



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Pierluigi Nalin
Dato for fastsettelse av årsregnskapet: 31.12.2016

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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

Brønnøysundregistrene, 09.03.2021



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	6,17	30 487 346	29 767 121
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,11,1 2	318 225 870	630 892 483
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11-1	92 883 020	0
Annen driftskostnad	8,10	69 396 651	75 028 014
Annen driftskostnad	17	-6 868 925	0
Sum kostnader		504 123 962	735 687 618
Driftsresultat		-504 123 962	-735 687 618
Finansinntekter og finanskostnader			
Annen renteinntekt		4 177 668	5 052 326
Annen finansinntekt		-18 790 221	1 426 011
Sum finansinntekter		-14 612 553	6 478 337
Rentekostnad til foretak i samme konsern		42 829 435	40 376 897
Annen rentekostnad		-9 075 298	2 879 011
Sum finanskostnader		33 754 137	43 255 908
Netto finans		-48 366 690	-36 777 571
Ordinært resultat før skattekostnad		-552 490 652	-772 465 189
Ordinært resultat etter skattekostnad		-552 490 652	-772 465 189
Årsresultat		-552 490 652	-772 465 189



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	12	5 433 436	7 746 852
Utsatt skattefordel	16	126 697 215	67 315 000
Sum immaterielle eiendeler		132 130 651	75 061 852
Varige driftsmidler			
Asset under construction	11	713 534 105	650 244 640
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11	3 233 936	3 741 873
Sum varige driftsmidler		716 768 041	653 986 513
Sum anleggsmidler		848 898 692	729 048 365
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	14,16, 24	379 398 513	723 594 816
Andre fordringer	11-1	44 000 000	0
Sum fordringer		423 398 513	723 594 816
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	15,24	73 557 476	184 496 888
Sum bankinnskudd, kontanter og lignende		73 557 476	184 496 888
Sum omløpsmidler		496 955 989	908 091 704
SUM EIENDELER		1 345 854 681	1 637 140 069

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2016	2015
Innskutt egenkapital			
Selskapskapital	21	2 000 000	2 000 000
Overkurs		891 885 000	891 885 000
Sum innskutt egenkapital		893 885 000	893 885 000
Opptjent egenkapital			
Fond		-361 942 915	-361 942 915
Udekket tap		359 820 460	181 271 966
Sum opptjent egenkapital		-721 763 375	-543 214 881
Sum egenkapital		172 121 625	350 670 119
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	17	0	5 113 816
Sum avsetninger for forpliktelser		0	5 113 816
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	9,24	0	874 601 906
Sum annen langsiktig gjeld		0	874 601 906
Sum langsiktig gjeld		0	879 715 722
Kortsiktig gjeld			
Leverandørgjeld	18,24	158 153 534	181 856 336
Kortsiktig konserngjeld	9,24	1 010 265 049	220 499 086
Annen kortsiktig gjeld	18,24	5 314 473	4 398 806
Sum kortsiktig gjeld		1 173 733 056	406 754 228
Sum gjeld		1 173 733 056	1 286 469 950
SUM EGENKAPITAL OG GJELD		1 345 854 681	1 637 140 069



Skattedirektoratet

19 JAN 2016
M C

Saksbehandler
Torstein Kinden Helleland

Deres dato
14.01.2016

Vår dato
18.01.2016

Telefon
22078139

Deres referanse
Kjell Richard Manskow

Vår referanse
2016/29981

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 150
4065 STAVANGER

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentraltbord
800 80 000
Telefaks
22 17 08 60



regnskapslovens formål, jf. pkt. 1.1:

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Runer Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Edison Norge AS



Annual report 2016

Area of operations

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

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies and both as the role of operator and partner. The company's activities in 2016 have been: to prepare for offshore operations, to apply for prospective acreage and to expand into a competent and solid organisation.

By the end of the year 2016 the company had participation interest in seventeen exploration licenses six as operatorship.

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall	16/02/2017
PL 435	20%	DEA Norge AS	16/02/2016
PL 613	25%	Dong Norge	13/05/2018
PL 708	20%	Lundin Norway	21/06/2018
PL 713	20%	Statoil AS	21/06/2017
PL 796	20%	Statoil AS	06/02/2022
PL 848	30%	Statoil AS	05/02/2023
PL 717	20%	Eni Norge	21/06/2018
PL 226	20%	Eni Norge	15/05/2050
PL 806	20%	Eni Norge	06/02/2023
PL 808	20%	MOL Norge AS	05/02/2023
PL 707	50%	Edison	21/06/2018
PL 727	40%	Edison	07/02/2020
PL 770	60%	Edison	07/02/2021
PL 807	60%	Edison	05/02/2023
PL 841	40%	Edison	05/02/2023
PL 850	40%	Edison	05/02/2024

The company sent notice of relinquishment for PL707 and PL770 to Olje og Energidepartmetet on November 16th 2016. Olje og Energidepartmetet confirmed relinquishment of exploration licenses PL707 and PL770 on 27th Jan. 2017.

APA and licensing rounds:

In 2016, the authorities (MPE) offered the company five new awards as a result of APA 2015 application round as follows:

- 1- PL807 located in North Sea and Edison is operator with 60% share.
- 2- PL841 located in North Sea and Edison is operator with 40% share.
- 3- PL850 located in North Sea and Edison is operator with 40% share.
- 4- PL808 located in North Sea and Edison is partner with 20% share.
- 5- PL848 located in North Sea and Edison is partner with 30% share.



Edison Norge AS



Annual report 2016

In 2016, the company submitted two applications of which one as operator in the Norwegian Sea. On 17th of January, the authorities (MPE) offered the company one new award as a result of APA 2016 application round. The new license is PL880 located in North Sea and Edison is partner with 40% share.

The 24th Licensing Round nomination was announced on 29th August. Oil companies are invited to nominate up to 15 blocks for the 24th Licensing Round and only block which has been opened for petroleum activity can be nominated. Deadline for nominating blocks was 30th November. Edison submitted its nomination for 15 blocks in due time.

