

Maersk Drilling Holding A/S

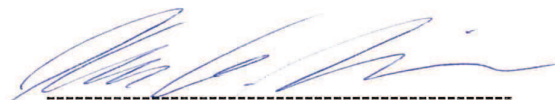
Esplanaden 50
DK-1263 Copenhagen K
Company Reg. No. 34731721

Annual Report 2015

(Financial year No. 4)

As adopted by the Company at the Annual General Meeting

18 May 2016

A handwritten signature in blue ink, appearing to read 'Klaus Greven Kristensen', is written over a horizontal dashed line.

Klaus Greven Kristensen

Content Page

Statement of the Board of Directors and Management	1
Independent Auditors' Report	2
Management Review	4
Accounting Policies	7
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	13
Notes	14

Statement of the Board of Directors and Management

The Board of Directors and the Management have today discussed and approved the annual report for 2015 of Maersk Drilling Holding A/S.

The annual report has been prepared in accordance with the Danish Financial Statements Act.


In our opinion, the Financial Statements provide a true and fair view of the Company's assets, liabilities, and financial position 31 December 2015 and of the results of the Company's operations for the financial year 2015.

It is also our opinion that the Management review includes a true and fair view of the development in the Company's operations and financial conditions, the results for the year and financial position.


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

Copenhagen, 18 May 2016

Management:


Claus V. Hemmingsen

Board of Directors:


Nils Smedegaard Andersen
(Chairman)


Trond Westlie


Claus V. Hemmingsen

Independent Auditor's Report

To the shareholder of Maersk Drilling Holding A/S

Report on the Financial Statements

We have audited the Financial Statements of Maersk Drilling Holding A/S for the financial year 1 January 2015 – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on Management's review

We have read Management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's review is consistent with the Financial Statements.

Copenhagen, 18 May 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33771231



Gert Fisker Tomczyk
State Authorised Public Accountant



Mikkel Styr
State Authorised Public Accountant

Management's Review

Company details

Maersk Drilling Holding A/S
Esplanaden 50
DK-1263 Copenhagen K

Company Reg. No.:	34731721
Date of incorporation:	1 November 2012
Registered office:	Copenhagen
Financial year:	1 January - 31 December

Board of Directors

Nils Smedegaard Andersen (Chairman)
Trond Westlie
Claus V. Hemmingsen

Management

Claus V. Hemmingsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The Company's main activities

The Company and its subsidiaries is a leading global operator of high-technology drilling rigs, and provides offshore drilling services to oil and gas companies with one of the world's youngest and most advanced fleets.

Certain parts of the drilling activity still remains with A.P. Møller – Mærsk A/S. For a full overview of the Maersk Drilling business unit, we refer to the presentation of Maersk Drilling included in the consolidated Financial Statements of A.P. Møller – Mærsk A/S.

Market risks

Impairment indicators in Maersk Drilling are lower day rates on new contracts and a decline in fair values of rigs and drillships, which in many cases have dropped below carrying amount. The fair value estimates are highly uncertain due to the character of the assets and few transactions. The value in use calculations for the individual cash generating units are sensitive to the day rates expected to apply when contracts expire and to the risks of idle periods in the forecasts. In addition, the discount rate, growth rate and EBITDA margin in the terminal period are critical variables. The day rates in the short to medium term are expected significantly lower than the rates at which the Group has currently contracted. In line with analysts in the market, management expects a gradual move towards more economically sustainable rates in the long-term. Due to the uncertain prospects for off-contract rigs, and limited headroom in the deepwater segment, further impairment losses may be recognised in the coming years, if markets develop significantly adverse compared to current expectations.

Development in activities and finances

The result for the year amounts to USD 118,382k (2014: USD 291,007k). The income from investment in subsidiaries was negatively impacted by impairments of USD 413m compared to only USD 27m in the Maersk Drilling business unit mostly due to a more narrow definitions of cash generating units in the financial statements, where the individual legal entities represents the cash generating units. Maersk Drilling business unit overall delivered a satisfactory result in a challenging year with a profit of USD 751m (USD 478m). The income from investment in subsidiaries was positively impacted by a USD 45m gain regarding the final settlement of the 2014 divestment of the drilling barge activities in Venezuela. In 2016 we expect a significantly lower result than in 2015 adjusted for the negative impact from impairment losses.

Diversity

In May 2015 the Board adopted targets for the diversity of the Company's shareholder-appointed board members with respect to the under-represented gender.

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognises the advantages of a board comprising a wide range of backgrounds such as global experience, style, culture and gender.

On the basis of this ambition, the Board has defined a target to increase the share of the under-represented gender on the Board to account for at least 33% of the shareholder-appointed Board members.

As of 31 December 2015 there are no women on the Board, however, it remains the ambition to reach the target of 33% female representation on the Board by 2019.

