Guidance for 2018

The result for 2018 is expected to be a loss. Apart from administration cost, the result in 2018 could be influenced by final agreement with local partners.

Change of parent company owner

The share capital in Mærsk Olie og Gas A/S was acquired by Total S.A. from A.P. Møller – Mærsk A/S with effective date 8th March 2018. This does not affect the going concern of the Company.

As of the effective date the Company is no longer part of the A.P. Møller – Maersk Group joint taxation and is instead jointly taxed with the previous Maersk Oil Group companies and Danish registered Total Group companies. Joint liability for previous periods still exists.

External environment

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

Corporate Social Responsibility

Social responsibility is important for Maersk Oil Qatar's business and Maersk Oil Qatar continues its activities in line with A.P. Møller - Mærsk A/S' Sustainability Strategy.

For more information, reference is made to A.P. Møller - Mærsk A/S' sustainability report on the link:

http://files.shareholder.com/downloads/ABEA-3GG91Y/6206204637x0x972428/F5554324-60AA-455A-A40B-084AB5A4B979/APMM_Sustainability_Report_2017_A3_180221_final.pdf

Goals and policies for the underrepresented gender

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

As of 31 December 2017 there is 1 woman among the 3 board members appointed at the general meeting. Consequently, the company's board is considered having equal representation of genders among the company's shareholder-appointed board members.

A.P. Møller - Mærsk A/S has adopted a group policy for the complete group with the aim to increase the share of the under-represented gender on the company's other management levels. In accordance with this policy the Company 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. A description of the policy and reporting on the gender composition can be found in A.P. Møller - Mærsk A/S' sustainability report which is available on this link:

http://files.shareholder.com/downloads/ABEA-3GG91Y/6206204637x0x972428/F5554324-60AA-455A-A40B-084AB5A4B979/APMM_Sustainability_Report_2017_A3_180221_final.pdf

Requirements according to the Danish Financial Statements Act, section 99c have been fulfilled ref. reporting for parent company A.P. Møller - Mærsk A/S.

Risks and uncertainties

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

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 2017.

The annual report for 2017 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 2017 and of the results of the Company's operations for the financial year 2017.

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, 11 May 2018

Executive Board: _____
Morten Stage

Board of Directors: _____
Laurent René Louis Wolfsheim
(Chairman)

Troels Albrechtsen
(Vice Chairman)

Martin Rune Pedersen

Independent auditors' report

To the shareholder of Maersk Oil Qatar 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 Oil Qatar A/S for the financial year 1 January - 31 December 2017, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes ("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 Directors' Report

Management is responsible for Directors' Report.

Our opinion on the Financial Statements does not cover Directors' Report, 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 Directors' Report and, in doing so, consider whether Directors' Report 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 Directors' Report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Directors' Report 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 Directors' Report.

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, 11 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Melgaard

State Authorised Public Accountant
mne34354

Accounting Policies

The Annual Report for 2017 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 6.2067 at 31 December 2017 (2016: DKK 7.0550).

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 "Inventories". 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 cash, receivables and debt 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.

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

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 assets and property, plant and equipment 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 of disposals.

Inventories including underlift is measured at lower of cost and market price.

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.

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.

Debt to group, suppliers etc. is measured at amortised cost price or lower net realisable value, which in most situations corresponds to the nominal value.

Deferred income regarding future years is recognised under liabilities.

MAERSK OIL QATAR A/S
INCOME STATEMENT
FOR 2017
(Discontinued operations)

Note	USD 1,000		
	2017	2016	
1.	Revenue	1,080,470	1,939,086
2.	Production expenses	317,993	858,599
	Gross profit	762,477	1,080,487
2.	Administrative expenses	12,716	16,382
3.	Depreciation	217,235	456,239
	Profit before financial items and tax	532,525	607,866
4.	Financial income	31,048	7,293
5.	Financial expenses	54,125	1,660
	Profit before tax	509,448	613,499
6.	Tax on profit for the year	307,813	445,148
	PROFIT FOR THE YEAR	201,635	168,351
7.	Proposed distribution of net profit		

MAERSK OIL QATAR A/S
BALANCE SHEET AT 31.12.2017
(Discontinued operations)

Note	USD 1,000	
	2017	2016
ASSETS		
3.	NON-CURRENT ASSETS	
	Intangible assets	
	Software	0 0
	Property, plant and equipment	
	Production facilities etc.	0 217,210
	TOTAL NON-CURRENT ASSETS	0 217,210
	CURRENT ASSETS	
	Receivables	
	Receivables from sale of oil	0 134,319
	Receivables Group companies	171,251 623,359
	Other receivables	277 5,530
	Prepayments	22 7,006
		171,550 770,214
	Cash	10,100 3,464
	TOTAL CURRENT ASSETS	181,650 773,678
	TOTAL ASSETS	181,650 990,888

