

nordsøfonden



Annual Report 2014

Nordsøfonden

Nordsøenheden

Unofficial translation

The Annual Report 2014 addresses – in contrast to previous years – both Nordsøfonden and Nordsøenheden.

Nordsøfonden holds the State interest in Danish oil- and gas licences. Nordsøfonden has no employees nor management, but is administrated by Nordsøenheden, which is an independent State company held by the Ministry of Business and Growth

The Annual Report for Nordsøfonden (page 3-51) and for Nordsøenheden (page 53-73) as well as the Licence Overview (page 75-76) is gathered in this document.



Annual Report 2014 Nordsøfonden

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Nordsøfonden

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Information on Nordsøfonden

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Municipality of reg. office: Copenhagen

Financial period: 1 January 2014 - 31 December 2014. 9th accounting year.

Nordsøfonden is administered by Nordsøenheden.

Auditors: Rigsrevisionen (external auditors) and PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab (internal auditors)

Photos: Colourbox, Nordsøfonden, Maersk Oil and Wintershall



Nordsøfonden Key Figures

mill. DKK	2014	2013	2012 ^{*)}	2011	2010
Oil production - average bbl/day (rounded)	28,000	31,200	32,000	-	-
Gas production, million m ³ /day (rounded)	2.0	2.1	2.3	-	-
Average oil price for the year (Brent) DKK	577	610	661	598	450
Net turnover	7,421	9,016	4,540	-	-
Profits/loss before financial income and expenses	-1,271	3,606	2,195	-128	-23
Net financial result	-174	-200	-140	-13	-12
Impairment loss, production facilities	2,500	-	-	-	-
Exploration activities	301	232	187	145	84
Net profits/loss for the year	-620	1,277	716	-31	-9
Investments in tangible fixed assets	532	426	201	-	-
Equity	4,679	6,898	8,921	-69	-39
Total assets	16,985	22,750	27,950	525	389
Taxes paid	3,574	3,553	1,497	-	-
Transferred to the State	1,600	3,300	550	-	-

*) Nordsøfonden entered Danish Underground Consortium (DUC) as of 9 July 2012.



The background of the page is a solid blue color. Overlaid on this is a white line-art map of the North Sea region, showing the coastlines of Norway, Sweden, Denmark, Germany, and the United Kingdom. The map is centered and occupies most of the page's width.

Management's Report

Management's Report

Late summer 2014 saw a dramatic decline of the price of oil, which has been persistent until now. This has influenced the incomes of Nordsøfonden and resulted in an impairment of the fixed assets of DDK 2.5 billion. The drop in oil prices, furthermore, is expected to influence the level of activity of the oil and gas industry in general. Therefore, it is more than ever necessary to address efficiency and innovative techniques in order to reduce the cost of exploration for and production of oil and gas.

Nordsøfonden's administrative entity, Nordsøenheden, has been transformed from a state agency to an independent state company with its own Board of Directors.

By changing Nordsøenheden to an independent state company with a professional Board of Directors the Government is strengthening the state-participation in the licences for oil and gas in which Nordsøfonden is a partner. The new Board is to support the commercial, technical, organisational and economic decisions taken, thereby assuming the overall commercial responsibility, while the Minister for Business and Growth still has the political responsibility.

At the same time, the Government is signaling to the partners of Nordsøfonden and the oil and gas industry as such, that Nordsøfonden is working on commercial conditions.

Vision

To work for long-term, innovative and financially sound exploration and production efforts in Denmark.

Mission

To create opportunities for high financial outcomes for the Danish State from Nordsøfonden's oil and gas exploration and production activities in Denmark.

To ensure that the Nordsøfonden is an active and competent partner which promotes coherent and cost-effective exploration and production.



Organisation of state participation

Nordsøfonden is Denmark's oil and gas company participating on behalf of the State as a 20 % partner in all recent Danish licences as well as in the Danish Underground Consortium (DUC). Nordsøfonden cannot be the operator of the licences, and is not responsible for the day-to-day operations.

As the only part participating in all these licences, Nordsøfonden plays a central part in maintaining knowledge in Denmark and ensuring distribution of knowledge laterally across the activities of the licence groups.

Nordsøfonden is a public fund without a staff or management. Nordsøfonden is managed by Nordsøenheden.

Nordsøenheden participates in taking technical, economical, legal and commercial decisions of major importance to the investments and incomes of Nordsøfonden – and to the oil and gas companies involved and the Danish society as such.

The environment, safety and corporate social responsibility

To the extent possible, Nordsøfonden seeks to influence the operators to focus on safety, environment protection and energy issues through its influence in the advisory and decision-making bodies of the licences. Oil recovery from fields in the Danish sector must apply best practice solutions in order to minimise environmental impacts and to eliminate accidents.

In order to create the highest possible value to the Danish State Nordsøfonden is actively supporting development of improved methods for recovery and research in increased production.

Nordsøfonden only operates in Denmark, where legislation has been established on safety, environment, human rights, employee rights and anti-corruption. Nordsøenheden strives to operate its activities responsibly and to comply with legislation within the relevant areas.

The licences in which Nordsøfonden participates are all subject to Danish law.

Statutory report on corporate social responsibility, refer Section 99a of the Danish Financial Statements Act

Nordsøfonden's and Nordsøenheden's commitment to social and corporate responsibility (CSR-report) for 2014 is available in Danish on:
www.nordsoefonden.dk/csr-politik.

The report has been prepared in accordance with the provisions laid down by the Danish Financial Statements Act on reporting of enterprises' corporate social responsibility.

The report includes corporate social responsibility policies for Nordsøfonden and Nordsøenheden, methods for converting these into action, as well as an assessment of results accomplished.

The focal areas of Nordsøfonden

- More oil from the Danish chalk
- New knowledge and new technologies
- The potential outside the chalk
- Optimal use of the infrastructure
- Development of new fields

Due to a growing global population and a desire for increasing growth oil and gas will continue to play a considerable part as a source of energy. Furthermore, oil is a component of a vast amount of industrial products from plastic to electronics, so a complete phasing out of oil and gas will only be a reality in the distant future. Production of oil and gas is not incompatible with an ambitious, global environment policy, as much of the global regulation is focused on limiting the emissions from consumption of energy.

Oil in daily life

What do a smart phone, a pill box and a wind turbine have in common?

All the products contain refined crude oil. Oil is an ingredient in everything from kitchen tools to fiberglass, paintings, electronics and clothes. Common for all these products is that they contain plastic. Plastic is found in all shapes and colours and has many different properties such as foil, polyester, vinyl, sheets and polystyrene.

Some 5 % of all oil produced in the world is used for making plastic products.

Exploration for and production of the Danish oil and gas are creating numerous jobs, and are contributing to maintaining our standard of living. During the period of 1963 to 2013, total Danish proceeds from production of North Sea hydrocarbons amounted to approximately DKK 400 billion calculated in 2013 prices, and in 2012 a survey showed that some 15,000 persons was employed in the Danish oil and gas industry. Additionally, production of oil and gas is a reliable source of the Danish supply of energy.

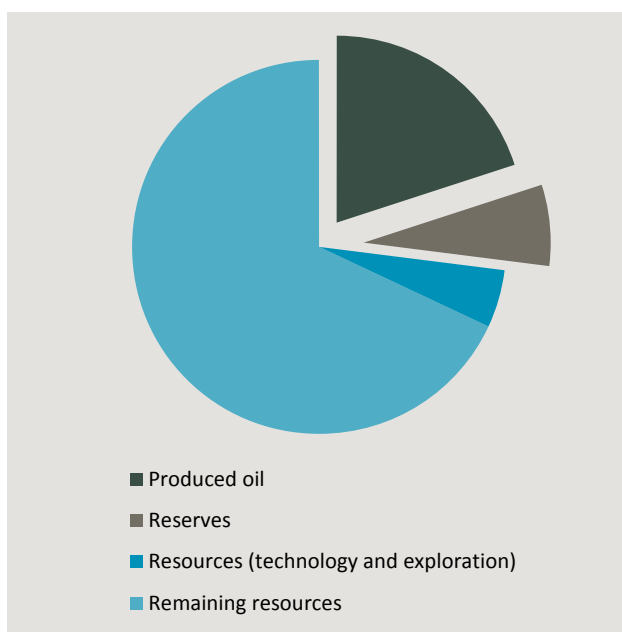
For another many years, Nordsøfonden shall contribute to maintaining a considerable production of Danish oil and gas. For that reason strategic focal areas have been defined, assessed by Nordsøfonden to increase the creation of value to Denmark.

More oil from the Danish chalk

After almost 50 years of activity only about a fifth of the oil originally present in the Danish chalk has been produced, see box on oil resources.

