

# Mærsk Olie og Gas A/S

CVR-No. 22757318

## Annual Report 2015



Approved at the General Assembly: 29 April 2016  
Chairman of the meeting: Majbritt Perotti Carlson

Esplanaden 50, 1263 Copenhagen K



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## **Company information**

Mærsk Olie og Gas A/S  
Esplanaden 50  
1263 Copenhagen K

CVR-No.: 22757318  
Date of incorporation: 26 September 1962  
Registered office: Copenhagen  
Financial year: 01 January 2015 - 31 December 2015

### **Board of Directors**

Nils Smedegaard Andersen (Chairman)  
Michael Pram Rasmussen  
Trond Westlie

### **Management**

Jakob Thomasen

### **Auditors**

**KPMG**  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

## List of Companies

Mærskolie og Gas A/S is a wholly-owned subsidiary of A.P. Møller – Mærsk A/S (Copenhagen) and is included in the accounts for the A.P. Møller – Maersk Group. Mærskolie og Gas A/S is the parent company for the following directly or indirectly subsidiaries (100% owned if not otherwise indicated):

Maersk Oil Qatar A/S, Copenhagen

Mærskolie, Algeriet A/S, Copenhagen

Maersk Oil Colombia A/S, Copenhagen

Maersk Oil Angola A/S, Copenhagen

Maersk Oil Angola Holdings A/S, Copenhagen

Maersk Oil Angola Sixteen Holdings Ltd., British Virgin Islands

Maersk Oil Angola Sixteen Ltd., British Virgin Islands

Maersk Energy Marketing A/S, Copenhagen

Maersk Oil Kalaallit Nunaat A/S, Copenhagen

Maersk Oil Kurdistan A/S, Copenhagen

Maersk Oil Kurdistan Piramagrun Holdings A/S, Copenhagen

Maersk Oil Kurdistan Piramagrun A/S, Copenhagen

Maersk Oil Kurdistan Qala Dze Holdings A/S, Copenhagen

Maersk Oil Kurdistan Qala Dze A/S, Copenhagen

Maersk Oil Middle East A/S, Copenhagen

Maersk Oil Exploration Netherlands B.V., The Netherlands

Maersk Oil Ethiopia A/S, Copenhagen

Maersk Oil Norway AS, Norway

Maersk Oil Mexico S.DE R.L. DE C.V., Mexico (owned by Mærskolie og Gas A/S (99.99%) and Maersk Mexico, S.A. de C.V. (0.01%))

Maersk Oil Three PL B.V., The Netherlands

Maersk Energia Ltda., Brazil (owned by Maersk Oil Three PL B.V. (99.99%) and Mærsk Olie og Gas A/S (0.01% quotas)

Maersk Oil Brasil Ltda., Brazil (owned by Mærsk Olie og Gas A/S (99.99%) and Apomar Participações Ltda. (0.01%).

Maersk Oil Kazakhstan GmbH., Germany

Maersk Oil Houston Inc., USA

Maersk Oil Gulf of Mexico One LLC, USA

Maersk Oil Gulf of Mexico Two LLC, USA

Maersk Oil Gulf of Mexico Three LLC, USA

Maersk Oil Gulf of Mexico Four LLC, USA

Maersk Energy UK Ltd., United Kingdom

Maersk Oil GB Ltd., United Kingdom

Maersk Oil UK Ltd., United Kingdom

Maersk Oil North Sea UK Ltd., United Kingdom

Maersk Oil Exploration UK Ltd., United Kingdom

Maersk Oil Resources UK Ltd., United Kingdom

CNS (E&P) Ltd., United Kingdom

Maersk Oil Kazakhstan E&P Ltd., United Kingdom

Maersk Oil Exploration International Ltd., United Kingdom

Maersk Oil Exploration International K1 Ltd., United Kingdom

Maersk Oil Exploration International K2 Ltd., United Kingdom

Maersk Oil Exploration International K3 Ltd., United Kingdom

## **Directors' Report**

### **Activities**

The company is a wholly-owned subsidiary of A.P. Møller – Mærsk A/S.

Mærsk Olie og Gas A/S (Maersk Oil) participates through subsidiaries in exploration and production of oil and gas outside Denmark and is operator for Dansk Undergrunds Consortium's (DUC's) activities in the Danish North Sea.

### **Financial review**

#### Financial performance for the year

2015 shows a loss of USD -2,200 million, which is lower than expectations and the result was lower than the loss for 2014 (USD -1,424 million). The result was USD 776 million lower than 2014 due to impairment of USD 2,448 million mainly caused by the lower oil price. A lower average oil price of USD 52 per barrel (USD 99) had a negative impact on the result partly offset by a higher entitlement production 252 thousand boepd (187 thousand boepd).

