



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 989 726 242
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: SPIRIT ENERGY
Forretningsadresse: Veritasveien 29
4007 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 30.11.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Dag Halvard Omre
Dato for fastsettelse av årsregnskapet: 13.05.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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, 05.09.2020



Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	10 685 625 984	7 522 249 573
Annen driftsinntekt		42 089 697	3 569 350
Sum inntekter		10 727 715 681	7 525 818 923
Kostnader			
Lønnskostnad	6	176 796 243	162 632 863
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,8	2 814 074 323	2 075 188 502
Production cost		2 551 949 401	1 780 629 578
Exploration expenses	4	350 561 980	378 235 161
Other operating expenses	9,5	208 241 376	187 625 722
Sum kostnader		6 101 623 323	4 584 311 826
Driftsresultat		4 626 092 358	2 941 507 097
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	24	0	55 813 601
Annen renteinntekt	24	6 964 765	6 661 294
Annen finansinntekt	24	186 084 303	351 685 194
Sum finansinntekter		193 049 068	414 160 089
Rentekostnad til foretak i samme konsern	24	215 766 879	283 879 015
Annen rentekostnad	24	5 242 406	37 642 589
Other financial cost	24	228 607 561	374 911 063
Capitalized interest	24		-97 283 388
Sum finanskostnader		449 616 846	599 149 279
Netto finans		-256 567 778	-184 989 190
Ordinært resultat før skattekostnad		4 369 524 580	2 756 517 907
Skattekostnad på ordinært resultat	12	3 612 147 142	2 508 793 642
Ordinært resultat etter skattekostnad		757 377 438	247 724 265
Årsresultat		757 377 438	247 724 265



Resultatregnskap

Beløp i: NOK	Note	2018	2017
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	16	757 377 438	247 724 265
Sum overføringer og disponeringer		757 377 438	247 724 265



Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Capitalized exploration cost	7	0	962 148 254
Other intangible assets	7		9 312 439
Sum immaterielle eiendeler		0	971 460 693
Varige driftsmidler			
Asset under development	8		1 733 142 164
Producing assets	8		14 705 324 765
Fixtures and fittings	8		13 476 586
Office equipment	8		5 126 443
Sum varige driftsmidler			16 457 069 958
Finansielle anleggsmidler			
Andre fordringer			146 722 372
Sum finansielle anleggsmidler			146 722 372
Sum anleggsmidler		0	17 575 253 023
Omløpsmidler			
Varer			
Spare parts and supplies	10		269 682 649
Sum varer			269 682 649
Fordringer			
Kundefordringer			287 091 749
Andre fordringer	14		1 053 898 880
Konsernfordringer	17	9 324 876 409	382 841 372
Sum fordringer		9 324 876 409	1 723 832 001
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende			356 241 136
Sum bankinnskudd, kontanter og lignende			356 241 136
Sum omløpsmidler		9 324 876 409	2 349 755 786



Balanse

Beløp i: NOK	Note	2018	2017
SUM EIENDELER		9 324 876 409	19 925 008 809
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Annen innskutt egenkapital	16	9 444 999 998	9 444 999 998
Sum innskutt egenkapital		9 444 999 998	9 444 999 998
Opptjent egenkapital			
Udekket tap	16	120 123 589	5 503 268 417
Sum opptjent egenkapital		-120 123 589	-5 503 268 417
Sum egenkapital		9 324 876 409	3 941 731 581
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12		832 729 716
Provision for decommissioning	18		6 085 542 264
Other provisions			72 839 250
Sum avsetninger for forpliktelser			6 991 111 230
Annen langsiktig gjeld			
Langsiktig konserngjeld	17		5 807 962 189
Sum annen langsiktig gjeld			5 807 962 189
Sum langsiktig gjeld		0	12 799 073 419
Kortsiktig gjeld			
Leverandørgjeld			120 419 288
Betalbar skatt	12		1 485 195 984
Skyldige offentlige avgifter			29 940 461
Kortsiktig konserngjeld	17		75 412 749
Annen kortsiktig gjeld	15		1 473 235 327
Sum kortsiktig gjeld			3 184 203 809
Sum gjeld		0	15 983 277 228



Balanse

Beløp i: NOK	Note	2018	2017
SUM EGENKAPITAL OG GJELD		9 324 876 409	19 925 008 809



Spirit Energy NUF

Annual Report for 2018

Operations and locations

The main purpose of Spirit Energy NUF is to explore and to produce oil and gas on the Norwegian Continental Shelf. Spirit Energy NUF is a branch of Spirit Norway Limited, a company incorporated in the United Kingdom. The formal ownership of licences in Norway is held by Spirit Energy Norge AS. All obligations and operations are deferred to Spirit Energy Norway Limited and to the branch through pass-through agreements.

The branch was established in 2006 and its head office address is in Stavanger.

In 2018, Spirit Energy had production from Statfjord fields, Kvitebjørn, Ivar Aasen, Valemon, Maria, Trym, Vega, Heimdal and Vale. The production of oil, NGL and gas in the first 11 months of 2018 amounted to net 21.2 million barrels of oil equivalents (mmbøe) compared to net 20.8 mmbøe in 2017. The average daily production in the first 11 months of 2018 was 64k barrels compared to 57k barrels in 2017. Higher production in the first 11 months in 2018 compared to 2017 can be explained by last year's several technical issues and lower gas performance from the Statfjord Area.

Comments related to the financial statements

From Spirit Energy NUF to Spirit Energy Norway AS

From 30th of November 2018, as part of the restructuring after the joint venture merger with Bayerngas Norge AS, all balance items from Spirit Energy NUF were transferred to Spirit Energy Norway AS. This was done in accordance with the principle of accounting continuity. The Income Statement therefore has activity only for the first 11 months of 2018.

Going concern

The Company transferred all its assets and activity from 30th November 2018, and therefore will most likely cease to exist in the near future.

Income statement

In general, the income statement only included one month of Bayerngas activity in 2017 compared to full 11 months in 2018.

The revenues for the first 11 months of 2018 were NOK 10.7 billion, up from NOK 7.5 billion in 2017. This is mainly due to 2017 figures only including one month of Bayerngas activity. In addition, the increase in revenue was mainly due to higher oil prices.

Operating cost in 2018 is higher than last year due to the Bayerngas activity difference.

Exploration expenses in the first 11 months of 2018 amounted to NOK 351 million and was mainly related to seismic and general exploration in addition to final transfer fee of seismic data following the merger with Bayerngas in 2017 (2017 NOK 378 million).

Depreciation for the first 11 months of 2018 amounted to NOK 2,440,113,595 (2017 NOK 2,058,342,095), which corresponds to a depreciation on the producing assets per barrel of NOK 114 (2017 NOK 99).

