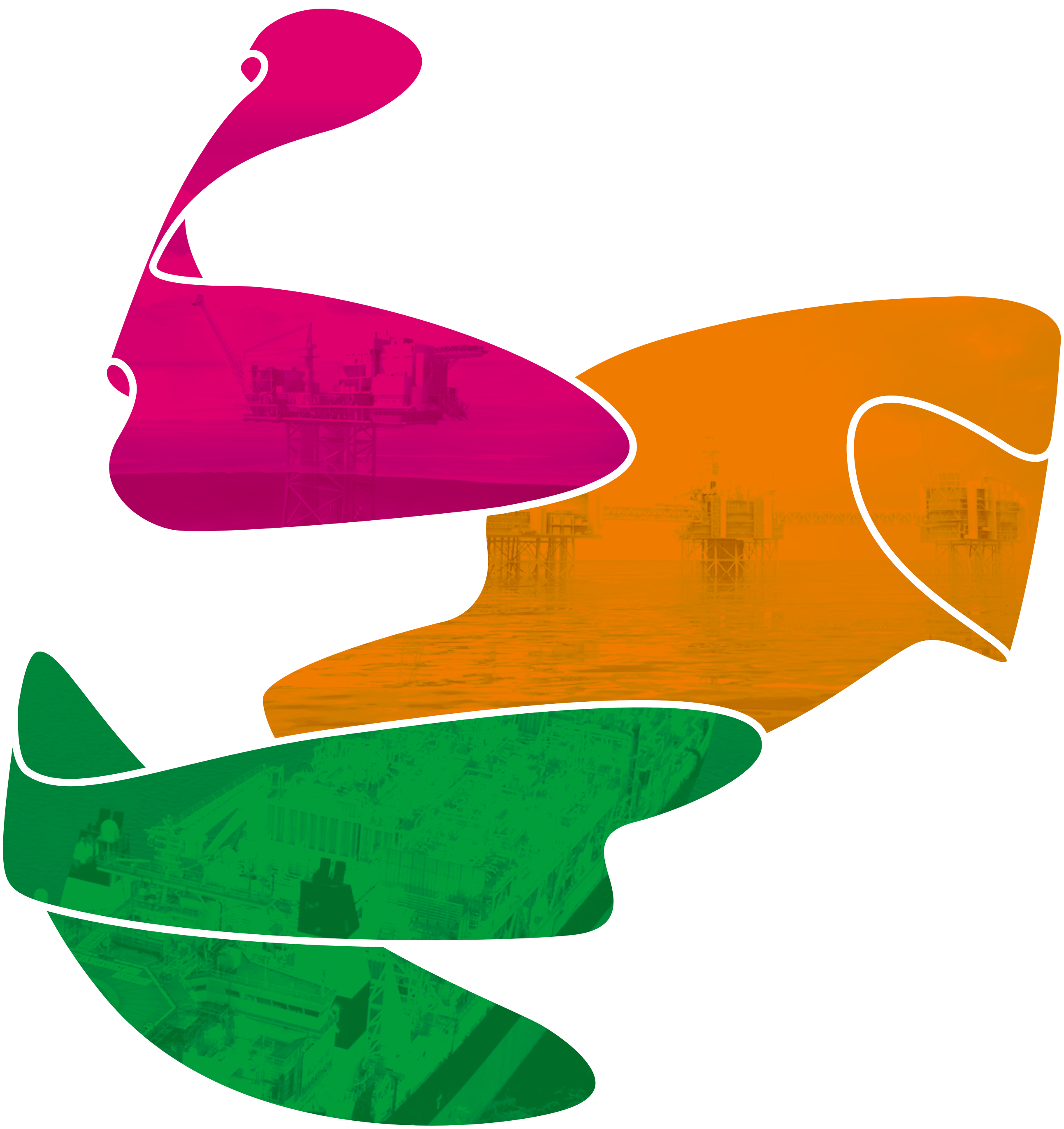
10 YEARS WITH DET**NORSKE**

ANNUAL REPORT 2015



THE HISTORY

The story about Det norske is the story about entrepreneurship and a small start-up company from Trondheim that grew to be a major player on the Norwegian Continental Shelf. Through listing on the stock exchange, mergers, acquisitions and organic growth, Det norske has been transformed into one of Europe's largest listed independent E&P companies.

2005

The current company was established in Trondheim in 2005, through re-establishment of the E&P company Pertra.

2006

In 2006, the company was listed on Oslo Børs as Pertra ASA. By year-end 2006, the company had 29 employees.

2007

In October 2007, the boards of directors of Pertra and DNO decided to carry out a merger of Pertra and the Norwegian interests of DNO, organized through the company NOIL Energy. As a result of the merger, Pertra changed its name to Det norske oljeselskap ASA. NOIL Energy's licence portfolio comprised inter alia the Ivar Aasen and Johan Sverdrup licences. By year-end 2007, the company had 78 employees.

2009

In 2009, negotiations regarding a merger with Aker Exploration commenced. Aker ASA was a new major owner of Det norske, and the merger was effective from 23 December 2009. By year-end 2009, the company had 176 employees.

2013

As operator and with start-up of production on the Jette field, Det norske became in May 2013 a fully-fledged oil company with activities in the entire chain of value creation; exploration, development and production. By year-end 2013, the company had 230 employees.

2014

In the summer of 2014, Det norske announced its acquisition of Marathon Oil Norge AS. Effective as of 15 October 2014, Det norske emerged as a new and larger company with considerable production from the Alvheim area and an experienced operational organization in Stavanger. As of 31 December, the company employed 507 people.

2015

In 2015, Det norske strengthened its position on the Norwegian continental shelf. First, Det norske acquired Svenska Petroleum Exploration AS in October. This acquisition meant that the company gained a 50 per cent ownership interest in Krafla/Askja and strengthened its position on Garantiana and in the Frigg area. Not long after that, Det norske acquired Premier Oil Norge AS. Among other things, this strengthened the company's position in the Frøy area. Det norske had 534 employees at the turn of the year.

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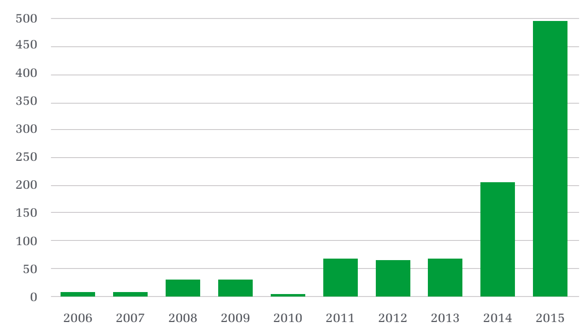
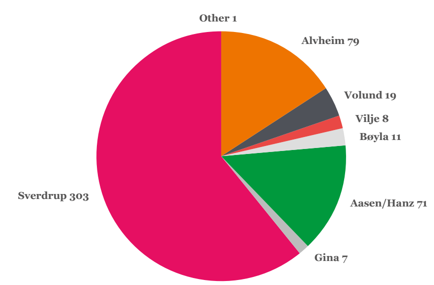
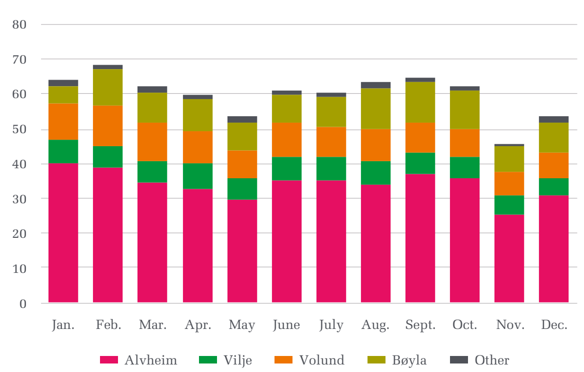
Development in reserves (mmboe)



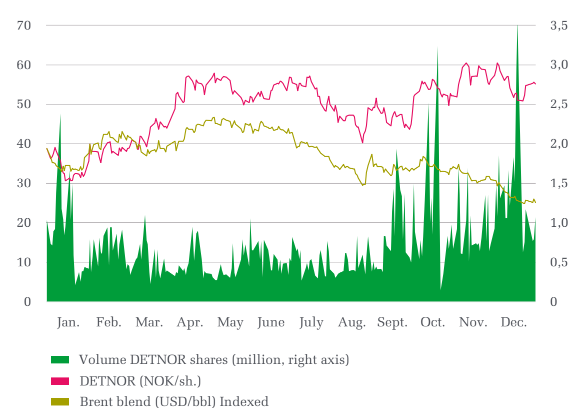
Proven and probable reserves end 2015



Production per month (mboepd)



Share performance



Summary of financial results

	Q4-15	Q3-15	Q2-15	Q1-15	2015	2014
Operating revenues (USDm)	255	316	322	329	1 222	464
EBITDA (USDm)	208	260	224	261	953	208
Net result (USDm)	(156)	(166)	7	2	-313	-279
Earnings per share (USD)	(0,77)	(0,82)	0,04	0,01	-1,53	-1,68
Production cost per barrel (USD/boe)	5	5	10	7	6	12
Depreciation per barrel (USD/boe)	22	22	22	21	22	28
Cash flow from operations (USDm)	122	242	43	281	686	263
Cash flow from investments (USDm)	(439)	(242)	(225)	(261)	-1 168	-2 266
Total assets (USDm)	5 189	5 237	5 301	5 480	5 189	5 384
Net interest-bearning debt (USDm)	2 532	2 147	2 159	1 965	2 532	1 994
Cash and cash equivalents (USDm)	91	207	188	412	91	296

Summary of operational performance

	Q4-15	Q3-15	Q2-15	Q1-15	2015	2014
Alvheim (65 %) (boepd)	30 865	35 574	32 414	37 736	34 132	9 223
Atla (10 %) (boepd)	282	306	494	467	387	532
Bøyla (65 %) (boepd)	8 838	10 502	8 320	8 341	9 006	-
Enoch (2 %) (boepd)	5				1	-
Jette (70 %) (boepd)	490	623	506	794	602	1 230
Jotun (7 %) (boepd)	119	83	120	149	118	143
Varg (5 %) (boepd)	330	336	377	322	341	475
Vilje (46.9 %) (boepd)	5 741	6 599	6 741	6 429	6 376	1 607
Volund (65 %) (boepd)	7 326	8 783	9 390	10 703	9 040	2 420
SUM (boepd)	**53 996**	**62 806**	**58 363**	**64 941**	**60 004**	**15 630**
Oil price (USD/bbl)	45	52	65	58	54	78
Gas price (USD/scm)	0,22	0,26	0,27	0,29	0,27	0,33

ABOUT DET NORSKE

Det norske is a fully-fledged oil company engaged in exploration, development and production on the Norwegian Continental Shelf. We are building one of Europe's largest independent E&P companies.

Det norske is the operator for the producing fields Alvheim, Bøyla, Vilje, Volund and Jette. We are also the operator of the development of the Ivar Aasen field. The company is partner in the Johan Sverdrup field and has an active exploration programme on the Norwegian Continental Shelf. The company has an ambitious strategy for continued growth.

Det norske's headquarters are located in Trondheim, with offices in Stavanger, Oslo and Harstad. Det norske is listed on Oslo Børs under the ticker 'DETNOR'.

Vision

Since its establishment, Det norske has made bold choices on the Norwegian Continental Shelf.

We have embraced the possibilities and not succumbed to limitations. We have gone further than others. With our history, our expertise and our ambitions, we will challenge conventional truths.

We shall continue to explore and develop the opportunities on the Norwegian Continental Shelf to deliver the highest possible value to our employees, to our investors and to society. We will always be moving forward.

"Always moving forward to create value on the Norwegian shelf"

Values

ENQUIRING
We are always curious and aiming for new and better solutions.

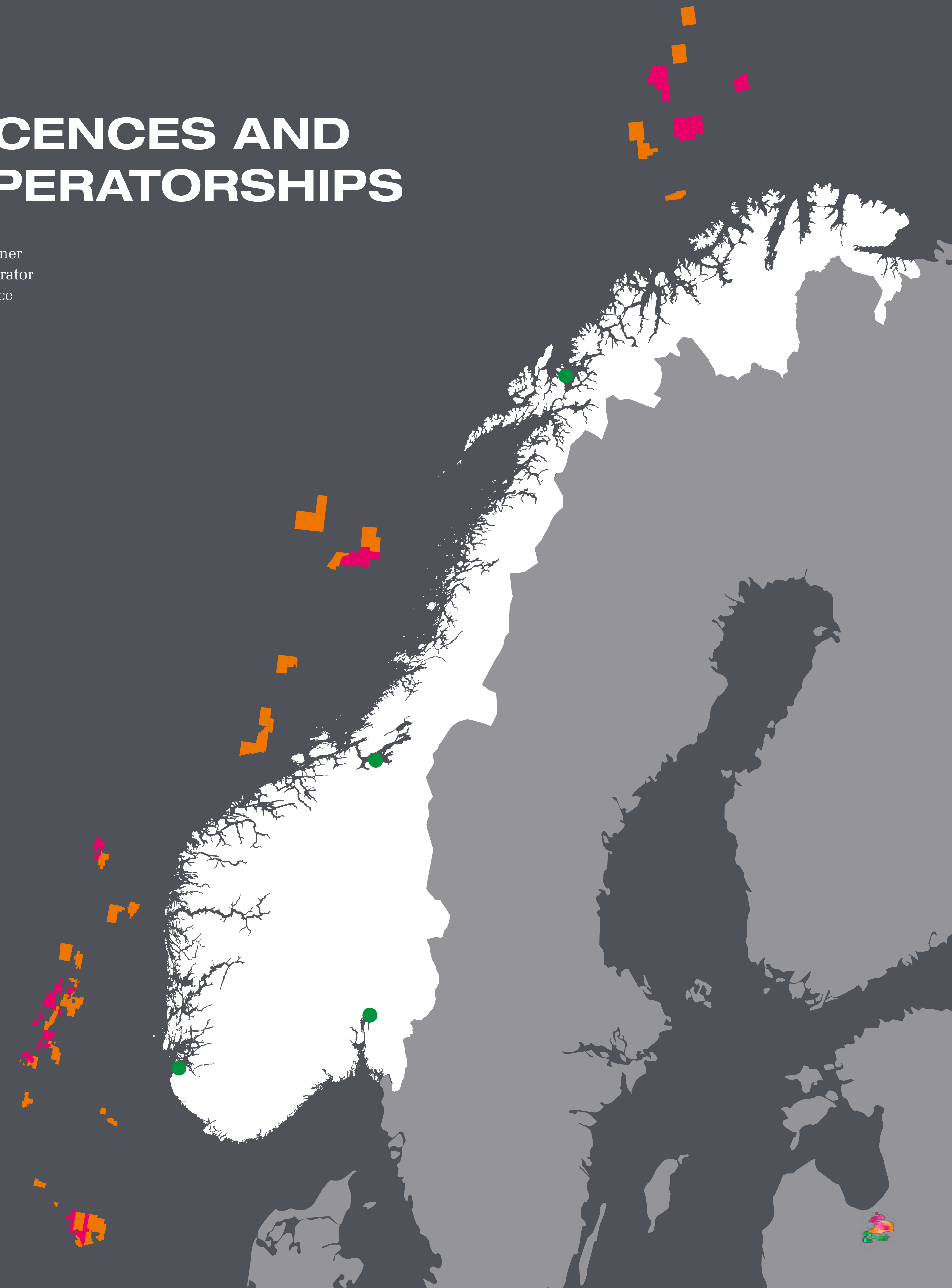
RESPONSIBLE
We always put safety first and strive to create the highest possible value for our owners and for society.

RELIABLE
We always build trust and reputation through reliability and consistent behaviour.

COMMITTED
We are always committed to each other, to the company and to society.

LICENCES AND OPERATORSHIPS

- Partner
- Operator
- Office



KEY EVENTS IN 2015

16 January
Det norske announced its decision to develop the Viper-Kobra discoveries, which will be tied back to Alvheim FPSO

19 January
Production started on the Bøyla field – the fourth field to be tied back to Alvheim FPSO

22 January
The drilling rig Maersk Interceptor started the drilling programme on the Ivar Aasen field

13 February
The partners on the Johan Sverdrup field submitted their Plan for Development and Operation (PDO) to the Ministry of Petroleum and Energy (MPE)

10 June
The Ivar Aasen platform's steel jacket was lifted into place on the field

1 July
Det norske reported that the redetermination process for the reserve-based lending (RBL) facility was completed. The borrowing base was increased to USD 2.9 billion. The revolving credit (RCF) facility was also finalised

2 July
The Ministry of Petroleum and Energy announced the apportionment of ownership interests in the Johan Sverdrup field, which gave Det norske an ownership interest of 11.5733 per cent

21 August
The development plans for the Johan Sverdrup field were approved by the Ministry of Petroleum and Energy

14 October
Det norske announced the acquisition of Svenska Petroleum's Norwegian subsidiary

16 November
Det norske announced the acquisition of Premier Oil Norge AS

31 November
On behalf of the partnerships in PL 203 (Alvheim) and PL 150 (Volund), Det norske announced that a contract had been signed with Transocean Offshore (North Sea) Ltd NUF for the lease of the semi-submersible drilling rig Transocean Arctic

21 December
The King in Council rejected Det norske's appeal against the apportionment of ownership interests in the Johan Sverdrup field

TEN YEARS OF BUILDING A SOUND FOUNDATION FOR FURTHER GROWTH

The year 2005 saw the start of what is known today as Det norske oljeselskap, when a handful of entrepreneurs from Trondheim founded the small oil company 'Pertra'. They had long dreamt of building their own oil company from the ground up. They wanted to create a company that was Norwegian and different. Ten years later, Det norske has established itself as one of the major industrial players on the Norwegian continental shelf.