Cash flow from operating activities was USD 1.4 billion (USD 1.8 billion).

Total impairment for 2015 amounted to USD 2,448 million after tax. The impairments were primarily related to production assets with short lifetime such as Kazakhstan, Kurdistan and the UK as well as our deepwater development assets in Angola and Brazil, where the current conditions do not allow for viable projects.

#### Guidance for 2016

Maersk Oil expects a negative underlying result in 2016. Breakeven is reached with oil prices in the range USD 45 - 55 per barrel. Maersk Oil's entitlement production is expected to increase slightly and exploration cost is expected to be at the same level as for 2015.

Key figures for the Mærsk Oil Group are as follows:

USD million	2015	2014	2013	2012	2011
<b>Income statement:</b>					
Revenue	5,829	7,645	7,014	7,258	8,751
Profit before financial items and tax	(1,975)	202	2,244	2,775	4,588
Financial items, net	(161)	(67)	(56)	(1)	(75)
Profit for the year after tax	(2,200)	(1,424)	295	1,462	983
<b>Balance sheet:</b>					
Total assets	10,103	11,939	12,635	12,253	11,374
Investments in property, plant and equipment	2,088	2,312	1,726	1,604	1,092
Equity	4,377	6,561	8,015	7,713	6,249

## Production

In 2015, Maersk Oil invested USD 1.9 billion in production facilities etc., compared to USD 2.0 billion in 2014, primarily in UK, Qatar, Algeria, Kazakhstan, Angola, Norway, Kurdistan and the US.

### Qatar

Daily entitlement production in Qatar was 131 thousand boepd (102 thousand boepd in 2014). The increase was due to higher sharing following the decline in oil price.

### United Kingdom

In the UK, entitlement production was 71 thousand boepd (41 thousand boepd in 2014) positively affected by good operational performance and Golden Eagle coming on-stream late 2014.

### Algeria

Algeria's entitlement oil production reached 34 thousand boepd (37 thousand boepd in 2014). The production was impacted by lifting schedules and reduced production efficiency.

### Brazil

Maersk Oil has non-operated production in the Polvo field and the Group's entitlement share of the production was 2 thousand barrels of oil per day during 2015 (4 thousand in 2014). Maersk Oil concluded the divestment of the Polvo field in February and no longer holds producing assets in Brazil.

### Kazakhstan

Entitlement share of the oil production increased due to the drilling of new wells to a level of 6 thousand boepd during 2015 (4 thousand boepd in 2014).

### US

The Group's entitlement share of the oil production from the Jack field (on stream in 2014) increased due to the drilling of new wells to a level of 6 thousand boepd during 2015 (0 thousand boepd in 2014). Plateau production of 8 thousand boepd, Maersk Oil share, was reached in second half of 2015.

### Kurdistan

In the Kurdistan Region of Iraq, the authorities have approved the development plan for the Sarsang project in Q4 2015 and entitlement production reached an average for the year of 0.7 thousand boepd.

## **Development**

In Angola, the Chissonga project is challenged due to the low oil price and Maersk Oil is reviewing the development plan to reach an economically viable solution through concept changes and negotiations with authorities, partners and contractors.

In Kazakhstan the Dunga Phase II project is progressing with 170 wells drilled.

The Johan Sverdrup project in Norway was sanctioned in Q3 2015. Maersk Oil holds an 8.44 percent share in the large field. First oil from Johan Sverdrup is expected late 2019.

In Qatar the USD 1.5bn Al Shaheen FDP2012 development plan continued and more than 80 percents of the 50 planned wells have been completed. The tender process for operatorship of Al Shaheen after expiry of the current contract in mid 2017 is expected to reach conclusion in second



half of 2016. Maersk Oil is invited to tender and are preparing submission of an offer to Qatar Petroleum.

In UK, the Culzean gas project was sanctioned in Q3 2015 and the development is progressing towards first production late in 2019. The combined Flyndre / Cawdor project, UK was approved by authorities in Q2 2014 and the project continues towards first oil in 2016. For commercial reasons the Cawdor part of the project has been deferred.

In the US Gulf of Mexico a second stage for the Jack field was approved late in 2015. The Buckskin field, is challenged due to the low oil price environment and Maersk Oil together with partners are assessing the project.

## **Exploration**

Exploration and appraisal activities are in progress, mainly in:

- The North Sea (in Denmark as operator for DUC and in the UK as well as in Norway)
- The Middle East (Qatar, Iraq/Kurdistan)
- Asia (Kazakhstan)

Maersk Oil completed nine exploration/appraisal wells compared to 14 in 2014.

The wells included a successful well in the Iraqi Kurdistan, four wells found hydrocarbons in sub-commercial volumes and four wells were dry.