With regard to Maersk Drilling Holding A/S' employees formally employed with Rederiet A.P. Møller A/S, it has been decided to adhere to the group policy which was adopted at the Board Meeting in A.P. Møller - Mærsk A/S on 21 February 2013 with the aim to increase the share of the under-represented gender on the company's other management levels (Link to policy: <http://mrsk.co/174tNiF>). In accordance with this policy, Maersk Drilling Holding A/S has taken steps to look into how the company can attract qualified women to relevant management positions. In addition, this is a focus area when identifying candidates to key positions."

Events after the Balance sheet date

Maersk Drilling had the contract for the harsh environment jack-up Mærsk Gallant cancelled, but concurrently Maersk Drilling signed a new contract in direct continuation of the cancelled contract. The contract cancellation and new contract are financially neutral to Maersk Drilling. Furthermore, Maersk Drilling received a notice of early contract termination for the ultra-deepwater semi-submersible Mærsk Deliverer. The contract was due to end in December 2016. As per the contract, Maersk Drilling are entitled to receive compensation for the remaining part of the contract period, and the cancellation is expected to be neutral for the full year financials.

Financial Statements 1 January - 31 December

Accounting policies

The Financial Statements of Maersk Drilling Holding A/S for 2015 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

In accordance with Section 112 of the Danish Financial Statements Act, the Company does not prepare a consolidated report as the Company and its subsidiaries are included in the consolidated report of A.P. Møller - Mærsk A/S.

The accounting policies are unchanged from last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, write-downs and provisions and reversals as a result of changes in accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Financial Statements 1 January - 31 December

Accounting policies

Income statement

Other external cost

Other external costs comprise expenses incurred during the year for bare boat hire of the rigs, repair and maintenance, catering, hired crew and administrative costs.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on result for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the result for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The Company is part of A.P. Møller Holding A/S' joint taxation. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are recognised in the balance sheet at equity value in accordance with the Parent's accounting policies plus value of goodwill calculated according to the purchase method.

The total net revaluation of investments in subsidiaries is transferred to "Reserve for net revaluation according to equity method" under equity. Reserve is reduced by dividend payments to the parent company and with certain other changes in equity in subsidiaries.

Impairment of non-current assets

The carrying amount of investments in subsidiaries are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Financial Statements 1 January - 31 December

Accounting policies

Balance sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Current tax receivables and liabilities

Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on the taxable income adjusted for tax on prior years' taxable income and paid on account taxes.

Financial debt

Other debts are recognised at amortised cost, which, essentially corresponds to the nominal value.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

USD is used as functional currency and as presentation currency because the majority of transactions are in U.S. dollars. At 31 December 2015 the exchange rate DKK/USD was 683.00 (2014: 612.14).

Financial Statements 1 January - 31 December

Income statement

Note	2015 USD ('000)	2014 USD ('000)
Other external costs	(7)	(2)
Gross result	(7)	(2)
4 Income from investments in subsidiaries	117,225	290,168
Result before financial items	117,218	290,166
1 Financial income	1,453	1,144
2 Financial expenses	(1)	(6)
Result before tax	118,670	291,304
3 Tax on result for the year	(288)	(297)
Result for the year	118,382	291,007

Appropriation

Retained earnings	1,157	11,399
Reserve for net revaluation according to equity method	117,225	279,608
	118,382	291,007

Financial Statements 1 January - 31 December

Balance sheet

Note	ASSETS	2015 USD ('000)	2014 USD ('000)
	Non-current assets		
4	Financial non-current assets		
	Investments in subsidiaries	5,779,008	3,319,138
	Total non-current assets	5,779,008	3,319,138
	Current assets		
	Receivables		
	Receivables from group enterprises	1,504,377	1,502,925
	Total current assets	1,504,377	1,502,925
	TOTAL ASSETS	7,283,385	4,822,063

Financial Statements 1 January - 31 December

Balance sheet

Note	EQUITY AND LIABILITIES	2015 USD ('000)	2014 USD ('000)
	Equity		
	Share capital	86,752	86,752
	Reserve for net revaluation according to equity method	610,574	490,704
	Retained earnings	6,585,481	4,244,324
	Total equity	7,282,807	4,821,780
	Short-term liabilities		
	Trade payables	4	4
	Payables to group enterprises	235	0
	Current tax payables	339	279
	Total short-term liabilities	578	283
	Total liabilities	578	283
	TOTAL EQUITY AND LIABILITIES	7,283,385	4,822,063
5	Commitments and contingent liabilities, etc.		
6	Employee remuneration, etc.		
7	Related parties		
8	Shareholders		
9	Consolidation		

Financial Statements 1 January - 31 December

Equity statement

USD ('000)	Share- capital	Reserve for net revaluation according to equity method	Retained earnings	Total
Equity 1 January 2014	86,752	211,096	4,243,485	4,541,333
Reserve for value adjustments related to hedging accounts	0	0	(7,866)	(7,866)
Other equity movements	0	0	(2,694)	(2,694)
Result for the year	0	279,608	11,399	291,007
Equity 1 January 2015	86,752	490,704	4,244,324	4,821,780
Contribution	0	0	2,340,000	2,340,000
Other equity movements	0	2,645	0	2,645
Result for the year	0	117,225	1,157	118,382
Equity 31 December 2015	86,752	610,574	6,585,481	7,282,807

The share capital comprises 500,000 shares of DKK 1,000. No shares hold special rights.