Write-off / Impairment of exploration wells for the first 11 months of 2018 was NOK 373,960,729 (2017 NOK 195,818,473).



Operating profit for the first 11 months of 2018 was NOK 4,626,092,358 (2017 NOK 2,941,507,097).

Profit before tax was NOK 4,369,524,580 (2017 profit NOK 2,756,517,907). Income tax expense in year was NOK 3,612,147,142 (2017 NOK 2,508,793,642) resulting in after tax net profit as of 30th November 2018 of NOK 757,377,438 (2017 profit NOK 247,724,265). Reference is made to note 12 for more information on income tax.

Balance

Total assets per 30th November 2018 amounts to NOK 9,324,876,409 compared with NOK 19,925,008,809 end of the year 2017. As part of the transfer of all the balance items to Spirit Energy Norway AS, the only asset item left is receivables – related parties.

Equity per 30th November 2018 amounts to NOK 9,324,876,409 or 100 percent of total assets (31st December 2017: NOK 3,941,731,581 or 19.8 percent of total assets).

Cash flow and liquidity

The Statement of Cash flows shows that the branch's operational activities generated a positive cash flow of NOK 6,763,741,462 in the first 11 months in 2018 (2017: NOK 2,523,920,306). The branch invested NOK 3,068,363,081 in the first 11 months in 2018 compared to NOK 2,522,349,032 the year before. Investment in 2017 was favorable impacted by net cash obtained through the acquisition of business from Bayerngas Norge AS of NOK 898,453,914. The remaining change in investment in the first 11 months of 2018 and 2017 relates to investment in tangible and intangible assets. The cash flow from financing activities amounted to outflow of NOK 3,531,042,798 (2017: outflow of NOK 728,467,781). The negative cash flow was connected to use of net cash flow from operating activities and investing activities for down payment of intercompany loan. The change in total cash flow in the first 11 months of 2018 was positive of NOK 164,335,583, compared to a positive of NOK 171,557,407 in 2017. The total cash balance was transferred to Spirit Energy Norway AS, but was considered satisfactory by the branch.

Cash flow from operational activities in 2018, together with parent company loans, was considered to be adequate to finance expected investments in 2019 in the new company Spirit Energy Norway AS.

It is the opinion of the board that the annual accounts for the first 11 months of 2018 is an accurate reflection of the branch's financial position with respect to assets, liabilities, financial position and results.

Up until the transfer of all assets to Spirit Energy Norway AS at 30th November 2018, the company had ownership in 65 licences on the Norwegian Continental Shelf through a pass-through agreement with Spirit Energy Norge AS. During 2018 Spirit Energy was awarded 11 new licences in the APA2017 licencing round, three of them as operator.

The branch had licences in the exploration phase, under development and in production. Since 2012, Spirit Energy had been the operator of one field in production, Vale. The branch had not recorded any research and development costs in addition to the costs charged from operators through license contributions.

Environmental

Our health, safety and environmental principles are a core part of our business. All necessary resources are allocated to preventing incidents that may lead to personal injuries, loss of life, spills, other damage to the environment or financial loss. We are co-operating closely with license partners, other operators, suppliers and the authorities to learn and contribute towards obtaining the best possible results with respect to health, safety and the environment.



The safety for own employees and those of our business partners has our highest priority. We are working actively to develop a strong HSE culture amongst our employees and offer training to ensure a high level of competency. In the first 11 months of 2018, the branch had no incidents that lead to serious personnel injuries.

Exploring for and producing oil and gas may have an environmental impact. We are therefore actively working to understand and to minimize the environmental impact of our activities as far as possible. Our operations in the first 11 months of 2018 did not lead to any material pollution of the environment. Information about activities on our non-operated licenses and fields is reported by the operator.

The health and working environment of our employees are of major importance to the branch. A number of activities are therefore initiated in order to further improve health and work environment, including promoting physical activity. Regular surveys are performed to monitor the quality of our work environment.

The branch has a diverse work force in terms of age, background and experience. Absence from work due to illness was very low (2.1 percent) in 2018. The work environment is perceived as good.

At 30th of November 2018, 58 women (40 percent) and 88 men were employed by the branch. The board is not aware of any activities in the branch which may be in violation of the laws regulating equal rights between the genders. After the transfer of business to Spirit Energy Norway AS, the branch has no longer any employees.

Country to country reporting

Spirit Energy has country to country reporting in accordance with the Norwegian Companies Act §3-5. The annual report will be made public in the Brønnøysund Register Centre (www.brreg.no).

Market developments and outlook

The branch transferred all its assets and activity from 30th November 2018, and therefore has no outlook for 2019.

Financial risk

The Company transferred all its assets and activity from 30th November 2018, and therefore has no financial risk for 2019.

Stavanger, 13 May 2019

Dag Halvard Omre
Country President Norway



Spirit Energy NUF

FINANCIAL STATEMENTS 30.11.2018



Spirit Energy NUF

Income Statement

(Amounts in NOK)

	Note	30.11.2018 11 months	2017 12 months
Revenues	3	10 685 625 984	7 522 249 573
Other income		42 089 698	3 569 350
Total revenues and other income		10 727 715 681	7 525 818 923
Production costs		2 551 949 401	1 780 629 578
Payroll expenses	6	176 796 243	162 632 863
Depreciation, amortisation and impairment	7, 8	2 814 074 323	2 075 188 502
Other operating expenses	9, 5	208 241 375	187 625 722
Exploration expenses	4	350 561 980	378 235 161
Total operating costs		6 101 623 323	4 584 311 825
Operating profit / (loss)		4 626 092 358	2 941 507 097
Interest income		6 964 765	62 474 894
Interest expenses		(221 009 285)	(224 238 217)
Other financial income		186 084 303	351 685 194
Other financial cost		(228 607 561)	(374 911 063)
Net financial income and cost	24	(256 567 778)	(184 989 191)
Profit/(loss) before tax		4 369 524 580	2 756 517 907
Income tax	12	(3 612 147 142)	(2 508 793 642)
Net profit / (loss) for the year		757 377 438	247 724 265
Net profit or loss for the year is allocated as follows:			
Allocated to equity	16	757 377 438	247 724 265
Total allocated		757 377 438	247 724 265



Spirit Energy NUF

Balance sheet at 30 November/ 31 December

(Amounts in NOK)

Assets	Note	30.11.2018	31.12.2017
Deferred tax assets	12	0	0
Capitalised exploration cost	7	0	962 148 253
Other intangible assets	7	0	9 312 439
Total intangible assets		0	971 460 693
Property, plant and equipment	8	0	16 457 069 958
Total tangible assets		0	16 457 069 958
Other long term receivables	13	0	146 722 372
Total financial assets		0	146 722 372
Spare parts and supplies	10	0	269 682 649
Trade receivables		0	287 091 749
Receivables - related parties	17	9 324 876 409	382 841 373
Other receivables	14	0	1 053 898 880
Cash and cash equivalents	11	0	356 241 136
Total current assets		9 324 876 409	2 349 755 786
Total assets		9 324 876 409	19 925 008 809



