INEOS E&P A/S

Teknikerbyen 5, 1.
Virum

Annual report for 2018

CVR no. 73 34 96 13

Adopted at the annual general meeting on
29 May 2019

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Christian Vinten

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Management's Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of INEOS E&P 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 financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review.

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

Virum, 29 May 2019

Excutive Board

Ronald Daniel Coyle
Managing Director

Board of Directors

Gareth Jon Anderson Chairman	Flemming Horn Nielsen	Ronald Danial Coyle

Tanja Jo Dalgaard

Independent Auditor's Report

To the shareholder of INEOS E&P A/S

Opinion

We have audited the financial statements of INEOS E&P A/S for the financial year 1 January - 31 December 2018, which comprise an 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 Company´s financial position 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 the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 or to 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 about 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 the 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 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 judgment and maintain professional skepticism 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.

Independent auditor's report

- 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 a 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 a 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 29 May 2019

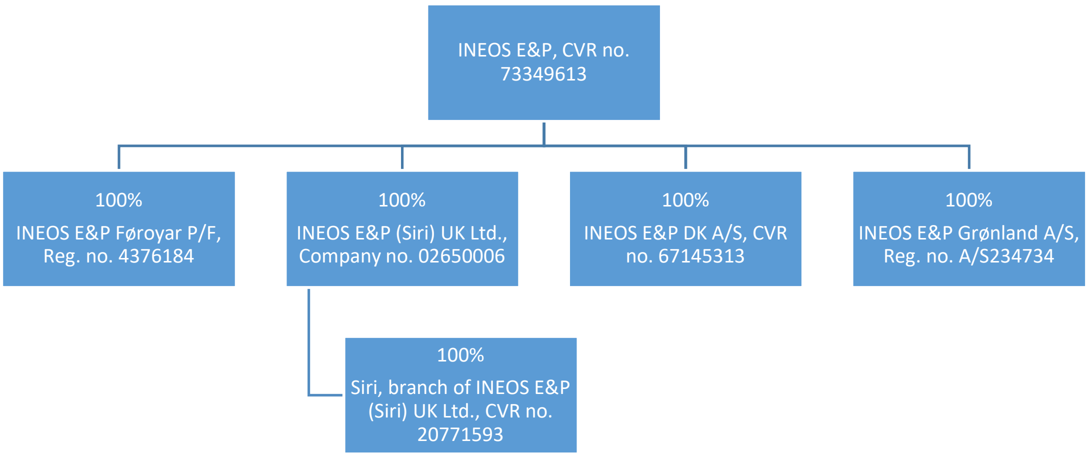
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Kim Danstrup
State Authorised Public Accountant
mne 32201

Company Details

The Company	INEOS E&P A/S Teknikerbyen 5, 1. 2830 Virum	
	Website:	www.ineos.com
	CVR no.: Reporting period:	73 34 96 13 1 January - 31 December
Board of Directors	Gareth Jon Anderson, Chairman Flemming Horn Nielsen Ronald Daniel Coyle Tanja Jo Dalgaard	
Executive Board	Ronald Daniel Coyle, 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. The consolidated financial statements of INEOS E&P UK Holdings Limited can be obtained by contacting INEOS E&P A/S or at: https://beta.companieshouse.gov.uk/company/SC200459	

Company Overview



Financial Highlights

Key figures

Income statement (DKKm)	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue	1.211	1.252	1.332	1.113	2.002
EBITDA	347	212	258	-567	832
(Loss)/profit before financial income and expenses	-176	-1.233	679	-13.515	-2.768
Net financial items	1.563	233	522	-3.758	-5.281
(Loss)/profit for the year	1.391	-748	157	-16.015	-7.276
Balance Sheet (DKKm)					
Total assets	8.449	8.005	15.021	14.733	17.190
Investment in property, plant and equipment	36	207	1.724	3.704	2.631
Equity	1.786	364	3.835	-13.018	-4.283
Financial ratios					
EBIT margin	-14,50%	-98,51%	50,98%	-1214,29%	-138,26%
Return on assets	-2,08%	-15,41%	4,52%	-91,73%	-16,10%
EBITDA margin	28,65%	16,91%	19,37%	-50,94%	41,56%
None-financial data					
Average number of employees (FTE's)	306	371	512	595	584
Lost-time injury frequency (LTIF), per 1 million hours worked	0,00	2,03	0,48	0,43	1,15
Discharging of oil into the sea, tonnes	0,98	0,93	0,89	0,87	6,00
Rejection of produced water, %	98,9%	99,3%	99,2%	99,5%	98,6%
Gas flaring from platforms (flaring), million Nm3	2,13	3,11	6,12	4,77	3,85

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's Review

Business review
The company's objects are to engage in activities in the energy sector and ancillary activities.