Continuing operations

The main operations in 2016 have been the followings:

In the production license PL708, where Edison Norge AS is partner with 20%, the drilling of 7130/4-1 well, Ørnen prospect, in Barents Sea started 21st November 2015. The well was scheduled to take 56 days in the dry hole case. The well reached a total depth of 3,184 m. Small amounts of gas was discovered, and the well is classified as a non-commercial gas discovery. P&A operation are concluded and the rig released on 8th January 2016.

In the production license PL226, where Edison Norge AS is partner with 20%, the drilling of 7222/1-1 well, Aurelia prospect, started 14th June 2016 targeting a TD of 3,364m planned for 54 days. in dry hole case. Only traces of hydrocarbons were identified in the main reservoir section and the drilling was aborted in the beginning of August above the planned TD due to drilling problems and classified as a dry well.

During 2016 purchase of 3D MC for PL 807-808-841 has been completed and a proprietary 3D seismic was acquired in PL 850 during the Summer period In addition processing of seismic data for PL848 and purchase of 2D seismic lines have been completed.

In the production license PL418, the operator on behalf of the partners, submitted an extension application to the MPE applying for one year extension of DG2/BOV until 16th February 2017 and one year extension of submission of a PDO until 16th February 2018. Partners plan for BOV decision is set for 31st January 2017.

The PDO of Zidane in PL 435 (renamed by the Ministry to Dvalin) has been submitted to the Ministry of Petroleum for approval on the 3rd of October 2016. The individual partners had to accede to the PDO within 3 months.

Edison Norge decided to decrease its participation interest in the Dvalin and the company entered into two sales agreements, one for the sale of 5% to DEA Norge AS and one for the sale of 5% to Petoro AS. Effective date for these transactions was 1 January 2017 and the completion date for the transactions took place on 30 December 2016. For compensation of tax balances the company received MNOK 44. All the licensees acceded the PDO on 2nd Jan. 2017, prior to the 3 months deadline on 3rd January.



Edison Norge AS



Annual report 2016

The Polarled pipeline has been laid, the construction at the Nyhamna receiving terminal is on schedule and on budget, The terminal is expected to be ready for operations mid 2017 and will be used by the Ormen Lange field first, then also for Polarled when gas is produced from the Åsta Hansteen Field.

Working environment

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

Equal opportunities and equal status

The company has an objective to be a work place with equality of opportunity and treatment of women and men. At end 2016 the company had 15 female employees and 17 male employees all in full position.

Environmental pollution

The company makes no environmental contamination.

Statement of the annual accounts

The annual statement for 2016 shows a loss of MNOK 176.5 after total depreciations of 318.2 MNOK. The depreciations of capitalised exploration costs were MNOK 315,2.

The corresponding result in Edison International Norway Branch for 2015 was a loss of 179,8 MNOK with total depreciations of 630.8 MNOK and depreciation of capitalised exploration costs of MNOK 627.9.

It is the opinion of the management that the annual accounts and statement gives a satisfactory understanding of the company's position at the end of the year. Operating costs for 2016 were 504.1 MNOK, with a decrease of MNOK 231.6 from 735.6 MNOK in 2015.

Net financial items have been changed from a loss of NOK 36.8 million in 2015 to a loss of 48.4 million in 2016. The loss is mainly due to interest costs paid to group companies for the financing of Edison Norge AS.

There has been no changes to the share capital and share premium within the year 2016 however the company may ask for new capital contribution from time to time in order to keep sufficient equity in the Company, according to company's acts sections § 3-4 and § 3-5.



Edison Norge AS



Annual report 2016

Statement of future operations and development

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

In order to meet the requirements from the Norwegian authorities for Edison to hold licenses on the NCS, Edison International SpA has issued a parent company guarantee and therefore Edison SpA has always supported its activities in Norway both with capital injections and loans. The maturity to the current loan of MNOK 873.75 is 22nd Dec. 2017 and we expect it to be re-newed in due time in order for Edison International SpA to fulfil its continuous operations and commitments in Norway. In this regard the board of directors confirm that the going concern assumption is appropriate.

Philippe Antoine
Chairman of the board

Pierluigi Nalin
Managing director

Roberto Maria Cozzi
Board member

Rafael Salto Alemany
Board member

Ole Johan Oestvedt
Board member



Edison Norge AS



Income statement

Amounts in NOK	Note	2016	2015
Operating revenues			
Payroll and related costs	6,17	-30,487,346	-29,767,121
Depreciation and amortisation	11,12	-3,063,158	-2,960,325
Amortisation exploration expenses	7,12	-315,162,712	-627,932,158
Other operating expenses	8, 10	-69,396,651	-75,028,014
Other gains/losses	17	6,868,925	-
Impairment of tangible assets	11-1	-92,883,020	-
Operating profit (loss)		-504,123,962	-735,687,618
Interest income		4,177,668	5,052,326
Foreign exchange gain/loss		-18,790,221	1,426,011
Other finance costs		9,075,298	-2,879,011
Interest cost to group companies		-42,829,435	-40,376,897
Net financial items	20	-48,366,690	-36,777,571
Profit (loss) before tax		-552,490,652	-772,465,189
Income tax	16	376,019,374	592,622,837
Profit (loss) for the year		-176,471,278	-179,842,352

Statement of comprehensive income

Amounts in NOK	Note	2016	2015
Net income (loss)		-176,471,278	-179,842,352
Actuarial gains (losses) on employee benefit plan	17	-2,077,216	-1,429,614
Income tax on income and expense recognized directly in OCI			
Other comprehensive income (OCI)		-178,548,494	-181,271,966
Total comprehensive income (loss) for the year		-178,548,494	-181,271,966
Attributable to:			
Equity holders of the company		-178,548,494	-181,271,966
Total profit / loss		-178,548,494	-181,271,966

