

# **INEOS E&P Grønland A/S**

**Nesa Allé 1  
Gentofte**

## **Annual report for 2017**

**CVR no 20 06 63 93**

Adopted at the annual general meeting on  
20 June 2018

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Anders Foldager

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## Management's Statement on the annual report

The Executive Board and the Board of Directors have today considered and approved the annual report of INEOS E&P Grønland A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the annual report give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the the Company's operations for the financial year 1 January - 31 December 2017.

We recommend the adoption of the annual report at the annual general meeting.

Gentofte, 31 May 2018

### Executive Board

Gareth Jon Anderson  
managing director

### Board of Directors

Roger Bell  
chairman

Sebastian Koks Andreassen

Gareth Jon Anderson

## Independent Auditor's Report

*To the shareholder of INEOS E&P Grønland A/S*

### Report on the Annual Report

We have audited the annual report of INEOS E&P Grønland A/S for the financial year 1 January - 31 December 2017, which comprise, management review, summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The annual report are prepared in accordance with the Financial Statements Act.

### Management's Responsibility for the Annual Report

The Management is responsible for the preparation of annual report that give a true and fair view in accordance with the Financial Statements Act and for such internal control as the Management determines is necessary to enable the preparation of annual report that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the annual report, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of annual report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

### Opinion

In our opinion, the annual report gives a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Financial Statements Act.

Copenhagen, 31 May 2018

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31

Kim Danstrup  
State Authorised Public Accountant  
mne 32201

## Company details

The company	INEOS E&P Grønland A/S Nesa Allé 1 2820 Gentofte
	Tel: 99 55 11 11
	Website: <a href="http://www.ineos.com">www.ineos.com</a>
	CVR no.: 20 06 63 93
	Reporting period 1 January - 31 December
Board of directors	Roger Bell, chairman Sebastian Koks Andreassen Gareth Jon Anderson
Executive Board	Gareth Jon Anderson, managing director
Auditors	PricewaterhouseCoopers statsautoriseret revisionspartnerselskab Strandvejen 44 2900 Hellerup
Consolidated Financial Statements	The Company is included in the consolidated Financial Statements of INEOS E&P UK Holdings Limited which is the smallest parent entity producing consolidated financial statements in INEOS Group.

## Management's review

### Business activities

The Company's object is to explore and develop hydrocarbons as well as store, process, transport and trade hydrocarbons and other ancillary activities as long as it is pursuant to the consolidated Act no. 49 of 21 January 1994 on mineral resources in Greenland (in Danish: Råstofloven) with any subsequent amendments, or what may be substituted for this.

### Business review

The Company's income statement for the year ended 31 December shows a loss of DKK'000 8,689, and the balance sheet at 31 December 2017 shows equity of DKK'000 39,709.

Financial performance for 2017 matched the expectations.

### Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

### Unusual matters

The Company's financial position at 31 December 2017 and the results of its operations for the financial year ended 31 December 2017 are not affected by any unusual matters.

## Accounting policies

The annual report of INEOS E&P Grønland A/S for 2017 has been prepared in accordance with the provisions of the Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in DKK'000.

### Basis of recognition and measurement

Income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to generate the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

## Income statement

### Other external expenses

Other external expenses include expenses related to administration, exploration licenses, geological and seismic data.

Other external expenses also comprise cost for exploration and appraisal wells that do not qualify for capitalisation.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on foreign currency transactions.

### Tax on profit/loss for the year

Tax on profit/loss for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to profit/loss for the year and directly in equity to the extent that it relates to entries made directly in equity.

INEOS E&P Grønland A/S is assessed for Hydrocarbon taxation. Hydrocarbon taxes are recognised under tax on profit/loss for the year.

## Accounting policies

### Balance sheet

#### Receivables

Receivables are measured at amortised cost, which normally corresponds to nominal value. Provisions for bad debt are made when required.

#### Liabilities

Other payables are measured at amortised cost, corresponding to nominal value.

#### Foreign currency translation

Transactions in foreign currencies are translated on initial recognition at the exchange rates applicable at the dates of transaction. Exchange differences arising between the exchange rate applicable at the transaction date and at the date of payment are recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date. The differences between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the financial statements as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the transaction date rates.



## Income statement 1 January - 31 December

	Note	2017 DKK '000	2016 DKK '000
Other external expenses		-8,759	-30,511
<b>Gross profit</b>		<b>-8,759</b>	<b>-30,511</b>
<b>Loss before financial income and expenses</b>		<b>-8,759</b>	<b>-30,511</b>
Financial income	1	908	841
Financial costs	2	-838	-755
<b>Loss before tax</b>		<b>-8,689</b>	<b>-30,425</b>
Tax on loss for the year		0	0
<b>Net loss for the year</b>		<b>-8,689</b>	<b>-30,425</b>
Distribution of loss	3		

**Balance sheet at 31 December 2017**

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		DKK '000	DKK '000
<b>Assets</b>			
Receivables from group enterprises		0	51,234
Other receivables		1,516	241
<b>Receivables</b>		<u><b>1,516</b></u>	<u><b>51,475</b></u>
<b>Cash at bank and in hand</b>		<u>41,997</u>	<u>0</u>
<b>Current assets total</b>		<u><b>43,513</b></u>	<u><b>51,475</b></u>
<b>Assets total</b>		<u><b>43,513</b></u>	<u><b>51,475</b></u>

**Balance sheet at 31 December 2017**

	Note	2017 DKK '000	2016 DKK '000
<b>Liabilities and equity</b>			
Share capital		1,004	1,004
Retained earnings		38,705	47,394
<b>Equity</b>	3	<b>39,709</b>	<b>48,398</b>
Trade payables		3,689	3,047
Payables to group enterprises		115	30
<b>Short-term debt</b>		<b>3,804</b>	<b>3,077</b>
<b>Debt total</b>		<b>3,804</b>	<b>3,077</b>
<b>Liabilities and equity total</b>		<b>43,513</b>	<b>51,475</b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity at 1 January	1,004	47,394	48,398
Net loss for the year	0	-8,689	-8,689
Equity at 31 December	<b>1,004</b>	<b>38,705</b>	<b>39,709</b>

## Notes to the annual report

	2017	2016
	DKK '000	DKK '000
<b>1 Financial income</b>		
Other financial income	10	0
Exchange gains	898	841
	<u>908</u>	<u>841</u>
<b>2 Financial expenses</b>		
Financial expenses, group enterprises	77	182
Other financial expenses	127	0
Exchange loss	634	573
	<u>838</u>	<u>755</u>
<b>3 Distribution of loss</b>		
<i>Proposed distribution of loss</i>		
Retained earnings	-8,689	-30,425
	<u>-8,689</u>	<u>-30,425</u>

#### 4 Subsequent events

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

#### 5 Contingent assets, liabilities and other financial obligations

INEOS E&P Grønland A/S has deferred tax assets of DKK 100,043 million (2016: DKK 97,436 million) that have not been recognised and related primarily to unutilised losses in hydrocarbon income. It is considered unlikely that these losses can be utilised in the foreseeable future.

In according to Greenlandic Law the company is subject to a general liability to pay damages for damage caused by oil and gas activities even though such damage is accidental (strict liability). A third party liability insurance has been taken out to cover liability for damages.

#### 6 Consolidation

The smallest parent entity producing consolidated financial statements is INEOS E&P UK Holdings Limited, incorporated in United Kingdom.