Financial review
The Company's income statement for the year ended 31 December shows a profit of DKK 1,391 million, and the balance sheet at 31 December 2018 shows equity of DKK 1,786 million.

Revenue totaled DKK 1,211 million, which is 41 million lower than in 2017. The decrease is primarily attributable to lower oil and gas production in the year. EBITDA increased by DKK 135 million to DKK 347 million in 2018. The increase was mainly due to cost savings, a reduction in staff and significantly higher oil and gas prices in 2018 but on a lower oil and gas production.

EBIT increased by DKK 1,058 million to DKK -176 million. The increase was mainly due to impairment losses of DKK 999 million in 2017 and lower depreciations.

Financial performance for 2018 matched expectations.

Market development

Crude Brent and US dollar
The average price of crude brent in 2018 was approximately 71 USD/BBL, which is a 17 USD/BBL increase compared to 2017.

The first 3 quarters of 2018 we saw rising prices crude oil prices, however from start October prices turned and closed the year at 51 USD/BBL.

The USD exchange rate started 2018 at 6.21 DKK/USD but increased during the year and closed at 6.51 DKK-/USD.

Production
Oil and gas production totaled 4,5 million boe, down 32% from 2017. This decrease in production relates to the low production efficiency on the Siri area and South Arne fields.

Investments
Investments held by INEOS E&P A/S consist of technical installations on South Arne, Siri and Hejre. Capital expenditure in 2018 amounted to DKK 36 million, as compared to DKK 207 in 2017. Expenditure is mainly related to South Arne. No major investments has been completed on Siri Area in 2018.

Future outlook
Production in 2019 is expected to reduce by 10-15%. There are uncertain external factors such as the US dollar exchange rate and gas/oil prices which will also have an effect on the annual result. For 2019 we expect a result before tax between DKK 0 million and DKK 500 million.

Subsidaries
On 25 January 2018 INEOS E&P A/S disposed the subsidiaries INEOS E&P Norge AS, INEOS E&P (UK) Ltd. and INEOS E&P Services UK Ltd. to INEOS E&P UK Holdings Ltd. This means that INEOS E&P A/S is no longer the parent company for exploration and production activities in Norway and UK. The divestment has impacted the result with a profit of DKK 1,347 million. Further, from 1-25 january the three companies has contributed a profit of 53 million.

Management's Review

Subsidiaries (continued)
The remaining subsidiaries have contributed a profit of DKK 12 million.

At the end of 2018, INEOS E&P A/S (including subsidiaries) had 12 licenses; 11 in Denmark 1 in Greenland and 0 in the Faroe Islands.

Special risks
Management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to the safe and reliable operation of fields, specifically those for which the Company is operator, management of the impact of oil and gas price volatility on the revenues and cash flows, and the ability to find and exploit gas deposits in the DK sector of the North Sea. The Company deploys highly skilled and experienced resources to identify, evaluate and financially assess development opportunities, applies the best safety and environmental practices in the production of proven oil and gas reserves and adopts robust financial management which, together with appropriate monitoring of business performance seeks to mitigate such risks.

Financial risk
The Company's operations are exposed to a variety of financial risks that include effects of the commodity price risk, credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

The main financial risk which could affect the company are set out below:

a) Commodity price risk: Oil and gas is a traded commodity with open market price. The Company is exposed to fluctuations in market prices to the extent that it has not entered into fixed price agreements. The directors regularly review cost-benefit of entering into price hedges to minimise risk. The company has no price hedging in place.

b) Interest rate risk: The company has a mix of financing facilities including deposits to subsidiaries and shareholder deposit and loan facility. Deposits to subsidiaries and shareholders bears interest at variable rates based on LIBOR and; the shareholder loan bear interest at variable rates based on CIBOR. The directors review the interest rate and assess the cost-benefit of interest rate hedging. The company has no interest rate hedging in place.

c) Currency risk: The Company undertakes transactions in various currencies, and the Company manages this risk by matching receipts and payments in the same currency (where possible) and monitoring the movements in exchange rates. The Company also has shareholder and subsidiary loan and deposits facility in USD, GBP, NOK and DKK. Although the significant majority of transactions are denominated in USD and DKK (the Company's functional currency). The directors continue to review the cost-benefit of currency hedging. The company has no currency hedging in place.

d) Credit risk: The Company has in place policies and procedures to mitigate the risk that customers default on amounts owed to the Company. Exposure to credit risk is further minimised by the nature of the customers with which the Company deals.

e) Liquidity and cash flow risk: The Company's operating assets generate sufficient positive cash flows to cover the Company's costs and development activities and service the Company's own obligations. The Company has access to liquidity, through participation in external financing and support from shareholders to manage such risks.

