

**Maersk Oil Angola A/S**

**CVR-No. 28701365**

**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, Denmark.

## **Company information**

Maersk Oil Angola A/S  
Amerika Plads 29 st.  
2100 Copenhagen Ø

CVR-No.: 28701365  
Date of incorporation: 11 May 2005  
Registered office: Copenhagen  
Financial year: 01 January 2017 - 31 December 2017

## **Board of Directors**

Sophie Paule Roland Barthe (Chairman)  
Martin Rune Pedersen (Vice Chairman)  
Troels Albrechtsen

## **Executive Board**

Laurent Michel Raoul Maurel

## **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## **Branch**

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

## **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 1<sup>st</sup> 2018).

Maersk Oil Angola A/S participates as operator with a 50% participating interest in Block 16 offshore Angola in partnership with Odebrecht (15%), Sonangol (20%) and Maersk Oil Angola Sixteen Ltd. (15%). 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%. Maersk Oil Angola A/S was also the operator of Blocks 8 and 23 with a 50% ownership share in partnership with Svenska Petroleum (30%) and Sonangol (20%), however the contractor group has relinquished Block 8 and returned Block 23 to Sonangol.

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, the activities outgoing from the Houston office were terminated in November 2016 with a significantly reduced Chissonga project team moving to Copenhagen. The Luanda team was also reduced significantly.

Currently an economically viable solution is being sought and may be based on a Field Development Plan with a significant revised scope and including cross block development of resources from neighboring blocks. Recent progress has been made by reducing the cost base of the project.

### **Financial review**

#### **Financial performance for the year**

The result for 2017 shows a gain of USD 12 million, compared to a loss of USD 32 million in 2016. The result reflects significant cost savings and collection of outstanding debtor provided for in previous years.

Key figures for the Company are as follows:

USD million	2017	2016	2015	2014	2013
<b>Income statement:</b>					
Revenue	0	2	1	1	10
Profit before financial items and tax	10	(33)	(517)	(162)	(396)
Financial items, net	2	0	(3)	0	4
Profit for the year after tax	12	(32)	(520)	(162)	(391)
<b>Balance sheet:</b>					
Total assets	43	125	200	501	600
Investments in property, plant and equipment	0	0	60	126	74
Equity	35	113	146	388	467
<b>Employees:</b>					
Average number of employees	15	32	82	107	77

#### Guidance for 2018

For 2018 there is no expected income of significance, why a loss is expected.

#### **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 8<sup>th</sup> 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 Angola A/S seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

**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 2017.

The annual report for 2017 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 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: \_\_\_\_\_  
Laurent Michel Raoul Maurel

Board of Directors: \_\_\_\_\_  
Sophie Paule Roland Barthe  
(Chairman)

\_\_\_\_\_  
Martin Rune Pedersen  
(Vice Chairman)

\_\_\_\_\_  
Troels Albrechtsen

## **Independent auditors' report**

To the shareholder of Maersk Oil Angola 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 Angola 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 2018

**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 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 provision 86 section 4 refrained from preparing cash flow statement.

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 operator fee income earned during the financial year.

**Exploration expenses** are capitalised unless the costs do not qualify for capitalisation, and are then recognised in the income statement as incurred. Expenses for initial surveys incurred before acquisition of licence for hydrocarbon extraction are also 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 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 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. 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 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.

**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**.

**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.

**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 2017**

Note	USD 1,000	
	<b>2017</b>	<b>2016</b>
Revenue	153	1,506
Other income	0	2,000
Gross profit	153	3,506
1. Administrative expenses	(2,869)	34,850
Exploration expenses	(7,200)	1,201
2. Depreciation and impairment	0	0
Result before financial items and tax	10,222	(32,545)
3. Financial income	2,160	543
4. Financial expenses	0	460
Result before tax	12,382	(32,462)
5. Tax for the year	102	(101)
<b>RESULT FOR THE YEAR</b>	<b>12,280</b>	<b>(32,361)</b>
6. Proposed distribution of net result		