Total degree of recovery to be expected from the Danish chalk fields is some 25% of the oil in place in the underground (produced oil and reserves). Increasing production from the DUC chalk fields by just one percent corresponds to an additional production of some 100 million barrels of oil – or something like two years of production at the present level. Based on a rate of exchange DKK 6.50 to the US dollar and an oil price of USD 60 per barrel, this corresponds to a production value of almost DKK 40 billion. After production costs have been paid a considerable profit will still be available to the benefit of the oil companies as well as to the Danish society as taxes and dividend.

Danish oil resources



Production of oil from chalk reservoirs is technically complicated due to the structure of the chalk, so the degree of production from such reservoirs is low compared to other types of fields like e.g. sandstone reservoirs.

As the fields mature it is getting more and more difficult to recover the remaining oil in place. Drilling new, cheaper and more efficient production and injection wells is necessary to ensure the optimal production from the oil fields.

Consequently, in the future it will be important to reduce the costs of production as well as exploration wells in order to ensure a better use of the resources available. This may be obtained by applying new technologies, a higher level of efficiency and a strong focus on each single element of the drilling process.

Nordsøfonden is supporting initiatives aiming at promoting and testing such new technologies.

New knowledge and new technologies

Founding of Center for Oil and Gas at the DTU (Denmark's Technical University) was a major step in the direction of gathering new knowledge and develop new production technologies. The scope of the new research center is to improve Danish production of oil and gas. A number of themes for the research efforts have been identified as supporting the possibility of producing more oil and gas at a lower cost per unit. In 2014 the research center was inaugurated by the Minister of Climate, Energy and Buildings.

Nordsøfonden is involved in the activities of the research center through participation in its technical fora.

Nordsøenheden, too, is supporting Joint Chalk Research (JCR) - the joint chalk research project of the oil industry. This is an example of lateral and constructive cooperation between countries and companies creating new results by making use of the technical expertise inherent in the individual companies.

Nordsøenheden handles the function as the secretariat for JCR.

In 2014, JCR successfully tested the new technology, Fishbones, being equipment used for increasing oil production from a well. Production is increased by the equipment breaking numerous micro-fissures into the layers of chalk. The well ends up resembling the skeleton of a fish – hence the name. Time-wise Fishbone is very fast to use compared to other methods for increasing oil production, meaning that a drilling rig has to use less time drilling a production well, and thereby money is saved.

Based on material from the comprehensive data bank of GEUS (The National Geological Research of Denmark and Greenland) Nordsøfonden in 2014 was involved in three research projects together with GEUS. The spring saw the termination of a three years research project comprising detailed mapping of sediments from the Jurassic period. Simultaneously GEUS launched another two projects with participation from Nordsøfonden comprising mapping and analysis of the oldest sediments from partly the Cretaceous and partly the younger Tertiary sediments. The three projects are described in more details on the next page.

Potential outside the chalk

Due to the new discoveries of oil and gas lately made in the Danish sector of the North Sea considerable interest in further exploration is still shown.

The Jurassic source rocks feeding the Danish oil fields in the Central Graben contain considerable amounts of oil (the Farsund Formation). Major challenges and investments are related to clarifying the potential. One of the key questions is if the oil can flow fast enough to the wells to justify commercial production rates. Commercial production will require a considerable reduction of the present level of the costs of production wells and platforms.

As a step in the exploration for new types of reservoirs in Denmark, an approximately 4,000 m deep well is planned to be drilled in Northern Jutland. The purpose of drilling the well is to test if the 500 million years old alum shale mapped in parts of the Danish area contains natural gas. The shale is found on the surface of Bornholm, in southern Sweden and in deep wells on Zealand and in Kattegat.

New research center

The partners of the Danish Underground Consortium have agreed to finance Center for Oil and Gas – DTU, domiciled and operated at the DTU (Denmark's Technical University). When fully operational the Center will have a staff of up to 100 persons. It will have attached groups of researchers from Copenhagen University, Aarhus University, Aalborg University and GEUS.

The objective of the research center is to create an environment for international research and offer the basis for a relevant research-based education promoting and supporting interdisciplinary and inter-institutional research programs. The overall purpose is to identify new technological and conceptual solutions increasing the recovery of oil and gas in the Danish sector of the North Sea.

The well is expected to be spudded in the first half of 2015. In case of a positive result a comprehensive analysis and interpretation program will be launched to evaluate the potential for production of gas from this reservoir. Nordsøfonden is looking forward to receiving the results from this new type of reservoir.

Research projects

The petroleum system in Jurassic

The project focusing on the Jurassic petroleum system in the Danish part of the Central Graben, initiated in 2011 by Nordsøfonden and GEUS, was completed in the spring of 2014. Through coordinated processing of a long succession of various types of data, the project has resulted in a thorough mapping and analysis of sediments and depositing processes as well as documented the potential for accumulation of oil and gas in the Jurassic sediments of the Central Graben. It is evident that the project has turned further focus on the potentials in the deep Jurassic deposits. Interpretation and maps are still available to the participating companies in a web solution and will be integrated in subsequent mappings as a basis for understanding of the sedimentation patterns and reservoirs. It is possible that an updating of the project may be initiated within the next 3-4 years when new data will be available.

The petroleum system of Cenozoic

In the spring of 2014 there was sufficient interest in starting up a project addressing the Cenozoic petroleum system in the Danish sector of the Central Graben. Work was carried out by GEUS focusing on data from the younger parts of the Tertiary layers in order

to map oil and gas containing sediments and their exploratory potential. The higher lying sections of sand in the Danish part of the Central Graben have traditionally been avoided when planning to drill deep wells due to the risk of penetrating and positioning drilling rigs or production facilities on top of an accumulation of gas not yet having its pressure conditions and other parameters analyzed. The regional mapping of these sediments is throwing light on the potential of the Danish sector. The oil discovery, Lille John, is part of such sediments.

The petroleum system of Lower Cretaceous

As a continuation of the project on the Jurassic petroleum system a new project, comprising the layers directly above it, was launched by GEUS in 2014. Just like in the previous projects information from drilling and seismic data are analyzed and compared, and a total evaluation of the layers of Lower Cretaceous is worked out covering both the regional perspective and focus on details to be gathered from these data.

It is Nordsøfonden's assessment that there are still considerable, undiscovered resources of hydrocarbons in Denmark. The continuous major interest in further exploration – not least in the 7th Licensing Round – bears witness to the fact that other companies, too, share this assessment. An interesting aspect of the future drilling activities is that they have different exploration and assessment targets, indicating that the Danish underground contains other interesting opportunities than oil and gas in chalk.

Nordsøfonden is participating in most of the Danish exploration licences and considerable knowledge of the exploration possibilities is accumulated. In its efforts to see to that the highest amount of hydrocarbon resources are proven, Nordsøfonden brings this knowledge to common use. In the years to come, Nordsøfonden will more concretely assess, promote and follow up on a number of prioritised exploration targets like:

- Jurassic sandstone / Lower Cretaceous sandstone – deep sandstone under the chalk
- Tertiary sandstone – sandstone above the chalk
- Farsund Tight Oil – oil in the source rock

Optimal use of the infrastructure

The infrastructure (platforms, pipelines etc.) in Denmark is a result of a step by step development over 40 years. Through the years a contractual segregation of the work between the State/DONG and users of the developed infrastructure has been established.

The conditions for use of the infrastructure influence the possibilities for full recovery of the potential resources in the North Sea. Nordsøfonden is keen to ensure that the conditions for connecting to and use of the infrastructure are transparent, and that it is as

easy as possible to tie in new fields to existing and future infrastructure. Nordsøfonden participates in the Government's strategic work launched to increase production of oil and gas from the North Sea. The strategic work will among other things address aspects regarding the infrastructure. See also the theme concerning the strategic work of the Government. At the same time DUC has started up a number of studies – primarily due to the subsidence of the seabed at the Tyra field – to create the basis for decisions on future infrastructure to be used for the development and production of the DUC-reserves. In addition to this, Nordsøfonden is participating in a number of discoveries outside the DUC concession areas where in the years to come decisions on developments will have to be taken.

Nordsøfonden is striving to ensure that future decisions on infrastructure including organisation and ownership to the greatest extent possible will take into consideration that the potential of the resources in the North Sea are optimally exploited.

Development of new fields

Nordsøfonden is participating in a number of discoveries, and it is to be expected that more discoveries will be made due to the present exploration efforts and the activities following the 7th Licensing Round. Nordsøfonden is participating in all field developments.

Most of these discoveries are to be developed via tie-in to existing production facilities.