In Kurdistan, Maersk Oil has interest in the Sarsang licence, where the operator has declared the Swara Tika discovery commercial and a conditional field development plan was approved in second half of 2015. Exploration in the Piramagrün and Qala Dze licences has been unsuccessful and the licences have been relinquished, and the oil rights have been written down to Nil.

In Greenland, an addendum to the license agreement was signed in November 2014, giving a two year extension (until December 31, 2016) with no additional commitments.

In Norway, Maersk Oil participated in drilling two exploration wells without finding hydrocarbons in commercial volumes.

In the UK, three exploration wells were completed without discovering hydrocarbons in commercial volumes.

More information on exploration licences and permits is available at [maerskoil.com](http://maerskoil.com)

## Operator Activities in Denmark

Maersk Oil is the operator for Dansk Undergrunds Consortium (DUC). In 2015, production of crude oil from DUC's fields in the Danish part of the North Sea reached an average of 130 thousand barrels of oil per day (bopd), 7% lower than in 2014 (140 thousand bopd). The total gas production in 2015 was 3.5 billion m<sup>3</sup> or on average 62 thousand boepd, 3% lower than in 2014 (63 thousand boepd). The lower oil and gas production was caused by decreasing production from mature fields, partly offset by the unmanned Tyra SE platform coming on-stream in Q1 2015. The level of investments in the Danish sector of the North Sea is still significant and the DUC investments in the field development amounted to USD 0.3 billion in 2015 which is below the level of 2014 (USD 0.6 billion). During 2015, 4 new development wells were completed (2 wells in 2014).

In addition to production activities, Maersk Oil also conducts exploration activities and completed two wells in 2015.

## Innovation

Maersk Oil is seeking to enhance business competitiveness by developing further knowledge at extracting hydrocarbons from complex reservoirs such as tight chalk reservoirs in the North Sea and high-pressure, high-temperature fields like the Culzean field. An example of this effort is Maersk Oil's and the other Danish Underground Consortium partners' investment in the Danish Hydrocarbon Research & Technology Centre, launched in September 2014, where the first major technology programme has been initiated encompassing advanced water flooding of the Dan, Halfdan and Kraka fields.

Other focus areas are enhanced reservoir modelling, enhanced oil recovery mechanisms and cost effective well completions. In addition, Maersk Oil is protecting own developed technology with patent applications for new inventions, which in 2015 has resulted in patent applications for new methods for improved data and signal transmission in wells.

## **Risks and uncertainties**

Maersk Oil is subject to a variety of risks, which derive from the nature of the oil and gas production and exploration activities. In the Danish North Sea, Maersk Oil and its DUC partners have secured safe operations by provision of stand-by rigs and hereby mitigated risk caused by subsiding seabed.

Material accounting estimates relate to valuation of non-current assets including determination of amortization and depreciation profiles, and calculation of provisions to cover abandonment obligations and claims, etc. Maersk Oil's future is dependent upon success in finding or acquiring and developing oil and gas reserves. Further, strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

The lost time injury frequency (LTIF) for 2015 was 0.58 per million working hours compared to 0.72 per million working hours in 2014. Maersk Oil works focused on eliminating incidents and has set a target of zero incidents. Moreover, a major accident or oil spill remains an inherent risk in the operations. A high severity incident would first and foremost present a risk to our employees as well as potentially to the marine environment, wildlife and local communities. Additionally it could result in large scale impact on assets, liquidity and reputation and put our license to operate at risk. The Group is proactively building and supporting incident free operations to mitigate this risk.

Maersk Oil is operating in a materially changed oil price environment, which has led to necessary decisions to reduce activity levels through 2015. This has resulted in a reduction affecting both employees and contractors. The business remains focused on long-term growth opportunities, and the staff reductions were done in a manner ensuring that we safeguarded Maersk Oil's technical strengths and its good demographic profile compared to industry peers.

## Corporate Social Responsibility

Social responsibility is important for Maersk Oil's business and Maersk Oil continues its activities in line with the parent company A.P. Møller - Mærsk A/S' Sustainability Strategy. For more information reference is made to the parent company A.P. Møller - Mærsk A/S' sustainability report on the website:

[http://www.maersk.com/~media/the%20maersk%20group/sustainability/files/publications/2016/files/maersk\\_group\\_sustainability\\_report\\_2015\\_a3\\_final.pdf](http://www.maersk.com/~media/the%20maersk%20group/sustainability/files/publications/2016/files/maersk_group_sustainability_report_2015_a3_final.pdf)

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.

### 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, 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. As of 31 December, 2015 none of the shareholder-appointed Board members are women.

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: <http://mrsk.co/174tNiF>. In accordance with this policy Maersk Oil 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.

## Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Mærsk Olie og Gas A/S for 2015.

