



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 515 300  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: EDISON NORGE AS  
Forretningsadresse: Hinna Park  
Troll Building  
Jåttåvågveien 18  
4020 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Pierluigi Nalin  
Dato for fastsettelse av årsregnskapet: 31.12.2017

### Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert  
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 09.03.2021



### Resultatregnskap

Beløp i: NOK	Note	2017	2016
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Lønnskostnad	6	30 292 488	30 487 346
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,11,1 2	161 110 271	318 225 870
Nedskrivning av varige driftsmidler og immaterielle eiendeler	15	248 415 953	92 883 020
Annen driftskostnad	8,10	32 434 334	69 396 651
Annen driftskostnad	20	-14 589 456	-6 868 925
<b>Sum kostnader</b>		<b>457 663 590</b>	<b>504 123 962</b>
<b>Driftsresultat</b>		<b>-457 663 590</b>	<b>-504 123 962</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		1 651 724	4 177 668
Annen finansinntekt		-13 232 006	-18 790 221
<b>Sum finansinntekter</b>		<b>-11 580 282</b>	<b>-14 612 553</b>
Rentekostnad til foretak i samme konsern	21	36 763 876	42 829 435
Annen rentekostnad	21	164 703	-9 075 298
<b>Sum finanskostnader</b>		<b>36 928 579</b>	<b>33 754 137</b>
<b>Netto finans</b>		<b>-48 508 861</b>	<b>-48 366 690</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-506 172 451</b>	<b>-552 490 652</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-506 172 451</b>	<b>-552 490 652</b>
<b>Årsresultat</b>		<b>-506 172 451</b>	<b>-552 490 652</b>



## Balanse

Beløp i: NOK	Note	2017	2016
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	12	4 426 165	5 433 436
Utsatt skattefordel	17	242 397 052	126 697 215
<b>Sum immaterielle eiendeler</b>		<b>246 823 217</b>	<b>132 130 651</b>
<b>Varige driftsmidler</b>			
Asset under construction	11	434 054 342	713 534 105
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11	2 014 508	3 233 936
<b>Sum varige driftsmidler</b>		<b>436 068 850</b>	<b>716 768 041</b>
<b>Sum anleggsmidler</b>		<b>682 892 067</b>	<b>848 898 692</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	14,17, 25	277 824 521	379 398 513
Konsernfordringer	15	361 958 302	44 000 000
<b>Sum fordringer</b>		<b>639 782 823</b>	<b>423 398 513</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	16,25	50 460 222	73 557 476
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>50 460 222</b>	<b>73 557 476</b>
<b>Sum omløpsmidler</b>		<b>690 243 045</b>	<b>496 955 989</b>
<b>SUM EIENDELER</b>		<b>1 373 135 112</b>	<b>1 345 854 681</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Innskutt egenkapital</b>			
Selskapskapital	22	2 000 000	2 000 000
Overkurs	22	891 885 000	891 885 000
<b>Sum innskutt egenkapital</b>		<b>893 885 000</b>	<b>893 885 000</b>
<b>Opptjent egenkapital</b>			
Fond		-365 449 745	-361 942 915
Udekket tap		596 611 158	359 820 460
<b>Sum opptjent egenkapital</b>		<b>-962 060 903</b>	<b>-721 763 375</b>
<b>Sum egenkapital</b>		<b>-68 175 903</b>	<b>172 121 625</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Liabilities to group companies - loan	9,25	873 750 000	
<b>Sum annen langsiktig gjeld</b>		<b>873 750 000</b>	
<b>Sum langsiktig gjeld</b>		<b>873 750 000</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	18,25	178 073 934	158 153 534
Kortsiktig konserngjeld	9,25	383 851 688	1 010 265 049
Annen kortsiktig gjeld	18,25	5 635 393	5 314 473
<b>Sum kortsiktig gjeld</b>		<b>567 561 015</b>	<b>1 173 733 056</b>
<b>Sum gjeld</b>		<b>1 441 311 015</b>	<b>1 173 733 056</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 373 135 112</b>	<b>1 345 854 681</b>



Edison Norge AS



## Annual report 2017

### Area of operations

Edison Norge AS is a Norwegian company fully controlled by Edison International S.p.A. which is part of Edison group and its parent company. Edison S.p.A is part of EDF Group.

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies and both as the role of operator and partner. The company's activities in 2017 have been: to prepare for offshore operations, to work out proposals to apply for prospective acreage and to expand into a competent and solid organisation.

By the end of the year 2017 the company had participation interest in eleven exploration and development licenses four as operatorship.

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall	16/02/2041
PL 435	10%	DEA Norge AS	03/10/2041
PL 796	20%	Statoil AS	06/02/2022
PL 848	30%	Statoil AS	05/02/2023
PL 808	20%	MOL Norge AS	05/02/2023
PL 697	20%	Eni Norge AS	08/02/2020
PL 880	40%	Capricorn Norge AS	10/02/2024
PL 727	40%	Edison	07/08/2021
PL 807	60%	Edison	05/02/2023
PL 841	40%	Edison	05/02/2023
PL 850	40%	Edison	05/02/2024

### APA and licensing rounds:

In 2017, the authorities (MPE) offered the company one new awards as a result of APA 2016 application round. The new license is PL880 located in North Sea and Edison is partner with 40% share.

No applications submitted in the APA 2017 round.

### Farm in/out:

Edison decided to farm-in to exploration license PL697 with participation interest of 20%. The agreement of the farm-in was signed in October 2016 and application for approval of the transaction was sent to the Ministry of Petroleum and Energy 3<sup>rd</sup> Nov. 2016. Approval from MPE of the assignment to Edison was received 28<sup>th</sup> March 2017, including the amendment with the change of effective date to 01.01.2017.



Edison Norge AS



*Annual report 2017*

In 2017, Edison signed an SPA with OMV for sale of a 5% share of PL 807, effective date 1.1. 2018. The new partner has to be approved by the license MC and then should be approved by the authorities. Approvals are still pending.

**Continuing operations**

The main operations in 2017 have been the followings:

In the production license PL697 where Edison Norge is partner with 20%, had drilling obligation to drill exploratory well. AFE of 354 MNOK 100%, estimated 37 days to 1830 m MD. The drilling of 7122/10-1 S well, Goliat Eye prospect, started 31<sup>st</sup> Aug. 2017 and ended 29<sup>th</sup> Sept. The well completed 7.6 days earlier than estimated (29.4 vs 37 days). The well, which was drilled about 10 kilometres southwest of the Goliat field, was dry.

During 2017 purchase of 3D seismics for PL 880, PL 796 and PL 850 have been completed. Purchase of PSDM and well data in PL 697 has been completed as well.

In the license PL418, in 2016 the operator on behalf of the partners, submitted an extension application to the MPE applying for one year extension of DG2/BOV until 16<sup>th</sup> February 2017 and one year extension of submission of a PDO until 16<sup>th</sup> February 2018. Partners has taken DG2 decision on 31<sup>st</sup> January 2017 based on Gjoa platform tie-back concept. The submission of the PDO is planned in May 2018 and to this aim a request of extension of the license term until 31<sup>st</sup> May 2018 has been submitted to the MPE.

The PDO of Zidane in PL 435 (renamed by the Ministry to Dvalin) submitted to the Ministry of Petroleum for approval on the 3<sup>rd</sup> of October 2016. The individual partners had to accede to the PDO within 3 months. In 2016 Edison Norge decreased it's participation interest in the Dvalin and therefore acceded the PDO on 2<sup>nd</sup> Jan. 2017, prior to the 3 months deadline on 3<sup>rd</sup> January. The project progress at 31.12.2017 was 22,8%, in line with plan and budget. First production is planned to start in late 2020.

Edison Norge and CapeOmega have signed an agreement on 13/11/2017 for the acquisition by CapeOmega of Edison Norge participating interest in Polarled equal to 2,396% and in Nyhamna equal to 1,105%. Effective date for the sale transaction was 1 January 2017. Completion of the agreement is subject to and conditional upon the fulfilment of the conditions structured in the agreement. The final approval from ministries received 21 December and consequently the notification sent to the buyer on 27 December 2017. Therefore, according to the terms of the agreement the completion date was 31 January 2018.



