INEOS E&P A/S

Teknikerbyen 5, 1.
Virum

Annual report for 2021

CVR no. 73 34 96 13

Adopted at the annual general meeting on
30 June 2022

Christian Vinten

Contents

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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 30 June 2022

Excutive Board

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Mads Weng Gade

Board of Directors

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Erik Magnesen
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Erik Fanton Magnesen
Chairman

DocuSigned by:
David James Bucknall
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David James Bucknall
Deputy chairman

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Mads Weng Gade

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 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 – 31.12.2021 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 this auditor’s report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 30 June 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

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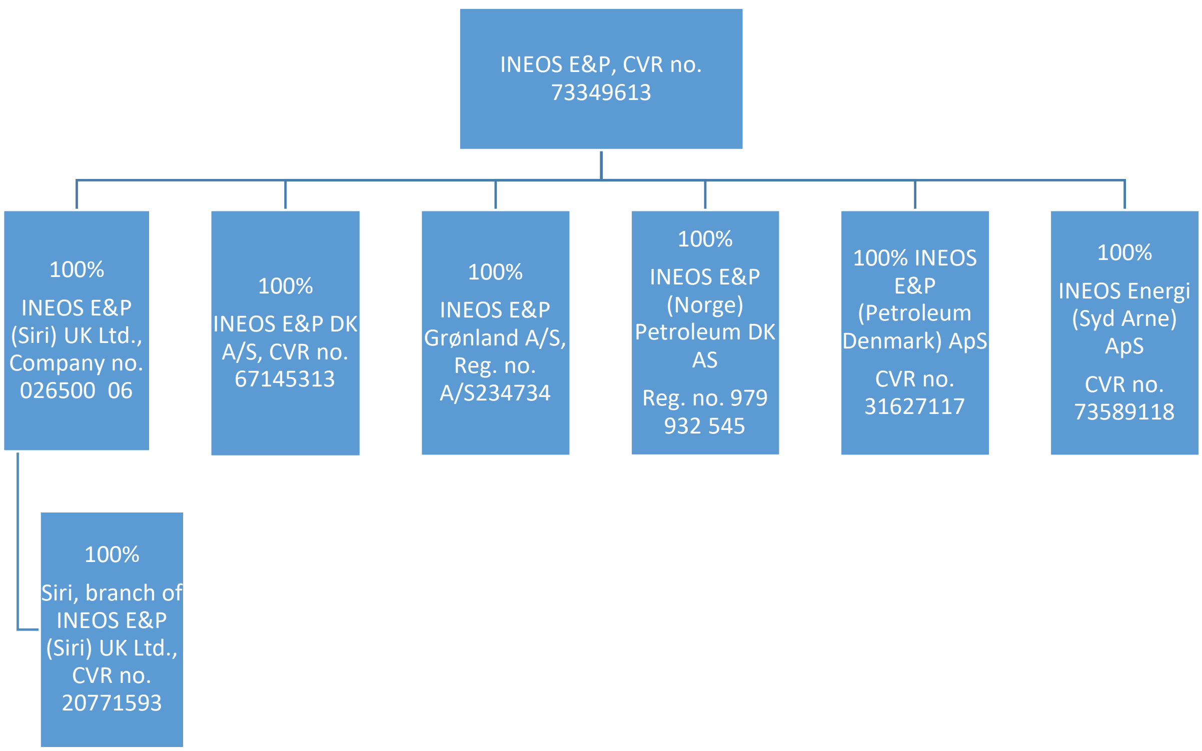
	Murat Guler
State-Authorised Public Accountant	State-Authorised Public Accountant
Indentification No (MNE) mne26712	Indentification No (MNE) mne46582

