# 2015

## Statoil Petroleum AS

Statoil

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Cover photo: Øyvind Hagen

# Board of directors report

## The profitability of the oil and gas industry continues to be challenged and the financial results in Statoil Petroleum AS in 2015 were influenced by the low liquids prices during 2015. However, the financial position is robust and through significant flexibility in the investment programme, the company is well prepared for continuous market weakness and uncertainty.

**Net operating income was NOK 2.3 billion in 2015, down 97% compared to 2014. The decrease was mainly attributable to lower prices for liquids sold, higher net loss from subsidiaries and equity accounted companies, higher depreciation and net impairment losses, and lower income from sales of assets in 2015 compared to 2014.**

Net income decreased from positive NOK 8.8 billion in 2014 to a net loss of NOK 44.5 billion in 2015, largely affected by the decrease in net operating income and a higher effective tax rate.

Operational performance was strong, with ramp up of new fields, increased gas sales, and good operational performance.

Statoil Petroleum AS will provide group contribution of NOK 4.0 billion (NOK 3.1 billion after tax effect) to the parent company, Statoil ASA.

Statoil Petroleum AS was founded in 2007 and is domiciled in Norway. Statoil Petroleum's business consists principally of the exploration, production and transportation of petroleum and petroleum-derived products. In accordance with the Norwegian Accounting Act §3-7, Statoil Petroleum AS does not prepare consolidated financial statements. For further information, see the notes to the financial statements and Statoil ASA's annual report 2015.

# Our business

## Statoil Petroleum AS is a wholly owned subsidiary of Statoil ASA, and operates about 70% of all oil and gas production on the NCS.

Effective 1 January 2009, Statoil Petroleum AS received certain assets and assumed certain liabilities from its parent company with a net amount of NOK 47.9 billion. The transfer included all of the parent company's exploration and production assets and liabilities on the Norwegian continental shelf (NCS) and related transportation systems, processing plants and terminals. Following the restructuring of assets and liabilities within the Statoil group, Statoil Petroleum AS has become the co-obligor or guarantor of certain parent company liabilities.

Through its subsidiaries and other equity accounted companies, Statoil Petroleum AS owns additional licenses in oil and gas fields internationally. The company also owns oil and gas processing and transportation facilities in Norway.

Statoil Petroleum AS has no employees, but purchases necessary services from the parent company and other companies in the Statoil group.

# Profit and loss analysis

## Net operating income was NOK 2.3 billion in 2015, down 97% compared to 2014. The decrease was mainly attributable to lower prices for liquids sold, higher net loss from subsidiaries and equity accounted companies, increased depreciation and net impairment losses, and lower income from sales of assets in 2015 compared to 2014.

| Condensed financial statements NGAAP (in NOK billion) | 2015 | Full year 2014 | Change |
|---|---|---|---|
| Revenues | 168.2 | 203.2 | -17% |
| Net income (loss) from subsidiaries and other equity accounted companies | (66.4) | (31.4) | 112% |
| Other income | 1.6 | 7.5 | -79% |
| Total revenues and other income | 103.3 | 179.4 | -42% |
| Purchases [net of inventory variation] | (5.1) | (4.2) | 21% |
| Operating expenses and selling, general and administrative expenses | (38.8) | (38.0) | 2% |
| Depreciation, amortisation and net impairment losses | (52.5) | (41.4) | 27% |
| Exploration expenses | (4.6) | (5.5) | -16% |
| Net operating income | 2.3 | 90.3 | -97% |
| Net financial items | (0.8) | 0.0 | N/A |
| Income before tax | 1.5 | 90.3 | -98% |
| Income tax | (46.0) | (81.5) | -44% |
| Net income | (44.5) | 8.8 | -605% |

Revenues amounted to NOK 168.2 billion in 2015, compared to NOK 203.2 billion in 2014. The 17% decrease was mainly due to reduced liquids prices. This was partly offset by a positive exchange rate development (NOK/USD) and increased volumes.

Net loss from subsidiaries and other equity accounted companies amounted to NOK 66.4 billion. This was mainly related to impairment losses in 2015, primarily resulting from reduced short-term oil price forecasts impacting subsidiaries in the U.S.

Other income amounted to NOK 1.6 billion, mainly attributable to gains from sales of certain ownership interests on the NCS to Repsol of NOK 1.2 billion. Other income in 2014 was mainly related to gains from the sale of certain ownership interests on the NCS to Wintershall of NOK 5.9 billion.

Statoil Petroleum AS purchases natural gas and pipeline transport on a back to back basis from Statoil ASA. Statoil Petroleum AS carries all the risks related to these purchases and they are therefore presented as purchase. Purchases amounted to NOK 5.1 billion in 2015 compared to NOK 4.2 billion in 2014. The increase was mainly due to higher volumes of third party gas purchased.

Operating expenses include field production and transport systems costs related to the company's share of oil and natural gas production while selling, general and administrative expenses include expenses related to the sale and marketing of our products. Operating expenses and selling, general and administrative expenses increased by 2% compared to 2014, mainly due to gain related to changes in pension scheme in 2014 and ramp up of new field during 2015. This was partly offset by cost improvements and reduced turnaround activity level on several fields.

Depreciation, amortisation and net impairment losses include depreciation of production installations and transport systems, depletion of fields in production and amortisation of intangible assets. The 27% increase from 2014 was mainly due to a net impairment loss of NOK 8.6 billion in 2015 (primarily resulting from the reduced oil price forecast), new fields commencing production and ramp-up of new fields in 2015

Exploration expenditures are capitalised to the extent that exploration efforts are considered successful, or pending such assessment. Otherwise, such expenditures are expensed. The exploration expenses consist of the expensed portion of our exploration expenditures in 2015 and exploration expenditures capitalised in previous years. Exploration expenses decreased by 16% compared to 2014, mainly due to lower drilling activity, a lower portion of previously capitalised exploration expenditures being expensed in 2015, and idle rig costs in 2014.

Net operating income was NOK 2.3 billion in 2015, down 97% compared to 2014. The decrease was primarily driven by lower prices on liquids, higher net loss from subsidiaries and other equity accounted companies, increased depreciation and net impairment losses, and lower income from sales of assets in 2015 compared to 2014.

Net financial items amounted to a loss of NOK 0.8 billion in 2015, compared to an amount of zero in 2014. The change is mainly caused by reduced net foreign exchange gain of NOK 1.9 billion, partly offset by increased interest income of NOK 0.4 billion and increased capitalised borrowing costs of NOK 0.6 billion due to higher capitalisation rate.

Income taxes were NOK 46.0 billion in 2015, equivalent to a tax rate of 3054%, compared to NOK 81.5 billion in 2014, equivalent to a tax rate of 90%. The higher tax rate is mainly explained by low income before tax in 2015. In addition, higher tax rate is caused by higher loss in associated companies accounted for using the equity share method.

The net loss of NOK 44.5 billion and group contribution to Statoil ASA of NOK 3.1 billion, are covered by prior years retained earnings.

In accordance with §3-3 of the Norwegian Accounting Act, the board of directors confirms that the financial statements have been prepared on the basis of the going concern assumption.

# Cash flows

## Cash flows provided by operating activities contributed with NOK 64.7 billion, and cash flows used in investing activities amounted to NOK 141.3 billion in 2015.

The most significant drivers for cash flows provided by operating activities are the level of production and prices for liquids and natural gas that impact revenues, cost of purchases (net of inventory valuation), taxes paid and changes in working capital items. In 2015, cash flows provided by operating activities amounted to NOK 64.7 billion, a decrease of NOK 8.5 billion compared to NOK 73.2 billion in 2014. The decrease in income before tax, affected by the lower prices for liquids and gas, was partly offset by lower taxes paid of NOK 26.3 billion between the two years.
Cash flows provided by operating activities was NOK 62.4 billion higher than net operating income in 2015, and the main reason for this difference is loss from subsidiaries and other equity accounted companies, and taxes paid in 2015.