The company has experienced formidable growth in just a few years. We have had an average annual growth in reserves of 60 per cent since the beginning, and most of this is due to the strong industrial development of the company in recent years. At the end of the anniversary year, our oil reserves amounted to half a billion barrels. Such strong growth in such a short space of time was beyond the dreams of even the visionary entrepreneurs who founded the company.

We also passed a very important milestone in 2014, when we acquired Marathon Oil Norge. This was a historical event for Det norske because it really established the company as a fully integrated exploration, development and production company. But it was also a milestone in the history of Norwegian oil industry. This was the first time a Norwegian oil company had bought out an American company on the Norwegian continental shelf. In 2015 we have continued the process of establishing Det norske as one of the leading players on the Norwegian continental shelf by acquiring the Norwegian stakes in both Svenska Petroleum and Premier Oil. We have built an organisation with a strong ability to carry out efficient acquisitions and speedy integrations, while also ensuring safe operations. Business development has become a key strength and an essential element of success in the company's growth strategy. Rystad Energy rewarded the organisation by appointing it Business Developer of the Year at the Gullkronen 2016 awards for companies on the Norwegian continental shelf.

The gigantic Johan Sverdrup field naturally represents a major part of our recognised reserves, but the Ivar Aasen field and the Alvheim area are also strong contributors. Through hard and systematic work, we have succeeded in considerably increasing the recoverable reserves in both the Ivar Aasen field and the greater Alvheim area. On the company's first capital market day in January this year, we reported that the reserves in the Johan Sverdrup field exceed what has been communicated by the operator so far. We do not exclude the possibility that the field will surprise us with further reserves once it is put into production in 2019. Combined with good reservoir characteristics and very low production costs, Johan Sverdrup will be hugely valuable for Det norske, the other partners, and, not least, Norwegian society. At the same time, we see that successful cuts have been made in the development costs. We believe that it is possible to make further cost cuts. The considerable revenues from the Sverdrup field will provide Det norske with a sound cash flow. This will create more options and open up new business opportunities for the company.

The company has also matured through its growth process. Det norske has retained its entrepreneurial spirit by making bold choices and daring to be different from the other oil companies, while at the same time developing a broad perspective and expertise that is second to none of our competitors. On the Alvheim field, we have one of the most efficient operations on the Norwegian continental shelf. We will transfer this expertise and efficiency to the operation organisation on the Ivar Aasen field, where the ambition is to develop Norway's safest and most cost-efficient operations.

Falling oil prices and a high cost levels mean that there has been little cause for celebration in the oil and gas industry in our anniversary year and the period thereafter. Periods when the price of North Sea oil dropped to under 30 dollars per barrel have had major ripple effects on Norwegian society. The number of redundancies in our industry has now passed 30,000. This is dramatic for those who are affected. Det norske has also been forced to adjust our organisation, but, so far, we have experienced a softer landing than many other oil companies. We started working on a major improvement programme already before the downturn in the industry. Our assessment is that we have to reduce costs regardless of the oil price. We will carry out this work in close collaboration with our suppliers. By establishing a common understanding of the challenges facing the industry, we have, among other things, delivered the steel jacket for the Ivar Aasen field on schedule and on budget, drilled the world's most efficient wells on the same field, and we are on schedule to build the platform deck. We have accomplished a lot up until now and will do even more.

Our job is to establish a company that can operate under a widely fluctuating oil price regime. We have to be able to handle consistently low oil prices. We have therefore started changing the whole organisation's culture and approach. Improvement is the keyword in everything that we do. No meetings are held and no activities are initiated unless they contribute to improving our core business. Our goal is to become a leader in the work of continuously improving productivity on the Norwegian continental shelf.

We have ten good years behind us, and we are well positioned for years of continued growth and value creation for shareholders, employees and society at large. It is essential that we establish operations that create value, even with oil prices of 40 dollars and less.

This is the very core of our vision:

"Always moving forward to create value on the Norwegian shelf"

Karl Johnny Hersvik
Chief Executive Officer

IVAR AASEN

EVERYTHING ON TRACK FOR THE FOURTH QUARTER

Photo: Torgeir Anda

The Ivar Aasen project has made very good progress in 2015. The steel jacket is in place, the drilling has gone faster than planned, the living quarters have been raised to an impressive height, pipes have been laid – and more than 2,000 people have ensured that the platform deck is on schedule. The first oil is scheduled to be produced in the fourth quarter 2016.

As expected, 2015 was a busy year for the Ivar Aasen project. It was also a year that confirmed that progress is according to schedule for first oil from the field before Christmas. Reserves of more than 200 million barrels are ready to be recovered, 71 million of which belong to Det norske.

Geo-pilots

The reserves were confirmed through the drilling of geo-pilot wells that commenced in early January 2015. This was the maiden voyage of the state-of-the-art drilling rig Maersk Interceptor, the biggest jack-up rig in the world. Over the next few years, Interceptor will drill 15 wells; eight production wells and seven injection wells. Two of the wells are on the Hanz field, which will be tied in in 2021. The initial plan was to drill three pilot wells, but the work went so fast that a total of five wells were drilled. The purpose of pilot wells is to acquire more information about the reservoir formation. This information makes it easier to correctly place production and water injection wells. The pilots also provide a more accurate estimate of the recoverable reserves. They give us more reliable information about the thickness of the reservoir and other characteristics. The pilots also make it possible to test previously untested areas. They will also identify any shallow gas on the way down into the reservoir. Overall, this means that geomodels can be updated, and the draining strategy can be clarified at an earlier stage. One of the pilots found a 56-metre oil column, of which 25 metres were of good to very good reservoir quality. Another pilot encountered a 41-metre oil column and a 4-metre gas column, of which a total of 29 metres were of very good reservoir quality. All in all, the results were excellent.

This speedy progress meant that Maersk Interceptor was able to start drilling the production wells at an early stage. Before the end of 2015, three production wells and one water injector well had been drilled and completed. A fourth production well was completed in mid-January. When the wells are completed, it means they are ready for production. The drilling, which was carried out in close collaboration between Det norske and Maersk Drilling, went so quickly that the wells are among the fastest wells drilled on the Norwegian continental shelf in recent years. That is impressive for a completely new rig.

Geosteering

The wells on Ivar Aasen are drilled using geosteering. Maersk Interceptor's every move on the Ivar Aasen field is closely monitored from a dedicated room in Trondheim. Two kilometres into the ground and two kilometres horizontally through shale, conglomerates and preferably through oil-bearing porous sandstone. The sandstone's density and resistance are measured. The information is checked against the seismic data and interpreted on a continuous basis. The changes cannot be too sudden, as not very flexible sand screens must be installed. To drill straight forward, the drill bit must go up or down. It is like steering a car by looking through the rear-view mirror.

Steel jacket in place

The steel jacket for the Ivar Aasen platform was lifted into place in summer 2015 – on schedule and on budget. It is now ready to be completed with the platform deck that is under production at SMOE in Singapore. The crane vessel Thialf slowly lowered the steel jacket down to the seabed at 112 metres.

The jacket is 137 metres high and has a net weight of 8,900 tonnes. The platform deck will be installed on top of the steel jacket this summer.

The steel jacket left the quay at the yard in Arbatax in April and started its journey from Sardinia to the North Sea with the help of four tugboats. Once it hit the open sea, the barge carrying the steel jacket was connected to the tugboat before Saipem took over responsibility for the transport.

Three weeks later, the steel jacket arrived in Rotterdam. The journey then continued to the Utsira Height, where the crane vessel Thialf took on the heavy job of lifting the steel jacket into place.

Thousands of people at work

The Ivar Aasen field is now all set to welcome the platform deck. Simbawang Shipyard will have 11 million working hours under its belt when the deck is transported from Singapore to the Utsira Height before summer. There, the deck will be lifted into place on the steel jacket.

Work on the platform deck at Sembcorp's shipyard is progressing well. The last few months, up to 2,200 people have been working on the deck at the same time.

This is demanding work. Equipment packages from all over the world must be installed in the platform deck. A deck of this type must fit at least 30 kilometres of

Photo: Mark Sheldon Pinkos

pipes and 500 kilometres of cables. Around 15,000 parts must be put into place using as little space as possible.

At the end of 2015, no serious incidents had been registered during the building. Everything has been up to standard as regards health, safety and the environment during the building of the platform deck, despite the fact that several thousand people from 17 subcontractors have been involved in the work. That is more than 20 different nationalities, cultures and languages. The yard in Singapore is a global melting pot with one common goal – to deliver Ivar Aasen on schedule.

Down the right pipe

In 2015, thirty kilometres of pipes were laid between the Edvard Grieg and Ivar Aasen fields. The work started one year prior the pipes were in place on the seabed. In winter 2014–2015, Bredero Shaw was responsible for three pipes corresponding to the distance between the production premises in Orkanger and Trondheim's city limits. Protective coating of the highest quality was applied to 1,586 twelve-inch pipes, each 12.2 metres long. Two such pipes run between Ivar Aasen and Edvard Grieg. They were rusty brown when they arrived at the facility and a hopeful green colour when they left. In addition to the twelve-inch pipes, an eight-inch gas lift pipe was treated at Bredero Shaw in Leith outside Edinburgh in Scotland. Before this important coating process, the pipes had come a long way by boat from Nippon Steel in the city of Wakayama. When all the pipes had been coated, they were sent to EMAS's brand new spoolbase in Gulen. There, the pipes were welded together and spooled onto a boat, before they were placed on the seabed between Ivar Aasen and Edvard Grieg. Afterwards, rocks were dumped over the pipelines for protection.

This year, the power cable between Ivar Aasen and Edvard Grieg will be laid and the retraction spools will be put into place on both fields. The power cable is produced by ABB in Karlskrona.

Sturdy structure in Stord

The living quarters are nearly completed in Stord. The different modules have been put in place and assembled into an impressive seven-storey building. All the floors in Apply Leirvik's big hall have been busy welding, finishing, cabling, screwing and pulling to get everything ready. The exterior has been clad with aluminium plates. The living quarters on Ivar Aasen will have a total floor space of 3,300 square metres. They comprise 70 single cabins, recreational areas, a kitchen and serving area, as well as common social areas, a changing room, control room and a helicopter deck – everything you need to run a small village on the Utsira Height. Despite the size, the living quarters weigh 'only' just under 2,000 tonnes, since most of the structure is made of aluminium.

There was nevertheless great excitement in Stord when 1,030 tonnes of aluminium were jacked up 14 metres to make room for the living quarters' solid steel lower section, produced in Poland. The living quarters tower 40 metres tall – almost 60 metres if the antennas are included. The helicopter deck, which was built and assembled in China, has also been lifted into place on top of the living quarters. The helicopter deck arrived in Stord flat-packed, like an IKEA furniture.

Attractive workplace

Det norske received as many as 3,535 applications for the 55 permanent positions on the Ivar Aasen platform. Everyone who was taken on came from a permanent position, and they were not affected by the cutbacks in the industry. Only seven of the 53 employees are women. There were most applicants, as many as 1,103, for the position in the control room and process, while 940 applied for the six positions in the mechanical disciplines and 35 applied for the top job as Offshore Installation Manager. When they are offshore, the personnel will work three shifts. There will be 18 Det norske employees on board the platform at all times, in addition to four or five catering personnel. The pressure is high in a project with a tight schedule. Sickness absence in the Ivar Aasen project is nevertheless impressively low, at only 1.93 per cent last year. The project's HSE work is thoroughly planned and systematised, and everything is documented. Det norske has a very strong culture for making HSE the top priority in all arenas.

Photo: News on Request

Fabulous flotel

Safe Zephyrus, which was also built in Singapore, will provide accommodation during the commissioning phase on the field. You will be hard pressed to find a more fabulous flotel than this brand new one. The flotel has all the amenities: 450 nice cabins, meeting rooms, 48 office workstations, lounges, a cinema with a stage, a sauna and an internet café, and, of course, a gym.

With a floor space of 2,100 square metres, the deck should cover most needs; there is even enough room for company football matches. Should a crisis occur, the modern lifeboats have room for more people than the maximum number of people permitted on board. A telescopic gangway, which can be extended to more than 40 metres if necessary, will cross from the flotel to the platform deck on Ivar Aasen. The flotel will be in place on the field by summer, and can stay there until spring 2017, if necessary. Prosafe owns and runs the flotel.

The base

ASCO Norge runs the base for Ivar Aasen in Tananger. Tananger is an important place for the development of the Norwegian oil industry. On the other side of the harbour lies Conoco Philips, which was responsible for the development of the first major project on the Norwegian continental shelf, Ekofisk.

A global project

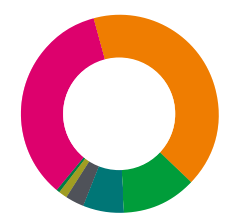
The development of the Ivar Aasen field is a global project, involving deliveries from more than 200 locations worldwide. Several hundred employees and consultants from Det norske are still working on the Ivar Aasen project. Including all the contractors and subcontractors, there are at most several thousand people working on the development.

Many of the deliveries for the platform deck in Singapore came from Norway. This shows that Norwegian suppliers are competitive in relation to the most advanced products: cranes, pumps, tanks, generators, control systems and metering systems for oil and gas.

Ivar Aasen is coordinated with the neighbouring field Edvard Grieg, which will receive partially processed oil and gas from Ivar Aasen for further processing and export. The oil will be exported via Grane, and the gas via SAGE on the UK continental shelf. Edvard Grieg also supplies Ivar Aasen with power and lift gas.

Production start-up on Ivar Aasen will be in the fourth quarter 2016. The Ivar Aasen field is situated on the Utsira Height in the North Sea, and production is estimated to deliver plateau production of 67,000 barrels of oil equivalents per day (gross). The field's planned lifetime is 20 years, and Det norske has a 34.8 per cent ownership interest in the field.

The following own Ivar Aasen:

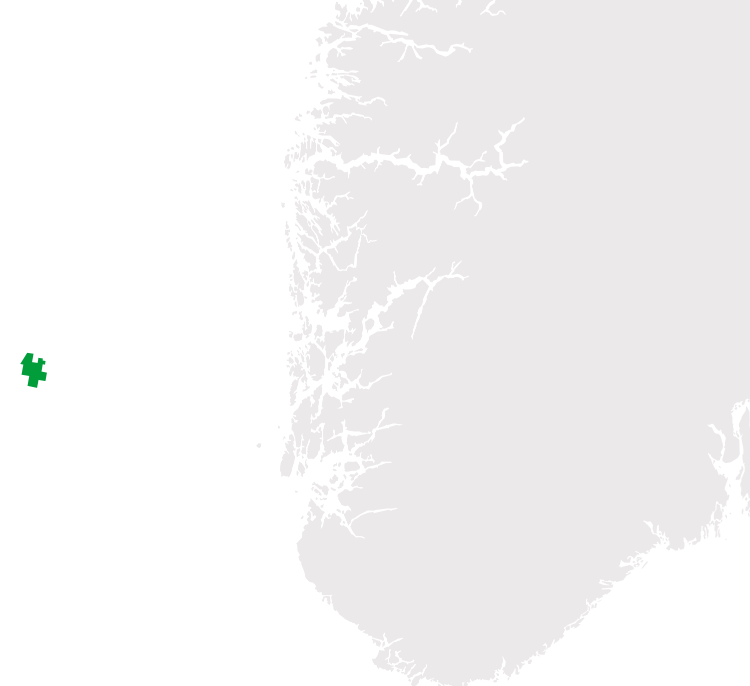


DET NORSKE (operator)	34.7862 %
STATOIL	41.4730 %
BAYERNGAS NORGE	12.3173 %
WINTERSHALL NORGE	6.4615 %
VNG NORGE	3.0230 %
LUNDIN NORWAY	1.3850 %
OMV (NORGE)	0.5540 %

The biggest contracts

Aker Solutions was awarded the front-end engineering design (FEED) contract.
SMOE and Mustang Engineering will deliver the platform deck. The engineering takes place in Woking/Kuala Lumpur and the building in Singapore and Batam.
Apply Leirvik is building the living quarters in Stord.
Saipem has delivered the steel jacket from Sardinia. The engineering took place in Kingston.
Saipem also has the contract for lifting operations and transport of the steel jacket.
EMAS will deliver the pipelines and subsea cables.
Siemens has the contract for the electrical work, control, instruments and equipment for telecommunication.
Aibel has the contract for tie-in, operations support, maintenance and modifications.
Prosafe is responsible for the living quarters during the work offshore.
Maersk Drilling will drill the wells using the rig Maersk Interceptor.
Schlumberger has the contract for well services and completion.

Photo: News on Request



ALVHEIM – THE WONDERS LIE BELOW

Alvheim is a magnificent ship and an efficient production vessel (FPSO) on the field. But the most exciting thing about it is what is underneath – Alvheim is a subsea fairytale. Beneath the ship, pipes that are several kilometres long extend to manifolds, which in turn lead to the production wells. So far, there are 28 wells – and the number keeps increasing. And the reliable Alvheim keeps growing.

That is why no one was surprised when Det norske was awarded Rystad Energy's Gullkronen award for excellent operation of the Alvheim area in 2015. This award is highly regarded. Det norske won this award because the company has delivered on several levels at the same time. Reserves have increased, the production's uptime is very good, as are the HSE results – and the field keeps expanding.

A milestone

In August 2015, Alvheim FPSO reached a milestone when total oil production from the Alvheim area surpassed 300 million barrels. Since its start-up in June 2008, Alvheim has delivered excellent results time and time again – and this is not likely to stop any time soon. There are more resources to be found. The average production in the Alvheim area is around 100,000 barrels of oil equivalents per day, of which 90 per cent is oil. Behind this result lie many years of thorough planning, sound implementation, excellent team work and the use of standardised technology solutions. The Alvheim area comprises the Alvheim field, with the reservoirs Kneler, Boa and Kameleon, and the fields Vilje, Volund and Bøyla. Alvheim has been developed with subsea wells and installations that are connected to the production vessel.