Management's Review

Recognition and measurement uncertainties
The recognition of Deferred Tax, Fixed Assets (impairments) and decommissioning liabilities are all subject to a high degree of uncertainty due to the level and nature of assumptions made when estimating the outcome of subsequent events. The assumptions which would change future measurement includes:

- General price development or development in market prices
- Expected useful live of production assets
- Weighted average cost of capital (WACC) and risk free rate
- Exchange rates, etc.
- Development of existing technologies

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

Unusual matters
The Company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2018 are not affected by any unusual matters.

Statutory report on corporate governance

Business model
The Company's main activity is exploration and production of oil and gas in the Danish part of the North Sea. Oil and gas are sold to primarily oil refinery in Europe.

A part of our strategy is to transform the business into a leading North Sea oil and gas company in terms of returns and cash generation. Furthermore, we continue to assess other opportunities for value creation, with investments focused on field extensions or build-out near existing producing assets as well as already initiated developments.

Corporate social responsibility
In INEOS E&P A/S we are committed to conducting our operations in a responsible manner for the benefit of our shareholders, customers, employees, and the society and environment in which we work. Safety is our number 1 priority, and our efforts to keep people safe never end, and we hold ourselves and one another accountable for our Quality, Health, Safety and Environment (QHSE) performance. We continuously strive to improve our performance and the INEOS 20 Safety Principles are an integral part of this.

INEOS E&P A/S is aware of the role it plays in society and of its responsibility towards its business partners as well as its shareholders and employees. INEOS E&P A/S has therefore committed itself to clear principles, which serve as the foundation for the actions INEOS E&P A/S takes as a business and as a corporate citizen.

The actions taken by INEOS E&P A/S and by its employees are founded on personal responsibility, honesty, loyalty and respect for others and for the environment. Managers bear particular responsibility in this regard.

Therefore, the Company has implemented a Code of Conduct which serves two main purposes:

1. It encourages every single employee to take responsibility for his or her actions and it seeks to provide them with appropriate guidance.

2. It outlines the ethical principles which guide the business activities of INEOS E&P A/S.

Management's Review

Corporate social responsibility (continued)
The Company has joined the principles of the UN Global Compact. INEOS E&P A/S works to further honor the Global Compact in its business relationships and does not have business relationships with business partners who are known to be in violation of the principles underlying the Global Compact.

INEOS E&P A/S is a part of INEOS Group. Read more about the Group Corporate Social Reponsibility (CSR) objectives on the Company's website www.ineos.com/sustainability.

Human rights
No significant risks have been identified in relation to human rights. INEOS E&P A/S conduct business in a regulated market where authorities inspects companies to make sure that they comply with legislation and where labour unions is involved in negotiation regarding working conditions including human rights for employee

INEOS E&P A/S conducts business business to business (B2B) and our customers are mostly large corporation or public companies. Therefore, violation of human rights is rare and INEOS E&P A/S haven't registered an

INEOS E&P A/S will continuously ensure that all human rights are respected, and there is a continuous follow up. INEOS E&P A/S will continuously ensures that all human rights are respected and will implement adequate policies if deemed required

Anti-Corruption Policy
INEOS E&P A/S is committed to conduct all its business activities throughout the world in an honest and ethical manner and expects the same of its Employees and Business Partners. INEOS have implemented a policy on anti-corruption in order to follow this.

INEOS E&P A/S does not tolerate any form of Corruption, neither active or passive nor direct or indirect, and works against Corruption in all its forms. In all its activities, INEOS E&P A/S is committed to complying with the provisions of the Bribery Act 2010, the United States Foreign Corrupt Practices Act and any applicable anti-corruption laws in the countries where it does business. INEOS E&P A/S implements and enforces adequate procedures and systems, including the anti-corruption Policy, in order to ensure compliance with these commitments and laws.

During 2018, we have registered no cases of anti-corruption nor bribery behavior.

Social and employee conditions
Through relevant procedures and processes, we must create the safest possible working environment for our employees and minimize work-related accidents and diseases. Furthermore, we must protect our employees from stress, bullying, harassment and physical danger in their workplace.

Every year, our goal is to avoid accidents in the workplace completely. The prevention will be upheld by a combination of education of each employee and the implementation of behavioral procedures ensuring a safe working environment. We must always make sure that all equipment is maintained properly, for it to carry a minimal risk to our employees.

In 2018, we reported zero workplace accidents. It is the view of the Company that the most significant risk pertaining to working conditions is workplace accidents, which can cause injury to employees and impact our ability as a company to attract a skilled workforce.