Cash flows used in investing activities was NOK 141.3 billion in 2015 compared to NOK 59.4 billion in 2014. The increase was mainly related to increased investments in subsidiaries in the US and Brazil. The proceeds in 2015 were mainly related to the sale of assets to Repsol.

Cash flows used in financing activities was NOK 76.7 billion in 2015, compared to negative NOK 13.2 billion in 2014. The decrease of NOK 89.9 billion was due to NOK 90.9 billion change in cash flows to/from Statoil group companies related to financial receivables and liabilities.

# Liquidity and capital resources

## Statoil Petroleum AS has maintained a strong financial position through 2015.

Our annual cash flow from operations is highly dependent on oil and gas prices and our levels of production. It is only influenced to a small degree by seasonality and maintenance turnarounds. The financial results of operations largely depend on a number of factors, most significantly those affecting prices received in NOK for sold products.

Statoil Petroleum AS' liquidity and debt position are managed at Statoil group level.

# Risk review

## The financial results are largely dependent on a number of factors, most significantly those affecting prices in NOK for sold products.

A prolonged period of low oil and/or natural gas prices would have a material adverse effect on Statoil Petroleum AS
Generally, Statoil Petroleum AS does not and will not have control over the factors that affect the prices of oil and natural gas. These factors include:

- economic and political developments in resource-producing regions;
- global and regional supply and demand;
- the ability of the Organisation of the Petroleum Exporting Countries (Opec) and/or other producing nations to influence global production levels and prices;
- prices of alternative fuels that affect the prices realised under Statoil's long-term gas sales contracts;
- government regulations and actions; including changes in energy and climate policies;
- global economic conditions;
- war or other international conflicts;
- changes in population growth and consumer preferences;
- the price and availability of new technology; and
- weather conditions.

Also, refining margins, increasing costs of oilfield services, supplies and equipment's, increasing competition for exploration opportunities and operatorships, available petroleum reserves, and Statoil Petroleum AS' (as well as its partners') expertise and cooperation in recovering oil and natural gas from those reserves, changes in the portfolio of assets due to acquisitions and disposals and deregulation of the natural gas markets may cause substantial changes to the existing market structures and to the overall volatility of prices.

Statoil Petroleum AS faces foreign exchange risks that could adversely affect the results of Statoil's operations
Statoil Petroleum AS's business faces foreign exchange risks as Statoil Petroleum AS has a large percentage of its revenues and cash receipts denominated in USD and sales of gas and refined products are mainly denominated in EUR and GBP. Further, income taxes, and a share of our operating expenses and capital expenditures, are mainly paid in NOK.

# Outlook and market view

## Statoil Petroleum AS aims to deepen and prolong its position on the NCS by accessing and maturing opportunities into valuable production. At the same time Statoil Petroleum AS plans to improve the reliability and lifespan of fields already in production.

High volatility characterized the oil market in 2015, with the price of Brent in a range between USD 66 per barrel in May to USD 35 per barrel at the end of December. The global economic situation continues to be fragile, with development partly driven by uncertain political environments in key countries and regions, in addition to normal supply and demand factors. The situation at the end of 2015, with high storage levels and low prices, will continue to put pressure on international oil companies to increase efficiency and reduce costs. This will contribute to a gradual rebalancing of markets for oil and gas. The impact of this on price levels and price developments is very uncertain.

Statoil Petroleum AS' income could vary significantly with changes in commodity prices, even if volumes remain stable through the year. There is a small seasonal effect on volumes in the winter and summer seasons due to normally higher off-takes of natural gas during cold periods. There is normally an additional small seasonal effect on volumes as a result of the higher maintenance activity level on offshore production facilities during the second and third quarters each year, since generally better weather conditions allow for more maintenance work.

Stricter project prioritisation and a comprehensive efficiency program are showing progress and will improve cash flow and profitability. Based on our sanctioned portfolio of projects, we will continue to deliver high value production growth.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

# Safety, security and sustainability

## Statoil Petroleum AS' ambition is to be an industry leader in safety, security and carbon efficiency.

Safety and security
Statoil Petroleum AS' ambition is to ensure safe and secure operations that protect people, the environment, communities and assets. The company's approach to safety and security entails preventing accidents and incidents, avoiding oil spills, ensuring a healthy work environment and developing a strong security culture.

Everyone working for Statoil Petroleum AS, and in the joint ventures controlled by the company, is required to comply with the company's health, safety and security standards.

Serious incident frequency (SIF) is used as a key performance indicator to monitor safety performance. This indicator (number of serious incidents, including near misses, per million hours worked) combines actual consequences of incidents and the potential for incidents to develop into serious or major accidents and includes both employees and contractors. The SIF has significantly improved over the last years, from 1.2 incidents per million hours worked in 2011 to 0.5 incidents per million hours worked in 2015.

Total recordable injuries per million hours worked (TRIF) improved from 3.5 in 2014 to 3.0 in 2015. Regrettably, there was one contractor fatality related to Statoil Petroleum AS' operations in Norway in 2015. One person died as a result of a breaking wave that hit the drilling rig COSL Innovator on 30 December 2015.

Accidental oil spills improved significantly in 2015. The total volume spilt was 18 $m^3$, down from 79 $m^3$ in 2014. Of the spills that took place this year, the largest was at Statfjord.

Preventing oil and gas leakages is important to avoid major accidents. In 2015, the total number of serious leakages (leakages above 0.1kg/sec) remained stable at 9. All leakages are undergoing formal investigations and in-depth studies to capture learning.

One of the leakages had a major accident potential - the Gudrun condensate leakage on 18 February 2015. The main cause for this leakage was the design failure of a process valve. The incident was investigated by Statoil Petroleum AS' corporate audit team and the Norwegian Petroleum Safety Agency.

No security incidents with major consequences for Statoil Petroleum AS were recorded in 2015. The two-year Security Improvement Programme, established to significantly raise security capabilities and develop a stronger security culture, was finished on schedule in 2015.

Health and work environment
Statoil Petroleum AS is committed to providing a healthy working environment for its employees. Systematic efforts are made to design and improve working conditions in order to prevent occupational injuries, work-related illness and sickness absence, due to both physical and psychosocial risk factors in the working environment.

The most significant risk factors related to the work environment are noise, ergonomics, chemical risk as well as psychosocial risk related to organisational change processes. Statoil Petroleum AS was audited by the Norwegian Labour Inspection in 2014. The audit report concluded that improvements were required regarding employee involvement in organisational change processes. An improvement programme was executed in 2015 in close collaboration with employee representatives.

The *sickness absence rate* increased from 4.9 % in 2014 to 5.5% in 2015.

Greenhouse gas emissions
Statoil Petroleum AS has committed to delivering energy efficiency measures for its operated offshore operations in Norway with a total effect of saving 0.8 million tonnes of $CO_2$ per year between 2008 and 2020. This target was met in 2015, and as a result, the target was raised by 50%.

Direct (scope 1) greenhouse gas (GHG) emissions remained stable at 10 millon tonnes of $CO_2$ equivalents in 2015[1]. GHG emissions include carbon dioxide ($CO_2$) and methane ($CH_4$), where $CO_2$ constitutes the largest part (9.4 million tonnes in 2015). Methane ($CH_4$) emissions remained stable at 22 thousand tonnes.

**In 2015, the carbon intensity for Statoil Petroleum AS' offshore assets was 9kg $CO_2$/boe – significantly lower than the industry average of 18kg as measured by the International Association of Oil and Gas Producers (Environmental Performance Indicators, 2014 data).**

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[1] **All environmental data are reported based on the operational control boundary (total emissions from operated assets).**

Environmental impact

**Statoil Petroleum AS is committed to using resources efficiently and strives to apply high standards in dealing with waste management, emissions to air and impact on ecosystems. P**recautionary rules and regulations are followed to minimise potential negative effects of the company's activities.

Nitrogen oxide emissions were 32 thousand tonnes in 2015, up from 36 thousand tonnes in 2014. Sulphur oxide emissions were 0.4 thousand tonnes, down from 0.5 thousand tonnes in 2014.Total emissions of non-methane volatile organic compounds were 35.4 thousand tonnes in 2015.

