



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Tore Tengedal
Dato for fastsettelse av årsregnskapet: 04.06.2018

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, 05.09.2020



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Driftsinntekter	3	7 522 249 573	6 871 241 356
Andre salgsinntekter		3 569 350	7 741 168
Sum inntekter		7 525 818 923	6 878 982 524
Kostnader			
Lønnskostnader	6	162 632 863	153 591 469
Av- og nedskrivninger	7, 8	2 075 188 502	2 051 920 211
Letekostnader	4	378 235 161	140 937 544
Produksjon- og transportkostnader		1 780 629 578	2 040 668 587
Andre driftskostnader	9, 5	187 625 722	182 675 365
Sum kostnader		4 584 311 826	4 569 793 176
Driftsresultat		2 941 507 097	2 309 189 348
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	24	55 813 601	4 567 924
Annen renteinntekt	24	6 661 294	19 856 399
Andre finansinntekter	24	351 685 194	112 941 037
Sum finansinntekter		414 160 089	137 365 360
Rentekostnad til foretak i samme konsern	24	283 879 015	243 106 379
Annen rentekostnad	24	37 642 589	6 324 358
Andre finanskostnader	24	374 911 063	227 330 539
Kapitaliserte rentekostnader	24	-97 283 388	-46 702 042
Sum finanskostnader		599 149 279	430 059 234
Netto finans		-184 989 190	-292 693 874
Ordinært resultat før skattekostnad		2 756 517 907	2 016 495 474
Skattekostnad på ordinært resultat	12	2 508 793 642	2 080 087 182
Ordinært resultat etter skattekostnad		247 724 265	-63 591 708
Årsresultat		247 724 265	-63 591 708



Resultatregnskap

Beløp i: NOK	Note	2017	2016
Overføringer og disponeringer			
Udekket tap			-63 591 708
Overføring til annen egenkapital		247 724 265	
Sum overføringer og disponeringer		247 724 265	-63 591 708



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Aktiverte letekostnader	7	962 148 253	379 898 806
Andre immaterielle eiendeler	7	9 312 439	14 249 754
Utsatt skattefordel	12		817 372 044
Sum immaterielle eiendeler		971 460 692	1 211 520 604
Varige driftsmidler			
Utviklingsandeler	8	1 733 142 164	3 016 603 613
Produksjonsandeler	8	14 705 324 765	8 866 020 822
Inventar	8	13 476 586	17 528 064
Kontormaskiner	8	5 126 443	10 524 266
Sum varige driftsmidler		16 457 069 958	11 910 676 765
Finansielle anleggsmidler			
Andre langsiktige fordringer		146 722 372	6 546 638
Sum finansielle anleggsmidler		146 722 372	6 546 638
Sum anleggsmidler		17 575 253 022	13 128 744 007
Omløpsmidler			
Varer			
Reservedeler og materiell	10	269 682 649	236 410 566
Sum varer		269 682 649	236 410 566
Fordringer			
Kundefordringer		287 091 749	33 925 504
Andre fordringer	14	1 053 898 880	1 001 607 152
Konsernfordringer	17	382 841 373	1 176 567 407
Sum fordringer		1 723 832 002	2 212 100 063
Bankinnskudd, kontanter og lignende			
Bankinnskudd	11	356 241 136	184 683 729
Sum bankinnskudd, kontanter og lignende		356 241 136	184 683 729



Balanse

Beløp i: NOK	Note	2017	2016
Sum omløpsmidler		2 349 755 787	2 633 194 358
SUM EIENDELER		19 925 008 809	15 761 938 365
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Annen innskutt egenkapital	16	9 444 999 998	6 744 999 998
Sum innskutt egenkapital		9 444 999 998	6 744 999 998
Opptjent egenkapital			
Udekket tap	16	5 503 268 417	4 495 999 137
Sum opptjent egenkapital		-5 503 268 417	-4 495 999 137
Sum egenkapital		3 941 731 581	2 249 000 861
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12	832 729 716	
Avsetning til fjerning og nedstengning	18	6 085 542 264	5 134 367 542
Andre avsetninger		72 839 250	
Sum avsetninger for forpliktelser		6 991 111 230	5 134 367 542
Annen langsiktig gjeld			
Langsiktig konserngjeld	17	5 807 962 189	4 000 000 000
Sum annen langsiktig gjeld		5 807 962 189	4 000 000 000
Sum langsiktig gjeld		12 799 073 419	9 134 367 542
Kortsiktig gjeld			
Leverandørgjeld		120 419 288	100 546 838
Betalbar skatt	12	1 485 195 984	2 596 527 107
Skyldige offentlige avgifter		29 940 461	33 574 795
Kortsiktig konserngjeld	17	75 412 749	126 123 691
Annen kortsiktig gjeld	15	1 473 235 326	1 521 797 530
Sum kortsiktig gjeld		3 184 203 808	4 378 569 961



Balanse

Beløp i: NOK	Note	2017	2016
Sum gjeld		15 983 277 227	13 512 937 503
SUM EGENKAPITAL OG GJELD		19 925 008 808	15 761 938 364



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 23.05.2016	Vår dato 02.06.2016
Telefon 22078139	Deres referanse Kari Holm	Vår referanse 2016/496453

CENTRICA RESOURCES (NORGE) AS
Postboks 520
4003 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Centrica Resources (Norge) AS, org. nr. 990 089 655

Vi viser til deres brev av 23. mai 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Centrica Resources (Norge) AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Centrica Resources (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

Centrica Resources (Norge) AS er 100 % eiet av Centrica Overseas Holding Limited, som igjen eies 100 % av Centrica PLC. Selskapets bransje er petroleumsvirksomhet hvor bransjespråket i all hovedsak er engelsk. 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

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 60
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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 eid av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet inngår i et internasjonalt konsern 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



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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 247 724 265. The financial statements comprise the balance sheet as at 31 December 2017, the income statement 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 give a true and fair view of 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 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 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 management for the Financial Statements

The management is 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.

