Annual report 2018
Equinor Refining Denmark A/S
Melbyvej 17, 4400 Kalundborg

CVR no. 29 97 58 84

The annual report has been presented and approved
at the Company's annual general meeting

Kalundborg 3 May 2019

Niklas Korsgaard Christensen
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Equinor Refining Denmark A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Kalundborg 3 May 2019

CEO:

Jofrid Tone Klokkehaug

Board of Directors:

Giuseppina Ragone
chair

Grete Birgitte Haaland

Mette Ferkingstad

Michael John Adam Serink

Tore Aarreberg

Mikkel Pagh

Annette Munch

Niels Bech

Independent auditor's report

To the shareholders of Equinor Refining Denmark A/S:

Opinion

We have audited the financial statements of Equinor Refining Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company, cease operations or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of the Management's review.

Copenhagen 3 May 2019

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Lau Bent Baun	Joakim Juul Larsen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne26708	mne32803

Company details

Name and address
Equinor Refining Denmark A/S
Melbyvej 17
4400 Kalundborg
Denmark
CVR no.: 29 97 58 84
Financial year: 13

Board of Directors
Giuseppina Ragone, chair
Grete Birgitte Haaland
Mette Ferkingstad
Michael John Adam Serink
Tore Aarreberg
Mikkel Pagh
Annette Munch
Niels Bech

CEO
Jofrid Tone Klokkehaug

Parent company
Equinor Danmark A/S
Melbyvej 10
4400 Kalundborg
Denmark
Ownership: 100%
CVR no. 56 15 14 19

Auditors
KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark
CVR no. 25 57 81 98

Management's review

From Statoil to Equinor

In May 2018 the Statoil Group changed its name to Equinor. 'Equi' has its starting point in the words equal, equality and equilibrium. 'Nor' refers to our country of origin, Norway. Overall, Equinor tells who we are, where we come from and what we wish to become in the future. Equinor is a value-based company and the new name supports our strategy to be a broad energy company with oil, gas, wind and solar power.

Company business model

Equinor Refining Denmark A/S is the largest refinery in Denmark processing approx. 5.5 million tonnes of raw material per year. Crude oil, condensates and other raw materials are refined into gas, naphtha, gasoline, diesel, heating oil and fuel oil. The refinery´s processing plant configuration allows for a certain flexibility, enabling product output optimization towards market demand and margin development through optimizing crude and condensate mix. The refinery is also successful in optimizing output towards high value products such as low aromatic diesel for the Swedish market. The plant has access to a tank capacity of approximately 1.2 million m3.

Equinor Refining Denmark A/S receives all raw materials by cargo and part of the refined products are also transported by cargo from Kalundborg. The refinery owns and operates a Pier facility. The refinery has a terminal in Kalundborg. Through two pipelines the refinery is also connected to a product terminal in Hedehusene. Majority of the refined products are sold in Denmark, Scandinavia and Northwest Europe. All product sales are wholesale to other companies in the oil industry.

Financial and operational business risk

The refinery business is continuously challenged by large fluctuations in margins. Therefore, forecasts about future results always include a considerable degree of uncertainty. Refinery supply from various regions, fluctuations in demand, shut down cycles, and shut down timing in relation to margin fluctuations all affect profitability. In order to increase robustness in financial performance, Equinor Refining Denmark A/S has developed a strategy for a sustainable future where safe and profitable operations are key.

Exposure related to price fluctuations on stock of crude, condensate and products are mitigated through a hedging policy. Products and raw material above operational stock are hedged.

Equinor Refining Denmark A/S is subject to foreign exchange rate exposure primarily related to USD as crude, condensate and products are traded in USD but paid in various currencies, primarily USD and DKK. Operational costs are primarily in DKK. USD exchange rate exposure is not hedged.

Primary activities in 2018

The regularity ended at 94.2% in 2018, affected by two planned shutdowns in April and September.
We work systematically with improvements and LEAN working method, precision, risk assessment and safety are a natural part of the daily work. The good results have also been achieved through a good collaboration and a big commitment from all employees. This is also these factors that have

resulted in none serious incidents or injuries on employees. We expect that Equinor Refining Denmark A/S will continue to generate positive results in the future.