Nordsøfonden will actively contribute to further development of Danish discoveries and to obtain constructive agreements on tie-in to existing production plants in order to focus on creation of total value.

A new strategy for the North Sea

As a part of the Danish Government's plan for growth in the climate and energy sector it has been decided to prepare a strategy that sheds light on the possibilities for increasing the production of oil and gas from the North Sea. The project, headed by the Danish Energy Agency, was started up in April 2014 and will be completed in cooperation with the oil industry.

An overall evaluation of the current status for the industry will be made, and a strategy addressing the future exploration and commercial recovery of the Danish oil and gas resources of the North Sea will be provided. The strategy will focus on efficiency and minimising costs. Experience from other North Sea countries will be included in the formulation of the strategy which shall be based on a responsible foundation regarding safety, health and environment protection. The analysis is to result in a report offering recommendations to the Government.

Nordsøfonden finds that the two primary challenges in connection with the work are to ensure that the real problems regarding the existing organisation and operation of the infrastructure are described and that proposals for possible solutions are illuminated.

Nordsøfonden strives to ensure that future decisions on infrastructure, including organisation and ownership, to the greatest possible extent take into consideration that the resource potentials in the North Sea are to be exploited in the most optimal way. Future changes of the North Sea infrastructure will require early decisions, too, regarding major investments from the State as well as from the oil companies.

The results of the strategy may be of great significance to the total creation of value in the Danish sector and a good result of the work may among other things mean a significantly increased income to society as well as to the oil companies and the State.

Nordsøfonden in addition to this will promote a good dialogue with and between the regulating authorities and partners as this is a necessity to secure greatest value of the activities.

Activities

Exploration

By the end of 2014 Nordsøfonden had shares of 16 licences in the North Sea, onshore and in inner Danish waters – see the maps of the licences on the following pages.

In addition to an extensive work evaluating the new exploration prospects as well as localising and planning the drilling of a number of exploration wells, four exploration wells were drilled in 2014 – all with a disappointing result (Nena-1, Dany-1X, Chabazite-1 and Siah NE-1X).

In December the Minister for Business and Growth approved that Nordsøfonden acquired a 20% share of licence 9/95 (Maja), and Nordsøfonden thereby participates in the Xana-1X drilling spudded at the end of 2014. Maja is a neighbouring licence to the Harald and Solsort fields. Other partners of the Maja licence are A.P.Møller-Maersk, DONG, Noreco and Danoil.

Status and expectations from 7th Licensing Round

The 7th Licensing Round was officially opened on 24 April 2014 having its deadline for applications on 20 October 2014. In total the Danish Energy Agency received 25 applications from 15 oil companies of which 4 had never before been awarded a licence in Denmark. Until now this is the highest number of applications for a licence round. In comparison the Danish Energy Agency received 17 applications at the 6th Licensing Round.

The offered areas comprised partly all non-concessed areas of the Central Graben where the majority of the Danish fields until now have been discovered, and partly areas further east where discoveries were made, too, during the 6th Round.

In order to ensure the best possible exploitation of the Danish oil and gas resources the Danish Energy Agency will arrange regular licensing rounds. New rounds are considered approximately one year after the closure of their previous round. The 8th Round, thus, is expected to be announced mid 2016.

Nena-1 (Licence 1/12)




With DONG as the operator the Nena-1 was drilled as a deviated well completed in chalk of Danien age at a depth of 1,808 m vertically below mean sea level. The expected sandstone layers of Paleocene age did not appear to be present. The well was spudded in January 2014 with the drilling rig Maersk Resolve and was finished in February 2014. Due to the disappointing result the licence was relinquished in January 2015.

Dany-1X (DUC sole concession)

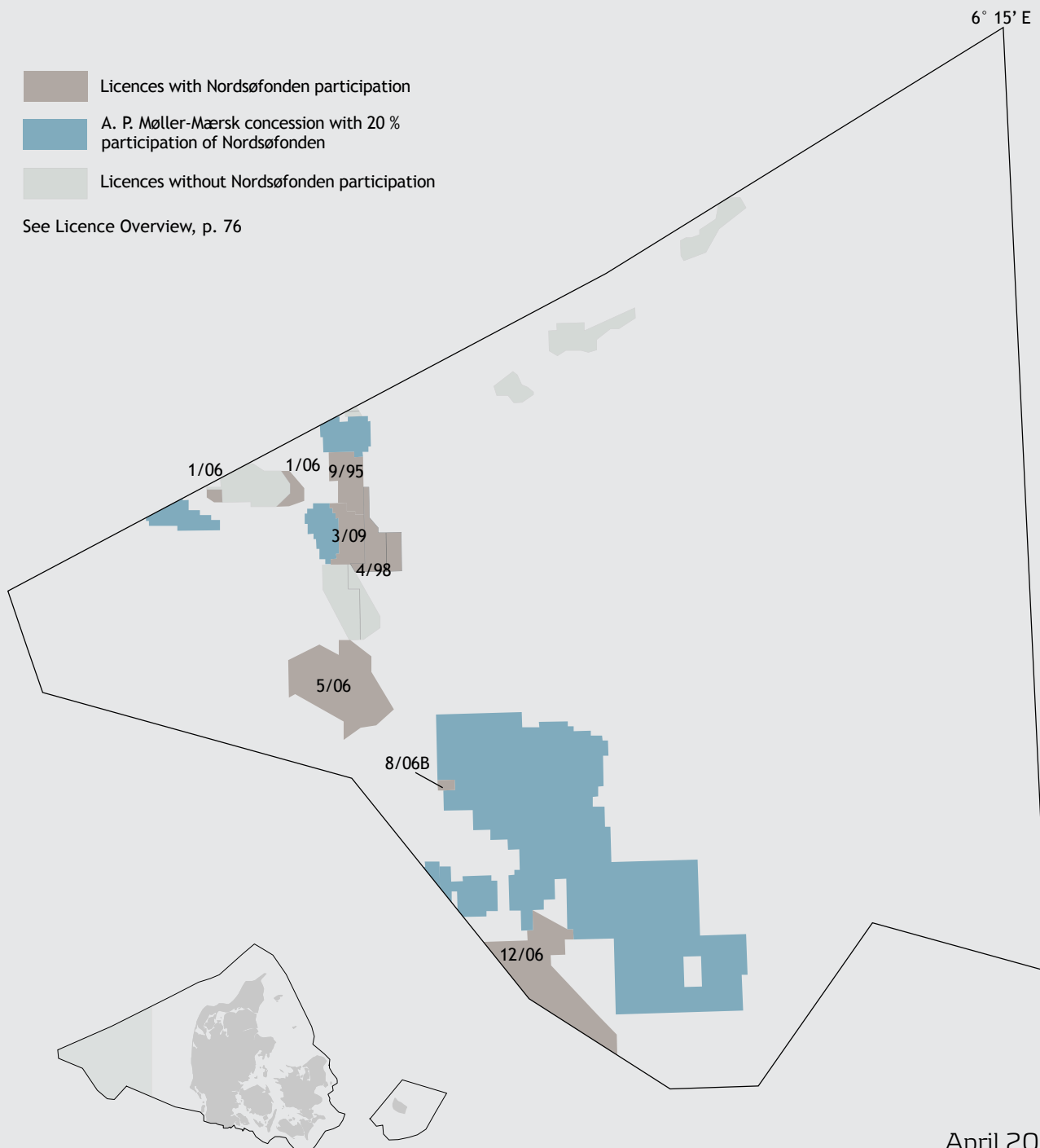
As the operator of the DUC companies Maersk Oil drilled the exploration well Dany-1X in the Contiguous Area. Dany-1X was drilled as a vertical well having the Upper Cretaceous chalk as its objective. The well was completed in Lower Cretaceous claystone at a depth of 2,501 m below mean sea level. No oil or gas was found. Subsequently, a sidetrack was drilled and core samples were taken for geo-mechanical studies of the above-lying Lark Formation. The well was spudded in July 2014 with the drilling rig Ensco 72 and finished at the beginning of August 2014.

Licences in the North Sea

6° 15' E

-  Licences with Nordsøfonden participation
-  A. P. Møller-Mærsk concession with 20 % participation of Nordsøfonden
-  Licences without Nordsøfonden participation

See Licence Overview, p. 76



April 2015

Chabazite-1 (Licence 4/06B)

As the operator of the 4/06B licence Wintershall drilled the exploration well, Chabazite-1, as a vertical well targeting Paleocene/Upper Cretaceous chalk. The well was completed in an Upper Cretaceous chalk at a depth of 3,001 m below mean sea level. No oil or gas was found. The drilling rig Ensco 121 spudded the well in June 2014 and finished at the beginning of September 2014. Subsequently the licence was relinquished in the beginning of 2015.

