

Maersk Oil Kurdistan PIRAMAGRUN A/S

CVR-No. 32297048

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

Company information

Maersk Oil Kurdistan Piramagrun A/S
Amerika Plads 29, st.
2100 Copenhagen Ø
Denmark

CVR-No.: 32297048
Date of incorporation: 04 September 2013
Registered office: Copenhagen
Financial year: 01 January 2017 - 31 December 2017

Board of Directors

Olivier Zoltan Marius Heurtin (Chairman)
Martin Rune Pedersen (Vice Chairman)
Troels Albrechtsen

Executive Board

Richard Alistair Doidge

Branch

375 English Village
Erbil
Kurdistan
Iraq

Directors' Report

Activities

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 was approved by the Kurdistan Regional Government with an effective date of 13 January 2016.

Financial review

Financial performance of the year

The result for the 2017 is a loss of USD 3,011 thousand, compared to a loss of USD 748 thousand in 2016.

Guidance for 2018

The result for 2018 is expected to be close to 0 due to low activity.

Change of ownership

The share capital in Mærsk Olie og Gas A/S which is the owner of Maersk Oil Piramagrun Holdings A/S, was acquired by Total S.A. from A.P. Møller – Mærsk A/S with effective date 8th 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.

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 2017 to 31 December 2017.

The annual report for the reporting period 1 January 2017 to 31 December 2017 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 2017 and of the results of the Company's operations for the period 1 January 2017 to 31 December 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.

In 2016, a decision was taken to opt out of auditing the Financial Statements in accordance with provision 135 of the Danish Financial Statements Act. The conditions for this exemption are still applicable.

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

Copenhagen, 11 May 2018

Executive Board:

Richard Alistair Doidge

Board of Directors:

Olivier Zoltan Marius Heurtin
(Chairman)

Martin Rune Pedersen
(Vice Chairman)

Troels Albrechtsen

Accounting Policies

The Annual Report for 2017 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 6.2067 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

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

Exploration and evaluation 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.

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.

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.

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**.

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.

MAERSK OIL KURDISTAN PIRAMAGRUN A/S
INCOME STATEMENT
FOR 2017

Note	USD 1,000		
	2017	2016	
1.	Administrative expenses	21	19
	Exploration expenses	2,985	773
	Result before financial items and tax	(3,006)	(792)
2.	Financial income	8	44
3.	Financial expenses	2	7
	Result before tax	(3,000)	(755)
4.	Tax on result for the year	11	(7)
	RESULT FOR THE YEAR	(3,011)	(748)
	Proposed distribution of net result		
	Extraordinary dividend	0	15,431
	Retained earnings	(3,011)	(16,179)
		(3,011)	(748)

MAERSK OIL KURDISTAN PIRAMAGRUN A/S
BALANCE SHEET AT 31.12.2017

Note	USD 1,000	
	2017	2016
ASSETS		
CURRENT ASSETS		
Receivables		
Receivables Group companies	702	668
Other receivables	0	3,128
Prepayments	79	0
	781	3,796
TOTAL CURRENT ASSETS	781	3,796
TOTAL ASSETS	781	3,796

MAERSK OIL KURDISTAN PIRAMAGRUN A/S
BALANCE SHEET AT 31.12.2017

Note	USD 1,000	
	2017	2016
LIABILITIES AND EQUITY		
5. EQUITY		
Share capital	362	362
Retained earnings	392	3,403
	754	3,765
 CURRENT LIABILITIES		
Trade payables	0	7
Payables to Group companies	18	24
Other payables	9	0
	27	31
TOTAL LIABILITIES	27	31
TOTAL LIABILITIES AND EQUITY	781	3,796
6. Contingencies etc.		
7. Related parties		

MAERSK OIL KURDISTAN PIRAMAGRUN A/S

Notes as at 31.12.2017

(USD 1,000)

Note 1, Staff costs

The company has no employees, as all those engaged are employed in other Group companies.

USD 1,000	<u>2017</u>	<u>2016</u>
Note 2, Financial income		
Interest received from Group companies	5	44
Exchange rate adjustments etc.	<u>3</u>	<u>0</u>
	<u>8</u>	<u>44</u>
Note 3, Financial expenses		
Exchange rate adjustments etc.	<u>2</u>	<u>7</u>
	<u>2</u>	<u>7</u>

Note 4, Corporate tax

Tax on result for the year is an expense of USD 11 thousand (2016: an income of USD 7 thousand).

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 5, Equity

USD 1,000

	<u>2016</u>	<u>2016</u>
Share capital		
Share capital at 01.01	362	362
Share capital at 31.12	<u>362</u>	<u>362</u>
Retained earnings		
Retained earnings at 01.01	3,403	19,583
Transferred from result for the period	<u>(3,011)</u>	<u>(16,179)</u>
Retained earnings at 31.12	<u>392</u>	<u>3,403</u>
Proposed dividend for distribution		
Proposed dividend at 01.01	0	0
Extraordinary dividend	0	15,431
Extraordinary dividend paid	<u>0</u>	<u>(15,431)</u>
Proposed dividend at 31.12	<u>0</u>	<u>0</u>
Total equity	<u>754</u>	<u>3,765</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, Contingencies

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 7, 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 Maersk Oil Kurdistan PIRAMAGRUN Holdings 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.