

**Maersk Oil Kalaallit Nunaat A/S**

**CVR-No. 33355092**

**Annual Report 2016**



Approved at the General Assembly: 30 May 2017  
Chairman of the meeting: Majbritt Perotti Carlson

Esplanaden 50, 1263 Copenhagen K

**MUOP**

## **Company information**

Maersk Oil Kalaallit Nunaat A/S  
Esplanaden 50  
1263 Copenhagen K

CVR-No.: 33355092  
Date of incorporation: 25 November 2010  
Registered office: Copenhagen  
Financial year: 01 January 2016 - 31 December 2016

## **Board of Directors**

Gretchen H. Watkins (Chairman)  
Carsten Sonne-Schmidt (Vice Chairman)  
Martin Rune Pedersen

## **Executive Board**

Alan Thomas McInally

## **Branch**

Maersk Oil Kalaallit Nunaat  
Aqqusinersuap 48A  
3900 Nuuk  
Greenland

## **Directors' Report**

### **Activities**

The Company is a wholly owned subsidiary of Mærsk Olie og Gas A/S.

The Company was established during 2010 in connection with Maersk Oil being awarded a licence covering Block 9 in Baffin Bay, offshore West Greenland.

Following the data gathering programme in 2012, evaluation of prospectivity of the Block 9 area was finalized in Q2 2014. Maturation of the Navarana prospect based on new 3D seismic data unfortunately showed the prospect to be economically marginal. A decision on commitment to drill the prospect was due by the end of 2014. Following evaluation regarding possible implications and opportunities, Maersk Oil and partners (Tullow Greenland Exploration Limited and Nunaoil A/S) approached the authorities for an extension to the licence. An agreement on the specific terms for such extension was reached in October 2014. The addendum to the licence agreement was signed in November 2014, giving a two year extension (until December 31, 2016) with no additional commitments (only a minimum licence fee of USD 100,000 per year). The work programme for the block has now been completed and a decision has been made to withdraw from the licence at the end of the current extension. Work is ongoing with the authorities to ensure that licence commitments are fulfilled allowing a clean exit.

### **Financial review**

#### Financial performance of the year

The result for 2016 is a loss of USD 1,044 thousand, compared to a loss of USD 152 thousand in 2015.

#### Guidance for 2017

In 2017 a small loss is expected to due to the close out of activities.

**Management's Statement**

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Kalaallit Nunaat A/S for 2016.


The annual report for 2016 of Maersk Oil Kalaallit Nunaat 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 2016 and of the results of the Company's operations for the financial year 2016.

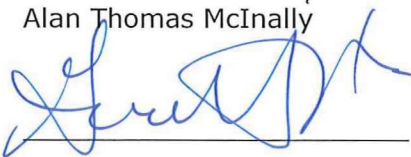
In our opinion the Directors' report includes a fair review of the development in and the result of the Company's operations and financial conditions, the result for the year and financial position.


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.

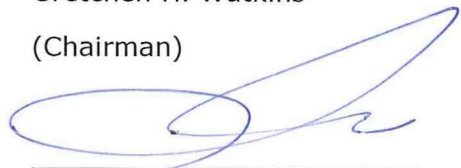
We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 30 May 2017

Executive Board:   
Alan Thomas McInally

Board of Directors:   
Gretchen H. Watkins  
(Chairman)

  
Carsten Sonne-Schmidt  
(Vice Chairman)

  
Martin Rune Pedersen

## **Accounting Policies**

The Annual Report for 2016 of Maersk Oil Kalaallit Nunaat 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 7.0550 at 31 December 2016 (2015: DKK 6.8300).

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

**Other income** comprises operator fee income etc. earned during the financial year.

**Administrative expenses** comprise parent company overhead 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

**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**.

**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 KALAALLIT NUNAAT A/S**  
**INCOME STATEMENT**  
**FOR 2016**

Note	USD 1,000		
	2016	2015	
1.	Administrative expenses	31	224
	Exploration expenses	1,059	(335)
	Depreciation and write downs	0	1
	Result before financial items and tax	(1,090)	110
2.	Financial income	130	50
3.	Financial expenses	85	336
	Result before tax	(1,045)	(176)
4.	Tax for the year	(1)	(24)
	<b>RESULT FOR THE YEAR</b>	<b>(1,044)</b>	<b>(152)</b>
Proposed distribution of net result			
	Extraordinary dividend paid in the year	45,000	0
	Retained earnings	(46,044)	(152)
		(1,044)	(152)

**MAERSK OIL KALAALLIT NUNAAT A/S**  
**BALANCE SHEET AT 31.12.2016**

Note	USD 1,000	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Receivables		
Receivables Group companies	7,450	53,100
Receivables joint venture partners	39	95
Other receivables	0	1
	7,489	53,196
TOTAL CURRENT ASSETS	7,489	53,196
<b>TOTAL ASSETS</b>	<b>7,489</b>	<b>53,196</b>



**MAERSK OIL KALAALLIT NUNAAT A/S**  
**BALANCE SHEET AT 31.12.2016**

Note	USD 1,000	
	<b>2016</b>	<b>2015</b>
<b>LIABILITIES AND EQUITY</b>		
5. EQUITY		
Share capital	897	897
Retained earnings	6,154	52,198
	7,051	53,095
 CURRENT LIABILITIES		
Trade payables	429	83
Payables to Group companies	9	18
	438	101
TOTAL LIABILITIES	438	101
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,489</b>	<b>53,196</b>
6. Contingencies etc.		
7. Related parties		

**MAERSK OIL KALAALLIT NUNAAT A/S**

**Notes as at 31.12.2016**

**(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.

USD 1,000

**Note 2, Financial income**

Interest received from group companies  
Exchange rate adjustments etc.

	<u>2016</u>	<u>2015</u>
	130	48
	0	2
	<u>130</u>	<u>50</u>

**Note 3, Financial expenses**

Exchange rate adjustments etc.

	85	336
	<u>85</u>	<u>336</u>

**Note 4, Corporate tax**

Tax for the year is an income of USD 1 thousand (2015: an income of USD 24 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

**2016****2015****Share capital**

Share capital at 01.01	897	897
Share capital at 31.12	897	897

**Retained earnings**

Retained earnings at 01.01	52,198	52,350
Transferred from result for the year	(46,044)	(152)
Retained earnings at 31.12	6,154	52,198

**Proposed dividend for distribution**

Proposed dividend at 01.01	0	0
Extraordinary dividend	45,000	0
Extraordinary dividend paid	(45,000)	0
Proposed dividend at 31.12	0	0

**Total equity**

7,051	53,095
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Share capital consists of the following shares:

Number	Nominal, DKK
5,250	1,000
Total nominal value in DKK	5,250,000

Share capital, changes:

Increase of capital 15 June 2012	4,000,000
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## **Note 6, Contingencies**

As an ordinary part of the Company's activities, work commitments in connection with agreements for exploration are entered into. By the end of 2016, these liabilities amounted to USD 0.4 million (2015: USD 1.2 million).

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 on 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, 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.