Siah NE-1X (DUC sole concession)

As the operator of the DUC companies, Maersk Oil drilled the exploration well Siah NE-1X as a vertical well in the Contiguous Area. The primary target of the well was the deep water deposits in the Upper Jurassic. No producible sandstone reservoir was found, but the well penetrated hydrocarbon bearing Lower Cretaceous chalk in the Boje accumulation, thus giving further information of the extent of this. Furthermore, a comprehensive data and sampling programme was carried out for characterisation of deeper geological formations. The well was completed in Upper Jurassic clay stone at a depth of 3,387m below mean sea level. The drilling rig Noble Sam Turner started drilling the well in September 2014 and finished in November 2014.

Changes to licences

During 2014 two licences (9/06 and 7/06) have been relinquished, while one new licence (1/14) has been awarded.

Appraisal activities

The primary activities during 2014 were further maturing of the discoveries of oil and gas in Broder Tuck, Lille John and Solsort. Furthermore, an appraisal

of the Ravn discovery was completed by submitting a plan for development for Ravn Phase 1 to the authorities.

The Solsort discovery (Licence 3/09 and 4/98)

The partnership is engaged in planning for the Solsort discovery to be developed by a tie-in to a nearby field. At the end of February 2015 its operator, DONG, on behalf of the partnership submitted to the Danish Energy Agency a declaration of commerciality for the Solsort discovery. It is the intention to start production via a 3rd party infrastructure within the coming five years.

Broder Tuck and the Lille John discoveries (Licence 12/06)

In 2014 Dana Petroleum took over a 40% share of the licence from PA Resources, and at the same time Dana Petroleum became its new operator.

At the beginning of December 2014 an appraisal well was drilled at the Lille John oil discovery. The well was completed at the end of February 2015 after drilling a sidetrack and a production test. The production test showed that oil can be produced from the structure from a depth less than one km. The results of the appraisal well will be decisive if further work is needed to assess the commerciality of the oil discovery, Lille John.

In 2011, the Broder Tuck well proved presence of oil and gas, and work is still ongoing to clarify if the discovery may be commercial.

Development activities

DUC – Sole Concession

In July 2014, the new platform on the Tyra Southeast field was installed and hooked-up by a bridge to the existing platform at the Tyra Southeast field. The new platform including process equipment and the bridge connecting the old and the new platforms have been built in Denmark. At the end of 2014, the first of the new production wells was being drilled at the field. The project is running on schedule, and first oil was produced as expected at the end of March 2015.

In the existing DUC fields a new well was drilled in 2014 at the Halfdan field. This well has provided good information on the oil production from the field. In the other DUC fields repairs of older wells have been carried out. The repairs have ensured continuous production from the wells, and in some cases recovery has even increased.

The possibility for drilling further wells at the Dan and Halfdan fields in order to increase recovery of oil and gas is being considered.

Licence 5/06 – Ravn

In April 2014 a development plan was submitted to the Danish Energy Agency comprising development of Ravn Phase 1 via German and Dutch infrastructure. The plan calls for establishing a new platform with three wells and drilling two production wells. Through a new pipeline oil from the field shall be piped via the A6 platform in the German sector to the F3 platform in the Dutch sector from where it will be shipped out. In November 2014, the plan for production from the Ravn field was approved by the Danish Energy Agency. In 2014, constructions of a platform and process equipment for Ravn were

started up in the Netherlands. The platform is planned to be installed during the summer of 2015, and first oil is expected at the end of 2015. Total investment in phase 1 of the development is planned to amount to DKK 1.5 billion. The share of Nordsøfonden will be DKK 550 million. The development project is running on schedule.

The results from production from Ravn Phase 1 are, furthermore, to be used for evaluating the potential of subsequent development of the so-called “Greater Ravn Area”.

Production activities

Nordsøfonden’s share of oil and gas production derives from the 15 DUC oil and gas fields. As the oil and gas are produced and the pressure in the reservoir dwindles a natural decrease in production from the fields takes place. Thus, production of oil has dropped by 10% and production of gas by 6.5% from 2013 to 2014.

Nordsøfonden is focusing on optimising production from the existing fields and wells, and is requesting a continuous mapping and assessment for improving production from the fields. Compilation of data on the efficiency of water injection in the reservoirs contributes to mapping the possibilities for optimising such water injection and thereby improving recovery and production of oil. The efforts are primarily directed towards the large oil fields, Dan and Halfdan, which together account for 2/3 of DUC’s oil production.

In 2014, focus has among other things been directed at the maintenance of a number of older wells in order to be able to continue a safe production from these wells.

Sales activities

During 2014, Nordsøfonden has continued to sell its share of the produced oil on contract to Shell, based on the price of oil in the world market. The majority of this oil has been delivered to Shell's refinery at Fredericia.

Nordsøfonden's gas was sold to two different companies. When Nordsøfonden entered into DUC it took over long-term contracts with DONG, which thereby receives the majority of Nordsøfonden's gas, see note 10 to the Financial Statements. In their present form these contracts are in force until 2042. Basically all gas – also from new discoveries – from the DUC area is sold in compliance to these contracts. A minor amount of the gas may, however, be sold elsewhere. In 2014 Nordsøfonden sold this part of the gas to HMN Naturgas. From 2019 Nordsøfonden will no longer have available "free" amounts of gas from the DUC area.

Report on accounts

In 2014 the share of the production belonging to Nordsøfonden amounted to 10 million barrels corresponding to 28,000 barrels per day. This is a drop of approximately 10% compared to production in 2013.

Oil and gas production

Nordsøfonden share	2014	2013	2012
Oil (mill. barrels)	10	11	6
Gas (mill. Nm ³)	731	781	401

Production of gas in 2014 amounted to a total of 731 million m³, which is 6 % less than production in 2013.

The average Brent oil price being USD 99 per barrel in 2014 resulted in a total turn-over of DKK 7.4 billion. Nordsøfonden does not arrange financial hedging of the prices of oil and gas.

Nordsøfonden's share of the DUC's production costs amounted to DKK 1.6 billion, and its share of investments in production wells etc. amounted to DKK 531 million. During 2014 a new production well was drilled.

Furthermore, Nordsøfonden has spent DKK 16 million on appraisal activities and DKK 282 million on exploration activities. During 2014 four exploration wells were drilled, and the drilling of an appraisal well was started up in licences in which Nordsøfonden is participating.

Due to a significant decline in the price of oil – at the end of 2014 down to USD 55 per barrel – Nordsøfonden has conducted an impairment test of the assessed value of its share of DUC. The test is complying with the forward curve for oil and gas prices at the end of 2014.

The impairment test is based on DUC's assessment of amounts of oil to be produced and production periods, operating costs and abandonment costs and cease of production. All these assessments reach far out into the future and are subject to considerable uncertainty. The decisive uncertainty relates to the future prices of oil and gas.



Calculation of present time value covers production from existing installations only plus already agreed investments in new production plants. Deferred tax and tax assets related to the activity are included in compliance with the accounting practice of Nordsøfonden.

The impairment test revealed a need for depreciating fixed assets by DKK 2.5 billion. This write-down negatively influences the result of the year by DKK 900 million net after tax.

In the accounts of Nordsøfonden are included DKK 3.6 billion in paid company and hydrocarbon taxes. Furthermore, DKK 1.6 billion have been transferred as dividend to the Danish State. The resulting cash flow to the Danish State is DKK 5.2 billion.

Expectations for 2015

The result of 2015 will be strongly influenced by the development of the oil prices. Nordsøfonden expects a number of licences for exploration will be awarded at the completion of the 7th Licensing Round and that Nordsøfonden will be a partner in all the new licences.

Nordsøfonden is expecting to participate in exploration and appraisal activities during 2015 amounting to more than DKK 1.5 billion, of which the share of Nordsøfonden will amount to DKK 300 million.

DUC expects production of oil and gas in 2015 to be somewhat under the 2014-level due to the natural decline of the mature fields' production. Start-up of production from the Tyra Southeast and from renovated wells will, however, to some extent balance the decline in production.

In 2015, the investments of Nordsøfonden are


expected to be doubled compared to 2014 due to among other things the development of the Ravn discovery and the current further development of the Tyra Southeast field. In addition to this, a continued increase of costs is expected regarding maintenance of wells and optimisation of production.

Based on the present oil prices, being approximately 45 % lower than in 2014, Nordsøfonden all in all expects a result of DKK -300 million for 2015.