Notes 1 to 24 are an integral part of these Financial Statements



Edison Norge AS

Statement of affairs (Balance sheet) at 31 December

Amounts in NOK	Note	2016	2015
Assets:			
Intangible assets	12	5,433,436	7,746,852
Deferred tax assets	16	126,697,215	67,315,000
Total intangible assets		132,130,651	75,061,852
Office equipment	11	3,233,936	3,741,873
Assets under construction	11	713,534,105	650,244,640
Total tangible assets		716,768,041	653,986,513
Total non-current assets		848,898,692	729,048,365
Tax receivable from refund exploration cost	16	316,637,159	559,740,315
Other current assets	14,24	62,761,354	163,854,501
Asset held for sale	11-1	44,000,000	-
Cash and cash equivalents	15,24	73,557,476	184,496,888
Total current assets		496,955,989	908,091,704
Total assets		1,345,854,681	1,637,140,069
Equity and liabilities:			
Equity:			
Retained earnings		-181,271,966	-
Profit/Loss for the year		-178,548,494	-181,271,966
Other reserves		-361,942,915	-361,942,915
Share capital	21	2,000,000	2,000,000
Share premium	21	891,885,000	891,885,000
Total equity		172,121,625	350,670,119
Liabilities			
Pension liability	17	-	5,113,816
Liability to group companies - loan	9,24	-	874,601,906
Total non-current liabilities		-	879,715,722
Current liabilities to Group companies	9,24	1,010,265,049	220,499,086
Trade and other payables	18,24	158,153,534	181,856,336
Other current liabilities	18,24	5,314,473	4,398,806
Total current liabilities		1,173,733,056	406,754,228
Total liabilities		1,173,733,056	1,286,469,950
Total equity and liabilities		1,345,854,681	1,637,140,069

Notes 1 to 24 are an integral part of these Financial Statements

Stavanger, 01 February 2017

Pierluigi Nalin Philippe Antoine Roberto Maria Cozzi Rafael Salto Alemany Ole Johan Oestvedt
 Managing director Chairam of the board Board member Board member Board member



Edison Norge AS



Cash Flow Statement

Amounts in NOK	Note	2016	2015
Profit (loss) before tax		-552,490,652	-772,465,189
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation	11,12	320,988,826	633,828,317
Tax refund current year	16	559,740,315	368,676,861
Net interest income		48,366,691	36,777,570
Change in trade and other payables	18	-23,702,802	52,936,443
Change in other current assets	14	101,093,047	-93,935,678
Change in other current liabilities and etc.	18	915,667	-6,583,266
Increased other long term liability		-	75,239
Difference in paid and expensed pension	17	-5,113,816	830,120
Impairment of tangible assets	11-1	92,883,020	-
Difference in paid and expense pension		-2,077,216	-
Net cash flow from operating activities		540,603,180	220,140,417
Purchases of office equipment and software	11,12	-3,004,761	-6,828,894
Exploration investments		-315,162,712	-627,932,158
Investments in Oil & Gas properties	11	-200,172,485	-242,491,567
Purchase of Edison Int'l Norway Branch		-	-235,997,426
Net cash flow from investing activities		518,339,958	-1,113,250,045
Share capital		-	1,000,000
Share premium		-	440,000,000
Change in loans from Group companies	9	-84,835,943	220,499,086
Net interest and financial income received		-5,537,255	3,599,327
Interest paid on group loans		-42,829,436	-40,376,897
Net cash flow from financing activities		-133,202,634	624,721,516
Net changes in cash and cash equivalents		-110,939,412	-268,388,112
Cash and cash equivalents at 1 January		184,496,888	452,885,000
Cash and cash equivalents 31 December	15	73,557,476	184,496,888

Notes 1 to 24 are an integral part of these Financial Statements



Edison Norge AS



Statement of Changes in Owners Capital

Amounts in NOK	Note	Total
Total equity at 31.12.2014		452,885,000
Changes to equity contribution		441,000,000
Net profit (loss) 2015		-181,271,966
Other reserves		-361,942,915
Total equity at 31.12.2015		350,670,119
Net profit (loss) 2016		-176,471,278
Other reserves		-2,077,216
Total equity at 31.12.2016	21	172,121,625

Notes 1 to 24 are an integral part of these Financial Statements



Edison Norge AS
Notes to the financial statements



Note 1 – General information

These financial statements cover the period from 1 January 2016 through 31 December 2016. The financial statements were approved by the board at the date stated in the statement of financial position at December 31.

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

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies and both as the role of operator and partner. By the end of the year the Company had participating interest in 17 exploration licenses. All the activity of Edison in Norway is included in Edison Norge AS. The office address is at Jåttåvågveien 18, N-4020 Stavanger.

Note 2 – Summary of significant accounting principles

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

2.1 Basis of presentation

The financial statements of Edison Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) at 31 December, 2016. The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. In addition, special obligatory requirements by the Norwegian Accounting Act have been applied as mandatory as of 31 December, 2016.

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

2.1.1 Changes in accounting principles and information

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

The Company has not adopted any new and amended standards and interpretations in 2016.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing the financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:



Edison Norge AS
Notes to the financial statements



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

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Company has assessed the new standard and have not identified any implementation effects from the new standard.

IFRS 16, 'Leases' specifies how an IFRS reporter recognises, measures, presents and discloses leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Standard includes application guidance on a number of topics such as optional scope exemptions; and identifying a lease. Illustrative examples are also included to help entities correctly apply the Standard. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Company has assessed the new standard and have not identified any implementation effects from the new standard.

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

2.2 Interests in joint arrangements

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

2.3 Segment reporting

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



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2.4 Foreign currency translation

Transaction and Balance Sheet Items:

Foreign currency transactions are translated into the functional currency using the foreign exchange rate at the date of the transaction. The Company's functional currency is NOK.

Realised currency gains or losses and conversion of monetary items in foreign currency at the balance sheet rate are recorded in the income statement. If the currency position is regarded as cash flow hedging or hedging of net investments in foreign operations, gains and losses are recorded on the income statement as part of comprehensive income. Currency gains and losses related to loans, cash and cash equivalents are presented (net) as financial income or financial expenses. All other currency gains and losses are presented as other financial (losses) gains.