In 2014, the total volume of waste was 292 thousand tonnes. The hazardous waste recovery rate was 7 and the non-hazardous waste recovery rate was 91%. Regular discharges of oil to water were 1.4 thousand tonnes in 2015.

Working with suppliers

Statoil Petroleum AS is committed to using suppliers who operate consistently in accordance with the company's values and who maintain high standards of safety, security and sustainability. These aspects are incorporated in all phases of the procurement process. All potential suppliers must meet Statoil Petroleum AS' minimum requirements in order to qualify as a supplier and these include safety, security and sustainability criteria.

Human rights

Statoil Petroleum AS seeks to conduct its business in a way that is consistent with the ten UN Guiding Principles on Business and Human Rights (the UN Guiding Principles), the UN Global Compact principles and the Voluntary Principles on Security and Human Rights. Statoil Petroleum AS is committed to respecting internationally recognised human rights as laid out in the International Bill of Human Rights, the International Labour Organization's 1998 Declaration on Fundamental Rights and Principles at Work, and applicable standards of international humanitarian law.

Human rights aspects are integrated into relevant internal management processes, tools and training. On-going activities, business relationships and new business opportunities are assessed for potential human rights impacts and aspects, following a risk-based approach.

Transparency, ethics and anti-corruption

Statoil Petroleum AS believes that responsible and ethical behaviour is a prerequisite for sustainable business. The company is opposed to all forms of corruption, including facilitation payments. A company-wide anti-corruption compliance programme has been established to ensure implementation of our zero-tolerance policy. This entails mandatory procedures designed to comply with applicable laws and regulations. Compliance officers, who are responsible for ensuring that ethics and anti-corruption considerations are integrated into business activities, constitute an important part of the programme.

Statoil Petroleum AS seeks to work with others who share the company's commitment to ethics and compliance. Risk is managed through knowledge of suppliers, business partners and markets. Before entering into a new business relationship, or extending an existing one, the relationship has to satisfy Statoil Petroleum AS' integrity due diligence requirements.

All employees have to confirm annually, electronically, that they understand and will comply with the company's Code of Conduct. Disciplinary measures are in place for anyone working for Statoil Petroleum AS who does not comply with the code. This may entail termination of their contract. The Code of Conduct requires reporting of suspected misconduct. Concerns can be reported through internal channels or through the publicly available Statoil Ethics Helpline, which ensures confidentiality.

Other relevant reports

Information about payments to governments from Statoil subsidiaries engaged in extractive activities is available in the 2015 Payments to governments report, available at www.statoil.com/annualreport2015.

# People and organisation

Statoil Petroleum AS has no employees, and relies on the services provided by other companies in the Statoil group and the Statoil group's principles and practices pertaining to people and organisation.

# Research and development

Statoil is a technology intensive group of companies and research and development is an integral part of its strategy.

Improved oil and gas recovery and improved drilling and well solutions are important to successfully fight declining production from mature fields. The research and development work is managed at a Statoil group level, and is in close cooperation with universities and research institutions. Statoil has achieved some of the petroleum industry's highest recovery factors on the NCS by combining scientific and engineering capabilities and boldly introducing new technology. As a part of the Statoil group, we contribute to the group's intention to further advance the most important technologies to meet forthcoming improved oil recovery ambitions.

Research and development expenditures were NOK 2.2 billion in 2015, compared to NOK 2.4 billion in 2014.

# Board developments

## At present, Statoil Petroleum AS' board of directors consists of 5 members.

The composition of the board has been changed during 2015. Hans Jakob Hegge is new chair of the board, replacing Torgrim Reitan.

The board held four meetings in 2015, in addition to seven extraordinary meetings. The average meeting attendance at these board meetings was 89%.

STAVANGER, 18 MARCH 2016

THE BOARD OF DIRECTORS OF STATOIL PETROLEUM AS

HANS JAKOB HEGGE
CHAIR

ASLEIV BRANDSØY
MANAGING DIRECTOR

BENT RUNE SOLHEIM

ODD HELGE BRUVIK

HANS HENRIK KLOUMAN

# Financial statements

STATEMENT OF INCOME STATOIL PETROLEUM AS - NGAAP

| (in NOK million) | Note | 2015 | Full year 2014 |
|---|---|---|---|
| Revenues | 5 | 168,152 | 203,222 |
| Net income (loss) from subsidiaries and other equity accounted companies | 13 | (66,435) | (31,356) |
| Other income | 3 | 1,611 | 7,505 |
| Total revenues and other income | | 103,328 | 179,370 |
| Purchases [net of inventory variation] | | (5,104) | (4,213) |
| Operating expenses | | (37,636) | (36,746) |
| Selling, general and administrative expenses | | (1,139) | (1,223) |
| Depreciation, amortisation and net impairment losses | 11, 12 | (52,493) | (41,379) |
| Exploration expenses | | (4,621) | (5,534) |
| Net operating income | | 2,336 | 90,276 |
| Net financial items | 9 | (830) | 22 |
| Income before tax | | 1,505 | 90,298 |
| Income tax | 10 | (45,968) | (81,486) |
| Net income | | (44,462) | 8,813 |

BALANCE SHEET STATOIL PETROLEUM AS - NGAAP

| (in NOK million) | Note | 2015 | At 31 December 2014 |
|---|---|---|---|
| ASSETS | | | |
| Property, plant and equipment | 11 | 254,689 | 270,864 |
| Intangible assets | 12 | 6,526 | 5,522 |
| Investments in subsidiaries and other equity accounted companies | 13 | 178,120 | 137,945 |
| Prepayments and financial receivables | | 1,037 | 2,021 |
| Receivables from group companies | | (0) | 409 |
| Total non-current assets | | 440,372 | 416,761 |
| Inventories | | 1,535 | 1,796 |
| Trade and other receivables | 15 | 7,644 | 12,296 |
| Receivables from group companies | | 18,877 | 48,419 |
| Total current assets | | 28,057 | 62,511 |
| Total assets | | 468,429 | 479,271 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 36,155 | 36,155 |
| Additional paid-in capital | | 54,016 | 54,016 |
| Retained earnings | | 43,855 | 91,829 |
| Other reserves | | 41,857 | 23,509 |
| Total equity | 16 | 175,883 | 205,510 |
| Deferred tax liabilities | 10 | 54,037 | 56,419 |
| Liabilities to group companies | 14 | 120,913 | 66,349 |
| Provisions | 17 | 65,437 | 78,174 |
| Total non-current liabilities | | 240,386 | 200,942 |
| Trade and other payables | 18 | 16,401 | 21,728 |
| Current tax payable | 10 | 21,242 | 37,152 |
| Liabilities to group companies | 14 | 14,516 | 13,940 |
| Total current liabilities | | 52,160 | 72,819 |
| Total liabilities | | 292,546 | 273,762 |
| Total equity and liabilities | | 468,429 | 479,271 |

STATEMENT OF CASH FLOWS STATOIL PETROLEUM AS - NGAAP

| (in NOK million) | Note | 2015 | Full year 2014 |
|---|---|---|---|
| Income before tax | | 1,505 | 90,298 |
| Depreciation, amortisation and net impairment losses | 11,12 | 52,493 | 41,379 |
| Exploration expenditures written off | | 503 | 808 |
| (Gains) losses on foreign currency transactions and balances | | (708) | (1,485) |
| (Gains) losses from disposals | 3 | (1,216) | (6,044) |
| (Increase) decrease in other items related to operating activities | | 69,071 | 35,772 |
| Interest received | | 1,247 | 675 |
| Interest paid | | (998) | (1,568) |
| Taxes paid | | (62,260) | (88,635) |
| (Increase) decrease in working capital | | 5,090 | 1,988 |
| Cash flows provided by operating activities | | 64,727 | 73,188 |
| Capital expenditures and investments | 11,12,13 | (146,570) | (69,883) |
| (Increase) decrease in other non-current items | | 1,097 | 916 |
| Proceeds from sale of assets and businesses and capital contribution received | 3 | 4,206 | 9,549 |
| Cash flows used in investing activities | | (141,267) | (59,418) |
| Group contribution | | (5,000) | (3,991) |
| Increase (decrease) in financial receivables and liabilities to/from Statoil group companies* | | 81,672 | (9,248) |
| Cash flows provided by (used in) financing activities | | 76,672 | (13,239) |
| Net increase (decrease) in cash and cash equivalents | | 132 | 531 |
| Effect of exchange rate changes on cash and cash equivalents | | 55 | 67 |
| Cash and cash equivalents at the beginning of the period | | 578 | (20) |
| Cash and cash equivalents at the end of the period ** | | 764 | 578 |

*Including deposits in Statoil group's internal bank arrangement.
**Cash and cash equivalents are included in the line Trade and other receivables in the balance sheet.