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 skepticism 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' 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 and the going concern assumption 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, 4 June 2018
Deloitte AS

Arnstein Antonsen
State Authorised Public Accountant



Spirit Energy NUF

FINANCIAL STATEMENTS 2017



Spirit Energy NUF

Board of Directors Report for 2017

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 2017, Spirit Energy had production from Vale, Heimdal, Kvitebjørn, Valemon and Statfjord fields. The production of oil, NGL and gas in 2017 amounted to net 20.8 million barrels of oil equivalents (mmboe) compared to net 23.0 mmboe in 2016. The average daily production in 2017 was 57k barrels compared to 63k barrels in 2016. Lower production in 2017 compared to 2016 can be explained by several technical issues and lower gas performance from the Statfjord Area.

In addition comes one month of production from the Bayerngas Norge AS legacy licences Trym, Vega and Ivar Aasen of 0.5 mmboe.

Comments related to the financial statements

Acquisition of Centrica E&P and Bayerngas Norge AS

Spirit Energy was created in 2017 following the combination of Centrica's and Bayerngas' exploration & production businesses. At this point the E&P business of Bayerngas Norge AS was acquired by Centrica Energi NUF and the company (branch) was renamed to Spirit Energy NUF. The acquisition closing date was 11 December 2017, with economic effective date from 1 January 2017. The effective date for accounting was concluded to be 1 December 2017. The Spirit Energy NUF income statement consists of full year legacy Centrica NUF operations and one month (December 2017) of legacy Bayerngas Norge AS operations. The pro & contra period adjustments for the period 1 January till 30 November 2017 for Bayerngas Norge AS have been reflected in the balances transferred per the effective accounting date of 1 December 2017.

Income statement

The revenues in 2017 was NOK 7,5 billion, up from NOK 6,9 billion in 2016. The increase in revenue is mainly due to higher gas prices.

Operating cost in 2017 is impacted by reversal of provision cost were final agreement turned out favorable compared to accrued amount. Underlying operating cost is in line with last year and reduced production performance.

Exploration expenses in 2017 amounted to NOK 378 million and relates to seismic and general exploration in addition to transfer fee of seismic data following the acquisition in 2017 (2016 NOK 141 million).

Depreciation not including goodwill in year amounted to NOK 2,058,342,095 (2016 NOK 2,214,527,800), which corresponds to a depreciation per barrel of NOK 99 (2016 NOK 96).

Operating profit for 2017 was NOK 2,941,507,097 (2016 NOK 2,309,189,349).



Profit before tax was NOK 2,756,517,907 (2016 profit NOK 2,016,495,474). Income tax expense in year was NOK 2,508,793,642 (2016 NOK 2,080,087,182) resulting in after tax net profit in 2017 of NOK 247,724,265 (2016 loss NOK 63,591,708). Reference is made to note 12 for more information on income tax.

Balance

Total assets per 31st December 2017 amounts to NOK 19,925,008,809 compared with NOK 15,761,938,365 end of the year 2016. The increase in total assets is mainly due to the mentioned merger.

Equity per 31st December 2017 amounts to NOK 3,941,731,581, or 19.8 percent of total assets (31st December 2016: NOK 2,249,000,861, or 14.3 percent of total assets). The Company performed an equity contribution in 2017 and 2016 for settlement of structural funding loan to improve the equity share.

Cash flow and liquidity

The Cash Flow Statement shows that the Company's operational activities generated a positive cash flow of NOK 2,521,529,486 in 2017 (2016: NOK 2,920,851,843). The Company invested NOK 1,972,170,239 in 2017 compared to NOK 2,212,934,389 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 2017 and 2016 relates to investment in tangible and intangible assets. The cash flow from financing activities amounted to outflow of NOK 728,467,781 (2016: outflow of NOK 617,923,682). The negative cash flow is 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 2017 was positive of NOK 171,557,407, compared to a positive of NOK 84,645,818 in 2016. The total cash balance is considered satisfactory by the Company. The cash flow from operational activities is lower than operating profit by NOK 71,702,491. This is explained primarily by depreciation and impairment which have no cash effect, taxes and interest on loan balance included in operated cash flow.

Cash flow from operational activities in 2017, together with parent company loans, is considered to be adequate to finance expected investments in 2018.

It is the opinion of the board that the annual accounts for 2017 is an accurate reflection of the branch's financial position with respect to assets, liabilities, financial position and results at year end.

At the end of the year the company had ownership in 54 licences on the Norwegian Continental Shelf through a pass-through agreement with Spirit Energy Norge AS. During 2017 Spirit Energy was awarded four new licences in the APA2016 licencing round, all as a partner. Additionally, in 2017 Spirit Energy was awarded eleven new licences in the APA 2017 licencing round, three of them as operator.

The Company has licences in the exploration phase, under development and in production. Since 2012, Spirit Energy has been the operator of one field in production, Vale. The Company has 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 2017, the Company 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 2017 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 is of major importance to the Company. A number of activities have therefore been 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 Company has a diverse work force in terms of age, background and experience. Absence from work due to illness was very low (1.46 percent) in 2017. The work environment is perceived as good.

At year end, 68 women (40 percent) and 103 men were employed by the Company. 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.

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 formation of Spirit Energy creates a strong and sustainable European E&P business, combining Centrica's cash-generative and relatively near-term production profile with Bayerngas Norge's more recently on-stream producing assets and development portfolio.

The Company will in 2018 stay focused on maximizing the output from producing assets, as well as progressing several key projects including the development of the Oda field, submitting a plan for the Nova field development and appraisal drilling at the Fogelberg discovery.

The Company's financial result for 2018 is expected to increase compared to 2017 as a result of improved market conditions and due to full year of activity from the prior Bayerngas Norge AS assets.

Financial risk

The Company's financial risk is primarily exposure to currency fluctuations. Revenue is invoiced in pounds sterling, US dollars or Euro. Purchase of materials and services are in Norwegian kroner and foreign currencies (primarily pounds sterling and US dollars). The Company's foreign currency strategy is managed by the parent company, and parent company continuously monitors and initiates financial risk instruments.

