

Maersk Oil Kalaallit Nunaat A/S

CVR-No. 33355092

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 be 'Majbritt Perotti Carlson', written in a cursive style.

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 2015 - 31 December 2015

Board of Directors

Jakob Bo Thomasen (Chairman)
Graham Stuart Talbot
Gretchen Hauser Watkins

Executive Board

Alan Thomas McInally

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Affiliate

Maersk Oil Kalaallit Nunaat
Aqqusinersuap 48A
3900 Nuuk
Greenland

Directors' Report

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. The estimated costs related to fulfilment of the work program for the first four year sub-period, were in the region of USD 80 million.

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 license agreement was signed in November 2014, giving a two year extension (until December 31, 2016) with no additional commitments (only a minimum license fee of USD 100,000 per year). Due to the low anticipated activity for the block, the branch office in Nuuk was closed in December 2014. Activity is now handled from the Copenhagen Head Office.

The result for 2015 is a loss of USD 152 thousands, compared to a loss of USD 1,721 thousands in 2014. This was a lower loss than expected, due to the effect of the reduced activities compared to the planned activities.

The loss for 2016 is expected to be similar to 2015 due to continued low activity.

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 2015.

The annual report for 2015 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 2015 and of the results of the Company's operations for the financial year 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.

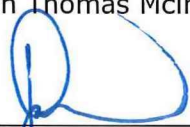
Copenhagen, 27 May 2016

Executive Board:



Alan Thomas McNally

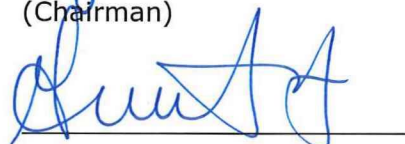
Board of Directors:



Jakob Bo Thomasen
(Chairman)



Graham Stuart Talbot
(Vice Chairman)



Gretchen Hauser Watkins

Independent auditors' report

To the shareholder of Maersk Oil Kalaallit Nunaat A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Maersk Oil Kalaallit Nunaat A/S for the financial year 1 January – 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 financial year 1 January – 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 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 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

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

Administrative expenses comprise parent company overhead 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

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

Fixtures and operating equipment are depreciated within five years.

Depreciation periods and residual values for tangible fixed assets are re-evaluated annually.

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

Prepayments recognised under assets include prepaid expenses.

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

MAERSK OIL KALAALLIT NUNAAT A/S
INCOME STATEMENT
FOR 2015

Note	USD 1,000		
	2015	2014	
1.	Administrative expenses	224	204
	Exploration expenses	(335)	1,198
4	Depreciation and write downs	1	17
	Result before financial items and tax	110	(1,419)
2.	Financial income	50	38
3.	Financial expenses	336	317
	Result before tax	(176)	(1,698)
6.	Tax for the year	(24)	(23)
	RESULT FOR THE YEAR	(152)	(1,721)
	Proposed distribution of net result		
	Retained earnings	(152)	(1,721)
		(152)	(1,721)

MAERSK OIL KALAALLIT NUNAAT A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
ASSETS		
NON-CURRENT ASSETS		
4.	Property, plant and equipment	
	Fixtures, fittings, tools and equipment	33
		-
	TOTAL NON-CURRENT ASSETS	33
CURRENT ASSETS		
Receivables		
	Receivables Group companies	53,919
	Receivables joint venture partners	914
	Other receivables	29
	Prepayments	79
		-
		53,100
	TOTAL CURRENT ASSETS	54,941
		53,196
	TOTAL ASSETS	54,974

MAERSK OIL KALAALLIT NUNAAT A/S
BALANCE SHEET AT 31.12.2015

Note	USD 1,000	
	2015	2014
	LIABILITIES AND EQUITY	
5.	EQUITY	
	897	897
	52,198	52,350
	53,095	53,247
	SHORT-TERM LIABILITIES	
	83	1,342
	18	385
	101	1,727
	101	1,727
	TOTAL LIABILITIES AND EQUITY	
	53,196	54,974
7.	Contingencies etc.	
8.	Related parties	

MAERSK OIL KALAALLIT NUNAAT 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.

	<u>2015</u>	<u>2014</u>
Note 2, Financial income		
Interest received from group companies	48	38
Exchange rate adjustments etc.	2	-
	<u>50</u>	<u>38</u>

Note 3, Financial expenses

Exchange rate adjustments etc.

336	317
<u>336</u>	<u>317</u>

Note 4, Tangible assets

USD 1,000	2015 Fixtures, fittings, tools and equipment
Cost at 01.01	83
Disposals during the year	<u>(83)</u>
Cost price 31.12	<u>-</u>
Depreciation and impairment losses 01.01	50
Depreciation for the year	1
Disposals during the year	<u>(51)</u>
Depreciation and impairment losses 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	897	897
Share capital at 31.12	897	897

Share premium

Share premium at 01.01	-	85,127
Transfer to retained earnings	-	(85,127)
Share premium at 31.12	-	-

Retained earnings

Retained earnings at 01.01	52,350	(31,056)
Transfer from share premium	-	85,127
Transferred from result for the year	(152)	(1,721)
Retained earnings at 31.12	52,198	52,350

Total equity

53,095	53,247
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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:

Registration 25 November 2010	500,000
Increase of capital 29 November 2011	750,000
Increase of capital 15 June 2012	4,000,000
	5,250,000

Note 6, Corporate tax

Tax for the year is an income of USD 24 thousand (2014: an income of USD 23 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 7, 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 2015, these liabilities amounted to USD 1.2 million (2014: 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 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 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.