New values

Bøyla was put into production in January and was the fourth field to be connected to the Alvheim vessel. Investments in the Bøyla development totalled around NOK 5 billion. The recoverable reserves are estimated

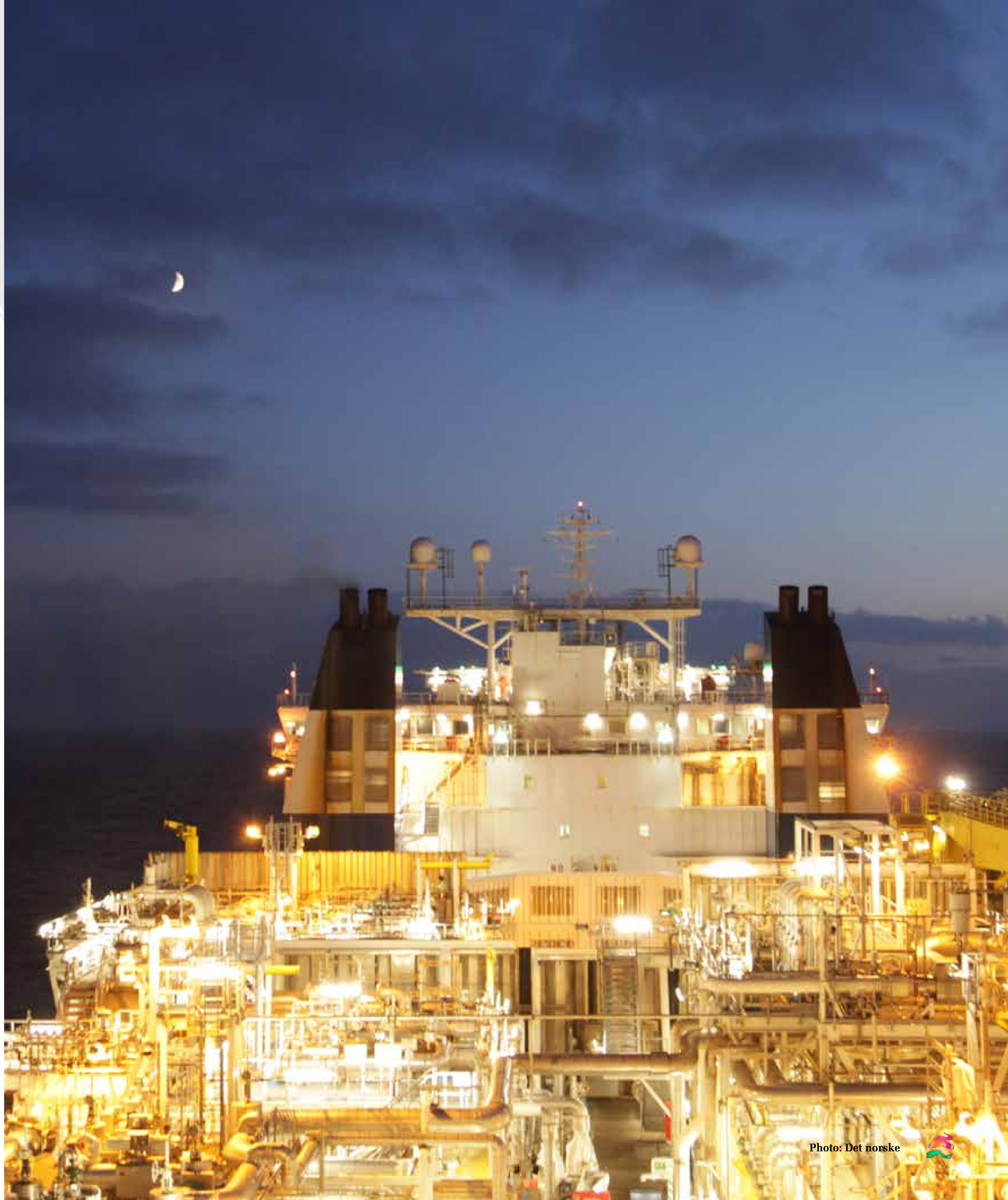


Photo: Det norske

Illustration: Det norske

to be 23 million barrels of oil equivalents, of which 15 million barrels are Det norske's. The development solution is a seabed installation that consists of two horizontal production wells and one water injection well. Once both wells are in production, the expected maximum production rate will be just over 20,000 barrels of oil equivalents per day. These fields are connected to the FPSO via a 26-kilomtre-long pipeline. A plan for development and operation for Bøyla was submitted and approved in 2012. The seabed facility was mainly built in Norway. In August, Bøyla's second well started producing oil. The wells on Bøyla were drilled by Transocean Winner, and the subsea installation was carried out by Technip.

Det norske is operator for the Bøyla field and has an ownership interest of 65 per cent. The other licensees are Core Energy AS with a 20 per cent ownership interest and Lundin Norway AS with a 15 per cent ownership interest.

Always onwards

Around the same time as Bøyla started up, Det norske decided to develop Viper-Kobra – two small discoveries in the Alvheim area that can produce around 7,500 barrels per day from the end of December 2016. The two discoveries may have a common reservoir and each contains around four million barrels of recoverable oil. Including some gas, total recoverable reserves are estimated at 9 million barrels of oil equivalents. The development costs for Viper-Kobra are estimated at approximately NOK 1.8 billion. This includes the drilling of two wells, subsea installations, pipelines and hook-up. A small development that nevertheless has the potential for profitability. The first oil is expected to be produced at the turn of the year 2016/2017. The ownership interests in Viper-Kobra are the same as for the Alvheim licence: Det norske has 65 per cent, ConocoPhillips has 20 per cent and Lundin has 15 per cent.

Expansion of Boa

Three new wells, East Kameleon, Kneler and Boa Kam North, have been drilled to increase production (IOR) for Boa. East Kameleon started production in the second quarter *this year, while the well on Kneler is currently being drilled. Boa Kam North will be drilled once the Kneler well is completed. Production start-up is expected in the second quarter 2016. Boa Kam North's well template will be connected to the existing subsea installations for the Boa reservoir.

Speedy engine change

Due to an electrical fault in the high-voltage engine of one of the gas transport compressors, which meant that the engine had to be replaced, production from Alvheim was reduced for a period during the the fourth quarter. This did not affect the reserves in the fields connected to Alvheim or Det norske's production for 2016.

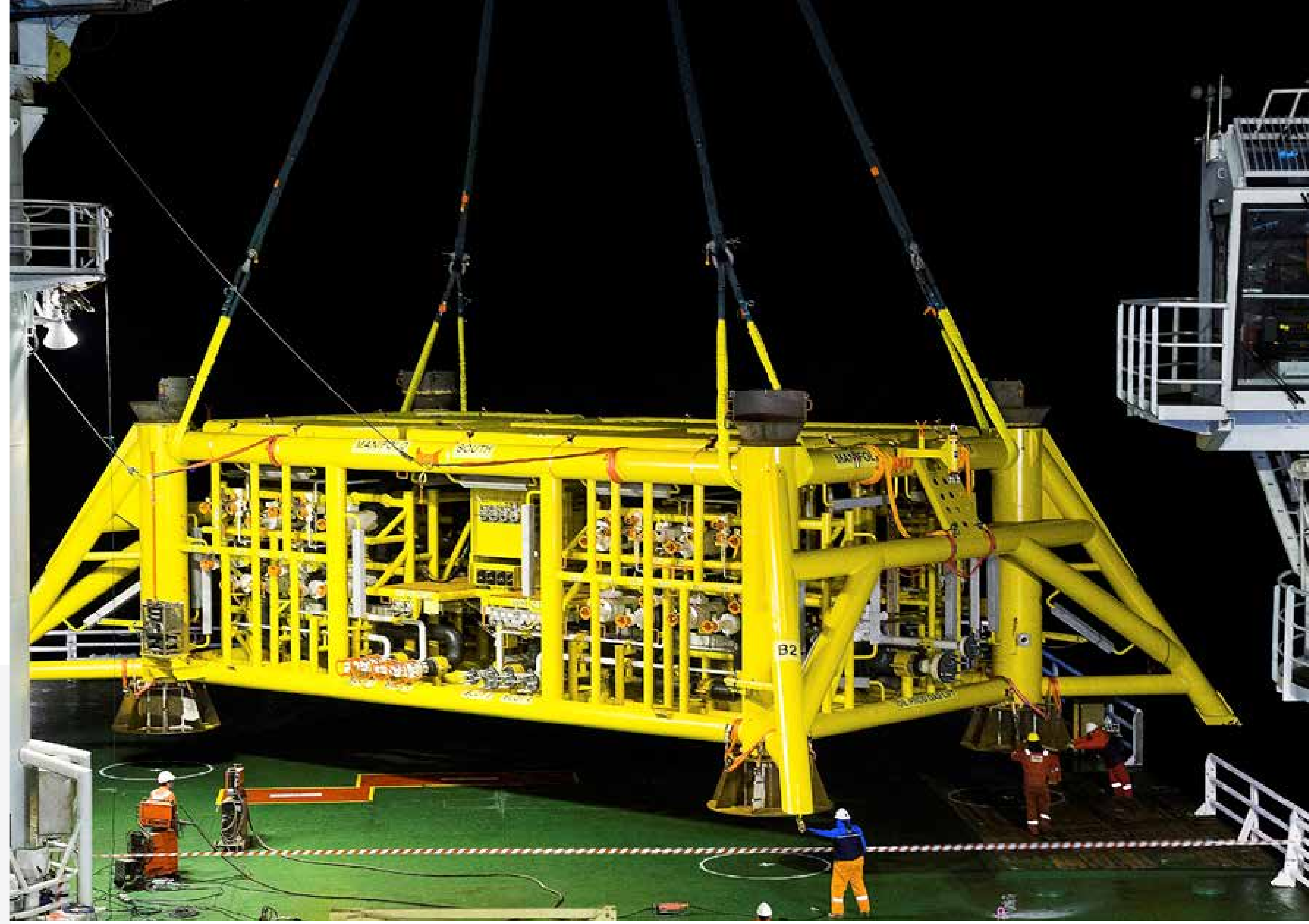


Photo: Det norske

This is the Alvheim field

The Alvheim field is situated in the middle section of the North Sea near the border to the British sector. The field comprises the discoveries Kneler, Boa and Kameleon. It has been decided to develop the Viper and Kobra discoveries, and production will start on Alvheim in 2016. In total, the expected recoverable reserves are estimated to be approximately 90 million barrels of oil equivalents net for Det norske. Alvheim has been developed with a floating production vessel, Alvheim FPSO, and subsea wells. The Vilje and Volund fields are tied back to the production vessel.

The Alvheim field was developed in two phases. In the first phase, the field was developed with ten production wells and two relief wells for produced water. Three new production wells were completed in the second phase of the drilling programme in 2010 and 2011. Viper and Kobra will be developed with two wells that will be drilled in 2016. The wells will be tied in using a new well template via the infrastructure on Volund back to Alvheim FPSO. Oil is transported from the field with shuttle tanker, and associated gas is exported through the Scottish Area Gas Evacuation (SAGE) system to St Fergus in Scotland.

Facts about the Alvheim area

Alvheim is the name of Det norske's core area of production, and the name of the production vessel. The Alvheim area consists of the producing fields Alvheim, Bøyla, Volund and Vilje.

Alvheim

The Alvheim field consists of five discoveries, three of which have started production: Kneler, Boa and Kameleon. It has been decided to develop the remaining Viper and Kobra discoveries, and production is expected to start in 2016. In all, the expected recoverable reserves from the field (net for Det norske) are approx. 79 million barrels of oil equivalent.

The Alvheim field has been developed in several phases. In the first phase, the field was developed with ten production wells and two water injection wells. Today, the Alvheim field consists of 16 production wells and two water injection wells.

Licences: 088 BS, 203 and 036 C
Year of discovery: 1997 (Kobra), 1998 (Kameleon), 2003 (Boa and Kneler), 2009 (Viper)
Start of production: 2008

Partners

DET NORSKE OLJESELSKAP ASA	65 % (OPERATOR)
CONOCOPHILLIPS AS	20 %
LUNDIN NORWAY AS	15 %

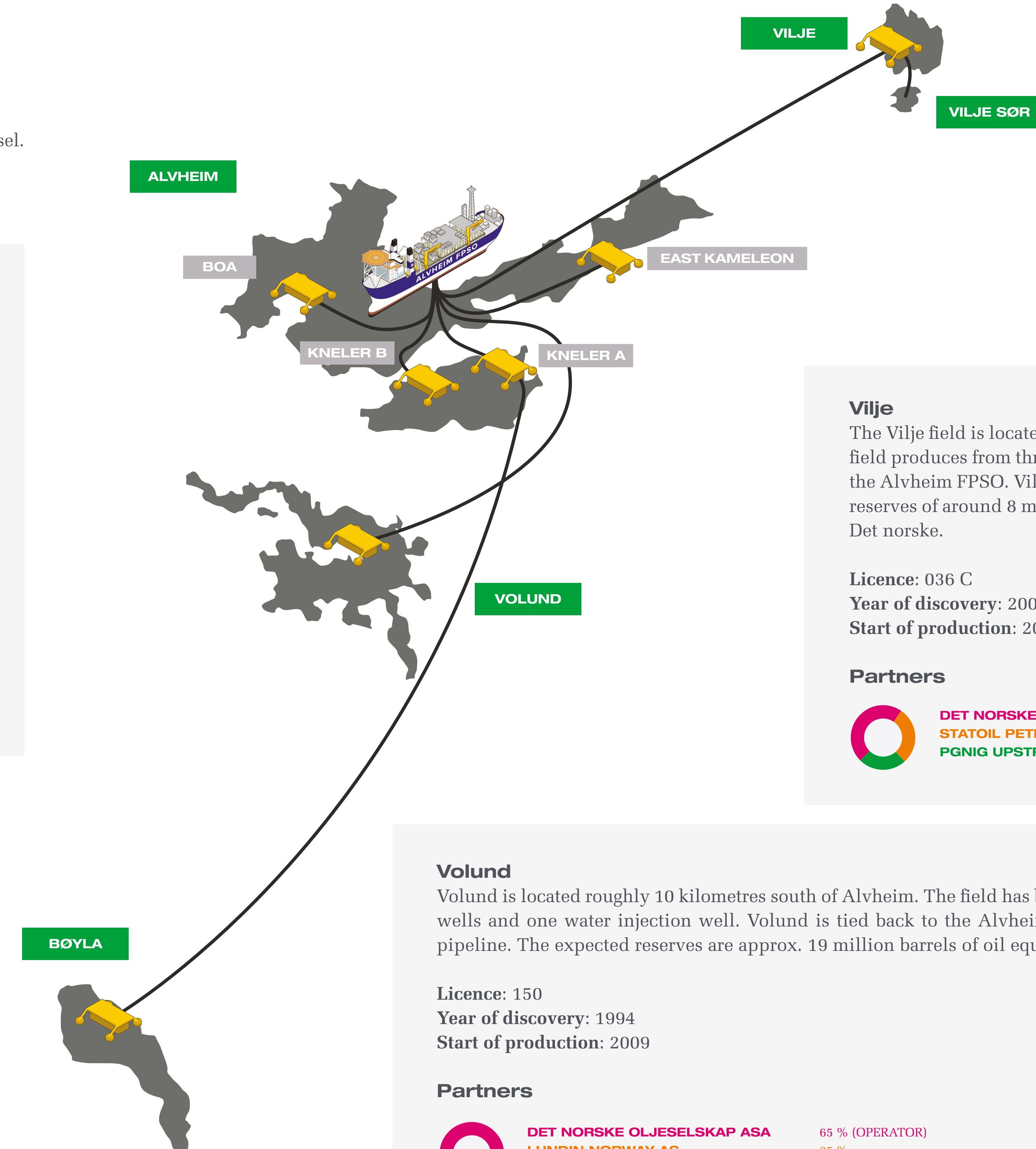
Bøyla

Bøyla is the fourth field in the Alvheim area and is developed with two production wells and one water injection well. It is connected to existing infrastructure on the Alvheim FPSO via a 26-kilomtere-long pipeline. The expected reserves are approx. 11 million barrels of oil equivalent net for Det norske.

Licence: 340
Year of discovery: 2009
Start of production: 2015

Partners

DET NORSKE OLJESELSKAP ASA	65 % (OPERATOR)
CORE ENERGY AS	20 %
LUNDIN NORWAY AS	15 %



Vilje

The Vilje field is located 20 kilometres east of Alvheim. The field produces from three subsea wells that are connected to the Alvheim FPSO. Vilje is estimated to contain recoverable reserves of around 8 million barrels of oil equivalent net for Det norske.

Licence: 036 C
Year of discovery: 2003 (Vilje), 2013 (Vilje South)
Start of production: 2008

Partners

DET NORSKE OLJESELSKAP ASA	46.904 % (OPERATOR)
STATOIL PETROLEUM AS	28.853 %
PGNIG UPSTREAM INTERNATIONAL AS	24.243 %

Volund

Volund is located roughly 10 kilometres south of Alvheim. The field has been developed with four production wells and one water injection well. Volund is tied back to the Alvheim FPSO via an eight-kilometre-long pipeline. The expected reserves are approx. 19 million barrels of oil equivalent net for Det norske.

Licence: 150
Year of discovery: 1994
Start of production: 2009

Partners

DET NORSKE OLJESELSKAP ASA	65 % (OPERATOR)
LUNDIN NORWAY AS	35 %

SVERDRUP THE GIANT ON SCHEDULE TOWARDS 2019

On 1 March 2016, around one year after the plan for development and operation (PDO) was submitted to Minister of Petroleum and Energy Tord Lien, the drilling of the first production well began on the gigantic Johan Sverdrup field. The field contains between 1.7 and 3.0 billion recoverable barrels of oil equivalents, of which Det norske's recognised reserves are 303 barrels of million oil equivalents.