# Notes to the Financial statements Statoil Petroleum AS

## 1 Organisation and basis of presentation

Statoil Petroleum AS was founded in 2007 as a demerger of Norsk Hydro Produksjon AS, prior to and in connection with the merger between Statoil ASA and the oil and gas activities of Norsk Hydro ASA (Hydro Petroleum), which was effective 1 October 2007. The company is incorporated and domiciled in Norway. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil Petroleum AS's business consists principally of the exploration, production and transportation of petroleum and petroleum-derived products. The Statoil group's net assets on the Norwegian continental shelf are owned by Statoil Petroleum AS.

Statoil Petroleum AS is consolidated into Statoil ASA's Consolidated financial statements, cf. Statoil ASA's annual report. In accordance with the Norwegian Accounting Act §3-7, Statoil Petroleum AS does not prepare consolidated financial statements. For more information see Statoil ASA's annual report 2015. The Consolidated financial statements can be obtained by contacting Statoil ASA, Forusbeen 50, 4035 Stavanger or from the website, www.statoil.com.

The functional currency of Statoil Petroleum AS is Norwegian Krone.

## 2 Significant accounting policies

Statement of compliance
The financial statements of Statoil Petroleum AS (“the company”) are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Practice (NGAAP). The accounting policies of Statoil Petroleum AS correspond with the NGAAP accounting policies of its parent company, Statoil ASA.

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these financial statements. Certain amounts in the comparable years have been restated to conform to current year presentation. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

The statement of cash flows has been prepared in accordance with the indirect method.

Subsidiaries, associated companies and jointly controlled entities
Shareholdings and interests in subsidiaries, associated companies (companies in which Statoil Petroleum AS does not have control, or joint control, but has the ability to exercise significant influence over operating and financial policies; generally when the ownership share is between 20% and 50%) and jointly controlled entities are accounted for using the equity method. Reserves for valuation variances included within the Company’s equity are established based on the sum of contributions from the individual equity accounted investment, with the limitation that the net amount cannot be negative.

Jointly controlled assets
Interests in jointly controlled assets are recognised on a line-by-line basis, reflecting Statoil Petroleum AS's share of assets, liabilities, income and expenses.

Statoil Petroleum AS as operator of jointly controlled assets
Indirect operating expenses, such as personnel expenses from Statoil ASA, are accumulated in cost pools. These expenses are allocated to business areas and Statoil Petroleum AS's operated jointly controlled assets (licences) on an hours incurred basis. Only Statoil Petroleum AS's share of statement of income and balance sheet items related to Statoil Petroleum AS's operated jointly controlled assets are reflected in the statement of income and balance sheet.

Asset transfers between Statoil Petroleum AS and its subsidiaries
Transfers of assets and liabilities between Statoil Petroleum AS and entities directly or indirectly controlled by Statoil Petroleum AS are accounted for at the carrying amounts of the assets and liabilities transferred, when the transfer is part of a reorganisation within the Statoil group.

Foreign currency translation
Transactions in foreign currencies are translated to Norwegian Krone (NOK), at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to NOK at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the statement of income. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the dates of the transactions.

Revenue recognition
Revenues associated with sale and transportation of crude oil, natural gas, petroleum products and other merchandise are recognised when risk passes to the customer, which is normally when title passes at the point of delivery of the goods, based on the contractual terms of the agreements.

Revenues from the production of oil and gas properties in which Statoil Petroleum AS shares an interest with other companies are recognised on the basis of volumes lifted and sold to customers during the period (the sales method). Where Statoil Petroleum has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Statoil Petroleum AS has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as Revenues and Purchases [net of inventory variation] in the statement of income. Activities related to the trading of commodity based derivative instruments are reported on a net basis, with the margin included in Revenues in the statement of income.

Research and development
The company undertakes research and development both on a funded basis for licence holders, and on an unfunded basis for projects at its own risk. The company's own share of the licence holders' funding and the total costs of the unfunded projects are considered for capitalisation under the applicable NGAAP requirements. All other research and development expenditure is expensed as incurred. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax
Income tax in the statement of income for the year comprises current and deferred tax expense. *Income tax* is recognised in the statement of income except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually, and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and assets to be received (disputed tax positions for which payment has already been made) in each case are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented within Net financial items in the statement of income. Uplift benefit on the NCS is recognised when the deduction is included in the current year tax return and impacts taxes payable.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, taking into account the existence of contracts, production of oil or gas in the near future based on volumes of proved reserves, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

Oil and gas exploration, evaluation and development expenditures
Statoil Petroleum AS uses the successful efforts method of accounting for oil and gas exploration costs. Expenditures to acquire mineral interests in oil and gas properties and to drill and equip exploratory wells are capitalised as exploration and evaluation expenditures within Intangible assets until the well is complete and the results have been evaluated, or there is any other indicator of a potential impairment. Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the find. This evaluation is normally finalised within one year after well completion. If, following the evaluation, the exploratory well has not found potentially commercial quantities of hydrocarbons, the previously capitalised costs are evaluated for derecognition or tested for impairment. Geological and geophysical costs and other exploration and evaluation expenditures are expensed as incurred.

Capitalised exploration and evaluation expenditures, including expenditures to acquire mineral interests in oil and gas properties, related to wells that find proved reserves are transferred from exploration expenditure (Intangible assets) to assets under development (Property, plant and equipment) at the time of sanctioning of the development project.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the company has made arrangements to fund a portion of the selling partners' (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration and development work progresses. The company reflects exploration and evaluation asset dispositions (farm-out arrangements) on a historical cost basis with no gain or loss recognition.

A gain or loss related to a post-tax based disposition of assets on the NCS includes the release of tax liabilities previously computed and recognised related to the assets in question. The resulting gross gain or loss is recognised in full in the line item Other income in the statement of income.

Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Property, plant and equipment
Property, plant and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, exploration costs transferred from intangible assets and, for qualifying assets, borrowing costs.

Exchanges of assets are measured at the fair value of the asset given up, unless the fair value of neither the asset received nor the asset given up is reliably measurable.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Capitalised exploration and evaluation expenditures, development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of production wells, and field-dedicated transport systems for oil and gas are capitalised as producing oil and gas properties within Property, plant and equipment. Such capitalised costs, when designed for significantly larger volumes than the reserves from already developed and producing wells, are depreciated using the unit of production method based on proved reserves expected to be recovered from the area during the concession or contract period. Depreciation of production wells uses the unit of production method based on proved developed reserves, and capitalised acquisition costs of proved properties are depreciated using the unit of production method based on total proved reserves. In the rare circumstances where the use of proved reserves fails to provide an appropriate measure of depreciation, a more appropriate reserve estimate is used. Depreciation of other assets and transport systems used by several fields is calculated on the basis of their estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For exploration and production assets the company has established separate depreciation categories which as a minimum distinguish between platforms, pipelines and wells.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in Other income or Operating expenses, respectively, in the period the item is derecognised.

Leases

Leases for which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases. Assets are recognised within Property, plant and equipment, with corresponding entry within non-current liabilities. All other leases are classified as operating leases and the costs are charged to the relevant operating expense related caption on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

The company distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on the company the right to and the obligation to pay for certain volume capacity availability related to transport, terminal use, storage etc. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by the company to qualify as leases for accounting purposes. Capacity payments are reflected as Operating expenses in the statement of income in the period for which the capacity contractually is available to the company.

