

Maersk Oil Kurdistan Qala Dze A/S

CVR-No. 32297064

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 read 'Majbritt Perotti Carlson', is written over the printed name.

Company information

Maersk Oil Kurdistan Qala Dze A/S
Esplanaden 50
1263 Copenhagen K

CVR-No.:	32297064
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 Qala Dze Holdings A/S, formed on 4 September 2013, with the purpose of acquiring and holding a 40% equity interest in the Qala Dze Production Sharing Contract (PSC) in the Kurdistan Region of Iraq.

Following an unsuccessful exploration drilling campaign, the Qala Dze 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 46 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 Qala Dze 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 Qala Dze 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

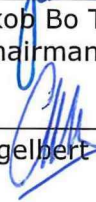
Executive Board:

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 Qala Dze A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Maersk Oil Kurdistan Qala Dze 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 Qala Dze 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 expenses comprise parent company overhead, consultant's 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 license 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-down 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.

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

Other payables include balance with operator related to expenses incurred under the Production Sharing Contract.

MAERSK OIL KURDISTAN QALA DZE A/S
INCOME STATEMENT
FOR 2015

Note	USD 1,000	
	2015	2014
1. Administrative expenses	-	235
Exploration expenses	6,100	38,526
4. Amortisation and impairment loss	39,857	11,312
Result before financial items and tax	(45,957)	(50,073)
2. Financial income	8	469
3. Financial expenses	9	61
Result before tax	(45,958)	(49,665)
6. Tax on result for the year	(13)	-
RESULT FOR THE YEAR	(45,945)	(49,665)
Proposed distribution of net result		
Retained earnings	(45,945)	(49,665)
	(45,945)	(49,665)

MAERSK OIL KURDISTAN QALA DZE A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
ASSETS		
NON-CURRENT ASSETS		
4. Intangible fixed assets		
Oil rights	-	39,857
	-	39,857
TOTAL NON-CURRENT ASSETS	-	39,857
CURRENT ASSETS		
Inventories	-	194
Receivables		
Receivables Group companies	5,183	13,302
Other receivables	1	-
	5,184	13,302
TOTAL CURRENT ASSETS	5,184	13,496
TOTAL ASSETS	5,184	53,353

MAERSK OIL KURDISTAN QALA DZE A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
	LIABILITIES AND EQUITY	
5.	EQUITY	
	Share capital	270 270
	Retained earnings	4,155 50,100
		<u>4,425 50,370</u>
	SHORT-TERM LIABILITIES	
	Payables to Group companies	164 778
	Other payables	596 2,205
		<u>760 2,983</u>
	TOTAL LIABILITIES	<u>760 2,983</u>
	TOTAL LIABILITIES AND EQUITY	<u>5,185 53,353</u>
7.	Contingencies etc.	
8.	Related parties	

MAERSK OIL KURDISTAN QALA DZE 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.

	2015	2014
	8	13
	-	456
	<u>8</u>	<u>469</u>

Note 3, Financial expenses

Exchange rate adjustments etc.

	9	61
	<u>9</u>	<u>61</u>

Note 4, Intangible assets

USD 1,000

2015

Oil Rights

Cost at 01.01	51,169
Disposals during the period	<u>(51,169)</u>
Cost price 31.12	<u>-</u>
Amortisation and impairment loss at 01.01	11,312
Amortisation for the period	4,264
Impairments during the period	35,593
Disposals during the period	<u>(51,169)</u>
Amortisation and impairment loss at 31.12	<u>-</u>
Carrying amount 31.12	<u>-</u>

Note 5, Equity

USD 1,000

	2015	2014
Share capital		
Share capital at 01.01.	270	–
Start up capital	–	90
Capital increases	–	180
Share capital at 31.12	<u>270</u>	<u>270</u>
Retained earnings		
Retained earnings at 01.01	50,100	–
Capital increases, surplus premium	–	99,765
Transferred from profit for the period	<u>(45,945)</u>	<u>(49,665)</u>
Retained earnings at 31.12	<u>4,155</u>	<u>50,100</u>
Total equity	<u>4,425</u>	<u>50,370</u>

Share capital consists of the following shares:

Number	Nominal, DKK
1,500	<u>1,000</u>
Total nominal value in DKK	<u>1,500,000</u>

Share capital, changes:

Registration 4 September 2013	500,000
Increase of capital 18 December 2013	500,000
Increase of capital 5 August 2014	<u>500,000</u>
	<u>1,500,000</u>

Note 6, Corporate tax

Tax on result for the year is an income of USD 13 thousands (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 Qala Dze 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.