Financial results in 2018

In 2018, Equinor Refining Denmark A/S delivered a result after tax of DKK 836 million compared with DKK 1,015 million in 2017. The financial result from primary activities is not considered satisfactory for the company.

The 2018 result is affected by declining refinery margins and lower regularity of 94.2% compared with 99.7% in 2017, which was an all time high year. Furthermore the result is positively affected by a partial impairment reversal.

The refinery has been able to continue its efficiency focus and reduce expenses compared to previous years. Operating costs are continuously reduced in line with plan and cost efficiency initiatives will continue to be a management priority, supported by LEAN measures, becoming part of the company culture.

As routine, assessments are made on whether the carrying value of assets reflect a correct valuation according to the company's accounting principles. The calculations include the development in crude oil prices, the US dollar exchange rate, investments, costs, energy tax and duties along with margin expectations.

In the financial year 2018, these assessments led to:

- an impairment reversal (gain), of previous years writedowns of the Refinery of DKK 846 million in Q2
- write-up of part of the deferred tax asset from DKK 282 million in 2018 to DKK 290 million in 2018

Events after the balance sheet date

No material events have occurred after the balance sheet date.

Outlook

A positive result for the coming period is expected.

The European refining industry is, in a long-term perspective, challenged with decline in regional demand driven by gradual change towards higher energy efficiency and increased use of renewable energy. Refinery margins are therefore expected to continue to be subject to a highly competitive market environment.

In addition, price and margin fluctuations will continue to occur caused by temporary changes in the supply and demand balance and the cyclic and volatile nature of the industry.

The challenging market conditions require continued efforts to adapt. Equinor Refining Denmark A/S improves operations over time by focused value uplift initiatives. A program to increase value creation, focus on better choice of raw material and upgrade of the sales portfolio. These initiatives have been successful over the last years but the competitive environment requires continued development.

IMO (International Maritime Organization) has decided to reduce sulphur in marine fuels from 3.5 to 0.5 wt. % Sulphur from 2020. Equinor Refining Denmark A/S is able to deliver the new specification with the present set-up of the refiney.

Corporate Social Responsibility
For a detailed description of CSR, Safety & Sustainability measures please refer to Equinor Refining Denmark A/S' Sustainability Report (Bæredygtighedsrapport) for 2018:
https://www.Equinor.com/en/where-we-are/denmark/green-account-reports.html

Diversity in the Board and Management
For a detailed description of Diversity in Board and Management please refer to Equinor Refining Denmark A/S' Sustainability Report (Bæredygtighedsrapport) for 2018:
https://www.Equinor.com/en/where-we-are/denmark/green-account-reports.html

Annual report of Equinor ASA
Equinor Refining Denmark A/S is included in the annual report of its ultimate parent company:

Equinor ASA
Forusbeen 50
N-4035 Stavanger
Norway

The annual report of Equinor ASA can be found at:
https://www.equinor.com/en/investors.html.html#annual-reports

Financial highlights

DKKm	2018	2017	2016	2015	2014
Revenue	23,007	20,910	15,978	19,447	25,501
Ordinary operating profit/loss	868	1,033	460	993	-1,380
Profit/loss from financial income and expenses	-40	-29	24	-46	-82
Profit/loss before tax	828	1,004	484	947	-1,462
Tax on profit/loss for the year	9	11	-138	162	-250
Profit/loss for the year	837	1,015	346	1,109	-1,712
Total assets	5,510	6,557	6,095	5,710	3,754
Equity	3,906	3,770	3,955	3,609	1,138
Investment in property, plant and equipment	147	163	537	310	606
Average number of full-time employees	339	329	335	362	383

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

The financial ratios have been calculated as follows:

Key figures

	2018	2017	2016	2015	2014
Operating margin *Operating profit/loss x 100 / Revenue*	4%	5%	3%	5%	-5%
Return on invested capital *Operating profit/loss x 100 / Average invested capital*	23%	27%	12%	42%	-37%
Return on equity *Profit/loss for the year x 100 / Average equity*	22%	26%	9%	47%	-146%
Solvency ratio *Equity at year end x 100 / Total equity and liabilites at year end*	71%	57%	65%	63%	30%

