

**Annual report 2016**  
**Statoil Danmark A/S**  
**Melbyvej 10, 4400 Kalundborg**

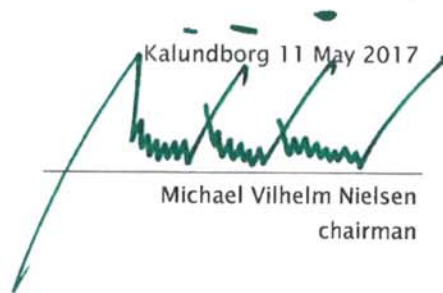
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**CVR no. 56 15 14 19**

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

Kalundborg 11 May 2017

Michael Vilhelm Nielsen  
chairman



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## Statoil Danmark A/S

### 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 Statoil Danmark A/S for the financial year 1 January – 31 December 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial conditions, of the results for the year and of the Company's financial position.

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

Kalundborg 11 May 2017

CEO:

  
Jofrid Tone Klokkehaug

Board of Directors:



Torben Haurum  
chair



Lars Rosenlöv Jensen



Hanne Smedvig



Børje Eikemo



Svein Harald Storli

# **Statoil Danmark A/S**

## **Independent auditor's report**

To the shareholder of Statoil Danmark A/S

### **Opinion**

We have audited the financial statements of Statoil Danmark A/S for the financial year 1 January – 31 December 2016, 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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.

### **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.

## **Statoil Danmark A/S**

### **Independent auditor's report**

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.

## Statoil Danmark A/S

### 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 11 May 2017

#### KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Lau Bent Baun  
State Authorised  
Public Accountant



Morten Høgh-Petersen  
State Authorised  
Public Accountant

## **Statoil Danmark A/S**

### **Company details**

Statoil Danmark A/S  
Melbyvej 10  
4400 Kalundborg  
Denmark  
CVR no.: 56 15 14 19

### **Board of directors**

Torben Haurum, chair  
Lars Rosenløv Jensen  
Børje Eikemo  
Hanne Smedvig  
Svein Harald Storli

### **CEO**

Jofrid Tone Klokkehaug

### **Parent company:**

Statoil ASA, Stavanger, Norway

### **Ownership:**

100%

### **Subsidiaries:**

### **Company name and address:**

Statoil Refining Denmark A/S  
Melbyvej 17  
4400 Kalundborg  
Denmark

### **Ownership:**

100%

### **Auditors:**

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

## **Statoil Danmark A/S**

### **Management's review**

Statoil Danmark A/S' primary purpose is – by itself or through participation in and cooperation with other companies – to abstract, refine and market oil and gas products as well as their derivatives.

Statoil Danmark A/S is the owner of the subsidiary Statoil Refining Denmark A/S.

In late 2016, 3 empty companies, each with a share capital of DKK 500 thousand, were set up for the purpose of bidding on the Kriegers Flak offshore wind project. The contract was awarded to Vattenfall (SE), and the 3 Statoil Wind companies are therefore to be liquidated in 2017.

### **Income for the year**

In 2016, the Company realised an income after tax of DKK 345 million compared to DKK 1,109 million in 2015, which is satisfactory for the company.

### **Outlook**

A positive result for coming year is expected. Outlook is to a high degree influenced by the result of subsidiary Statoil Refining Denmark A/S.

### **Dividend**

The company's equity amounted to DKK 3,962 million at 31 December 2016 (2015: DKK 3,616 million). The solvency ratio was 100% at the end of 2016. As intended, the solvency ratio is still considered to be at a high and solid level. At the annual general meeting it is proposed that dividends of DKK 1.2 billion is to be distributed to the shareholders. In management's view the proposed dividend is appropriate in its circumstances. The proposed dividend will reduce equity to DKK 2,762 million. The solvency ratio will remain at 100% after dividend payout, which is assessed as sufficient coverage by Management.

### **Events after the balance sheet date**

No material events have occurred after balance sheet date.

### **Ownership**

Statoil Danmark A/S is 100% owned by Statoil ASA, Norway.