2.5 Fixed assets

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

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

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

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

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

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

2.6 Assets held for sale

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

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

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



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2.7 Intangible assets

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

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

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

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

Farm - in / Farm out

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

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

Exploration expenditures

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

2.8 Impairment of non - financial assets

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

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



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2.9 Financial assets

2.9.1 Classification

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

Loans and receivables

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

2.9.2 Recognition and measurement

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

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

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

2.10 Impairment of financial assets

Assets recorded at amortised cost.

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

2.11 Accounts receivable

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

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



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2.12 Cash and cash equivalents

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

2.13 Accounts payable

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

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

2.14 Loans

Inter-company loans are recorded at initial value.

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

2.15 Leases

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

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

2.16 Payable and deferred taxes

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

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

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



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

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

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

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

2.17 Provisions

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

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

2.18 Employee benefits

(a) Bonus

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

(b) Defined contribution pension scheme

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

Edison Norge AS had Defined Benefit pension shceme until end of September 2016 and replaced it with the new Defined Contribution (DC) pension scheme starting from October 1st 2016 (ref. note 17).

(C) Other benefits

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



Edison Norge AS
Notes to the financial statements

Note 3 – Financial risk management

3.1 Financial risk factors

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

(a) Currency risk

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

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

(b) Price risk

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

(c) Credit risk

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

(d) Liquidity risk

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

At the reporting date the company had liquid assets to the value of NOK 73.6 million as a liquidity buffer to manage the liquidity risk. The due dates for the financial liabilities are set out in note 24.

3.2 Capital risk management

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

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

Note 4 – Use of estimates

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



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

The use of estimates is particularly significant for the following items (ref note 11 and 23):

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

Note 5 – Segment information

As at 31.12.2016 Edison Norge AS is organised as one business segment which is involved in oil and gas exploration, as well as development activities on licences. The segment reporting is therefore identical to the figures presented in the company income statement and balance sheet.

Note 6 – Salary expenses, number of employees

Payroll and related costs consist of:

Amounts in NOK	2016	2015
Salaries	39,787,900	39,554,531
Social security costs	3,291,331	3,145,030
Pension costs, defined benefit, ref note 17	5,285,452	5,210,987
Other personnel expenses	9,305,210	10,565,034
Salary related costs billed to JVs partners or reclassified as exploration costs	-27,185,547	-28,708,461
Total	30,487,346	29,767,121
Average number of employees (local and expats)	31,8	34,3
Employees at year end (local and expats)	32	34

Edison Norge AS has at 31.12.2016 a contribution (DC) pension plan for all its Norwegian local employees in accordance with regulations in "Lov om obligatorisk tjenestepensjon" (OTP-loven) and "Lov om innskuddspensjon i arbeidsforhold" (innskuddspensjonsloven). Edison Norge at year end 2016 has 26 Norwegian local employees who are members of the pension scheme. This new DC pension scheme has been in effect since 01.10.2016 (ref. note 17).

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

Salaries and other benefits to management in 2016 consist of the following:

Amounts in NOK	Bonus and other allowances	Costs reimbursed to Edison SPA	Total
Pierluigi Nalin	899,448	813,928	1,713,376
Fabrizio Mattana	1,554,628	1,455,406	3,010,034
Total	2,454,076	2,269,334	4,723,410



Edison Norge AS
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Salaries and other benefits to management in 2015, consist of the following:

Amounts in NOK	Bonus and other allowances	Costs reimbursed to Edison SPA	Total
Fabrizio Mattana	1,936,495	1,600,276	3,536,771
Total	1,936,495	1,600,276	3,536,771

Mr. Fabrizio Mattana terminated his work as managing director end of September 2016 and Mr. Pierluigi Nalin took over the position from 1st of July 2016.

No directors' fee has been paid in the years 2016 and 2015.

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

Note 7 – Exploration expenses

Amounts in NOK	2016	2015
Seismic, well data, field studies and other exploration costs	76,233,803	25,690,742
Own share of exploration cost from participation in licenses	221,772,429	586,112,749
Other salary and operated expenses reclassified as exploration expenses	17,156,480	16,128,667
Total exploration expenses	315,162,712	627,932,158

Note 8 – Other operating expenses

Amounts in NOK	2016	2015
Lease cost	4,510,823	4,568,427
Consulting services	62,600,938	71,210,806
Maintenance	7,338,019	6,399,458
Other administrative expenses	10,277,509	11,186,645
Other operating costs billed to JVs partners or reclassified as exploration costs	-15,330,638	-18,337,322
Total operating expenses	69,396,651	75,028,014

The decrease in consulting services is mainly due to decrease to APA and licensing round costs in 2016.

The decrease in other administrative expenses and leasing costs are due to general attempt to decrease the costs in the company.



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Remuneration to the auditor for 2016 is included in other administration expenses and allocated as specified below:

2016 amounts in NOK	Audit fee	Other services	Legal services	Total 2016
Remuneration to auditor	529,000	72,000	-	601,000
Total	529,000	72,000	-	601,000

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

Note 9 – Related party transactions

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

Edison S.p.A is supporting Edison Norge AS with long term financing as needed. The actual outstanding loan and credit facility balance on 31 December 2016 were MNOK 873,75 and MNOK 136,5 respectively.

The actual repayment of the loans will depend on exploration developments and expansions for Edison Norge AS. Based on the current liabilities for the company, as operator and participant in 17 joint ventures, the company will be in need of long term financing.

Transactions with parent company consist of:

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

There was a short term loan agreement of MNOK 873.75 with the maturity date of 22nd 2017 which was classified as non-current liability in 2015 but the loan classified as short-term liability in 2016 because the maturity date is less than 12 months after the balance sheet date. There is an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.70%.

Edison Norge AS will ask for new maturity date of repayment of the loan on due time for financing of its activities in Norway.