**MAERSK OIL ANGOLA A/S**  
**BALANCE SHEET AT 31.12.2017**

Note	USD 1,000	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
2.	NON-CURRENT ASSETS	
	Intangible assets	
	Exploration rights	0
	Software	0
	0	0
	Property, plant and equipment	
	Land and Buildings	0
	Fixtures and operating equipment	0
	Production facilities etc. under construction	0
	0	0
	0	0
	TOTAL NON-CURRENT ASSETS	
	0	0
	CURRENT ASSETS	
	Receivables	
	Receivables from sale of goods and services	54
	Receivables Group companies	39,104
	Other receivables	120,253
7.	Prepayments	56
	1,903	169
	41,117	120,447
8.	Cash	25
	1,597	4,379
	42,714	124,826
	TOTAL CURRENT ASSETS	
	42,714	124,826
	<b>TOTAL ASSETS</b>	
	<b>42,714</b>	<b>124,826</b>

**MAERSK OIL ANGOLA A/S**  
**BALANCE SHEET AT 31.12.2017**

Note	USD 1,000	
	<b>2017</b>	<b>2016</b>
<b>LIABILITIES AND EQUITY</b>		
EQUITY		
9.	Share capital	22,694
	Retained earnings	22,694
		90,487
	35,461	113,181
CURRENT LIABILITIES		
10.	Other provisions	3,467
	Trade payables	4,164
	Payables to group companies	1,777
	Other payables	1,791
		1,969
		218
	7,253	11,645
TOTAL LIABILITIES		
<b>TOTAL LIABILITIES AND EQUITY</b>		
	<b>42,714</b>	<b>124,826</b>
11.	Contingencies etc.	
12.	Related parties	

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

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 01.01	22,694	90,487	113,181
Extraordinary dividend		(90,000)	(90,000)
Profit for the year		12,280	12,280
<b>Equity 31.12</b>	<b>22,694</b>	<b>12,767</b>	<b>35,461</b>



**MAERSK OIL ANGOLA A/S**

**Notes as at 31.12.2017**

**(USD 1,000)**

USD 1,000	<b>2017</b>	<b>2016</b>
<b>Note 1, Staff costs</b>		
Salaries and wages	3,069	6,647
Pension contributions	0	10
Other social security costs	67	246
	3,136	6,903
 Average number of employees	 15	 32

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

There has been no Board of Directors fee or Management remuneration paid in the year.

**Note 2, Intangible assets/ Plant, property and equipment**

USD 1,000	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	Software etc.	Exploration rights	Fixtures and operating equipment	Production facilities etc. under con- struction	Land and Buildings
Cost at 01.01	12,938	107,500	3,528	421,898	39,515
Additions during the year	0	0	0	0	0
Transferred	0	0	0	0	0
	12,938	107,500	3,528	421,898	39,515
Cost price 31.12	12,938	107,500	3,528	421,898	39,515
Depreciation and impairment losses at 01.01	12,938	107,500	3,528	421,898	39,515
Depreciation and amortisation for the year	0	0	0	0	0
	12,938	107,500	3,528	421,898	39,515
Depreciation, amortisation and write- downs at 31.12	12,938	107,500	3,528	421,898	39,515
	0	0	0	0	0
Carrying amount 31.12	0	0	0	0	0

USD 1,000	<u>2017</u>	<u>2016</u>
<b>Note 3, Financial income</b>		
Interest received from group companies	1,215	448
Other interest received	799	0
Exchange rate adjustments etc.	146	95
	<u>2,160</u>	<u>543</u>
<b>Note 4, Financial expenses</b>		
Interest paid	0	402
Exchange rate adjustments etc.	0	58
	<u>0</u>	<u>460</u>

#### **Note 5, Corporate tax**

Tax on profit for the year is an expense of USD 0.1 million (2016: Income of USD 0.1 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 6, Proposed distribution of net result**

USD 1,000	<u>2017</u>	<u>2016</u>
Extraordinary dividend	90,000	0
Retained earnings	(77,720)	(32,361)
	<u>12,280</u>	<u>(32,361)</u>

#### **Note 7, Prepayments**

Prepayments include prepaid insurance and other costs related to future periods.

#### **Note 8, Cash**

Cash, USD 1.6 million (2016: USD 4.4 million), is the company's share of joint venture bank accounts.

## Note 9, Share Capital

Share capital consists of the following shares:	Number	Nominal, DKK
	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	130,662,304

Share capital changes in the last five years shares:	DKK
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

## Note 10, Provisions

Provisions are due within one year and include provisions related to tax.

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.

### **Note 11, 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 50 thousands (2016: USD 260 thousands), of which USD 50 thousands is for leasing commitments (2016: USD 260 thousands).

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 12, 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 Mærsk Olie 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.