Company Details

The Company	INEOS E&P A/S Teknikerbyen 5, 1. 2830 Virum Website: www.ineos.com CVR no.: 73 34 96 13 Reporting period: 1 January - 31 December
Board of Directors	Erik Fantoft Magnesen, Chairman David James Bucknall, Deputy chairman Mads Weng Gade
Executive Board	Mads Weng Gade
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S
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)	2021	2020	2019	2018	2017
Revenue	860	535	1,182	1,211	1,252
EBITDA	175	237	689	347	212
(Loss)/profit before financial income and expenses	589	399	114	-176	-1,233
Net financial items	668	-651	247	1,563	233
(Loss)/profit for the year	1,668	-252	352	1,391	-748
Balance Sheet (DKKm)					
Total assets	9,970	8,282	8,914	8,449	8,005
Investment in property, plant and equipment	0	28	64	36	207
Equity	3,563	1,876	2,134	1,786	364
Financial ratios					
EBIT margin	68.45%	74.56%	9.66%	-14.50%	-98.51%
Return on assets	5.91%	4.82%	1.28%	-2.08%	-15.41%
EBITDA margin	20.32%	44.37%	58.27%	28.65%	16.91%
None-financial data					
Average number of employees (FTE's)	183	195	210	306	371
OSHA Recordable injury rate (per 200,000 hours)	0.00	0.45	0.43	0.00	0.68
Discharging of oil into the sea, tonnes	0.99	1.10	1.65	0.98	0.93
Rejection of produced water, %	99.0%	98.8%	98.5%	98.9%	99.3%
Gas flaring from platforms (flaring), million Nm3	1.78	2.09	2.48	2.13	3.11

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 1,668 million, and the balance sheet at 31 December 2021 shows equity of DKK 3,563 million.

Revenue totaled DKK 860 million, which is 325 million higher than in 2020. The increase is primarily due to decrease in prices due to higher prices offset by a lower oil and gas production in the year. EBITDA decreased by DKK 63 million to DKK 175 million in 2021. The decrease was mainly due to lower other income related to change in decommissioning provision, COVID-19 fixed cost compensation which we received in 2020, offset by higher CO2 prices and higher employee cost.

EBIT increased by DKK 190 million to DKK 589 million. The increase is mainly due to reversal of impairment relation to Syd Arne due to higher oil prices offset by the comments described above.

Profit before tax increase by 1,509 million to 1,257 million. The increase is mainly due to higher income from subsidiaries due to the acquisition of INEOS Energy (Syd Arne) ApS and higher net financial items due to a higher USD exchange rate in 2021 offset by the comments described above.

Profit for the year increased by 1.921 million to 1,668 million. The increase is mainly due to the recognising of the deferred tax asset of 423 million due to the expectation that we will be taxable in the future based on the higher prices environment that we see now.

Financial performance for 2021 was better than expected mainly due to the aquisition of INEOS Energy (Syd Arne) ApS and higher oil prices.

Market development

Crude Brent and US dollar
The average price of crude brent in 2021 was approximately 71 USD/BBL, which is a 29 USD/BBL increase compared to 2020. Throughout 2021, oil prices continued to increase when the COVID-19 outbreak began to fall back. The oil prices ended 2021 in 77 USD/BBL. In 2022 the oil prices has continue to increase and in June 2022 the average price of crude brent has been 124.1 USD/BBL.

The USD exchange rate started 2021 at 6.54 DKK/USD but decreased during the year and closed at 6.09 DKK-/USD.

Production
Oil and gas production totaled 2.2million boe, down 2% from 2020. Decrease in production is due natural decline in reservior offset by the biannual shutdown on Syd Arne in 2020.

Investments
Investments held by INEOS E&P A/S consist of technical installations on South Arne, Siri and Hejre. Capital expenditure in 2021 amounted to DKK 0 million, as compared to DKK 28 in 2020.

Future outlook
The Company continues to monitor the ongoing military actions in Ukraine and continued impact of the COVID-19 pandemic that may disrupt or curtail its operations or development activities. The Comapny is actively monitoring any factors and events that could adversely affect the Company and mitigating measures are implemented where appropriate.

Management's Review

Future outlook (continued)
The Company is reviewing its strategy but will continue to pursue growth opportunities through further developments in Denmark.

The Company looks forward to the coming years with optimism in developing near term resources in a safe, reliable and profitable manner.

The Company looks forward to the coming years with optimism in developing near term resources in a safe, reliable and profitable manner.

Based on the uncertainties related to oil prices, the Company expect a result before tax between DKK 500 million and DKK 750 million. Further, due to natural decline in the reservoir and other factors, we expect lower production of 15-20% in 2022.