Edison Norge AS



*Annual report 2017*

**Working environment**

The work environment has been very good and the sick leave has been close to zero. There have been no accidents and injuries.

**Equal opportunities and equal status**

The company has an objective to be a work place with equality of opportunity and treatment of women and men. At end 2017 the company had 15 female employees and 16 male employees all in full position.

**Environmental pollution**

The company makes no environmental contamination.

**Statement of the annual accounts**

The annual statement for 2017 shows a loss of MNOK 240.3 after total depreciations of 161.1 MNOK (the depreciations of capitalised exploration costs were MNOK 149,6). The corresponding result for 2016 was a loss of 176,5 MNOK with total depreciations of 318.2 MNOK (the depreciation of capitalised exploration costs of MNOK 315.2).

It is the opinion of the management that the annual accounts and statement gives a satisfactory understanding of the company's position at the end of the year. Operating costs for 2017 were 457.7 MNOK, with a decrease of MNOK 46.4 from 504,1 MNOK in 2016.

Net financial items have been changed from a loss of NOK 48.4 million in 2016 to a loss of 48.5 million in 2017. The loss is mainly due to interest costs paid to group companies for the financing of Edison Norge AS.

There has been no changes to the share capital and share premium within the year 2017.

At the end of 2017 Edison Norge has a negative equity due to a loss arising from sale of Polarled. The board of directors of the company plans for approval of a proposal to shareholders for a new capital contribution to cover the accumulated deficit and recapitalise the company to positive and adequate level of equity according to the Norwegian Companies Act sections § 3-4 and § 3-5. In this regard and on such basis the board of directors confirms that the going concern assumption is appropriate.



Edison Norge AS



*Annual report 2017*

**Statement of future operations and development**

The company intends to continue the work to achieve attractive exploration licenses in licensing rounds, perform farm-ins and acquisitions to further optimize the licence portfolio.

In order to meet the requirements from the Norwegian authorities for Edison to hold licenses on the NCS, Edison International SpA has issued a parent company guarantee and therefore Edison SpA has always supported its activities in Norway both with capital injections and loans..

Phillippe Antoine  
Chairman of the board

Pierluigi Nalin  
Managing director/Board member

Roberto Maria Cozzi  
Board member

Rafael Salto Alemany  
Board member

Ole Johan Oestvedt  
Board member

Maurizio Coratella  
Board member



Edison Norge AS

# Edison Norge AS

## 2017 Financial statements and notes



Edison Norge AS

**INDEX**

Profit and loss account for the period ended December 31, 2017.....	1
Statement of affairs (Balance Sheet) at December 31, 2017 .....	2
Cash flow statement December 31, 2017 .....	3
Statement of changes in owner capital December 31, 2017 .....	4
Notes to the financial statements December 31, 2017.....	5-25



Edison Norge AS



Income statement

Amounts in NOK	Note	2017	2016
<b>Operating revenues and expenses</b>			
Payroll and related costs	6	-30,292,488	-30,487,346
Depreciation and amortisation	11,12	-11,533,746	-3,063,158
Amortisation exploration expenses	7,12	-149,576,525	-315,162,712
Other operating expenses	8, 10	-32,434,334	-69,396,651
Impairment of tangible assets	15	-248,415,953	-92,883,020
Other gains/losses	20	14,589,456	6,868,925
<b>Operating profit (loss)</b>		<b>-457,663,590</b>	<b>-504,123,962</b>
Interest income		1,651,724	4,177,668
Foreign exchange gain/loss		-13,232,006	-18,790,221
Other finance costs		-164,703	9,075,298
Interest cost to group companies		-36,763,876	-42,829,435
<b>Net financial items</b>	21	<b>-48,508,861</b>	<b>-48,366,690</b>
<b>Profit (loss) before tax</b>		<b>-506,172,451</b>	<b>-552,490,652</b>
Income tax	17	265,874,923	376,019,374
<b>Profit (loss) for the year</b>		<b>-240,297,528</b>	<b>-176,471,278</b>

Statement of comprehensive income

Amounts in NOK	Note	2017	2016
<b>Net income (loss)</b>		<b>-240,297,528</b>	<b>-176,471,278</b>
Actuarial gains ( losses) on employee benefit plan		-	-2,077,216
Income tax on income and expense recognized directly in OCI			
<b>Other comprehensive income (OCI)</b>		<b>-240,297,528</b>	<b>-178,548,494</b>
<b>Total comprehensive income (loss) for the year</b>		<b>-240,297,528</b>	<b>-178,548,494</b>
Attributable to:			
Equity holders of the company		-240,297,528	-178,548,494
<b>Total profit / loss</b>		<b>-240,297,528</b>	<b>-178,548,494</b>

Notes 1 to 25 are an integral part of these Financial Statements



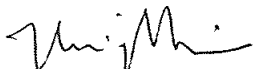
Edison Norge AS

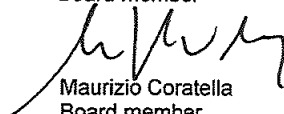


Statement of affairs (Balance sheet) at 31 December

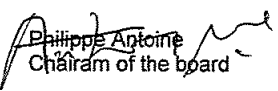
Amounts in NOK	Note	2017	2016
<b>Assets:</b>			
Intangible assets	12	4,426,165	5,433,436
Deferred tax assets	17	242,397,052	126,697,215
<b>Total intangible assets</b>		<b>246,823,217</b>	<b>132,130,651</b>
Office equipment	11	2,014,508	3,233,936
Assets under construction	11	434,054,342	713,534,105
<b>Total tangible assets</b>		<b>436,068,850</b>	<b>716,768,041</b>
<b>Total non-current assets</b>		<b>682,892,067</b>	<b>848,898,692</b>
Tax receivable from refund exploration cost	17	150,175,086	316,637,159
Other current assets	14,25	127,649,435	62,761,354
Asset held for sale	15	361,958,302	44,000,000
Cash and cash equivalents	16,25	50,460,222	73,557,476
<b>Total current assets</b>		<b>690,243,045</b>	<b>496,955,989</b>
<b>Total assets</b>		<b>1,373,135,112</b>	<b>1,345,854,681</b>
<b>Equity and liabilities:</b>			
<b>Equity:</b>			
Retained earnings		-356,313,630	-181,271,966
Profit/Loss for the year		-240,297,528	-178,548,494
Other reserves		-365,449,745	-361,942,915
Share capital	22	2,000,000	2,000,000
Share premium	22	891,885,000	891,885,000
<b>Total equity</b>		<b>-68,175,903</b>	<b>172,121,625</b>
<b>Liabilities</b>			
Liability to group companies - loan	9,25	873,750,000	-
<b>Total non-current liabilities</b>		<b>873,750,000</b>	<b>-</b>
Current liabilities to Group companies	9,25	383,851,688	1,010,265,049
Trade and other payables	18,25	178,073,934	158,153,534
Other current liabilities	18,25	5,635,393	5,314,473
<b>Total current liabilities</b>		<b>567,561,015</b>	<b>1,173,733,056</b>
<b>Total liabilities</b>		<b>1,441,311,015</b>	<b>1,173,733,056</b>
<b>Total equity and liabilities</b>		<b>1,373,135,112</b>	<b>1,345,854,681</b>


