

Maersk Oil Angola A/S

CVR-No. 28701365

Annual Report 2014



Approved at the General Assembly: 27/05/2015

Chairman of the meeting: Majbritt Perotti Carlson

Company information

Maersk Oil Angola A/S
Esplanaden 50
1263 Copenhagen K

CVR-No.: 28701365
Date of incorporation: 11 May 2005
Registered office: Copenhagen
Financial year: 01 January 2014 - 31 December 2014

Board of Directors

Jakob Bo Thomasen (Chairman)
Graham Talbot
Gretchen Watkins

Executive Board

Anders Damgaard

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Amerika Plads 38
2100 Copenhagen Ø

Affiliate

Maersk Oil Angola
Belas Business Park
Via A1, 7th Floor, Edificio Luanda
Talatona, Luanda-Sul
Republic of Angola

Directors' Report

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

Maersk Oil Angola participates as operator with a 50% ownership share in Block 16 offshore Angola in partnership with Odebrecht (15%), Sonangol (20%) and Maersk Oil Angola Holdings A/S (15%). Furthermore, Maersk Oil Angola A/S is the operator of Blocks 8 and 23 with a 50% ownership share in partnership with Svenska Petroleum (30%) and Sonangol (20%). Sonangol's share of the costs are carried by the other partners which results in a cost share for Maersk Oil Angola A/S of 62.5% in all three Blocks.

The Chissonga field development plan was submitted to the authorities in Q3 2013. The adjacent Cubal discovery in 2013 was included in the development plan to be developed as part of the overall Chissonga project. Tender bids for the Chissonga project have been received. With the low oil price, the project is challenged and negotiations with authorities, partners and contractors are ongoing.

The result for 2014 shows a loss of USD 162 million, compared to a loss of USD 391 million in 2013. The lower loss reflects termination of exploration activity.

Key figures for the Company are as follows:

USD million	2014	2013	2012	2011	2010
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Income statement:

Revenue	1	10	7	5	2
Profit before financial items and tax	(162)	(396)	(200)	(193)	(104)
Financial items, net	-	4	4	(1)	-
Profit for the year after tax	(162)	(391)	(196)	(178)	(104)

Balance sheet:

Total assets	501	600	391	288	60
Investments in property, plant and equipment	126	74	139	118	33
Equity	388	467	316	170	50

Employees:

Average number of employees	107	77	43	35	26
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The loss for 2015 is expected to be significantly lower than 2014.

Risks and uncertainties

Maersk Oil Angola A/S is subject to a variety of risks which derive from the nature of the oil production activities.

Material accounting estimates relate to valuation of non-current assets including determination of amortisation and depreciation profiles.

Maersk Oil Angola A/S' strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Angola A/S for 2014.

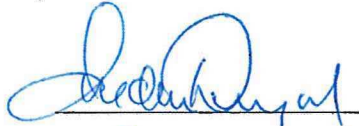
The annual report for 2014 of Maersk Oil Angola A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2014 and of the results of the Company's operations for the financial year 2014.

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 as well as a description of the most significant risks and uncertainty factors that the Company faces.

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

Copenhagen, 27 May 2015

Executive Board:



Anders Damgaard

Board of Directors:



Jakob Bo Thomasen
(Chairman)

Graham Talbot
(Vice Chairman)

Gretchen Watkins

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Copenhagen, 27 May 2015

Executive Board:

Anders Damgaard

Board of Directors:

Jakob Bo Thomasen
(Chairman)

Graham Talbot
(Vice Chairman)

Gretchen Watkins

Independent auditors' report

To the shareholder of Maersk Oil Angola A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Maersk Oil Angola A/S for the financial year 1 January – 31 December 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2014 and of the results of the company's operations for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act.

Statement on the Directors' report

Pursuant to the Danish Financial Statements Act, we have read the Directors' report. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Directors' report is consistent with the financial statements.

Copenhagen, 27 May 2015

KPMG

Statsautoriseret Revisionspartnerselskab



Henrik O. Larsen
State Authorised
Public Accountant

Accounting Policies

The Annual Report for 2014 of Maersk Oil Angola A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to medium (class C) companies.