The field's planned lifetime is 50 years and it will have a major positive contribution to the Norwegian society. The field's reservoir characteristics are exceptionally good, and, at peak production, Johan Sverdrup will account for around 40 per cent of all Norwegian oil production.

On schedule

The plan is to develop the field in several phases. More than 80% of the field's total reserves can be recovered using the first-phase installations. Most of the contracts for the construction of the first phase have now been awarded, and work is well under way. The construction of platforms has begun at several yards along the coast, and, in the early hours of 1 March, the drilling rig Deepsea Atlantic began drilling the first of the 35 production wells that will be drilled in the first phase.

Photo: Øyvind Torjusen - Statoil

The revenues from Johan Sverdrup are estimated at around NOK 1,350 billion. Of this amount, around half will be paid to the state as tax, and the project will secure many Norwegian jobs. Preliminary estimates show that nearly 51,000 full-time equivalents will be needed in the first development phase in the period 2014–2019. The project is on schedule for the planned start-up in the fourth quarter 2019.

Illustration: Statoil

Det norske – a major owner

As the biggest owner, Statoil is the operator for all phases of the field. Det norske's ownership interest was decided by the Ministry of Petroleum and Energy at 11.5733% after the partners failed to agree in connection with the submission of the PDO. The decision was appealed to the King in Council, who decided to uphold the Ministry's decision in December 2015. The Board of Det norske is now considering how the company will follow up this decision. Regardless of the outcome, Det norske is a substantial owner in one of the biggest ever oil deposits on the Norwegian continental shelf. This will generate enormous values to the company from the day production on the field commences.

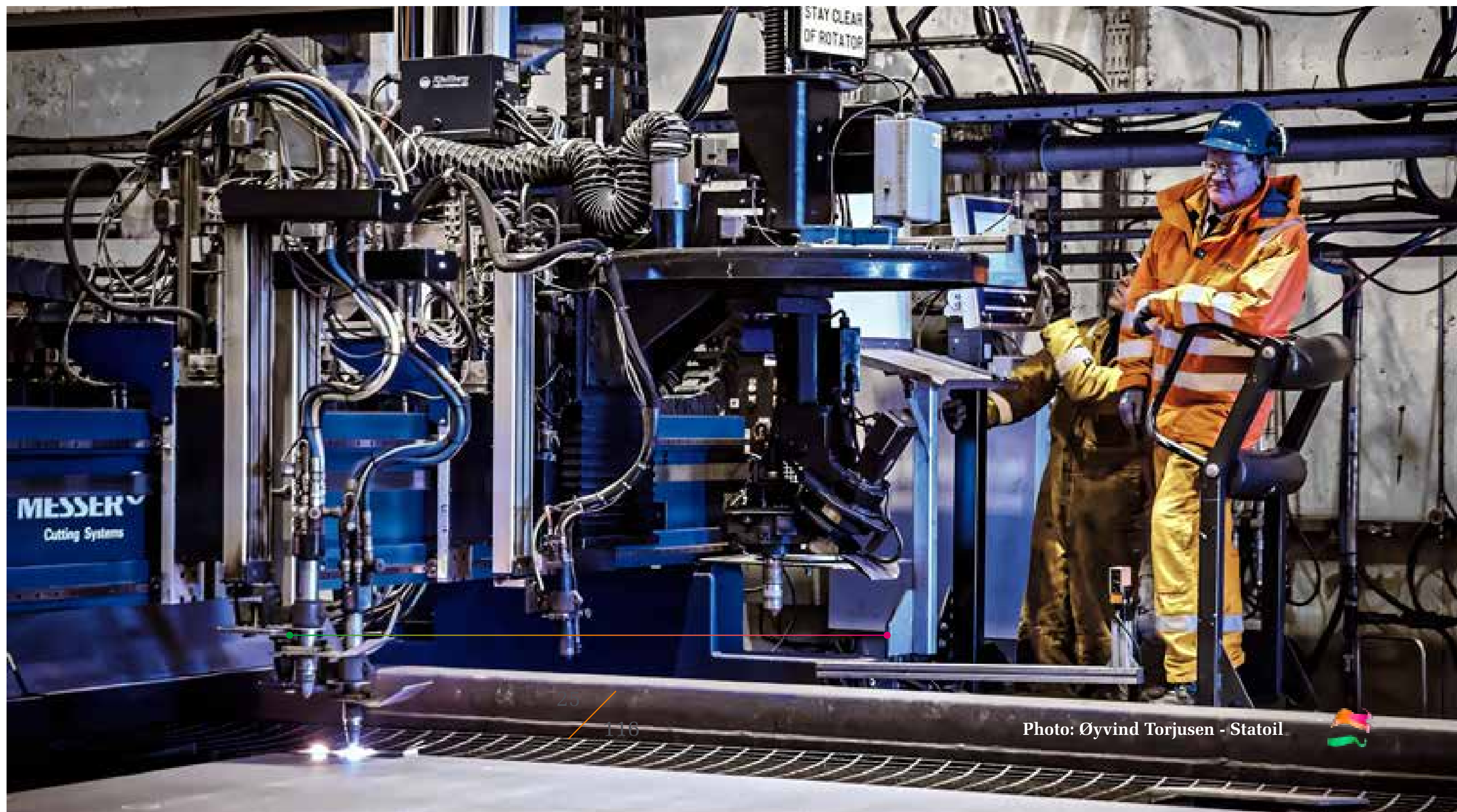
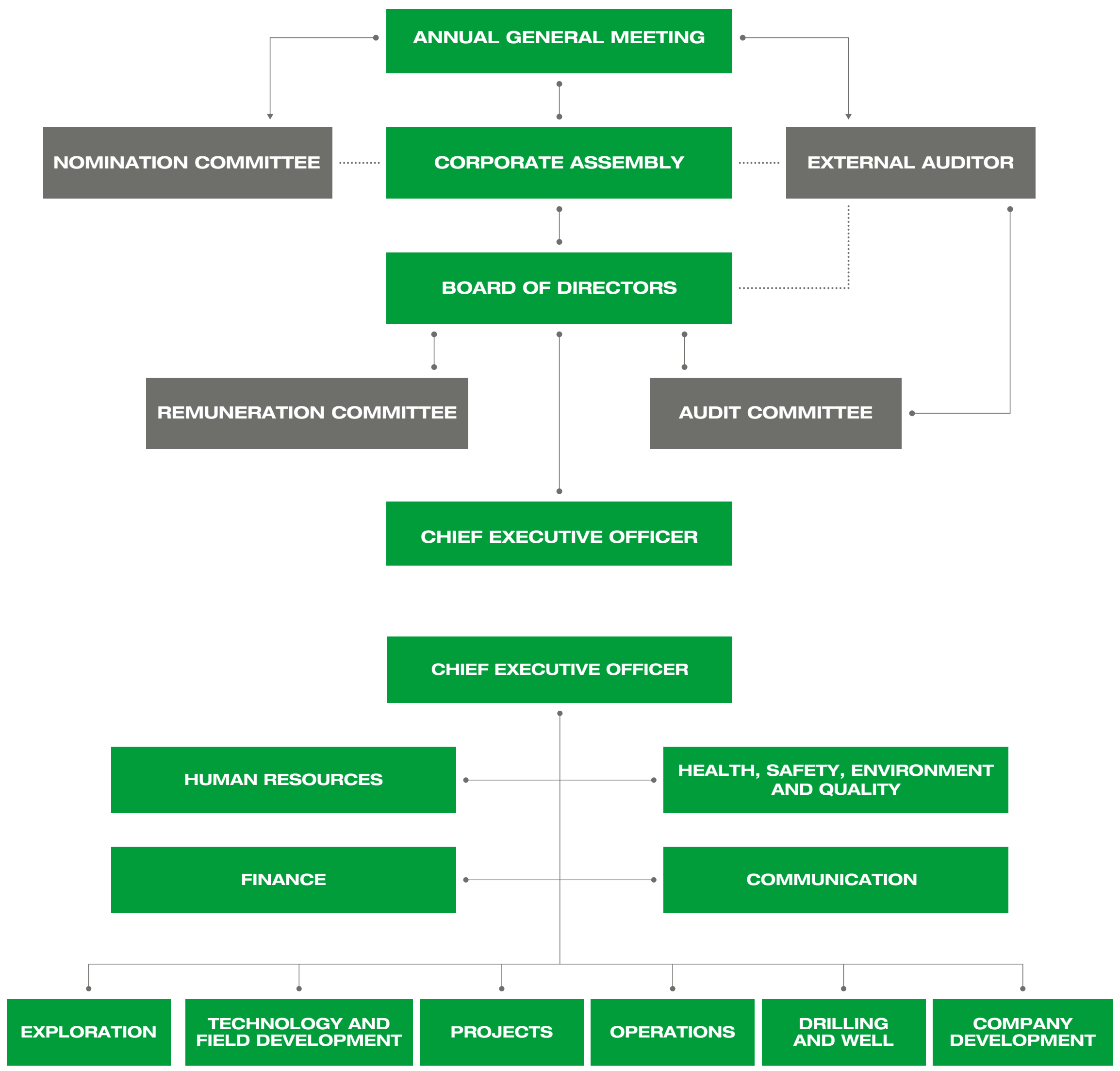


Photo: Øyvind Torjusen - Statoil


Photo: Det norske

ORGANIZATION AND MANAGEMENT MODEL



THE EXECUTIVE MANAGEMENT TEAM as of 31.12.2015

Karl Johnny Hersvik (1)
Chief Executive Officer
Karl Johnny Hersvik (born 1972) has been CEO of Det norske since May 2014. Prior to joining Det norske, he served as head of research for Statoil. Mr Hersvik has held a number of specialist and executive positions with Norsk Hydro and StatoilHydro. He holds a number of directorships, including chair of the board of directors of OG21, and is a member of several boards whose objective is to promote cooperation between industry and academia. Mr Hersvik holds a Cand. Scient. (second cycle) degree in Industrial Mathematics from the University of Bergen.

Øyvind Bratsberg (2)
Acting SVP Drilling and Wells
He has 25 years' experience from several companies in the areas of marketing, business development and operations. Before taking up his position with Det norske, he was responsible for early-phase field development on the Norwegian Continental Shelf for StatoilHydro. Mr Bratsberg holds an MSc degree in Mechanical Engineering from NTH, now the Norwegian University of Science and Technology, NTNU. *Øyvind Bratsberg took over from Kjetil Ween with effect from 12 June.*

Rolf Jarle Brøske (3)
SVP Communication
Rolf Jarle Brøske (born 1980) comes from the position of Industrial Policy Director with Det norske. Previous professional experience includes a management position with Fokus Bank, and he has inter alia served as adviser to the former Minister of Industry, Børge Brende, and the Mayor of Trondheim. Mr Brøske has studied Political Science and History at Molde University College and at NTNU.

Kjetil Kristiansen (4)
SVP Human Resources
Prior to joining Det norske, Kjetil Kristiansen (born 1969) served as head of Human Resources with Aker ASA, where he was involved in developing boards of directors and management teams in the various Aker companies. Since 1998, he has held several HR positions with Aker Solutions, including four years as head of HR for the Subsea Business Area. Mr Kristiansen holds a degree in Clinical Psychology from the University of Oslo, in addition to a BSc degree in philosophy and intellectual history.

Elke Rosenau Njaa (5)
SVP Company Development
Elke Njaa (born 1954) comes from the position of Commercial Manager with Marathon Oil Norge AS. She has previously held various management positions with Statoil and has worked as a geologist for the Norwegian Petroleum Directorate. Ms Njaa holds a master's degree in Geology, specializing in biostratigraphy, from the University of Tübingen in Germany. She also holds an MBA degree in Strategy and Management from the Norwegian School of Management (BI) in Oslo. In addition, Ms Njaa served as the company's SVP Special Projects from 15 October 2014 to 4 February 2015, when this business unit was phased out.

Corporate assembly
In 2015, the corporate assembly of Det norske consisted of the following members: Øyvind Eriksen (chair), Anne Grete Eidsvig, Odd Reitan, Finn Berg Jacobsen, Leif O. Høegh, Olav Revhaug, Jens Johan Hjort, Nils Bastiansen, Hugo Breivik, Hanne Gilje, Ifor Roberts and Kjell Martin Edin.

Alexander Krane (6)
Chief Financial Officer
Alexander Krane (born 1976) took up the position of CFO with Det norske in 2012. Prior to joining Det norske, he held the position of Corporate Controller with Aker ASA. He has also worked as a public accountant with KPMG, both in Norway and in the US. Mr Krane holds a Bachelor of Commerce degree ("siviløkonom") from Bodø Graduate School of Business and an MBA degree from the Norwegian School of Economics in Bergen. He is also a state-authorized public accountant in Norway.

Gro Gunleiksrud Haatvedt (7)
SVP Exploration
Gro Gunleiksrud Haatvedt (born 1957) joined Det norske in 2014. She came from the position of exploration manager for the Norwegian Continental Shelf with Statoil ASA, where she also served as country manager in Libya. She has held several positions with Norsk Hydro (head of geology, technology and competence). She has been responsible for business development in Iran, head of Oseberg, and Exploration Manager NCS. Ms Haatvedt holds a master's degree in Applied Geophysics from the University of Oslo.

Gudmund Evju (8)
Acting SVP Technology and Field Development
Gudmund Evju (born 1972) is Senior Manager Concept Development with Det norske. He has been with Det norske since 2004, and has held several positions in the department. From 2011 to 2013, he was Project Manager for the Jette development. Before he joined Det norske, he worked for PGS Production (1998-2004), where he primarily followed up the process plant on the FPSO Petrojarl Varg. In the period from 1996 to 1998, he was employed with NTNU and worked on different projects for SINTEF. Evju holds an MSc in Mechanical Engineering from NTNU (1996). Mr Evju is a Norwegian citizen. *Øyvind Bratsberg was SVP Technology and Field Development until 12 June.*

Leif Gunnar Hestholm (9)
SVP HSEQ
Leif Gunnar Hestholm (born 1968) comes from the position of HSE and Quality Manager with Marathon Oil Norge AS. He has experience from Kværner Engineering, Safetec (risk analyses and risk management), IRIS (management systems and quality assurance) and BP. Mr Hestholm holds an MSc degree in Industrial Mathematics from NTH, now the Norwegian University of Science and Technology, NTNU.

Geir Solli (10)
SVP Operations
Geir Solli (born 1960) comes from the position of deputy CEO with Marathon Oil Norge AS. He has previously served as Operations Manager for the Alvheim area, and Asset Manager for the Gulf of Mexico in the same company.

Mr Solli has also worked as project manager and offshore installation manager for BP. He holds an MSc degree in Electrical Engineering from NTH, now the Norwegian University of Science and Technology, NTNU.

Olav Henriksen (11)
SVP Projects
Olav Henriksen (born 1956) started as SVP Projects with Det norske in January 2015. Before that, he had worked for ConocoPhillips on major development projects since 1990. Henriksen has a degree in engineering from Møre and Romsdal college of engineering. He has worked on big projects including Ekofisk, Statfjord, Gullfaks, Oseberg and Eldfisk in a long career in which he has worked for both Kværner Installasjon and ConocoPhillips.

BOARD OF DIRECTORS as of 31.12.2015

Sverre Skogen (3)
Chairman

Sverre Skogen (born 1956) holds an MSc and an MBA from the University of Colorado. Mr Skogen has previously held several executive positions in the oil and gas industry, including as CEO of Aker Maritime ASA (1997-2001), of the amalgamated Aker Kværner O&G (2001-2002), of PGS Production (2003-2005), and of AGR ASA (2005-2013). He has served on several boards in non-executive positions, including Chair of the Board of Intsok (1999 -2001) and of Rosenberg Verft (2003-2005). Mr Skogen is a Norwegian citizen.

Anne Marie Cannon (7)
Deputy Chair

Anne Marie Cannon (born 1957) has over 30 years' experience in the oil and gas sector across industry and investment banking. From 2000 to 2014, she was a Senior Advisor to the Natural Resources Group with Morgan Stanley, focusing on upstream M&A. Ms Cannon has previously held financial and commercial positions with J Henry Schroder Wagg, Shell UK Exploration and Production and with Thomson North Sea. She was an executive director on the boards of Hardy Oil and Gas and British Borneo. She served on the Board of Directors of Aker ASA from 2011 to 2013. She is a non-executive director of Premier Oil and of STV Group plc. She holds a BSc Honours Degree from Glasgow University. Ms Cannon is a British citizen.

Kitty Hall (1)
Board member

Kitty Hall (born 1956) has headed various technology companies within the geophysics sector for 25 years. She serves on the board of Seabird Exploration and is Vice Chairman of the Petroleum Group of The Geological Society. Previous directorships include ARKeX Ltd., Polarcus, Sevan Drilling, Petroleum Exploration Society of Great Britain, Eastern Echo, ARK Geophysics Ltd. and The International Association of Geophysical Contractors. Ms Hall holds a bachelor's degree in geology from the University of Leeds and an MSc in stratigraphy from Birkbeck College, University of London. She is a British citizen.

Kjell Inge Røkke (8)
Board member

Kjell Inge Røkke (born 1958) is an entrepreneur and industrialist, and has been a driving force in the development of Aker since the 1990s. Mr Røkke owns 67.8 percent of Aker ASA through The Resource Group TRG AS and subsidiaries, which he co-owns with his wife. He is Chairman of Aker ASA and a member on the boards of Aker Solutions ASA, Kværner ASA, Akastor ASA, Det norske oljeselskap ASA and Ocean Yield ASA. He holds no shares in Det norske oljeselskap ASA, and has no stock options. Mr Røkke is a Norwegian citizen.