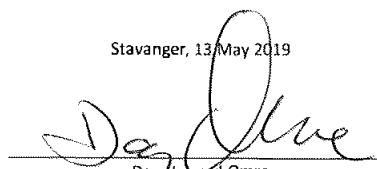
Spirit Energy NUF

Balance sheet at 30 November/ 31 December

(Amounts in NOK)

Equity and liabilities	Note	30.11.2018	31.12.2017
Contributed equity		9 444 999 998	9 444 999 998
Total contributed equity		9 444 999 998	9 444 999 998
Accumulated deficits			
Loss carried forward		(120 123 589)	(5 503 268 417)
Other equity		(0)	(0)
Total retained earnings		(120 123 589)	(5 503 268 417)
Total Equity / Head office current account	16	9 324 876 409	3 941 731 581
Deferred tax liabilities	12	0	832 729 716
Provision for decommissioning	18	0	6 085 542 264
Other provisions		0	72 839 250
Total provisions		0	6 991 111 230
Long term debt - related parties	17	0	5 807 962 189
Total long term liabilities		0	5 807 962 189
Trade payables		0	120 419 288
Payables - related parties	17	0	75 412 749
Current tax payables	12	0	1 485 195 984
Public duties payable		0	29 940 461
Other short term liabilities	15	0	1 473 235 326
Total current liabilities		0	3 184 203 809
Total liabilities		0	15 983 277 228
Total equity and liabilities		9 324 876 409	19 925 008 809

Stavanger, 13/May 2019



Dag Halvard Omre
Country President Norway



Spirit Energy NUF

Statement of Cash flows

(Amounts in NOK)

	30.11.2018	2017
	11 months	12 months
Profit/(loss) before tax	4 369 524 580	2 756 517 907
Tax paid	12 (1 051 750 734)	(1 656 348 878)
Depreciation and amortisation	7,8 2 440 113 595	2 058 342 095
Impairment/(reversal of impairment)	7,8 373 960 729	16 846 406
Decommissioning interest	18 67 131 312	61 815 558
Decommissioning cost in balance	18 (14 027 310)	(14 004 874)
Change in working capital	578 789 290	(699 247 910)
Cash flow provided by operating activities	6 763 741 462	2 523 920 306
Capital expenditures	7,8 (3 068 363 081)	(2 522 349 032)
Cash flow from migration with Bayerngas Norge AS	0	898 453 914
Cash flow used in investing activities	(3 068 363 081)	(1 623 895 118)
Change in loan to related parties	17 0	709 714 825
Change in short term loan from related parties	17 0	(389 824 054)
Change in long term loan from related parties	17 (3 531 042 798)	(3 748 358 551)
Conversion of debt to equity	16 0	2 700 000 000
Cash flow used in financing activities	(3 531 042 798)	(728 467 781)
Net increase/(decrease) in cash and cash equivalents	164 335 583	171 557 407
Cash and cash equivalents beginning of the period	356 241 136	184 683 728
Transfer cash to Spirit Energy Norway AS	-520 576 719	0
Cash and cash equivalents end of the period	(0)	356 241 136



Spirit Energy NUF

Note 1 Accounting principles

The financial statements have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles in Norway.

Classification and valuation of balance sheet items

Assets for long term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. Same principles have been applied for classification of short and long term liabilities.

Fixed assets are held at cost less accumulated depreciation and any provisions for impairment.

Current assets are valued at the lower of cost and market value. Short and long term liabilities are included in the balance sheet at nominal amount when established.

Exploration, evaluation, development and production assets

The Company uses the successful efforts method for accounting for exploration and evaluation expenditure. Exploration and evaluation expenditures associated with an exploration well resulting in a discovery of hydrocarbons, including acquisition costs related to exploration and evaluation activities, are capitalised initially as intangible assets. Certain expenditures such as geological and geophysical exploration costs are expensed. If the prospects are subsequently determined to be successful on completion of evaluation, the relevant expenditures including licence acquisition costs are transferred to PP&E and is subsequently depreciated on a unit of production basis. If the prospects are subsequently determined to be unsuccessful on completion of evaluation, the associated costs are expensed in the period in which that determination is made.

All field development costs are capitalised as PP&E. Such costs relate to acquisition and installation of production facilities and include development drilling costs, project-related engineering and other technical service costs. PP&E, including rights and concessions related to production activities, are depreciated from the commencement of production in the fields concerned, using the unit of production method, based on all of the 2P reserves of those fields. Changes in these estimates are dealt with prospectively. Heimdal area is an exception to this rule and is depreciated on a straight-line based on estimated remaining life of the field.

The net carrying value of the fields in production and development is compared on a field-by-field basis with the likely discounted future net revenues to be derived from the remaining commercial reserves. An impairment loss is recognized where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues. Exploration assets are reviewed annually for indicators of impairment and production and development assets are tested annually for impairment. The impairment will be reversed if the conditions requiring the impairment is no longer applicable.

Participation in Joint Ventures (JV)

The Company's share in Joint Ventures licences on the Norwegian continental shelf are recognized in the income statement and balance sheet similar to using the gross method (proportionate consolidation) in accordance with underlying rights and obligations.

Research & Development

Costs are expensed when incurred.

Decommissioning

Under the terms of the concessions of the licences in which the company participate the Norwegian State has at end of field life, or when the licence expire, the right to take over the permanent installations. If the State does not exercise this right, the Ministry may require the owners to partially and fully remove the installations. The Ministry of Petroleum and Energy decides whether the installations shall be removed.

The Company recognises the discounted cost of decommissioning when the obligation to rectify environmental damage arise. The first time the liability is recognised in the Balance Sheet the provision equals the net present value of the future estimated assets retirement obligation. A corresponding asset is recorded as part of the cost of property, plant and equipment and is subsequently depreciated as part of the capital cost based on the unit of production method. The unwinding of the discount on the decommissioning provision is recognised as finance cost.

Any change in the estimate is reflected as an adjustment in the decommissioning liability and the corresponding asset.

The key areas of estimation for decommissioning is the cost estimate, the estimate is subject to high degree of judgment. The cost is based on today's regulatory framework and technology, adjusted for relevant risk and uncertainty. Removal and abandonment activities will take place in the future and may be subject to several changes in regulatory framework, technology and cost level. The expected economic life of field, inflation and nominal discount rate will in addition have an impact on the estimate.

Recharges to Operated licences

Salary and operating costs are allocated to the company's various activities. As appropriate, costs are recharged to the company's partners in those licences where Spirit is the operator. Costs which are recharged to the operated licences are presented as a reduction in salary costs and operating costs.

