

Maersk Invincible Norge A/S

(Formerly known as Maersk XLE4 Norge A/S)

Esplanaden 50

1263 Copenhagen K

Company Reg. No. 35230335

Annual Report 2016

(Financial year No. 4)

As adopted by the Company at the Annual General Meeting

15 June 2017



Klaus Greven Kristensen

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Statement of the Board of Directors and Management

The Board of Directors and the Management have today discussed and approved the annual report for 2016 of Maersk Invincible Norge A/S.

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

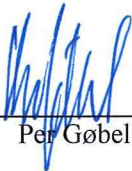
In our opinion, the Financial Statements provide a true and fair view of the Company's assets, liabilities, and financial position 31 December 2016 and of the results of the Company's operations for the financial year 2016.

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, 15 June 2017

Management:



Per Gøbel

Board of Directors:



Angela Durkin
(Chairman)



Marianne Sørensen Henriksen



Klaus Greven Kristensen

Independent Auditor's Report

To the shareholder of Maersk Invincible Norge 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 Invincible Norge A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 Management's Review.

Independent Auditor's 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.

Independent Auditor's Report

- 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.

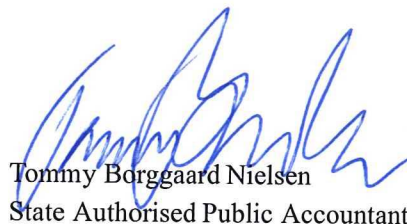
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 15 June 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33771231



Jesper Hansen
State Authorised Public Accountant



Tommy Borggaard Nielsen
State Authorised Public Accountant

Management's Review

Company details

Maersk Invincible Norge A/S
Esplanaden 50
1263 Copenhagen K

Company Reg. No.: 35230335
Date of incorporation: 15 April 2013
Registered office: Copenhagen
Financial year: 1 January 2016 - 31 December 2016

Board of Directors

Angela Durkin (Chairman)
Marianne Sørensen Henriksen
Klaus Greven Kristensen

Management

Per Gøbel

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual General Meeting

Annual General Meeting will be held 15 June 2017.

Management's Review

The Company's main activities

The Company's main activity is offshore drilling activity on the leased rig with Maersk Invincible. The Company is engaged in drilling activities in the Norwegian sector of the North Sea through a registered branch in Norway.

Development in activities and finances

The company has no revenue before the rig is delivered from the shipyard and starts its activity in the North Sea. The rig was delivered in Q1 2017 and is expected to start operation in Norway in Q2 2017.

The result for the year amounts to USD (6,112)k (2015: USD (1,122)k) which is in line with management expectations. For 2017 management expects a significantly better result than 2016.

Capital resources

As of 31 December 2016 the Company's equity amounts to negative USD (9,013)k and therefore the Company has lost more than 50% of its share capital. Management expects that the negative equity will be re-established through earnings from the normal operation within a few years. The company is expected to earn revenue from Q2 2017.

In connection with the assessment of going concern which forms the basis of the preparation of the Financial Statements, Management has obtained a Letter of support from Maersk Drilling A/S in which Maersk Drilling A/S confirms, that it will support Maersk Invincible Norge A/S financially to the extent necessary to finance its operating activities and to settle its financial obligations.

Financial Statements 1 January - 31 December

Accounting policies

The Financial Statements of Maersk Invincible Norge A/S for 2016 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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 (operating lease), 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

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.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity or within joint taxation.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial Statements 1 January - 31 December

Accounting policies

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.

Provisions

Provisions are recognised when the company has a current legal or constructive obligations, and if the amount can be measured reliably. Provisions are recognised on the basis of best estimate.

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 2016 the exchange rate DKK/USD was 705.50 (2015: 683.00).

Financial Statements 1 January - 31 December

Income statement

Note	2016 USD ('000)	2015 USD ('000)
Revenue	84	0
Other external costs	(8,546)	(1,586)
Result before financial items	(8,462)	(1,586)
2 Financial income	100	0
3 Financial expenses	(80)	0
Result before tax	(8,442)	(1,586)
4 Tax on result for the year	2,330	464
Result for the year	(6,112)	(1,122)

Appropriation

Retained earnings	(6,112)	(1,122)
	(6,112)	(1,122)

Financial Statements 1 January - 31 December

Balance sheet

Note	ASSETS	2016 USD ('000)	2015 USD ('000)
	Non-current assets		
5	Prepayments	5,746	0
	Total non-current assets	5,746	0
	Current assets		
	Receivables		
	Trade receivables	7	0
	Current tax receivables	2,592	261
	Receivables from group enterprises	5,285	359
6	Deferred tax assets	273	273
	Other receivables	199	0
5	Prepayments	885	0
	Total current assets	9,241	893
	TOTAL ASSETS	14,987	893

