

**Maersk Oil Angola A/S**

**CVR-No. 28701365**

**Annual Report 2015**

Approved at the General Assembly: 27/05/2016

Chairman of the meeting: Majbritt Perotti Carlson

Esplanaden 50, 1263 Copenhagen K

A handwritten signature in blue ink, appearing to be 'Majbritt Perotti Carlson', written in a cursive style.

## **Company information**

Maersk Oil Angola A/S  
Esplanaden 50  
1263 Copenhagen K

CVR-No.: 28701365  
Date of incorporation: 11 May 2005  
Registered office: Copenhagen  
Financial year: 01 January 2015 - 31 December 2015

### **Board of Directors**

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

### **Executive Board**

Søren Frank

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen Ø

### **Affiliate**

Maersk Oil Angola  
Sito no Sector de Talatona  
Zona Residencial 2A,  
GU16D Talatona, Luanda  
Republic of Angola

## **Directors' Report**

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

Maersk Oil Angola participates as operator with a 50% ownership share in Block 16 offshore Angola in partnership with Odebrecht (15%), Sonangol (20%) and Maersk Oil Angola Holdings A/S (15%). Furthermore, Maersk Oil Angola A/S was the operator of Blocks 8 and 23 with a 50% ownership share in partnership with Svenska Petroleum (30%) and Sonangol (20%). The exploration licenses expired for the two blocks and the contractor group decided to return the blocks to Sonangol. Sonangol's share of the costs are carried by the other partners which results in a cost share for Maersk Oil Angola A/S of 62.5% in all three Blocks.

A Chissonga field development plan was submitted to the authorities in Q3 2013. Tender bids for the Chissonga project were received. With the low oil price, the project is challenged. Due to project timing, it was announced in March 2016 that the activities outgoing from a Houston office will be terminated in November 2016 with the Chissonga project team moving to Copenhagen.

Request for approval of the development is not expected until an economic viable solution is identified and may be based on a Field Development Plan with revised scope.

The result for 2015 shows a loss of USD 520 million, which is lower than expectations and compared to a loss of USD 162 million in 2014. The result was mainly impacted by impairments due to the current and expected future oil price conditions.

Key figures for the Company are as follows:

USD million	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Income statement:</b>					
Revenue	1	1	10	7	5
Profit before financial items and tax	(517)	(162)	(396)	(200)	(193)
Financial items, net	(3)	-	4	4	(1)
Profit for the year after tax	(520)	(162)	(391)	(196)	(178)
<b>Balance sheet:</b>					
Total assets	200	501	600	391	288
Investments in property, plant and equipment	60	126	74	139	118
Equity	146	388	467	316	170
<b>Employees:</b>					
Average number of employees	82	107	77	43	35

The loss for 2016 is expected to be significantly lower than in 2015 as the Block 16 asset was impaired.

**Risks and uncertainties**

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

Maersk Oil Angola 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 Angola A/S for 2015.

The annual report for 2015 of Maersk Oil Angola 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:

\_\_\_\_\_  
Søren Frank

Board of Directors:

\_\_\_\_\_  
Jakob Bo Thomasen  
(Chairman)

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Gretchen Hauser Watkins

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Graham Stuart Talbot  
(Vice Chairman)

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Copenhagen, 27 May 2016

Executive Board:



Søren Frank

Board of Directors:

\_\_\_\_\_  
Jakob Bo Thomasen  
(Chairman)

\_\_\_\_\_  
Graham Stuart Talbot  
(Vice Chairman)

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Gretchen Hauser Watkins



## **Independent auditors' report**

### **To the shareholder of Maersk Oil Angola A/S**

#### **Independent auditors' report on the financial statements**

We have audited the financial statements of Maersk Oil Angola 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

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## **Accounting Policies**

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

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

Maersk Oil Angola A/S has with reference to the Danish Financial Statements Act § 86 section 4 refrained from preparing cash flow statement. With reference to provision 96, 3 of the Danish Financial Statements Act, fees for audit 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 operator fee income earned during the financial year.

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 included in the income statement as they are incurred.

Administrative expenses comprise parent company overhead as well as general administrative expenses.

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 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. Depreciation on production facilities etc. is made over the expected economic life determined individually for each development plan.

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.

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 Company has an existing legal or actual obligation. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

**MAERSK OIL ANGOLA A/S**  
**INCOME STATEMENT**  
**FOR 2015**

Note	USD 1,000	
	2015	2014
Operator's fee	665	1,371
Gross profit	665	1,371
1. Administrative expenses	28,527	29,080
Exploration expenses	16,003	132,272
4. Depreciation	472,664	2,087
Result before financial items and tax	(516,529)	(162,068)
2. Financial income	1,780	400
3. Financial expenses	4,848	92
Result before tax	(519,597)	(161,760)
6. Tax for the year	-	(5)
<b>RESULT FOR THE YEAR</b>	<b>(519,597)</b>	<b>(161,755)</b>
Proposed distribution of net result		
Retained earnings	(519,597)	(161,755)
	(519,597)	(161,755)