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

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

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



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Note 10 – Lease agreements

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

A bank guarantee of MNOK 2.25 from HSBC Bank plc, Milan Branch, Italy has been issued dated 27/03/2014 to lessor (Troll Næring AS) according to lease agreement expiry date 30th Sept. 2018. The bank guarantee has been amended and replaced the lessee from Edison Norway Branch to Edison Norge AS in favour of the owner starting from 01/01/2015 according to the business transfer between Edison Norway Branch and Edison Norge AS. Annual lease expenses consist of ordinary lease payments as specified below (ref note 8),

Amounts in NOK	2016	2015
Office rent	3,139,405	3,056,144
Parking rentals	887,180	887,826
Leasing cars	484,238	624,457
Total lease expenses	4,510,823	4,568,427

Future lease payments under non-cancellable for office leases:

Year 2017	3,246,876
Year 2018 (until end Sept.)	2,435,157
Total	5,682,033

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

Note 11 – Tangible assets

2016		Assets under construction	Furniture & office equipment	Total
Amounts in NOK	Note			
Cost at 1 January 2016		650,244,640	9,150,072	659,394,712
Additions	12-1	200,172,485	831,549	201,004,034
Deductions (impairment)		-92,883,020	-	-92,883,020
Asset held for sale		-44,000,000	-	-44,000,000
Cost at 31 December 2016		713,534,105	9,981,621	723,515,726
Accumulated depreciation at 1 January 2016		-	-5,408,199	-5,408,199
Depreciation		-	-1,339,486	-1,339,486
Accumulated depreciation at 31 December 2016		-	-6,747,685	-6,747,685
Balance at 31 December 2016		713,534,105	3,233,936	716,768,041



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2015

		Assets under construction	Furniture & office equipment	Total
Amounts in NOK				
Cost at 1 January 2015	Note	407,753,073	8,566,886	416,319,959
Additions	12-1	242,491,567	583,185	243,074,753
Deductions		-	-	-
Cost at 31 December 2015		650,244,640	9,150,071	659,394,712
Accumulated depreciation at 1 January 2015		-	-4,205,883	--4,205,883
Depreciation		-	-1,202,316	-1,202,316
Deductions		-	-	-
Accumulated depreciation at 31 December 2015		-	-5,408,199	-5,408,199
Balance at 31 December 2015		650,244,640	3,741,873	653,986,513

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

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

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

11-1 Assets under development:

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

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

The company decided to decrease it's participation in the Dvalin only to decrease the financial commitment generated with the investment decision and therefore, the company was entered into two sales agreements one for the sale of 5% to DEA Norge AS and one for the sale of 5% to Petoro. Effective date for these transactions was 1 January 2017 and the completion date for the transactions took place on 30 December 2016. For compensation of tax balances the company received MNOK 44. The disposal price of the asset classified as asset held for sale and prepayment of MNOK 44 classified in other payables. The asset held for sale was sold in 1st January 2017 (ref. note 18).

As a result of decreasing the participation interest in the Dvalin to 10%, the company acceded the PDO with 10% share on 2nd Jan. 2017, prior to the three months deadline on 3rd January 2017.

As of 31.12.2016 an impairment of MNOK 92.88 has been booked on 10% of the investment on sale considering the disposal price of MNOK 44. The remaining book value (10% Edison Norge share) has to be valued with the aim to develop the project (the PDO acceded 02/01/2017) and therefore is in a position that no impairment has to be executed for the remaining book value of Dvalin. The recoverable amount of the Dvalin interest is well approximated with a discounted cash flow model and the NPV is higher than the NBV.

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



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In order to secure gas evaluation for the Dvalin (Zidane) discovery the company decided to participate as investor in Polarled gas pipe project. The project consists of a 481 km 36" pipeline from Aasta Hansteen, with connections points to other discoveries including Dvalin landing on shore at the Nyhamna gas terminal, presently operated by the Ormen Lange JV. The new transport system was intended to establish a gas export solution for a number of gas developments in the Norwegian Sea, however only Aasta Hansteen and Dvalin are presently decided to be developed. The Plan for Installation and Development was submitted 21st December 2012. The Polarled is expected to be ready for gas export 3Q 2017. Zidane start-up is planned for Q2 2020. The company invested MNOK 576.65 in Polarled as of 31/12/2016.

The Polarled pipeline has been laid, the construction at the Nyhamna receiving terminal is on schedule and on budget, The terminal is expected to be ready for operations mid 2017 and will be used by the Ormen Lange field first, then also for Polarled when gas is produced from the Aasta Hansteen Field and later from the Dvalin field.

The Polarled pipeline is progressing according to plan and the overall project is 95.8% complete.

Currently there are no committed decommissioning costs because the execution phase has not yet been started.

Note 12 – Intangible assets

2016	Exploration licences	Software	Total
Amounts in NOK			
Cost at 1 January 2016	2,212,559,601	22,881,775	2,235,441,376
Additions	315,162,712	2,173,213	317,335,925
Cost at 31 December 2016	2,527,722,313	25,054,988	2,552,777,301
Accumulated depreciation at 1 January 2016	-2,212,559,601	-15,134,923	2,227,694,524
Depreciation	-	-4,486,628	-4,486,628
Amortisation of exploration costs	-315,162,712	-	-315,162,712
Accumulated depreciation at 31 December 2016	2,527,722,313	-19,621,552	-2,547,343,865
Balance at 31 December 2016	-	5,433,436	5,433,436
2015			
Amounts in NOK			
Cost at 1 January 2015	1,584,627,443	16,636,067	1,601,263,510
Additions	627,932,158	6,245,708	634,177,866
Cost at 31 December 2015	2,212,559,601	22,881,775	2,235,441,376
Accumulated depreciation at 1 January 2015	-1,584,627,443	-10,441,081	-1,595,068,524
Depreciation	-	-4,693,842	-4,693,842
Amortisation of exploration costs	-627,932,158	-	-627,932,158
Accumulated depreciation at 31 December 2015	-2,212,559,601	-15,134,923	-2,227,694,524
Balance at 31 December 2015	-	7,746,852	7,746,852

Total depreciation and amortization billed to JVs or reclassified to exploration costs is NOK 5,826,114 out of which cut back value is NOK 2,762,956.