Intangible assets

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets mainly include expenditure on the exploration for and evaluation of oil and natural gas resources.

Intangible assets relating to expenditures on the exploration for and evaluation of oil and natural gas resources are not amortised. When the decision to develop a particular area is made, its intangible exploration and evaluation assets are reclassified to Property, plant and equipment.

Certain balances of subsidiaries and associated companies reflected through the equity method include goodwill, which is depreciated over ten years on a straight-line basis, reflecting the long-term nature of the acquired activities. The related depreciation expense is included in Statoil Petroleum AS' statement of income under **Net income (loss) from subsidiaries and other equity accounted companies.**

Financial assets

Trade and other receivables are carried at the original invoice amount, less a provision for doubtful receivables, which is made when there is objective evidence that the company will be unable to recover the balances in full.

Financial assets are presented as current if these contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if these are held for the purpose of being traded.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

Derivative financial instruments

Commodity-based derivatives traded on organised exchanges are valued at fair market value and the resulting gains and losses are recognised in the statement of income. Other commodity-based derivatives such as over-the counter instruments are valued according to the lower of cost or market principle. Elements with derivative characteristics (embedded derivatives) are not separately identified nor reflected at fair value.

Impairment of intangible assets and of property, plant and equipment
The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on lowest levels with separately identifiable and largely independent cash inflows. Normally, separate cash generating units (CGUs) are individual oil and gas fields or plants. For capitalised exploration expenditures, the CGUs are individual wells. In Statoil Petroleum AS's line of business, judgement is involved in determining what constitutes a CGU. Development in production, infrastructure solutions, markets, product pricing, management actions and other factors may over time lead to changes in CGUs such as the division of one original CGU into several.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Fair value less cost of disposal is determined based on comparable recent arm's length market transactions, or based on Statoil's estimate of the price that would be received for the asset in an orderly transaction between market participants.  Value in use is determined using a discounted cash flow model. The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the assets, as set down in the Statoil group's most recently approved long-term forecasts. Statoil uses an approach of regular updates of assumptions and economic conditions in establishing the long-term forecasts which are reviewed by corporate management and updated at least annually. For assets and CGUs with an expected useful life or timeline for production of expected reserves extending beyond 5 years, the forecasts reflect expected production volumes for oil and natural gas, and the related cash flows include project or asset specific estimates reflecting the relevant period. Such estimates are established on the basis of Statoil group`s principles and group assumptions consistently applied.

In performing a value-in-use based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate which is based on Statoil's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least once a year. Exploratory wells that have found reserves, but where classification of those reserves as proved depends on whether major capital expenditure can be justified or where the economic viability of that major capital expenditure depends on the successful completion of further exploration work, will remain capitalised during the evaluation phase for the exploratory finds. Thereafter it will be considered a trigger for impairment evaluation of the well if no development decision is planned for the near future and there are no concrete plans for future drilling in the licence.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer be relevant or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses and reversals of impairment losses are presented in the statement of income as Exploration expenses or Depreciation, amortisation and net impairment losses, on the basis of their nature as either exploration assets (intangible exploration assets) or development and producing assets (property, plant and equipment and other intangible assets), respectively.

Financial liabilities
Interest-bearing loans and borrowings are generally from the parent company Statoil ASA, or from other entities in the Statoil group. These are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs as well as discount or premium on settlement.

Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, or if these are held for the purpose of being traded.

Group contributions for the year to other entities within Statoil's Norwegian tax group are reflected in the balance sheet as current liabilities within Liabilities to group companies.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised under interest and other financial expenses in Net financial items.

Onerous contracts
The company recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a cash generating unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash generating unit, is included in impairment considerations for the applicable cash generating unit.

Asset retirement obligations (ARO)
Provisions for ARO costs are recognised when the company has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. Cost is estimated based on current regulation and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows, adjusted for a credit premium which reflects the company's own credit risk. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations, or be based on commitments associated with the company's ongoing use of pipeline transport systems where removal obligations rest with the volume shippers. The provisions are classified under Provisions in the balance sheet.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditures is reflected as an adjustment to the provision and the corresponding property, plant and equipment. When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of *Depreciation, amortisation and net impairment losses* in the Consolidated statement of income. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in *Operating expenses* in the Consolidated statement of income. Removal provisions associated with shipping of volumes through third party transport systems are expensed as incurred.

Use of estimates
Preparation of the financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used.

The nature of Statoil Petroleum AS's operations, and the many countries in which the company's subsidiaries operates, is subject to changing economic, regulatory and political conditions. Statoil Petroleum AS does not believe it is vulnerable to the risk of a near-term severe impact as a result of any concentration of its activities.

Proved oil and gas reserves have been estimated by internal experts on the basis of industry standards and governed by criteria established by regulations of the Securities Exchange Commision. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time.

Expected oil and gas reserves, which differ from proved reserves, have been estimated by internal experts on the basis of industry standards and are used for impairment testing purposes and for calculation of ARO.

# 3 Disposals

Sale of interests in the Gudrun field to Repsol
In December 2015 Statoil closed an agreement with Repsol to sell a 15% interest in the Gudrun field on the Norwegian continental shelf (NCS). Statoil remains the operator and largest equity holder with 36% interest. Statoil recognised a gain of NOK 1.2 billion, presented in the line item Other income in the statement of income. The transaction was tax exempt under the Norwegian petroleum tax legislation. Proceeds from the sale were NOK 1.9 billion.

Sale of interests in exploration and production licences on the Norwegian continental shelf to Wintershall
In December 2014 Statoil closed an agreement with Wintershall to sell certain ownership interests in licences on the NCS. Statoil recognised a gain of NOK 5.9 billion, presented in the line item Other income in the statement of income. The transaction was tax exempt under the Norwegian petroleum tax legislation, and the gain included a release of related deferred tax liabilities. Proceeds from the sale were NOK 8.7 billion.

## 4 Financial risk management and derivatives

General information relevant to financial risks
Financial market risks are managed at the Statoil group level with focus on achieving the highest risk adjusted returns for the group within the given mandate. Long-term exposure, defined as having a time horizon of six months or more, are managed at the corporate level while short-term exposure are managed at segment and lower levels according to trading strategies and mandates approved by the group's Corporate Risk Committee.

Statoil has guidelines for entering into derivative contracts to manage its commodity price, foreign currency rate, and interest rate risk. Within the guidelines, Statoil has developed a comprehensive model, which encompasses Statoil Petroleum AS's most significant market and operational risks.

Market risk
Statoil Petroleum AS operates in the worldwide crude oil and natural gas market and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing.

Commodity price risk
Commodity price risk represents Statoil Petroleum AS's most important market risk.  Statoil Petroleum AS has established guidelines for entering into commodity based derivative contracts in order to manage the short-term commodity price risk, mainly related to natural gas prices. The commodity based derivative contracts consist of over-the-counter forward contracts, market swaps and options related to natural gas. The term for natural gas derivatives is usually three years or less.

Currency risk
Statoil Petroleum AS's operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies, the United States Dollar (USD) and the Euro (EUR), against the Norwegian Krone (NOK). The company's cash inflows are largely denominated in or driven by USD while cash outflows, such as operating expenses and taxes payable, are to a large extent denominated in NOK. Foreign exchange risk is managed at corporate level in accordance with policies and mandates.

Interest rate risk
Statoil Petroleum AS has liabilities with both variable and fixed interest rates. The liabilities with floating interest rate condition expose the company to cash flow risk caused by market interest rate fluctuations.

Fair value measurement of derivative financial instruments
Statoil Petroleum AS measures derivative financial instruments at the lowest of the cost price and the fair value. Changes in the carrying value of the derivative financial instruments are recognised in the statement of income within Revenues. Statoil Petroleum AS's portfolio of derivative financial instruments consists of commodity based derivative contracts.

