

Maersk Oil Angola Holdings A/S

CVR-No. 33391439

Annual Report 2016



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

Esplanaden 50, 1263 Copenhagen K



Company information

Maersk Oil Angola Holdings A/S
Esplanaden 50
1263 Copenhagen K

CVR-No.: 33391439
Date of incorporation: 17 January 2011
Registered office: Copenhagen
Financial year: 01 January 2016 - 31 December 2016

Board of Directors

Gretchen H. Watkins (Chairman)
Carsten Sonne-Schmidt (Vice Chairman)
Samir Abboud

Executive Board

Martin John Miles

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Directors' Report

Activities

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

The company was established in 2011 as a holding company for the acquisition of a 15% interest in Block 16 via the purchase of Devon Angola.

Maersk Oil Angola Holdings A/S has a 15% participating interest in Block 16 offshore Angola in partnership with Odebrecht (15%), Sonangol (20%) and Maersk Oil Angola A/S (50%). Sonangol's share of the costs are carried by the other partners, which results in a cost share for Maersk Oil Angola Holdings A/S of 18.75%. Maersk Oil Angola A/S was the operator of Blocks 8 and 23 with a 50% ownership share in partnership with Svenska Petroleum (30%) and Sonangol (20%), however the contractor group has relinquished Block 8 and returned Block 23 to Sonangol.

A Chissonga field development plan was submitted to the authorities in Q3 2013. Tender bids for the Chissonga project were received. With the low oil price, the project is challenged. Due to project timing, the activities outgoing from the Houston office were terminated in November 2016 with the Chissonga project team moving to Copenhagen. The Luanda team was also reduced significantly.

Request for approval of the development is not expected until an economically viable solution is identified and may be based on a Field Development Plan with revised scope and including cross block development of resources from neighboring blocks.

Financial review

Financial performance for the year

The result for 2016 is a loss of USD 10 million, compared to a loss of USD 253 million in 2015 which was attributable to the result in the subsidiary mainly impacted by impairments due to the current and expected future oil price conditions.

Guidance for 2017

The loss for 2017 is expected to be lower than in 2016, due to the decreased activity level in subsidiary.

Management's Statement

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

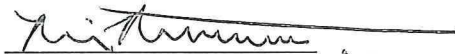
The annual report for 2016 of Maersk Oil Angola Holdings A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2016 and of the results of the Company's operations 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.

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


Copenhagen, 30 May 2017

Executive Board:




Martin John Miles

Board of Directors:



Gretchen H. Watkins

(Chairman)



Carsten Sonne-Schmidt

(Vice Chairman)



Samir Abboud

Independent auditors' report

To the shareholder of Maersk Oil Angola Holdings A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Oil Angola Holdings A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, accounting policies and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Directors' Report

Management is responsible for Directors' Report.

Our opinion on the Financial Statements does not cover Directors' Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Directors' Report and, in doing so, consider whether Directors' Report is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Directors' Report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Directors' Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Directors' Report.

Management's Responsibilities 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Mads Melgaard

State Authorised Public Accountant



Kristian Pedersen

State Authorised Public Accountant

Accounting Policies

The Annual Report for 2016 of Maersk Oil Angola Holdings 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.

Pursuant to Section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated Financial Statements. The Financial Statements of Maersk Oil Angola Holdings A/S and its subsidiaries are included in the consolidated Financial Statements of the Mærsk Olie og Gas A/S Group and A.P. Møller - Mærsk Group.

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

Administrative expenses comprise consultant fees and other general administrative expenses.

Result in subsidiaries is recognised net of tax.

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

Investments in subsidiaries are recognised and valued as the Company's share of the subsidiaries' equity valued according to the Company's accounting policies.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under liabilities (Payable to group companies).