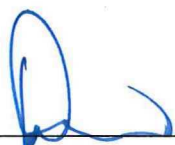
The annual report for 2015 of Mærsk Olie og Gas A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Group's and the Company's assets, liabilities and the financial position at 31 December 2015 and of the results of the Group's and the Company's operations and the consolidated cash flow for the financial year 2015.

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



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

Copenhagen, 29 April 2016

Executive Board:

  
\_\_\_\_\_  
Jakob Thomasen

Board of Directors:

  
\_\_\_\_\_  
Nils Smedegaard Andersen  
(Chairman)  
\_\_\_\_\_  
Michael Pram Rasmussen  
(Vice Chairman)  
\_\_\_\_\_  
Trond Westlie

## Independent auditors' report

### To the shareholder of Mærsk Olie og Gas A/S

#### **Independent auditors' report on the consolidated financial statements and the parent company**

We have audited the consolidated financial statements and the parent company financial statements of Mærsk Olie og Gas A/S for the financial year 1 January – 31 December 2014. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility for the consolidated financial statements and the parent company**

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 entity'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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Statement on the Directors' report**

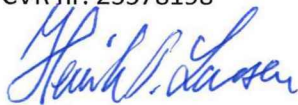
Pursuant to the Danish Financial Statements Act, we have read the Directors' report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided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

Copenhagen, 29 April 2015

### **KPMG**

Statsautoriseret Revisionspartnerselskab

CVR nr. 25578198



Henrik O. Larsen

State Authorised

Public Accountant

## Accounting Policies

The Annual Report for 2015 of Mærsk Olie og Gas 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.

Mærsk Olie og Gas A/S has with reference to the Danish Financial Statements Act § 86 section 4 refrained from preparing cash flow statement for the parent company.

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

### Consolidated Accounts

The consolidated financial statements comprise the entities controlled by Mærsk Olie og Gas A/S.

The consolidated financial statements are prepared by combining the financial statements of the parent company and the individual subsidiaries. Intercompany income and expenses, intercompany balances and dividends are eliminated.

For acquired companies the assets and liabilities are measured at fair value at the date control was achieved using the acquisition method. Identifiable intangible fixed assets are recognised if they arise from a contractual right or can otherwise be separately identified. The difference between the fair value of the acquisition cost and the fair value of acquired identifiable net assets is recognised as goodwill under intangible fixed assets.

### 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.

### Derivatives

Derivatives are recognised on the trading date and measured at fair value and included in other receivables (positive fair value) or other debt (negative fair value).

Changes to the value of derivatives used to hedge the value of recognised financial assets or liabilities are recognised in the income statement together with the changes in the value of the hedged assets or liabilities.

Changes to the value of derivatives used to hedge future transactions are recognised directly in equity until the hedged transactions are realised at which time value changes are included in the hedged transactions.

Derivatives classified as held for trading are recognised at fair value. Any change in fair value for oil price derivatives is recognised in the income statement under other income/costs.

Based on the use of the equity method, derivatives in the parent company used to hedge transactions in subsidiaries are in the parent company's annual report recognised consistently with the recognition on group level.

### The Income Statement

Revenue comprises the value of the company's (Group's) share of the oil and gas production as well as oil traded. If the company (Group) 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 (Group) sells less than its share of the produced oil (underlift) this is recognised at cost price under "Prepayments". In agreements where tax is settled in oil, this tax is recognised both as revenue and tax.

Other operating income comprises operator fee, administrative fee and recharges/timewriting gain on derivatives held for trading and gains by sale of licence shares, etc. In the parent company the operating income consists of services provided to subsidiaries as well as operator fee.

Other operating cost comprise loss on derivatives held for trading.

Production expenses comprise costs incurred in generating the revenue for the year including purchase of oil.

Exploration expenses are recognised in the income statement as they are incurred.

Expenses for initial surveys incurred before acquisition of licence for hydrocarbon extraction are also included in the income statement as they are incurred.

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

The company and its Danish subsidiaries are jointly taxed with a number of Danish companies in the A.P. Moller - Maersk 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 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.

Intangible assets in connection with acquired oil resources (concession rights, etc.) are amortised from commencement of production and over the fields' expected production periods of up to 20 years. Acquired exploration rights are amortised from the date of acquisition for a period up to five years.

IT software is amortised over a useful life of 3-5 years.

Tangible fixed assets are measured at cost less accumulated depreciation and impairments.

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. Cost includes the net present value of estimated costs of abandonment, removal and restoration. 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 determined individually for each development plan.

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.

Fixtures and operating equipment are depreciated within three years.

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.

Investments in subsidiaries are recognised and valued at the company's share of the subsidiaries' equity according to the equity method. In the income statement the result from the subsidiaries is recognised after tax.

