

Maersk Drilling Americas A/S

Lyngby Hovedgade 85

2800 Kgs. Lyngby

Company Reg. No. 29327009

Annual Report 2017

(Financial year No. 12)

As adopted by the Company at the Annual General Meeting

30 May 2018



Klaus Greven Kristensen

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Statement of the Board of Directors and Management

The Board of Directors and the Management have today discussed and approved the annual report for 2017 of Maersk Drilling Americas A/S.

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 31 December 2017 and of the results of the Company's operations for the financial year 2017.

It is also our opinion that the Management 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, 30 May 2018

Management:



Angela Durkin

Board of Directors:



Priya Saldanha Leth-Jørgensen
(Chairman)



Klaus Greven Kristensen



Morten Kelstrup

Independent Auditor's Report

To the shareholder of Maersk Drilling Americas 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 Drilling Americas A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management'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 Management's Review and, in doing so, consider whether Management'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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management'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 Management's Review.

Independent Auditor's 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.

Independent Auditor's Report

- 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.

Copenhagen, 30 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33771231



Thomas Wraae Holm
State Authorised Public Accountant
mne 30141



Kim Danstrup
State Authorised Public Accountant
mne 32201

Management's Review

Company details

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

| | |
|------------------------|-----------------------------------|
| Company Reg. No.: | 29327009 |
| Date of incorporation: | 6 February 2006 |
| Registered office: | Lyngby |
| Financial year: | 1 January 2017 - 31 December 2017 |

Board of Directors

Priya Saldanha Leth-Jørgensen (Chairman)
Klaus Greven Kristensen
Morten Kelstrup

Management

Angela Durkin

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual General Meeting

Annual General Meeting will be held 30 May 2018.

Management's Review

The Company's main activities

The Company's main activity is to hold shares in companies within offshore services to the Oil and Gas industry in South, North and Central America.

Development in activities and finances

The result for the year amounts to USD (3,148)k (2016: USD 43,075k). The result was negatively impacted by impairments of USD (3,531)k. Management considers the result unsatisfactory and for 2018 management expects to reach a result in line with 2017 excluding dividends and impairments from investments.

Financial Statements 1 January - 31 December

Accounting policies

The Financial Statements of Maersk Drilling Americas A/S for 2017 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

In accordance with Section 112 of the Danish Financial Statements Act, the Company does not prepare a consolidated report as the Company and its subsidiaries are included in the consolidated report of A.P. Møller - Mærsk A/S.

The accounting policies are unchanged from last year.

Recognition and measurement

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.

Financial Statements 1 January - 31 December

Accounting policies

Income statement

Other external cost

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

Financial income and expenses

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

Dividends from investments are recognised as income in the year in which the dividend is declared.

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

Investments in subsidiaries

Investments in subsidiaries are recognised at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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.

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.

Financial Statements 1 January - 31 December

Accounting policies

Balance sheet

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.

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 2017 the exchange rate DKK/USD was 620.77 (2016: 705.50).

Financial Statements 1 January - 31 December

Income statement

| Note | 2017 | 2016 | |
|------|--------------------------------------|----------------|---------------|
| | USD ('000) | USD ('000) | |
| | | | |
| | Other external costs | 0 | (2) |
| | Impairment of financial assets | (3,531) | 0 |
| | Result before financial items | (3,531) | (2) |
| 1 | Financial income | 477 | 43,099 |
| | Result before tax | (3,054) | 43,097 |
| 2 | Tax on result for the year | (94) | (22) |
| | Result for the year | (3,148) | 43,075 |

Appropriation

| | | | |
|--|-------------------|----------------|---------------|
| | Proposed dividend | 0 | 40,000 |
| | Retained earnings | (3,148) | 3,075 |
| | | (3,148) | 43,075 |

Financial Statements 1 January - 31 December

Balance sheet

| Note | ASSETS | 2017 | 2016 |
|------|-------------------------------------|---------------|---------------|
| | | USD ('000) | USD ('000) |
| | Non-current assets | | |
| 3 | Financial non-current assets | | |
| | Investments in subsidiaries | 10,971 | 14,502 |
| | Total non-current assets | 10,971 | 14,502 |
| | Current assets | | |
| | Receivables | | |
| | Receivables from group enterprises | 45,930 | 45,453 |
| | Total current assets | 45,930 | 45,453 |
| | TOTAL ASSETS | 56,901 | 59,955 |