Edison Norge AS
Notes to the financial statements

Note 13 - Information on jointly controlled activities

Edison Norge AS as of 31st Dec. 2016 has participating interests in 17 exploration licenses as follows:

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall	16/02/2017
PL 435	20%	DEA Norge AS	16/02/2016
PL 613	25%	Dong Norge	13/05/2018
PL 708	20%	Lundin Norway	21/06/2018
PL 713	20%	Statoil AS	21/06/2017
PL 796	20%	Statoil AS	06/02/2022
PL 848	30%	Statoil AS	05/02/2023
PL 717	20%	Eni Norge	21/06/2018
PL 226	20%	Eni Norge	15/05/2050
PL 806	20%	Eni Norge	06/02/2023
PL 808	20%	MOL Norge AS	05/02/2023
PL 707	50%	Edison	21/06/2018
PL 727	40%	Edison	07/02/2020
PL 770	60%	Edison	07/02/2021
PL 807	60%	Edison	05/02/2023
PL 841	40%	Edison	05/02/2023
PL 850	40%	Edison	05/02/2024

The company sent notice of relinquishment for PL707 and PL770 to Olje og Energidepartementet on November 16th 2016. Olje og Energidepartementet confirmed relinquishment of exploration licenses PL707 and PL770 on 27th Jan. 2017.

Note 14 – Other current assets

Short-term items

Amounts in NOK	2016	2015
Over/under call, Joint Venture	57,101,035	160,084,111
Vat receivable	4,524,059	3,089,254
Prepayments and other receivables	1,136,260	681,136
Total short-term receivables	62,761,354	163,854,501

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

Note 15 – Bank deposits

Edison Norge AS has bank deposit of NOK 73,557,476 at 31/12/2016.

There is a balance of NOK 15,815 which according to Norwegian rules and regulation should be used only for withholding payroll taxes which shall be paid to Norwegian authorities. Withdrawal from the account is restricted by the Norwegian authorities.



Edison Norge AS
Notes to the financial statements

Note 16 – Income taxes

Specification of income tax credit:

Amounts in NOK	2016	2015
Calculated refund tax value of exploration costs this year	-316,637,159	-559,740,315
Adjustment previous years and other	0	1,617,478
Change in deferred tax	-59,382,215	-34,500,000
Total income tax credit	-376,019,374	-592,622,837

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

Tax rates for 2016 is 25% for taxable income/ loss subject to the onshore and offshore ordinary tax regime and 53% for taxable income/ loss subject to the offshore special tax regime.

As of 1st January 2017 the ordinary tax rate in force will be amended to 24%, and the special tax rate to 54%. Deferred taxes in the balance sheet are recognised to tax rates in force as of 1st January 2017.

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

Amounts in NOK	2016	2015
Property, plant and equipment	260,818,644	211,600,761
-where of related to asset held for sale	31,118,379	0
Pension provision – OCI, not included in deferred tax asset	0	-3,684,202
Other provisions	-1,785,665	-1,266,510
Net temporary differences	290,151,358	206,650,049
Tax losses carried forward, onshore ordinary tax 24% (25%)	3,877,358	3,535,468
Tax losses carried forward, offshore ordinary tax 24% (25%)	680,131,342	475,002,625
Tax losses carried forward, offshore special tax 54% (53%)	430,137,551	284,434,066
Uplift carry forward 54% (53%)	154,215,044	90,928,653
Deferred tax/deferred tax asset (-)		
Non-current assets	-203,438,542	-165,048,594
- Where of related to asset held for sale	-24,272,336	0
Current and non-current liabilities	1,392,819	-316,628
Tax losses carried forward, onshore ordinary tax 24% (25%)	930,566	883,867
Tax losses carried forward, offshore 54% (53%)	163,231,522	118,750,656
Tax losses carried forward, offshore 78%	232,274,278	150,750,055
Uplift carry forward 54% (53%)	83,276,124	48,192,186
Deferred tax asset	253,394,430	153,211,543
Deferred tax asset not recognised	-126,697,215	-85,896,543
Deferred tax asset in the balance sheet	126,697,215	67,315,000

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



Edison Norge AS

Notes to the financial statements

As of 1st January 2016, Edison Norge AS had MNOK 67.3 recognized as deferred tax assets. MNOK 59,3 deferred tax assets was recognized in 2016. In accordance with the Financial Statement principle adopted in 2014, Edison Norge recognized 50% of net deferred tax asset as of 31st December 2016.

Basis for tax receivable refund:

Amounts in NOK	2016	2015
Profit/-loss before tax	-552,490,652	-772,465,189
Finance items (onshore)	48,509,466	36,777,571
Permanent differences	717,540	1,759,385
Change in temporary differences (excl finance items)	-55,255,529	-113,618,860
Onshore expenses	341,890	1,590,349
Offshore expenses, not exploration	152,232,209	128,340,955
Basis for tax refund 78%	-405,945,076	-717,615,789
Carrying amount tax receivable from refund tax	-316,637,159	-559,740,315

Reconciliation of effective tax rate:

Amounts in NOK	2016	2015
Profit/-loss before tax	<u>-552,490,652</u>	<u>-772,465,189</u>
Expected income tax credit 78%	-430,942,709	-602,522,847
Adjusted for tax effects (27% - 78%) of the following items:		
Change in valuation allowance for deferred tax assets	36,382,539	18,188,096
Asset held for sale – not included in deferred tax asset	24,272,336	0
Permanent differences	559,681	1,372,320
Effect of prior year adjustments	0	1,617,478
Current year interest on uplift and loss carry forward	-2,766,672	-2,851,508
The effect of offshore tax regime allocation of financial items ("Petroleumsskatteloven")	30,536,514	14,279,019
The effect of onshore cost	181,202	811,078
Current year uplift	-33,618,596	-24,464,880
Change deferred tax pension, booked through OCI	-1,620,228	-1,115,099
Effect changed tax rate	996,561	2,063,505
Total income tax credit	376,019,374	-592,622,837
Effective tax rate	68,06%	76,72%



Edison Norge AS
Notes to the financial statements

Note 17 – Pension liabilities

Pensions

After approval from the Board of Directors on June 28th 2016, Edison Norge AS was authorized to implement the new Defined Contribution (DC) pension scheme replacing the Defined Benefits pension scheme. The new pension came into force from October 1st 2016.