Jørgen C. Arentz Rostrup (6)
Board member

Jørgen C. Arentz Rostrup (born 1966) is Managing Director of Yara Ghana Ltd. at Yara International. He held management positions with Hydro for more than 20 years, where he inter alia headed the energy business area and the Norwegian production and sale of oil, gas and power. He held the position of CFO and served as member of the corporate management with Hydro from 2009 until March 2013. He played a key role in the merger between Saga Petroleum and Hydro. He has also held a number of management positions in Norway, Singapore and New York. Mr Rostrup is a Norwegian citizen.

Kjell Pedersen (5)
Board member

Kjell Pedersen (born 1952) holds a MSc degree in Petroleum Engineering from NTH(1976) and has an extensive national and international career in the oil business. He worked in Exxon for 23 years in leading positions within technical, operational and commercial areas, before he became the first CEO for Petoro in 2001. He retired from this position in 2013. Until joining the Board of Det norske, he was the chairman of the Board for the oil service company Aibel AS. He also serves as Vice-chairman of the Board in Anticosti Hydrocarbons in Canada. Mr. Pedersen is a Norwegian citizen.

Gro Kielland (10)
Board member

Gro Kielland (born 1959) holds an MSc in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU). Ms Kielland has held a number of leadership positions in the oil and gas industry both in Norway and abroad, among others as CEO of BP Norway. Her professional experience includes work related to both operations and development of fields, as well as responsibility for the HSE discipline for operators. Ms Kielland currently serves as an Operational Partner with HitecVision. In addition to her duties and responsibilities at the non-executive level for HitecVision, she also serves as a non-executive Chairman and Director for several other companies. Ms Kielland is a Norwegian citizen.

Terje Solheim (2)
Board member

Terje Solheim (born 1962) is General Manager of Det norskes Harstad office. He has been with Det norske since 2013 and has held several positions. Solheim has extensive background from the Norwegian Armed Forces, and was one of the founders of Norwegian Petro Services (NPS). He came to Det norske from Det Norske Veritas (DNV). Mr Solheim is a Norwegian citizen.

Gudmund Evju (4)
Board member

Gudmund Evju (born 1972) is acting SVP Technology and Field Development with Det norske. He has been with Det norske since 2004, and has held several positions in the department. From 2011 to 2013, he was Project Manager for the Jette development. Evju holds an MSc in Mechanical Engineering from NTNU (1996). Before he joined Det norske, he worked for PGS Production (1998-2004), where he primarily followed up the process plant on the FPSO Petrojarl Varg. In the period from 1996 to 1998, he was employed with NTNU and worked on different projects for SINTEF. Mr Evju is a Norwegian citizen.

Kristin Gjertsen (9)
Board member

Kristin Gjertsen (born 1969) is Manager Non-operated Assets with Det norske. She has been with the company since 2010. Ms Gjertsen has more than 15 years' experience from various management positions in the oil and gas industry. She has held various positions with StatoilHydro ASA (including Hydro ASA and Saga Petroleum ASA) from 1998 to 2008. From 2008 to 2010, she held the position of Director Business Development & Online Business Group with Microsoft Norge. Ms Gjertsen holds an MSc from NTNU (1992) and an MBA from NHH (2004). She is also a member on the board of Western Bulk ASA. Ms Gjertsen is a Norwegian citizen.

Det norske's nomination committee in 2015 consisted of Arild Støren Frick (chair), Finn Haugan and Hilde Myrberg.

BOARD OF DIRECTORS' REPORT

Dear shareholders

BOARD OF DIRECTORS' REPORT

2015 was a challenging year for our industry, accentuated by volatile oil prices and uncertain macro conditions. Det norske oljeselskap ASA ("Det norske") benefits from a high-margin production base and is part of two major development projects, as operator of Ivar Aasen and partner in Johan Sverdrup, that will secure production growth in the coming years. The company has implemented improvement measures to strengthen our long-term competitiveness. The downturn creates a new reality, but also offer opportunities for Det norske.

The company is well positioned in a "lower for longer" oil price environment. Our production base of about 60 thousand barrels of oil equivalent per day (mboepd) had a production cost below 7 USD/boe. The Ivar Aasen project is progressing well towards first oil at the end of this year and the Johan Sverdrup project is moving forward according to plan with lowered cost estimates. The company has a robust and diversified capital structure with USD 1.3 billion in undrawn credit which is sufficient to fund the current work program until first oil at Johan Sverdrup.

P50 net reserves at year-end 2015 were 498 million barrels of oil equivalent (mmboe), about 2.4 times higher than the previous year. The main driver of this increase relates to booking of reserves for the full field Johan Sverdrup development, which at year-end 2015 accounted for about 60 percent of P50 reserves.

The company has a visible organic growth path to a production of 100 mboepd from sanctioned projects after 2020, which will deliver significant free cash flow once Johan Sverdrup is in production. During the second half of 2015, Det norske completed acquisitions of Svenska Petroleum Exploration AS ("Svenska") and Premier Oil Norge AS ("Premier Norge"). The acquisitions add flexibility to the company's project inventory, without adding CAPEX commitments. Further identified potential within existing discoveries have potential to lift oil and gas production to 160 mboepd in improved market conditions.

The company is taking steps to strengthen its business to adapt to the challenging market conditions and aims to utilise the current macro environment to strengthen its long-term competitiveness. Improvement measures have been implemented to reduce expenditures across all disciplines to enable sanctioning new stand-alone projects at break-even prices below 40 USD/boe. The improvement measures investigate and define how contract models, operator requirements and work processes can be improved in order to reduce engineering hours by 50 per cent and cut total execution time by 25 per cent.

Det norske carries out significant offshore operations on the Norwegian Continental Shelf ("NCS"). In addition, the company's development projects involve workers in different countries on different continents. HSE and CSR are of paramount importance to the Board of Directors of Det norske. Accordingly, the Board recognizes its responsibility to the safety of people and the environment, and is devoted to spending time and resources to meet all regulations and the highest HSE standards in the oil industry.

Det norske is well positioned to participate in future growth on the NCS. The Board is conscious of the risks associated with project execution and the changing market conditions in which we operate. The Board is prioritizing to ensure capital discipline and mitigation of risk wherever possible throughout the organization.

Share price performance and ownership structure

In 2015, the share price for Det norske ended at NOK 55.25 per share, compared to NOK 39.87 per share at the end of 2014. At the end of the year, 202.6 million shares were outstanding. Aker Capital AS remains the largest owner with 49.99 per cent.

Our business

Description of the company

Det norske is a fully-fledged E&P company with exploration, development and production activities on the NCS. Det norske holds no oil or gas assets outside Norway. All activities are thus within the Norwegian offshore tax regime, and to the extent the company has overseas activities, these are related to construction and engineering of field developments.

Det norske is active in all three main petroleum provinces on the NCS. We remain convinced that the NCS offers attractive opportunities for oil and gas exploration and this is also supported by the NPD's latest undiscovered resources estimates. Correspondingly, we plan to be an active industry player in the coming years.

The company's registered address is in Trondheim. The company also has offices in Oslo, Stavanger and Harstad. Karl Johnny Hersvik is Chief Executive Officer.

At the end of 2015, the company had 534 (507) employees. As operator for 34 (35) licences and partner in an additional 50 (44) licences, the company is a major licence holder on the NCS.

Exploration

Det norske has a goal to be a leading explorer on the Norwegian Continental Shelf within 2020. This follows from the ambition of long-term reserve replacement and value creation by establishing new core areas with operated production. The current prospect portfolio has the potential to add 150 mmboe of new resources net to Det norske in 2016-2020. Det norske can exceed this goal by continuously positioning the company for additional prospect opportunities and improve the available data and technology to create a competitive edge.

Det norske participated in four exploration wells in 2015, resulting in three discoveries and one dry well. The low activity level compared to 2014 (ten wells) reflects early adjustment to low oil prices.

The PL 272 Askja/Krafla area delivered solid results with the appraisal well on the Krafla Main structure, confirming the total discovered volumes to be in the range of 140 – 220 mmboe. Det norske increased its ownership to 50% following the acquisition of Svenska in 2015, reinforcing our belief that this is an area for future field development. In 2016, four exploration wells will be drilled on the complex with the aim to prove up volumes in the range of 31 – 150 mmboe (gross, risked).

One discovery was made on a new compartment of the Gina Krogh Unit, the East 3 well. The PL 627 Skirne East well also resulted in a discovery, although it was smaller than anticipated and failed to prove the large upside of the prospect. The PL 672 Snømus well was dry.

Det norske was awarded three operated licenses and six new partner licenses through Awards in Pre-defined Areas (APA) 2014 in January 2015, strengthening our position in the Greater Utsira area and the Tampen area where new interesting drillable prospects are being developed. Additional promising exploration interests were obtained through the acquisition of Svenska and Premier Norge.

In 2015, total investments in exploration amounted to USD 97 (199) million.

Development

In 2015, Det norske participated in five field development projects: Bøyla (65 per cent and operator), Ivar Aasen (34.7862 per cent and operator), Gina Krog (3.3 per cent and partner), Johan Sverdrup (11.5733 per cent and partner) and Viper-Kobra (65 per cent and operator).

Bøyla

The Bøyla field (65 per cent and operator) is located south of the Volund field, approximately 28 kilometres from Alvheim at a water depth of 120 metres. The field was discovered in 2009 and the PDO was approved in 2012. The field is developed with two horizontal production wells (targeting each of the eastern and western structural closures) and one water injection well, placed at the eastern edge of the western structural closure. Pilot wells were drilled in order to optimize placement of the horizontal section of the western structure producer. The field produces via a four-slot subsea production manifold and is tied back to the Alvheim FPSO via the existing Kneler A production manifold.

Subsurface evaluation and mapping conducted post exploration and appraisal drilling have resulted in a gross mean recoverable volume estimate of 23 mmboe, with an incremental potential upside of 10 mmboe.

Production at Bøyla commenced from the first well on 19 January 2015 and the second well 7 August, and the field averaged about 18 mboepd of oil equivalent per day in its first production month. Cessation of production from the Bøyla field is expected in 2033 together with abandonment activities relating to the other fields in the Alvheim area.

Ivar Aasen
The Ivar Aasen field (34.7862 per cent interest and operator) is Det norske's first major development project as operator. The PDO was approved by the Norwegian Parliament in May 2013. First oil is expected in the fourth quarter of 2016. The Ivar Aasen field is situated west of Johan Sverdrup in the Utsira High area, and is estimated to contain gross reserves (P50/2P) of 204 million barrels of oil equivalent. The Ivar Aasen development comprises production of the resources in three discoveries; Ivar Aasen (PL 001B), Hanz (PL 028B) and West Cable (PL 001B and PL 242).

In June 2014, Det norske signed a unit agreement with the licensees in PL 001B, PL 242, PL 457 and PL 338. Det norske is operator and holds a 34.7862 per cent interest in the unit. The unit comprises the Ivar Aasen and West Cable deposits, while the Hanz deposit remains in PL 028B, where Det norske is operator and holds a 35 per cent working interest.

Full field development costs (including Hanz) are estimated at NOK 27.4 billion (nominal). Det norske's ownership interest thus represents an investment of about NOK 9.6 billion.

Ivar Aasen is a two-stage development, with Ivar Aasen and West Cable being developed in phase 1, with production scheduled to commence in the fourth quarter of 2016. Hanz, located further north, will be developed in phase 2 and is scheduled to start producing in 2021. The production is estimated to have a plateau of approximately 67 mboepd (gross). The development of Ivar Aasen is coordinated with the adjacent Edvard Grieg field, which will receive partially processed oil and gas from the Ivar Aasen field for further processing and export.

During 2015, key activities for the Ivar Aasen project have been progressing according to plan with first oil planned for Q4 2016. Ivar Aasen is being developed with a manned production platform. The topside will include living quarters and a processing facility for first stage separation.

Drilling of five geo-pilots commenced in January and pre-drilling of production wells commenced mid-July with batch setting of five conductors. The Maersk Interceptor jack-up rig has performed very well, and the drilling program is progressing ahead of schedule.

Jacket construction at Sardinia was completed in February as planned and successfully installed at Ivar Aasen site in mid-July. Laying of the three pipelines between Ivar Aasen and Edvard Grieg commenced in July. The subsea and pipeline offshore activities planned for 2015 were finalised early November.

Topside construction in Singapore is close to completion and offshore lifting operations are scheduled for July 2016. Handover of sub systems to Det norske commissioning team commenced in September. The construction of the living quarters at Stord in Norway is progressing according to plan. In October, the helideck was delivered to site, assembled and lifted in place. Handover of sub systems to Det norske commissioning team commenced in October.

Progress in the project has been good during 2015 and the development is on plan and budget for production start-up in the fourth quarter of 2016.

Gina Krog
The PDO for the Gina Krog field (3.3 per cent, partner) was approved by the Norwegian Parliament in May 2013. The Gina Krog oil and gas field is operated by Statoil and is located in blocks 15/5 and 15/6 of PL 303, PL 048, PL 029B and PL 029C in the North Sea. Det norske holds a 20 per cent interest in PL 029B. Based on its interest in PL 029B, the company reached a unitization agreement with the other partners, resulting in a 3.3 per cent ownership share to Det norske.

Gina Krog will be developed with a steel jacket platform and will be tied back to the Sleipner platform for gas export. The oil will be shipped by shuttle tankers. In the PDO, gross investments were estimated at NOK 31 billion (nominal) and the field holds gross proven and probable reserves (P50/2P) of about 216 mmboe.

During 2015, pre-drilling of production wells commenced with the Maersk Integrator drilling rig and the steel jacket was installed in the North Sea. The field is expected to come onstream in Q2 2017.

Johan Sverdrup
Johan Sverdrup (11.5733 percent participating interest in unit, partner) is the largest oil discovery on the Norwegian shelf since the 1980s and is located on the Utsira High, 155 km west of Stavanger. The field contains recoverable volumes between 1.7 and 3.0 billion boe, and the development of the field will be one of the largest industrial projects in modern Norwegian history. The operator, Statoil, estimates a break-even oil price for phase 1 below 30 USD/boe.

The PDO for phase 1 was approved by the Ministry of Petroleum and Energy on 20. August 2015. The approval included plans for installation and operation for oil- and gas export pipelines and for power from shore. Production is expected to commence late 2019. The plan accounts for 50 years of production, and the project will be of high socio-economic importance.

The Johan Sverdrup oil field is planned to be developed in several phases. In phase 1 a field centre is established consisting of four bridge-linked platforms (processing platform, drilling platform, riser platform and living quarter), in addition to three subsea water injection templates. The estimated capital expenditure also includes drilling, power from shore and export of oil and gas, as well as contingencies and allowances for market adjustments. The oil will be transported via a dedicated pipeline to the Mongstad terminal, whereas the gas will be transported via the Statpipe system to Kårstø for processing and export.

The capital expenditures for phase 1 was estimated in the PDO at NOK 123 billion (nominal value). As a consequence of the macro environment and project improvements the operator's estimate of capital expenditures have been reduced by 12% to NOK 108.5 billion (nominal value, based on a USD/NOK exchange rate of 6.0). For the full field development, capital expenditures are by the operator now projected at between NOK 160 and 190 billion (2015 value, down from NOK 170 to 220 billion in the PDO and based on a USD/NOK exchange rate of 6.0).

The expected gross recoverable reserves from the phase 1 investments are by the operator estimated at between 1.4 and 2.4 billion boe – corresponding to 80 percent of the total reserve basis. The ambition is a recovery rate of 70 per cent, taking into account proven technology for increased/enhanced oil recovery (IOR/EOR) in future phases. In the PDO, phase 1 had a planned production capacity of 315 to 380 mboepd, however debottlenecking measures been decided to with the aim of increasing production capacity above this range. Fully developed, the production is expected in the range 550 to 650 mboepd.

The PDO for all future phases is scheduled to be submitted late 2017, and start-up of production from the second phase is expected in 2022.

Following the submission of the Johan Sverdrup PDO, Det norske at the end of 2015 booked 303 mmboe as net P50 reserves for the Johan Sverdrup full field development, and thereby more than doubled Det norske's total P50 reserves.

The partnership consists of Statoil (operator), Lundin Norway, Petoro, Det norske oljeselskap and Maersk Oil. Det norske did not accept the apportionment of the Johan Sverdrup deposit supported by the other licensees in the finalization of the unitization negotiations. As no agreement was reached by the partners, the MPE made a decision on the distribution of the participating interests in the field 1 July 2015. Det norske filed a complaint on MPE's decision 21 July 2015. On 18 December 2015 The King in Council decided to upheld the decision made by the Ministry. Det norske is currently in the process of evaluating the King's decision. Based on the outcome of that process, the company will consider if the King's decision should be contested in court.

The unitization agreement for the Johan Sverdrup field was signed in August 2015, reflecting the distribution of participating interests decided by the Ministry.

Viper-Kobra
Viper-Kobra (65 per cent, operator) is located within the Alvheim field approximately three kilometres south of the Kneler structure at a water depth of 120 to 130 metres. The development comprises the two discoveries Viper and Kobra, believed to be in pressure communication. Viper-Kobra are being developed by two wells, one targeting Viper and one targeting Kobra. A new subsea four-slot manifold will be installed and tied back to the Volund field. The two reservoirs each contain approximately 4 mmboe. First oil is expected in late 2016.

Other projects
In addition to the above-mentioned fields, Det norske is engaged in early phase projects such as North of Alvheim (Storklakken, Frøy, Frigg Gamma Delta, Trell), Askja/Krafla, Garantiana and Vette.

Production

As of 31 December 2015, Det norske had production from nine fields: Alvheim, (65 per cent and operator), Volund (65 per cent and operator), Vilje (46.9 per cent and operator), Bøyla (65 per cent and operator), Jette (70 per cent and operator), Atla (10 per cent and partner), Jotun (7 per cent and partner), Varg (5 per cent partner) and Enoch (2 per cent and partner). The Bøyla field commenced production in January 2015.

Production in 2015 averaged 60.0 thousand barrels of oil equivalent (mboepd), with 88 per cent oil and 12 per cent gas. This represents a decrease compared to 66.6 mboepd in 2014 due to natural field declines partly offset by starting-up Alvheim infill wells and Bøyla.

