

Mærsk Gallant Norge A/S under frivillig likvidation

**Lyngby Hovedgade 85
2800 Kgs. Lyngby**

Company Reg. No. 27179045

Annual Report 2018

01 January 2018 - 31 December 2018
(Financial year No. 16)

As adopted by the Company at the Annual General Meeting

29 May 2019



Klaus Greven Kristensen

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Liquidator's statement

The liquidator has today approved the annual report for Mærsk Gallant Norge A/S under frivillig likvidation for the period 01 January 2018 – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements provide a true and fair view of the Company's assets, liabilities, and financial position at 31 December 2018 and of the results of the Company operations for the period of 01 January 2018 to 31 December 2018.

It is also our opinion that the liquidator's review includes a true and fair view of the development in the Company's operations and financial conditions, the results for the year and financial position.

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

Lyngby, 29 May 2019

Liquidator:



Lotte Bay Cabelgaard

Independent Auditors' Report

To the shareholders of Mærsk Gallant Norge A/S under frivillig likvidation.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial period 01 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mærsk Gallant Norge A/S under frivillig likvidation for the financial period 01 January 2018 - 31 December 2018 which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis of 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 rules and requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement of Management Review

Management is responsible for liquidator's Review.

Our opinion on the financial statements does not cover liquidator's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read liquidator's Review and, in doing so, consider whether Liquidator's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether liquidator's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, liquidator's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in liquidator's Review.

Independent Auditors' Report (Continued)

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 scepticism 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.

Independent Auditors' Report (Continued)

- 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 in the notes, 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.

Copenhagen, 29 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33771231



Thomas Wraae Holm

State Authorised Public Accountant

mne30141



Kim Danstrup

State Authorised Public Accountant

mne32201

Liquidator's Review

Company details

Mærsk Gallant Norge A/S under frivillig likvidation
Lyngby Hovedgade 85
2800 Kgs. Lyngby

Company Reg. No.: 27179045
Date of incorporation: 23 May 2003
Registered office: Lyngby
Financial period: 01 January 2018 - 31 December 2018

Liquidator

Lotte Bay Gabelgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual General Meeting

General Meeting will be held 29 May 2019.

Liquidator's Review (Continued)

The Company's main activities

The Company's main activity has been offshore drilling activity on the leased rig Mærsk Gallant.

Development in activities and finances.

In Q3 2016 the company ended its drilling activities on the leased rig Mærsk Gallant and following that the company has been dormant.

The result for the year amounts to USD 971k (2017: USD 3,553k).

Outlook

The Company entered per 11 October 2018 into voluntary liquidation. Unless the shareholders make another decision, the liquidation is expected to be completed during 2019.

Accounting Policies

The Financial Statements of Mærsk Gallant Norge A/S under frivillig likvidation for 2018 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Correction of material misstatement

Mærsk Gallant Norge A/S under frivillig likvidation has in the annual report for 2018 made certain corrections of accruals relating to prior years. The corrections resulted in an increase of USD 538k in retained earnings as of 1 January 2017 and a related increase of USD 538k in receivables from group enterprises. The tax effect of this adjustment is USD 161k.

Recognition and measurement

The company is expected to be liquidated in the near future and the accounting policies reflect this.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, write-downs and provisions and reversals as a result of changes in accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Revenue

Revenue from drilling activities, which are typically carried out under long-term agreements with fixed day rates, revenue is recognised for the operating time related to the financial year.

Other external cost

Other external costs comprise expenses incurred during the year for bare boat hire of the rigs (operating lease), repair and maintenance, catering, hired crew and administrative costs.

Financial income and expenses

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

Accounting Policies (Continued)

Tax on result for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the result for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The Company is part of A.P. Møller Holding A/S' joint taxation. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax receivables and liabilities

Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on the taxable income adjusted for tax on prior years' taxable income and paid on account taxes.

Provisions

Provisions are recognised when the company has a current legal or constructive obligation, and if the amount can be measured reliably. Provisions are recognised on the basis of best estimates.

Financial debt

Other debts are recognised at amortised cost, which, essentially corresponds to the nominal value.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Accounting Policies (Continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

USD is used as functional currency and as presentation currency because the majority of transactions are in U.S. dollars. At 31 December 2018 the exchange rate DKK/USD was 652.13 (2017: 620.77).