At the time of change, the previous pension liability in the balance sheet of NOK 6.868.925 was recognised as a reduced pension cost in the income statement. Consequently there is no future liabilities in the company balance sheet from October 1st 2016.

With the new pension (DC) all the payments to insurance company are booking directly to the pension cost and there is no balance sheet items related to the pension.

Contribution paid to employees based on the new pension (DC) are as follows:

Contribution rates for salary up to 12G shall be according to new legal maximum rates:

- Contribution for salary from 0G – 12G: 7%
- Additional contribution for salary from 7.1G – 12G: 18.1%

Contribution rate for salary above 12G:

- 21% of salary above 12G

Employees with a calculated loss in the transition to DC will receive additional savings to ensure they maintain the same expected pension level. The additional savings will be terminated whenever the employees leave the company. The company does not have any obligations related to the change in the pension scheme.

There are several reasons for the change of pension scheme in Edison Norge:

- The national insurance ("Folketrygden" - FT) benefits have been changed from a (DB) pension scheme to a Defined Contribution (DC) pension scheme.
- Maximum salary qualifying for a public pension has been lowered (from 12G to 7.1G). This means that there is now a gap between the public pension and the company DB pensions (Making it more and more expensive)
- The maximum saving rates for the DC schemes have been significantly increased to maximum 7% / 25.1% from the low savings rates of 5% - 8%, making the DC scheme competitive with the DB scheme.
- There has been a gradual change among most all other companies in our industry from a DB to a DC pension scheme.

Note 18 – Accounts payable and other current liabilities

Trade and other payables

Amounts in NOK	2016	2015
Trade creditors	9,588,910	13,013,241
Other payables	148,564,624	168,843,095
Trade and other payables	158,153,534	181,856,336



Edison Norge AS
Notes to the financial statements



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

The company has entered into two sales agreements for the sale of a total of 10% in the Dvalin development license (PL 435), formerly known as Zidane. Effective date for these transactions was 1 January 2017 and the completion date took place 30 December 2016. For compensation of tax balances, the company received MNOK 44. As of 31.12.2016 an impairment of MNOK 92.8 as been booked on 10% of the investment on sale considering the disposal price of MNOK 44. The disposal price of the asset classified as asset held for sale and prepayment received of MNOK 44 classified in other payables.

Other current liabilities

Amounts in NOK	2016	2015
Withholding payroll tax		-
Social security payable	388,409	381,990
Holiday payment	2,754,676	2,709,147
Other accruals	2,171,388	1,307,669
Other current liabilities	5,314,473	4,398,806

Note 19 – Contingent liabilities and other commitments

In 2017 the Company has no drilling obligation to drill exploratory wells and no seismic obligations.

The company has no capex commitment in Skarvfjell because preparatory studies and activities for BOV decision for Skarvfjell are ongoing and the decision is planned on 31st January 2017.

The company has obligation for its share of interest to Dvalin (Zidane) for the years 2017-2020. The expected capex are the following: 2017 MNOK 2,175 (Edison share MNOK 217), 2018 MNOK 3,246 (Edison share MNOK 324), 2019 MNOK 3,162 (Edison share MNOK 316) and 2020 MNOK 1,547 (Edison share MNOK 154).

The Company has obligation for its share of interest to Polarled during the year 2017 of total expected investments of MNOK 1,757 (Edison share MNOK 42). In 2017, new joint venture(s) will be settled to manage Polarled pipeline and Nyhamna Gas Plant and, consequently, at the moment, there are no budgets approved other than 2017 budget.

The current lease of the company's business offices is a running lease agreement which will be terminated by 30 September 2018 and entitled to prolong the lease for another 5 years.

The company provided the lessor (Troll Næring AS) with a HSBC bank guarantee MNOK 2.2 regarding the leasing of premises on 4th and 5th floors in Troll building expiry 30th September 2018.

The company has six leasing cars for managing director and expatriates at the end of 2016. The lease term for the cars is based on a three years leasing agreements.

Edison Norge AS has no more deposits and guarantee obligations as of 31 December 2016.



Edison Norge AS
Notes to the financial statements



Note 20 – Financial income and expenses

The company has recorded currency losses of MNOK 38.4 and gains of MNOK 19.6 in 2016. Currency losses and gains recorded in 2015 were MNOK 21.57 and MNOK 22.99 respectively. The difference between exchange gains and losses is mainly related to timing difference of postings of cash calls and billings related to other currencies.

The currency gains and losses are included in financial items.

A total of MNOK 42,8 has been charged on the inter-company financing as interests in 2016. The correspondence figure recorded in 2015 was MNOK 40,4.

Note 21 – Equity

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

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

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

There was no change to the share capital and share premium in 2016.

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

Note 22 – Subsequent events

The PDO of Zidane has been submitted to the Ministry of Petroleum for approval on the 3rd of October 2016. The individual partners had to accede the PDO within 90 days and Edison Norge acceded the Dvalin PDO with 10% share on 2nd Jan. 2017.

The asset held for sale was sold on 1st January 2017 with regard to the sales agreements for the sale of a total of 10% participation interest in the Dvalin development license PL435 (ref. note 11-1).

On 17th of January, the authorities (MPE) offered the company one new award as a result of APA 2016 application round. The new license is PL880 located in North Sea and Edison is partner with 40% share.

Edison decided to farm-in to exploration license PL697 with participation interest of 20%. The agreement on the farm-in signed in October and application for approval of the transaction was sent to the Ministry of Petroleum and Energy 3rd Nov. 2016. The ministry approved the transaction on 26th January 2017.