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 ANGOLA HOLDINGS A/S
INCOME STATEMENT
FOR 2016

Note	USD 1,000	
	2016	2015
1. Administrative expenses	42	63
Result before financial items and tax	(42)	(63)
2. Result after tax in subsidiaries	(9,865)	(252,441)
3. Financial income	70	11
4. Financial expenses	60	75
Result before tax	(9,897)	(252,568)
5. Tax for the year	(46)	0
RESULT FOR THE YEAR	(9,851)	(252,568)
Proposed distribution of net result		
Retained earnings	(9,851)	(252,568)
	(9,851)	(252,568)

MAERSK OIL ANGOLA HOLDINGS A/S
BALANCE SHEET AT 31.12.2016

Note	USD 1,000	
	2016	2015
ASSETS		
NON-CURRENT ASSETS		
Financial assets		
2. Investment in subsidiaries	0	2,663
TOTAL NON-CURRENT ASSETS	0	2,663
CURRENT ASSETS		
Receivables		
Receivables Group companies	6,551	2,989
TOTAL CURRENT ASSETS	6,551	2,989
TOTAL ASSETS	6,551	5,652

MAERSK OIL ANGOLA HOLDINGS A/S
BALANCE SHEET AT 31.12.2016

Note	USD 1,000	
	2016	2015
LIABILITIES AND EQUITY		
6. EQUITY		
Share capital	8,596	8,560
Retained earnings	(9,275)	(2,978)
	(679)	5,582
CURRENT LIABILITIES		
Trade payables	22	68
2. Payable to group companies	7,208	2
	7,230	70
TOTAL LIABILITIES	7,230	70
TOTAL LIABILITIES AND EQUITY	6,551	5,652
7. Contingencies etc.		
8. Related parties		

MAERSK OIL ANGOLA HOLDINGS 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.

Note 2, Financial assets

USD 1,000	2016 Shares in subsidiaries
Cost at 01.01	420,185
Additions during the year	<u>0</u>
Cost price 31.12	<u>420,185</u>
Value adjustments at 01.01	(417,522)
Share of subsidiary company result after tax	<u>(9,865)</u>
Value adjustments at 31.12	<u>(427,388)</u>
Carrying amount 31.12	<u>(7,203)</u>

The negative financial asset is reported under liabilities (Payable to group companies).

Subsidiaries	Country of registration	Share of ownership
Maersk Oil Angola Holdings Sixteen Ltd.	British Virgin Islands	100%

USD 1,000

Note 3, Financial income

Interest received from group companies
Exchange rate adjustments etc.

	<u>2016</u>	<u>2015</u>
	12	0
	58	11
	<u>70</u>	<u>11</u>

Note 4, Financial expenses

Interest paid to group companies
Exchange rate adjustments etc.

	0	2
	60	73
	<u>60</u>	<u>75</u>

Note 5, Corporate tax

Tax income for the year is USD 46 thousand (2015: USD nil).

This Company is part of a joint taxation scheme with 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 6, Equity

USD 1,000

	2016	2015
Share capital		
Share capital at 01.01	8,560	8,509
Capital increase	36	51
Share capital at 31.12	<u>8,596</u>	<u>8,560</u>
Retained earnings		
Retained earnings at 01.01	(2,978)	244,567
Capital increase, share premium	3,554	5,023
Transferred from result for the year	(9,851)	(252,568)
Retained earnings at 31.12	<u>(9,275)</u>	<u>(2,978)</u>
Total equity	<u>(679)</u>	<u>5,582</u>

Share capital consists of the following shares:

Number	Nominal, DKK
47,582	1,000
Total nominal value in DKK	<u>47,582,000</u>

Share capital, changes:

Increase of capital 20 April 2012	5,000,000
Increase of capital 30 October 2012	5,000,000
Increase of capital 25 June 2013	2,500,000
Increase of capital 2 October 2013	5,000,000
Increase of capital 10 December 2013	5,000,000
Increase of capital 19 March 2014	5,000,000
Increase of capital 29 July 2014	10,000,000
Increase of capital 5 February 2015	330,000
Increase of capital 16 December 2016	252,000

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. 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.