Investments in associated companies are recognised as the Group's share of the equity value measured according to the Group's accounting policies. In the income statement the result from the associated companies is recognised after tax.

Inventories are measured at cost, following the FIFO method. Write-down is made to net realisable value if lower. The cost of finished goods includes direct and indirect production costs.

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.

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

Provisions are recognised when the Group has an existing legal or actual obligation and includes actuarial calculated pension obligations, deferred tax and provision for abandonment of oil fields, etc. Provisions are recognised on the basis of best estimates and considering discounting when the time element is significant.

Deferred income regarding future years is recognised under liabilities.

#### Cash Flow Statement

The cash flow statement shows the Group's cash flow for the year divided into cash flow from operations, cash flow used for investments and cash flow from financing activities.

Liquid funds etc. include cash and bank debt as well as interest-bearing on demand deposits with affiliated companies.

**MÆRSK OLIE OG GAS GROUP**  
**INCOME STATEMENT**  
**FOR 2015**

USD 1,000

Note	2015	2014
1. Revenue	5,828,775	7,645,324
Other operating income	218,991	213,782
Other operating cost	101,452	146,405
	5,946,314	7,712,701
2./3. Operating expenses	3,390,722	3,318,536
	2,555,592	4,394,166
Gross Profit		
2. Exploration expenses	380,532	723,258
6. Depreciation and impairment	4,151,911	3,472,763
Gain on sale of tangible and intangible assets	1,479	4,136
	(1,975,372)	202,280
Result before financial items and tax		
7. Result after tax in associated companies	0	(4,804)
4. Financial income	44,235	52,630
5. Financial expenses	205,255	119,359
	(2,136,391)	130,748
Result before tax		
10. Tax on result for the year	63,287	1,554,838
<b>Result for the year</b>	<b>(2,199,678)</b>	<b>(1,424,090)</b>

**MÆRSK OLIE OG GAS GROUP**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	2015	2014
<b>ASSETS</b>		
NON-CURRENT ASSETS		
6.	Intangible assets	
	Software etc.	8,556      14,747
	CO <sub>2</sub> emission permits	7,121      7,011
	Oil rights	384,977      1,466,778
		400,653      1,488,535
6.	Property, plant and equipment	
	Production facilities etc.	3,472,125      4,013,467
	Production facilities etc. under construction	1,228,395      1,651,658
		4,700,520      5,665,125
	Financial assets	
	Receivables Group companies	–      152,119
	Securities	984      984
	Long term deposit	9,982      43,446
		10,966      196,549
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,112,139      7,350,210</b>
CURRENT ASSETS		
	Inventories	332,646      411,477
10.	Deferred tax asset	343,238      146,312
	Receivables	
	Receivables from sale of oil and gas	276,265      428,482
	Receivables Group companies	3,293,183      2,857,210
	Receivables Joint Venture partners	181,569      252,106
	Other receivables including tax	368,406      240,804
	Prepayments	118,473      147,924
		4,237,897      3,926,526
	Cash	77,011      104,703
	<b>TOTAL CURRENT ASSETS</b>	<b>4,990,793      4,589,018</b>
	<b>TOTAL ASSETS</b>	<b>10,102,932      11,939,228</b>

**MÆRSK OLIE OG GAS GROUP**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	2015	2014
<b>EQUITY AND LIABILITIES</b>		
8.	<b>EQUITY</b>	
	Share capital	29,925      29,925
	Retained earnings	4,347,485      6,531,538
		<hr/> 4,377,410      6,561,463 <hr/>
	<b>PROVISIONS</b>	
	Pensions and similar provisions	7,558      5,761
9.	Deferred tax	–      430,375
9.	Other provisions	2,166,906      1,961,144
		<hr/> 2,174,464      2,397,280 <hr/>
	<b>LONG-TERM LIABILITIES OTHER THAN PROVISIONS</b>	
11.	Loan from group companies	1,771,927      500,000
		<hr/> 1,771,927      500,000 <hr/>
	<b>SHORT-TERM LIABILITIES OTHER THAN PROVISIONS</b>	
	Trade payables	1,000,044      1,183,906
	Loan from group companies	289,085      802,860
	Payables to group companies	151,245      170,131
	Tax	20,984      32,302
	Other payables	295,926      255,810
	Deferred income	21,849      35,476
		<hr/> 1,779,131      2,480,484 <hr/>
	<b>TOTAL LIABILITIES</b>	<hr/> 3,551,058      2,980,484 <hr/>
	<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<hr/> <b>10,102,932      11,939,228</b> <hr/>
12.	Contingencies etc.	
13.	Related parties	