Management's Review

Environmental
INEOS E&P A/S take the environment seriously and have therefore defined a mandatory minimum requirement for environmental management in the Company and it provides direction and support to the statements in the Company's QHSE Policy "We will commit ourselves to continual improvement and prevention of pollution. We will minimise our consumption of resources and impact on the environment".

In 2018 INEOS E&P A/S discharged 1.0 tonnes (or 984 kg) of oil into the sea with the produced water (and 200 kg with the ballast water) from oil and gas activities in Denmark, which was at the same level as in 2017. Reinjection of produced water increased slightly to 98.9% from 99.3% in 2017. Gas flaring from own operated platforms were reduced to 2.1 Nm3 in 2018 from 3.1 Nm3 in 2017, mainly due to more uptime on compressors in 2018.

The results of our efforts are reflected in our success in complying with regulatory requirements regarding environment and climate and acted with due environmental care.

Statement on the underrepresented gender
Currently there are 4 board members of whom 1 is a woman. Therefore, there is no requirement to set target under The Financial Statements Act section 99 b.

INEOS E&P A/S has a policy in place to increase the number of underrepresented gender in other management levels. In our recruitment process we ensure that everyone has an equal opportunity. When recruiting for a specific job we make sure to invite at least one qualified female applicant for an interview. Each year when the People Review has been completed, women with special leadership potential are identified, and individual action plans are prepared for them, so they are ready when a management position becomes open.

The development of women in management is monitored through continuous reporting by HR. On a monthly basis the IOG DK Executive management receives an overview of the gender distribution of management in our organisation to ensure appropriate focus and efforts to increase the proportion of female managers.

During 2018, we have strived to invite qualified candidates of both genders to interviews for job positions at management level. When we have made use of external recruiting agencies, we have asked that they provide a list of qualified candidates of both genders. Furthermore, we have during 2018 continued to encourage all employees with the desire and competences to advance within the Company. By the end of 2018, the Company has still not met an equal composition of men and women in other management level. The Company will keep working towards a more equal composition of men and women in other management levels in 2019.

Regardless of the objective concerning underrepresented gender, INEOS E&P A/S appoints members of management according to qualifications rather than gender.

Report on payments to authorities
Pursuant to section 99c of the Danish Financial Statements Act, INEOS E&P A/S is obliged to account for payment authorities. In 2018 INEOS E&P A/S has made payment of DKK 2,580 thousand regarding Nitrogen Oxide (NOx) fee.

Income Statement 1 January - 31 December 2018

	Note	2018	2017
		DKK'000	DKK'000
Revenue	1	**1.210.788**	**1.251.888**
Other operating income		30.756	7.886
Raw materials and consumables		-21.956	-34.488
Other external expenses		-656.860	-771.477
Gross profit		**562.728**	**453.809**
Staff costs	2	-215.795	-242.059
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**346.933**	**211.750**
Amortisation, depreciation, impairment losses on intangible assets and property, plant and equipment	3	-522.468	-1.445.007
Loss before financial income and expenses		**-175.535**	**-1.233.257**
Income from investments in subsidiaries	4	1.412.815	408.245
Financial income	5	208.596	222.896
Financial expenses	6	-58.489	-397.691
Profit/(loss) before tax		**1.387.387**	**-999.807**
Tax on profit for the year	7	3.435	252.015
Profit/(loss) for the year		**1.390.822**	**-747.792**
Distribution of profit/ (loss)	8		

Balance Sheet at 31 December 2018

	Note	2018	2017
		DKK'000	DKK'000
Assets			
Software	9	5.801	185
Intangible assets		**5.801**	**185**
Fixtures		1.800	-
Production assets		1.320.672	1.952.910
Tangible assets	10	**1.322.472**	**1.952.910**
Investments in subsidiaries	11	-	1.758.682
Receivables from group enterprises	12	5.342.758	2.834.460
Other non-current assets		**5.342.758**	**4.593.142**
Non-current assets		**6.671.031**	**6.546.237**
Inventory		82.305	-
Trade receivables		15.105	140.141
Receivables from group enterprises	12	1.291.437	493.069
Other receivables		16.399	18.527
Prepayments		99.586	152.486
Current assets		**1.504.832**	**804.223**
Cash at bank and in hand	13	**272.889**	**654.218**
Current assets		**1.777.721**	**1.458.441**
Assets		**8.448.752**	**8.004.678**