Financial statements 1 January - 31 December
Income statement
DKK'000

Note		2018	2017
2	Revenue	23,007,458	20,910,231
	Production costs	-22,038,282	-19,784,083
	Gross income / loss	**969,176**	**1,126,148**
	Administrative expenses	-146,647	-142,428
5	Other operating income	45,273	49,187
	Operating income / loss	**867,802**	**1,032,907**
6	Financial income	3,716	16,187
7	Financial expenses	-43,677	-45,471
	Income / loss before tax	**827,841**	**1,003,623**
8	Tax on profit / loss for the year	8,754	11,008
9	Income / loss for the year	**836,595**	**1,014,631**

Financial statements 1 January – 31 December
Balance sheet
DKK'000

Note	Assets	2018	2017
	Non-current assets		
10	Intangible assets		
	Software	7,487	13,455
11	Property, plant and equipment		
	Land	64,251	64,427
	Buildings, plant and machinery	2,175,236	1,351,093
	Assets under construction	81,427	131,586
		2,320,914	1,547,106
	Other non-current assets		
8	Deferred tax asset	290,200	281,500
	Total non-current assets	**2,618,601**	**1,842,061**
	Current assets		
	Inventories		
	Raw materials and consumables	451,177	795,636
	Finished goods and goods for resale	450,697	945,508
		901,874	1,741,144
	Receivables		
	Trade receivables	1,251,921	1,080,567
	Intercompany receivables	733,623	1,890,357
	Other receivables	424	809
	Prepayments	3,060	2,211
		1,989,028	2,973,944
	Cash at bank and in hand	0	0
	Total current assets	**2,890,902**	**4,715,088**
	TOTAL ASSETS	**5,509,503**	**6,557,149**

Financial statements 1 January – 31 December
Balance sheet
DKK'000

Note		2018	2017
	Equity and liabilites		
	Equity		
12	Share capital	1,288,200	1,288,200
	Retained earnings	2,617,959	1,781,364
	Proposed dividends for the financial year	0	700,000
		3,906,159	**3,769,564**
13	Non-current liabilities		
	Non-current asset retirement obligation provisions	502,867	489,122
		502,867	489,122
	Current liabilities		
	Trade payables	213,518	507,612
	Intercompany payables	550,905	1,425,427
	VAT and taxes payable	130,559	287,250
	Other payables	203,306	73,869
	Prepayments received from customers	2,189	4,305
		1,100,477	2,298,463
	Total liabilities	**1,603,344**	**2,787,585**
	TOTAL EQUITY AND LIABILITIES	**5,509,503**	**6,557,149**

3 Specification of salaries and social costs
4 Fees to auditors
14 Contractual obligations, contingencies, etc.
15 Related party disclosures

Financial statements 1 January – 31 December
Statement of changes in equity

DKK'000

	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2018	1,288,200	1,781,364	700,000	3,769,564
Distributed dividend	0	0	-700,000	-700,000
Transferred over the profit appropriation	0	836,595	0	836,595
Equity at 31 December 2018	1,288,200	2,617,959	0	3,906,159

Financial statements 1 January - 31 December

Notes

1. Accounting policies

The annual report for 2018 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The financial statements and cash flow statement of Equinor Refining Denmark A/S are included in the consolidated financial statements of Equinor ASA, Stavanger, Norway.

Recognition and measurement
Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, depreciation, amortization and impairment losses are also recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the cost can be measured reliably.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described below.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Notes

1. Accounting policies (continued)

Derivative financial instruments
On initial recognition, derivative financial instruments are recognized in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Income statement

Revenue
Income from the sale of oil products is recognised in revenue at the date of delivery if the income can be measured reliably and is expected to be realised. Revenue is measured exclusive of VAT and taxes and less discounts granted in connection with the sale.

Production costs
Production costs comprise costs, including wages and salaries and depreciation and amortisation incurred in generating revenue for the year. Production costs also comprise energy costs, freight costs, purchased services and maintenance costs that do not qualify for recognition as an asset in the balance sheet.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises and office expenses, etc., and depreciation of equipment for administrative purposes.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Other operating income and costs
Other operating income and costs comprise items secondary to the primary activities of the Company, including gains and losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses comprise interest income and expense. Realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies are included as a separate item in the income statement. Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year
Tax for the year comprising current tax for the year, deferred tax provisions and tax relating to previous years is recognised in the income statement. Tax on entries directly in equity are recognised in equity.