Olje og Energidepartementet confirmed relinquishment of exploration licenses PL707 and PL770 on 27th Jan. 2017.

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



Edison Norge AS
Notes to the financial statements



Note 23 – Hydrocarbon resources (not audited)

At the beginning of 2016 Edison Norge AS had participating interests in twenty one licenses, out of which, five licenses as operator. At beginning of the year, as result of the participation to the APA 2015 round, five more licenses awarded to Edison Norge AS. During the year 2016 some of the production licenses were relinquished and therefore at the end of 2016 Edison Norge AS had participating interests in 17 licenses, out of which, six licenses as operator.

Other than in PL435, PL418, PL708, PL713 and PL226, the other licenses are still in a pre-drilling evaluation phase, where the license operators, together with the license participants are performing subsurface technical and economical evaluations to assess whether hydrocarbon resources may exist as a precondition to determine whether to drill exploration wells. Prior to drilling of these exploration wells, it is not possible to prove the existence of hydrocarbon reserves.

In PL435, in which Edison Norge AS had a 20% interest, an exploration well (Zidane 1) was drilled in August 2010 and successfully discovered hydrocarbons. In Q1 2012 a second exploratory well (Zidane 2) was drilled in a nearby structure, resulting with another gas discovery. The comprehensive reserves evaluations of the Zidane 1 and 2 wells gas discoveries have been evaluated, DG2/BOV decision was taken at the end of February 2013. The PDO for Zidane has been submitted to the Ministry of Petroleum for approval on 3rd October 2016 and the individual partners have to accede the PDO within three months (3rd Jan. 2017).

Edison decided to decrease the participation in the Dvalin from 20% to 10% with the aim to develop the project and therefore entered into two sales agreements for the sale of a total of 10% in the Dvalin development license (PL 435), and acceded the PDO with 10% share on 2nd Jan. 2017.

In license PL418 (Edison 15%) the exploratory well Skarfjell 1 was drilled in Q1 2012 and the well proved light oil in Jurassic reservoirs and was classified as an oil discovery. During 2013 the appraisal wells 35/9-8, 35/9-10A and 35/9-10S were drilled to delineate the oil discovery. A comprehensive reserves evaluation, based on static and dynamic modelling has been carried out to support the BOV decision. The plan for the Skarfjell development project is to pass DG2/BOV during September 2016. On 11th of November 2015, the operator, on behalf of the partners in PL418, submitted an extension application to the MPE applying for one year extension of DG2/BOV until 16th February 2017 and one year extension of submission of a PDO until 16th February 2018. Partners plan for BOV decision is set for 31st January 2017.

In the production license PL708, where Edison Norge AS is partner with 20%, the drilling of 7130/4-1 well, Ørnen prospect, in Barents Sea started 21st November 2015. The well is scheduled to take 56 days in the dry hole case. The well reached a total depth of 3,184 m. A small column of gas was discovered, and the well was classified as a non-commercial gas discovery. P&A operation are still ongoing and the rig released on 8th January 2016.

In the production license PL226, where Edison Norge AS is partner with 20%. The drilling of 7222/1-1 well, Aurelia prospect, started 14th June 2016 targeting a TD of 3,364m planned for 54 days. in dry hole case. Only traces of hydrocarbons were identified in the main reservoir section. Due to drilling problems the drilling was aborted in the beginning of August above the planned TD. The well has been classified as a dry well.



Edison Norge AS
Notes to the financial statements

Note 24 – Financial instruments

Fair value and carrying amounts

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

Value of financial assets and liabilities

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets				
Other receivables	57,101,035	160,084,111	57,101,035	160,084,111
Tax receivable from refund	316,637,159	559,740,315	316,637,159	559,740,315
Bank deposits	73,557,476	184,496,888	73,557,476	184,496,888
Financial liabilities				
Current loans to group companies	-1,010,265,049	-220,499,086	-1,010,265,049	-220,499,086
Trade and other payables	-158,153,534	-179,529,180	-158,153,534	-179,529,180
Other current liabilities	-5,314,473	-4,398,806	-5,314,473	-4,398,806
Net value	-726,437,386	499,894,242	-726,437,386	499,894,242

Liquidity risk

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

	Carrying amount	Cash flow	< 1 year	2-5 years
Current loans to group companies	-1,010,265,049	-1,010,265,049	-1,010,265,049	
Trade and other payables	-158,153,534	-158,153,534	-158,153,534	
Other current liabilities	-5,314,473	-5,314,473	-5,314,473	
Financial assets	425,398,512	425,398,512	425,398,512	
Net liquidity risk	-750,334,543	-750,334,543	-750,334,543	

There is a loan agreement of MNOK 873.75 with the interest rate of NIBOR 3M + 2.5%, which was approved by Edison board on 22nd December 2014. The loan new repayment date agreed on 22nd December 2017 with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.70%. In order to meet the long term and structural financial needs of Edison Norge, maturity to the loan agreement changed in December 2014 and 2015 and it is going to happen again in 2017 and the new repayment date will be agreed on due time.

MNOK 42.8 interest has been charged on the inter-company financing.

The maturity to the current loan of MNOK 873.75 is 22nd Dec. 2017 and we expect it to be re-newed in due time in order for Edison International SpA to fulfil its continuous operations and commitments in Norway.

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



Edison Norge AS
Notes to the financial statements



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

Exposure to currency risk

Reference assessment of currency risk in note 3.1

Interest risk

There is a loan agreement in NOK with the interest rate of NIBOR 3M + 2.5%, which was approved by Edison board on 22nd December 2014 and sold by Edison International SpA with effective date 1st January 2015 to Edison Norge AS in conformity with the terms of the Contract and final date for repayment on 22nd December 2015.

Based on a new repayment in December 2015 a new repayment date on 22nd December 2017 agreed with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.70%.

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

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

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

Classification of financial instruments

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





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To the General Meeting of Edison Norge AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edison Norge AS which comprise the balance sheet as at 31 December 2016, income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.



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Opinion on Registration and Documentation

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

Stavanger, 1 February 2017
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant (Norway)