The Company's financing is supplied via a loan agreement with related parties. The loan agreements consist of a draw down funding facility and a structural loan. The structural loan was in March 2018 replaced with an increase in the draw down funding facility.

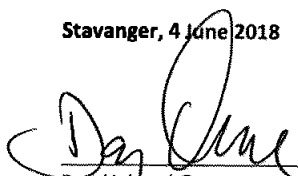
The Company only has a few, but financially sound customers. Credit risk is deemed to be very low as well as the liquidity risk.




Going concern

The board and Asset Director Norway confirm that the annual accounts are based on the going concern principle in accordance with the Accounting Act § 3-3a. Expectations of future economic results have been mentioned above, as the Company's financial status. During 2017 the result included write up and write down of impairment and other non operational elements, however these elements did not impact the operational result significantly. Uncertain tax provision increased in 2017 based on update of estimates. The equity was increased in 2017 by an equity contribution and the equity is considered to be sound and sufficient in respect to the branch's activities, size and risk profile. The board and Asset Director's believe the Company has every opportunity to continue growing.

Stavanger, 4 June 2018


Dag Halvard Omre
Asset Director Stavanger


Arne Torbjørn Westeng
Asset Director Oslo

**Spirit Energy NUF****Income Statement**

(Amounts in NOK)

	Note	2017	2016
Revenues	3	7,522,249,573	6,871,241,356
Other income		3,569,350	7,741,168
Total revenues and other income		7,525,818,923	6,878,982,524
Production costs		1,780,629,578	2,040,668,587
Payroll expenses	6	162,632,863	153,591,469
Depreciation, amortisation and impairment	7, 8	2,075,188,502	2,051,920,211
Other operating expenses	9, 5	187,625,722	182,675,365
Exploration expenses	4	378,235,161	140,937,544
Total operating costs		4,584,311,825	4,569,793,175
Operating profit / (loss)		2,941,507,097	2,309,189,349
Interest income		62,474,894	24,424,323
Interest expenses		(224,238,217)	(202,728,696)
Other financial income		351,685,194	112,941,037
Other financial cost		(374,911,063)	(227,330,539)
Net financial income and cost	24	(184,989,191)	(292,693,875)
Profit/(loss) before tax		2,756,517,907	2,016,495,474
Income tax	12	(2,508,793,642)	(2,080,087,182)
Net profit / (loss) for the year		247,724,265	(63,591,708)
Net profit or loss for the year is allocated as follows:			
Allocated to equity		247,724,265	0
Loss carried forward		0	63,591,708
Total allocated		247,724,265	63,591,708



Spirit Energy NUF

Balance sheet at 31 December

(Amounts in NOK)

Assets	Note	2017	2016
Deferred tax assets	12	0	817,372,044
Capitalised exploration cost	7	962,148,253	379,898,806
Other intangible assets	7	9,312,439	14,249,754
Total intangible assets		971,460,693	1,211,520,604
Property, plant and equipment	8	16,457,069,958	11,910,676,764
Total tangible assets		16,457,069,958	11,910,676,764
Other long term receivables		146,722,372	6,546,638
Total financial assets		146,722,372	6,546,638
Spare parts and supplies	10	269,682,649	236,410,566
Trade receivables		287,091,749	33,925,504
Receivables - related parties	17	382,841,373	1,176,567,407
Other receivables	14	1,053,898,880	1,001,607,152
Cash and cash equivalents	11	356,241,136	184,683,729
Total current assets		2,349,755,786	2,633,194,359
Total assets		19,925,008,809	15,761,938,365


**Spirit Energy NUF****Balance sheet at 31 December**

(Amounts in NOK)

Equity and liabilities

Contributed equity		9,444,999,998	6,744,999,998
Total contributed equity		9,444,999,998	6,744,999,998
Accumulated deficits			
Loss carried forward		(5,503,268,417)	(4,495,999,137)
Other equity		(0)	(0)
Total retained earnings		(5,503,268,417)	(4,495,999,137)
Total Equity / Head office current account	16	3,941,731,581	2,249,000,861
Deferred tax liabilities	12	832,729,716	0
Provision for decommissioning	18	6,085,542,264	5,134,367,542
Other provisions		72,839,250	0
Total provisions		6,991,111,230	5,134,367,542
Long term debt - related parties	17	5,807,962,189	4,000,000,000
Total long term liabilities		5,807,962,189	4,000,000,000
Trade payables		120,419,288	100,546,838
Payables - related parties	17	75,412,749	126,123,691
Current tax payables	12	1,485,195,984	2,596,527,107
Public duties payable		29,940,461	33,574,795
Other short term liabilities	15	1,473,235,326	1,521,797,530
Total current liabilities		3,184,203,809	4,378,569,961
Total liabilities		15,983,277,228	13,512,937,503
Total equity and liabilities		19,925,008,809	15,761,938,365

Stavanger, 4 June 2018


Dag Halvard Omre
Asset Director Stavanger
Arne Torbjørn Westerg
Asset Director Oslo



Spirit Energy NUF

Statement of Cash flows

(Amounts in NOK)

		2017	2016
Profit/(loss) before tax		2,756,517,907	2,016,495,474
Tax paid		(1,656,348,878)	(1,071,936,728)
Depreciation and amortisation	7, 8	2,058,342,095	2,313,523,454
Impairment/(reversal of impairment)	7, 8	16,846,406	(261,603,242)
(Gain)/loss divestments of licences		0	(6,602,188)
Decommissioning interest	18	61,815,558	99,916,643
Decommissioning cost in balance	18	(14,004,874)	(44,672,726)
Unrealised foreign currency (gain)/loss		1,476,438	5,301,975
Change in working capital		(703,115,167)	(121,405,184)
Cost related to stock option plan		0	(8,165,634)
Cash flow provided by operating activities		2,521,529,486	2,920,851,843
Proceeds from share in licences		0	5,560,047
Capital expenditures	7, 8	(2,522,349,032)	(2,218,494,437)
Cash flow from migration with Bayerngas Norge AS		898,453,914	0
Cash flow used in investing activities		(1,623,895,118)	(2,212,934,390)
Change in loan to related parties	17	709,714,825	(617,923,682)
Change in short term loan from related parties	17	(389,824,054)	(750,000,000)
Change in long term loan from related parties	17	(3,748,358,551)	(1,000,000,000)
Conversion of debt to equity	16	2,700,000,000	1,750,000,000
Cash flow used in financing activities		(728,467,781)	(617,923,682)
Effect of exchange rate changes in cash and cash equivalents		2,390,819	(5,347,954)
Net increase/(decrease) in cash and cash equivalents		171,557,407	84,645,817
Cash and cash equivalents beginning of the period		184,683,728	100,037,911
Cash and cash equivalents end of the period		356,241,135	184,683,728