## Statoil Danmark A/S

### Financial statements 1 January – 31 December Income statement

*DKK'000*

Note	2016	2015	
	Administrative expenses	-215	-223
2	<u>Income from investments in subsidiaries</u>	<u>345,568</u>	<u>1,109,298</u>
	Operating income / loss	<b>345,353</b>	<b>1,109,075</b>
3	Financial income	25	1
4	<u>Financial expenses</u>	<u>-127</u>	<u>-6</u>
	Income / Loss before tax	<b>345,251</b>	<b>1,109,070</b>
5	<u>Tax on loss for the year</u>	<u>0</u>	<u>0</u>
6	<u>Income / Loss for the year</u>	<u><b>345,251</b></u>	<u><b>1,109,070</b></u>

## Statoil Danmark A/S

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

Note		2016	2015
	<b>Assets</b>		
	Non-current assets		
2 & 7	Investments		
	Investments in subsidiaries	3,956,433	3,609,365
	<b>Total non-current assets</b>	<b>3,956,433</b>	<b>3,609,365</b>
	Current assets		
	Receivables		
	Intercompany receivables	5,147	6,956
		5,147	6,956
	<b>Total current assets</b>	<b>5,147</b>	<b>6,956</b>
	<b>Total assets</b>	<b>3,961,580</b>	<b>3,616,321</b>

## Statoil Danmark A/S

### Financial statements 1 January – 31 December

#### Balance sheet

DKK'000

Note		2016	2015
	<b>Equity and liabilities</b>		
	Equity		
8	Share capital	1,639,700	1,639,700
	Retained earnings	1,121,856	1,976,605
	Proposed dividends for the financial year	1,200,000	0
		<hr/>	<hr/>
		3,961,556	3,616,305
	Current liabilities		
	Intercompany payables	24	16
		<hr/>	<hr/>
		24	16
	<b>Total liabilities</b>	<hr/>	<hr/>
		<b>24</b>	<b>16</b>
	<b>Total equity and liabilities</b>	<hr/>	<hr/>
		<b>3,961,580</b>	<b>3,616,321</b>
9	Contractual obligations, contingencies, etc.		
10	Related party disclosures		

# Statoil Danmark A/S

## 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 2016	1,639,700	1,976,605	0	3,616,305
Distributed dividend	0	-1,200,000	1,200,000	0
Transferred to development costs reserve	0	0	0	0
Transferred over the [profit appropriation/distribution of loss]	0	345,251	0	345,251
Exchange rate adjustment, foreign subsidiary	0	0	0	0
Value adjustment of hedging instruments:	0	0	0	0
Value adjustment for the year	0	0	0	0
Value adjustments reclassified to the income statement	0	0	0	0
Tax on items under equity	0	0	0	0
Equity at 31 December 2016	1,639,700	1,121,856	1,200,000	3,961,556

## **Statoil Danmark A/S**

### **Financial statements 1 January – 31 December**

#### **Notes**

##### **1. Accounting policies**

The annual report of Statoil Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act. The financial statements have been prepared in Danish Kroner.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures. Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. 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 Statoil Danmark A/S are included in the consolidated financial statements of Statoil ASA, Stavanger, Norway.

##### **Recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, depreciation, amortisation and impairment losses are also 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 cost 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.

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

##### **Foreign currency translation**

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 recognised in the income statement as financial income or financial expenses.

## **Statoil Danmark A/S**

Financial statements 1 January – 31 December

### **Notes**

#### **1. Accounting policies (continued)**

##### **Income statement**

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.

##### **Income from investments in subsidiaries**

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the income statement after full elimination of intercompany gains/losses.

##### **Administrative expenses**

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

##### **Financial income and expenses**

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on receivables, payables and transactions in foreign currencies. 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.

The entities in the Statoil Danmark Group are jointly taxed. The Danish entities which Statoil Danmark A/S' parent company Statoil 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.

## **Statoil Danmark A/S**

Financial statements 1 January – 31 December

### **Notes**

#### **1. Accounting policies (continued)**

Statoil Danmark A/S serves as the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

As a minimum, jointly taxed entities with excess tax are compensated in accordance with the applicable rates for interest subsidy by the administrative company, and jointly taxed entities with residual tax pay a surcharge in accordance with the applicable rates for interest rate premiums to the administrative company.