Receivables

Accounts receivables and other receivables are included in the balance sheet at nominal value with reduction for expected losses. Provision for the expected losses are based on an individual assessment of each receivable.



Foreign currency

Functional currency and presentation currency is Norwegian Kroner (NOK)

Foreign currency transactions are recorded applying the exchange rate at the date of the transaction. Cash equivalents denominated in foreign currencies are measured at the foreign currency rate at the balance sheet date. Foreign exchange gains and losses are recognised in the Income Statement.

Spare parts and supplies

Stock of spare parts and supplies is valued at the lower of cost using the FIFO principle and net realisable value. Obsolete spare parts and supplies are written off.

Revenue and cost recognition

Revenue is recognized in the profit and loss account when realised. Revenue is realised when ownership is transferred to the customer at the time of delivery. The company sells crude, condensate, gas and NGL.

Costs are matched with and expensed in the same period as related income. Costs which cannot be matched directly to income are expensed in the period they are incurred.

Over-/underlift

Underlift of hydrocarbons are valued at marked price (estimated sales value deducted for cost of sales). Overlift of hydrocarbons are valued at last invoiced price. Changes in overlift balances are accounted for as a decrease or increase in cost of sales. Changes in underlift balances are accounted for as a decrease or increase in revenue.

Overlift is classified as other short term liabilities and underlift is classified as other receivables.

Taxes

The Company's income taxes are based on calculations and assumptions that are subject to examination by tax authorities. The company accrues for uncertain tax positions when it is more likely than not that the Company's position will not be sustained or based on the latest resolution made by the tax authorities even if appealed by the company.

Pensions

The company has a defined contribution pension plan and a defined benefit pension plan, both arrangements meets the requirement of mandatory pension arrangement "OTP".

Defined contribution pension plan

Contributions are charged to the Income Statement as incurred.

Defined benefit pension plan

A defined benefit plan is a pension plan that defines the expected level of future pensions for the employees. The pension liability is the present value of the defined benefits on the balance sheet date minus the fair value of any plan assets, adjusted for unrecognised gains or losses. The pension liability is calculated annually by an independent actuary using a linear method. The assumptions used in the calculation, especially related to the future salary growth and discount rate, could possibly have a significant impact on the accounts.

Purchase and sale of licence shares

For purchases or sales of licence shares (Farm-in / Farm-out agreements) during the exploration phase, where all or part of the consideration is tied to carry agreements, the cost is booked as incurred according to the appropriate accounting principles. Any consideration paid as part of the transfer is recorded as a reduction of the carrying value. Any consideration in excess of the carrying value is recorded to the income statement. Payment received from the buyer during the settlement period are recorded as a reduction to cost.

Ordinary purchase and sale of licence shares are considered fulfilled when official approval is received and agreement is closed.

Operation leases

Operational leases are expensed as incurred.

Statement of cash flows

The statement of cash flow is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term liquid investments with maturities of three months or less.

Spirit Energy NUF – ownership

Spirit Energy NUF is owned by Spirit Norway Ltd which is owned by Centrica Plc. Centrica Plc is registered in England and Wales. Office address: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD, England.

Spirit Energy NUF accounts are included in the Centrica Plc group accounts. Centrica Group Accounts can be requested by contacting Centrica PLC, or on Centrica PLC's website: www.centrica.com.



Note 2 Significant transactions

On the 17th of July 2017 it was announced a new joint venture merger of the E&P businesses to BayernGas and Centrica into the new joint venture Spirit Energy. The consolidation of the Norwegian businesses BayernGas Norge AS and Centrica Energy NUF was completed 11th of December, 2017. All balance items in BayernGas Norge AS at the transaction day was transferred to Spirit Energy NUF (prior Centrica Energy NUF) in accordance with the principle of accounting continuity.

From 30th of November 2018, as part of the restructuring after the joint venture merger, all balance items from Spirit Energy NUF was transferred to Spirit Energy Norway AS. This was also done in accordance with the principle of accounting continuity. The Income Statement therefore has activity only for 11 months in 2018.

Note 3 Revenues

Revenue relates to sales of oil, NGL and gas production on Statfjord, Vale, Heimdal, Kvitebjørn, Maria, Trym, Vega, Ivar Aasen and Valemon, in addition to processing and transport services provided by the Heimdal installation.

	30.11.2018	2017
Sale of crude oil	4 679 063 740	2 534 075 032
Sale of natural gas liquids (NGL)	696 333 732	640 460 395
Sale of gas	5 013 411 545	4 053 800 781
Transport and processing services	296 816 967	293 913 365
Total	10 685 625 984	7 522 249 573

Revenue split by geographic area (by place of delivery):

	30.11.2018			
	Crude	NGL	Gas	Total
UK	162 240 013	139 984 746	4 699 906 792	5 002 131 550
Norway	3 174 617 985	173 371 246	0	3 347 989 231
Switzerland	1 254 098 219	379 738 535	0	1 633 836 754
France	0	0	155 320 665	155 320 665
Germany	0	0	158 184 089	158 184 089
Denmark	105 748 935	0	0	105 748 935
Total	4 696 705 151	693 094 527	5 013 411 546	10 403 211 223
Change in over-/underlift	(17 641 411)	3 239 205	0	(14 402 206)
Other income (transport & processing)				296 816 967
Total incl. change in over-/underlift and transport/processing	4 714 346 561	689 855 322	5 013 411 546	10 685 625 984

Note 4 Exploration expenses

	30.11.2018	2017
Geology and geophysics	35 670 977	54 133 210
Seismic	267 803 962	299 350 411
Special studies	1 701 433	229 142
Other exploration expenses	45 385 610	24 522 397
Total	350 561 980	378 235 161

Note 5 Auditors' remuneration

Auditors' remuneration

	30.11.2018	2017
Statutory audit	170 787	0
Tax compliance and advice	0	0
Other compliance services "not statutory audit related"	0	503 970
Total	170 787	503 970

The above amounts have been invoiced by the audit firm to the branch in 2017 and 2018. In addition audit fees for the group and statutory accounts are invoiced to the parent company in UK.

VAT is not included in audit fee.



Note 6 Payroll expenses

	30.11.2018	2017
Salaries ¹⁾	233 336 709	174 451 236
Social security costs	36 902 711	29 624 511
Pension costs	39 993 212	27 910 973
Other compensations	(2 331 249)	318 833
Charges to JV partners	(131 105 140)	(69 672 690)
Total	176 796 243	162 632 863

¹⁾ Salaries include bonus, severance packages and expatriate cost in addition to base pay.

	30.11.2018	31.12.2017
Number of employees	146	171
Remuneration to Asset Director Norway		
Salary, bonus and pension	6 637 246	
Other compensations	135 150	
Total	6 772 395	

Remuneration to Asset Director Norway is as of 30.11.2018.