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/under lift

Over and under lift of hydrocarbons are valued at marked price (estimated sales value deducted for cost of sales). Changes in over lift balances are accounted for as a decrease or increase in cost of sales. Changes in under lift balances are accounted for as a decrease or increase in revenue.

Over lift is classified as other short term liabilities and under lift 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.

Onerous Contract

A provision for onerous contracts is recognized where the unavoidable cost of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. This is the case for a sublease on the rig contract on Ivar Aasen. A provision of 72 MNOK has been made, where 50 MNOK is recognized as current liability and the remaining as non-current.

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.

Joint venture merger

The merger of the Norwegian business of Bayerngas Norge AS and Centrica Energi NUF is based on accounting continuity. The merger was effective from the 11th of December, for simplification the bookvalue of the assets and liabilities merged from Bayerngas Norge AS are recorded at 30 November 2017. Reference is also made to note 2 for further information.

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

Announcement of Joint Venture merger of the E&P business to BayernGas and Centrica in a new joint venture, Spirit Energy, was announced on 17th July subject to regulatory approvals. The cross-border integration was completed 8th December, 2017. Centrica plc owns 69% of Spirit Energy, with Bayerngas Norge's former shareholders, led by Stadtwerke München Group (SWM), owning the remaining 31%. The Joint Venture will create a strong and sustainable European E&P business by combining Centrica's cash generative and relatively near-term production profile with Bayerngas Norge's more recently on-stream producing assets and development portfolio.

The consolidation of the Norwegian businesses to Bayerngas Norge AS and Centrica Energi NUF was completed 11th of December, 2017. All balance item in Bayerngas Norge AS at the transaction day was transferred to Spirit Energy NUF (prior Centrica Energi NUF) in accordance with the principle of accounting continuity. The Income Statement for 2017 includes the Bayerngas Norge AS transactions from December.

Note 3 Revenues

Revenue relates to sales of oil, NGL and gas production on Statfjord, Vale, Heimdal, Kvitebjørn and Valemon, in addition to processing and transport services provided by the Heimdal installation. In 2017 there is one month of revenues from the prior Bayerngas Norge AS licences Trym, Vega and Ivar Aasen.

	2017	2016
Sale of crude oil	2,534,075,032	2,612,263,960
Sale of natural gas liquids (NGL)	640,460,395	507,203,444
Sale of gas	4,053,800,781	3,430,016,808
Transport and processing services	293,913,365	321,757,143
Total	7,522,249,573	6,871,241,356



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

	2017			
	Crude	NGL	Gas	Total
UK	194,331,904	211,834,055	4,017,288,844	4,423,454,803
Norway	2,157,940,059	104,736,468	0	2,262,676,526
Switzerland	159,622,496	348,162,479	0	507,784,975
Germany	0	0	36,511,937	36,511,937
Denmark	13,643,640	0	0	13,643,640
Total	2,525,538,099	664,733,002	4,053,800,781	7,244,071,881
Change in underlift	8,536,933	(24,272,607)	0	(15,735,674)
Total including change in underlift	2,534,075,032	640,460,395	4,053,800,781	7,228,336,207

Note 4 Exploration expenses

	2017	2016
Geology and geophysics	54,133,210	14,860,504
Seismic	299,350,411	77,023,581
Special studies	229,142	1,892,450
Other exploration expenses	24,522,397	47,161,009
Total	378,235,161	140,937,544

Note 5 Auditors' remuneration

Auditors' remuneration	2017	2016
Statutory audit	780,617	1,070,832
Tax compliance and advice	0	0
Other compliance services "not statutory audit related"	460,321	196,750
Total	1,240,938	1,267,582

VAT is not included in audit fee.

Note 6 Payroll expenses

	2017	2016
Salaries ¹⁾	174,451,236	222,433,955
Social security costs	29,624,511	33,965,725
Pension costs	27,910,973	17,036,387
Other compensations	318,833	3,029,628
Charges to JV partners	(69,672,690)	(122,874,226)
Total	162,632,863	153,591,469

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

	31.12.2017 ²⁾	31.12.2016
Number of employees	171	128

²⁾ The numbers of employees 31 December 2017 includes 56 former employee from Bayerngas Norge AS.

Remuneration to Asset Director Stavanger³⁾

Salary, bonus and pension	7,835,801
Other compensations	147,455
Total	7,983,256

³⁾ Asset Director Oslo from Bayerngas Norge AS have been employed in Spirit Energy NUF since 11th of December and is not included in the remuneration to Asset Director above.

The Asset Director Stavanger 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.



Asset Director Oslo is entitled by contract to a 12 months base salary resignation settlement provided that a number of pre-defined conditions are met.

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

	exploration	Other	TOTAL
Cost as of 01.01	386,653,364	34,565,093	421,218,457
Addition from merger with Bayerngas	420,371,038	0	420,371,038
Additions ¹⁾	219,051,988	0	219,051,988
Disposal	(2,992,053)	0	(2,992,053)
Cost as of 31.12	1,023,084,337	34,565,093	1,057,649,430
Addition from merger with Bayerngas (accumulated write-off)	250,000,000	0	250,000,000
Accumulated depreciation	0	25,081,827	25,081,827
Net accumulated write-off / (net accumulated write-back)	(189,063,915)	170,827	(188,893,089)
Book value 31.12	962,148,252	9,312,439	971,460,691
Annual depreciation	0	4,937,315	4,937,315
Annual write-back ²⁾	(195,818,473)	0	(195,818,473)

¹⁾The capitalised exploration costs are mainly related to Fogelberg, Hades-Iris, Kvitebjørn Exploration, Tethys, Valemon Exploration and Scarecrow.