Alvheim (65 per cent, operator) is an oil and gas field operated by Det norske and is located in the Norwegian sector of the Northern North Sea at a water depth between 120 and 130 metres. The field is located in Blocks 24/6, 24/9, 25/4 and 25/7 and is comprised of the producing Alvheim field (Boa, Kneler, and the Kameleon/East Kameleon structures), the Viper-Kobra development and Gekko discoveries. The productive reservoir of the Alvheim field is the middle to late Palaeocene Heimdal Formation sandstone, which exists at a depth of approximately 2 100 metres. Alvheim was developed using a floating production, storage and offloading (FPSO) vessel. The development provides for the transport of oil by shuttle tanker and transportation of gas to the SAGE system.

First production for the Alvheim field was in June 2008. The fields in the Alvheim area have seen significant year-on-year increases in the estimated recoverable volumes of oil and gas since the initial development of the Alvheim field. The amount of recoverable oil has increased due to greater in-place volumes than previously estimated, development of satellite fields, additional horizontal and multi-lateral wells, and better than anticipated flow rates. Furthermore, improved reliability combined with optimization work has increased the production capacity of the Alvheim FPSO to about 150 mboepd, up from the original design of 120 mboepd.

The Boa reservoir straddles the Norway-UK median line. The Boa reservoir is unitized with Maersk Oil and Verus Petroleum, who are the owners on the UK side.

Net production from Alvheim, including Boa, averaged 34.1 mboepd in 2015. Production from the Alvheim field is estimated to end in 2033, with subsequent abandonment between 2033 and 2034. Year-end 2015 P50 reserves for Alvheim, Boa and Viper-Kobra are estimated at 78.6 mmboe net to Det norske.

The **Volund** field (65 per cent, operator) is located approximately eight km south of Alvheim, and was the second field developed as a subsea tieback to Alvheim. The field, comprising four production wells and one water injection well, started producing in 2009 and was utilized as a swing producer when the capacity of the Alvheim FPSO allowed it. The field was opened for regular production in 2010. The Volund reservoir is a large-scale injective feature, formed by sands of the Palaeocene Hermod Formation.

Net production at Volund averaged 9.0 mboepd in 2015. Production from the Volund field is expected to last until 2033, with subsequent abandonment between 2033 and 2034. Year-end 2015 P50 reserves are estimated at 18.9 mmboe net to Det norske. These reserves includes two additional infill wells that were approved by the partnership in December 2015.

The **Vilje** field (46.9 per cent, operator) is located northeast of Alvheim at a water depth of 120 metres. The productive reservoir of the Vilje field is the middle to late Palaeocene Heimdal Formation sandstone at a depth of approximately 2 100 metres. The field is tied back to the Alvheim FPSO. Production commenced in 2008. A third production well, Vilje South, was developed as a subsea tieback to the Vilje field, and production commenced in April 2014.

Net production from Vilje averaged 6.4 mboepd in 2015. Production from the Vilje field is expected to cease in 2031, with subsequent abandonment scheduled to take place between 2031 to 2034, which coincides with the expected cessation of production from the Alvheim area. Year-end 2015 P50 reserves are estimated at 8.2 mmboe net to Det norske.

The **Bøyla** field (65 per cent, operator) is located about 28 km south of Alvheim at a water depth of 120 metres. The productive reservoir of the Bøyla field is within the Hermod sandstone member, which is a deep marine, channelized submarine fan system at a depth of approximately 2 100 metres. The field is tied back to the Alvheim FPSO. Production commenced in January 2015. The field is developed with two horizontal production wells and one water injection well.

Net production from Bøyla averaged 9.0 mboepd in 2015. Production from the Bøyla field is expected to cease in 2033, with subsequent abandonment scheduled to take place between 2033 to 2034, which coincides with the expected cessation of production from the Alvheim area. Year-end 2015 P50 reserves are estimated at 11.1 mmboe net to Det norske.

The **Jette** field (70 per cent, operator) is located in the central part of the North Sea at a water depth of 127 metres. The reservoir consists of a submarine fan system in the Heimdal Formation of Late Palaeocene age and lies at a depth of approximately 2,200 metres. The field was developed with a subsea installation tied back to the Jotun B platform and started producing in May 2013. Jette continued to decline in 2015 and net production averaged 0.6 mboepd in 2015. The field will continue production in 2016 until cessation of production at the Jotun host, with subsequent abandonment probably summer 2018.

Atla (10 per cent, partner) is a gas and condensate field located in the central part of the North Sea at a water depth of 119 metres. The reservoir contains gas/condensate in sandstones in the Brent Group of Middle Jurassic age at a depth of about 2,700 metres. The field is operated by Total and produces with a subsea installation tied back to the existing pipeline between the Heimdal and Skirne fields. Production started two years after the discovery was made in October 2010.

Net production from Atla averaged 0.4 mboepd in 2015. It is estimated that the field will continue with some production in 2016 with subsequent abandonment 2018 to 2020.

Jotun (7 per cent, partner) is an oil field operated by ExxonMobil and is located in the central part of the North Sea at a water depth of approximately 126 metres. The Jotun unit comprises three structures; the easternmost structure has a small gas cap. The reservoirs, which are located at a depth of about 2 000 metres, consist of sandstones in the Heimdal Formation of Palaeocene age. The Jotun installations comprise an FPSO, Jotun A, and a wellhead platform, Jotun B. Production commenced in 1999 and is now in the tail-end phase.

Net production at Jotun averaged 0.1 mboepd in 2015. It is estimated that the field will continue production until late 2016.

The **Varg** field (5 per cent, partner) is an oil field operated by Repsol and is located in the central part of the North Sea at a water depth of 84 metres. The reservoir is in Upper Jurassic sandstones at a depth of approximately 2 700 metres. Varg was developed with a wellhead platform, Varg A, and an FPSO, Petrojarl Varg. After 15 years of producing oil, gas production commenced in 2013, which has contributed to extending the lifetime for the Varg facilities.

Net production from Varg averaged 0.3 mboepd in 2015. It is estimated that the field will cease production in 2Q 2016, with subsequent abandonment in 2019 to 2020

Year-end 2015 P50 reserves net to Det norske for the Jette, Atla, Jotun, Varg and Enoch are estimated at 0.5 mmboe.

Research and development

Det norske collaborates actively with leading research establishments and other companies to support the development of technology. A total of 53 projects delivered results in 2015. The gross research and development expenditures, prior to recharging to license partners, were USD 11 (10) million.

The annual accounts

(All figures in brackets refer to 2014 and are not directly comparable as they represent Det norske prior to the acquisition of Marathon Oil Norge AS)

The company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by EU and the Norwegian Accounting Act.

Changes in accounting standards

The applied accounting principles are in all material respect the same as for the previous financial year. None of the new and amended standards and interpretations effective as of 1 January 2015 had significant impact for the group. A couple of accounting standards have been issued but not entered into force as of 31 December 2015 (IFRS 9 and IFRS 15) and the potential impact on the accounts are described in note 1.

There are some changes in the presentation in the Income statement for 2015 compared to 2014. Most important is that payroll is no longer presented separately, but allocated to the underlying activity such as development (Capex), exploration and production.

Statement of income

The company's total operating revenues amounted to USD 1 222 (464) million. Petroleum from the producing fields amounted to 21.9 (5.7) mmboe. The production in 2015 came from the Alvheim (incl. Boa), Volund, Vilje, Bøyla, Jette, Atla, Jotun, and Varg fields, while the production in 2014 came from the Alvheim (incl. Boa), Volund, Vilje, Jette, Atla, Jotun, and Varg fields. The average realized oil price was 54 USD/boe, which is down 44 per cent compared with an average price of 78 USD/boe in 2014.

Exploration expenses amounted to USD 76 (164) million and are mainly related to dry and non-commercial wells, seismic data and general exploration activities.

Depreciation amounted to USD 481 (160) million, which corresponds to a depreciation per barrel at 22 USD.

The net impairment of USD 430 (346) million is primarily related to impairment of goodwill. One main reason for the high impairment charge in 2015 is the decreased oil price forward curve. The technical goodwill in the Marathon transaction has limited lifetime and is tested for impairment on the Alvheim fields level, and not on corporate level (including assets as Johan Sverdrup). In practice, this means that the technical goodwill from the Marathon transaction will be impaired over the lifetime of the Alvheim fields. A breakdown of the impairment charges is included in Note 15.

Other operating expenses amounted to USD 52 (25) million for the company. The majority of other operating expenses are relating to preparation for operation, non-license related costs, IT costs and consultants..

The company reported an operating profit of USD 41 (-299) million.

The pre-tax loss amounted to USD 114 (376) million, and the tax expense on the ordinary profit amounted to USD 199 (-96) million. The tax rules and tax calculations are described in Notes 1 and 12 to the financial statements. The tax rate will be significantly impacted by the fact that the functional currency is USD while the tax calculation according to statutory requirements must be performed in NOK.

The after-tax loss was USD 313 (279) million.

Statement of financial position

Total assets at year-end amounted to USD 5,189 (5,384) million.

Equity declined by USD 313 million to USD 339 million caused by the net loss for the period. At year-end, equity amounted to approximately 6.5 (12) percent of total assets.

At 31 December, total interest-bearing debt amounted to USD 2,622 (2,290) million, consisting of the DETNOR02 bond of USD 209 million, DETNOR03 bond of USD 295 million and the drawn amount on the RBL of USD 2,119 million (net of amortization). The available borrowing base on the RBL facility remained unchanged at USD 2,9 billion after the last redetermination process in December 2015. In addition, the company has an undrawn credit facility at USD 550 million. For information about terms on the credit facilities, see Note 20.

Cash and cash equivalents totalled USD 91 (296) million at the end of the year.

Cash flow and liquidity

Net cash flow from operating activities amounted to USD 686 (263) million. This included tax refunds excluding interest of USD 88 (191) million.

Net cash flow from investment activities amounted to USD -1,168 (-2,266) million. This mainly relates to investments in fixed assets of USD -917 (-583) million and acquisition of Svenska Petroleum Exploration AS and Premier Oil Norge AS of USD -203 million (net of cash). In 2014, the overall driver of the high investment level was the acquisition of Marathon Oil Norge AS of USD 1,514 million (net of cash).

The net cash flow from financing activities amounted to USD 285 (2,024) million, mainly relating to net proceeds on the company's RBL facility.

In total, the group had a cash position USD 91 (296) million at the end of the year.

At the end of 2015, financial covenants for the company's debt instruments were comfortably within its applicable thresholds. The leverage ratio covenant was 2.2x, below the threshold of 3.5x and the interest cover ratio was 8.7x, above the threshold of 3.5x. These ratios will come under pressure in a continued low oil price scenario. The company is therefore proactively addressing the issue with its creditors, with the aim to ease covenant thresholds for our debt instruments.

The going concern assumption

Pursuant to the Norwegian Accounting Act section 3-3a, the Board of Directors confirms that the requirements of the going concern assumption are met and that the annual accounts have been prepared on that basis. The financial position and the liquidity of the company are considered to be good. The company is continuously considering various sources of funding to facilitate the expected growth of the company. In the short term, it is expected that liquid assets, revenues from the company's production and the unused parts of the established debt facilities will be sufficient to finance the company's commitments in 2016.

In the Board of Directors view, the annual accounts give a true and fair view of the company's assets and liabilities, financial position and results. The Board of Directors is not aware of any factors that materially affect the assessment of the company's position as of 31 December 2015, or the result for 2015, other than those presented in the Board of Directors' Report or that otherwise follow from the financial statements.

Resource accounts

Det norske complies with guidelines from Oslo Børs and the Society of Petroleum Engineers' (SPE) classification system for quantification of petroleum reserves and contingent resources. Total net P90/1P reserves are estimated at 373.9 (143.0) mmboe at year-end, while net P50/2P reserves amounted to 498.2 (205.6) mmboe. See Note 32 for a more detailed review of the resource accounts. Reserves and contingent resources have been certified by an independent third party.

Coverage of loss for the year

The Board of Directors proposes that the loss for the year be covered by transferring USD 313 million from other equity.

Risk factors

Risks relating to the oil and gas industry

Our business, results of operations, cash flow and financial condition depend significantly on the level of oil and gas prices and market expectations to these, and may be adversely affected by volatile oil and gas prices and by the general global economic and financial market situation.

Our profitability is determined in large part by the difference between the income received from the oil and gas that we produce and our operational costs, taxation costs relating to recovery (which are assessable irrespective of sales), as well as costs incurred in transporting and selling the oil and gas. Lower prices for oil and gas may thus reduce the amount of oil and gas that we are able to produce economically. They may also reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. In 2015, the company entered into commodity hedges for part of its oil production. For the last three quarters in 2015, the company had put options in place with a strike price of 55 USD/boe for a volume equal to about 30 per cent of oil production in the period. For 2016, the company has oil puts for about 20 per cent of its expected 2016 oil production with a strike price of 55 USD/boe.

The economics of producing from some wells and assets may also result in a reduction in the volumes of our reserves. We might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in our net production revenue, causing a reduction in our oil and gas acquisition and development activities. In addition, certain development projects could become unprofitable because of a decline in price and could result in us having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact.

In addition, a substantial material decline in prices from historical average prices could reduce our ability to refinance our outstanding credit facilities and could result in a reduced borrowing base under credit facilities available to us, including the RBL facility, and possibly require that a portion of our bank debt be repaid. Changes in the oil and gas prices may thus adversely affect our business, results of operations, cash flow, financial condition and prospects.

Exploration, development and production operations involve numerous operational risks and hazards that may result in material losses or additional expenditures

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. Our exploration operations are subject to all the risks common in our industry. These risks include, but are not limited to, encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure. Given the nature of our offshore operations, our exploration and drilling facilities are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding and damage from severe storms or other severe weather conditions.

The market in which we operate is highly competitive

The oil and gas industry is very competitive. Competition is particularly intense in the acquisition of (prospective) oil and gas licences. Our competitive position depends on our geological, geophysical and engineering expertise, financial resources, the ability to develop our assets and the ability to select, acquire, and develop proven reserves.

Risks relating to the business of the company

Our current production and expected future production is concentrated in a few fields

Our production of oil and gas is concentrated in a limited number of offshore fields. If mechanical or technical problems, storms or other events or problems affect the production on one of these offshore fields, it may have direct and significant impact on a substantial portion of our production. Also, if the actual reserves associated with any one of our fields are less than the estimated reserves, our results from operations and financial condition could be materially adversely affected.

Currently, a significant proportion of our production comes from the Greater Alvheim Area as production from Alvheim fields amounted to 58.6 mboepd, or 98 per cent of our total production for the year ended 31 December 2015. We are especially sensitive to any shutdown or other technical issues on the Alvheim FPSO because all of the Alvheim Area fields are produced via the Alvheim FPSO. For that reason, we have entered into a “loss of production” insurance, reducing the impact of any shutdown on the Alvheim FPSO.

Further, we expect that a significant proportion of our future production will come from the Ivar Aasen and Johan Sverdrup fields, and future production may not be substantially in line with our projections as there are risks attached to booked reserves and resources.

There are risks related to redetermination of unitized petroleum deposits

Unitization agreements relating to our production licences may include a redetermination clause, stating that the apportionment of the deposit between licences can be adjusted within certain agreed time periods. Any such redetermination of our interest in any of our licences may have a negative effect on our interest in the unitized deposit, including our tract participation and cash flow from production. No assurance can be made that any such redetermination will be satisfactorily resolved, or will be resolved within reasonable time and without incurring significant costs. Any redetermination negatively affecting our interest in a unit may have a material adverse effect on our business, results of operations, cash flow, financial condition and prospects.

Our development projects are associated with risks relating to delays and costs

Our ongoing development projects involve advanced engineering work, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations onshore. Furthermore, we (together with our licence partners), must carry out drilling operations, install, test and commission offshore installations and obtain governmental approval to take them into use prior to commencement of production. The complexity of our development projects makes them very sensitive to circumstances that may affect the planned progress or sequence of the various activities, as this may result in delays or cost increases. In particular, this applies to our early stage development for Johan Sverdrup and the development of Ivar Aasen. Johan Sverdrup is a complicated multi-facility early stage development while the Ivar Aasen development is technically challenging and the first development we will complete as operator of a field. For example, the Johan Sverdrup development is currently in its first phase, which encompasses pre-drilling, the installation of four fixed platforms and subsea infrastructure. The gross capital investment for the first development phase is estimated at NOK 108.5 billion (nominal) and is expected to be completed in 2019.

Although we believe that the development projects will be completed on schedule in accordance with all licence requirements and within the estimated budgets, our current or future projected target dates for production may be delayed and cost overruns may incur.

Furthermore, our estimated exploration costs are subject to a number of assumptions that may not prove to be correct. Any such inability to explore, appraise or develop petroleum operations or incorrect assumptions regarding exploration costs may have a material adverse effect on our growth ambitions, future business and revenue, operating results, financial condition and cash flow.

We are subject to third-party risk in terms of operators and partners

Where we are not the operator of a licence, although we may have consultation rights or the right to withhold consent in relation to significant operational matters depending on the level of our interest in such licence (as most decisions by the management committee only require a majority vote), we have limited control over management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action may result in significant delays, losses or increased costs to us.

We are subject to third-party risk in terms contractors

Market conditions may impair the liquidity situation of contractors and consequently their ability to meet its obligations towards Det norske. This may in turn impact both project timelines and cost.

Our oil and gas production could vary significantly from reported reserves and resources

Our reserve evaluations have been prepared in accordance with existing guidelines. The evaluation of our reserves and resources are carried out on an annual basis by an independent third party. These evaluations include a number of assumptions relating to factors such as initial production rates, recovery rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and gas, operating costs, and royalties and other government levies that may be imposed over the producing life of the reserves and resources. Actual production and cash flows will vary from these evaluations, and such variations could be material. Hence, although we have an understanding of the life expectancy of each of our assets, the life of an asset may be shorter than anticipated. Among other things, evaluations are based, in part, on the assumed success of exploration activities intended to be undertaken in future years. The reserves, resources and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploration activities do not achieve the level of success assumed in the evaluations, and such reductions may have a material adverse effect on our business, results of operations, cash flow and financial condition.