Balance Sheet at 31 December 2018

Liabilities and equity

	Note	2018 DKK'000	2017 DKK'000
Share capital		500.000	500.000
Hedging reserves		10.138	47.900
Retained earnings		1.276.266	-183.639
Equity	14	**1.786.404**	**364.261**
Other provisions	15	5.611.632	5.781.710
Non-current liabilities		**5.611.632**	**5.781.710**
Trade payables		115.702	150.049
Payables to group enterprises	16	496.016	1.361.662
Corporation tax		138.138	110.026
Other payables		181.418	225.934
Other provision		118.112	-
Deferred income		1.330	11.036
Current liabilities		**1.050.716**	**1.858.707**
Liabilities		**6.662.348**	**7.640.417**
Liabilities and equity		**8.448.752**	**8.004.678**

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Statement of Changes in Equity

	Share capital	Hedging reserves	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	500.000	47.900	-183.639	364.261
Exchange adjustments, foreign	-	-	69.083	69.083
Other equity movements	-	-41.141	-	-41.141
Tax on other equity movements	-	3.379	-	3.379
Profit for the year	-	-	1.390.822	1.390.822
Equity at 31 December	**500.000**	**10.138**	**1.276.266**	**1.786.404**

Notes

		2018	2017
		DKK'000	DKK'000
1	**Revenue**		
	Class of business:		
	Oil and gas	1.121.306	1.090.224
	Other	89.482	161.664
	Total	1.210.788	1.251.888
	Geographical information by location of customers		
	Denmark	114.449	151.728
	Rest of EU	1.078.524	884.673
	Rest of world	17.815	215.487
	Total	1.210.788	1.251.888
2	**Staff costs**		
	Wages and salaries	343.847	383.920
	Pensions	24.386	29.589
	Other social security costs	677	835
	Other staff costs	3.682	4.027
		372.592	418.371
	Payroll charged to partners etc.	-156.797	-176.312
		215.795	242.059
	Average number of employees (FTE's)	305	371

According to section 98 B(3) of the Danish Financial Statements Act, Remuneration to the Executive Board has not been disclosed.

		2018	2017
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	527	-
	Depreciation of tangible assets	521.941	582.396
	Impairment of tangible assets	-	862.611
		522.468	1.445.007
4	**Income from investments in subsidiaries**		
	Net profit/loss for the year	65.512	408.245
	Gains from divestment	1.347.303	-
		1.412.815	408.245

Notes

		2018	2017
		DKK'000	DKK'000
5	**Financial income**		
	Bank interest	2.184	1.722
	Interest received from group companies	142.099	41.099
	Other financial income	-	1.608
	Exchange gains	64.313	59.005
	Fair value adjustments on financial instruments	-	119.462
		208.596	222.896
6	**Financial expenses**		
	Bank interest	254	15.684
	Financial expenses to group companies	21.048	14.939
	Other financial expenses	250	3.067
	Exchange loss	26.514	207.628
	Interest element, provision	10.423	156.373
		58.489	397.691
7	**Tax on profit for the year**		
	Deferred tax for the year	3.379	-116.049
	Adjustment of tax concerning previous years	-6.814	-135.966
		-3.435	-252.015
8	**Distribution of profit/(loss)**		
	Proposed distribution of (profit/loss)		
	Retained earnings	1.390.822	-747.792
		1.390.822	-747.792

9 Intangible assets

	Software
	DKK'000
Cost at 1 January	27.756
Additions for the year	6.143
Cost at 31 December	33.899
Impairment losses and amortisation at 1 January	27.571
Amortisation for the year	527
Impairment losses and amortisation at 31 December	28.098
Carrying value at 31 December	**5.801**

Notes

10 Tangible assets

	Other fixtures and fittings, tools and equipment	Production assets	Production assets under construction	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January	-	16.727.461	10.101.723	26.829.184
Additions for the year	1.800	34.279	-	36.079
Change in decommissioning provision	-	-144.576	-	-144.576
Cost at 31 December	1.800	16.617.164	10.101.723	26.720.687
Impairment losses and depreciaiton at 1 January	-	14.774.551	10.101.723	24.876.274
Impairment losses for the year	-	-	-	-
Depreciation for the year	-	521.941	-	521.941
Impairment losses and depreciaiton at 31 December	-	15.296.492	10.101.723	25.398.215
Carrying amount at 31 December	**1.800**	**1.320.672**	**-**	**1.322.472**
Interest expenses recognised as part of cost of assets		119.441	-	119.441