²⁾The net annual write-back is mainly related to PL418 Skarfjell.

Note 8 Property, plant and equipment

	Assets under development	Producing assets	Fixtures and fittings	Office Equipment	TOTAL
Cost as of 01.01	3,016,603,613	22,560,394,409	27,769,378	68,553,064	25,673,320,464
Additions	1,598,086,930	704,216,945	171,023	822,146	2,303,297,044
Change in estimate for decommissioning assets	0	26,713,101	0	0	26,713,101
Transfer from AUC to producing assets	(2,903,286,643)	2,903,286,643	0	0	0
Addition from merger with Bayerngas	21,738,264	4,459,389,673	0	1,333,525	4,482,461,462
Scraping / disposal	0	0	0	(7,372,973)	(7,372,973)
Cost as of 31.12	1,733,142,164	30,654,000,772	27,940,401	63,335,762	32,478,419,098
Accumulated depreciation 01.01	0	12,044,719,484	10,241,315	58,028,798	12,112,989,597
Accumulated write-off 01.01	0	1,649,654,103	0	0	1,649,654,103
Scraping / disposal	0	0	0	(7,364,220)	(7,364,220)
Annual depreciation and write-off	0	2,254,302,420	4,222,501	7,544,740	2,266,069,661
Accumulated depreciation 31.12	0	14,086,357,024	14,463,815	58,209,318	14,159,030,157
Accumulated write-off 31.12	0	1,862,318,983	0	0	1,862,318,983
Book value 31.12	1,733,142,164	14,705,324,765	13,476,586	5,126,443	16,457,069,958
Annual depreciation	0	2,041,637,540	4,222,501	7,544,740	2,053,404,781
Impairment ¹⁾	0	212,664,880	0	0	212,664,880
Depreciation method		UoP/Straight Line ²⁾	Straight Line	Straight Line	
Estimated useful lives (years)			5 - 10 years	3 years	



¹¹ The carrying values of PP&E are tested annually for impairment/reversal of impairment and are reviewed for impairment/reversal of impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively. The future post-tax cash flows used for impairment are discounted using a post-tax nominal discount rate of 8.5% (2016: 9.0%) to determine the fair value less cost of sales. Inflation rate used for impairment calculations is 2.0% (2016: 2.0%). WACC is 8.5% (2016: 9.0%) and is calculated based on the cost of capital and the cost of debt. It is applied to the average capital employed when calculating economic profit to ensure projects cover their cost of capital. Commodity prices used in the impairment calculations are based on observable market data and in part on internal estimates. In the impairment calculation a forward oil price, in the liquid period for the next 4 years is used amounting to respectively USD 65.5/bbl, USD 61.6/bbl, USD59.1/bbl and USD76.8/bbl, as well as a forward rate for USD versus GBP at 1.3 for 2018 and NOK versus USD at 8.3 for 2018.

Impairment loss in producing assets relates to Valemon.

²⁾ All licences are depreciated according to UoP (Unit of Production) method with the exception of Heimdal which is depreciated straight-line over expected lifetime.

Capitalised interest cost for 2017 was NOK 97.3 mill and for 2016 NOK 46.7 mill.

Operating leases

The company have office locations in both Stavanger and Oslo.

Stavanger:

In March 2015 the company moved into new office space in Stavanger (Veritasveien 29) and the rent in 2017 was NOK 19.4 million (2016 NOK 18.7 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 the main office for Bayerngas Norge AS. The leasing agreement expire 31 of December 2018 and the rent for December 2017 was 696 506 NOK.

Office lease future minimum lease payments

	2017	2016
Payable within		
1 year	28,126,451	19,355,711
2 to 5 years	79,073,500	84,163,062
Thereafter	44,478,844	77,163,381
Total	151,678,795	180,682,154

Reference is made to note 19 commitments.

Note 9 Other operating expenses

	2017	2016
Services supplied by related companies	156,991,191	123,389,640
Consultancy	89,998,206	51,530,103
Recruitment	360,000	79,247
Insurance	45,755,891	47,940,826
IT including software maintenance	13,130,327	11,706,189
Travel expenses	4,827,037	3,221,418
Other costs	40,477,887	59,398,834
Charges to operated licences	(163,914,817)	(114,590,891)
Total	187,625,722	182,675,365

Note 10 Spare parts and supplies

	2017	2016
Spare parts and supplies	269,682,649	236,410,566
Total	269,682,649	236,410,566

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.



Note 11 Restricted cash

	2017	2016
Restricted cash related to taxes withheld from employees' wages	18,706,757	9,640,057
Restricted cash deposit related to rent of office and employee housing	6,257,808	0
Restricted cash deposit related to guarantee issued to Gassco	36,862,662	0
Restricted cash deposit related to guarantee issued to Maersk	52,476,757	0
Total	114,303,984	9,640,057

Note 12 Income taxes

Taxes Payable/Basis for tax refund	2017	2016
Net income before taxes	2,756,517,907	2,016,495,474
Permanent differences	1,915,700,114	536,904,037
Changes in temporary differences	(2,453,464,744)	9,121,758
Basis for company tax before loss carried forward	2,218,753,277	2,562,521,269

Use of tax loss carried forward 24%	(1,449,836,476)	0
Basis for Company tax	768,916,801	2,562,521,269

Basis for company tax	2,218,753,277	2,562,521,269
Financing costs only subject to 24% tax	34,200,410	131,838,852
Uplift	(448,670,083)	(440,003,380)
Use of tax loss carried forward special tax	(1,804,283,607)	0
Basis for special tax	(3)	2,254,356,741

Pro & Contra Company tax booked	64,997,458	0
Pro & Contra special tax booked	1	0
Total tax payable booked against acquired assets	64,997,458	0