**MÆRSK OLIE OG GAS GROUP**  
**CASH FLOW STATEMENT**  
**FOR 2015**

	USD 1,000	
	2015	2014
Result before financial items and tax	(1,975,372)	202,280
Depreciation and impairments	4,151,911	3,472,763
Other non-cash items	(110,919)	(4,592)
Change in working capital etc.	155,405	(39,957)
Cash flow from operating activities before financial items	2,221,025	3,630,495
Financial income	16,508	53,953
Financial expenses	(41,585)	(79,366)
Taxes paid	(791,329)	(1,834,385)
<b>Cash flow from operating activities</b>	<b>1,404,619</b>	<b>1,770,697</b>
Purchase of intangible assets and property, plant and equipment and purchase of subsidiaries and activities	(1,892,062)	(1,963,644)
Sale of intangible assets and property, plant and equipment	17,482	5,456
<b>Cash flow used for investing activities</b>	<b>(1,874,580)</b>	<b>(1,958,188)</b>
Proceeds from new loans	885,097	578,564
Repayment of loans	–	(14,224)
<b>Cash flow from financing activities</b>	<b>885,097</b>	<b>564,340</b>
<b>Net cash flow for the year</b>	<b>415,137</b>	<b>376,849</b>
Liquid funds etc. at 1 January	2,876,671	2,508,815
Exchange rate adjustments	(10,177)	(8,993)
<b>Liquid funds etc. at 31 December</b>	<b>3,281,630</b>	<b>2,876,671</b>
Comprising:		
On demand deposit with group company	3,204,619	2,771,968
Liquid funds etc. *	77,011	104,703
	<b>3,281,630</b>	<b>2,876,671</b>

\* Liquid funds etc. of tUSD 77,011 includes restricted cash of tUSD 31,196 per 31 December 2015 (2014: tUSD 23,089).



**MÆRSK OLIE OG GAS A/S**  
**INCOME STATEMENT**  
**FOR 2015**

Note	USD 1,000		
	2015	2014	
	Admin fee and recharges/timewriting	225,303	246,276
3.	Administrative expenses	291,852	316,969
	Exploration expenses	76,288	57,820
6.	Depreciation	1,424	1,398
	Result before financial items and tax	(144,261)	(129,911)
7.	Result after tax in subsidiaries	(2,089,705)	(1,288,684)
4.	Financial income	20,381	33,963
5.	Financial expenses	2,150	9,429
	Result before tax	(2,215,735)	(1,394,061)
10.	Tax on result for the year	(16,057)	30,029
	<b>RESULT FOR THE YEAR</b>	<b>(2,199,678)</b>	<b>(1,424,090)</b>
	Proposed distribution of net profit:		
	Reserve for net revaluation according to the equity method	(2,089,705)	(1,288,684)
	Retained earnings	(109,973)	(135,406)
		<b>(2,199,678)</b>	<b>(1,424,090)</b>

**MÆRSK OLIE OG GAS A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000		
	2015	2014	
<b>ASSETS</b>			
NON-CURRENT ASSETS			
6.	Fixtures, fittings, tools and equipment	493	1,784
	Land and buildings etc	3,532	3,665
	Assets under construction and prepayment	740	0
	Tangible assets non-current	4,765	5,449
7.	Financial assets		
	Investment in subsidiaries	3,159,371	5,060,799
	TOTAL NON-CURRENT ASSETS	3,164,136	5,066,248
CURRENT ASSETS			
10.	Deferred tax asset	29,664	13,779
	Receivables		
	Receivables Group companies	1,335,423	1,703,319
	Receivables Joint Venture partners	312,631	252,106
	Other receivables	18,901	24,006
	Prepayments	6,745	6,432
		1,673,701	1,985,862
	Cash	19,354	27,591
	TOTAL CURRENT ASSETS	1,722,719	2,027,232
	<b>TOTAL ASSETS</b>	<b>4,886,855</b>	<b>7,093,480</b>

**MÆRSK OLIE OG GAS A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	2015	2014
	<b>LIABILITIES AND EQUITY</b>	
8.	<b>EQUITY</b>	
	Share capital	29,925      29,925
	Retained earnings	4,347,485      6,531,538
		<u>4,377,410      6,561,463</u>
	<b>PROVISIONS</b>	
	Other provisions	117,716      101,780
		<u>117,716      101,780</u>
	<b>SHORT-TERM LIABILITIES OTHER THAN PROVISIONS</b>	
	Trade payables	279,913      320,342
	Loans from group companies	1,122      3,802
	Payables to group companies	36,360      72,903
	Other payables	74,334      33,190
		<u>391,729      430,236</u>
	<b>TOTAL LIABILITIES</b>	<u>391,729      430,236</u>
	<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<u><b>4,886,855      7,093,480</b></u>
12.	Contingencies etc.	
13.	Related parties	