Notes 1 to 25 are an integral part of these Financial Statements

  
 Pierluigi Nalin  
 Managing director  
 Board member


  
 Maurizio Coratella  
 Board member

Stavanger, 01 February 2018

  
 Philippe Antoine  
 Chairman of the board

  
 Rafael Salto Alemany  
 Board member

  
 Roberto Maria Cozzi  
 Board member

  
 Ole Johan Oestvedt  
 Board member



Edison Norge AS



## Cash Flow Statement

Amounts in NOK	Note	2017	2016
Profit (loss) before tax		-506,172,451	-552,490,652
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation	11,12	163,863,560	320,988,826
Tax refund current year	17	316,637,159	559,740,315
Net interest loss (income)		48,508,863	48,366,691
Change in trade and other payables	18	19,920,400	-23,702,802
Change in other current assets	14	-64,888,080	101,093,147
Change in other current liabilities and etc.	18	320,919	915,667
Difference in paid and expensed pension		-	-5,113,816
Impairment of tangible assets	15	248,415,953	92,883,020
Difference in paid and expense pension		-	-2,077,216
<b>Net cash flow from operating activities</b>		<b>226,606,323</b>	<b>540,603,180</b>
Purchases of office equipment and software	11,12	-3,825,183	-3,004,761
Exploration investments		-149,576,525	-315,162,712
Investments in Oil & Gas properties	11	-295,129,645	-200,172,485
<b>Net cash flow from investing activities</b>		<b>-448,531,353</b>	<b>518,339,958</b>
Share capital		-	-
Share premium		-	-
Change in loans from Group companies	9, 25	247,336,639	-84,835,943
Net interest and financial income received		-11,744,986	-5,537,255
Interest paid on group loans		-36,763,877	-42,829,436
<b>Net cash flow from financing activities</b>		<b>198,827,776</b>	<b>-133,202,634</b>
<b>Net changes in cash and cash equivalents</b>		<b>-23,097,254</b>	<b>-110,939,412</b>
Cash and cash equivalents at 1 January		73,557,476	184,496,888
<b>Cash and cash equivalents 31 December</b>	16	<b>50,460,222</b>	<b>73,557,476</b>

Notes 1 to 25 are an integral part of these Financial Statements



Edison Norge AS



## Statement of Changes in Owners Capital

Amounts in NOK	Note	Total
<b>Total equity at 31.12.2014</b>		<b>452,885,000</b>
Changes to equity contribution		441,000,000
Net profit (loss) 2015		-181,271,966
Other reserves		-361,942,915
<b>Total equity at 31.12.2015</b>		<b>350,670,119</b>
Net profit (loss) 2016		-176,471,278
Other reserves		-2,077,216
<b>Total equity at 31.12.2016</b>		<b>172,121,625</b>
Net profit (loss) 2017		-240,297,528
Other reserves		
<b>Total equity at 31.12.2017</b>	22	<b>-68,175,903</b>

Notes 1 to 25 are an integral part of these Financial Statements



**Edison Norge AS**  
*Notes to the financial statements*

**Note 1 – General information**

These financial statements cover the period from 1 January 2017 through 31 December 2017. The financial statements were approved by the board at the date stated in the statement of financial position at December 31.

Edison Norge AS is a Norwegian company fully controlled by Edison International S.p.A. and is located in Stavanger. Edison S.p.A. which owns Edison International S.p.A. was founded in 1884. Edison is Europe's oldest energy company. Today, Edison is one of Italy's leading operators in the procurement, production and marketing of electric power, natural gas and crude oil. Edison S.p.A. is part of EDF Group.

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies and both as the role of operator and partner. By the end of the year the Company had participating interest in eleven exploration licenses. All the activity of Edison in Norway is included in Edison Norge AS. The office address is at Jåttåvågveien 18, N-4020 Stavanger.

**Note 2 – Summary of significant accounting principles**

The most significant accounting policies applied in the preparation of Edison Norge AS financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**2.1 Basis of presentation**

The financial statements of Edison Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) at 31 December, 2017. The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. In addition, special obligatory requirements by the Norwegian Accounting Act have been applied as mandatory as of 31 December, 2017.

The preparation of statements in conformity with IFRS requires the use of estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment, high complexity, or areas where assumptions and estimates are significant to the financial statements are described in note 4.

**2.1.1 Changes in accounting principles and information**

- a) New and amended standards and interpretations adopted by the Company:

The Company has adopted the new disclosure amendments to IAS 7 in 2017. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see note 25.

- b) New and amended standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing the financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:



Edison Norge AS  
Notes to the financial statements

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018.

The company has reviewed its financial assets and liabilities and does not expect the new guidance to affect the classification and measurement of the financial assets held by the company. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the company do not expects an increase in the loss allowance for trade creditors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company has assessed the new standard and have not identified any implementation effects from the new standard.

IFRS 16, 'Leases' specifies how an IFRS reporter recognises, measures, presents and discloses leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Standard includes application guidance on a number of topics such as optional scope exemptions; and identifying a lease. Illustrative examples are also included to help entities correctly apply the Standard. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.



**Edison Norge AS**  
*Notes to the financial statements*



The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of NOK 2.466.762 see note 10. The lease commitments relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. However, the company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the company's profit or loss and classification of cash flows going forward.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## **2.2 Interests in joint arrangements**

Edison Norge AS has joint arrangements in licences which are not incorporated entities. All of these are related to licences on the Norwegian continental shelf. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

## **2.3 Segment reporting**

The company's operations have from the start been within a single and the same segment defined as exploration and production of petroleum in Norway.

## **2.4 Foreign currency translation**

Transaction and Balance Sheet Items:  
Foreign currency transactions are translated into the functional currency using the foreign exchange rate at the date of the transaction. The Company's functional currency is NOK.  
Realised currency gains or losses and conversion of monetary items in foreign currency at the balance sheet rate are recorded in the income statement. If the currency position is regarded as cash flow hedging or hedging of net investments in foreign operations, gains and losses are recorded on the income statement as part of comprehensive income. Currency gains and losses related to loans, cash and cash equivalents are presented (net) as financial income or financial expenses. All other currency gains and losses are presented as other financial (losses) gains.

## **2.5 Fixed assets**

Property, Plant and Equipment are reported at historical cost less depreciation. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

- IT-equipment 3 years,
- Fixtures and equipment 3 years,
- Furniture 5 years,

The assets' residual values and economic lives are assessed, and adjusted if necessary at the end of the financial year.

When the recorded value of an asset is greater than the estimated recoverable amount, the value is written down to its recoverable amount.

Fixed assets under construction represent Construction in Progress. They remain in such an account until the assets are put in service, at which time the costs of the assets are transferred into respective property, plant and equipment accounts and will be depreciated accordingly.



**Edison Norge AS**  
*Notes to the financial statements*

**2.6 Assets held for sale**

In general terms, assets held for sale are not depreciated, are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of affairs. Specific disclosures are also required for discontinued operations and disposals of the assets.

The conditions that an asset should be classified as held-for-sale are as follows:

- The assets must be available for immediate sale in their present condition and its sale must be highly probable,
- The asset must be currently marketed actively at a price that is reasonable in relation to its current fair value
- The sale should be completed, or expected to be so, within a year from the date of the classification, and
- The actions required to complete the planned sale will have been made, and it is unlikely that the plan will be significantly changed or withdrawn.

**2.7 Intangible assets**

A license acquired during the year is included in the company financial statement from the date of which control is transferred to the company, which normally is at the time when the required governmental approval is obtained.

Intangible assets include only identifiable assets, controlled by the Company, which are able to generate future economic benefits. These assets are accounted at the purchase or production cost including ancillary expenses, with the same criteria described for tangible assets. Also development costs are capitalized provided the cost can be determined reliably and the asset capacity to produce future economic benefits can be proven.

Intangible assets having definite useful life are systematically amortized from the time when the asset is available for use over its estimated useful life. The costs incurred for exploration licenses and activities are recognized among intangible assets. If the exploration is abandoned the residual cost will be immediately charged to the Income Statement.

Capitalised exploration and development costs are not considered to be qualifying assets for capitalization of interest.

**Farm - in / Farm out**

A farm-in/farm-out contract involves a situation where the owner of a working interest (the farmor) transfers all or a portion of a licence to another party (the farmee) in return for the farmee performing a portion of work on the licence. For example, the farmee may agree to undertake the exploration in the licence, drill a well or wells, or conduct development. In return, the farmor agrees to transfer all or a portion of its interest in the licence to the farmee.

The company records normal farm-in contracts based on historical cost, as fair value is often difficult to measure.

**Exploration expenditures**

Exploration costs and costs for geological explorations, exploration surveys, geological and geophysical prospecting and exploration drilling are presented as intangible assets and are fully amortized in the year when they are incurred. This is in accordance with the principles applied by the Edison group before and after implementation of IFRS. Edison Norge AS applies the same interpretations as the group accounts.



**Edison Norge AS**  
*Notes to the financial statements*

**2.8 Impairment of non - financial assets**

Intangible assets with an indefinite useful life are not subject to amortization but are tested annually for impairment. Fixed assets and intangible assets that are subject to amortization are assessed for impairment when circumstances indicate that future earnings cannot substantiate the asset's carrying amount.