Provisions for deferred tax comprise the differences between carrying amounts and tax values measured according to the balance sheet liability method at the tax rate applicable at the balance sheet date. Deferred tax may be an asset but is solely included in the financial statements as such if it is considered certain that the amount can be utilised within the foreseeable future.

The entities in the Equinor Danmark Group are jointly taxed. The Danish entities which Equinor Danmark A/S' parent company Equinor ASA controls are also included in the joint taxation.

The computed corporation tax is distributed between the jointly taxed entities in accordance with the full distribution method.

Balance sheet

Software
Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortization and depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of the assets.

Financial statements 1 January - 31 December

Notes

1. Accounting policies (continued)

The basis of the depreciation is calculated on the basis of the cost less the residual value and impairment losses.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. The basis of depreciation is cost less expected residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. In connection with large refinery projects, cost comprises costs of materials, components, sub suppliers, direct cost of labour and a share of indirect production overheads comprising costs for own workforce.

Interest expenses on loans to finance the production of property, plant and equipment relating to the production period are included in cost. All other borrowing costs are recognised in the income statement.

Depreciation is provided on a straight-line basis based on the estimated useful lives of the assets:

Buildings and storage tanks (incl. ARO)	20-50 years
Plant and machinery	10-20 years
Fixtures and fittings, tools and equipment	4-10 years

Depreciation is recognised as production costs based on the use of the assets.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to a quarterly test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Asset retirement obligations (ARO)

Provisions for ARO costs are recognised when Equinor 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 reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. Cost is estimated based on current regulations 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 Equinor'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 Equinor'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. Some of the refining and process plants are deemed to have indefinite lives. Consequently, no ARO has been recognised for these assets.

When a provision for ARO costs is recognised, a corresponding amount is recognised to increase the related item of 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 expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale.

Notes

1. Accounting policies (continued)

Receivables
Receivables are measured at amortised cost, usually corresponding to nominal value. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis. Write-down for expected losses on trade receivables is made to net realisable value.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at amortised cost, usually corresponding to nominal value.

Cash at bank and in hand
Cash at bank and in hand comprise cash and unrestricted bank deposits.

Equity
Proposed dividends are recognized as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions
Trade payables and payables to group entities as well as other payables are measured at amortised cost, usually corresponding to the nominal value.

Deferred income
Deferred income comprise payments received regarding subsequent financial years. Deferred income is measured at amortised cost, usually corresponding to nominal value.

Segmentation
Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Notes

DKK'000

(continued)

		2018	2017
2	Revenue		
	Domestic sales of oil products	11,463,985	8,785,623
	Export sales of oil products	11,547,241	12,124,608
		23,011,226	**20,910,231**
3	Specification of salaries and social costs:		
	Wages and salaries	263,228	226,238
	Pensions	21,952	21,061
	Other social security costs	4,814	4,760
		289,994	**252,059**

No remuneration is paid to the Board and the Board of Directors. With reference to section 98B (3) of the Danish Financial Statements Act, remuneration to company management is not disclosed.

		2018	2017
	Average number of full-time employees	**339**	**329**
4	Fees to auditors appointed at the general meeting, KPMG		
	Statutory audit services	669	680
	Other assurance engagements	75	73
	Other services	34	15
		778	**768**
5	Other operating income		
	Service and rental income	45,273	49,187
		45,273	**49,187**

Notes

DKK'000
(continued)

		2018	2017
6	Financial income		
	Exchange rate income from other group entities	2,465	5,690
	Financial income from group entities	1,243	1,298
	Other financial income	8	9,199
		3,716	**16,187**

		2018	2017
7	Financial expenses		
	Exchange rate expenses to group entities	-25,413	-28,727
	Interest expenses to group entities	-5,804	-3,661
	Interest component, asset retirement obligation	-8,614	-8,071
	Other financial expenses	-3,846	-5,012
		-43,677	**-45,471**

		2018	2017
8	Tax on profit for the year		
	Deferred tax at 1 January	281,500	223,500
	Adjustment for the year of deferred tax	8,700	58,000
	Deferred tax at 31 December	**290,200**	**281,500**
	Tax prior year	-54	-7,791
	Tax on profit for the year	0	54,783
	Total Tax on profit for the year	**8,754**	**11,008**