Subsequent incidents

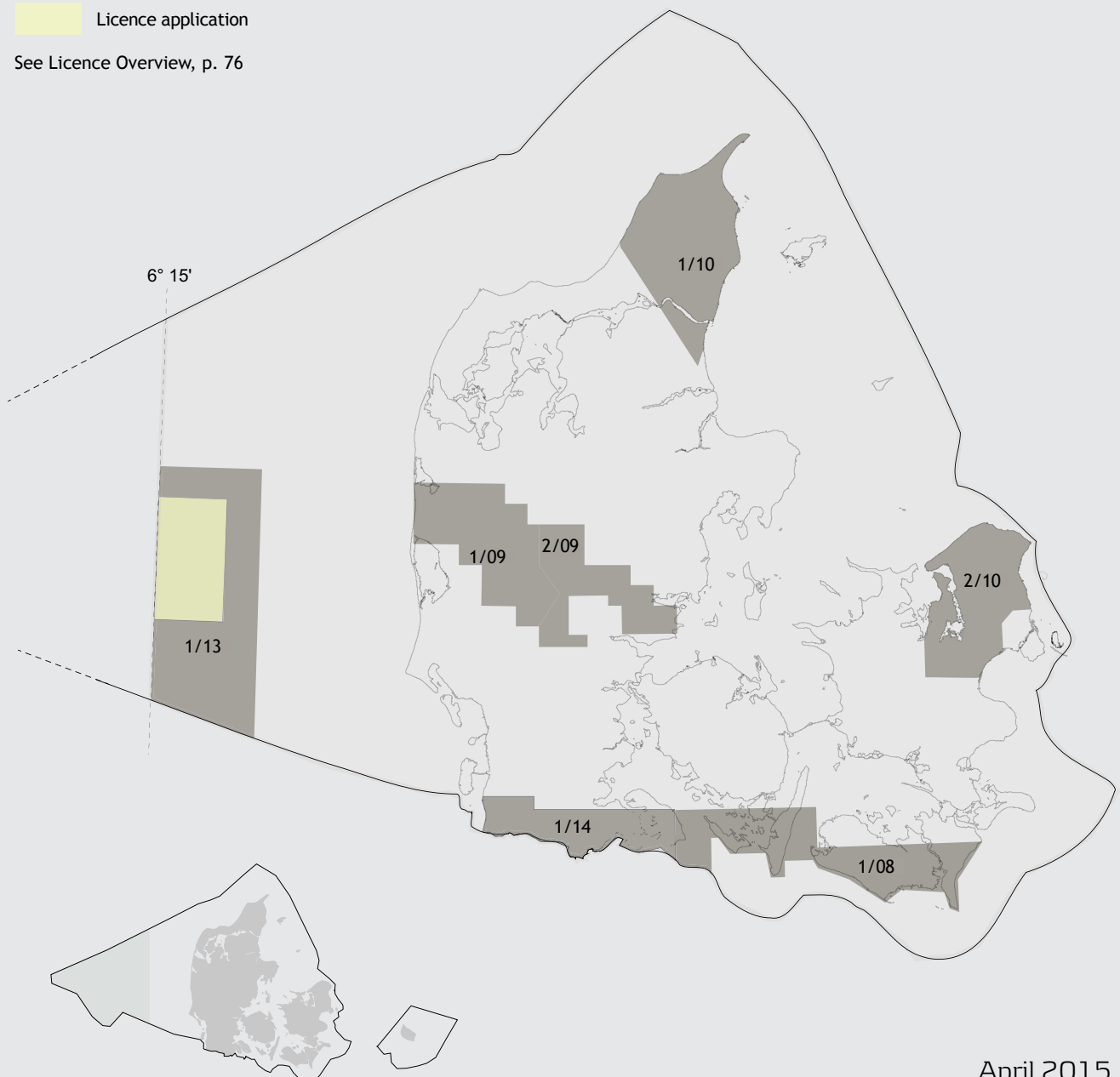
No subsequent events influencing the Annual Report for 2014 have been observed.

Licences in Open Door Area

 Licences with Nordsøfonden participation

 Licence application

See Licence Overview, p. 76



April 2015





Accounting Policies

Accounting Policies

Basis of preparation

The Annual Report of Nordsøfonden for 2014 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C and accepted accounting principles in the industry.

The accounting policies are the same as those applied last year.

Format, classifications and designations in the income statement and the balance sheet have been adapted to the special nature of Nordsøfonden.

Opening balance regarding entrance into DUC reflects the present value calculated, which is established as cost price as of 9 July 2012.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period.

Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Joint ventures

Joint ventures include jointly operated licences within oil exploration and production.

On consolidation, joint venture investments are recognised on a pro rata basis as the share of the jointly controlled assets and liabilities, classified by the nature of the assets and liabilities, and the share of the expenses incurred by the jointly controlled operation.

Accounting treatment of exploration and production

Nordsøfonden recognises exploration costs using the successful efforts method. Acquired shares in exploration and appraisal licences are, as a rule, capitalised on a licence by licence basis.

Exploration costs that are not directly attributable to individual exploration wells and exploration wells that are assessed to be unsuccessful (dry) are expensed as incurred. Costs for other exploration wells are capitalised on a licence by licence basis under exploration assets and are not amortised.

The result of subsequent appraisal activities is reviewed on a licence by licence basis. On completion of an appraisal well, the wells are expensed together with the associated capitalised exploration costs, unless the results indicate with reasonable probability the existence of reserves that can be utilised commercially. If no subsequent appraisal activities are performed, capitalised exploration costs are written down.

Once a decision has been made on a development and operating plan for a licence, and the plan has been approved by the relevant authorities, the exploration and appraisal costs are transferred to property, plant and equipment in the course of construction.

When the field is ready for start-up of commercial production, such capitalised costs and other investments in production assets are transferred to production assets in the balance sheet.

The cost of production assets comprises direct and indirect expenses incurred in respect of fields that are considered to be commercial.

Depreciation commences when the field comes on stream. Production assets are depreciated over their useful lives, which are assessed on the basis of production expectations for the individual field/process centre.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the rates at the dates of transaction and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statement

Revenue comprises the value of the Fund's share of oil and gas production. A provision is made at the selling price obtained under deferred income in the balance sheet to the extent that the volume of oil sold exceeds the share of the produced oil (overlift).

The item production costs comprise costs for the production and transport of oil and gas to the point of delivery. A provision is made at cost under pre-payments in the balance sheet to the extent that the volume of oil sold is smaller than the share of the produced oil (underlift).

Exploration expenses mainly include expenses relating to geological and geophysical analyses expenses and exploratory dry hole costs.

Administrative expenses primarily comprise administration fee to Nordsøenheden, expenses for insurances and advisory services, etc.

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, accretion related to asset retirement obligations as well as extra interest payments and repayment under the on-account taxation scheme.

Tax on the profit/loss for the year comprises the amount expected to be payable for the year and adjustment concerning previous years as well as adjustment of deferred tax. The amount includes the special taxes paid in connection with extraction and production of hydrocarbons.

Provision for deferred tax is made on the basis of the difference between the carrying amount and the tax base of assets and liabilities.

Deferred tax is not recognised on temporary differences which at the time of transaction have no effect on either net profit/loss or taxable income. Deferred tax assets are only recognised to the extent it is probable that the tax asset can be utilised against future taxable income.

Balance sheet

Licence fees are amortised over the expected life of the licence.

Capitalised exploration costs primarily comprise wells where a discovery has been made, but where no decision has been made yet as to commercial utilisation and consequent development of the field.

Property, plant and equipment are valued at cost less accumulated depreciation and less any accumulated impairment losses.

The cost of production facilities etc. comprises direct and indirect costs incurred in respect of appraisal and production wells and production equipment etc. relating to fields assessed to be commercial. Cost comprises the net present value of estimated asset retirement

costs, which include disassembly and removal of the asset as well as cleanup.

Production facilities etc. are depreciated over the expected production period/useful lives determined individually for each field/process centre.

The periods of depreciation and amortisation and residual values of intangible assets and property, plant and equipment are reassessed on an annual basis.

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. Such impairment test is performed on an annual basis for development projects in progress irrespective of whether or not there is any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined on a total assessment.

Raw materials and auxiliary items as well as oil stock are measured at the lower of average cost and net realisable value and are recognised in the item prepayments.

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made based on a specific assessment of each receivable.

Prepayments comprise prepaid expenses and underlift.

Cash at bank and in hand comprises deposits in financial institutions and Statens Koncern Bank (bank of the Danish State).

Nordsøfonden recognises provisions for asset retirement obligations relating to oil fields etc. The provisions are recognised on the basis of an actual assessment and at net present value. The provision assumptions are reassessed on an annual basis. A considerable portion of the obligation will not become payable in 20-30 years and, therefore, major uncertainty is associated with the statement of the obligation, including the assumptions applied for especially the useful lives of fields which depends on the future oil prices.