When determining the fair value of the derivative financial instruments Statoil Petroleum AS uses prices quoted in an active market to the extent possible. When this is not available Statoil Petroleum AS uses inputs that either directly or indirectly are observable in the market as a basis for valuation techniques such as discounted cash flow analysis or pricing models.

## 5 Revenues

| (in NOK million) | 2015 | Full year 2014 |
|---|---|---|
| **Revenues third party** | 84,429 | 81,898 |
| **Intercompany revenues** | 83,723 | 121,324 |
| **Revenues** | 168,152 | 203,222 |

Statoil Petroleum AS sells most of its volumes to external customers through the parent company Statoil ASA. A significant portion of these sales are based on back-to-back contracts between Statoil Petroleum AS and Statoil ASA whereby Statoil Petroleum AS carries all risks related to the sale. These back-to-back sales contracts are considered as revenues third party. The receivables from these sales are included in the balance sheet as Receivables from group companies.

## 6 Remuneration

The company has no employees. No salary or other remuneration has been paid to the chief executive officer (CEO) in 2015 or 2014. The CEO is employed and paid by Statoil ASA.

No compensation was paid to the board of directors in 2015 or 2014.

# 7 Auditor's remuneration

| (in NOK million, excluding VAT) | 2015 | Full year 2014 |
|---|---|---|
| Audit fee | 3.1 | 2.9 |
| Audit related fee | 2.6 | 2.4 |
| Total | 5.7 | 5.2 |

In addition to the figures above, audit fees and audit related fees to the external auditor related to Statoil Petroleum AS operated licences amounted to NOK 7 million and NOK 6 million in 2015 and 2014, respectively.

There are no fees incurred related to other services or to tax services.

# 8 Research and development expenditures

Research and development (R&D) expenditures amounted to NOK 2.2 billion and NOK 2.4 billion in 2015 and 2014, respectively. R&D expenditures are partly financed by partners of Statoil Petroleum AS operated licences. Statoil Petroleum AS's share of the expenditures has mainly been recognised as Operating expenses in the statement of income.

# 9 Financial items

| (in NOK million) | 2015 | Full year 2014 |
|---|---|---|
| Net foreign exchange gains (losses) | 2,005 | 3,948 |
| Dividends received | 7 | 6 |
| Interest income from group companies | 656 | 502 |
| Interest income and other financial items | 449 | 201 |
| Interest income and other financial items | 1,112 | 709 |
| Capitalised borrowing costs | 1,397 | 750 |
| Accretion expense asset retirement obligations | (2,750) | (2,935) |
| Interest expense to group companies | (2,287) | (2,280) |
| Interest expense and other finance expenses | (308) | (169) |
| Interest and other finance expenses | (3,948) | (4,634) |
| Net financial items | (830) | 22 |

# 10 Income taxes

Income tax expense

| (in NOK million) | 2015 | Full year 2014 |
|---|---|---|
| Current taxes | (48,399) | (80,176) |
| Change in deferred tax | 2,431 | (1,309) |
| Income tax expense | (45,968) | (81,486) |
| Uplift credit for the year | 13,357 | 12,507 |

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

| (in NOK million) | 2015 | Full year 2014 |
|---|---|---|
| Income before tax | 1,505 | 90,298 |
| Calculated income taxes at: | | |
| Nominal tax rate 27% | (406) | (24,381) |
| Petroleum surtax at statutory rate 51% | (768) | (46,052) |
| Tax effect of: | | |
| Uplift | 6,812 | 6,378 |
| Financial items subject to 27% tax | 1,105 | 2,190 |
| Tax result subject to 27% tax | 732 | 208 |
| Permanent differences aquisitions and disposals on the NCS | 1,022 | 4,878 |
| Permanent differences equity method | (53,102) | (25,540) |
| Permanent differences other | 65 | 3,243 |
| Income tax prior years | (350) | (173) |
| Other | (1,078) | (2,236) |
| Total | (45,968) | (81,486) |
| Effective tax rate | 3053.7 % | 90.2 % |

When computing the petroleum tax of 51% (53% from 2016) on income from the Norwegian continental shelf, a tax-free allowance, or uplift, is granted at a rate of 5.5% per year for investments from 5 May 2013. For investments made before 5 May 2013 the rate is 7.5% per year.
Transitional rules apply for projects that have submitted a plan for development and operation to the Ministry of Oil and Energy prior to 5 May 2013. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditure is incurred. Unused uplift may be carried forward indefinitely. At year end 2015 and 2014 unrecognised future uplift credits related to capitalised cost amounted to NOK 20.6 billion and NOK 21.1 billion, respectively.

Significant components of deferred tax assets and liabilities were as follows:

| (in NOK million) | 2015 | At 31 December 2014 |
|---|---|---|
| Deferred tax assets on | | |
| Other items | 3,056 | 6,347 |
| Asset retirement obligations | 49,737 | 60,341 |
| Total deferred tax assets | 52,793 | 66,687 |
| Deferred tax liabilities on | | |
| Other items | 1,513 | 244 |
| Property, plant and equipment | 89,310 | 107,097 |
| Capitalised exploration expenditures and capitalised interest | 16,006 | 15,765 |
| Total deferred tax liabilities | 106,830 | 123,106 |
| Net deferred tax liabilities | 54,037 | 56,419 |

The movement in deferred income tax

| (in NOK million) | 2015 | 2014 |
|---|---|---|
| Deferred income tax liability at 1 January | 56,419 | 56,478 |
| Charged to the statement of income | (2,431) | 1,309 |
| Acquisitions, sales and other | 49 | (1,368) |
| Deferred income tax liabilities at 31 December | 54,037 | 56,419 |

# 11 Property, plant and equipment

| (in NOK million) | Machinery, equipment and transportation equipment | Production plants oil and gas, including pipelines | Refining and manufactoring plants | Buildings and land | Assets under development | Total |
|---|---|---|---|---|---|---|
| Cost at 31 December 2014 | 1,528 | 640,444 | 3,560 | 115 | 72,159 | 717,807 |
| Additions and transfers | 40 | 32,249 | 45 | 164 | 5,722 | 38,220 |
| Disposals at cost | 0 | (3,497) | 0 | (5) | 0 | (3,502) |
| Cost at 31 December 2015 | 1,568 | 669,196 | 3,606 | 274 | 77,881 | 752,525 |
| Accumulated depreciation and impairment losses at 31 December 2014 | (1,260) | (440,770) | (2,665) | (16) | (2,232) | (446,942) |
| Depreciation | (96) | (43,553) | (112) | (1) | (1) | (43,763) |
| Impairment losses and transfers | 1 | (1,592) | (28) | 0 | (7,109) | (8,727) |
| Accumulated depreciation and impairment disposed assets | 0 | 1,596 | 0 | 0 | 0 | 1,596 |
| Accumulated depreciation and impairment losses at 31 December 2015 | (1,354) | (484,319) | (2,806) | (16) | (9,342) | (497,836) |
| Carrying amount at 31 December 2015 | 214 | 184,877 | 800 | 258 | 68,539 | 254,689 |
| Estimated useful lives (years) | 3 - 10 | * | 15 - 20 | 20 - 33 | | |

* Depreciation according to unit of production method, see note 2 Significant accounting policies.

## 12 Intangible assets

| (in NOK million) | Exploration expenditure | Other | Total |
|---|---|---|---|
| Cost at 31 December 2014 | 5,396 | 143 | 5,539 |
| Additions | 2,177 | 0 | 2,177 |
| Disposals at cost | (40) | (16) | (56) |
| Transfers | (612) | 0 | (612) |
| Expensed exploration expenditures previously capitalised | (503) | 0 | (503) |
| Cost at 31 December 2015 | 6,419 | 127 | 6,546 |
| Accumulated amortisation and impairment losses at 31 December 2014 | | (18) | (18) |
| Amortisation and impairments for the year | | (2) | (2) |
| Accumulated amortisation and impairment losses at 31 December 2015 | | (20) | (20) |
| Carrying amount at 31 December 2015 | 6,419 | 107 | 6,526 |

## 13 Investments in subsidiaries and other equity accounted companies

| (in NOK million) | 2015 | 2014 |
|---|---|---|
| Investments at 1 January | 137,945 | 134,817 |
| Net income (loss) from subsidiaries and other equity accounted companies | (66,435) | (31,356) |
| Additional paid-in equity | 88,905 | 11,112 |
| Distributions | (953) | (2,545) |
| Translation adjustments | 18,658 | 25,917 |
| Investments at 31 December | 178,120 | 137,945 |

The closing balance of investments at 31 December 2015 of NOK 178,120 million consists of investments in subsidiaries amounting to NOK 175,444 million and investments in other equity accounted companies amounting to NOK 2,676 million. In 2014, the amounts were NOK 137,843 million and NOK 102 million, respectively.