Subsidaries
The subsidaries in Denmark, UK, Greenland , Norway and Faroe Islands have contributed a loss of DKK 503 million in 2021. The profit is mainly related to the acquisitions of INEOS Energy (Syd Arne) ApS.

Further, on 11 February 2021 we liquidated our company on Faroe Islands, P/F INEOS E&P Føroyar.

At the end of 2021, INEOS E&P A/S (including subsidiaries) had 11 licenses; 10 in Denmark 1 in Greenland .

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.

Management's Review

Financial risk (continued)

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.

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 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Management's Review

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 refineries 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.

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 employees.

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 any.

Management's Review

Human rights (continued)
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 2021, 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 2021, we reported 0.0 workplace accidents (OSHA recordable injury rate per 200,000 hours). 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.

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" and "We will minimise our consumption of resources and impact on the environment".

In 2021 INEOS E&P A/S discharged 966 kg of oil into the sea with the produced water and 26.6 kg with the ballast water from operated oil and gas activities in Denmark. This was a decrease from 2020 which can mainly be attributed to decreased pigging frequency of the water injection pipelines for corrosion protection reasons. As a consequence, reinjection of produced water increased slightly to 99.0% from 98.8% in 2020.

Gas flaring from own operated platforms decreased to 1.78 Nm3 in 2021 from 2.09 Nm3 in 2020. The overall flare gas consumption in 2021 was at a historical low, and also the uptime on the 23-compressor in 2020 and 2021 was high.

Management's Review

Environmental (continued)
The discharges and emissions are both decreased in 2021 compared to 2020, and are well within the limits of the relevant permits. INEOS E&P A/S believe that results of our efforts are reflected in our success in complying with regulatory requirements regarding environment and climate and acted with due environmental care. Nonetheless continuous efforts are put in to reducing our impacts going forward

Climate
Global air temperatures have warmed steadily over past decades, and climate variations becomes more and more severe, with both warmer and wetter climate in some areas, and drier in other areas. The cause for the warmer climate is to a large extent ascribed to an increased amount of greenhouse gasses in the atmosphere, due to burning of fossil fuels.

INEOS is committed to contribute to reduce the emission of greenhouse gasses, both when it comes to our own installation, and in our effort to contribute in other sectors.

At our installation, we constantly strive to make the process more efficient and reduce the energy consumption, in particularly by waste-heat recovery and improved procedures.

The Siri Area holds a number of oil fields, which are to be decommissioned during this decade, due to the natural decline in production. However, the reservoirs are at a benign depth for geological storage of CO_2, and the facility already in place, may be used for future carbon storage. INEOS is in the process of analyzing the feasibility and potential for carbon storage in our fields. If the use of the fields is deemed feasible, it may open up for storage of up to 4 million tons CO_2 per year.

The Siri Area Complex is uniquely located in an area where:
- Carbon storage is viable (sand reservoir in depth 800-3,000m)
- Electricity from wind farms is likely ~2025 (Sørlige Nordsjø II in Norway)
- Hydrogen storage might be matured for power-to-X (presence of salt diapirs)

INEOS is investigating the options for making the Siri Area a future test area for a number of Green Transition Projects, due to its benign location.

INEOS supports the ambition of the Danish Government to reduce CO_2 emission by 70 % in 2030. Therefore, INEOS has played an active role in the work within the oil and gas industry which has led to input to the Climate Partnership for Energy and Utilities demonstrating a large potential for reductions.

Statement on the underrepresented gender
Currently the Board of directors consist of 3 members of whom 0 is women. Therefore, the company is required to set a target for the underrepresented gender in according to The Financial Statements Act section 99 b. Our target is that the Board of Directors should consist of at least 1 woman before end of 2025.

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 at least a quarterly 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.

Management's Review

Statement on the underrepresented gender (continued)
During 2021, 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 2020 continued to encourage all employees with the desire and competences to advance within the Company.

By the end of 2021, 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 2022.

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 2021 INEOS E&P A/S has made payment of DKK 2.309 thousand regarding Nitrogen Oxide (NOx) fee.