Company tax charged through Profit and Loss accounts (24%)	(184,540,032)	(640,630,317)
Special tax charged through Profit and Loss accounts (54%)	1	(1,194,809,073)
Provision for possible outstanding tax liability in previous years	(242,364,916)	(250,024,138)
Tax payable charged to the income statement	(426,904,947)	(2,085,463,528)

Total Company tax in balance sheet	184,540,032	640,630,317
Total Special tax in balance sheet	(2)	1,194,809,073
Term payments	(24,840,502)	(226,000,000)
Pro & Contra tax in balance sheet	(64,997,458)	0
Provision for possible outstanding tax liability in previous years	1,390,493,910	987,087,719
Tax payable /(receivable) in balance sheet	1,485,195,981	2,596,527,109

Specification of temporary differences - computation of deferred taxes

	Changes	2017	2016
Fixed assets	2,989,213,050	5,073,502,272	2,084,289,222
Other Fixed Assets	(5,925,894)	(12,864,544)	(6,938,650)
Decommissioning - net	(878,883,762)	(3,563,771,511)	(2,684,887,749)
Other Temporary differences	349,061,350	(59,612,211)	(408,673,561)
Net temporary differences	2,453,464,744	1,437,254,006	(1,016,210,738)
Basis for deferred tax - company tax	2,453,464,744	1,437,254,006	(1,016,210,738)
Fix assets related to hedging exempt from special tax	0	605,735	605,735
Fix assets related to capitalised interest exempt from special tax	9,048,198	(37,361,129)	(46,409,327)
Uplift carry forward	(487,489,468)	(487,489,468)	0
Basis for deferred tax - special tax	1,975,023,474	913,009,144	(1,062,014,330)
Deferred tax in balance sheet		837,972,164	(816,920,279)
Deferred tax in balance sheet updated with change in company tax and special tax rate		832,729,716	(817,372,041)

**Income taxes charged to the income statement consist of:**

	2017	2016
Tax payable/Tax refund, exploration expenses	(184,540,031)	(1,835,439,390)
Changes in deferred taxes	(588,831,539)	2,280,440
Changes in deferred taxes - special tax	(1,066,512,676)	489,231
Pro & Contra deferred tax	(446,101,169)	0
Adjustment prior year periods	(228,050,674)	(247,869,224)
Effect of change in the tax rate	5,242,449	451,762
Total taxes charged to the income statement	(2,508,793,640)	(2,080,087,182)

Effective tax rate reconciliation

	2017	2016
Income before taxes	2,756,517,907	2,016,495,474
Expected tax charge 78 %	(2,150,083,967)	(1,572,866,470)
Permanent differences	(1,494,246,089)	(418,785,149)
Pro & Contra deferred tax balance	1,137,787,849	0
Financial items net	(18,468,221)	(69,874,592)
Uplift	244,111,760	233,201,791
Deferred tax exempt from special tax	(4,886,027)	(4,345,301)
Adjustment prior year periods	(228,050,674)	(247,869,224)
Onshore tax 24%	(200,719)	0
Effect of change in the tax rate*	5,242,449	451,762
Total taxes charged to the income statement	(2,508,793,640)	(2,080,087,182)

The tax rate on company tax is from fiscal year 2018 reduced to 23%. Deferred tax liability and deferred tax asset as of 31 December 2017 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 through 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 is MNOK 144.5.

Note 14 Other receivables

	2017	2016
Prepaid expenses	21,715,799	8,166,348
Line-fill	30,738,745	30,738,745
Under lift producing fields	73,492,325	65,719,090
Accrued income	226,916,049	391,367,872
Receivables non-operated licences	6,469,624	3,241,744
Under call non-operated licences	663,199,847	502,373,355
Other receivables	31,366,492	0
Total	1,053,898,880	1,001,607,152

Note 15 Other short term liabilities

	2017	2016
Other licence related liabilities ¹⁾	1,002,258,064	571,943,277
Over lift producing fields	133,901,143	103,250,089
Over call operated licences	109,930,167	59,607,300
Deferred revenue	1,253,504	10,462,980
Salary and bonus accrual	67,213,019	138,105,731
Pension ²⁾	11,136,685	0
Accrual restructuring cost ³⁾	786,009	37,762,072
Other accruals ⁴⁾	146,756,735	600,666,082
Total	1,473,235,326	1,521,797,531

The company has no debt with more than 5 years maturity.



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 31.12.2017.

The defined benefit pension plan will be terminated in 2018 and all employees will then be covered by the contribution based pension.

	2017
Estimated pension commitment	91,297,268
of which earned pension commitment	70,217,566
of which estimated effect of the future adjustment of wages	21,079,702
Pension to market value	(80,334,245)
Estimate variance	(1,372,140)
Social security tax	1,545,786
Net pension obligation	11,136,669

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

Expected return on plan assets	4.00 %
Discount rate	2.30 %
Expected rate of salary increase	2.50 %
Annual rate of base amount in social security	2.25 %
Annual adjustment to pensions	0.40 %
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.

	Shareholder's	Loss carried	Total
Equity/Head office current account 01.01	6,744,999,998	(4,495,999,137)	2,249,000,861
Equity from merger with Bayerngas Norge AS	0	(1,254,993,546)	(1,254,993,546)
Capital increase ¹⁾	2,700,000,000	0	2,700,000,000
Net profit	0	247,724,265	247,724,265
Equity/Head office current account 31.12	9,444,999,998	(5,503,268,417)	3,941,731,581

¹⁾ The company performed an equity contribution of NOK 2 700 000 000 in 2017 for settlement of structural funding loan, reference is made to note 17 balance with related parties.