The foreign currency translation adjustments relate to currency translation effects from subsidiaries with functional currencies other than Norwegian Krone (NOK).

In 2015 Net income from subsidiaries and other equity accounted companies was impacted by net impairment losses related to *Property, plant and equipment* and exploration assets of NOK 46,998 million after tax, primarily resulting from reduced commodity price assumptions. For more information see the Consolidated financial statements of Statoil ASA note 11 Property, plant and equipment. In 2014 Net income from subsidiaries and other equity accounted companies was impacted by net impairment losses related to Property, plant and equipment and exploration assets of NOK 29,100 million after tax, primarily resulting from reduced short term oil price forecasts.

Amortisation and impairment of goodwill amounts to NOK 4,469 million in 2015. Amortisation of goodwill amounted to NOK 3,890 million in 2014.

The acquisition cost for investments in subsidiaries and other equity accounted companies are NOK 264.553 million in 2015 and NOK 176,693 million in 2014.

In 2015 Statoil Petroleum AS has merged with its 100% owned subsidiary Statoil International Holding AS and Statoil International Holding AS' 100% owned subsidiary Statoil Investment Americas AS. The merger has been accounted for with no gains or losses recognised, as the merged companies were both under the control of Statoil Petroleum AS. The reason for the merger is simplifying of corporate structure. As a consequence Statoil Petroleum AS directly owns subsidiaries previously were owned by Statoil International Holding AS and Statoil Investment Americas AS. Further information on the ownership of subsidiaries is included see the table below.

Ownership in certain subsidiaries and other equity accounted companies

| Name | in % | Country of incorporation |
|---|---|---|
| Statoil Angola AS | 100 | Norway |
| Statoil Angola Block 22 AS | 100 | Norway |
| Statoil Angola Block 25 AS | 100 | Norway |
| Statoil Dezassete AS | 100 | Norway |
| Statoil Global Ventures AS | 100 | Norway |
| Statoil Global Ventures 2 AS | 100 | Norway |
| Statoil Greenland AS | 100 | Norway |
| Statoil Holding Netherlands B.V. | 100 | Netherlands |
| Statoil International Well Response Company AS | 100 | Norway |
| Statoil Murzuq AS | 100 | Norway |
| Statoil Oil & Gas Brazil AS | 100 | Norway |
| Statoil Oil & Gas Cuba AS | 100 | Norway |
| Statoil Oil & Gas Mozambique AS | 100 | Norway |
| Statoil Quatro AS | 100 | Norway |
| Statoil Suriname AS | 100 | Norway |
| Statoil Sverige Kharyaga AB | 100 | Sweden |
| Statoil Trinta e Quatro AS | 100 | Norway |
| Statoil UK Properties Limited | 100 | United Kingdom |
| Statoil US Holdings Inc. | 100 | USA |
| SCIRA Offshore Energy Limited | 40 | United Kingdom |

## 14 Financial liabilities

Non-current liabilities to group companies

| | | At 31 December |
|---|---|---|
| (in NOK million) | 2015 | 2014 |
| Interest bearing liabilities to group companies | 120,000 | 65,000 |
| Non-interest bearing liabilities to group companies | 913 | 1,349 |
| Liabilities to group companies | 120,913 | 66,349 |

The total amount of credit facility given from Statoil ASA is NOK 135.0 billion at 31 December 2015 and NOK 65.0 billion at 31 December 2014, under which NOK 120.0 billion and NOK 65.0 billion is drawn in 2015 and 2014, respectively.

NOK 15.0 billion of interest bearing liabilities to group companies at 31 December 2015 and 2014 are due within five years.

Current liabilities to group companies
Liabilities to group companies includes group contribution to Statoil ASA of NOK 4.0 billion and NOK 5.0 billion at 31 December 2015 and 2014, respectively.

## 15 Trade and other receivables

| | | At 31 December |
|---|---|---|
| (in NOK million) | 2015 | 2014 |
| Trade receivables | 548 | 742 |
| Other receivables | 7,096 | 11,553 |
| Trade and other receivables | 7,644 | 12,296 |

Other receivables mainly consist of joint venture receivables, prepaid expenses and other receivables related to Statoil Petroleum AS`s operated licences.

## 16 **Equity and shareholders**

| (in NOK million) | 2015 | 2014 |
|---|---|---|
| Shareholders' equity at 1 January | 205,510 | 174,328 |
| Net income | (44,462) | 8,813 |
| Foreign currency translation adjustments | 18,348 | 25,917 |
| Group contribution after tax | (3,513) | (4,110) |
| Other | 0 | 562 |
| Shareholders' equity at 31 December | 175,883 | 205,510 |

Share capital consists of 17,424,000 shares at a nominal value of NOK 2,075. All shares are owned by Statoil ASA.

The foreign currency translation reserve as of 31 December 2015 was NOK 41.9 billion and NOK 23.5 billion as at 31 December 2014.

## 17 **Provisions**

| (in NOK million) | Asset retirement obligations | Other provisions | Total |
|---|---|---|---|
| Non-current portion at 31 December 2014 | 76,143 | 2,030 | 78,174 |
| Current portion at 31 December 2014 reported as trade and other payables | 1,217 | 342 | 1,558 |
| Provisions at 31 December 2014 | 77,360 | 2,372 | 79,732 |
| New or increased provisions | 2,255 | 1,026 | 3,281 |
| Decrease in estimates | (11,893) | (160) | (12,052) |
| Amounts charged against provisions | (1,167) | (332) | (1,499) |
| Effects of change in the discount rate | (5,268) | (141) | (5,409) |
| Reduction due to divestments | (271) | 0 | (271) |
| Accretion expenses | 2,750 | 0 | 2,750 |
| Reclassification and transfer | 0 | 82 | 82 |
| Provisions at 31 December 2015 | 63,766 | 2,847 | 66,612 |
| Current portion at 31 December 2015 reported as trade and other payables | 919 | 257 | 1,176 |
| Non-current portion at 31 December 2015 | 62,846 | 2,590 | 65,437 |

Expected timing of cash outflows

| (in NOK million) | Asset retirement obligations | Other provisions | Total |
|---|---|---|---|
| 2016 - 2020 | 2,714 | 1,812 | 4,526 |
| 2021 - 2025 | 8,876 | 114 | 8,990 |
| 2026 - 2030 | 13,153 | 73 | 13,226 |
| 2031 - 2035 | 22,266 | 0 | 22,266 |
| Thereafter | 16,757 | 847 | 17,604 |
| At 31 December 2015 | 63,766 | 2,847 | 66,612 |

Estimated asset retirement obligations (ARO) are reduced mainly due to a reduction in cost estimates for plugging and abandonment. Changes in ARO are reflected within Property, plant and equipment and Provisions in the balance sheet, and the timing of cash outflows depends on the expected production cease at the various facilities.

For further information of methods applied and estimates required, see note 2 Significant accounting policies.

## 18 **Trade and other payables**

| (in NOK million) | 2015 | At 31 December 2014 |
|---|---|---|
| Trade payables | 1,222 | 2,180 |
| Non-trade payables, accrued expenses and provisions | 15,179 | 19,548 |
| Trade and other payables | 16,401 | 21,728 |

**Non-trade payables, accrued expenses and provisions mainly consist of joint venture payables.**

## 19 **Leases**

Statoil Petroleum AS leases certain assets, notably vessels and drilling rigs.