The Asset Director Norway takes part in Centrica Plc's Long Term Incentive Scheme (LTIS) and On Track Incentive Plan (OTIP). Any awarded shares are released free of charge after a 3 year period, provided that a number of pre-defined conditions are met and that Asset. Incentive arrangements for Spirit will be implemented in 2018.

No other benefits, including 'golden parachutes', loans or security has been given to the Asset Director's or members of the board

The company is subject to the requirements of the Mandatory Company Pensions Act, and the company's pension scheme comply with these requirements.

Note 7 Intangible assets

	Capitalised exploration	Other	TOTAL
Cost as of 01.01	1 023 084 337	34 565 093	1 057 649 430
Additions ¹⁾	857 073 088	0	857 073 088
Disposal	0	0	0
Transfer from capitalised exploration to Asset under development	(342 276 382)	0	(342 276 382)
Transfer to Spirit Energy Norway AS	(1 537 881 043)	(34 565 093)	(1 572 446 136)
Cost as of 30.11	0	0	0
Addition from merger with Bayerngas (accumulated write-off)	250 000 000	0	250 000 000
Accumulated depreciation	0	28 904 561	28 904 561
Net accumulated write-off / (net accumulated write-back)	184 890 563	170 827	185 061 390
Transfer to Spirit Energy Norway AS	(434 890 563)	(29 075 388)	(463 965 951)
Book value 30.11	0	0	0
Annual depreciation	0	3 822 734	3 822 734
Annual write-off ²⁾	373 960 729	0	373 960 729

¹⁾ The capitalised exploration costs are mainly related to PL433 Fogelberg, PL193A/B Kvitbjørn Exploration, PL644 Hades-Iris, PL193N Valemon Exploration and PL167 Lille Prinsen.

²⁾ The net annual write-off is mainly related to PL825 Rungne, PL832 Coeus, PL852 Scarecrow and PL682 Tethys.



Note 8 Property, plant and equipment

	Assets under development	Producing assets	Fixtures and fittings	Office Equipment	TOTAL
Cost as of 01.01	1 733 142 164	30 654 000 772	27 940 401	63 335 762	32 478 419 098
Additions	1 566 285 690	641 391 056	404 421	3 208 826	2 211 289 993
Change in estimate for decommissioning assets	0	218 524 390	0	0	218 524 390
Transfer between asset classes	342 512 489	(236 108)	0	0	342 276 382
Scraping / disposal	0	0	323 305	(1 671 010)	(1 347 705)
Transfer to Spirit Energy Norway AS	(3 641 940 343)	(31 513 680 110)	(28 668 127)	(64 873 578)	(35 249 162 158)
Cost as of 30.11	0	0	0	0	0
Accumulated depreciation 01.01	0	14 086 357 024	14 463 815	58 209 318	14 159 030 157
Accumulated write-off 01.01	0	1 862 318 983	0	0	1 862 318 983
Scraping / disposal	0	0	323 305	(1 654 973)	(1 331 668)
Annual depreciation and write-off	0	2 428 826 302	3 291 127	4 173 432	2 436 290 861
Accumulated depreciation 30.11	0	16 515 183 326	17 754 942	62 382 750	16 595 321 018
Accumulated write-off 30.11	0	1 862 318 983	323 305	(1 654 973)	1 860 987 315
Transfer to Spirit Energy Norway AS	0	(18 377 502 309)	(18 078 247)	(60 727 778)	(18 456 308 334)
Book value 30.11	0	0	0	0	0
Annual depreciation	0	2 428 826 302	3 291 127	4 173 432	2 436 290 861
Impairment	0	0	0	0	0
Depreciation method		UoP/Straight Line ¹¹	Straight Line	Straight Line	
Estimated useful lives (years)			5 - 10 years	3 years	

¹¹ All licences are depreciated according to UoP (Unit of Production) method with the exception of Heimdal which is depreciated straight-line over expected lifetime.

There was no capitalised interest 2018, while in 2017 the amount was NOK 97.3 mill.

Operating leases

The company have office locations in both Stavanger and Oslo

Stavanger:

In March 2015 the company moved into new offices in Stavanger (Veritasveien 29) and the rent from January 1, 2018 to November 30, 2018 was NOK 18.1 million (2017 NOK 19.4 million). The office in Stavanger is leased from Rosenberggata 101 AS and the new lease agreement expires 10 years from handover date. The company has the option of extending the contract by 5+5 years. Office lease cost is classified as an operating lease and included in the income statement.

Oslo:

The office location in Oslo (Lilleakerveien 8) was prior to the merger main office for Bayerngas Norge AS. The leasing agreement expire December 31, 2023. The rent from January 1, 2018 to November 30, 2018 was NOK 1.4 mill.

Office lease future minimum lease payments

	30.11.2018	2017
Payable within		
1 year	0	28 126 451
2 to 5 years	0	79 073 500
Thereafter	0	44 478 844
Total	0	151 678 795

As of 30.11.2018 all commitments have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

Reference is made to note 19 commitments.

Note 9 Other operating expenses

	30.11.2018	2017
Services supplied by related companies	66 391 812	156 991 191
Consultancy	148 464 027	89 998 206
Recruitment	24 075	360 000
Insurance	49 995 109	45 755 891
IT including software maintenance	43 784 418	13 130 327
Travel expenses	9 181 519	4 827 037
Other costs	108 624 060	40 477 887
Charges to operated licences	(218 223 645)	(163 914 817)
Total	208 241 375	187 625 722

**Note 10 Spare parts and supplies**

	30.11.2018	2017
Spare parts and supplies	0	269 682 649
Total	0	269 682 649

Spare parts and supplies relates primarily to non-operated licences. There is no information from the operator indicating the non-existence of obsolete spare parts or supplies at year end.