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	2017	2016
Short term loans to related parties	Centrica Overseas Holding Ltd ¹⁾	-	709,714,825
Total		0	709,714,825
Receivable - related parties	Multiple related parties	382,841,373	466,852,583
Total		382,841,373	466,852,583
Long term loan from related parties	Centrica International BV ¹⁾	0	4,000,000,000
Long term loan from related parties	Spirit Energy Treasury Limited ¹⁾	5,807,962,189	0
Total		5,807,962,189	4,000,000,000
Short term debt - related parties	Multiple related parties	75,412,749	126,123,691
Total		75,412,749	126,123,691

¹⁾Following the Joint Venture merger with Bayerngas loan agreements with Centrica Overseas Holding Ltd and Centrica International BV were replaced with loan agreements with Spirit Energy Treasury Limited (SETL) Spirit Energy NUF had as per 31 December, 2017 a draw down funding facility of NOK 3 400 million with Spirit Energy Treasury Limited with expire date 30 September, 2020.

As part of the Norway business consolidation of the E&P business to Bayerngas and Centrica, loan agreements in Bayerngas were transferred to Spirit Energy NUF. Several of the loans in previously Bayerngas were settled as part of increase in shareholders equity, reference is made to note 16 Equity/Head office account. Spirit Energy NUF had as per 31 December 2017 a structural funding loan agreements of total NOK 2 950 million with expiry date 11 March, 2018 with SETL. The structural funding loan agreement was settled 9 March, 2018 and replaced with an increase in the draw down funding facility up to NOK 6 400 million with Spirit Energy Treasury Limited with expire date 30 September, 2020.

The interest rate is supplied by Centrica Plc for loan up to November 30, 2017 and from December 1, 2017 from Spirit Energy Treasury Limited. Interest rate is added to the company loan.

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

Note 18 Provision for decommissioning

	2017	2016
Decommissioning obligations at 01.01.	5,134,367,542	4,552,261,590
Addition from migration with Bayerngas	891,650,936	0
Addition new decommissioning projects	6,354,471	99,210,709
Revision in estimates	20,358,631	427,651,325
Decommissioning cost in balance	(14,004,874)	(44,672,726)
Decommissioning cost in profit and loss	(15,000,000)	0
Interest expenses	61,815,558	99,916,643
Decommissioning obligation at 31.12.	6,085,542,265	5,134,367,542
Assets related to decommissioning at 01.01.	2,416,945,836	2,296,363,408
Addition from migration with Bayerngas	475,761,605	0
Additional assets/revision in estimates	26,713,101	526,862,034
Depreciation and write-off	(419,530,696)	(406,279,607)
Assets related to decommissioning at 31.12.	2,499,789,846	2,416,945,836

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. As per 31 December, 2017 the interest used is 1.2% (31 December, 2016: 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.

Total obligation includes a short-term portion as per December 31, 2017 of NOK 10 622 335 (December 31, 2016 NOK 5 865 806).



Note 19 Commitments

Leases

Per December 31, the maturity analyses for the total minimum lease payments under non-cancellable leases were:

	2017	2016
Payable within		
1 year	331,996,271	19,355,711
2 to 5 years	166,614,674	297,241,685
Thereafter	44,478,844	77,163,381
Total	543,089,789	393,760,777

The leasing commitments per December 31, 2016 mainly relates office rental and development of PL405 Oda, PL433 Fogelberg and PL0018 Ivar Aasen

Acquisition of property plant and equipment

	2017	2016
Contractual commitment for acquisition of property, plant and equipment were as follows:	1,851,393,289	1,955,564,551

Other financial commitments

The amount of other financial commitments not provided in the financial statement was NOK 1 788 783 270 (2016: NOK 2 874 985 143), 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 year-end December 2017.

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

The company has per December 31, 2017 following status in terms of share in licences:

Licence number	Share in %	Operator	Expiration of licence
PL036	50.00 %	Spirit Energy Norge	June - 2021
PL249	50.00 %	Spirit Energy Norge	June - 2021
PL405	40.00 %	Spirit Energy Norge	Dec - 2036
PL433	50.00 %	Spirit Energy Norge	Feb - 2042
PL528	40.00 %	Spirit Energy Norge	May - 2047
PL528 B	40.00 %	Spirit Energy Norge	May - 2047
PL682	30.00 %	Spirit Energy Norge	Feb - 2021
PL719	50.00 %	Spirit Energy Norge	June - 2019
PL747	60.00 %	Spirit Energy Norge	Feb - 2021
PL747 B	60.00 %	Spirit Energy Norge	Feb - 2021
PL749	40.00 %	Spirit Energy Norge	Feb - 2024
PL780	60.00 %	Spirit Energy Norge	Feb - 2022
PL811	40.00 %	Spirit Energy Norge	Feb - 2024
PL852	60.00 %	Spirit Energy Norge	June - 2021
PL036 B	28.80 %	Statoil Petroleum	June - 2021
PL037	23.13 %	Statoil Petroleum	Aug - 2026
PL050 ES	13.00 %	Statoil Petroleum	Sept - 2031
PL050 FS	13.00 %	Statoil Petroleum	Sept - 2031
PL050 GS	13.00 %	Statoil Petroleum	Sept - 2031
PL050 HS	13.00 %	Statoil Petroleum	Sept - 2031
PL090 HS	25.00 %	Statoil Petroleum	Feb - 2024