Notes

	2018	2017
	DKK'000	DKK'000

11 Investments in subsidiaries

	2018	2017
Cost at 1 January	17.870.881	17.870.881
Additions for the year	-	-
Disposals for the year	-16.186.197	-
Cost at 31 December	1.684.684	17.870.881
Revaluations at 1 January	-16.112.199	-15.519.291
Exchange adjustments	69.083	-129.358
Net profit for the year	65.512	408.245
Dividend to the parent Company	-	-871.795
Disposals for the year	14.292.920	-
Revaluations at 31 December	-1.684.684	-16.112.199
Carrying amount at 31 December	**-**	**1.758.682**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
INEOS E&P (Siri) UK Ltd.*	London, United Kingdom	100%	-204.942	31.826
INEOS E&P DK A/S	Virum, Denmark	100%	-13.415	-26.452
INEOS E&P Grønland A/S	Nuuk, Greenland	100%	30.503	-9.206
INEOS E&P Føroyar P/F	Torshavn, Faroe Islands	100%	21.390	-99

*The Annual Report for 2018 haven't been finalised these are from the Annual Report 2017.

Due to the negative equity in INEOS E&P (Siri) UK limited a provision of DKK 75 million is recognised in other provision. In previously year, negative results in INEOS E&P (Siri) UK Limited have been deducted in positive results from other subsidiaries. As INEOS E&P (UK) Limited and INEOS E&P Norge AS have been sold in 2018 the remaining subsidiaries net assets value isn't sufficient to absorb the historical negative results from INEOS E&P (Siri) UK Limited.

12 Receivables from group enterprises

	2018 DKK'000	2017 DKK'000
Between 1 and 5 years	5.342.758	2.834.460
Non-current portion	5.342.758	2.834.460
Other short-term debt to subsidiaries	1.291.437	493.069
	6.634.195	**3.327.529**

13 Cash at bank and in hand

	2018 DKK'000	2017 DKK'000
Available cash	93.500	452.095
Licenses and restricted cash	179.389	202.123
	272.889	**654.218**

Notes

14 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Share capital at 1 January	500.000	1.380.000	720.000	420.000	300.000
Increase for the year	-	-	660.000	300.000	120.000
Reduction for the year	-	-880.000	-	-	-
Share capital at 31 December	**500.000**	**500.000**	**1.380.000**	**720.000**	**420.000**

15 Other provisions

	2018	2017
	DKK'000	DKK'000
Balance at 1 January	5.781.710	5.179.715
Provision used during the year	-5.169	-715.930
Provision made / (reversed)	-30.756	634.212
Change in estimated, interest and other factors	-134.153	683.713
Balance at 31 December	**5.611.632**	**5.781.710**
The expected due dates of other provsions are:		
Within one year	65.786	69.623
Between 1 and 5 years	3.452.731	2.364.587
Over 5 years	2.093.115	3.347.500
	5.611.632	**5.781.710**

Other provisions comprises of decommissioning obligations relating to demolition and decommissioning of the Company's oil and gas fields and provision for onerous opex and capex contracts. Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the decommissioning provision is recognised in property, plant and equipment and depreciated together with the associated asset. The values of the provision for onerous capex contracts is recognised in the Income Statement as impairment of tangible assets.

16 Payables to group enterprises

	2018	2017
	DKK'000	DKK'000
Between 1 and 5 years	-	-
Non-current portion	-	-
Other short-term debt to subsidiaries	496.016	1.361.662
Other short-term debt to credit institutions		
	496.016	**1.361.662**

Notes

17 Subsequent events

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

18 Contingent assets, liabilities and other financial obligations

Contingent assets

INEOS E&P A/S has deferred tax assets of DKK 18,839 million (2017: DKK 17,930 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.

Contingent liabilities

According to legislation, INEOS E&P A/S are liable to pay compensation for any environmental accidents or other types of damage caused by our oil and gas activities, even when there is no proof of negligence (strict liability). We have taken out insurance to cover any such claims.

INEOS E&P A/S is taxed jointly with all Danish subsidiaries. As management company, the company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

	2018	2017
	DKK'000	DKK'000
Lease obligation		
Within 1 year	38.923	39.854
Within 1 and 5 year	61.622	41.855
Over 5 years	152.403	159.120
Total	**252.948**	**240.828**

The obligation relates to leased property, vehicles, IT equipment and fork-lifts.

Capital commitments

INEOS E&P A/S has entered into agreements to invest in property, plant and equipment (primarily offshore Licences) for DKK 111 million (2017: DKK 106 million) at 31 December 2018.

Guarantees

INEOS Holdings AG has furnished the Danish Ministry for Economic Affairs and the Interior with guarantees for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by INEOS E&P A/S in connection with the company’s participation in exploration and production licences, irrespective of whether the obligations and liability rest on INEOS E&P A/S alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice INEOS E&P A/S’s share of each obligation or liability.