MAERSK OIL QATAR A/S
BALANCE SHEET AT 31.12.2017
(Discontinued operations)

Note	USD 1,000	
	2017	2016
LIABILITIES AND EQUITY		
EQUITY		
8.	Share capital	28,240
	Retained earnings	28,240
	Proposed dividend	38,561
		46,926
		0
		500,000
	66,801	575,166
CURRENT LIABILITIES		
9.	Pension and similar obligations	0
9.	Other provisions	13,325
	Trade payables	0
	Payables to group companies	54,882
	Other payables	34,126
	Deferred income	136,225
		15,371
		44,978
		23,657
		0
		172,262
	114,849	415,722
TOTAL LIABILITIES		
	114,849	415,722
TOTAL LIABILITIES AND EQUITY		
	181,650	990,888
10.	Contingencies etc.	
11.	Related parties	

MAERSK OIL QATAR A/S
STATEMENT OF CHANGES IN EQUITY AT 31.12.2017
(1,000)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividends</u>	<u>Total</u>
Equity 01.01	28,240	46,926	500,000	575,166
Profit for the year	0	201,635	0	201,635
Dividend paid	0	0	(500,000)	(500,000)
Extraordinary dividend	0	(210,000)	0	(210,000)
Equity 31.12	<u>28,240</u>	<u>38,561</u>	<u>0</u>	<u>66,801</u>

MAERSK OIL QATAR A/S
Notes as at 31.12.2017
(USD 1,000)

Note 1, Revenue

The company revenue was generated from selling oil in Qatar.

	<u>2017</u>	<u>2016</u>
Note 2, Staff costs		
Salaries and wages	81,934	215,364
Pension contributions	(111)	10,527
Other social security costs	1,353	2,516
	<u>83,176</u>	<u>228,407</u>
Average number of employees	<u>422</u>	<u>836</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.

With reference to provision 98b, 3 of the Danish Financial Statements Act, no Board of Directors' fee and Management remuneration is shown due to only one person receiving remuneration.

Note 3, Intangible assets / Property , plant and equipment

USD 1,000	2017	2017
	Software etc.	Production facilities, etc.
Cost at 01.01	5,974	9,237,302
Additions during the year	0	25
Disposals during the year	(5,974)	(9,237,327)
Transferred	0	0
Cost price 31.12	0	0
Depreciation and impairment losses at 01.01	5,974	9,020,092
Depreciation and amortisation for the year	0	217,235
Disposals during the year	(5,974)	(9,237,327)
Depreciation, amortisation and write-downs at 31.12	0	0
Carrying amount 31.12	0	0

Ownership of fixed assets in Qatar was transferred to the state-owned oil company, Qatar Petroleum. The carrying value at the time of transfer was USD nil.

USD 1,000	2017	2016
Note 4, Financial income		
Interest received from group companies	30,461	7,289
Exchange rate adjustments etc.	587	4
	<u>31,048</u>	<u>7,293</u>
Note 5, Financial expenses		
Interest paid	32,371	8
Exchange rate adjustments etc.	21,754	1,652
	<u>54,125</u>	<u>1,660</u>

Note 6, Corporate tax

Tax expense on profit for the year, USD 308 million (2016: expense of 445 million) comprises foreign tax expenses USD 308 million (2016: expense of USD 445 million) and Danish tax of USD 0.3 million (2016: USD 0.0 million).

This Company is part of a joint taxation scheme with A.P. Møller - Mærsk Group. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Note 7, Proposed distribution of net profits

USD 1,000	<u>2017</u>	<u>2016</u>
Extraordinary dividend	210,000	0
Proposed dividend for distribution	0	500,000
Retained earnings	<u>(8,365)</u>	<u>(331,649)</u>
	<u>201,635</u>	<u>168,351</u>

Note 8, Share capital

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 9, Provisions

No provisions are recognised at the end of the current financial year.

Note 10, Contingencies

As a normal part of business operations field development plans are signed and drilling and production rigs are chartered. At the end of 2017 the total commitments are USD 16 thousand (2016: USD 79 million), of which USD 16 thousand is for leasing commitments (2016: USD 79 million).

No guarantees have been provided to third parties at end of the current financial year (2016: USD 8 million).

As of 31 December 2017, 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 11, Related parties

Companies in the A.P. Møller - Mærsk Group and the Executive board and board members of the Company are related parties. All transactions with related parties are carried out at arm's length.

Parties exercising control

The Company is 100% owned by Mærskolie og Gas A/S. The consolidated Maersk Oil Financial Statements are available at the Company's address, Amerika Plads 29, st., 2100 Copenhagen Ø, Denmark.

As of 31 December 2017, 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.