As of 30.11.2018 all spare parts and supplies have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

Note 11 Restricted cash

	30.11.2018	2017
Restricted cash related to taxes withheld from employees' wages	0	18 706 757
Restricted cash deposit related to rent of office and employee housing	0	6 257 808
Restricted cash deposit related to guarantee issued to Gassco	0	36 862 662
Restricted cash deposit related to guarantee issued to Maersk	0	52 476 757
Total	0	114 303 984

As of 30.11.2018 all bank account balances have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

Note 12 Income taxes

	30.11.2018	2017
Taxes Payable/Basis for tax refund		
Net income before taxes	4 369 524 580	2 756 517 907
Permanent differences	576 152 306	1 915 700 114
Changes in temporary differences	(1 169 144 645)	(2 453 484 744)
Basis for company tax before loss carried forward	3 776 532 241	2 218 753 277
Use of tax loss carried forward 23%	0	(1 449 836 476)
Basis for Company tax	3 776 532 241	768 916 801
Basis for company tax	3 776 532 241	2 218 753 277
Financing costs only subject to 23% tax	(1 792 475)	34 200 410
Uplift	(547 655 260)	(448 670 083)
Use of tax loss carried forward special tax	(487 489 466)	(1 804 283 607)
Basis for special tax	2 739 595 038	(3)
Pro & Contra Company tax booked	0	64 997 458
Pro & Contra special tax booked	0	1
Total tax payable booked against acquired assets	0	64 997 458
Company tax charged through Profit and Loss accounts (23%)	(868 602 415)	(184 540 032)
Special tax charged through Profit and Loss accounts (55%)	(1 506 777 271)	1
Provision for possible outstanding tax liability in previous years	0	(242 364 916)
Adjustment prior year periods	(51 391 183)	0
Tax payable charged to the income statement	(2 426 770 869)	(426 904 947)
Total Company tax in balance sheet	868 602 415	184 540 032
Total Special tax in balance sheet	1 506 777 271	(2)
Term payments	(963 500 001)	(24 840 502)
Pro & Contrax tax in balance sheet	0	(64 997 458)
Provision for possible outstanding tax liability in previous years	1 448 348 949	1 390 493 910
Transfer to Spirit Energy Norway AS	(2 860 228 635)	0
Tax payable /(receivable) in balance sheet	(0)	1 485 195 980



Specification of temporary differences - computation of deferred taxes	Changes	30.11.2018	2017
Fixed assets	1 753 751 965	6 827 254 237	5 073 502 272
Other Fixed Assets	(492 502)	(13 357 046)	(12 864 544)
Decommissioning - net	(471 395 390)	(4 035 166 901)	(3 563 771 511)
Other Temporary differences	(112 719 428)	(172 331 639)	(59 612 211)
Net temporary differences	1 169 144 645	2 606 398 651	1 437 254 006
Basis for deferred tax - company tax	1 169 144 645	2 606 398 651	1 437 254 006
Fix assets related to hedging exempt from special tax	0	605 735	605 735
Fix assets related to capitalised interest exempt from special tax	9 680 440	(27 680 689)	(37 361 129)
Uplift carry forward	487 489 468	0	(487 489 468)
Basis for deferred tax - special tax	1 666 314 553	2 579 323 697	913 009 144
Transfer to Spirit Energy Norway AS		(2 018 099 723)	0
Deferred tax in balance sheet		0	837 972 164
Deferred tax in balance sheet updated with change in company tax and special tax rate		0	832 729 716

Income taxes charged to the income statement consist of:	30.11.2018	2017
Tax payable/Tax refund, exploration expenses	(2 375 379 687)	(184 540 031)
Changes in deferred taxes	(268 903 268)	(588 831 539)
Changes in deferred taxes - special tax	(916 473 004)	(1 066 512 676)
Pro & Contra deferred tax	0	(446 101 169)
Adjustment prior year periods	(51 391 183)	(228 050 674)
Effect of change in the tax rate	0	5 242 449
Total taxes charged to the income statement	(3 612 147 142)	(2 508 793 640)

Effective tax rate reconciliation	30.11.2018	2017
Income before taxes	4 369 524 580	2 756 517 907
Expected tax charge 78 %	(3 408 229 172)	(2 150 083 967)
Permanent differences	(449 398 799)	(1 494 246 089)
Pro & Contra deferred tax balance	0	1 137 787 849
Financial items net	(4 675 922)	(18 468 221)
Uplift	301 210 393	244 111 760
Deferred tax exempt from special tax	0	(4 886 027)
Adjustment prior year periods	(51 391 183)	(228 050 674)
Onshore tax 23%	337 540	(200 719)
Effect of change in the tax rate	0	5 242 449
Total taxes charged to the income statement	(3 612 147 143)	(2 508 793 640)

The tax rate on company tax is from fiscal year 2018 reduced to 23%. Deferred tax liability and deferred tax asset as of 30 November 2018 has been calculated with a tax rate of 23% for company tax and special tax of 55%.

Note 13 Other long term receivables

The company is partner in the Vega fields, which has agreed with participants of the neighboring Gjøa field to share capacity in the processing facilities on Gjøa. The Gjøa participants are compensated thorough a prepayment from the participants. The prepayment is amortised over the expected economic life of field and as of 31 December 2017 Spirit's share of the prepayment was MNOK 144.5.

As of 30.11.2018 all outstanding receivables have been transferred from Spirit Energy NUF to Spirit Energy Norway AS

Note 14 Other receivables

	30.11.2018	2017
Prepaid expenses	0	21 715 799
Line-fill	0	30 738 745
Underlift producing fields	0	73 492 325
Accrued income	0	226 916 049
Receivables non-operated licences	0	6 469 624
Overall non-operated licences	0	663 199 847
Other receivables	0	31 366 492
Total	0	1 053 898 880

As of 30.11.2018 all outstanding receivables have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.



Note 15 Other short term liabilities

	<u>30.11.2018</u>	<u>2017</u>
Other licence related liabilities ¹⁾	0	1 002 258 064
Overlift producing fields	0	133 901 143
Overcall operated licences	0	109 930 167
Deferred revenue	0	1 253 504
Salary and bonus accrual	0	67 213 019
Pension ²⁾	0	11 136 685
Accrual restructuring cost ³⁾	0	786 009
Other accruals ⁴⁾	0	146 756 735
Total	0	1 473 235 326

As of 30.11.2018 all outstanding liabilities have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

¹⁾ Other licence liabilities relate to both operated and not operated licences.

²⁾ Spirit Energy have a defined benefit pension plan and a contribution based pension plan as of 30.11.2018. The defined benefit pension plan will be terminated at year-end 2018 and all employees will then be transferred to the contribution based pension.

	<u>30.11.2018</u>
Estimated pension commitment	0
of which earned pension commitment	0
of which estimated effect of the future adjustment of wages	0
Pension to market value	0
Estimate variance	0
Social security tax	0
Net pension obligation	0

The net pension obligation is an actuarial estimate that is based on the following assumptions:

Expected return on plan assets	4,30 %
Discount rate	2,60 %
Expected rate of salary increase	2,75 %
Annual rate of base amount in social security	2,50 %
Annual adjustment to pensions	80,00 %
Rate of social charges	14,10 %
Employee turnover	2,29 %
Mortality table	K2013BE
Disability table	KU

³⁾ Accrual for severance payment and other restructuring related cost.

⁴⁾ Other accruals include future payments related to contingent consideration, tariff costs and other miscellaneous short term liabilities.