The accounting policies for the financial statements are unchanged from last year.

Maersk Oil Angola A/S has with reference to the Danish Financial Statements Act provision 86 section 4 refrained from preparing cash flow statement. With reference to provision 96, 3 of the Danish Financial Statements Act, fees for auditor elected by the general assembly are not published.

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 6.1214 at 31 December 2014 (2013: DKK 5.4127).

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

Revenue comprises operator fee income earned during the financial year.

Exploration expenses are recognised in the income statement as they are incurred.

Expenses for initial surveys incurred before acquisition of licence for hydrocarbon extraction are included in the income statement as they are incurred.

Administrative expenses comprise parent company overhead as well as general administrative expenses.

Financial items comprise interest and currency exchange rate gains and losses from translation of cash 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.

IT software is amortised over a useful life of 3 years.

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

The cost price of production facilities etc. comprises direct and indirect costs for appraisal and production wells and production equipment, etc. for fields considered commercial. Depreciation on production facilities etc. is made over the expected economic life determined individually for each development plan.

Fixtures and operating equipment are depreciated within three years.

Depreciation periods and residual values for intangible and tangible fixed assets are re-evaluated annually.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs to sell.

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.

Prepayments recognised under assets include prepaid expenses.

Dividend for distribution regarding the financial year is included as part of the equity.

Provisions are recognised when the Company has an existing legal or actual obligation. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

MAERSK OIL ANGOLA A/S
INCOME STATEMENT
FOR 2014

Note	USD 1,000	
	2014	2013
Operator's fee	1,371	10,085
Gross profit	1,371	10,085
1. Administrative expenses	29,080	10,685
Exploration expenses	132,272	369,829
4. Depreciation	2,087	25,137
Result before financial items and tax	(162,068)	(395,566)
2. Financial income	400	4,427
3. Financial expenses	92	283
Result before tax	(161,760)	(391,422)
6. Tax for the year	(5)	(27)
RESULT FOR THE YEAR	(161,755)	(391,395)
Proposed distribution of net result		
Retained earnings	(161,755)	(391,395)
	(161,755)	(391,395)

MAERSK OIL ANGOLA A/S
BALANCE SHEET AT 31.12.2014

Note	USD 1,000	
	2014	2013
	ASSETS	
4.	NON-CURRENT ASSETS	
	Intangible assets	
		Exploration rights
	-	-
		Software
	3,952	1,300
	<u>3,952</u>	<u>1,300</u>
	Property, plant and equipment	
		Fixtures and operating equipment
	472	9,047
		Production facilities etc. under construction
	387,833	253,265
	<u>388,305</u>	<u>262,312</u>
	392,257	263,612
	CURRENT ASSETS	
	Inventory	
	18,758	-
	Receivables	
		Receivables from sale of goods and services
	1,408	-
		Receivables Group companies
	22,808	155,038
		Other receivables
	41,097	44,331
		Prepayments
	4,790	8,263
	<u>70,103</u>	<u>207,633</u>
10.	19,579	128,621
	<u>108,440</u>	<u>336,254</u>
	TOTAL CURRENT ASSETS	
	108,440	336,254
	TOTAL ASSETS	
	<u>500,697</u>	<u>599,866</u>

MAERSK OIL ANGOLA A/S
BALANCE SHEET AT 31.12.2014

Note	USD 1,000	
	2014	2013
	LIABILITIES AND EQUITY	
5.	EQUITY	
	19,925	19,091
	368,223	447,444
	388,148	466,535
7.	PROVISIONS	
	49,600	20,938
	49,600	20,938
	SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	
	18,268	83,138
	43,161	26,507
	1,520	2,748
	62,949	112,393
	62,949	112,393
	500,697	599,866
8.	Contingencies etc.	
9.	Related parties	

MAERSK OIL ANGOLA A/S

Notes as at 31.12.2014

(USD 1,000)

	<u>2014</u>	<u>2013</u>
Note 1, Staff costs		
Salaries and wages	15,595	15,662
Pension contributions	9	(11)
Other social security costs	439	312
	<u>16,043</u>	<u>15,963</u>
Average number of employees	<u>107</u>	<u>77</u>

Staff costs included in the income statement are contained under the items administrative expenses and exploration expenses.