Deferred income comprises overlift at selling price.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Deferred tax assets and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the

basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Long-term debts include debt to the State, and are measured at amortised cost.

Cash flow statement

The cash flow statement shows Nordsøfonden's cash flows for the year broken down by operating, investing and financing activities.

Cash and cash equivalents etc. comprise cash at bank and in hand as well as deposits in Statens Koncern Bank.





Financial Statements



Income Statement

Note	mill. DKK	2014	2013
1	Net turnover	7,421.2	9,015.7
	Production costs	-1,842.6	-1,421.9
7	Depreciations	-4,127.9	-3,906.2
7	Impairment loss, production facilities	-2,500.0	0.0
	Other income	47.1	38.4
	Gross result	-1,002.2	3,726.0
	Exploration costs	-238.4	-117.6
6	Depreciation and writedowns	0.0	0.0
2	Administrative costs	-30.6	-2.6
	Profits/loss before financial income and expenses	-1,271.2	3,605.8
3	Financial income	48.6	24.3
4	Financial expenses	-222.8	-224.5
	Profits/loss before tax	-1,445.4	3,405.6
5	Tax on profits/loss for the year	825.9	-2,128.4
	Net profits/loss for the year	-619.5	1,277.2
	Distribution of result		
	Retained earnings	-619.5	1,277.2

Balance Sheet 31 December

Assets

Note	mill. DKK	2014	2013
6	Intangible fixed assets		
	Exploration assets	267.6	358.9
		267.6	358.9
7	Tangible fixed assets		
	Production facilities e.o.	14,449.5	20,226.0
	Production facilities e.o. under construction	840.0	690.0
		15,289.5	20,916.0
	Total fixed assets	15,557.1	21,274.9
	Stock, crude oil and inventory	305.0	316.7
	Receivables		
	Receivables oil and gas sales	515.3	683.6
	Other receivables	41.0	26.5
	Prepayments	203.0	44.1
		1,064.3	1,070.9
	Cash	363.9	404.1
	Total current assets	1,428.2	1,475.0
	Total assets	16,985.3	22,749.9

Balance Sheet 31 December

Liabilities and Equity

Note	mill. DKK	2014	2013
8	Equity	4,679.1	6,898.6
	Total equity	4,679.1	6,898.6
9	Asset retirement obligations	5,473.8	4,936.4
5	Deferred tax	5,608.3	9,487.1
	Total provisions	11,082.1	14,423.5
	Operator debt	323.5	206.2
5	Tax payables	675.9	1,197.0
	Other payables	0.0	6.2
	Deferred income	224.7	18.4
	Total short-term debt	1,224.1	1,427.8
	Total debts	1,224.1	1,427.8
	Total liabilities and equity	16,985.3	22,749.9

10 Contingent liabilities and other financial obligations

11 Related parties and ownership

Cash Flow Statement

Note	mill. DKK	2014	2013
	Profits/loss before financial income and expenses	-1,271.2	3,605.8
	Depreciation and writedowns	6,627.9	3,906.2
	Working capital movements	359.9	-21.2
5	Taxes paid	-3,574.1	-3,553.0
	Interest income	17.0	24.3
	Interest expenses	-0.9	-0.9
	Cash flow from operations	2,158.6	3,961.2
	Investment in intangible fixed assets	-62.7	-115.4
	Investment in tangible fixed assets	-531.9	-425.6
	Cash flow from investments	-594.6	-541.0
	Transferred to the State	-1,600.0	-3,300.0
	Cash flow from financing activities	-1,600.0	-3,300.0
	Net cash flow	-36.0	120.2
	Cash 1 January	404.1	292.4
	Exchange rate adjustment re. cash	-4.2	-8.5
	Cash 31 December	363.9	404.1

Notes to the Financial Statements

Note	mill. DKK	2014	2013
1	Net turnover		
	Nordsøfonden's turnover solely comprises the Nordsøfonden's share of oil and gas production in Denmark		
	Sale of oil	5,742.5	7,028.1
	Sale of gas	1,695.8	2,002.5
	Acquired substitute gas	-17.1	-14.9
	Net turnover	7,421.2	9,015.7
2	Administrative expenses		
	Nordsøfonden is administrated by Nordsøenheden. In 2013 expenses in connection herewith were financed through the annual Appropriation Act. In 2013 the administrative costs of Nordsøfonden comprised only expenditure that was not carried as expenditure in Nordsøenheden. The cost of Nordsøenheden before financial items related to the administration of Nordsøfonden amounted to 22.7 million DKK in 2013.		
	For 2014 Nordsøenheden receives a fee from Nordsøfonden. The fee from Nordsøfonden is determined in the annual Appropriation Act and is expensed in the funds accounts for 2014. The fee amounts to 30.6 million DKK.		
	Rigsrevisionen does not charge for auditing.		
3	Financial incomes		
	Interest received in bank	15.8	24.0
	Interest received in joint ventures	1.2	0.3
	Exchange adjustments	31.6	-
	Total	48.6	24.3

Notes to the Financial Statements

Note	mill. DKK	2014	2013
4	Financial Expenses		
	Interest element re. abandonment obligations	221.9	189.0
	Interest paid in joint ventures	0.9	0.9
	Exchange adjustments	-	34.6
	Total	222.8	224.5
5	Tax on profits/loss for the year		
	Current tax for the year	3,050.9	4,166.9
	Deferred tax assets adjustment for the year cif below	-150.7	-242.8
	Deferred tax liability adjustment for the year cif below	-3,728.2	-1,707.0
	Adjustments of previous year's tax	2.1	-88.7
	Total tax for the year	-825.9	2,128.4
	Tax to be specified as follows:		
	Calculated company tax on profit of the year	1,235.2	1,668.6
	Calculated hydrocarbon tax on profit of the year	1,815.7	2,498.3
	Adjustment deferred company tax for the year	-1,547.8	-784.2
	Adjustment deferred hydrocarbon tax for the year	-2,331.1	-1,165.6
	Adjustment of the previous year	2.1	-88.7
	Total	-825.9	2,128.4

Notes to the Financial Statements

Note	mill. DKK	2014	Adjustment for the year	2013
5	Deferred tax			
	Asset related to asset retirement obligations			
	Company tax	837.9	62.2	775.7
	Hydrocarbon tax	1,323.7	88.5	1,235.2
	Total	2,161.6	150.7	2,010.9
	Liability related to differences between carrying amount and the tax base of fixed assets			
	Company tax	3,116.3	-1,485.6	4,601.9
	Hydrocarbon tax	4,653.6	-2,242.5	6,896.1
	Total	7,769.9	-3,728.1	11,498.0
	Movement deferred tax in total	5,608.3	-3,878.8	9,487.1
			2014	2013
	Tax payable			
	As of 1 January		1,197.0	671.8
	Current tax for the year		3,050.9	4,166.9
	Taxes paid		-3,574.1	-3,553.0
	Adjustment of previous year's tax		2.1	-88.7
	Tax payable 31 December		675.9	1,197.0

Notes to the Financial Statements

Note	mill. DKK	Exploration Assets
6	Intangible fixed assets	
	Cost at 1 January 2014	513.8
	Additions for the year	62.7
	Transfer	-154.0
	Cost at 31 December 2014	422.5
	Depreciation at 1 January 2014	154.9
	Depreciation and impairment for the period	-
	Depreciation and impairment at 31 December 2014	154.9
	Carrying amount at 31 December 2014	267.6

Notes to the Financial Statements

Note	mill. DKK	Production facilities e.o. u. construction	Production facilities e.o.	Total
7	Tangible fixed assets			
	Cost at 1 January 2014	690.0	25,802.6	26,492.6
	Additions for the year	671.3	330.1	1,001.4
	Transfer	-521.3	521.3	-
	Cost at 31 December 2014	840.0	26,654.0	27,494.0
	Depreciation at 1 January 2014	-	5,576.6	5,576.6
	Depreciation for the period	-	4,127.9	4,127.9
	Impairment for the period	-	2,500.0	2,500.0
	Depreciation 31 at December 2014	-	12,204.5	12,204.5
	Carrying amount at 31 December 2014	840.0	14,449.5	15,289.5

Notes to the Financial Statements

Note	mill. DKK	2014	2013
8	Equity		
	As of 1 January	6,898.6	8,921.4
	Net profits/loss for the year	-619.5	1,277.2
	Transferred to State	-1,600.0	-3,300.0
	Equity at 31 December	4,679.1	6,898.6
9	Asset retirement obligation		
	Asset retirement obligation on 1 January	4,936.4	4,212.6
	Accretion for the year	221.9	189.0
	Adjustment of obligation*)	315.5	534.8
	Asset retirement obligation 31 December	5,473.8	4,936.4

*) Adjustment in 2013 and 2014 as result of changed estimate for abandonment expenses.

