

**Maersk Oil Kurdistan PIRAMAGRUN A/S**

**CVR-No. 32297048**

**Annual Report 2015**

Approved at the General Assembly: 27/05/2016  
Chairman of the meeting: Majbritt Perotti Carlson  
Esplanaden 50, 1263 Copenhagen K



## **Company information**

Maersk Oil Kurdistan Piramagrun A/S  
Esplanaden 50  
1263 Copenhagen K

CVR-No.: 32297048  
Date of incorporation: 04 September 2013  
Registered office: Copenhagen  
Financial year: 01 January 2015 - 31 December 2015

## **Board of Directors**

Jakob Bo Thomasen (Chairman)  
Graham Stuart Talbot  
Engelbert Abraham Haan

## **Executive Board**

Richard Alistair Doidge

## **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen Ø

## **Affiliate**

Airport Road  
Empire Business Complex  
Building C1  
Erbil  
Kurdistan  
Iraq

## **Directors' Report**

The company is a wholly owned subsidiary of Maersk Oil Kurdistan PIRAMAGRUN Holdings A/S, formed on 4 September 2013 to hold a 40% equity interest in the PIRAMAGRUN Production Sharing Contract (PSC) in the Kurdistan region of Iraq.

Following an unsuccessful exploration drilling campaign, the PIRAMAGRUN partnership decided in July 2015 to relinquish the PSC resulting in a write-down of the oil rights. The relinquishment has been approved by the Government with an effective date of 13 January 2016.

The result for the 2015 is a loss of USD 54 million. The result for 2016 is expected to decrease significantly due to lower activity.

## Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Kurdistan PIRAMAGRUN A/S for the reporting period 1 January 2015 to 31 December 2015.

The annual report for the reporting period 1 January 2015 to 31 December 2015 of Maersk Oil Kurdistan PIRAMAGRUN 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 period 1 January 2015 to 31 December 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.

It is proposed to the annual general meeting on 27 May 2016 that the financial statements for 2016 should not be audited. It is the Board of Directors and the Executive Board's opinion that the Company qualifies for an audit exemption.


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


Copenhagen, 27 May 2016

Executive Board:

\_\_\_\_\_  
Richard Alistair Doidge

Board of Directors:

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

  
\_\_\_\_\_  
Engelbert Abraham Haan

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

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Copenhagen, 27 May 2016

Executive Board:



Richard Alistair Doidge

Board of Directors:

Jakob Bo Thomasen  
(Chairman)

Graham Stuart Talbot  
(Vice Chairman)

Engelbert Abraham Haan

## **Independent auditors' report**

### **To the shareholder of Maersk Oil Kurdistan Piramagrun A/S**

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

We have audited the financial statements of Maersk Oil Kurdistan Piramagrun A/S for the period 1 January 2015 to 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 period 1 January 2015 to 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 no. 25 57 81 98



Henrik O. Larsen  
State Authorised  
Public Accountant

## **Accounting Policies**

The Annual Report for 2015 of Maersk Oil Kurdistan PIRAMAGRUN A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies.

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

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 6.83 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

Administrative costs comprise parent company overhead, consultants' fees and other general administrative expenses.

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.

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.

Acquired exploration rights are amortised from the date of acquisition for a period of up to 5 years.

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.

Inventories, which mainly comprise spare parts etc., are measured at cost following the FIFO principle, less write downs for obsolescence.

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.

Other receivables include balance with the operator.