Financial Statements 1 January - 31 December

Balance sheet

Note	EQUITY AND LIABILITIES	2016 USD ('000)	2015 USD ('000)
	Equity		
	Share capital	88	88
	Retained earnings	(9,101)	(2,989)
	Total equity	(9,013)	(2,901)
	Provisions		
7	Other provisions	0	0
		0	0
	Short-term liabilities		
8	Borrowings from group enterprises	20,000	0
	Trade payables	3,421	0
	Payables to group enterprises	579	3,792
	Other payables	0	2
		24,000	3,794
	Total liabilities	24,000	3,794
	TOTAL EQUITY AND LIABILITIES	14,987	893
9	Commitments and contingent liabilities, etc.		
10	Employee remuneration		
11	Related parties		
12	Shareholders		
13	Consolidation		
14	Events after the balance sheet date		

Financial Statements 1 January - 31 December

Equity statement

USD ('000)	Share- capital	Retained earnings	Total
Equity 31 December 2015	88	(1,867)	(1,779)
Result for the year	0	(1,122)	(1,122)
Equity 1 January 2016	88	(2,989)	(2,901)
Result for the year	0	(6,112)	(6,112)
Equity 31 December 2016	88	(9,101)	(9,013)

The share capital comprises 500 shares of DKK 1,000. No shares hold special rights. 15 April 2013 the share capital was established with paid in capital of USD 88k. There has been no other changes to the share capital.

Financial Statements 1 January - 31 December

Notes

1 Capital resources

As of 31 December 2016 the Company's equity amounts to negative USD (9,013)k and therefore the Company has lost more than 50% of its share capital. Management expects that the negative equity will be re-established through earnings from the normal operation within a few years. The company is expected to earn revenue from Q2 2017.

In connection with the assessment of going concern which forms the basis of the preparation of the Financial Statements, Management has obtained a Letter of support from Maersk Drilling A/S in which Maersk Drilling A/S confirms, that it will support Maersk Invincible Norge A/S financially to the extent necessary to finance its operating activities and to settle its financial obligations.

	2016	2015
	USD ('000)	USD ('000)
2 Financial income		
Interest income from group enterprises	3	0
Exchange gain from group enterprises	97	0
	100	0
3 Financial expenses		
Interest expenses to group enterprises	(43)	0
Exchange loss to group enterprises	(37)	0
	(80)	0
4 Tax on the result of the year		
Tax for the year	2,330	261
Change in deferred tax	0	112
Change in deferred tax due to change in tax rate	0	(19)
Adjustments to prior years tax for the year	0	27
Adjustments to prior years change in deferred tax	0	83
	2,330	464

Financial Statements 1 January - 31 December

Notes

5 Prepayments, etc.

Non-current assets, prepayments USD 5,746k (2015: USD 0k), and current assets, prepayments USD 885k (2015: USD 0k) include deferral of mobilization cost and other startup cost related to present contract. The cost will be recognised over the contract period ending Q2 2022.

6 Deferred tax

Deferred tax relates to deferred tax on tax loss carried forward.

The deferred tax asset is expected to be utilized by future taxable income. Management considers no significant risk related to the valuation of the asset.

USD ('000)	Assets	Liabilities
Deferred tax 1 January 2016	273	0
Change in deferred tax	0	0
Deferred tax 31 December 2016	273	0

7 Other provisions

Provisions relate to operational costs and claims, pensions etc. for occurred events, but where the costs are subject to uncertainty. Provisions are recognised at Management's best estimate.

8 Borrowings

USD ('000)	Total balance 31/12/16	Installment next year	Balance due after 5 years
Loan to associated companies	20,000	20,000	0
	20,000	20,000	0

Financial Statements 1 January - 31 December

Notes

9 Commitments and contingent liabilities, etc.

Operating lease commitments

The Company has entered into operating lease contracts with an average annual lease of USD 98m (2015: USD 0m). The lease contract with start date Q1 2018 expires after 52 months and includes total nominal rest lease payments of USD 422m (2015: USD 0m).

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.

10 Employee remuneration

Maersk Invincible Norge A/S has not had employees in 2016 and 2015. Personnel are hired from affiliates in the A.P. Møller - Mærsk Group. The Board of Directors has not been remunerated.

11 Related parties

The following related parties have a controlling interest in Maersk Invincible Norge 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.
- Maersk Drilling A/S, Esplanaden 50, 1098 Copenhagen K. The parent company

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.

Financial Statements 1 January - 31 December

Notes

12 Shareholders

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

Maersk Drilling A/S
Esplanaden 50
1098 Copenhagen K

13 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 <http://www.maersk.dk>. The consolidated financial statements of A.P. Møller - Holding A/S can be obtained by contacting this company.

14 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.