The difference between the carrying value and the recoverable amount is recorded in the income statement as an impairment charge. The recoverable amount is the highest of fair value less sales expenditure and value in use. When assessing impairment assets are grouped at the lowest level where there are separate independent cash flows (cash generating units). The possibilities for reversing earlier impairments on non-financial assets are assessed upon each reporting date.

**2.9 Financial assets**

**2.9.1 Classification**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose of the asset. Management classifies financial assets upon acquisition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed payments that are not traded in an active market. They are classified as current assets, except for those that fall due more than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables are comprised of 'accounts receivable and other receivables' and cash and 'cash equivalents' in the balance sheet.

**2.9.2 Recognition and measurement**

Regular purchases and sales of investments are recorded at the agreement date, which is the date on which the company commits to purchase or sell the asset. All financial assets are recorded on the balance sheet initially at fair value plus transaction costs. Investments are derecognized from the balance sheet when the rights to receive cash flows from the investment cease or when these rights have been transferred and the company has mainly transferred all risk and the entire profit potential of ownership.

Financial assets available for sale are measured at fair value after initial recognition. Loans and receivables are measured in subsequent periods at amortised cost using the effective interest method.

Currency differences related to monetary securities are recorded in the income statement, whilst currency differences on other securities are included in the change in value that is recorded in comprehensive income.

**2.10 Impairment of financial assets**

*Assets recorded at amortised cost.*

The company assesses at each balance sheet date if there are impairment indicators related to a financial asset or a group of financial assets. An impairment loss due to impairment of a financial asset or a company of financial assets is recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows in a way that can be reliably measured.



**Edison Norge AS**  
*Notes to the financial statements*

**2.11 Accounts receivable**

Accounts receivable arise from the sale of goods or services which are within the normal operating cycle. If settlement is expected in a year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If this is not the case, they are classified as non-current assets.

Accounts receivable are measured at fair value at initial recognition on the balance sheet. Upon subsequent measurement, accounts receivable are measured at amortised cost using the effective interest rate method, less provision for losses incurred.

**2.12 Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and bank deposits.

**2.13 Accounts payable**

Accounts payables are obligations to pay for goods or services provided by suppliers in the ordinary operating cycle. Accounts payable are classified as current if they are due within a year or less (or in the ordinary operating cycle if it is longer). If this is not the case, they are classified as non-current.

Accounts payable are measured at fair value on initial recognition on the balance sheet. Upon subsequent measurement, accounts payable are assessed at amortised cost using the effective interest rate method.

**2.14 Loans**

Inter-company loans are recorded at initial value.

Loans are classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

**2.15 Leases**

Leases in terms of which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases within property, plant and equipment and financial liabilities. All other leases are classified as operating leases and the costs are charged to income on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

Finance lease assets are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, and subsequently reduced by accumulated depreciation and impairment losses, if any. When an asset leased by a jointly controlled asset in which the company participates qualifies as a finance lease, the company reflects its proportionate share of the leased asset and related obligations in the balance sheet as property, plant and equipment and financial liabilities, respectively. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term using the depreciation methods described under property, plant and equipment.

**2.16 Payable and deferred taxes**

Income tax expenses are comprised of taxes payable and deferred tax. Taxes are expensed, except when it relates to items which are recorded as other comprehensive income or directly to equity where the related calculated tax is also recorded to comprehensive income or directly to equity.

Taxes payable for the period is calculated in accordance with enacted or substantially enacted tax laws and regulations at the balance sheet date. Management evaluates the assumptions they have used in the tax returns where applicable tax regulations are subject to interpretation. Based on the assessments by the management, provisions for anticipated tax payments are made where this is deemed necessary. When applying the liability method, deferred income tax is calculated on all temporary differences between the tax basis and the carrying values of assets and liabilities.



**Edison Norge AS**  
*Notes to the financial statements*

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit and loss. Deferred tax is determined using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date, and are assumed to be used when the deferred tax benefit is realised or when the deferred tax is settled.

Deferred income tax assets are recognized based on a prudent assessment made by the Board of Directors to recognize only 50% of the existing deferred tax assets and no changes has been made in the policy by the company.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off tax assets against tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income tax imposed by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the liabilities and assets with a payable net tax.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when the offshore operations cease.

Oil companies that operate on the Norwegian Continental Shelf are subject to the Norwegian oil taxation regime. Under this regime oil companies that are not in a taxable position can claim a 78% reimbursement of their exploration costs, limited to the taxable loss for the current income year. Deferred tax can only be netted within each tax regime.

**2.17 Provisions**

Provisions are recorded when the company has a legal or constructive liability as a result of past events; it is probable that a certain capital requirement are required to settle the liability; and the amount can be reliably measured. No provisions are made for future operating losses.

Where there are several similar liabilities, the likelihood that capital will be needed to settle all the liabilities simultaneously must be assessed by looking at all the liabilities as a whole. A provision is recorded even if the likelihood of settlement related to some of the liabilities in the same class may be small.

**2.18 Employee benefits**

*(a) Bonus*

Bonuses to the employees are based on decisions made by the board, and by internal evaluation of each employee's work contributions. Bonuses are expensed in the period in which they are earned.

*(b) Defined contribution pension scheme*

Edison Norge pays out the pension contribution on a monthly basis. The defined contribution pension scheme is a pay as you go solution. According to the defined contribution pension scheme all the payments to insurance company are booking directly to the pension cost.

*(C) Other benefits*

- Disability insurance with maximum pay-outs in line with public sector
- Long-term illness/disability
- Group life death insurance
- Medical disability insurance
- Treatment health insurance
- Travel insurance



**Edison Norge AS**  
*Notes to the financial statements*

**Note 3 – Financial risk management**

**3.1 Financial risk factors**

Risk management is performed by the management of the company. The management works actively to limit negative effects of fluctuations in financial markets. Risk management is an integral part of the corporate management activity. The company's functional currency is NOK.

*(a) Currency risk*

The Company is exposed to currency risk on payment flows in currencies other than the functional currency NOK. The Norwegian branch has expenses in different currencies. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the company's functional currency.

Sensitivity analysis calculates only the effect in the unrealized gain/loss recognized by revaluing the liability to the year-end exchange rate, and does not include realized effects during the year caused by differences in exchange rates on transaction dates and payment dates.

*(b) Price risk*

Since the company does not at the moment have production of oil or gas it is not directly exposed to fluctuations in oil prices. When assessing new exploration licences/developments the expected profitability is always considered, and thus the impact of the oil price on profitability is also considered. In the current phase of the company's lifecycle no hedging contracts for the sale of oil produced on the Norwegian Continental Shelf have been entered into.

*(c) Credit risk*

The risk that customers and business partners will not comply with their obligations as above is considered by the company to be very low.

*(d) Liquidity risk*

Management and the finance department monitor rolling forecasts of the company's liquidity requirements in order to assure that the company has sufficient cash supplied internally to meet the operational related liabilities. All capital requirements will be covered by intercompany loans.

At the reporting date the company had liquid assets to the value of NOK 50.5 million as a liquidity buffer to manage the liquidity risk. The due dates for the financial liabilities are set out in note 24.

**3.2 Capital risk management**

For Edison Norge AS, the exposure to the credit risk is related to the rebilling of exploration and development costs connected with joint-venture projects where the Company acts as operator vis-à-vis its partners. In order to control these risks, whose operating management is referred specifically to the Credit Management function, centrally located in the Financing Department of Edison S.p.A.

The company's administration assesses the liquidity situation monthly, and follows up the budgets in order to map out the necessary capital requirements for short and medium term. Edison Norge is financed by Edison S.p.A. both on long term financing and short term capital requirements.

**Note 4 – Use of estimates**

The preparation of the financial statements and the related notes required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events will seldom equal the related estimates.



## Edison Norge AS

### Notes to the financial statements

Estimates and assumptions are revised on a regular basis, and the impact of any such revision is immediately accounted. Changes in the accounting related estimates are recorded in the period that the changes occur. If the changes will also apply in future periods the effect is distributed over the current and future periods.

The use of estimates is particularly significant for the following items (ref note 11):

Provisions for risks and charges, bad debt provisions and other write-down provisions, employee benefits and income and deferred taxes; in these cases the best possible estimates were made based on the information currently available.