Licence number	Share In %	Operator	Expiration of licence
PL193	19.00 %	Statoil Petroleum	Sept - 2031
PL193 B	13.00 %	Statoil Petroleum	Sept - 2031
PL193 C	19.00 %	Statoil Petroleum	Sept - 2031
PL193 D	13.00 %	Statoil Petroleum	Sept - 2031
PL193 E	19.00 %	Statoil Petroleum	Sept - 2031
PL193 FS	19.00 %	Statoil Petroleum	Sept - 2031
PL263	30.00 %	Statoil Petroleum	May - 2037
PL263 B	30.00 %	Statoil Petroleum	May - 2037
PL745 S	20.00 %	Statoil Petroleum	Feb - 2024
PL890	20.00 %	Statoil Petroleum	Feb - 2024
PL090 C	25.00 %	Wintershall Norge	March - 2024
PL418	20.00 %	Wintershall Norge	Feb - 2041
PL 475 BS	20.00 %	Wintershall Norge	Feb - 2036
PL 475 CS	20.00 %	Wintershall Norge	Aug - 2036
PL 734	30.00 %	Wintershall Norge	Feb - 2021
PL 836 S	30.00 %	Wintershall Norge	Feb - 2023
PL001 B	15.00 %	Aker BP	Dec - 2036
PL028 B	15.00 %	Aker BP	Dec - 2036
PL242	15.00 %	Aker BP	June - 2036
PL861	30.00 %	Aker BP	Feb - 2024
PL700	20.00 %	Lundin Norway	Feb - 2020
PL700 B	20.00 %	Lundin Norway	Feb - 2020
PL764	20.00 %	Lundin Norway	Feb - 2024
PL886	20.00 %	Lundin Norway	Feb - 2025
PL832	20.00 %	Shell Norge	Feb - 2025
PL876 S	20.00 %	Shell Norge	Feb - 2024
PL147	50.00 %	Farao Petroleum Norge	July - 2027
PL810	30.00 %	Farao Petroleum Norge	Feb - 2023
PL825	30.00 %	Farao Petroleum Norge	Feb - 2023
PL644	20.00 %	OMV Norge	Feb - 2020
PL644 B	20.00 %	OMV Norge	Feb - 2020
PL685	20.00 %	Total E&P Norge	May - 2022
PL795	20.00 %	Total E&P Norge	Feb - 2023

The licences on the Norwegian continental shelf are owned by Spirit Energy Norge AS. The rights to the licences are through a pass through agreement transferred to Spirit Energy NUF through Spirit Norway Ltd

Note 22 Reserves (not audited by external auditor)

Reserves as of December 31, 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.

Million barrels of oil and gas equivalent:

	2017	2016
Remaining reserves 01.01	157.3	169.8
Produced	(20.9)	(23.1)
Increase in reserves of exploration fields	0.0	0.1
Increase in reserves in producing fields	1.7	10.4
Addition from migration with Bayerngas	61.3	0.0
Remaining reserves 31.12	199.4	157.3



Note 23 Foreign exchange rates used at year end

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

	2017	2016
Pounds (GBP)	11.0863	10.6621
Dollars (USD)	8.2042	8.6403
Euro (EUR)	9.8487	9.0870

Note 24 Financial Items

	2017	2016
Interest income	6,661,294	19,856,399
Intercompany interest income	55,813,601	4,567,924
Interest income	62,474,894	24,424,323
Foreign exchange gain	351,685,194	112,941,037
Hedging	0	0
Other financial income	351,685,194	112,941,037
Finance income	414,160,089	137,365,360
Interest expenses	37,642,589	6,324,358
Intercompany loan interest expenses	283,879,015	243,106,379
Capitalised borrowing cost	(97,283,388)	(46,702,042)
Interest expenses	224,238,217	202,728,696
Foreign exchange losses	312,403,484	127,194,084
Unwind of discount on decommissioning provisions	61,815,558	99,916,643
Other financial expenses	692,021	219,812
Other financial expenses	374,911,063	227,330,539
Finance cost	599,149,279	430,059,235
Net financial items	(184,989,191)	(292,693,875)

Note 25 Transactions with related parties

Transaction with related parties:

a) Sales of products and services	Intercompany	2017	2016
Sale of Crude Oil (sales to third part back-to-back terms)	Spirit Energy Resources Limited	194,331,904	231,639,924
Sale of Dry Gas	British Gas Trading	3,970,786,779	3,424,421,765
Sale of services	Spirit Energy Resources Ltd	6,197,235	11,528,229
Sale of services	Spirit Energy Petroleum Danmark AS	3,656,096	0
Sale of services	Spirit Energy Danmarks Aps	2,302,930	0
Sale of services	Multiple related parties	186,243	387,111
Interest income on loan to related parties	Centrica Overseas Holdings Ltd	55,813,601	4,567,924
b) Purchase of products and services	Intercompany	2017	2016
Purchase of services from related parties	British Gas Trading	76,590,383	77,752,022
Purchase of services from related parties	Spirit Production Services Ltd	179,538,832	140,800,512
Purchase of services from related parties	Multiple related parties	458,249	0
Interest expenses on loan from related parties	Centrica Overseas Holdings Ltd	844,881	5,316,916
Interest expenses on loan from related parties	Centrica International BV	255,522,060	237,789,463
Interest expenses on loan from related parties	Spirit Energy Treasury Limited	24,787,862	0
Interest expenses on loan from related parties	SWM Gasbeteiligungs GmbH & Co. KG	1,738,810	0
Interest expenses on loan from related parties	Bayerngas Produksjon Norge AS	985,402	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 44 930 637 has been recharged from Centrica Plc (2016: NOK 47 256 296).

Note 26 Subsequent events

In January 2018 as part of the APA 2017 Spirit was awarded eleven new licences, three of them as operator.

No other subsequent events have been identified which impact the financial information as per December 31, 2017.



Country by country report 2017

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.

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
PL405 Oda	25 662 420 NOK	40 %
PL 433 Fogelberg	13 688 740 NOK	50 %

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 2017	1 656 348 878
Interest	16 985 890
Totalt	1 673 334 768

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. Centrica operates only on the Norwegian shelf. This reporting requirement is considered thus being fulfilled by the accounts as specified in the following paragraphs:



centrica

Investments:

Total paid investments in 2017 amounted to NOK 2 522 349 032 with reference to the cash flows statements.

The investment is mainly related to:

Producing assets: PL037 Statfjord Area, PL193 Kvitebjørn and Valemon

Assets under development: PL475 BS/CS Maria, PL405 Oda, PL433 Fogelberg, PL193A/B Kvitebjørn Exploration and PL682 Tethy,

Revenues and production:

Revenues from production of hydrocarbons amounted to NOK 7 522 249 573, with reference to note 3 revenues.

Production of oil, NGL and gas for 2017 amounted to 21.3 million barrels of oil equivalents.

Intercompany interest

Interest expenses to affiliated companies located in UK and the Netherlands was in 2017 NOK 283 879 015, with reference to note 24 financial items and note 25 transaction with related parties. Essentially, all the interest was paid in 2017.

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.