Notes to the Financial Statements

Note

10 Contingent liabilities and other financial obligations

Obligations regarding exploration rest upon Nordsøfonden under the licences for exploration and production of hydrocarbons granted by the Minister for Climate, Energy and Building. Nordsøfonden is jointly and severally liable with the other partners in the licence for any damages claimed and for the satisfaction of any obligations to the State under the licences.

Nordsøfonden is jointly and severally liable with the other partners in DUC and other licences towards the Operator for contracts regarding field development, chartering of drilling rigs a.o. under contracts entered by the Operator.

Nordsøfonden sells gas on long-term contracts. Under these contracts renegotiation of prices may be claimed. A counterpart has claimed change of prices under such a long-term contract. In addition, the counterpart has opened an arbitration against Nordsøfonden covering part of this claim. Nordsøfonden does not expect that the arbitration will result in a negative adjustment of previous turnover. Total claim by counterpart is limited to EUR 84 million.

11 Related parties and ownership

Nordsøfonden is a public Fund, which is responsible for the State's participation in licences for exploration and production of hydrocarbons. Related parties of Nordsøfonden are other state institutions.

Remuneration of management, other employees, rent and other costs are at the expense of Nordsøenheden, and are therefore not a part of the Financial Statements for Nordsøfonden. As of 2014 an administration fee is paid from Nordsøfonden to Nordsøenheden covering the latter's undertaking of these functions.



Management's Statement

As management of Nordsøenheden, which is responsible for the administration of Nordsøfonden, we have today approved the Annual Report of Nordsøfonden for the financial year 2014.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the accounting estimates made reasonable. In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2014 and of the results of operations of Nordsøfonden.

In our opinion, Management's Report includes a true and fair account of the operational development, the financial circumstances of Nordsøfonden, the results for the year and of the financial position.

Moreover, in our opinion, procedures and internal controls have been established which as far as possible ensure that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice. Finally, we consider that Nordsøfonden has been managed with due financial consideration in 2014.

We recommend that the Annual Report, including the proposed distribution of profit, be adopted by the Minister for Business and Growth.

Copenhagen, 17 April 2015

Peter Helmer Steen
CEO, Nordsøenheden

Board of Directors, Nordsøenheden:

Chairman Henrik Normann

Vice Chairman Karsten Knudsen

Berit Rynning

Birgitte Brinch Madsen

Christian Herskind

Mads Andersen

Sanne Weidner

Auditor's Report

Internal Auditor's Report

To the Minister for Business and Growth

Auditor's Report on the Annual Report

We have audited the Financial Statements of Nordsøfonden for the financial year 1 January – 31 December 2014. The Financial Statements comprises of accounting policies, income statement, balance sheet, cash flow statement and notes. The Financial Statements are prepared in accordance with the provisions of the Danish Financial Statements Act and recognised accounting policies for the industry.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act and generally recognised accounting policies for the industry. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Moreover, Management is responsible for the transactions underlying the Financial Statements being in accordance with legislation and other provisions as well as agreements concluded and usual practice.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with Danish

Auditing Standards and the principles of good public audit practice, cf. The Auditor General's Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to Nordsøfonden's preparation and fair presentation of the Financial Statements that give a true and fair view 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 Nordsøfonden's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

The audit moreover comprises an assessment of whether procedures and internal controls have been established which support that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements gives a true and fair view of the financial position at 31 December 2014 of Nordsøfonden and of the results of the operations of Nordsøfonden for the financial year 1 January - 31 December 2014 in accordance with the provisions of the Danish Financial Statements Act and generally recognised accounting practice in the industry. We are also of the opinion that procedures and internal controls have been established which support that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Copenhagen, 17 April 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Jens Otto Damgaard
State Authorised Public Accountant

Kim Danstrup
State Authorised Public Accountant

Auditor's Report

The independent auditor's report

To the Minister for Business and Growth

Auditor's report on the Annual report

We have audited the annual report of Nordsøfonden covering the financial year 1 January – 31 December 2014. The financial statements include the management's statement, management report, accounting practice, profit & loss statement, balance sheet, cash flow and notes. The financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act and recognised accounting policies for the industry.

By issuing this audit opinion we consider the audit of the annual report for 2014 closed. Rigsrevisionen may, however, decide to review further items relating to this or previous financial years. Such a review may result in new information that may lead to a re-assessment of concrete matters addressed in this auditor's report.

Management's responsibility for the financial statements and management report

The management is responsible for preparing and presenting financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and recognised accounting policies for the industry.

The management's responsibility also includes internal controls relevant to the preparation and fair presentation of financial statements and a management report free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that

are reasonable in the circumstances. Further, it is the responsibility of the management to ensure that the transactions included in the financial statements and the management report are consistent with appropriations granted, legislation, other rules and regulations, agreements made and common practice.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the financial statements and the management report based on our audit. We performed our audit in accordance with good public-sector auditing practise cf. the Auditor General's Act.

Good public-sector auditing practice is based on the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions (ISSAIs 100-999). The standards applied require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The ISSAIs also require us to evaluate whether the business procedures and internal controls established support the consistency of the transactions included in the financial statements with the appropriations granted, legislation, other rules and regulations, contracts made and common practice.

An audit includes procedures to obtain audit evidence about the amounts and disclosures in the financial statements and management report. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making the risk assessment, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements by Nordsøfonden and to the preparation of a fair management

report. The objective is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of Nordsøfonden's internal controls.

An audit also includes evaluating the appropriateness of the accounting policies applied by management and the reasonableness of the accounting estimates made as well as evaluating the overall presentation of the financial statements and management report. Moreover, the audit includes evaluating whether the business procedures and internal controls established support the consistency of the transactions included in the financial statements with the appropriations granted, legislation, other rules and regulations, contracts made and common practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Lone Strøm
Auditor General

Opinion

In our opinion, the financial statements give a true and fair view of Nordsøfonden's assets, liabilities and financial position as at 31 December 2014 and the result of Nordsøfonden's assets, liabilities and financial position as at 31. December 2014 and the result of transactions for the fiscal year 1 January – 31 December 2014 in accordance with the provisions of the Danish Financial Statements Act and recognised accounting policies for the industry. We are also of the opinion that the business procedures and internal controls established support the regularity of the transactions included in the financial statements in accordance with appropriations granted, legislation, other rules and regulations, agreements made and common practice.

Copenhagen, 17 April 2015
Rigsrevisionen

Morten Henrichsen
Director



Annual Report 2014 Nordsøenheden

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Nordsøenheden

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Information on Nordsøenheden

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CVR No.: 31 41 22 42

Municipality of reg. office: Copenhagen

Financial period: 1 January 2014 - 31 December 2014 (1st accounting year)

CEO: Peter Helmer Steen

Board of Directors: Henrik Normann (Chairman)
Karsten Knudsen (Vice Chairman)
Berit Rynning
Birgitte Brinch Madsen
Christian Herskind
Mads Andersen
Sanne Weidner

Auditors: Rigsrevisionen (external auditors) and PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab (internal auditors)

Photos: Colourbox, Nordsøfonden, Maersk Oil and Wintershall





Management's Report Accounting Policies

Management's Report

Main activity

Since 2005 Nordsøenheden, previously a state agency, has had the task of managing Nordsøfonden.

By Act no. 527 dated 28 May 2014 Nordsøenheden was changed into an independent state company that has taken over the responsibilities undertaken by the former Nordsøenheden. Accounting wise the change took place retroactively as from 1 January 2014.

The income of Nordsøenheden consists of an administration fee from Nordsøfonden determined in the annual Finance Acts.

Nordsøenheden is fully owned by the Danish State, and execution of the ownership is undertaken by the Minister for Business and Growth.

Development during the year

In addition to its current assignments related to Nordsøfonden, Nordsøenheden has during 2014 worked intensively with an arbitration concerning Nordsøfonden's sale of gas.

The result of the year amounting to DKK 3,042,000 is as expected and must be considered satisfactory.

Expectations for 2015

In order to obtain good results from Nordsøfonden's participation, Nordsøenheden must make a substantial effort in 2015 in existing as well as new licences.

Considerable resources in Nordsøenheden will be allocated to evaluation and decisions regarding new infrastructure and maintenance of existing production facilities in DUC, development of the Ravn and Solsort fields as well as an appraisal of the commercial potential of the discoveries Broder Tuck and Lille John. The licences of the upcoming 7th Licensing Round will also require considerable effort in order to ensure a proper and constructive startup of the licence related activities.