### Note 5 – Segment information

As at 31.12.2017 Edison Norge AS is organised as one business segment which is involved in oil and gas exploration, as well as development activities on licences. The segment reporting is therefore identical to the figures presented in the company income statement and balance sheet.

### Note 6 – Salary expenses, number of employees

Payroll and related costs consist of:

Amounts in NOK	2017	2016
Salaries	38,284,754	39,787,900
Social security costs	3,887,950	3,291,331
Pension costs, defined benefit	4,999,736	5,285,452
Other personnel expenses	7,360,087	9,305,210
Salary related costs billed to JVs partners or reclassified as exploration costs	-24,240,029	-27,185,547
<b>Total</b>	<b>30,292,488</b>	<b>30,487,346</b>
Average number of employees (local and expats)	32,9	31,8
Employees at year end (local and expats)	31	32

Edison Norge AS has at 31.12.2017 a contribution (DC) pension plan for all its Norwegian local employees in accordance with regulations in "Lov om obligatorisk tjenestepensjon" (OTP-loven) and "Lov om innskuddspensjon i arbeidsforhold" (innskuddspensjonsloven). Edison Norge at year end 2017 has 27 Norwegian local employees who are members of the pension scheme. The DC pension scheme has been in effect since 01.10.2016.

Payroll expenses include expenses related to the personnel who are formally employed by Edison S.p.A. and seconded to Edison Norge AS by expatriation contract.

In 2017 MNOK 3,4 paid to Edison Norge managing director for his salary and other benefits in Norway.

No directors' fee has been paid in the years 2017.

None of the management team has a loan in the company.



**Edison Norge AS**  
*Notes to the financial statements*

**Note 7 – Exploration expenses**

Amounts in NOK	2017	2016
Seismic, well data, field studies and other exploration costs	49,427,104	76,233,803
Own share of exploration cost from participation in licenses	86,817,185	221,772,429
Other salary and operated expenses reclassified as exploration expenses	13,332,236	17,156,480
<b>Total exploration expenses</b>	<b>149,576,525</b>	<b>315,162,712</b>

**Note 8 – Other operating expenses**

Amounts in NOK	2017	2016
Lease cost	4,558,636	4,510,823
Consulting services	20,659,654	62,600,938
Maintenance	7,993,691	7,338,019
Other administrative expenses	10,526,203	10,277,509
Other operating costs billed to JVs partners or reclassified as exploration costs	-11,303,850	-15,330,638
<b>Total operating expenses</b>	<b>32,434,334</b>	<b>69,396,651</b>

The decrease in consulting services is mainly due to decrease to APA and licensing round costs in 2017 and decrease in technical services performed in Italy based on time sheets of technical personnel.

Remuneration to the auditor for 2017 is included in other administration expenses and allocated as specified below:

2017 amounts in NOK	Audit fee	Other services	Legal services	Total 2017
Remuneration to auditor	536,676	76,000	-	612,676
<b>Total</b>	<b>536,676</b>	<b>76,000</b>	<b>-</b>	<b>612,676</b>

On April 7<sup>th</sup> 2011 Deloitte was appointed as auditor of Edison International S.p.A. and consequently Edison Norge AS signed an engagement letter with Deloitte in January 2015.

**Note 9 – Related party transactions**

Edison Norge AS is a Norwegian company fully controlled by Edison International S.p.A which is part of Edison group. Edison S.p.A. is part of EDF group.

Edison S.p.A is supporting Edison Norge AS with long term financing as needed. The actual outstanding loan and credit facility balance on 31 December 2017 were MNOK 873.75 and MNOK 383.85 respectively.

The actual repayment of the loans will depend on exploration developments and expansions for Edison Norge AS. Based on the current liabilities for the company, as operator and participant in 11 joint ventures, the company will be in need of long term financing.



## Edison Norge AS

### Notes to the financial statements

Transactions with parent company consist of:

- 1- Technical services performed in Italy based on time sheets of technical personnel. These technical services are performed based on Edison Norge AS request order to the parent company.
- 2- Payroll expenses for expatriates personnel. Expatriates have direct employment contract with Edison S.p.A. and are moved to Edison Norge AS based on seconded contracts by Edison International S.p.A

There is a loan of MNOK 873.75 which is classified as long-term liability in 2017 because of maturity extension to 22<sup>nd</sup> 2019. The loan was classified as a short term loan in 2016 because the maturity date was less than 12 months after the balance sheet date.

There is an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.20%.

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for MNOK 750.

Edison Norge AS commits to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.

The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

## Note 10 – Lease agreements

Edison Norge AS has operating lease agreement for rent of office. The agreement is for the period of 1.10.2013 - 30.09.2018 entitled to prolong the lease for 5 years at the same conditions.

A bank guarantee of MNOK 2.25 from HSBC Bank plc, Milan Branch, Italy has been issued dated 27/03/2014 to lessor (Troll Næring AS) according to lease agreement expiry date 30<sup>th</sup> Sept. 2018.

The bank guarantee has been amended and replaced the lessee from Edison Norway Branch to Edison Norge AS in favour of the owner starting from 01/01/2015 according to the business transfer between Edison Norway Branch and Edison Norge AS.

Annual lease expenses consist of ordinary lease payments as specified below (ref note 8),

Amounts in NOK	2017	2016
Office rent	3,197,040	3,139,405
Leasing cars	469,652	484,238
Other rentals	891,944	887,180
<b>Total lease expenses</b>	<b>4,558,636</b>	<b>4,510,823</b>

Future lease payments under non-cancellable for office leases:

Year 2018 (until end Sept.)	2,466,762
<b>Total</b>	<b>2,466,762</b>

In addition to the lease for office, Edison Norge AS has three leasing cars for managing director and expatriates on 3 years' operating leases.



Edison Norge AS  
Notes to the financial statements

**Note 11 – Tangible assets**

2017		Assets under construction	Furniture & office equipment	Total
<b>Amounts in NOK</b>	<b>Note</b>			
Cost at 1 January 2017		713,534,105	9,981,621	723,515,726
Additions	11-1	297,171,322	120,000	297,291,322
Deductions	15	-576,651,085	-	-576,651,085
<b>Cost at 31 December 2017</b>		<b>434,054,342</b>	<b>10,101,621</b>	<b>444,155,963</b>
Accumulated depreciation at 1 January 2017		-	-6,747,685	-6,747,685
Depreciation		-	-1,339,428	-1,339,428
<b>Accumulated depreciation at 31 December 2017</b>		<b>-</b>	<b>-8,087,113</b>	<b>-8,087,112</b>
<b>Balance at 31 December 2017</b>		<b>434,054,342</b>	<b>2,014,508</b>	<b>436,068,850</b>
2016		Assets under construction	Furniture & office equipment	Total
<b>Amounts in NOK</b>	<b>Note</b>			
Cost at 1 January 2016		650,244,640	9,150,072	659,394,712
Additions	11-1	200,172,485	831,549	201,004,034
Deductions (impairment)		-92,883,020	-	-92,883,020
Asset held for sale		-44,000,000	-	-44,000,000
<b>Cost at 31 December 2016</b>		<b>713,534,105</b>	<b>9,981,621</b>	<b>723,515,726</b>
Accumulated depreciation at 1 January 2016		-	-5,408,199	-5,408,199
Depreciation		-	-1,339,486	-1,339,486
<b>Accumulated depreciation at 31 December 2016</b>		<b>-</b>	<b>-6,747,685</b>	<b>-6,747,685</b>
<b>Balance at 31 December 2016</b>		<b>713,534,105</b>	<b>3,233,936</b>	<b>716,768,041</b>

Furniture and office equipment are depreciated on a straight-line basis of 5 & 3 years respectively.

Oil and Gas development assets are not depreciated and will be transferred to oil and gas producing assets and will be depreciated using UOP method, when the assets are in the state intended by Management.

The company assets under developments are Skarfjell project and Dvalin (Zidane) development in PL435.

11-1 Assets under development:

In PL435, in which Edison Norge had a 20% interest, an exploration well (Zidane 1) was drilled in august 2010 and successfully discovered hydrocarbons. In Q1 2012 a second exploratory well (Zidane 2) was drilled in a nearby structure, resulting with another interesting gas discovery. The comprehensive reserves evaluations of the Zidane 1 and 2 wells gas discoveries have been finalized and the BOV was submitted to Norwegian authorities in February 2013. The BOV base case gas production is estimated to MSM3 17,933, and the cumulative condensate production is estimated to MSM3 0.43 in addition to cumulative NGL of 429.