Income Statement 1 January - 31 December 2021

	Note	2021	2020
		DKK'000	DKK'000
Revenue	1	**860,072**	**534,874**
Other operating income	2	125,356	332,557
Raw materials and consumables		-51,265	-963
Other external expenses		-579,914	-476,890
Gross profit		**354,250**	**389,578**
Staff costs	3	-179,447	-152,244
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**174,803**	**237,334**
Amortisation, depreciation, impairment losses on intangible assets and property, plant and equipment	4	413,724	161,674
Other operating costs		231	-226
Profit before financial income and expenses (EBIT)		**588,758**	**398,782**
Income from investments in subsidiaries	5	502,683	-663,316
Financial income	6	215,616	162,317
Financial expenses	7	-50,381	-150,350
Profit/(loss) before tax		**1,256,676**	**-252,567**
Tax on profit for the year	8	411,714	428
Profit/(loss) for the year		**1,668,390**	**-252,139**
Distribution of profit/ (loss)	9		

Balance Sheet at 31 December 2021

	Note	2021	2020
		DKK'000	DKK'000
Assets			
Software	10	763	2,857
Intangible assets		**763**	**2,857**
Fixtures	11	738	1,092
Production assets	11	1,700,181	1,165,001
Lease assets	12	136,684	142,478
Tangible assets		**1,837,602**	**1,308,571**
Investments in subsidiaries	13	1,146,906	-
Receivables from group enterprises	14	5,816,844	5,648,586
Other receivables		51,728	77,044
Deferred tax asset	15	423,000	-
Other non-current assets		**7,438,478**	**5,725,630**
Non-current assets		**9,276,843**	**7,037,058**
Inventory		47,156	71,566
Trade receivables		242,574	6,612
Receivables from group enterprises	14	141,403	924,572
Other receivables		108,140	13,781
Tax receivables		11,766	29,361
Prepayments		43,653	84,920
Current assets		**594,692**	**1,130,812**
Cash at bank and in hand	16	**98,657**	**113,935**
Current assets		**693,349**	**1,244,747**
Assets		**9,970,192**	**8,281,805**

Balance Sheet at 31 December 2021

	Note	2021	2020
		DKK'000	DKK'000
Liabilities and equity			
Share capital		500,000	500,000
Retained earnings		3,062,760	1,376,106
Equity	17	**3,562,760**	**1,876,106**
Provisions	18	3,900,786	4,906,519
Lease liabilities	12	127,927	131,281
Non-current liabilities		**4,028,713**	**5,037,800**
Lease liabilities	12	15,086	15,829
Trade payables		98,044	52,279
Payables to group enterprises	19	1,090,909	645,369
Corporation tax		-	5,607
Other payables		157,092	252,382
Provisions	18	1,017,588	396,433
Current liabilities		**2,378,719**	**1,367,899**
Liabilities		**6,407,432**	**6,405,699**
Liabilities and equity		**9,970,192**	**8,281,805**

	Note
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January	500,000	1,376,106	1,876,106
Exchange adjustments, foreign	-	18,265	18,265
Profit for the year	-	1,668,390	1,668,390
Equity at 31 December	**500,000**	**3,062,761**	**3,562,760**

Notes

		2021	2020
		DKK'000	DKK'000
1	**Revenue**		
	Type of goods/services		
	Oil and gas	776,839	494,972
	Other income relating to oil and gas production	83,234	39,902
	Total	860,072	534,874
	Geographical information by location of customers		
	Denmark	73,096	29,935
	Rest of EU	109,168	442,794
	Rest of world	677,808	62,145
	Total	860,072	534,874
	Timing of revenue recognition from customers		
	At a point in time	851,191	512,264
	Over time	8,881	22,610
		860,072	534,874

2 Other operating income

Other Operating income contains Government Grant of 0 million (2020: 91 million) related to fixed cost compensation as a result of COVID-19 pandemic.

