

MAERSK OIL NCE A/S

CVR-No. 35471235

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 NCE A/S (Formerly: Maersk Oil Kurdistan Qala Dze Holdings A/S)
Esplanaden 50
1263 Copenhagen K

CVR-No.: 35471235
Date of incorporation: 04 September 2013
Registered office: Copenhagen
Financial year: 01 January 2016 - 31 December 2016

Board of Directors

Troels Albrechtsen (Chairman)
Carsten Sonne-Schmidt (Vice Chairman)
Martin Rune Pedersen

Executive Board

Poul Munk Andersen

Directors' Report

Activities

The company is a wholly owned subsidiary of Mærsk Olie og Gas A/S, formed on 4 September 2013, initially with the purpose of holding a share in the Qala Dze Production Sharing Contract through a subsidiary, Maersk Oil Kurdistan Qala Dze A/S. In September 2016, the company changed name to Maersk Oil NCE A/S to act as an interim entity for preparatory work for a potential new country entry.

Financial review

Financial performance of the year

The result for the 2016 is a profit of USD 25 thousand (2015: a loss of USD 46 million), due to the profit in the subsidiary.

Guidance for 2017

The result for 2017 is expected to decrease due to lower activity in the subsidiary.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk NCE A/S for the reporting period 1 January 2016 to 31 December 2016.

The annual report for the reporting period 1 January 2016 to 31 December 2016 of Maersk Oil NCE 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 period 1 January 2016 to 31 December 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:



Poul Munk Andersen

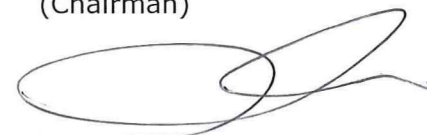
Board of Directors:



Troels Albrechtsen
(Chairman)



Carsten Sonne-Schmidt
(Vice Chairman)



Martin Rune Pedersen

Accounting Policies

The Annual Report for 2016 of Maersk Oil NCE 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 NCE A/S and its subsidiary are included in the consolidated Financial Statements of the Mærsk Olie og Gas A/S Group and A.P. Møller-Mærsk Group.

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 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

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

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 NCE A/S
INCOME STATEMENT
FOR 2016

| Note | USD 1,000 | |
|---|-----------|-----------------|
| | 2016 | 2015 |
| 1. Administrative expenses | 4 | 12 |
| Result before financial items and tax | (4) | (12) |
| 2. Result after tax in subsidiaries | 50 | (45,945) |
| 3. Financial income | 10 | 14 |
| 4. Financial expenses | 42 | 55 |
| Result before tax | 14 | (45,998) |
| 5. Tax on result for the year | (11) | 0 |
| RESULT FOR THE YEAR | 25 | (45,998) |
| Proposed distribution of net result | | |
| Extraordinary dividend paid in the year | 3,000 | 0 |
| Retained earnings | (2,975) | (45,998) |
| | 25 | (45,998) |

MAERSK OIL NCE A/S
BALANCE SHEET AT 31.12.2016

| Note | USD 1,000 | |
|--------------------|-----------------------------|--------------------------------|
| | 2016 | 2015 |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| 2. | Financial assets | |
| | Investment in subsidiaries | 757 4,425 |
| | | <u>757 4,425</u> |
| | TOTAL NON-CURRENT ASSETS | <u>757 4,425</u> |
| CURRENT ASSETS | | |
| Receivables | | |
| | Receivables Group companies | 690 0 |
| | Other receivables | 0 1 |
| | | <u>690 1</u> |
| | TOTAL CURRENT ASSETS | <u>690 1</u> |
| | TOTAL ASSETS | <u>1,447 4,426</u> |

MAERSK OIL NCE A/S
BALANCE SHEET AT 31.12.2016

| Note | USD 1,000 | |
|-------------------------------|-------------------------------------|--------------|
| | 2016 | 2015 |
| LIABILITIES AND EQUITY | | |
| 6. | EQUITY | |
| | 270 | 270 |
| | Share capital | |
| | 1,127 | 4,102 |
| | Retained earnings | |
| | <u>1,397</u> | <u>4,372</u> |
| | CURRENT LIABILITIES | |
| | 50 | 54 |
| | Payables to Group companies | |
| | <u>50</u> | <u>54</u> |
| | TOTAL LIABILITIES | 54 |
| | <u>1,447</u> | <u>4,426</u> |
| | TOTAL LIABILITIES AND EQUITY | |
| 7. | Contingencies etc. | |
| 8. | Related parties | |

MAERSK OIL NCE 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 Investment in subsidiaries |
|---|--|
| Cost at 01.01. | 100,035 |
| Cost price 31.12 | 100,035 |
| Value adjustments at 01.01. | (95,610) |
| Share of subsidiaries' profit after tax | 50 |
| Dividends received | (3,718) |
| Value adjustments 31.12 | (99,278) |
| Carrying amount 31.12 | 757 |

| Affiliated company | Country of registration | Share of ownership |
|-----------------------------------|--------------------------------|---------------------------|
| Maersk Oil Kurdistan Qala Dze A/S | Denmark | 100% |

| USD 1,000 | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| Note 3, Financial income | | |
| Exchange rate adjustments etc. | 10 | 14 |
| | 10 | 14 |
| Note 4, Financial expenses | | |
| Exchange rate adjustments etc. | 42 | 55 |
| | 42 | 55 |

Note 5, Corporate tax

Tax for the year is an income of USD 11 thousand (2015: nil).

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 6, Equity

USD 1,000

| | <u>2016</u> | <u>2015</u> |
|---|----------------|-----------------|
| Share capital | | |
| Share capital at 01.01 | 270 | 270 |
| Share capital at 31.12 | <u>270</u> | <u>270</u> |
| Retained earnings | | |
| Retained earnings at 01.01 | 4,102 | 50,100 |
| Transferred from result for the period | <u>(2,975)</u> | <u>(45,998)</u> |
| Retained earnings at 31.12 | <u>1,127</u> | <u>4,102</u> |
| Proposed dividend for distribution | | |
| Proposed dividend at 01.01 | 0 | 0 |
| Extraordinary dividend | 3,000 | 0 |
| Extraordinary dividend paid | <u>(3,000)</u> | <u>0</u> |
| Proposed dividend at 31.12 | <u>0</u> | <u>0</u> |
| Total equity | <u>1,397</u> | <u>4,372</u> |

Share capital consists of the following shares:

| <u>Number</u> | <u>Nominal, DKK</u> |
|----------------------------|---------------------|
| 1,500 | <u>1,000</u> |
| Total nominal value in DKK | <u>1,500,000</u> |

Share capital, changes:

| | |
|--------------------------------------|------------------|
| Registration 4 September 2013 | 500,000 |
| Increase of capital 18 December 2013 | 500,000 |
| Increase of capital 5 August 2014 | <u>500,000</u> |
| | <u>1,500,000</u> |

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.