

Maersk Oil Ethiopia A/S

CVR-No. 37139343

Annual Report 2017

Approved at the General Assembly: 11 May 2018
Chairman of the meeting: Majbritt Perotti Carlson

Amerikan Plads 29, st., 2100 Copenhagen Ø

Company information

Maersk Oil Ethiopia A/S
Amerika Plads 29, st.
2100 Copenhagen Ø
Denmark

CVR-No.:	37139343
Date of incorporation:	6 October 2015
Registered office:	Copenhagen
Financial year:	01 January 2017 - 31 December 2017

Board of Directors

Martin Rune Pedersen (Chairman)
Troels Albrechtsen (Vice Chairman)
Helene Suzanne Dantoine

Executive Board

Helene Suzanne Dantoine

Directors' Report

Activities

The Company is a wholly owned subsidiary of Maersk Oil Exploration Netherlands B.V.

Maersk Oil Ethiopia A/S was formed on 6 October 2015. The purpose of the Company is to manage Maersk Oil's exploration activities in Ethiopia. The Company held interests in two exploration blocks, the Tullow operated South Omo block and the African Oil Corporation operated Rift Valley block.

Tullow recommended licence exit to partners at the end of the South Omo licence term and was supported by Maersk Oil. The licence exit was completed 17 January 2017. Conclusion of the Joint Venture's Ethiopia office is forecast to be completed by the end of 2018. Following technical evaluation Maersk Oil also decided to withdraw from the Rift Valley Block at the end of the Initial Exploration Period, although Africa Oil decided to continue on the licence. The Maersk Oil relinquishment was completed on 6 January 2017.

Financial review

Financial performance for the year

The result for 2017 is a loss of USD 1,377 thousand, compared to the loss of USD 12,869 thousand for the period 6 October 2015 to 31 December 2016.

Guidance for 2018

In 2018, a smaller loss is expected due to close out of activities.

Change of parent company owner

The share capital in Mærsk Olie og Gas A/S who is the owner of Maersk Oil Exploration Netherlands B.V. was acquired by Total S.A. from A.P. Møller – Mærsk A/S with effective date 8th March 2018. This does not affect the going concern of the Company.

As of the effective date the Company is no longer part of the A.P. Møller – Maersk Group joint taxation and is instead jointly taxed with the previous Maersk Oil Group companies and Danish registered Total Group companies. Joint liability for previous periods still exists.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Ethiopia A/S for 2017.

The annual report for 2017 of Maersk Oil Ethiopia 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 2017 and of the results of the Company's operations for the financial year 2017.

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.

In 2017, 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.

Copenhagen, 11 May 2018

Executive Board: _____
Helene Suzanne Dantoine

Board of Directors:	_____	_____
	Martin Rune Pedersen	Troels Albrechtsen
	(Chairman)	(Vice Chairman)

	Helene Suzanne Dantoine	

Accounting Policies

The Annual Report for 2017 of Maersk Oil Ethiopia A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies with options from higher reporting classes.

The accounting policies for the Financial Statements are unchanged from last year.

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 6.2067 at 31 December 2017 (2016: DKK 7.0550).

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 parent company overhead and other general administrative expenses.

Exploration expenses are capitalised unless the costs do not qualify for capitalisation, and are then recognised in the income statement as incurred.

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

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

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 ETHIOPIA A/S
INCOME STATEMENT
FOR 2017

	USD 1,000	USD 1,000
NOTE	2017	<u>6/10 2015 -</u> <u>31/12 2016</u>
1. Administrative expenses	0	655
Exploration expenses	250	517
2. Amortisation	<u>1,165</u>	<u>11,655</u>
Result before financial items and tax	(1,415)	(12,827)
3. Financial income	38	2
4. Financial expenses	<u>0</u>	<u>44</u>
Result before tax	(1,377)	(12,869)
5. Tax on result for the year	<u>0</u>	<u>0</u>
PROFIT FOR THE YEAR	<u>(1,377)</u>	<u>(12,869)</u>
Proposed distribution of net profit:		
Retained earnings	<u>(1,377)</u>	<u>(12,869)</u>
	<u>(1,377)</u>	<u>(12,869)</u>

MAERSK OIL ETHIOPIA A/S
BALANCE SHEET AT 31.12.2017

<u>NOTE</u>	USD 1,000	USD 1,000
	2017	2016
ASSETS		
NON-CURRENT ASSETS		
2. Intangible fixed assets		
Oil rights	0	1,165
	0	1,165
TOTAL NON-CURRENT ASSETS	0	1,165
CURRENT ASSETS		
Receivables		
Receivables from Group companies	3,383	4,217
Other receivables	1	20
	3,384	4,237
TOTAL CURRENT ASSETS	3,384	4,237
TOTAL ASSETS	3,384	5,402

MAERSK OIL ETHIOPIA A/S
BALANCE SHEET AT 31.12.2017

<u>NOTE</u>	USD 1,000	USD 1,000
	2017	2016
<hr/> LIABILITIES AND EQUITY		
6. EQUITY		
Share capital	146	146
Retained earnings	3,097	4,474
	<hr/> 3,243	<hr/> 4,620
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	92	0
Payable to group companies	49	782
	<hr/> 141	<hr/> 782
	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/> 141	<hr/> 782
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	3,384	5,402
	<hr/> <hr/>	<hr/> <hr/>
7. Contingencies etc.		
8. Related parties		

MAERSK OIL ETHIOPIA A/S

Notes as at 31.12.2017

(USD 1,000)

Note 1, Staff costs

The company has no employees, as all those engaged are employed in other Group companies.

Note 2, Intangible assets

USD 1,000

2017

Oil Rights

Cost at 01.01	12,820
Additions during the period	0
Cost price 31.12	0
Amortisation at 6.10.2015	11,655
Amortisation for the period	1,165
Amortisation at 31.12	12,820
Carrying amount 31.12	0

USD 1,000

2017

**6/10 2015 -
31/12 2016**

Note 3, Financial income

Interest received from group companies

38	2
38	2

Note 4, Financial expenses

Exchange rate adjustments
etc.

0	44
0	44

Note 5, Corporate tax

Tax on result for the year is USD 0 (2016: USD 0).

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

Share capital

	<u>2017</u>	<u>2016</u>
Share capital at 01.01	146	
Start up capital	0	71
Additions during the period	<u>0</u>	<u>75</u>
Share capital at 31.12	<u>146</u>	<u>146</u>

Retained earnings

Retained earnings at 01.01	4,474	
Capital increase, surplus premium	0	17,343
Transferred from profit for the year	<u>(1,377)</u>	<u>(12,869)</u>
Retained earnings at 31.12	<u>3,097</u>	<u>4,474</u>

Total equity

<u>3,243</u>	<u>4,620</u>
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Share capital consists of the following shares:

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

Share capital, changes:

Registration 6 October 2015	500,000
Increase of capital 19 February 2016	<u>500,000</u>
	<u>1,000,000</u>

Note 7, Contingencies

As of 31 December 2017, 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 at arm's length.

Parties exercising control

The Company is 100% owned by Maersk Oil Exploration Netherlands B.V., which does not prepare consolidated Financial Statements.

As of 31 December 2017, 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 the ultimate parent company's consolidated Financial Statements as a subsidiary.