Note 16 Equity/Head office account

Changes in equity during the year:

	<u>Shareholder's equity</u>	<u>Loss carried forward</u>	<u>Total</u>
Equity/Head office current account 01.01	9 444 999 998	(5 503 268 417)	3 941 731 581
Gain transfer NUF to AS	0	4 625 767 390	0
Net profit	0	757 377 438	0
Equity/Head office current account 30.11	9 444 999 998	(120 123 590)	9 324 876 408

The company is a branch (NUF) owned 100 % by the UK registered entity Spirit Norway Ltd which is owned 69% by Centrica plc, with Bayerngas Norge's former shareholders, led by Stadtwerke München Group (SWM), owning the remaining 31%

The Equity/Head office current account is deemed equity based on decision made by head office.

**Note 17 Balances with related parties**

Intercompany	Related parties	30.11.2018	2017
Short term loans to related parties	Centrica Overseas Holding Ltd	0	0
Total		0	0
Receivable - related parties	Multiple related parties	9 324 876 408	382 841 373
Total		9 324 876 408	382 841 373
Long term loan from related parties	Centrica International BV	0	0
Long term loan from related parties	Spirit Energy Treasury Limited	0	5 807 962 189
Total		0	5 807 962 189
Short term debt - related parties	Multiple related parties	0	75 412 749
Total		0	75 412 749

As of 30.11.2018 all outstanding balances with related parties, except the promissory note, have been transferred from Spirit Energy NUF to Spirit Energy Norway AS

The interest rate is supplied by Spirit Energy Treasury Limited from December 1, 2017. Up to to November 30, 2017 the loan was towards Centrica plc. Interest rate is added to the company loan.

The remaining receivable as of 30.11.2018 is the promissory note in regard to the transfer of all assets and liabilities from Spirit Energy NUF to Spirit Energy Norway AS

Reference is made to note 25 for transactions with related parties.

Note 18 Provision for decommissioning

	30.11.2018	2017
Decommissioning obligations at 01.01.	6 085 542 264	5 134 367 542
Addition from migration with Bayerngas	0	891 650 936
Addition new decommissioning projects	23 488 628	6 354 471
Revision in estimates	195 035 762	20 358 631
Decommissioning cost in balance	(14 027 310)	(14 004 874)
Decommissioning cost in profit and loss	0	(15 000 000)
Interest expenses	67 131 311	61 815 558
Transfer to Spirit Energy Norway AS	(6 357 170 655)	0
Decommissioning obligation at 30.11.	(0)	6 085 542 264
Assets related to decommissioning at 01.01.	2 499 789 846	2 416 945 836
Addition from migration with Bayerngas	0	475 761 605
Additional assets/revision in estimates	218 524 390	26 713 101
Depreciation and write-off	(413 754 636)	(419 630 696)
Transfer to Spirit Energy Norway AS	(2 304 559 601)	0
Assets related to decommissioning at 30.11.	(0)	2 499 789 846

The provision for future decommissioning of offshore installations is recognized at the net present value of the estimated cost at the end of the installation's life of field, based on the assumption of today's technology and level of cost. Future decommissioning costs are then discounted using index based treasury bonds as the most appropriate risk free interest rate. In 2017 & 2018 the interest used was 1.2%.

Assets related to decommissioning is also included in note 8 under "Producing assets". The interest expense is classified as finance cost in the profit and loss account.

As of 30.11.2018 all provisions for decommissioning have been transferred from Spirit Energy NUF to Spirit Energy Norway AS



Note 19 Commitments

Leases

As of 30.11.2018 all leasing obligations have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

Per November 30, the maturity analyses for the total minimum lease payments under non-cancellable leases were:

	30.11.2018	2017
Payable within		
1 year	0	331 996 271
2 to 5 years	0	166 614 674
Thereafter	0	44 478 844
Total	0	543 089 789

The leasing commitments in 2017 was mainly related office rental and development of PL405 Oda, PL433 Fogelberg and PL001B Ivar Aasen

Acquisition of property plant and equipment

Contractual commitment for acquisition of property, plant and equipment were as follows:

	30.11.2018	2017
	0	1 851 393 289

Other financial commitments

There are no other financial commitments not provided in the financial statement as of 30.11.2018. In 2017 the commitments was NOK 1 788 783 270, largely in relation to transport capacity charges.

Note 20 Financial and market risks

The main marked risks for Spirit Energy are fluctuations in oil and gas prices, and currency fluctuation between pound (GBP), dollar (USD) and kroner (NOK). The company has not entered into any contract to reduce such risk.

The company is financed by Spirit Energy Group have a good liquidity and no external loans as of 30 November 2018.

The credit and liquidity risk is low as the company is financed by the Spirit Energy Group that at year-end is self-financed without any external loans. Customer relationships are largely with solid participant on the NCS and related parties.

Note 21 Licence ownership

All licenses have been transferred from Spirit Energy NUF to Spirit Energy Norway AS as of 30.11.2018.

Note 22 Reserves (not audited by external auditor)

Reserves are based on numbers from the fields' respective operator. The reserves quantities are imprecise and change over time as new information become available. Contingent resources that may become proven in the future are not included in this overview.

As of 30.11.2018 all remaining reserves have been transferred from Spirit Energy NUF to Spirit Energy Norway AS.

Million barrels of oil and gas equivalent:

	30.11.2018	2017
Remaining reserves 01.01	199,4	157,3
Produced	(21,2)	(20,9)
Increase in reserves of exploration fields	0,0	0,0
Increase in reserves in producing fields	0,0	1,7
Addition from migration with Bayerngas	0,0	61,3
Transfer to Spirit Energy Norway AS	-178,2	0,0
Remaining reserves 30.11 / 31.12	0,0	199,4

Note 23 Foreign exchange rates used at year end

Foreign exchange rates applied at year end are group provided exchange rates.

	30.11.2018	2017
Pounds (GBP)	10,9699	11,0863
Dollars (USD)	8,5897	8,2042
Euro (EUR)	9,7257	9,8487



Note 24 Financial Items

	30.11.2018	2017
Interest income	6 964 765	6 661 294
Intercompany interest income	0	55 813 601
Interest income	6 964 765	62 474 894
Foreign exchange gain	186 084 303	351 685 194
Hedging	0	0
Other financial income	186 084 303	351 685 194
Finance income	193 049 068	414 160 089
Interest expenses	5 242 406	37 642 589
Intercompany loan interest expenses	215 766 879	283 879 015
Capitalised borrowing cost	0	(97 283 388)
Interest expenses	221 009 285	224 238 217
Foreign exchange losses	161 525 510	312 403 484
Unwind of discount on decommissioning provisions	67 131 312	61 815 558
Other financial expenses	(49 261)	692 021
Other financial expenses	228 607 561	374 911 063
Finance cost	449 616 846	599 149 279
Net financial items	(256 567 778)	(184 989 191)

Note 25 Transactions with related parties

Transaction with related parties:

	Intercompany	30.11.2018	2017
a) Sales of products and services			
Sale of Crude Oil (sales to third part back-to-back terms)	Spirit Energy Resources Limited	162 240 013	194 331 904
Sale of Dry Gas	British Gas Trading	4 364 589 282	3 970 786 779
Sale of services	Spirit Energy Resources Limited	6 861 831	6 197 235
Sale of services	Spirit Energy Petroleum Danmark AS	7 496 772	3 656 056
Sale of services	Spirit Energy Danmarks Aps	7 867 782	2 302 930
Sale of services	Spirit Production (Services) Limited	3 079 768	0
Sale of services	Multiple related parties	574 837	186 243
Interest income on loan to related parties	Centrica Overseas Holdings Ltd	0	(55 813 601)
b) Purchase of products and services			
Purchase of services from related parties	British Gas Trading	120 678 527	76 590 383
Purchase of services from related parties	Spirit Production (Services) Limited	103 179 789	179 538 832
Purchase of services from related parties	Multiple related parties	0	458 249
Interest expenses on loan from related parties	Centrica Overseas Holdings Ltd	0	844 881
Interest expenses on loan from related parties	Centrica International BV	0	255 522 060
Interest expenses on loan from related parties	Spirit Energy Treasury Limited	171 123 017	24 787 862
Interest expenses on loan from related parties	SWM Gasbeteiligungs GmbH & Co. KG	0	1 738 810
Interest expenses on loan from related parties	Bayerngas Produksjon Norge AS	0	985 402
Interest expenses on loan from related parties	Spirit Production (Services) Limited	44 643 862	0

The purchase of services from Spirit Production Services Ltd mainly relates to management fee and corporate charges.

For remuneration to management, see note 6. For intercompany balances see note 17.

In addition, in year insurance charges of NOK 51 685 187 has been recharged from Spirit Production (Services) Limited (2017: NOK 44 930 637 from Centrica Plc).

Note 26 Subsequent events

As all the activity have been transferred from Spirit Energy NUF to Spirit Energy Norway AS, no subsequent events have been identified which impact the financial information as per November 30, 2018.



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To the General Meeting of Spirit Energy NUF

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spirit Energy NUF showing a profit of NOK 757 377 438. The financial statements comprise the balance sheet as at 30 November 2018, the income statement and cash flow statement for the period 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 give a true and fair view of the financial position of the Company as at 30 November 2018, and its financial performance and its cash flows for the period then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 information in the annual report, except 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 Management for the Financial Statements

Management are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' (Management) 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' (Management) report concerning the financial statements and the assumption to cease operations is consistent with the financial statements and complies with the law and regulations.



Deloitte

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Independent Auditor's Report -
Spirit Energy NUF

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, 13 May 2019
Deloitte AS

Arnstein Antonsen
State Authorised Public Accountant (Norway)



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 28.04.2016	Vår dato 11.05.2016
Telefon 22078139	Deres referanse Kari Holm	Vår referanse 2016/417179

CENTRICA ENERGI
Postboks 520
4003 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Centrica Energi NUF, org. nr. 989 726 242

Vi viser til deres brev av 28. april 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Centrica Energi NUF.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Centrica Energi NUF 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

Centrica Energi NUF er filial av det UK registrerte foretaket Centrica Norway LTD, som igjen eies 100 % av Centrica PLC. Selskapet driver med petroleumsvirksomhet. Arbeidsspråket er engelsk. Selskapets virksomhet er internasjonal. 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 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

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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 en filial 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

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Country by country report 2018

Spirit Energy's country by country reporting has been developed to comply with requirements in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014.

From 1st of December 2018 all the activity in Spirit Energy NUF was transferred to Spirit Energy Norway AS. This means that the first 11 months of activity is booked in the Spirit Energy NUF accounts while the December month activity is booked in Spirit Energy Norway AS. For this report we have included both companies as it is only a restructuring from NUF to AS with no other impact on the activity for Spirit Energy. Please also refer to note 28 in the Spirit Energy Norway AS' financial statement for a pro forma financial statement for a full year 2018.

The reporting requirement applies to Spirit Energy with exploration and extractive activities in Norway. According to the Norwegian Accounting Act the companies are required to annually disclose payments above 800 000 NOK to governments per country and project. Spirit Energy have defined "project" as licence in the report.

Spirit Energy operates only in the exploration and extractive industry in Norway.

Spirit Energy has the following payments above 800 000 NOK to the Norwegian government:

Regulation § 2 nr 5 defines the various types of payments covered by the reporting requirements. In the following only payments that are appropriate for Spirit Energy will be described.

Area Fee

Area fees per licence paid as operator to the Norwegian authorities on behalf of the joint ventures (100% figures):

Licence	100 %	Interest
PL036 Vale	1 525 000 NOK	50,0 %
PL405 Oda	5 070 000 NOK	40,0 %
PL433 Fogelberg	12 240 000 NOK	51,7 %
PL528	5 967 000 NOK	40,0 %
PL719	11 935 332 NOK	50,0 %

NOx

Centrica is a member of the NOx found and all payments is to the found and not directly to the authorities.



Corporate tax

The income tax is calculated and paid at company level and are therefore not reported per licence.

Tax paid in 2018	1 062 255 728
Interest	1 032 279
Refund incl. refund interest	- 10 788 683
Totalt	1 052 499 324

Other reporting requirements:

When an entity is required to report the payments as noted above, it is also mandatory to report investment, sales revenue, production volume and purchase of goods and services assigned to the individual countries where the company operates in the extractive industries. Spirit Energy operates only on the Norwegian shelf. This reporting requirement is considered thus being fulfilled by the accounts as specified in the following paragraphs:

Investments:

Total paid investments in 2018 amounted to NOK 3 217 437 046 with reference to the cash flows statement in both company's financial statements.

The investment is mainly related to:

- Producing assets:
 - o PL037 Statfjord Area, PL193 Kvitebjørn, PL475 BS/CS Maria and Ivar Aasen
- Assets under development:
 - o PL852 Scarecrow, PL405 Cassidy, PL825 Rungne, PL433 Fogelberg, PL418 Skarfjell, PL832 Coeus, PL028B Hanz and PL682 Tethy,

Revenues and production:

Revenues from production of hydrocarbons amounted to NOK 11 280 140 309, with reference to note 3 revenues and note 28 pro forma income statement in Spirit Energy Norway AS' financial statement.

Production of oil, NGL and gas for 2018 amounted to 22.8 million barrels of oil equivalents.

Intercompany interest

Interest expenses to affiliated companies located in UK was in 2017 NOK 228 768 262, with reference to note 24 financial items and note 25 transaction with related parties in both company's financial statements. Essentially, all the interest was paid in 2018.

Purchase of goods and services

For information reference is made to the income statement and accompanying notes.

This report will be made public in the Brønnøysund Register Center.