Financial Statements 1 January - 31 December

Balance sheet

| Note | EQUITY AND LIABILITIES | 2017 USD ('000) | 2016 USD ('000) |
|------|---|--------------------|--------------------|
| | Equity | | |
| | Share capital | 335 | 335 |
| | Retained earnings | 16,448 | 19,596 |
| | Proposed dividend | 0 | 40,000 |
| | Total equity | 16,783 | 59,931 |
| | Short-term liabilities | | |
| | Trade payables | 2 | 3 |
| | Payable to group enterprices | 40,011 | 0 |
| | Current tax payables | 105 | 21 |
| | Total liabilities | 40,118 | 24 |
| | TOTAL EQUITY AND LIABILITIES | 56,901 | 59,955 |
| 4 | Commitments and contingent liabilities, etc. | | |
| 5 | Employee remuneration | | |
| 6 | Related parties | | |
| 7 | Shareholders | | |
| 8 | Consolidation | | |
| 9 | Events after the balance sheet date | | |

Financial Statements 1 January - 31 December

Equity statement

| USD ('000) | Share- capital | Retained earnings | Proposed dividend | Total |
|--------------------------------|-------------------|----------------------|----------------------|---------------|
| Equity 1 January 2016 | 335 | 16,521 | – | 16,856 |
| Result for the year | 0 | 3,075 | 40,000 | 43,075 |
| Equity 1 January 2017 | 335 | 19,596 | 40,000 | 59,931 |
| Result for the year | 0 | (3,148) | (40,000) | (43,148) |
| Equity 31 December 2017 | 335 | 16,448 | 0 | 16,783 |

Financial Statements 1 January - 31 December

Notes

| | 2017 USD ('000) | 2016 USD ('000) |
|--|----------------------------------|--------------------|
| 1 Financial income | | |
| Dividends from investments | 0 | 43,000 |
| Interest income from group enterprises | 477 | 99 |
| | <u>477</u> | <u>43,099</u> |
| 2 Tax on the result of the year | | |
| Tax for the year | (94) | (22) |
| | <u>(94)</u> | <u>(22)</u> |
| 3 Financial non-current assets | | |
| USD ('000) | Investments in group enterprises | |
| Cost price 1 January 2017 | | 14,502 |
| Addition | | 0 |
| Impairment | | (3,531) |
| Disposal | | 0 |
| Carrying amount 31 December 2017 | | <u>10,971</u> |

Key numbers of the group enterprises 31 December 2017:

| Company and domicile | Owned share | Equity | Result for the year |
|-------------------------------|----------------|---------|------------------------|
| Maersk Drilling USA Inc., USA | 100% | 10,971 | 2,038 |
| Maersk Developer LLC | 100% | 1,223 | (184) |
| Maersk Viking LLC | 100% | (3,429) | (606) |
| Maersk Valiant LLC | 100% | 3,279 | (53) |

Financial Statements 1 January - 31 December

Notes

4 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.

5 Employee remuneration

Maersk Drilling Americas A/S has not had employees in 2017 and 2016. Personnel are hired from affiliates in the A.P. Møller - Mærsk Group. The Board of Directors has not been remunerated.

6 Related parties

The following related parties have a controlling interest in Maersk Drilling Americas A/S;

The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene formaal, Copenhagen, Denmark and A.P. Møller Holding A/S has control over the Maersk Group.

Other related parties with dominant influence include;

- A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K.
- Maersk Drilling A/S, Lyngby Hovedgade 85, 2800 Kgs. Lyngby. The parent company.

Other related parties

Subsidiaries and affiliates to A.P. Møller - Holding A/S.

Related parties also include the Board of Directors and leading employees and their family members. Related parties also include companies in which the above persons have significant interests.

Financial Statements 1 January - 31 December

Notes

7 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

8 Consolidation

The consolidated financial statements of A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen can be obtained by contacting this company or at its website <http://www.maersk.dk>. The consolidated financial statements of A.P. Møller - Holding A/S can be obtained by contacting this company.

9 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.