The PDO of Zidane has been submitted to the Ministry of Petroleum for approval on the 3<sup>rd</sup> of October 2016. The individual partners had to accede the PDO within three months.

In 2016, the company sold 10% of its share in Dvalin project. As a result of decreasing the participation interest in the Dvalin to 10%, the company acceded the PDO with 10% share on 2<sup>nd</sup> Jan. 2017, prior to the three months deadline on 3<sup>rd</sup> January 2017.



**Edison Norge AS**  
*Notes to the financial statements*

Total development costs estimated to 10 billion NOK, with planned production start in late 2020.

The recoverable amount of the Dvalin interest is well approximated with a discounted cash flow model and the NPV is higher than the NBV and therefore no impairment required for the year 2017.

Decommissioning activities for Dvalin mainly consist of removal of some subsea structures (template, manifold and XMTs) and plugging of wells. The installation of these structures is foreseen between mid-2018 and mid-2020.

In PL418 (Edison 15%) the exploratory well Skarfjell 1 was drilled in Q1 2012 and the well proved light oil in Jurassic reservoirs and was classified as an oil discovery. During 2013 the appraisal wells 35/9-8, 35/9-10A and 35/9-10S were drilled to delineate the oil discovery. A comprehensive reserves evaluation, based on static and dynamic modelling has been carried out to support the BOV decision. The plan for the Skarfjell development project was to pass DG2/BOV during September 2016. On 11th of November 2015, the operator, on behalf of the partners in PL418, submitted an extension application to the MPE applying for one year extension of DG2/BOV until 16<sup>th</sup> February 2017 and one year extension of submission of a PDO until 16<sup>th</sup> February 2018.

The Skarfjell took DG2 decision on 31<sup>st</sup> January 2017 based on Gjoa platform tie-back concept and the submission of the PDO is planned in May 2018 and to this aim a request of extension of the license term until 31<sup>st</sup> May 2018 has been submitted to the MPE. Economic recoverable volumes of the Skarfjell project are estimated at 78 MBOE.

All the activities are progressing according to the plan and budget.

**Note 12 – Intangible assets**

**2017**

	Exploration licences	Software	Total
<b>Amounts in NOK</b>			
Cost at 1 January 2017	2,527,722,313	25,054,988	2,552,777,301
Additions	149,576,525	3,705,182	153,281,707
<b>Cost at 31 December 2017</b>	<b>2,677,298,838</b>	<b>28,760,170</b>	<b>2,706,059,008</b>
Accumulated depreciation at 1 January 2017	-2,527,722,313	-19,621,552	-2,547,343,865
Depreciation	-	-4,712,453	-4,712,453
Amortisation of exploration costs	-149,576,525	-	-149,576,525
<b>Accumulated depreciation at 31 December 2017</b>	<b>-2,677,298,838</b>	<b>-24,334,005</b>	<b>-2,701,632,843</b>
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>4,426,165</b>	<b>4,426,165</b>

**2016**

	Exploration licences	Software	Total
<b>Amounts in NOK</b>			
Cost at 1 January 2016	2,212,559,601	22,881,775	2,235,441,376
Additions	315,162,712	2,173,213	317,335,925
<b>Cost at 31 December 2016</b>	<b>2,527,722,313</b>	<b>25,054,988</b>	<b>2,552,777,301</b>
Accumulated depreciation at 1 January 2016	-2,212,559,601	-15,134,923	-2,227,694,524
Depreciation	-	-4,486,628	-4,486,628
Amortisation of exploration costs	-315,162,712	-	-315,162,712
<b>Accumulated depreciation at 31 December 2016</b>	<b>-2,527,722,313</b>	<b>-19,621,552</b>	<b>-2,547,343,865</b>
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>5,433,436</b>	<b>5,433,436</b>

Total depreciation and amortization billed to JVs or reclassified to exploration costs is NOK 14,287,035 out of which cut back value is NOK 2,753,289.



Edison Norge AS  
Notes to the financial statements

### Note 13 - Information on jointly controlled activities

Edison Norge AS as of 31<sup>st</sup> Dec. 2017 has participating interests in 11 exploration and development licenses as follows:

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall	16/02/2041
PL 435	10%	DEA Norge AS	03/10/2041
PL 796	20%	Statoil AS	06/02/2022
PL 848	30%	Statoil AS	05/02/2023
PL 808	20%	MOL Norge AS	05/02/2023
PL 697	20%	Eni Norge AS	08/02/2020
PL 880	40%	Capricorn Norge AS	10/02/2024
PL 727	40%	Edison	07/08/2021
PL 807	60%	Edison	05/02/2023
PL 841	40%	Edison	05/02/2023
PL 850	40%	Edison	05/02/2024

### Note 14 – Other current assets

Short-term items

Amounts in NOK	2017	2016
Over/under call, Joint Venture	121,327,104	57,101,035
Vat receivable	1,188,562	4,524,059
Prepayments and other receivables	5,133,769	1,136,260
<b>Total short-term receivables</b>	<b>127,649,435</b>	<b>62,761,354</b>

Over/under call for joint ventures are charged on a monthly basis. The difference between actual costs and called amounts are transferred to the next month for settlement.

### Note 15 – Asset held for sale

In order to secure gas transportation for the Dvalin (Zidane) field the company decided to participate as investor in Polarled gas pipe project. The project consists of a 481 km 36" pipeline from Aasta Hansteen, with connections points to other discoveries including Dvalin landing on shore at the Nyhamna gas terminal, presently operated by the Ormen Lange JV. The new transport system was intended to establish a gas export solution for a number of gas developments in the Norwegian Sea, however only Aasta Hansteen and Dvalin are presently decided to be developed.

Polarled is a gas pipeline running in the Norwegian Sea from the Aasta Hansteen plant to the Nyhamna gas processing plant. Polarled ensures the connection of Dvalin (and other fields) to the Nyhamna terminal and thereby to the European gas market.

The Polarled pipeline has been laid and the construction at the Nyhamna terminal completed. The terminal are used by the Ormen Lange field first, then also for Polarled when gas is produced from the Aasta Hansteen Field and later from the Dvalin field.

Polarled is a ready pipeline after Dewatering/Gas filling operation. The required gas purchased and covered by an agreement signed with Statoil and booked as inventory for future sale.

Polarled is an infrastructure and the decommissioning/removal costs are under user's obligations and not owners. The shippers get an annual overview of their decommission liabilities by the operator of the pipeline and of the treatment terminal. Therefore, for a party that is an owner of the pipelines, the decommissioning liability will be offset by an equal receivable.



**Edison Norge AS**  
*Notes to the financial statements*

Edison Norge and CapeOmega have signed an agreement on 13/11/2017 for the acquisition by CapeOmega of Edison Norge participating interest in Polarled equal to 2,396% and in Nyhamna equal to 1,105%. Effective date for the sale transaction was 1 January 2017 and the Completion of the agreement is subject to and conditional upon the fulfilment of the conditions structured in the agreement. The final approval from ministries received 21 December and consequently the notification sent to the buyer on 27 December 2017. Therefore, according to the terms of the agreement the completion date is 31 January 2018.

An impairment loss is recognised as an expense of MNOK 248.4 in 2017 financial statements in order to align the financial statements figures to the disposal values based on the price of Polarled established in the signed SPA, which is in accordance with IAS 36 and group policy and the remaining balance of the asset classified as asset held for sale at the end of the year 2017.

**Note 16 – Bank deposits**

Edison Norge AS has bank deposit of NOK 50,460,222 at 31/12/2017.

There is a balance of NOK 12,795 which according to Norwegian rules and regulation should be used only for withholding payroll taxes which shall be paid to Norwegian authorities. Withdrawal from the account is restricted by the Norwegian authorities.

**Note 17 – Income taxes**

Specification of income tax credit:

Amounts in NOK	2017	2016
Calculated refund tax value of exploration costs this year	-150,175,086	-316,637,159
Change in deferred tax	-115,699,837	-59,382,215
<b>Total income tax credit</b>	<b>-265,874,923</b>	<b>-376,019,374</b>

Oil-exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to taxable losses of the year. The refund is paid out in December the following year.