		2018	2017
9	Proposed profit appropriation		
	Proposed dividends for the financial year	0	700,000
	Retained earnings	836,595	314,631
		836,595	**1,014,631**

Notes

DKK'000

(continued)

10 Intangible assets

	Software
Cost at 1 January 2018	56,752
Additions	33
Disposals	0
Transferred from assets under construction	0
Cost at 31 December 2018	56,785
Amortisation and impairment losses at 1 January 2018	43,297
Amortisation	6,001
Amortisation and impairment losses at 31 December 2018	49,298
Carrying amount at 31 December 2018	**7,487**

11 Property, plant and equipment

	Land	Buildings, plant and machinery	Assets under con-struction	Total
Cost at 1 January 2018	64,427	10,513,886	131,586	10,709,899
Additions	0	83,178	63,918	147,096
Retirements	-176	-34,076	0	-34,252
Transferred	0	114,077	-114,077	0
Cost at 31 December 2018	64,251	10,677,065	81,427	10,822,743
Depreciation and impairment losses at 1 January 2018	0	9,162,793	0	9,162,793
Depreciation	0	216,824	0	216,824
Impairment reversal	0	-846,000	0	-846,000
Retirements	0	-31,788	0	-31,788
Depreciation and impairment losses at 31 December 2018	0	8,501,829	0	8,501,829
Carrying amount at 31 december 2018	**64,251**	**2,175,236**	**81,427**	**2,320,914**

Asset Retirement Obligation (ARO) - carrying amount DKK 374,771 thousand is included in 'Buildings, plant and machinery'. The impairment reversal of DKK 846,000 thousand is recognised as income in the income statement by reduction of Production costs.

Notes

DKK'000

(continued)

12 Changes in the share capital during the past five years are specified as follow:

	2018	2017	2016	2015	2014
2,300.000 shares of DKK 1,304	0	0	0	0	2,999,200
2,300.000 shares of DKK 560.09	1,288,200	1,288,200	1,288,200	1,288,200	0
	1,288,200	**1,288,200**	**1,288,200**	**1,288,200**	**2,999,200**

All shares rank equally.

		2018	2017
13	Non-current asset retiement obligation provisions	502,867	489,122

Provision DKK 502.867 thousand relates to Asset Retirement Obligation (ARO), which is expected to be paid after 5 years.

14 Non-current liabilities

Contingent assets

At 31 December 2018, the Company had an unrecognized deferred tax asset of DKK 83.779 thousand (2017: DKK 274,475 thousand) as it is not expected to be utilised within a 5 year period.

Operational lease obligations

Rental- and lease obligations amounted to 78,206 thousand (2017: DKK 57,410 thousand) at 31 December 2018.

Joint taxation

The Group's Danish enterprises are jointly and severally liable for tax on the Group's income subject to joint taxation. The jointly taxed enterprises' total net receivable from SKAT amounted to DKK 12,374 thousand at 31 December 2018. Any subsequent corrections of the income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the enterprises' liability. The Group as a whole is not liable to any other parties.

Notes

DKK'000
(continued)

15 Related party disclosures

Equinor Refining Denmark A/S' related parties comprise the following:

Control

Equinor ASA, Forusbeen 50, N-4035 Stavanger, Norway
Equinor ASA holds the majority of the share capital in the Company through holding company Equinor Danmark A/S (sub-group).
Equinor Refining Denmark A/S is part of the consolidated financial statements of Equinor ASA, Forusbeen 50, N-4035 Stavanger, Norway, which is the largest group in which the Company is included as a subsidiary. The consolidated financial statements of Equinor ASA can be obtained by contacting the Company or at the following website:

https://www.equinor.com/en/investors.html#contact-investor-relations

Related party transactions

	2018
Purchase of goods from related parties	16,134,801
Purchase of services from related parties	120,508
	16,255,309
Sale of goods to related parties	8,112,536
Sale of services to related parties	25,498
	8,138,034

Receivables and payables to affiliated companies are disclosed in the balance sheet, and financial income and expenses are disclosed in note 6 and 7.