Financial risks

The company may require additional capital in the future, which may not be available on favourable terms, or at all

The company’s future capital requirements depend on many factors, including whether the company’s cash flow from operations are sufficient to fund the company’s business plans. The company may need additional funds in the longer term in order to further develop exploration and development programmes or to acquire assets or shares of other companies. In particular, the Ivar Aasen development project and the Johan Sverdrup development project require significant capital expenditures in the years to come. Even though the company has taken measures to ensure a solid financial basis for the development projects, the company cannot assure that it will be able to generate or obtain sufficient funds to finance the projects. In particular, given the extensive scope of the projects, any unforeseen circumstances or actions to be dealt with that is not accounted for, may result in a substantial gap between estimated and actual costs. Thus, the actual costs necessary to carry out the projects may be considerably higher than currently estimated. These investments, along with the company's ongoing operations, may be financed partially or wholly with debt, which may increase the company's debt levels above industry standards.

The company may also have to manage its business in a certain way so as to service its debt and other financial obligations. Should the financing of the company not be sufficient to meet its financing needs, the company may, among other things, be forced to reduce or delay capital expenditures or research and development expenditures or sell assets or businesses at unanticipated times and/or at unfavourable prices or other terms, or to seek additional equity capital or to restructure or refinance its debt. There can be no assurance that such measures would be successful or would be adequate to meet debt and other obligations as they come due, or would not result in the company being placed in a less competitive position.

The general financial market conditions, stock exchange climate, interest level, the investors' interest in the company, the share price of the company, as well as a number of other factors beyond the company's control, may restrict the company's ability to raise necessary funds for future growth and/or investments. Thus, additional funding may not be available to the company or, if available, may not be available on acceptable terms. If the company is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result, the company may be unable to fulfil its long-term development programme, or meet its obligations under its contracts, which may ultimately be withdrawn or terminated for non-compliance. The company may also have to forfeit or forego various opportunities, curtail its growth and/or reduce its assets. This could have a material adverse effect on the company's business, prospects, financial condition, results of operations and cash flows, and on the company's ability to fund the development of its business.

The company is exposed to interest rate and liquidity risk associated with its borrowing portfolio and fluctuations in underlying interest rates

The company's long-term debt is primarily based on floating interest rates. An increase in interest rates can therefore materially adversely affect the company's cash flows, operating results and financial condition and make it difficult to service its financial obligations. The company has, and will in the future have, covenants related to its financial commitments. Failure to comply with financial obligations, financial covenants and other covenants may entail several material adverse consequences, including the need to refinance, restructure, or dispose of certain parts of, the company's businesses in order to fulfil the company's financial obligations and there can be no assurances that the company in such event will be able to fulfil its financial obligations.

Changes in foreign exchange rates may affect the company's results of operations and financial position

The company is exposed to market fluctuations in foreign exchange rates due to the fact that the company reports profit and loss and the balance sheet in USD. Revenues are in USD for oil and in GBP for gas, while operational costs and investments are in several other currencies in addition to USD. The company actively manages its foreign currency exposure through a mix of forward contracts and options, however significant fluctuations in exchange rates between USD and NOK could adversely affect the liquidity position of the company. The company expects to maintain its foreign exchange hedging activity in 2016.

The company is exposed to risk of counterparties being unable to fulfil their financial obligations

The company's partners and counterparties consist of a diverse base with no single material source of credit risk. However, a general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables, which may in turn adversely affect the company's business, operating results, cash flows and financial condition.

HSE and organization

HSE is of paramount importance to Det norske. Our HSE objectives are to conduct our operations in a prudent manner that prevent harm and injuries to personnel, the environment and assets. The company shall carry out its operations in a manner ensuring that we avoid injuries, ensure the technical integrity of facilities, and comply with all relevant rules and regulations.

Det norske shall achieve these objectives through integrating HSE in all operations managed and carried out by the company. Tasks related to HSE and reducing the risk of major accidents shall be prioritised at all levels within the company.

Building a strong, robust and common HSE culture has been a priority in 2015 and the entire work force has been attending HSE culture gatherings (a full day workshop). New initiatives will be implemented in 2016 to ensure that the HSE culture in the company remains strong and become even more robust.

Health, safety and the environment in our operations

2015 has been a year characterized by a high activity level for Det norske. HSEQ has been integrated in all our activities and the company has achieved strong HSE performance in 2015 with no incident in the serious category and only one incident with high potential. Det norske had no process safety events (including no hydrocarbon leaks) and gas flared and vented was well below the permission.

During 2015, Det norske had three events involving personnel injuries – none of which had serious consequences. Two of these personnel injuries (medical treatment) were related to petroleum activities, which resulted in a Total Recordable Injuries Frequency (TRIF) of 0.72 – significantly lower than the industry average on NCS.

In total, 15 incidents were reported to the PSA, and two were later determined non work-related. The most relevant were a notification involving an unplanned spill to the environment from a supply vessel within the 500 m zone (20 litre of red chemical), four events were dropped objects, and one event was considered a high potential event, when hot work was stopped in a restricted area on a diving vessel.

All events were investigated according to procedures and lessons learned implemented. With the challenging circumstances and high current activity level, special attention is paid to preventing injuries at all levels in the organisation.

The improvement activities in the company's 2015 HSEQ programme has been completed and a new HSE programme for 2016 has been issued.

PSA carried out ten audits of Det norske's operations/activities. Nine of the audits have been closed by PSA and work is still ongoing for the last audit from December. Other authorities like The Norwegian Environment Agency, the Norwegian Maritime Authority and the Norwegian Radiation Protection Agency conducted five audits of Det norske's operations.

Det norske did not receive any mandatory orders or notifications from Petroleum Safety Authority (PSA) related to our operations in 2015. However, we did receive two industry general orders and one notice of industry wide compulsory fine from the Norwegian Environment Agency. Our response has been according to the expectations.

Det norske works actively to reduce the environmental footprint of our operations. This includes optimizing usage of energy as well as chemical substitution. Det norske also strives to reduce the amount of waste from our operations.

The second line emergency response duty for the Alvheim asset was transferred to the Norwegian Operators' Association for Emergency Preparedness (OFFB) in March 2015. A high number of emergency response drills have been conducted in 2015 as a result of this change as well as due to a high activity level offshore.

Det norske has in 2015 prioritised further developing a long-term emergency response organisation and developed procedures covering long lasting events. The long-term emergency response organisation, called Incident Command Team ("Aksjonsledelse"), has been given basic training. Det norske conducted two exercises together with Norwegian Clean Seas Association for Operating Companies (NOFO) and the Norwegian Coastal Administration in handling a long-term incident.

Employees and working conditions

Recruitment
Det norske recruited 41 new employees in 2015, for the most part to the Ivar Aasen project. In addition, the company gained 33 employees as a result of the Svenska and Premier Norge acquisitions.

Det norske has a long-standing collaboration with graduate schools, university colleges and universities in order to recruit talents as well as student internships.

Status of employees
At year-end, the company had 534 (507) employees.

Equal opportunities
The company endeavours to maintain a working environment with equal opportunities for all based on qualifications and irrespective of gender, ethnicity, sexual orientation or disability.

In December 2015, women held 25 (27) per cent of the positions. The percentage of women on the Board of Directors is 40 (40) per cent. The percentage of women in the executive management was 18 (18) per cent and in middle management with personnel responsibility 22 (18) per cent.

Men and women with the same jobs, with equal professional experience and who perform equally well, shall receive the same pay in Det norske. The type of job, discipline area and number of years of work experience affect the pay level of individual employees.

At year-end, 11 (10) per cent of the employees were of non-Norwegian origin.

The working environment
Det norske has a working environment committee (AMU) as described in the Norwegian Working Environment Act. The committee plays an important role in monitoring and improving the working environment and in ensuring that the company complies with laws and regulations in this area. Det norske conducted a survey of the working environment in the company in 2015. Actions after this survey has been continuously followed up by HR throughout 2015 and the follow up will continue in 2016.

The company is committed to maintaining an open and constructive dialogue with the employee representatives and has arranged meetings on a regular basis throughout the year. Three local trade unions are registered as being represented in the company, Tekna, Lederne and Industri Energi.

In the Board's view, the working environment in Det norske during 2015 was good.

Sickness absence
In 2015, sickness absence in Det norske was 3.4 (1.6) per cent, including absence due to child's sickness.

Ethics
Det norske's code of ethics sets out requirements for good business conduct and personal conduct for all employees of Det norske and members of its governing bodies. The code also applies to hired personnel, consultants and others who act on behalf of Det norske.

Remuneration
The Board acknowledges the current challenging market conditions for the industry in general and the service industry in particular. Despite this, the company delivered on the majority of KPIs in 2015 and the Board has decided to honour the established bonus system and pay bonuses for 2015. The Board will work to further develop KPIs and the company's bonus scheme to better reflect market conditions similar to what we are experiencing now.

Corporate social responsibility (CSR), ethics and anti-corruption

Corporate social responsibility is important to the Board of Det norske and the Board is of the opinion that Det norske has implemented our social responsibility in our values and in the manner in which the company operates, including leadership, governing documents and associated work processes. The company's employees shall be fully familiar with the company's values, the company's corporate social responsibility and good business ethics.

The activities in the Ivar Aasen development project that are carried out abroad (the greater part in Singapore) receive special attention with regard to corporate social responsibility, ethics and anti-corruption. The company is committed to use suppliers who operate consistently in accordance with the company's values, comply with applicable Norwegian laws and meet Det norske's requirements within HSE, CSR, ethics, anti-corruption and quality assurance systems, including human rights and labour standards. Procurements made by Det norske are based on competitive tendering and the principle of non-discrimination, equal treatment and transparent tender processes.

In 2015, Det norske continued its emphasis on ethics and anti-corruption by carrying out risk assessments and introducing an anti-corruption programme for employees. Det norske also assessed how the principles of the UN Global Compact are relevant for the company's activities.

As part of our continued efforts, Det norske have carried out a program related to corporate social responsibility, ethics and anti-corruption in cooperation with Aker ASA during 2015. All employees participated in mandatory e-training in ethics and anti-corruption.

The company has established good cooperation with schools, educational establishments and research both directly and via Norsk olje og gass. In 2015, Det norske has inter alia contributed actively to basic education in mathematics and the natural sciences from the fourth grade up to and including upper secondary school. The company has also participated actively in and contributed to the Research Centre for Arctic Petroleum Exploration (ARCEx), SAMCOT and NORUT sustainable cold climate technology (ColdTech). In addition, Det norske has maintained good cooperation with Norwegian universities, in particular those in Stavanger, Trondheim and Tromsø.

Det norske is an active contributor to society and sponsors a variety of Norwegian cultural initiatives in addition to local events relating to our office locations and fields of interest. These include among others Det Norske Teatret, athletic organizations, festivals and various associations and organizations.

During 2015 the company have been working on improving and systemise our approach towards CSR. This include developing a holistic approach towards setting targets and reporting on areas such as discharges to the environment, human rights, emergency response ethics. These will be implemented and reported on in 2016.

Det norske is highly environmentally conscious in all its activities. In connection with operations on the shelf, we conduct detailed environmental risk and emergency preparedness analyses and implement all known preparedness measures. We carry out training and exercises relating to these measures prior to implementing our operations.

Corporate governance
Det norske believes that good corporate governance with a clear distribution of roles and responsibility between the owners, the Board and executive personnel is crucial in order to deliver value to its shareholders.

The Board of Det norske is responsible for maintaining good corporate governance standards. The Board carries out an annual review of the company's principles. The company complies with relevant rules and regulations for corporate governance, including the most recent version of the Norwegian Code of Conduct for Corporate Governance, published on 30 October 2014, unless otherwise specified.

An account of corporate governance is provided in a separate section of the annual report and on the company's website **www.detnor.no**.

Reporting of payments to governments
Det norske has prepared a report on government payments in accordance with the Norwegian Accounting Act § 3-3 d) and the Norwegian Securities Trading Act § 5-5a. It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level.

The report is provided on page 58 of this annual report and on the company's website **www.detnor.no**.

Events after the year-end closing of the accounts

On 18 January 2016, Det norske announced a reduced CAPEX estimate for Johan Sverdrup phase 1 of NOK 14.5 billion from the PDO.

On 18 January 2016, Det norske announced year-end 2015 P50 reserves of 498 mmboe.

On 19 January 2016, Det norske was offered ten new licences, including six operatorships in the in the Awards in Pre-defined Areas (APA) 2015 licensing round. Det norske was awarded six licences in the North Sea and four in the Norwegian Sea.

On 2 March 2016, Det norske announced the acquisition of Noreco Norwegian portfolio, including seven licenses and a NOK 45 million cash balance.

Outlook

The Board believes Det norske is well positioned to meet the challenges facing the industry. The company is benefitting from a strong base with high margin, low cost production from the Alvheim area and is part of attractive development projects that secure production growth for many years to come.

The company is however taking steps to strengthen its business to adapt to the current market conditions and aims to utilise the current macro environment to strengthen its long-term competitiveness. Improvement measures have been implemented to reduce expenditures across all disciplines with a goal to sanction new stand-alone projects at break-even prices below 40 USD/boe.

The company's strategic focus revolves around three building blocks and the work to deliver on this is being closely monitored by the Board. The first one is securing sound execution of the Alvheim area operations and the Ivar Aasen development. The second is to deliver on a defined improvement agenda to increase efficiency and reduce cost. The third is delivering value accretive growth.

The Alvheim area will continue to be developed in 2016 by adding production from the BoaKamNorth and Viper/Kobra wells. The topside for the Ivar Aasen platform is scheduled to sail from Singapore in May and be installed during summer ahead of first oil in the fourth quarter.

The PDO for Johan Sverdrup phase 1 was approved by the MPE in August and the project is progressing well for first oil in late 2019. The majority of contracts for phase 1 have been awarded and CAPEX reductions are materialising. With a breakeven price of under 30 UDS/boe, this field will generate great value and ensure solid cash flows for Det norske for many decades to come. Det norske is evaluating the King's decision regarding ownership in the field and will consider if the decision should be contested in court.

Det norske's exploration drilling program for 2016 will be focused around exploring upsides near existing discoveries. The company will drill wells close to the Krafla/Askja discoveries in licenses where we increased our exposure from the acquisition of Svenska Petroleum Exploration AS last year.

The company has a robust and diversified capital structure with USD 1.3 billion in undrawn credit, which is sufficient to fund the current work program until first oil at Johan Sverdrup. Discussions with creditors have commenced with the aim to ease covenant thresholds for our debt instruments.

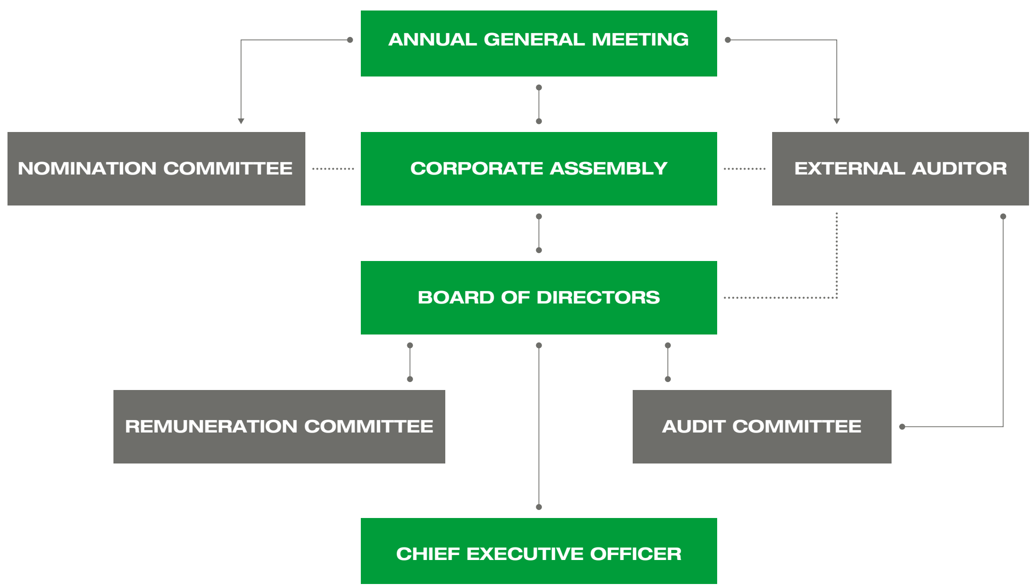
The Board of Directors of Det norske oljeselskap ASA

Trondheim, 9 March 2016

Sverre Skogen, Chairman of the Board	Anne Marie Cannon, Deputy Chair
Kitty Hall, Board member	Kjell Inge Røkke, Board member
Jørgen C. Arentz Rostrup, Board member	Kjell Pedersen, Board member
Terje Solheim, Board member	Gudmund Evju, Board member
Kristin Gjertsen, Board member	Gro Kielland, Board member
Karl Johnny Hersvik, Chief Executive Officer	

THE BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Det norske oljeselskap ASA ('Det norske') aims to ensure the greatest possible value creation to the shareholders and society over time in a safe and prudent manner. A good management and control model with a clear division of responsibility and roles between the owners, represented by the shareholders in the general meeting, the Board of Directors and the corporate management is crucial to achieve this.



1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Det norske is responsible for actively adhering to sound corporate governance standards.