Tax rates for 2017 are 24% for taxable income/ loss subject to the onshore and offshore ordinary tax regime and 54% for taxable income/ loss subject to the offshore special tax regime. As of 1st January 2018 the ordinary tax rate is 23%, and the special tax rate to 55%. Deferred taxes in the balance sheet are recognised to tax rates in force as of 1st January 2018.

Specification of tax effect of temporary differences, tax losses carried forward and deferred tax:

Amounts in NOK	2017	2016
Property, plant and equipment	102,267,631	260,818,644
-where of related to asset held for sale	28,749,528	31,118,379
Other provisions	-2,036,685	-1,785,665
<b>Net temporary differences</b>	<b>128,980,474</b>	<b>290,151,358</b>
Tax losses carried forward, onshore ordinary tax 24%	4,053,088	3,877,358
Tax losses carried forward, offshore ordinary tax 24%	810,477,340	680,131,342
Tax losses carried forward, offshore special tax 54%	539,819,178	430,137,551
Uplift carry forward 55% (54%)	183,920,597	154,215,044



**Edison Norge AS**  
*Notes to the financial statements*

**Deferred tax/deferred tax asset (-)**

Non-current assets	-79,768,752	-203,438,542
- Where of related to asset held for sale	-22,424,632	-24,272,336
Current and non-current liabilities	1,588,614	1,392,819
Tax losses carried forward, onshore ordinary tax 24%	932,210	930,566
Tax losses carried forward, offshore 54%	186,409,788	163,231,522
Tax losses carried forward, offshore 78%	296,900,548	232,274,278
Uplift carry forward 54%	101,156,328	83,276,124
<b>Deferred tax asset</b>	<b>484,794,104</b>	<b>253,394,430</b>
Deferred tax asset not recognised	-242,397,052	-126,697,215
<b>Deferred tax asset in the balance sheet</b>	<b>242,397,052</b>	<b>126,697,215</b>

Deferred tax is presented net when the group has a legal right to offset deferred tax benefits against deferred tax in the balance sheet and if the deferred tax and the deferred tax benefit are from the same tax authority in the same tax regime for the same taxable entity or various taxable entities, where the purpose is to establish the balances on a net basis. It is expected that deferred tax will reverse later than 12 months from the balance sheet date.

As of 1st January 2017, Edison Norge AS had MNOK 126,7 recognized as deferred tax assets. MNOK 115,7 deferred tax assets was recognized in 2017. Edison Norge recognized 50% of net deferred tax asset as of 31<sup>st</sup> December 2017 in accordance with the Financial Statement principle adopted in 2014 based on assessment of the recoverability in foreseeable future.

Basis for tax receivable refund:

Amounts in NOK	2017	2016
Profit/-loss before tax	-506,172,451	-552,490,652
Finance items (onshore)	48,542,568	48,509,466
Permanent differences	30,607,648	717,540
Change in temporary differences (excl finance items)	158,802,034	-55,255,529
Onshore expenses	175,730	341,890
Offshore expenses, not exploration	75,512,309	152,232,209
<b>Basis for tax refund 78%</b>	<b>-192,532,162</b>	<b>-405,945,076</b>
<b>Carrying amount tax receivable from refund tax</b>	<b>-150,175,086</b>	<b>-316,637,159</b>

Reconciliation of effective tax rate:

Amounts in NOK	2017	2016
Profit/-loss before tax	-506,175,451	-552,490,652
Expected income tax credit 78%	-394,814,512	-430,942,709
Adjusted for tax effects (27% - 78%) of the following items:		
Change in valuation allowance for deferred tax assets	80,889,148	36,382,539
Asset held for sale – not included in deferred tax asset	22,424,632	24,272,336
Permanent differences	23,871,845	559,681
Effect of prior year adjustments	4,245	-
Current year interest on uplift and loss carry forward	-2,099,974	-2,766,672
The effect of offshore tax regime allocation of financial items ("Petroleumsskatteloven")	20,083,688	30,536,514
The effect of onshore cost	94,894	181,202
Current year uplift	-17,236,796	-33,618,596
Change deferred tax pension, booked through OCI	-	-1,620,228
Effect changed tax rate	907,907	996,561
<b>Total income tax credit</b>	<b>-265,874,923</b>	<b>376,019,374</b>
Effective tax rate	52,53%	68,06%



Edison Norge AS  
Notes to the financial statements

**Note 18 – Accounts payable and other current liabilities**

*Trade and other payables*

Amounts in NOK	2017	2016
Trade creditors	8,461,537	9,588,910
Other payables	169,612,397	148,564,624
<b>Trade and other payables</b>	<b>178,073,934</b>	<b>158,153,534</b>

Over/under call for joint ventures are charged on a monthly basis. The difference between actual costs and called amounts are transferred to the next month for settlement.

*Other current liabilities*

Amounts in NOK	2017	2016
Withholding payroll tax		
Social security payable	436,051	388,409
Holiday payment	3,092,560	2,754,676
Other accruals	2,106,782	2,171,388
<b>Other current liabilities</b>	<b>5,635,393</b>	<b>5,314,473</b>

**Note 19 – Contingent liabilities and other commitments**

In 2018 the Company has no drilling obligation to drill exploratory wells and no seismic obligations, neither the following years.

The company has obligation for its share of interest to Skarfjell for the year 2018 up to 165 MNOK (Edison share 25MNOK). Skarfjell license has submitted to the MPE a request for license extension up to 31/5/2018 and plans to decide on the submission of the PDO to the MPE on 30/4/2018.

The company has obligation for its share of interest to Dvalin for the years 2018-2021. The expected capex and operating costs are the following: 2018 MNOK 2964 (Edison share MNOK 296), 2019 MNOK 2950 (Edison share MNOK 295), 2020 MNOK 2440 (Edison share MNOK 244) and 2021 MNOK 534 (Edison share MNOK 53).

The current lease of the company's business offices is a running lease agreement which will be terminated by 30 September 2018 and entitled to prolong the lease for another 5 years. The company provided the lessor (Troll Næring AS) with a HSBC bank guarantee MNOK 2.2 regarding the leasing of premises on 4<sup>th</sup> and 5<sup>th</sup> floors in Troll building expiry 30<sup>th</sup> September 2018.

The company has three leasing cars for managing director and expatriates at the end of 2017. The lease term for the cars is based on a three years leasing agreements.

Edison Norge AS has no more deposits and guarantee obligations as of 31 December 2017.



**Edison Norge AS**  
*Notes to the financial statements*

**Note 20 – Other gains/losses**

In 2017, the company had a tariff income from Nyhamna gas treatment plant of MNOK 10.80. The shippers pay the tariff starting from 1<sup>st</sup> October 2017. Edison Norge and CapeOmega have signed a binding agreement on 13/11/2017 for the acquisition by CapeOmega of Edison Norge participating interest in Polarled equal to 2,396% and in Nyhamna equal to 1,105% (ref. note 15).

There is also income of MNOK 3.8 resulting from 2016 asset adjustments.

**Note 21 – Financial income and expenses**

The company has recorded currency losses of MNOK 32.6 and gains of MNOK 19.4 in 2017. Currency losses and gains recorded in 2016 were MNOK 38.4 and MNOK 19.6 respectively. The difference between exchange gains and losses is mainly related to timing difference of postings of cash calls and billings related to other currencies. The currency gains and losses are included in financial items.

A total of MNOK 36.8 has been charged on the inter-company financing as interests in 2017. The correspondence figure recorded in 2016 was MNOK 42,8.

**Note 22 – Equity**

Edison Norge AS established in November 2014, with the share capital of NOK 60,000 divided into 60,000 shares, each with a face value of NOK 1. In December 2014, Edison Norge AS subscribed for 940,000 new shares each with a nominal value of NOK 1. At the end of 2014 Edison Norge AS had a share capital of NOK 1,000,000 divided into 1,000,000 shares with a face value of NOK 1.

In August 2015, the share capital increased from NOK 1,000,000 by NOK 1,000,000 to NOK 2,000,000 by increasing the nominal value of the shares in the company from NOK 1 with NOK 1 to NOK 2.