Notes

19 Related parties and group information

Transactions with related parties
According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

Group information
INEOS E&P A/S immediate parant company is INEOS E&P UK Holdings Limited, United Kingdom (100 percent ownership). The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

INEOS E&P A/S is included in the consolidated financial statements prepared by INEOS E&P UK Holdings Limited, United Kingdom.

The consolidated financial statements of INEOS E&P UK Holdings Limited can be obtained by contacting INEOS E&P A/S or at:

https://beta.companieshouse.gov.uk/company/SC200459

20 License overview

License	Operator	Ownership Interest	Producing Oil and gas field	Oil and gas field under evaluation
1/06 Hejre Extension	INEOS E&P A/S	48,00%		x
1/90 Luita	INEOS E&P A/S	43,59%	x	
3/09 Solsort	INEOS E&P A/S	35,00%		x
4/95 Nini Field	INEOS E&P A/S	57,14%	x	
4/98 Solsort	INEOS E&P A/S	35,00%		x
5/98 Hejre	INEOS E&P A/S	60,00%		x
6/95 Siri	INEOS E&P A/S	70,00%	x	
7/86 Luita Part	INEOS E&P A/S	43,59%	x	
7/89 Syd Arne Field	Hess Denmark ApS	36,79%	x	
16/16 Nattergal	INEOS E&P A/S	30,00%		x
16/98 Cecilie Field	INEOS E&P A/S	56,41%	x	

Accounting policies

Basis of reporting
The annual report of DONG E&P A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The annual report for 2018 is presented in Thousand Danish Kroner (DKK '000).

In pursuant of Section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements as the company is included in the cash flow statement of the INEOS Industries Limited.

In pursuance of Section 86(4) of the Danish Financial Statements Act, the company has omitted preparing a cash flow statement as the company is included in the cash flow statement of the INEOS Industries Limited.

In pursuance of Section 96(3) of the Danish Financial Statements Act, the company has omitted providing information on audit fees as the company is fully consolidated in INEOS Industries Limited's consolidated financial statements, in which the audit fees for the Group as a whole are disclosed.

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation 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's 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's 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.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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

Income statement

Segment information
Information is provided on business segments and geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and management control.

Revenue
Revenue comprises sale of natural gas, crude oil and related services is recognised in the income statement when delivery and transfer of risk to buyer have taken place before year end.

Revenue is recognised exclusive of VAT and other duties relating to the sales amount.

Accounting policies

Raw materials and consumables
Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income and expenses
Other operating income and other operating expenses comprise items of a secondary nature relative to the company's activities.

Other external expenses
Other external costs comprise expenses for distribution, sales, advertising, administration, premises, bad debts, operating leases, etc.

Over-/under lift is recognised at cost price. Over-/under lift refers to the situation in which the Company participa tes in producing fields with several participants and where the Company has lifted and sold more or less crude oil from a producing field than what the Company is entitled at the time of lifting.

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

Employee costs
Employee costs comprise wages and salaries as well as payroll dependent expenses, including pensions, social security costs and other employee related costs.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses comprise the year's depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses and liabilities and foreign currency transactions. It also includes realized and unrealized gains and losses on hedge interest rate and currency risks that are not hedges of net sales, cost of sales or fixed assets.

Income from investments in subsidiaries
The income statement includes the pro rata share of the net profit after the elimination of intercompany profit/ losses and amortization of goodwill under the item "Results from investments in subsidiaries". Investments in subsidiaries are recognised and measured using the equity method. Further gains and losses due to sale of subsidiaries are included.

Joint ventures
Joint venture represent contractually agreed arrangements on joint economic activities where there is no undertaking involved, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Each of the venturers recognises in its individual financial statements the assets that it controls and the liabilities and expenses that it incurs and its share of the income that it earns from the sale of goods and services. The Company’s exploration, development and production activities are generally conducted as co-licensee in joint operations with other companies (Joint Venture).

Accounting policies

Tax on profit 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. The company is subject to the Danish rules on compulsory joint taxation. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

INEOS E&P A/S is the management company for the joint taxation and consequently settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. In this connection, Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

INEOS E&P A/S is covered by the Danish Hydrocarbon Tax Act. Hydrocarbon taxes are recognised under tax on profit/loss for the year. INEOS E&P A/S is the management company responsible for the carbon tax joint taxation and thus settles all hydrocarbon tax payments with the tax authorities.

The company is jointly taxed with Danish Hydrocarbon group enterprises. The Hydrocarbon tax is distributed among the enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets
Software is measured at cost less accumulated depreciation or the recoverable amount, whichever is lower. Software is amortized over 3-5 years.

Cost includes direct and indirect costs associated with acquisition and implementation up to the date when the asset is ready for use.