1 November 2012 the share capital was established with paid in capital of USD 87k, 18 November 2012 it was changed with a capital increase of USD 48,937k and 1 January 2013 it was changed with a capital increase, contribution in kind, value of assets of USD 37,728k.

Financial Statements 1 January - 31 December

Notes

	2015	2014
	USD ('000)	USD ('000)
1 Financial income		
Interest income from group enterprises	1,453	1,097
Exchange gain from group enterprises	0	47
	1,453	1,144
2 Financial expenses		
Interest expenses to group enterprises	0	(5)
Exchange gain to group enterprises	(1)	(1)
	(1)	(6)
3 Tax on the result of the year		
Tax for the year	(339)	(297)
Adjustments to prior years tax for the year	52	0
	(288)	(297)
4 Financial non-current assets		
USD ('000)		Investments in subsidiaries
Cost price 01 January 2015		2,828,434
Contribution		2,340,000
Cost price 31 December 2015		5,168,434
Net revaluation 01 January 2015		490,704
Net share of result for the year		117,225
Other adjustments		2,645
Net revaluation 31 December 2015		610,574
Carrying amount 31 December 2015		5,779,008

Financial Statements 1 January - 31 December

Notes

Company and domicile	Owned share
Maersk Drilling A/S, Denmark	100%
Maersk Drilling Americas A/S, Denmark	100%
Maersk Drilling Australia Pty Ltd., Australia	100%
Maersk Drilling Deepwater A/S, Denmark	100%
Maersk Drilling DS A/S, Denmark	100%
Maersk Drilling (Malaysia) DSN. BHD., Malaysia	100%
Maersk Drilling Holdings Singapore Pte Ltd., Singapore	100%
Maersk Drillship III Singapore Pte Ltd.	100%
Maersk Drillship IV Singapore Pte Ltd.	100%
Maersk Drilling International A/S, Denmark	100%
Maersk Drilling Services A/S, Denmark	100%
Maersk Drilling Services LLC, Azerbaijan	100%
Maersk Intrepid Norge A/S, Denmark	100%
Maersk Norge AS, Norway	100%
Maersk Offshore Crew Management (Guernsey) Ltd., Guernsey	100%
Maersk Reacher Norge A/S, Denmark	100%
Maersk Volve A/S, Denmark	100%
Maersk Interceptor Norge A/S, Denmark	100%
Maersk Integrator Norge A/S, Denmark	100%
Maersk XLE4 Norge A/S, Denmark	100%
Mærsk Gallant Norge A/S, Denmark	100%
Mærsk Giant Norge A/S, Denmark	100%
Mærsk Guardian Norge A/S, Denmark	100%
Mærsk Innovator Norge A/S, Denmark	100%
Mærsk Inspirer Norge A/S, Denmark	100%
The Maersk Company Limited, UK	100%

Only significant subsidiaries has been listed. A more comprehensive list of companies is available on: <http://investor.maersk.com/financials.cfm>

5 Commitments and contingent liabilities, etc.

Contingent liabilities

The Company is jointly taxed with all other Danish companies in the A.P. Møller Holding Group. As a fully owned subsidiary, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish company tax, withholding taxes on dividends, interest and royalties within the jointly taxed companies.

Financial Statements 1 January - 31 December

Notes

6 Employee remuneration

Maersk Drilling Holding A/S has not had employees in 2015 and 2014. Personnel are hired from affiliates in the Maersk Group. The Board of Directors has not been remunerated.

7 Related parties

The following related parties have a controlling interest in Maersk Drilling Holding A/S;

The A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene formaal, Copenhagen, Denmark and A.P. Møller Holding A/S has control over the Maersk Group.

Other related parties with dominant influence include;

- A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen K.

Other related parties

Subsidiaries and affiliates to A.P. Møller - Mærsk A/S.

Related parties also include the Board of Directors and leading employees and their family members. Related parties also include companies in which the above persons have significant interests.

8 Shareholders

The Company has registered the following shareholder holding minimum 5% of the voting share capital or minimum 5% of the nominal share capital:

A.P. Møller - Mærsk A/S
Esplanaden 50
1098 Copenhagen K

9 Consolidation

The consolidated financial statements of A.P. Møller - Mærsk A/S, Esplanaden 50, 1098 Copenhagen can be obtained by contacting this company or at its website www.maersk.dk