Income Statement

Financial Statements 01 January 2018 - 31 December 2018

Note		2018 \$'000	2017 \$'000
1	Revenue	153	3,628
	Other external costs	252	–
	Result before financial items	405	3,628
2	Financial income	141	17
3	Financial expenses	(173)	(788)
	Result before tax	373	2,857
4	Tax on result for the year	598	696
	Result for the year	971	3,553
	Appropriation		
	Proposed dividend	5,500	–
	Retained earnings	(4,529)	3,553
		971	3,553

Balance Sheet

Financial Statements 01 January 2018 - 31 December 2018

Note	Assets	2018 \$'000	2017 \$'000
	Current assets		
	Receivables		
	Receivables from group enterprises	6,196	6,665
	Other receivables	–	116
	Total current assets	6,196	6,781
	TOTAL ASSETS	6,196	6,781
	Equity and Liabilities		
	Equity		
	Share capital	170	170
	Retained earnings	222	4,751
	Proposed dividend	5,500	–
	Total equity	5,892	4,921
	Provisions		
	Other provisions	–	655
	Total provisions	–	655
	Short-term liabilities		
	Trade payables	–	291
	Current tax payables	304	914
	Total liabilities	304	1,205
	TOTAL EQUITY AND LIABILITIES	6,196	6,781
5	Commitments and contingent liabilities, etc.		
6	Employee remuneration		
7	Related parties		
8	Shareholders		
9	Consolidation		
10	Events after the balance sheet date		

Equity Statement

Financial Statements 01 January 2018 - 31 December 2018

\$'000	Share- capital	Retained earnings	Proposed dividend	Total
Equity 31 December 2016	170	660	-	830
Adjustment	-	538	-	538
Equity 01 January 2017	170	1,198	-	1,368
Result for the year	-	3,553	-	3,553
Equity 01 January 2018	170	4,751	-	4,921
Result of the year	-	(4,529)	5,500	971
Equity, 31 December 2018	170	222	5,500	5,892

The share capital comprises 1,000 shares of DKK 1,000. No shares hold special rights. There has been no changes to the share capital during the past five financial years.

Notes

1. Revenue

	2018	2017
	\$'000	\$'000
Revenue, UK	153	3,628
	<u>153</u>	<u>3,628</u>

2. Financial income

Interest income from group enterprises	96	17
Exchange gain to group enterprises	45	–
	<u>141</u>	<u>17</u>

3. Financial expenses

Interest expenses to group enterprises	–	(788)
Exchange loss from group enterprises	(173)	–
	<u>(173)</u>	<u>(788)</u>

4. Tax on the result of the year

Tax for the year	(86)	843
Adjustments to prior years tax for the year	684	(147)
	<u>598</u>	<u>696</u>

5. Commitments and contingent liabilities, etc. Contingent liabilities

The Company is jointly taxed with all other Danish companies in the A.P. Møller Holding Group. As a fully owned subsidiary, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish company tax, withholding taxes on dividends, interest and royalties within the jointly taxed companies.

6. Employee remuneration

Mærsk Gallant Norge A/S under frivillig likvidation has not had employees in 2018 and 2017. Personnel are hired from affiliates in the Maersk Drilling Holding Group. The Board of Directors has not been remunerated.

Notes

7. Related parties

The following related parties have a controlling interest in Mærsk Gallant Norge A/S under frivillig likvidation;

The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal, Copenhagen, Denmark is the ultimate owner.

Other related parties with a controlling interest:

- A.P. Møller Holding A/S, Esplanaden 50, 1263 Copenhagen K (ultimate parent company that prepares consolidated financial statements)
- A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K.
- Maersk Drilling Holding A/S, Lyngby Hovedgade 85, 2800 Kgs. Lyngby (first parent company that prepares consolidated financial statements)
- Maersk Drilling A/S, Lyngby Hovedgade 85, 2800 Kgs. Lyngby (immediate parent company)

Other related parties

The Board of Directors and the Executive Management of the entities listed above having a controlling interest in Mærsk Gallant Norge A/S under frivillig likvidation including their close relatives and undertakings under their significant influence are also considered related parties. This includes subsidiaries of and affiliates to A.P. Møller Holding A/S and subsidiaries of and affiliates to A.P. Møller – Mærsk A/S.

8. Shareholders

The Company has registered the following shareholder holding minimum 5% of the voting share capital or minimum 5% of the nominal share capital:

Maersk Drilling A/S
Lyngby Hovedgade 85
2800 Kgs. Lyngby

9. Consolidation

The consolidated financial statements of Maersk Drilling Holding A/S, Lyngby Hovedgade 85, 2800 Kgs. Lyngby can be obtained by contacting this company or at its website <https://www.maerskdrilling.com/financials>. The consolidated financial statements of A.P. Møller - Holding A/S can be obtained by contacting this company.

Notes

10. Events after the balance sheet

In April 2019, the Maersk Drilling Holding A/S and its subsidiaries were separated from the A.P. Moller - Maersk Group via a demerger of A.P. Møller – Mærsk A/S and a separate listing on Nasdaq Copenhagen. As a consequence, A.P. Møller - Mærsk A/S is no longer having a controlling interest but is still considered a related party as under the common control of A.P. Møller Holding A/S. No other events have occurred after the balance sheet date to this date which would influence the evaluation of this report.