No Board of Directors fee and Management remuneration has been charged to profit and loss account as the Management engaged in 2014 was employed in Rederiet A.P. Møller A/S.

	<u>2014</u>	<u>2013</u>
Note 2, Financial income		
Interest received from group companies	43	61
Exchange rate adjustments etc.	357	4,366
	<u>400</u>	<u>4,427</u>
Note 3, Financial expenses		
Interest paid	30	-
Exchange rate adjustments etc.	62	283
	<u>92</u>	<u>283</u>

Note 4, Intangible/tangible assets

	2014	2014	2014	2014
			Fixtures and operating equipment	Production facilities etc. under construction
USD 1,000	Software etc.	Exploration rights		
Cost at 01.01	3,631	107,500	9,844	253,265
Additions during the year	4,519	-	308	125,906
Transferred	-	-	(8,662)	8,662
Cost price 31.12	8,150	107,500	1,490	387,833
Depreciation and impairment losses at 01.01	2,331	107,500	797	0
Depreciation and amortisation for the year	1,867	-	221	0
Depreciation, amortisation and write-downs at 31.12	4,198	107,500	1,018	0
Carrying amount 31.12	3,952	-	472	387,833

Note 5, Equity

	2014	2013
Share capital		
Share capital at 01.01	19,091	13,671
Capital increase	834	5,420
Share capital at 31.12	<u>19,925</u>	<u>19,091</u>
Retained earnings		
Retained earnings at 01.01	447,444	302,309
Capital increase, share premium	82,534	536,530
Transferred from result for the year	(161,755)	(391,395)
Retained earnings at 31.12	<u>368,223</u>	<u>447,444</u>
Total equity	<u>388,148</u>	<u>466,535</u>

Share capital consists of the following shares:

Number	Nominal, DKK
370,000	100
50,000	1,000
1	500,000
1	1,000,000
2	1,200,000
1	1,800,000
1	4,500,000
1	10,000,000
Total nominal value in DKK	<u>112,000,000</u>

Note 5, Equity, continued

Share capital changes in the last five years shares:	DKK
Increase of capital 12 February 2010	5,000,000
Increase of capital 16 June 2010	6,000,000
Increase of capital 16 June 2011	6,000,000
Increase of capital 4 November 2011	10,000,000
Increase of capital 20 April 2012	10,000,000
Increase of capital 7 September 2012	10,000,000
Increase of capital 3 June 2013	5,000,000
Increase of capital 13 June 2013	5,000,000
Increase of capital 2 October 2013	5,000,000
Increase of capital 1 November 2013	5,000,000
Increase of capital 10 December 2013	10,000,000
Increase of capital 10 September 2014	4,800,000

The costs related to the capital increase in 2014 amount to USD 30.

Note 6, Corporate tax

Tax for the year is an income of USD 5 thousand (2013: tax income of USD 27 thousand).

This company is part of a joint taxation scheme with A.P. Møller Holding A/S. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Note 7, Provisions

Provisions are due within one year.

Provisions are recognised when there is an existing legal or actual obligation. Provisions are recognised on the basis of specific estimates and consider discounting when the time element is significant.

Note 8, Contingencies

As a normal part of business operations field development plans are signed and drilling and production rigs are chartered. At the end of 2014 the total commitments are USD 30.8 million (2013: USD 169.9 million), of which USD 5 million is for leasing commitments (2013: USD 8 million).

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 9, Related parties

Companies in the A.P. Møller Mærsk Group and the Executive board and board members of the company are related parties.

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.

Note 10, Cash

Cash, USD 19.6 million (2013: USD 128.6 million), includes USD 19.6 million (2013: USD 33.9 million) that at year end was deposited on a restricted bank account.