3 Staff costs

	2021	2020
Wages and salaries	257,130	212,801
Pensions	18,434	17,337
Other social security costs	-8	-188
Other staff costs	-4,474	36
	271,081	229,986
Payroll charged to partners etc.	-91,634	-77,742
	179,447	152,244
Average number of employees (FTE's)	183	195

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

Notes

		2021	2020
		DKK'000	DKK'000
4	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	2,094	2,539
	Depreciation of tangible assets	286,479	357,713
	Reserval of impairment of tangible assets	-722,760	-541,588
	Depreciation of leased assets	20,463	19,662
		-413,724	-161,674
5	**Income from investments in subsidiaries**		
	Net profit/loss for the year	469,428	-280,890
	Impairment	-193,977	-155,194
	Provision	227,232	-227,232
		502,683	-663,316
6	**Financial income**		
	Bank interest	257	148
	Interest received from group companies	168,413	162,169
	Exchange gains	46,946	-
		215,616	162,317
7	**Financial expenses**		
	Bank interest	470	180
	Financial expenses to group companies	9,311	1,135
	Other financial expenses	28,184	30,069
	Exchange loss	-	104,603
	Lease interest	5,617	5,643
	Interest element, provision	6,799	8,720
		50,381	150,350
8	**Tax on profit for the year**		
	Current tax for the year	11,286	-
	Deferred tax for the year	-423,000	-
	Adjustment of tax concerning previous years	-	-428
		-411,714	-428
9	**Distribution of profit/(loss)**		
	Proposed distribution of (profit/loss)		
	Retained earnings	1,668,390	-252,139
		1,668,390	-252,139

Notes

10 Intangible assets

	Software
	DKK'000
Cost at 1 January	35,782
Cost at 31 December	35,782
Impairment losses and amortisation at 1 January	32,925
Amortisation for the year	2,094
Impairment losses and amortisation at 31 December	35,019
Carrying value at 31 December	**763**

11 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	1,800	16,829,904	6,839,753	23,671,457
Additions for the year	-	332	-	332
Change in decommissioning provision	-	98,212	-	98,212
Cost at 31 December	1,800	16,928,448	6,839,753	23,770,001
Impairment losses and depreciaiton at 1 January	708	15,664,903	6,839,753	22,505,364
Depreciation for the year	354	286,125	-	286,479
Impairment	-	89,154	-	89,154
Reversal of impairment	-	-811,915	-	-811,915
Impairment losses and depreciaiton at 31 December	1,062	15,228,267	6,839,753	22,069,083
Carrying amount at 31 December	**738**	**1,700,181**	**-**	**1,700,918**
Interest expenses recognised as part of cost of assets	-	-	-	-

Due to change in key assumptions and higher prices compared to 2021 a reserval of impairment of 812 million is recognised related to Syd Arne. Further, a impairment of 89 million has been recognised related to the Siri area. Key assumptions are disclosed by Group (INEOS UK E&P Holdings Limited) in note 12 of the financial statements for INEOS UK E&P Holdings Limited.

Notes

12 Lease assets

	Land and buildings	Furniture and equipment	Total
	DKK'000	DKK'000	DKK'000
Cost at 1 January	151,949	28,479	180,428
Lease modifications	4,454	10,216	14,669
Disposals	-	-973	-973
Cost at 31 December	156,403	37,722	194,124
Depreciaiton at 1 January	18,108	19,842	37,950
Depreciation for the year	9,272	11,191	20,463
Disposals	-	-973	-973
Depreciaiton at 31 December	27,380	30,060	57,440
Carrying amount at 31 December	**129,023**	**7,661**	**136,684**

The Company leases a number of assets as part of its activities. This primarily includes its offices, storage and vessel charter. Some leases will have payments that vary with market interest or inflation rates. The Company's obligations are secured by the lessors' title to the leased assets for such leases.

Amount recognised in profit and loss

	2021	2020
	DKK'000	DKK'000
Expense relating to short-term leases for which recognition exemption is applied	4,352	965
Expense relating to leases of low value assets for which recognition exemption is applied	-	88
Expense relating to variable lease payments not included in the measurement of the lease liability	-	-
Income from subleasing right-of-use assets	14,213	13,091

Interests on lease debt expensed in profit (loss) were DKK 5.6 million in 2021 (2020: DKK 5.6 million).

Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	20,344	21,436
Between 1 and 5 year	43,337	44,179
Over 5 years	129,086	134,857
Less: impact on discounting	-49,754	-53,362
Balance at 31 December 2020	**143,013**	**147,110**
Current	15,086	15,829
Non-current	127,927	131,281
Total	**143,013**	**147,110**
Commitment to short term leases as at 31 December	346	965
Commitment to low value leases as at 31 December	-	88
Total commitment	**346**	**1,053**

Notes

	2021	2020
	DKK'000	DKK'000
13 Investments in subsidiaries		
Cost at 1 January	2,076,480	1,684,684
Additions for the year	874,501	391,796
Disposals for the year	-630,000	-
Cost at 31 December	2,320,981	2,076,480
Revaluations at 1 January	-2,076,480	-1,640,396
Exchange adjustments	18,265	-
Net profit for the year	469,428	-280,890
Impairment	-193,977	-155,194
Dividend	-21,311	-
Disposals for the year	630,000	-
Revaluations at 31 December	-1,174,075	-2,076,480
Carrying amount at 31 December	**1,146,906**	**-**

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%	-99,502	-1,800
INEOS E&P DK A/S	Virum, Denmark	100%	73,718	4,354
INEOS E&P Grønland A/S	Nuuk, Greenland	100%	29,780	-403
P/F INEOS E&P Føroyar*	Torshavn, Faroe Islands	-	-	-30
INEOS Energy (Syd Arne) ApS	Virum, Denmark	100%	1,352,506	426,486
INEOS E&P (Petroleum Denmark) ApS	Virum, Denmark	100%	-56,580	14,700
INEOS E&P (Norge) Petroleum DK AS	Stavanger, Norway	100%	-153,016	26,121
			1,146,906	**469,428**

*P/F INEOS E&P Føroyar was liquidated the 11 February 2021.

	2021	2020
	DKK'000	DKK'000
14 Receivables from group enterprises		
Between 1 and 5 years	5,816,844	5,648,586
Non-current portion	5,816,844	5,648,586
Other short-term debt to subsidiaries	141,403	924,572
	5,958,247	**6,573,158**

Receivable from INEOS UK E&P Holdings Limited is covered by a letter of support from our indirect parent company INEOS Industries Limited.

Notes

15 Deferred tax asset

	2021 DKK'000	2020 DKK'000
Deferred tax asset at 1 January	-	-
Amounts recognised in the income statement for the year	423,000	-
Deferred tax at 31 December	**423,000**	**-**
Property, plant and equipment (chapter 2 taxes)	57,250	-
Other provisions (chapter 2 taxes)	30,470	-
Tax loss carry-forward (ordinary taxes)	12,500	-
Decommissioning (chapter 2 taxes)	322,780	-
	423,000	**-**

INEOS E&P A/S has recognized a deferred tax assets of DKK 423 million (2019: DKK 0 million). The basis for the recognition has been the model applied to determine impairment of non-financial assets adjusted for certain items to determine the future estimated taxable income. The increase in recognized deferred tax asset is due to the significant increase in oil prices in 2021. The recognised deferred tax asset is related to Hydrocarbon chapter 2 taxable income.

The recognised deferred tax assets relates to tax losses and timely diffreences, which will be utilised to offset future ordinary income and future chapter 2 income in jointly taxed subsidiaries.

There is a non-recognized deferred tax assets of DKK 18,272 million (2020: DKK 18,864 million), which relates partly to unutilised losses DKK 8,705 million (2020: DKK 8,140 million) in hydrocarbon income and partly to timely differences DKK 9,567 million (2020: DKK 10,724 million). It is considered more likely than not, that these losses and timely differences can not be utilised in the future.