Conclusion of the current arbitration concerning the prices of Nordsøfonden's long-term gas contract will be costly and require resources, too.

Consequently, a negative result is to be expected from the activities of 2015.

Accounting Policies

Basis of Preparation

The Annual Report of Nordsøenheden for 2014 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Format, classifications and designations in the income statement and the balance sheet have been adapted to the special nature of Nordsøenheden.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the rates at the dates of transaction and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Nordsøenheden is not taxable of its activities, and thus taxes are not included in the Financial Statements.

Income Statement

Revenue comprises only administration fee related to administration of Nordsøfonden.

Administrative expenses primarily comprise salaries, office expenses and cost of consultancies, professional forums etc.

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

Balance sheet

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made based on a specific assessment of each receivable.

Prepayments under assets comprise prepaid expenses in particular covering Insurance Broker.

Other payables comprise VAT, holiday allowance, audit fees and office expenses.





Financial Statements



Income Statement

Note	'000 DKK	2014
	Administration fee	30,600
	Total income	30,600
	Administrative costs	27,557
	Profits/loss before financial income and expenses	3,043
1	Financial expenses	1
	Net profits/loss for the year	3,042
	Distribution of result	
	Retained earnings (in equity)	3,042

Balance Sheet 31 December

Assets

Note	'000 DKK	2014
	Initial advance payments	164
	Total fixed assets	164
	Receiveables	
2	Other receivables	7,690
	Prepayments	713
	Total receivables	8,403
	Cash	15,024
	Total current assets	23,427
	Total assets	23,591

Balance Sheet 31 December

Liabilities and Equity

Note	'000 DKK	2014
	Equity	13,768
3	Total Equity	13,768
	Suppliers, goods and services	1,438
4	Other payables	8,385
	Total short-term debt	9,823
	Total debts	9,823
	Total liabilities and equity	23,591

5 Employee matters

6 Related parties and ownership

Notes to the Financial Statements

Note	'000 DKK	2014
1	Financial expenses	
	Interest paid	1
	Financial expenses	1
2	Other receivables	
	Receivable, Nordsøfonden	7,650
	Other	40
	Total other receivables	7,690
3	Equity (retained earnings)	
	Equity 1 January	10,726
	Net profits/loss for the year	3,042
	Equity at 31 December	13,768
4	Other Payables	
	VAT due for payment	5,868
	Holiday allowance obligation	1,459
	Other	1,058
	Total other payables	8,385

Notes to the Financial Statements

Note

5 Employee matters

In 2014 average number of employees was 18.

Total employee costs are recognised in administrative costs and compose:

Salaries and wages	9,448
Pension contributions	1,557
Other costs of social security	24

Total	11,029
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6 Related parties and ownership

Nordsøenheden is an independent State company. Related parties of Nordsøenheden are other State institutions. Transactions with related parties comprise administrative services on market terms.



Management's Statement

As management of Nordsøenheden we have today approved the Annual Report for the financial year 2014.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the accounting estimates made reasonable. In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2014 and of the results of operations of Nordsøenheden.

In our opinion, Management's Report includes a true and fair account of the operational development, the financial circumstances of Nordsøenheden, the results for the year and of the financial position.

Moreover, in our opinion, procedures and internal controls have been established which as far as possible ensure that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice. Finally, we consider that Nordsøenheden has been managed with due financial consideration in 2014.

We recommend that the Annual Report, including the proposed distribution of profit, be adopted by the Minister for Business and Growth.

Copenhagen, 17 April 2015

Peter Helmer Steen
CEO

Board of Directors:

Chairman Henrik Normann

Vice Chairman Karsten Knudsen

Berit Rynning

Birgitte Brinch Madsen

Christian Herskind

Mads Andersen

Sanne Weidner

Auditor's Report

Internal Auditor's Report

To the Minister for Business and Growth

Auditor's Report on the Annual Report

We have audited the Financial Statements of Nordsøenheden for the financial year 1 January – 31 December 2014. The Financial Statements comprises of accounting policies, income statement, balance sheet and notes. The Financial Statements are prepared in accordance with the provisions of the Danish Financial Statements Act.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act and generally recognised accounting policies for the industry. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Moreover, Management is responsible for the transactions underlying the Financial Statements being in accordance with legislation and other provisions as well as agreements concluded and usual practice.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with Danish

Auditing Standards and the principles of good public audit practice, cf. The Auditor General's Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to Nordsøenheden's preparation and fair presentation of the Financial Statements that give a true and fair view 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 Nordsøenheden's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

The audit moreover comprises an assessment of whether procedures and internal controls have been established which support that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements gives a true and fair view of the financial position at 31 December 2014 of Nordsøenheden and of the results of the operations of Nordsøenheden for the financial year 1 January - 31 December 2014 in accordance with the provisions of the Danish Financial Statements Act. We are also of the opinion that procedures and internal controls have been established which support that the transactions underlying the Financial Statements are in accordance with legislation and other provisions as well as agreements concluded and usual practice.

Statement on Management's Review

We have read Management's Review. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Copenhagen, 17 April 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Jens Otto Damgaard
State Authorised Public Accountant

Kim Danstrup
State Authorised Public Accountant

Auditor's Report

The independent Auditor's Report

To the Minister for Business and Growth

We have audited the annual report of Nordsøenheden covering the financial year 1 January – 31 December 2014. The financial statements include the management's statement, management report, accounting practice, profit & loss statement, balance sheet, cash flow and notes. The financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act and recognised accounting policies for the industry.

By issuing this audit opinion we consider the audit of the annual report for 2014 closed. Rigsrevisionen may, however, decide to review further items relating to this or previous financial years. Such a review may result in new information that may lead to a re-assessment of concrete matters addressed in this auditor's report.

Management's responsibility for the financial statements and management report

The management is responsible for preparing and presenting financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and recognised accounting policies for the industry.

The management's responsibility also includes internal controls relevant to the preparation and fair presentation of financial statements and a management report free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of the management to ensure that the transactions included in the financial statements and

the management report are consistent with appropriations granted, legislation, other rules and regulations, agreements made and common practice.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the financial statements and the management report based on our audit. We performed our audit in accordance with good public-sector auditing practise cf. the Auditor General's Act.

Good public-sector auditing practice is based on the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions (ISSAIs 100-999). The standards applied require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The ISSAIs also require us to evaluate whether the business procedures and internal controls established support the consistency of the transactions included in the financial statements with the appropriations granted, legislation, other rules and regulations, contracts made and common practice.

An audit includes procedures to obtain audit evidence about the amounts and disclosures in the financial statements and management report. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making the risk assessment, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements by Nordsøenheden and to the preparation of a fair management report. The objective is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of Nordsøen

heden's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied by management and the reasonableness of the accounting estimates made as well as evaluating the overall presentation of the financial statements and management report.

Moreover, the audit includes evaluating whether the business procedures and internal controls established support the consistency of the transactions included in the financial statements with the appropriations granted, legislation, other rules and regulations, contracts made and common practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of Nordsøenheden's assets, liabilities and financial position as at 31 December 2014 and the result of Nordsøenheden's assets, liabilities and financial position as at 31. December 2014 and the result of transactions for the fiscal year 1 January – 31 December 2014 in accordance with the provisions of the Danish Financial Statements Act and recognised accounting policies for the industry. We are also of the opinion that the business procedures and internal controls established support the regularity of the transactions included in the financial statements in accordance with appropriations granted, legislation, other rules and regulations, agreements made and common practice.

Copenhagen, 17 April 2015
Rigsrevisionen

Lone Strøm
The Auditor General

Morten Henriksen
Head of Office





Licence Overview

Licences with participation of Nordsøfonden as of April 2015

Licence		Year of granting	Operator
1/62	Sole Concession (DUC)	1962/2012	Mærsk Olie og Gas A/S
1/06		2006	DONG E&P A/S
5/06	Ravn, Hibonite	2006	Wintershall Noordzee B.V.
8/06b		2006	Mærsk Olie og Gas A/S
12/06	Broder Tuck, Lille John	2006	Dana Petroleum Denmark B.V.
1/08		2008	New World Resources Operations ApS
1/09		2009	New World Operations ApS
2/09		2009	New World Operations ApS
3/09	Solsort	2009	DONG E&P A/S
4/98	Solsort	1998/2009	DONG E&P A/S
1/10		2010	Total E & P Denmark B.V.
2/10		2010	Total E & P Denmark B.V.
1/13		2013	ESP Oil & Gas ApS
1/14		2014	Jutland Petroleum GmbH

Nordsøfonden has a 20 % share in all licences except 5/06 where Nordsøfonden has a 36.36 % share.