At the end of 2014 Edison Norge had a share premium of NOK 451,885,000 and in August 2015 there was a new share premium contribution of NOK 440,000,000 resulted NOK 891,885,000 at the end of the year 2015.

There was no change to the share capital and share premium in 2017.

At the end of 2017 Edison Norge has a negative equity due to a loss arising from sale of Polarled (see note 15). The board of directors of the company plans to cover the accumulated deficit and recapitalise the company to positive and adequate level of equity once they approve the 2017 financial statements.

Edison International S.p.A. is the sole shareholder of Edison Norge AS.

**Note 23 – Subsequent events**

There has been no events of such materiality so far which should be reported either as adjustments or as disclosures after the balance sheet date.



**Edison Norge AS**  
*Notes to the financial statements*

**Note 24 – Hydrocarbon resources (not audited)**

At the beginning of 2017 Edison Norge AS had participating interests in seventeen licenses, out of which, six licenses as operator. At beginning of the year, as result of the participation to the APA 2016 round, one more licenses awarded to Edison Norge AS. During the year 2016 some of the production licenses were relinquished and therefore at the end of 2017 Edison Norge AS had participating interests in eleven licenses, out of which, four licenses as operator.

Other than in PL435 and PL418, the other licenses are still in a pre-drilling evaluation phase, where the license operators, together with the license participants are performing subsurface technical and economical evaluations to assess whether hydrocarbon resources may exist as a precondition to determine whether to drill exploration wells. Prior to drilling of these exploration wells, it is not possible to prove the existence of hydrocarbon reserves.

In PL435, in which Edison Norge has a 10% interest, an exploration well (Zidane 1) was drilled in august 2010 and successfully discovered hydrocarbons. In Q1 2012 a second exploratory well (Zidane 2) was drilled in a nearby structure, resulting with another interesting gas discovery. The comprehensive reserves evaluations of the Zidane 1 and 2 wells gas discoveries have been finalized and the BOV was submitted to Norwegian authorities in February 2013. The BOV base case gas production is estimated to MSM3 17,933, and the cumulative condensate production is estimated to MSM3 0.43 in addition to cumulative NGL of 429.

In PL418 (Edison 15%) the exploratory well Skarfjell 1 was drilled in Q1 2012 and the well proved light oil in Jurassic reservoirs and was classified as an oil discovery. During 2013 the appraisal wells 35/9-8, 35/9-10A and 35/9-10S were drilled to delineate the oil discovery. A comprehensive reserves evaluation, based on static and dynamic modelling has been carried out to support the BOV decision. The plan for the Skarfjell development project was to pass DG2/BOV during September 2016. On 11<sup>th</sup> of November 2015, the operator, on behalf of the partners in PL418, submitted an extension application to the MPE applying for one year extension of DG2/BOV until 16<sup>th</sup> February 2017 and one year extension of submission of a PDO until 16<sup>th</sup> February 2018.

The Skarfjell took DG2 decision on 31<sup>st</sup> January 2017 based on Gjoa platform tie-back concept and the submission of the PDO is planned in May 2018 and to this aim a request of extension of the license term until 31<sup>st</sup> May 2018 has been submitted to the MPE. Economic recoverable volumes of the Skarfjell project are estimated at 78 MBOE.

**Note 25 – Financial instruments**

*Fair value and carrying amounts*

Below is a comparison made between the book value and market value of the group's financial instruments. The estimated values are determined by the group using appropriate market information and best estimate of the fair value. The carrying value of bank deposits, other receivables and short term debt is a best estimate of their fair value.

Value of financial assets and liabilities

	Carrying value		Fair value	
	2017	2016	2017	2016
<b>Financial assets</b>				
Other receivables	489,607,736	57,101,035	489,607,736	57,101,035
Tax receivable from refund	150,175,086	316,637,159	150,175,086	316,637,159
Bank deposits	50,460,222	73,557,476	50,460,222	73,557,476
<b>Financial liabilities</b>				
Current loans to group companies	-383,851,688	-1,010,265,049	-383,851,688	-1,010,265,049
Trade and other payables	-178,073,934	-158,153,534	-178,073,934	-158,153,534
Other current liabilities	-5,635,393	-5,314,473	-5,635,393	-5,314,473
<b>Net value</b>	<b>122,682,028</b>	<b>-726,437,386</b>	<b>122,682,028</b>	<b>-726,437,386</b>



**Edison Norge AS**  
*Notes to the financial statements*

**Liquidity risk**

The table shows a maturity analysis for the different financial items.

	Carrying amount	Cash flow	< 1 year	2-5 years
Current loans to group companies	-383,851,688	-383,851,688	-383,851,688	
Trade and other payables	-178,073,934	-178,073,934	-178,073,934	
Other current liabilities	-5,635,393	-5,635,393	-5,635,393	
Financial assets	639,782,823	639,782,823	639,782,823	
<b>Net liquidity risk</b>	<b>72,221,808</b>	<b>72,221,808</b>	<b>72,221,808</b>	

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for MNOK 750.

Edison Norge AS commits to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.

The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The loan will be refinanced or repaid several years ahead depending on the result from the exploration joint ventures. In accordance with the requirements in IAS 32/39 the loan has been classified as current liability.

**Exposure to currency risk**

Reference assessment of currency risk in note 3.1

**Interest risk**

There is a loan agreement of MNOK 873.75 with the interest rate of NIBOR 3M + 2.5%, which was approved by Edison board on 22nd December 2014 in order to meet the long term and structural financial needs of Edison Norge. The loan new repayment date agreed on 22nd December 2017 with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.20%. Maturity date of the loan agreement extended to 22nd December 2019.

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for MNOK 750.

Edison Norge AS commits to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.

The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Intercompany loans	Non-current liability	Current liability	Total
<b>Balance at 31/12/2016</b>	-	<b>1,010,265,249</b>	<b>1,010,265,249</b>
Increase/decrease between IC loans	873,750,000	-873,750,000	-
Other increase of the year	-	481,625,599	481,625,599
Decrease of the year	-	-234,288,960	234,288,960
<b>Balance at 31/12/2017</b>	<b>873,750,000</b>	<b>383,851,688</b>	<b>1,257,601,688</b>



**Edison Norge AS**  
*Notes to the financial statements*



Decrease of the year is mainly due to 2016 tax refund which was transferred to Edison SpA to reduce the current liability.

MNOK 36.8 interest has been charged on the inter-company financing.

***Classification of financial instruments***

The loans and receivables are classified as outgoing loans and receivables or financial liabilities classified measured at amortized cost.



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To the General Meeting of Edison Norge AS

INDEPENDENT AUDITOR'S REPORT

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Edison Norge AS which comprise the balance sheet as at 31 December 2017, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

*Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

*Other information*

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of The Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the

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Norwegian Accounting Act section 3-9, 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

##### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going



**Deloitte**

Page 3

concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 1 February 2018  
Deloitte AS

**Bjarte M. Jonassen**  
State Authorised Public Accountant



Skattedirektoratet

19 JAN 2016  
M C

Saksbehandler  
Torstein Kinden Helleland

Deres dato  
14.01.2016

Vår dato  
18.01.2016

Telefon  
22078139

Deres referanse  
Kjell Richard Manskow

Vår referanse  
2016/29961

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS  
Postboks 150  
4065 STAVANGER

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Edison Norge AS, org. nr. 914 515 300

Vi viser til deres brev av 14. januar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Edison Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Edison Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Edison Norge AS er eid av Edison International S.p.A. og inngår i det italiensk baserte Edison-konsernet. Virksomheten som drives av Edison Norge AS ble tidligere drevet av Edison International Norway Branch som var en filial av det italienske selskapet Edison International S.p.A. Filialen har i vedtak (2010/1172640) av 19. november 2011 fått dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk. Virksomheten som ble drevet av den norske filialen ble i sin helhet overført til Edison Norge AS med virkning fra 1. januar 2015. Virksomheten består av petroleumsutvinning på norsk sokkel. Kunder og leverandører vil hovedsakelig være norske og utenlandske oljeselskap, olje- og gasstradingsselskap og oljeserviceselskap som er underleverandører til oljeselskap. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentraltbord  
800 80 000  
Telefaks  
22 17 08 60



regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Runer Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*