#### **Balance sheet**

##### **Investments**

Investments in subsidiaries and associates are recognised in the balance sheet at the proportionate share of the subsidiaries' net asset value calculated in accordance with the Parent Company's accounting policies. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Net revaluation of investments in subsidiaries and associates is tied as a reserve for net revaluation under equity in accordance with the equity method to the extent that the carrying amount exceeds cost less goodwill amortisation.

##### **Receivables from subsidiaries**

Receivables from subsidiaries are recognised in the balance sheet at nominal value.

##### **Receivables**

Receivables are measured at amortised cost, usually corresponding to nominal value. Write-down for expected bad debts is made to net realisable 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.

## Statoil Danmark A/S

### Notes

DKK'000

(continued)

	<b>Investments in subsidiaries</b>	<b>Total</b>
	<i>DKK'000</i>	<i>DKK'000</i>
2 Investments in subsidiaries		
Cost at 1 January 2016	6,531,498	6,531,498
Additions	1,500	1,500
Cost at 31 December 2016	6,532,998	6,532,998
Value adjustments at 1 January 2016	-2,922,133	-2,922,133
Profit for the year	345,568	345,568
Additions	0	0
Value adjustments at 31 December 2016	-2,576,565	-2,576,565
Carrying amount at 31 December 2016	<b>3,956,433</b>	<b>3,956,433</b>
	<b>2016</b>	<b>2015</b>
3 Financial income		
Financial income from associated companies	0	1
Other financial income	25	0
	25	1
4 Financial expenses		
Financial income from associated companies	-127	-5
Other financial income	0	-1
	-127	-6



## Statoil Danmark A/S

### Notes

DKK'000

	2016	2015
5 Tax on income / loss for the year		
Corporation tax paid	0	0
Current tax for the year	0	0
Adjustment for the year of deferred tax	0	0
	0	0
Adjustment for prior years	0	0
Tax on income / loss for the year	<b>0</b>	<b>0</b>
6 Proposed profit appropriation		
Proposed dividends for the financial year	1,200,000	0
Retained earnings	-854,749	1,109,070
	<b>345,251</b>	<b>1,109,070</b>

Notes to which no reference is made in the financial statements:

There are no employees in Statoil Danmark A/S.  
Administrative services are rendered from group companies.

## Statoil Danmark A/S

### Notes

DKK'000

(continued)

	Share capital	Profit for the year	Equity value at 31 December 2016	Carrying amount at 31 December 2016
	'000 DKK	'000 DKK	'000 DKK	'000 DKK
7 Investments in subsidiaries comprise the following 100% owned enterprises:				
Statoil Refining Denmark A/S	1,288,200	345,568	2,754,933	2,754,933
Statoil Wind I A/S	500	0	500	500
Statoil Wind II A/S	500	0	500	500
Statoil Wind III A/S	500	0	500	500
	<b>1,289,700</b>	<b>345,568</b>	<b>2,756,433</b>	<b>2,756,433</b>

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

	2016	2015	2014	2013	2012
10,000 shares of DKK 1,000	0	0	0	10,000	10,000
90,000 shares of DKK 1,000	0	0	0	90,000	90,000
2,200,000 shares of DKK 1,000	0	0	0	2,200,000	2,200,000
2,300,000 shares of DKK 1,304	0	0	2,999,200	0	0
2,300,000 shares of DKK 560.09	1,288,200	1,288,200	0	500	500
	<b>1,288,200</b>	<b>1,288,200</b>	<b>2,999,200</b>	<b>2,300,500</b>	<b>2,300,500</b>

All shares rank equally

## Statoil Danmark A/S

### Notes

DKK'000

(continued)

- 9 Contractual obligations, contingencies, etc.

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries and serves as the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

- 10 Related party disclosures

Statoil Danmark A/S' related parties comprise the following:

#### Control

Statoil ASA, Forusbeen 50, N-4035 Stavanger, Norway

Statoil ASA holds the majority of the share capital in the Company through holding company Statoil Danmark A/S (sub-group).

Statoil Danmark A/S is part of the consolidated financial statements of Statoil 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 Statoil ASA can be obtained by contacting the Company or at the following website:

<https://www.statoil.com/en/investors.html#contact-investor-relations>

#### Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

All transactions with related parties have been conducted in terms equivalent to arm's length.