**MAERSK OIL ANGOLA A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	2015	2014
	<b>ASSETS</b>	
4.	NON-CURRENT ASSETS	
	Intangible assets	
	Exploration rights	-
	Software	3,952
		<u>3,952</u>
	Land and buildings	-
	Property, plant and equipment	
	Fixtures and operating equipment	472
	Production facilities etc. under construction	387,833
		<u>388,305</u>
	TOTAL NON-CURRENT ASSETS	<u>392,257</u>
	CURRENT ASSETS	
	Inventory	18,758
	Receivables	
	Receivables from sale of goods and services	142
	Receivables Group companies	156,097
	Other receivables	18,987
	Prepayments	6,576
		<u>181,802</u>
10.	Cash	19,579
	TOTAL CURRENT ASSETS	<u>200,441</u>
	<b>TOTAL ASSETS</b>	<b><u>500,697</u></b>



**MAERSK OIL ANGOLA A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	2015	2014
	<b>LIABILITIES AND EQUITY</b>	
5.	<b>EQUITY</b>	
	Share capital	19,925
	Retained earnings	368,223
	<u>145,542</u>	<u>388,148</u>
7.	<b>PROVISIONS</b>	
	Other provisions	49,600
	<u>881</u>	<u>49,600</u>
	<b>SHORT-TERM LIABILITIES OTHER THAN PROVISIONS</b>	
	Trade payables	18,268
	Payables to group companies	43,161
	Other payables	1,520
	<u>54,018</u>	<u>62,949</u>
	<b>TOTAL LIABILITIES</b>	<b>62,949</b>
	<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>500,697</b>
8.	Contingencies etc.	
9.	Related parties	

**MAERSK OIL ANGOLA A/S****Notes as at 31.12.2015****(USD 1,000)**

	<u>2015</u>	<u>2014</u>
<b>Note 1, Staff costs</b>		
Salaries and wages	13,184	15,595
Pension contributions	-	9
Other social security costs	215	439
	<u>13,399</u>	<u>16,043</u>
Average number of employees	<u>82</u>	<u>107</u>

Staff costs included in the income statement are contained under the items administrative expenses and exploration expenses.

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>
<b>Note 2, Financial income</b>		
Interest received from group companies	43	43
Exchange rate adjustments etc.	1,737	357
	<u>1,780</u>	<u>400</u>
<b>Note 3, Financial expenses</b>		
Interest paid	510	30
Exchange rate adjustments etc.	4,338	62
	<u>4,848</u>	<u>92</u>

**Note 4, Intangible/tangible assets**

	2015	2015	2015	2015	2015
	Software etc.	Exploration rights	Fixtures and operating equipment	Production facilities etc. under con- struction	Land and buildings
Cost at 01.01	8,150	107,500	1,490	387,833	-
Additions during the year	4,788	-	2,038	57,587	15,993
Transferred	-	-	-	(23,522)	23,522
Cost price 31.12	12,938	-	3,528	421,898	39,515
Depreciation and impairment losses at 01.01	4,198	107,500	1,018	-	-
Depreciation and amortisation for the year	1,649	-	827	0	206
Write-down for the year	7,091	-	1,683	421,898	39,309
Depreciation, amortisation and write-downs at 31.12	12,938	107,500	3,528	421,898	39,515
Carrying amount 31.12	-	-	-	-	-

**Note 5, Equity**

	<u>2015</u>	<u>2014</u>
<b>Share capital</b>		
Share capital at 01.01	19,925	19,091
Capital increase	2,769	834
Share capital at 31.12	<u>22,694</u>	<u>19,925</u>

**Retained earnings**

Retained earnings at 01.01	368,223	447,444
Capital increase, share premium	274,222	82,534
Transferred from result for the year	<u>(519,597)</u>	<u>(161,755)</u>
Retained earnings at 31.12	<u>122,848</u>	<u>368,223</u>

**Total equity**

<u>145,542</u>	<u>388,148</u>
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Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
370,000	100
73,462	1,000
1	500,000
1	1,000,000
2	1,200,000
1	1,800,000
1	4,500,000
1	10,000,000
Total nominal value in DKK	<u>130,662,304</u>

## Note 5, Equity, continued

Share capital changes in the last five years shares:	DKK
Increase of capital 16 June 2011	6,000,000
Increase of capital 4 November 2011	10,000,000
Increase of capital 20 April 2012	10,000,000
Increase of capital 7 September 2012	10,000,000
Increase of capital 3 June 2013	5,000,000
Increase of capital 13 June 2013	5,000,000
Increase of capital 2 October 2013	5,000,000
Increase of capital 1 November 2013	5,000,000
Increase of capital 10 December 2013	10,000,000
Increase of capital 10 September 2014	4,800,000
Increase of capital 5 February 2015	4,150,000
Increase of capital 20 April 2015	3,450,000
Increase of capital 3 August 2015	2,930,000
Increase of capital 30 October 2015	8,132,304

The costs related to the capital increase in 2015 amount to USD 120.

## Note 6, Corporate tax

Tax for the year is USD nil (2014: tax income of USD 5 thousand).

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 within one year.

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.

**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 4.1 million (2014: USD 30.8 million), of which USD 3 million is for leasing commitments (2014: USD 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.

**Note 10, Cash**

Cash, USD 18.6 million (2014: USD 19.6 million), includes USD 18.6 million (2014: USD 19.6 million) that at year end was deposited on a restricted bank account.