Costs of development projects comprise salaries and other expensens directly or indirectly attributable to the Company's development activities. As of the date of completion, capitalised development cost are amortised on a straight-line basis.

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Cost is increased by estimated expenses for dismantling and removing the asset and restoration to the extent that they are recognised as a provision.

Exploration comprises recognised expenses for drilling successful exploration and appraisal wells where development of the field has yet to commence. Expenses are recognised using the successful efforts method. Under the successful efforts method, expenses for drilling specific exploration wells are recognised in the balance sheet. Acquired licences where discoveries have been made, including acquired reserves, are also recognised

Accounting policies

Tangible assets (continued)
under exploration. General exploration expenses and expenses for unsuccessful exploration wells are recognised in the income statement. Recognition in the balance sheet is maintained pending determination of commercial viability. Where a discovery is found not to be commercially viable, the drilling expenses incurred are recognised in the income statement as Other external costs. Other exploration expenses are recognised in the income statement as Other external costs as incurred.

In the case of oil and gas production assets, cost is depreciated using the unit-of-production method based on the ratio of current production to estimated recoverable reserves by individual field.

Exploration assets and production assets under construction is not depreciated until production of oil and gas is started.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are capitalized over the period of construction. All indirectly attributable borrowing costs are recognised in the income statement.

The basis of depreciation is determined as cost reduced by any residual value, and depreciation is charged on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5 years

Investments in subsidiaries
Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of INEOS E&P A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries are reviewed annually to determine whether there is any indication of impairment.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Impairment is made to the lower of the recoverable amount and the carrying amount.

Accounting policies

Impairment of fixed assets (continued)
The recoverable amount of the asset is calculated as the higher of the net selling price and the value in use. The value in use is calculated as the present value of expected net cash flows from the use of the asset or group of assets and the expected net cash flows from the sale of the asset or group of assets after the end of their useful lives.

Inventory
Inventories consist of petroleum, condensate, liquid petroleum gas. Inventories are valued at the lower of cost.

Cost is determined as lifiting cost for the month.

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

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

The item also includes underlift of crude oil, which is measured at realisable value. Because producing fields have several partners, situations may arise in which a partner has lifted and sold more or less oil than its relative entitlement at the point of lifting. Such situations are described as overlift or underlift, repectively. Overlift of crude oil is recognised as deferred income in current liabilities.

Equity
Dividend
Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Provisions
Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

In measuring provisions, the expenses required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre-tax discount rate is used that reflects the general interest rate level in the market. The change in present values for the financial year is recognised as financial expenses.

Provisions for decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and restoration as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to be attached to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in the market. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised within property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in net profit for the year as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. If it is considered

Accounting policies

Provisions (continued)
unlikely that an outflow from the Company of resources embodying economic benefits will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Material contingent liabilities are disclosed in the notes.

Income tax and defered tax
Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are measured at the value at which the asset is expected to be realised, either through elimination against tax on future earnings or through offsetting against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation enacted at the balance sheet date when the deferred tax is expected to materialise as current tax. Where the tax base can be determined applying alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year a tax rate of 25% on hydrocarbon activities and 22% on corporate tax has been applied.

Liabilities
Financial liabilities such as mortgage loans and loans from credit institutions are recognised at the date of inception at the proceeds received net of transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. The difference between the proceeds received and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is measured at amortised cost, which for cash loans corresponds to the debt outstanding. For bond loans, amortised cost corresponds to the debt outstanding calculated as the underlying cash value of the loan at the date of inception, adjusted for depreciation charged over the repayment period on the market value adjustment of the loan at inception.

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

Deferred income
Deferred income comprises payments received in respect of income in subsequent financial years.

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 and payables and other monetary items denominated in foreign currencies 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 or was recognised in the latest financial statements

Accounting policies

Foreign currency translation (continued)
is recognised in the income statement as financial income or financial expenses.

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

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are classified as and meet the criteria for hedging of future transactions are recognised directly in equity. On realisation of the hedged transactions, the accumulated changes are recognised in the relevant items.

Changes in the fair values of derivative financial instruments that are classified as and meet the criteria for hedging of the fair value of a recognised asset or a recognised liability are recognised in the income statement together with value adjustments of the hedged asset or the hedged liability.

For derivative financial instruments that do not meet the criteria for designation as hedging instruments, changes in fair value are recognised in the income statement.

Changes in the fair values of derivative financial instruments that are used to hedge net investments in separate foreign subsidiaries are recognised directly in equity.

Financial Highlights
Definitions of financial ratios.

EBIT margin $\dfrac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$

Return on assets $\dfrac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$

EBITDA margin $\dfrac{\text{Earnings before interest, taxes, depreciation and amortisation x 100}}{\text{Revenue}}$