**MÆRSK OLIE OG GAS A/S****Notes as at 31.12.2015****(USD 1,000)**

	Group		Parent company	
	2015	2014	2015	2014
<b>Note 1, Revenue</b>				
<u>Segments (geographical)</u>				
Qatar	2,353,969	3,564,428		
United Kingdom	1,575,831	1,415,686		
Algeria	654,972	1,465,318		
Kazakhstan	82,983	110,317		
Brazil	42,083	124,509		
USA	102,637	2,621		
Denmark	1,016,300	962,445		
	<u>5,828,775</u>	<u>7,645,324</u>		
<b>Note 2, Staff costs</b>				
Salaries	397,100	422,239		
Pension contribution	24,422	27,965		
Other social security costs	34,699	37,745		
	<u>456,221</u>	<u>487,949</u>		
Executive and board remuneration	<u>2,471</u>	<u>2,937</u>	<u>2,471</u>	<u>2,937</u>
Average number of employees in Mærsk Olie og Gas A/S' subsidiaries	<u>2,481</u>	<u>2,573</u>		

Staff costs included in the income statement for the Group are contained under the items operating expenses, exploration expenses and in the balance sheet under production facilities etc. in progress.

The Parent Company, Mærsk Olie og Gas A/S, has no employees as all those engaged are employed by Rederiet A.P. Møller A/S. During the financial year, an average of 1,947 people was employed in Mærsk Olie og Gas A/S (2014: 1,901 people). Total payroll costs in The Parent Company, Mærsk Olie og Gas A/S amounted to USD 305 million (2014: USD 362 million).

The A.P. Møller - Maersk Group has a restricted and performance shares program, comprising approximately 20 people in the Mærsk Olie og Gas Group including management. The transfer of restricted shares is contingent on the employee still being permanently employed and takes place when three years have passed from the time of granting. The value of the restricted shares granted in 2015 to employees in the Mærsk Olie og Gas Group is estimated at approximately USD 1,5 million (2014: USD 1,6 million) which is recognized in the income Statement.

The value of the performance shares granted in 2015 to employees in the Mærsk Olie og Gas Group is estimated at USD 0,1 million (2014: USD 2,8 million).

	Group		Parent company	
	2015	2014	2015	2014

### Note 3, Administration expenses

For the statutory auditors:

KPMG incl.	Audit	1,219	1,352	213	235
network firms:	Other assurance services	66	8	–	7
	Tax and VAT advisory services	591	523	128	26
	Other services	201	254	31	–

	Group		Parent company	
	2015	2014	2015	2014

### Note 4, Financial income

Interest income	2,126	5,360	–	269
Interest income from group companies	31,428	47,270	20,381	33,694
Exchange rate adjustments etc.	10,681	–	–	–
	<u>44,235</u>	<u>52,630</u>	<u>20,381</u>	<u>33,963</u>

### Note 5, Financial expenses

Interest expenses	5	159	5	159
Interest expenses to group companies	105,602	38,826	–	2,297
Other financial expenses	52,808	38,124	–	–
Exchange rate adjustments etc.	46,839	42,249	2,144	6,974
	<u>205,255</u>	<u>119,359</u>	<u>2,150</u>	<u>9,429</u>

**Note 6, Intangible/tangible assets**

	Group				
	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>
USD 1,000	Software etc.	CO <sub>2</sub> Emission Permits	Oil rights	Production facilities, buildings etc(*)	Production facilities etc. under con- struction
Cost at 01.01	71,974	7,011	7,576,013	17,517,293	1,686,203
Additions during the year	4,815	110	23,991	748,164	1,340,014
Disposals during the year	–	–	(117,940)	(9,379)	(7,622)
Transferred	–	–	–	697,550	(769,272)
Cost price 31.12	76,789	7,121	7,482,064	18,593,628	2,249,322
Depreciation and impairment losses at 01.01	57,227	–	6,109,235	13,503,826	34,545
Disposals during the year	–	–	(117,940)	(389)	–
Depreciation and amortisation for the year	11,006	–	79,420	1,240,954	–
Impairments for the year	–	–	1,026,372	807,776	986,383
Transferred	0	0	0	(70,664)	0
Depreciation, amortisation and impairments at 31.12	68,233	–	7,097,087	15,481,503	1,020,928
Carrying amount 31.12	8,556	7,121	384,977	3,472,125	1,228,395

Ownership of fixed assets in Qatar at a carrying amount of total USD 677 million (2014: USD 676 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.

Tangible assets in Algeria with the right of use are included with at a carrying amount of total USD 481 million (2014: USD 542 million). The consortium maintains the right of use until termination of the concession.

(\*) Hereof buildings in Denmark, Esbjerg (USD 4 million) and Qatar, Doha (USD 2 million).