16 Cash at bank and in hand

	2021 DKK'000	2020 DKK'000
Available cash	513	705
Licenses and restricted cash	98,144	113,230
	98,657	**113,935**

17 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:

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Share capital at 1 January	500,000	500,000	500,000	500,000	1,380,000
Reduction for the year	-	-	-	-	-880,000
Share capital at 31 December	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**

Notes

	2021	2020
	DKK'000	DKK'000
18 Provisions		
Balance at 1 January	5,302,952	5,571,865
Provision made during the year	-	-
Provision used during the year	-193,127	-145,975
Provision made / (reversed)	-296,462	33,073
Change in estimated, interest and other factors	105,011	-156,011
Balance at 31 December	**4,918,374**	**5,302,952**
Provsions by category:		
Decommissioning obligations	3,827,379	3,828,599
Onerous contracts	1,087,564	1,216,420
Other provisions	3,431	257,933
	4,918,374	**5,302,952**
The expected due dates of other provsions are:		
Within one year	1,017,588	396,432
Between 1 and 5 years	1,773,848	2,738,365
Over 5 years	2,126,938	2,168,155
	4,918,374	**5,302,952**

Provisions comprises of decommissioning obligations relating to demolition and decommissioning of the Company's oil and gas fields, provision for onerous contracts and other provision. 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 contracts is recognised in the Income Statement as impairment of tangible assets.

19 Payables to group enterprises

	2021	2020
Between 1 and 5 years	-	-
Non-current portion	-	-
Other short-term debt to subsidiaries	1,090,909	645,369
	1,090,909	**645,369**

20 Subsequent events

On 1 April 2022, the operatorship of the oil and gas license 7/89 Syd Arne was transfer to INEOS E&P A/S from INEOS Energy (Syd Arne) ApS. The company continuce to hold a it's exsistingslicense share of 36,79%

There are no other material events post balance sheet date.

21 Contingent assets, liabilities and other financial obligations

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.

Notes

21 Contingent assets, liabilities and other financial obligations (continued)

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.

Capital commitments
INEOS E&P A/S has entered into agreements to invest in property, plant and equipment (primarily offshore Licences) for DKK 0 million (2019: DKK 0 million) at 31 December 2020.

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.

22 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 UK E&P 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 UK E&P Holdings Limited, United Kingdom.

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

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

23 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	INEOS E&P A/S	36.79%	x	
16/98 Cecilie Field	INEOS E&P A/S	56.41%	x	

Accounting policies

Basis of preparation
The annual report of INEOS E&P A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C as well as selected provisions of the International Financial Reporting Standards approved by EU.

The annual report for 2021 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 UK E&P Holdings 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 UK E&P Holdings 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 UK E&P Holdings 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 m 27
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.

Accounting policies

Revenue
The Company has chosen IFRS 15 as basis of recognition and measurement.

Revenue, which is stated net of value added tax, represents oil and gas products sold to third parties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations.

Revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer. For sales resulting from hydrocarbon production, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue resulting from hydrocarbon production from properties in which the Company has an interest with partners in joint arrangements is recognised on the basis of the Company's volumes lifted and sold. Lifting or offtake arrangements for oil and gas produced in certain of the Company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less inventory is an "underlift"' or "overlift". Underlift and overlift are valued at cost price and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales in the income statement.

Other income relating to gas production include technical service to third or related parties, and revenue arised from tariffs for third or related parties use of owned pipelines and infrastructure. Tariffs are recognised at the end of the month for pipeline movements during the month and are based on quantity transported through the pipeline.

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 participates 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.

Accounting policies

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).

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.

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.

Accounting policies

Balance sheet

Intangible assets (continued)
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 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

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.

Accounting policies

Investments in subsidiaries (continued)
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.
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 and net realisable value.

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.

Accounting policies

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 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.

Leases
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. If a contract is, or contains a lease, the Company applies IFRS 16 when accounting for such contracts. For all other contracts, it applies other IFRSs as appropriate.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company, as lessee, has availed the exemption from lessee accounting for its short-term leases and leases of low-value items. Accordingly for these leases, it recognises the lease payments as an expense, on either a straight line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the Company's benefit.

The Company recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the Company has the primary responsibility for making the lease payments.

For contracts in scope, the Company, as the lessee, recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Accounting policies

Leases (continued)
The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using
- the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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.

Accounting policies

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.

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

Receivables 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 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.

Derivative financial instruments (continued)
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.

Accounting policies

Financial Highlights
Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$
EBITDA margin	$\frac{\text{Earnings before interest, taxes, depreciation and amortisation x 100}}{\text{Revenue}}$