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

**MAERSK OIL KURDISTAN PIRAMAGRUN A/S**  
**INCOME STATEMENT**  
**FOR 2015**

Note	USD 1,000		
	<b>2015</b>	<b>2014</b>	
1.	Administrative expenses	139	653
	Exploration expenses	4,093	45,625
4.	Amortisation and write-downs	49,965	16,806
	Result before financial items and tax	(-54,197)	(63,084)
2.	Financial income	42	1,202
3.	Financial expenses	-	71
	Result before tax	(54,155)	(61,953)
6.	Tax on result for the year	(14)	-
	<b>RESULT FOR THE YEAR</b>	<b>(54,141)</b>	<b>(61,953)</b>
	Proposed distribution of net result		
	Retained earnings	(54,141)	(61,953)
		(54,141)	(61,953)

**MAERSK OIL KURDISTAN PIRAMAGRUN A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
4. Intangible fixed assets		
Oil rights	-	49,965
	-	49,965
 TOTAL NON-CURRENT ASSETS	 -	 49,965
 CURRENT ASSETS		
Inventories	-	3,064
	-	3,064
Receivables		
Receivables Group companies	17,518	26,151
Other receivables	2,658	-
	20,176	26,151
Cash	15	15
	15	15
 TOTAL CURRENT ASSETS	 20,191	 29,230
 <b>TOTAL ASSETS</b>	 <b>20,191</b>	 <b>79,195</b>

**MAERSK OIL KURDISTAN PIRAMAGRUN A/S**  
**BALANCE SHEET AT 31.12.2015**

Note	USD 1,000	
	<b>2015</b>	<b>2014</b>
<b>LIABILITIES AND EQUITY</b>		
5. EQUITY		
Share capital	362	362
Retained earnings	19,582	73,724
	19,945	74,086
SHORT-TERM LIABILITIES		
Trade payables	42	6
Payables to Group companies	198	2,339
Other payables	6	2,764
	246	5,109
TOTAL LIABILITIES	246	5,109
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>20,191</b>	<b>79,195</b>
7. Contingencies etc.		
8. Related parties		

**MAERSK OIL KURDISTAN PIRAMAGRUN A/S****Notes as at 31.12.2015****(USD 1,000)****Note 1, Staff costs**

The company has no employees, as all those engaged are employed in Rederiet A.P. Møller A/S.

No Board of Directors' fee and Management remuneration has been charged to profit and loss account.

**USD 1,000****Note 2, Financial income**

Interest received from Group companies  
Exchange rate adjustments etc.

	<u>2015</u>	<u>2014</u>
	7	14
	35	1,188
	<u>42</u>	<u>1,202</u>

**Note 3, Financial expenses**

Exchange rate adjustments etc.

	-	71
	<u>-</u>	<u>71</u>

**Note 4, Intangible assets****USD 1,000  
2015**

Oil Rights

Cost at 01.01.	66,771
Disposals during the period	<u>66,771</u>
Cost price 31.12	<u>-</u>
Amortisation at 01.01	16,806
Amortisation for the period	5,564
Write-downs for the period	44,401
Disposals during the period	<u>66,771</u>
Amortisation and write-downs at 31.12	<u>-</u>
Carrying amount 31.12	<u>-</u>

**Note 5, Equity**

USD 1,000

	<u>2015</u>	<u>2014</u>
<b>Share capital</b>		
Share capital at 01.01	362	-
Start up capital	-	90
Capital increases	-	272
Share capital at 31.12	<u>362</u>	<u>362</u>
<b>Retained earnings</b>		
Retained earnings at 01.01	73,724	-
Capital increases, surplus premium	-	135,677
Transferred from result for the period	(54,141)	(61,953)
Retained earnings at 31.12	<u>19,583</u>	<u>73,724</u>
<b>Total equity</b>	<u>19,945</u>	<u>74,086</u>

Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
2,000	<u>1,000</u>
Total nominal value in DKK	<u>2,000,000</u>

Share capital, changes:

Registration 4 September 2013	500,000
Increase of capital 18 December 2013	500,000
Increase of capital 24 April 2014	500,000
Increase of capital 5 August 2014	500,000
	<u>2,000,000</u>

**Note 6, Corporate tax**

Tax on result for the year is an income of USD 14 thousand (2014: nil).

This company is part of a joint taxation scheme with the 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 7, Contingencies**

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 8, 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 Maersk Oil Kurdistan PIRAMAGRUN Holdings 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.