**Note 6, Intangible/tangible assets  
(continued)**

USD 1,000	Parent company	Parent company	Parent company
	2015	2015	2015
	Fixtures, fittings, tools & equipment	Land and buildings etc.	Assets under construction, prepayment
Cost at 01.01	3,873	3,798	–
Additions during the year	–	–	740
Cost price 31.12	3,873	3,798	740
Depreciation and impairments at 01.01	2,089	133	–
Depreciation and impairments during the year	1,291	133	–
Depreciation and impairments at 31.12	3,380	266	–
Carrying amount 31.12	493	3,532	740

**Note 7, Financial assets**

	Parent company
	2015
	Shares in subsidiaries
Cost at 01.01	10,966,109
Additions during the year	738,302
Divestment during the year	(69,456)
Cost price 31.12	11,634,955
Value adjustments at 01.01	(5,905,311)
Divestment during the year	69,456
Share of subsidiaries / ass. companies profit after tax	(2,089,705)
Dividend	(550,025)
Value adjustments at 31.12	(8,475,584)
Carrying amount 31.12	3,159,371

A list of subsidiaries and associated companies is set out on pages 4 and 5 of the annual report to which reference is made.

### Note 8, Equity

	Group	Parent company		
	2015	2015		
<b>Share capital</b>	29,925	29,925		
<b>Net revaluation according to the equity method</b>				
Net revaluation at 01.01		–		
Profit for the year		(2,089,705)		
Dividend from subsidiaries		(550,025)		
Transfer from Retained earnings etc.		2,639,730		
Net revaluation according to the equity method		0		
<b>Retained earnings</b>				
Retained earnings at 01.01	6,531,538	6,531,538		
Transferred from profit for the year	(2,199,678)	(109,973)		
Dividend from subsidiaries	0	550,025		
Transfer to Net reval. according to the equity method	0	(2,639,730)		
Value adjustment of hedging instruments at 31.12	15,624	15,624		
Retained earnings at 31.12	4,347,485	4,347,485		
<b>Total equity</b>	4,377,410	4,377,410		
Share capital consists of the following shares:	Number	Nominal, DKK	Number	Nominal, DKK
	4	5,000	1	1,500,000
	13	10,000	2	2,500,000
	67	50,000	2	4,000,000
	2	250,000	2	5,000,000
	128	500,000	4	10,500,000
	6	750,000	2	15,000,000
	4	1,000,000		
			Total nominal	173,000,000

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



### **Note 9, Provisions**

Deferred tax mainly relates to the oil and gas interests in the British sector of the North Sea.

Other provisions mainly include discounted abandonment provisions USD 1,841 million (2014: USD 1,555 million) and other obligations from group entities. Of this, USD 216 million (2014: USD 161 million) is expected to be due within one year.

Provisions are recognised based on specific estimates and the amounts as well as timing of payments are subject to variations.

### **Note 10, Corporate tax**

Tax on profit for the year, USD 63 million (2014: 1,555 million) comprises taxes in subsidiaries, USD -79 million (2014: USD 1,525) and tax in the parent company, USD -16 million (2014: USD 30 million).

Deferred Tax asset is USD 343 million (2014: USD 146 million), of which USD 30 million (2014: USD 14 million) is in the parent company.

Unrecognised tax asset amounts to USD 1,194 million (2014: USD 905 million)

### **Note 11, Long term loan**

The total balance of the long term loan is due within 5 years.

### **Note 12, Contingencies**

Group:

Contingent assets include mainly exploration costs incurred, which according to agreements will be compensated if production of hydrocarbons is carried out.

As an ordinary part of both Mærsk Olie og Gas A/S' and its subsidiaries' activities, field development plans are signed and drilling and production rigs are chartered. When exploration and production are undertaken abroad, each subsidiary together with its partners is jointly liable for the contractual obligations.

At the end of 2015, the Maersk Olie og Gas Group has capital commitments etc. amounting to USD 2,5 bn. (2014: USD 2,5 bn.). Included in this amount is chartering of drilling and production rigs etc. USD 2,1 bn. (2014: USD 1,1 bn.), operating lease obligations USD 0,3 bn. (2014: USD 0,4 bn.) and work obligations etc. USD 0,1 bn. (2014: 1,0 bn.).

The company and Danish subsidiaries are jointly taxed with Danish companies within the A.P. Møller - Maersk 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.

Parent company:

The parent company vouches for its subsidiaries' obligations through performance guarantees with variable periods, which may comprise considerable amounts.

### **Note 13, Related parties**

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

### **Parties exercising control**

The company is 100% owned by A.P. Møller - Mærsk A/S.

The consolidated financial statements of the A.P. Møller - Maersk Group is available at the Company's address, Esplanaden 50, 1098 Copenhagen K, Denmark.