Statoil Petroleum AS has certain operating lease contracts for drilling rigs as of 31 December 2015. The remaining significant contracts' terms range from seven months to eight years. Certain contracts contain renewal options. Rig lease agreements are for the most part based on fixed day rates. Certain rigs have been subleased in whole or for part of the lease term mainly to Statoil Petroleum AS operated licences on the Norwegian continental shelf. These leases are shown gross as operating leases in the table below.

In 2015, net rental expenditures were NOK 14.1 billion (NOK 9.2 billion in 2014) consisting of minimum lease payments of NOK 18.3 billion (NOK 14.0 billion in 2014) reduced with sublease payments received of NOK 4.2 billion (NOK 4.8 billion in 2014). Net rental expenditures in 2015 include rig cancellation payments of NOK 1.0 billion. No material contingent rent payments have been expensed in 2015 or 2014.

The table below shows future minimum lease payments under non-cancellable leases at 31 December 2015:

| (in NOK million) | Operating leases | Operating sublease |
|---|---|---|
| 2016 | 17,428 | (2,369) |
| 2017 | 9,922 | (677) |
| 2018 | 7,303 | (493) |
| 2019 | 5,642 | (488) |
| 2020 | 3,925 | (485) |
| Thereafter | 9,992 | (297) |
| Total future minimum lease payments | 54,212 | (4,810) |

## 20 **Other commitments and contingencies**

Contractual commitments

Statoil Petroleum AS had contractual commitments of NOK 41.5 billion at 31 December 2015. The contractual commitments reflect Statoil Petroleum AS's share and comprise construction and acquisition of property, plant and equipment.

As a condition for being awarded oil and gas exploration and production licences, participants may be committed to drill a certain number of wells. At the end of 2015, Statoil Petroleum AS was committed to participate in three wells with an average ownership interest of approximately 25%. Statoil Petroleum AS's share of estimated expenditures to drill these wells amounts to NOK 0.3 billion. Additional wells that Statoil Petroleum AS may become committed to participating in depending on future discoveries in certain licences are not included in these numbers.

Other long-term commitments

Statoil Petroleum AS has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on Statoil Petroleum AS the obligation to pay for the agreed-upon service or commodity, irrespectively of actual use. The contracts' terms vary, with duration of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the table below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by the group to entities accounted for using the equity method are included gross in the tables below. For assets (e.g. pipelines) that the group accounts for by recognising its share of assets, liabilities, income and expenses (capacity costs) on a line-by-line basis in the financial statements, the amounts in the table include the net commitment payable by Statoil Petroleum AS (i.e. gross commitment less Statoil Petroleum AS's ownership share).

Nominal minimum commitments at 31 December 2015:

| (in NOK million) | |
|---|---|
| 2016 | 8,610 |
| 2017 | 8,327 |
| 2018 | 7,841 |
| 2019 | 7,791 |
| 2020 | 6,852 |
| Thereafter | 31,320 |
| Total | 70,741 |

Guarantees

**All of Statoil's Norwegian continental shelf (NCS) net assets are owned by Statoil Petroleum AS, and the company is co-obligor or guarantor of existing debt securities and other loan arrangements of Statoil ASA. For the portion of the debt for which it is co-obligor, Statoil Petroleum AS assumes and agrees to perform, jointly and severally with Statoil ASA, all payment and covenant obligations. During 2015, Statoil ASA executed four issues of debt securities, all guaranteed by Statoil Petroleum AS. The issues were executed under the Euro Medium Term Note Program (EMTN). At year end 2015 the carrying value of debts for which Statoil Petroleum AS is the co-obligor or guarantor, mainly for Statoil ASA, is equivalent to NOK 25.4 billion and NOK 242.7 billion, respectively.**

Contingencies

A number of Statoil Petroleum AS's long-term gas sales agreements contain price review clauses. Certain counterparties have requested arbitration in connection with price review claims. The related exposure for Statoil Petroleum AS has been estimated to an amount equivalent to approximately NOK 2.6 billion for gas delivered prior to year end 2015. Statoil Petroleum AS has provided for its best estimate related to these contractual gas price disputes in the financial statements, with the impact to the statement of income reflected as revenue adjustments.

**During the normal course of its business Statoil Petroleum AS is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Statoil Petroleum AS has provided in its financial statements for probable liabilities related to litigation and claims based on the company's best judgment. Statoil Petroleum AS does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.**

# 21 **Related parties**

The Norwegian State is the majority shareholder of Statoil ASA and also holds major investments in other Norwegian entities. Statoil ASA is the parent company of Statoil Petroleum AS. This ownership structure means that Statoil Petroleum AS participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on arm's length basis.

Revenue transactions with related parties are presented in note 5 Revenues. Total intercompany revenues amounted to NOK 83.7 billion and NOK 121.3 billion in 2015 and 2014, respectively. The major part of intercompany revenues is attributed to Statoil ASA, NOK 82.5 billion and NOK 119.4 billion in 2015 and 2014, respectively.

Statoil Petroleum AS purchases natural gas and pipeline transport on a back-to-back basis from Statoil ASA. Statoil Petroleum AS carries all the risks related to these purchases and they are therefore presented as third party purchases and operating expenses in Statoil Petroleum AS`s financial statements.

Expenses incurred on behalf of Statoil Petroleum AS are accumulated in cost pools in Statoil ASA and other group companies. Such expenses are allocated to Statoil Petroleum AS and to licences where Statoil Petroleum AS is operator. Expenses allocated from group companies amounted to NOK 33.8 billion and NOK 33.4 billion in 2015 and 2014, respectively. The major part of these expenses are allocated from Statoil ASA, NOK 32.1 billion and NOK 31.6 billion in 2015 and 2014, respectively. Statoil Petroleum AS`s share of these expenses are reflected in the statement of income and the remaining part is recharged to the other partners in the licences. Statoil Petroleum AS does not have any employees, but purchases administrative services from Statoil ASA. The major part of the allocation is related to such personnel expenses from Statoil ASA, which is charged to Statoil Petroleum AS at cost on an hours incurred basis.

Expenses related to services allocated from Statoil Petroleum AS to group companies amounted to NOK 1.6 billion and NOK 2.1 billion in 2015 and 2014, respectively.

Finance transactions with group companies are presented in note 9 Financial items.

Non-current and current liabilities to group companies are included in note 14 Financial liabilities.

## 22 **Reserves (unaudited)**

The company's proved oil and gas reserves have been estimated by its parent company's experts in accordance with industry standards under the requirements of the US Securities and Exchange Commission. At the end of the year the company's proved reserves amounted to approximately 606 million Sm3 o.e. (579 million Sm3 o.e. in 2014).

Proved reserves are expected to be produced in the period from 2016 to 2058.

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time.

STAVANGER, 18 MARCH 2016

THE BOARD OF DIRECTORS OF STATOIL PETROLEUM AS

HANS JAKOB HEGGE
CHAIR

ASLEIV BRANDSØY
MANAGING DIRECTOR

BENT RUNE SOLHEIM

ODD HELGE BRUVIK

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To the annual shareholders meeting in Statoil Petroleum AS

INDEPENDENT AUDITOR'S REPORT

## Report on the financial statements

We have audited the accompanying financial statements of Statoil Petroleum AS, showing a loss of NOK 44 462 000 000.The financial statements comprise the balance sheet as at 31 December 2015, and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*The board of directors and the managing director's responsibility for the financial statements*

The board of directors and the managing director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the board of directors and the managing director determine 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 these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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.

*Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Statoil Petroleum AS as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

**Report on other legal and regulatory requirements**

*Opinion on the board of directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the board of directors' report concerning the financial statements, the going concern assumption and the proposal for covering the loss are consistent with the financial statements and complies with the law and regulations.

*Opinion on accounting registration and documentation*

Based on our audit of the financial statements as described above, and control procedures, we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 18 March 2016
KPMG AS

Mona I. Larsen

Mona Irene Larsen
*State authorized public accountant*


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