Det norske is a Norwegian public limited liability company (ASA), listed on the Oslo Børs and established under Norwegian laws. In accordance with the Norwegian Accounting Act, section 3-3b, Det norske includes a description of principles for corporate governance as part of the Board of Directors' Report in the annual report or alternatively makes a reference to where this information can be found.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance ("the Code"). The Code can be found on www.nues.no. Adherence to the Code is based on the "comply or explain" principle, which means that a company must comply with all the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations.

Oslo Børs requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code in force at the time. Continuing obligations for companies listed at Oslo Børs is available at **www.oslobors.no**.

Det norske complies with applicable laws and regulations. Det norske complies with the current edition of the Code, issued on 30 October 2014, unless otherwise specifically stated. The following statement on corporate governance is structured the same way as the Code, thus following the 15 chapters included in the Code.

The vision for Det norske is "Always moving forward to create value on the Norwegian shelf". The following values are adopted by the company:

- RESPONSIBLE - We put safety first and strive to create value for our owners and for society.
- ENQUIRING - We are curious and aiming for new and better solutions.
- RELIABLE - We build trust and reputation through reliability and consistent behaviour.
- COMMITTED - We are committed to each other, the company and society.

The company has adopted a Code of Ethics to ensure that employees, hired personnel, consultants and others acting on behalf of Det norske, do so in a consistent manner with respect to ethics and good business practice. The Code of Ethics clarifies the company's fundamental ethical values including corporate social responsibility and is a guideline for those making decisions on behalf of the company.

The company shall demonstrate responsibility through actions, the quality of its work, the projects and products and all its activities. The company's ambition is that business activities shall integrate social, ethical and environmental goals and measures. As a minimum, Det norske will comply with laws, regulations and conventions in the areas where the company operates, but the established set of ethical guidelines extends beyond compliance. Established procurement procedures secure non-discrimination and transparency in the procurement processes. It is also stated in the Code of Ethics that any form of corruption is not tolerated.

In addition, the company has a sponsorship programme to promote the company and its activities. Guidelines for the use of sponsorships are included in the Code of Ethics. Det norske supports measures that are directly related to the company's business as an oil company, measures that provide significant exposure and measures that can be for the benefit of the employees. Ongoing sponsorships are available on the website: **http://www.detnor.no/en/about-det-norske/sponsorship**.

In general, the company shall achieve its goals in accordance with the adopted Code of Ethics, which are available on the website **http://www.detnor.no/en/samfunnsansvar/sponsorater.**

Deviations to the code: None

2. BUSINESS

According to Det norske's Articles of Association article 3, its objective is "to carry out exploration for and recovery of petroleum and activities related thereto, and, by subscribing for shares or by other means, to participate in corresponding businesses or other business, alone or in cooperation with other enterprises and interests". Further information about the Articles of Association is available at: **http://www.detnor.no/en/investors/corporate-governance/articles-of-association**

Through an annual strategy process, the Board defines and evaluates the company's goals. Together with the company's financial status, these goals are communicated to the market.

It is Det norske's objective to build up a substantial and profitable oil and gas production over time. In order to achieve this objective, the company will take part in exploration, development and production activities and be opportunistic in its approach to buying and selling interests in fields and discoveries.

Deviations to the code: None

3. EQUITY AND DIVIDENDS

The Board seeks to optimize the company's capital structure by balancing risk, return on equity against lenders' security and liquidity requirements. The company aims to have a good reputation in all debt and equity markets. The Board continuously evaluates the company's capital structure, ensuring an optimal and diversified capital structure is a key priority to the Board. This involves monitoring available funding sources and related cost of capital.

Future developments will require substantial investments. Therefore, dividends to shareholders will not be given priority in the short term. In the current period, the Board's priority is to create value for shareholders by identifying the licence portfolio's underlying values, by maturing existing discoveries and development projects towards production, in addition to ensuring continued high production and cash flow.

At year-end 2015, the company's book equity was USD 0.3 billion, which represents 6.5 per cent of the balance sheet total of USD 5.2 billion. The market value of the company's equity was USD 1.3 billion (NOK 11.2 billion) on 31 December, 2015.

The financial liquidity is considered to be good. At 31 December 2015, the company's cash and cash equivalents were USD 91 million. In addition, available undrawn amount on credit facilities were about USD 1.3 billion. In April 2015, the Annual General Meeting (AGM) authorized the Board to increase the share capital by a maximum of NOK 20,261,860, representing up to 10 per cent of the outstanding share capital at the time of the meeting. The mandate was sought with the aim to strengthen the company's equity. As of 31 December 2015, the mandate had not been used.

The AGM in April 2015 provided the Board a mandate to repurchase company shares equivalent to up to 10 per cent of the total share capital. The mandate is valid until the AGM meeting in 2016. As of 31 December 2015, the mandate has not been used.

Deviations to the code: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

The company has one class of shares, and all shares carry the same rights.

When the company considers it to be in the best interest of shareholders to issue new equity there is a clear objective to limit the level of dilution. Det norske will carefully consider alternative financing options, its overall capital structure, the purpose and need for new equity, the timing of such an offering, the offer share price, the financial market conditions and the need for compensating existing shareholders in the event that pre-emption rights are waived. Arguments for waiving pre-emption rights will be clearly stated.

In the event that the Board decides to use its current authorization to re-purchase company shares, the transactions will be carried out through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

As per 31 December 2015, Aker Capital AS owned 49.99 per cent of Det norske. Aker Capital AS is a wholly-owned subsidiary of Aker ASA. From the fiscal year 2011, Det norske oljeselskap ASA's accounts are consolidated in Aker ASA's accounts.

Det norske is committed to equal treatment of all shareholders. The Board is of the view that it is positive for Det norske that Aker ASA assumes the role of an active owner and is actively involved in matters of major importance to Det norske and to all shareholders. The cooperation with Aker ASA offers Det norske access to special know-how and resources within strategy, transactions and funding. Moreover, Aker ASA offers network and negotiation resources from which Det norske benefits in various contexts. This complements and strengthens Det norske without curtailing the autonomy of the company. It may be necessary to offer Aker ASA special access to commercial information in connection with such cooperation. Any information disclosed to Aker ASA's representatives in such a context will be disclosed in compliance with the laws and regulations governing the stock exchange and the securities market.

Applicable accounting standards and regulations require Aker ASA to prepare its consolidated financial statements to include accounting information of Det norske oljeselskap. Det norske is considered a subsidiary of Aker ASA under the applicable accounting standard. In order to comply with these accounting standards, Aker ASA has in the past received, and will going forward receive, unpublished accounting information of Det norske. Such distribution of unpublished accounting information from Det norske to Aker ASA is executed under strict confidentiality and in accordance with applicable regulations on handling of inside information.

The Board recognizes Aker Capital AS's contribution as an active shareholder. Investor communication seeks to ensure that any shareholders are able to contribute, and management will actively seek the views of shareholders. Investor activities are also directed at promoting higher stock liquidity to balance a shareholder structure with many long-term investors.

Det norske has no closely related parties, as defined in the Public Limited Liability Company Act ("Almennaksjeloven") and has as such not established specific procedures for transactions with such parties. The board of directors and executive management are nevertheless very conscious that all relations with Aker ASA, its subsidiaries and other companies in which Aker ASA have ownership interests, shall be premised on commercial terms and are entered into on an arm's-length basis. Transactions with Aker controlled companies are described in the financial statements' disclosure about transactions with related parties.

The company's employees are prohibited from engaging in financial activities of a potentially competitive nature in relation to Det norske. The company's Code of Ethics provides clear guidelines as to how employees and representatives of the company's governing bodies should act in situations where there is a risk of conflicts of interest and partiality.

Deviations to the code: None

5. FREELY NEGOTIABLE SHARES

Det norske's shares are freely negotiable securities, and the company's Articles of Association do not impose any form of restriction on their negotiability.

The company's shares are listed on the Oslo Børs and the company works actively to attract the interest of new shareholders, both Norwegian and foreign investors. Strong liquidity in the company's shares is essential if the company is to be viewed as an attractive investment and thus achieve a low cost of capital.

Deviations to the code: None

6. GENERAL MEETINGS

The general meeting of shareholders is the company's highest authority. The Board strives to ensure that the general meeting is an effective forum for communication between the shareholders and the Board, and encourages shareholders to participate in the meetings.

The Board can convene an extraordinary general meeting at any time. A shareholder or a group holding at least five per cent of the company's shares, can request an extraordinary general meeting. The Board is then obliged to hold the meeting within one month of receiving the request.

Preparation for general meetings

The AGM is normally held before the end of April each year, and no later than the end of June, which is the latest date permitted by the Public Limited Liability Companies Act. The date of the next AGM is normally included in the financial calendar.

The notice of a general meeting is sent to the shareholders and published on the company's website and the stock exchange no later than 21 days prior to the meeting.

Article 7 in the company's Articles of Association, about the general meeting, stipulates that documents concerning matters to be considered by the general meeting, will be made available to the shareholders on the company's website. This also applies to documents that are required by law to be included in or enclosed with the notice of the general meeting.

The supporting documentation provides the necessary information for shareholders to form a view on the matters to be considered.

Participation in a General Meeting

According to Article 7 in the Articles of Association, the right to attend and vote at the general meeting can only be exercised when the share transaction is introduced in the shareholder register no later than the fifth business day prior to the general meeting (registration date).

Shareholders who are unable to attend ta general meeting are encouraged to vote by proxy. A form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting are included in the notice. The deadline for registration is set as close as possible to the date of the meeting, normally the day before.

Conduct of a general meeting and agenda for AGM

The Board proposes the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and Article 7 in the company's Articles of Association.

At the meeting in April 2016, the Board will nominate an independent person who can vote on behalf of the shareholders as their authorized representative. Shareholders may cast their votes in writing, including by means of electronic communication, in a given period prior to the general meeting. Appropriate arrangements are made for shareholders to vote separately on candidates nominated for election to the company's corporate bodies.

Det norske's general meetings are normally chaired by the Chair of the Corporate Assembly, or a person appointed by the Chair of the Corporate Assembly. If there is reason to perceive the Chair of the Corporate Assembly as being impartial another person will be appointed to chair the meeting.

The Code states that it is appropriate that all members of the Board should attend general meetings. Representatives from the Board, the nomination committee, the auditor and the executive management will attend the AGM. However, given the geographic distribution of the people, it is normal that only a few representatives from each of these bodies attend the AGM.

Minutes of general meetings are published on the company's website and through a stock exchange announcement.

Deviations from the code: The code recommends that all members of the Board are present at the general meeting and that all members of the nomination committee should attend the AGM. Due to the nature of discussions at general meetings, Det norske has not deemed it necessary to require all Board members and nomination committee members to be present.

7. NOMINATION COMMITTEE

Article 8 in the company's Articles of Association stipulates that the nomination committee shall consist of three members elected by the general meeting. It also stipulates that the majority of the members shall be independent of the Board and the executive management and that the members shall be elected for a period of two years at a time. The committee's remuneration is determined by the general meeting.

At the AGM in April 2015, Arild Støren Frick was elected as the Chair of the nomination committee. Finn Haugan and Hilde Myrberg were elected as members at the AGM in 2012 and re-elected at the AGM in 2014. Arild Støren Frick is General Counsel at Aker ASA, Finn Haugan is CEO of Sparebank 1 SMN and Hilde Myrberg is an independent director. No members of the committee are members of executive management or the Board of Det norske.

The nomination committee should be composed in such a way that it represents a wide range of shareholders' interests. It should also be strived for both genders being represented in the committee. The nomination committee's duties are also stated by Article 8 in the Articles of Association. The committee shall propose candidates for - and remuneration to - the Board of Directors and the nomination committee and justify its recommendation.

Shareholders have an opportunity to submit proposals to the committee. The electronic mailbox for submitting proposals to the committee, with deadlines for submitting proposals where such apply, is accessible through our website at **www.detnor.no/proposecandidate**.

Deviations from the code: None

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Corporate Assembly consists of twelve members, with eight members elected by the General Assembly and four elected by and among the employees. The Corporate Assembly's composition secure broad representation from the company's shareholders. It pertains to the Corporate Assembly to elect directors and the Chairman of the Board. In addition, the Corporate Assembly shall supervise the Board of Director's and CEO's administration of the company.

The Board of Det norske consisted of ten members as of 31 December 2015. The company's Articles of Associations, Article 5, stipulates that the Board shall consist of between five and ten members and the members shall be elected for a period of up to two years.

Among the shareholder-elected board members, one (Kjell Inge Røkke) is affiliated with the company's largest shareholder Aker Capital AS. Deputy Chair Anne Marie Cannon was elected member of the Board of Directors for Aker ASA in April 2015. All other board members are considered independent of the company's main shareholder, as well as of the company's material business contacts. All board members are considered independent of the company's executive personnel.

In 2015, the Board has conducted a total of nine ordinary board meetings (one by conference call), including a strategy meeting. Furthermore, three ad-hoc meetings were conducted (two by conference call).

Participation in the 2015 Board meetings is summarized below:

Name	Number of meetings attended
Sverre Skogen	9 / 9
Anne Marie Cannon	9 / 9
Kitty Hall	9 / 9
Kjell Inge Røkke	7 / 9
Jørgen C. Arentz Rostrup	8 / 9
Kjell Pedersen (from March 18, 2015)	6 / 6
Terje Solheim (from March 18, 2015)	5 / 6
Gudmund Evju	5 / 9
Gro Kielland	9 / 9
Kristin Gjertsen	8 / 9
Tom Røtjer (until March 18, 2015)	3 / 3
Inge Sundet (until March 18, 2015)	3 / 3

From June to December 2015, Board member Gudmund Evju was acting SVP Technology and Field Development. In this period Gudmund Evju did in general not participate in Board meetings.

The Board composition ensures alignment of interests with all shareholders and members of the Board are encouraged to own shares in the company. It is the Board's view that the Board collectively meets the need for expertise, capacity and diversity. Board members possess strong experience from banking and finance, oil and offshore in general, and reservoir engineering, exploration and field development in particular.

An overview of the expertise of the board members is available on the website: **http://www.detnor.no/om-oss/styret/?lang=en**.

Deviations from the code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The Board has adopted a yearly plan for its activities. The Board has authority over and is responsible for supervising the company's business operations and management. The Board handles matters of major importance, or of an extraordinary nature and may in addition require management to refer any matter to it. The Board's objectives are to create value for the company's shareholders in both the short and long term and to ensure that Det norske fulfils its obligations at all times. And important task for the Board is to appoint the CEO and while the CEO is responsible for the day-to-day management of the company's business activities, the Board acknowledges its responsibility for the overall management of the company. The Board is responsible for:

A. Drawing up strategic plans and supervising these through regular reporting and reviewing,

B. Identifying significant risks to Det norske's activities and establishing appropriate systems to monitor and manage such risks,

C. Ensuring that shareholders have access to timely and correct information about financial circumstances and important business-related events in accordance with relevant legislation, and

D. Ensuring the establishment and securing the integrity of the company's internal control and management systems.

The Board recognizes the significant risks associated with the operations. Consequently, the Board has dedicated significant resources and time to understand and discuss not only general risks facing an E&P company, but also inherent risks connected to organization, culture and leadership. For a company like Det norske, the Board views the risks in taking on an operated development project like Ivar Aasen and meeting the required financing for its entire portfolio as well as taking on the Alvheim operations, to be among the most significant risks. Accordingly, this is where the mitigating efforts are concentrated.

The work of the Board is based on the rules of procedure describing the Board's responsibility including division of roles between the Board and the CEO. There are developed specific instructions to the CEO. The CEO, CFO and the company secretary attend all board meetings. Other members of the company's executive management attend the meetings per invitation and as necessary due to specific matters. If the Chair of the Board has been personally involved in matters of a material character, the Deputy Chair takes over the tasks of the chair directing the Board's work in the specific matter.

Considering the size of the company and the scope of its activities, the Board finds it appropriate to keep all board members informed about all board matters, except for cases where board members may have conflicting interests with the company. The Board carried out a formal evaluation of its own performance for 2015, as recommended by the Code, and took note of the findings.

Audit committee

The Board has established an audit committee consisting of the following board members:

- Jørgen C. Arentz Rostrup, Chair
- Anne Marie Cannon
- Gro Kielland

All members are independent of the company's executive management, however, Anne Marie Cannon, sits on the Board of Directors in Aker ASA, the largest shareholder in Det norske

The chair of the audit committee is considered to have experience and formal background qualifying as "financial expert" according to the requirement stated in the Public Limited Liability Company Act. Jørgen C Arentz Rostrup has been the Chief Financial Officer of Norsk Hydro ASA and served as a member of the corporate management in said company until March 2013. The audit committee holds regular meetings and reviews the quality of all interim and annual reports before they are reviewed by the Board of Directors and then published. In 2015, the committee held 8 meetings. The company's auditor works closely with the audit committee on a regular basis. The committee is also involved in the company's financial risk management. The management and the audit committee evaluate the risk management on financial reporting and the effectiveness of established internal controls. Identified risks and effects of financial reporting are discussed on a quarterly basis.

All meetings in conjunction with quarterly reporting and accounts have taken place together with the company's auditor. It is the view of the audit committee that the cooperation with the auditor and management is good. The audit committee has worked together with management and auditor to improve the internal control environment according to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework over the last years.

Remuneration committee

Also, the Board has a remuneration committee consisting of the following three board members:

- Sverre Skogen
- Kjell Pedersen
- Kristin Gjertsen

The remuneration committee is established to ensure that remuneration arrangements support the strategy of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.

In addition to the audit committee and remuneration committee, the Board appoints various ad hoc sub-committees when required, with a limited timeframe and scope. An ad hoc strategy and mandate committee was established during 2015. The sub-committees authority is limited to prepare items and make recommendations to the Board.

Deviations from the code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

Appropriate internal control and risk management contributes to the transparency and quality reporting for the benefit of the company and the shareholders' long-term interests and the operational challenges as an operator on NCS. The company works continuously and systematically with risk management, both at the overall company level as well as on the operational level. Det norske's operational activities are limited to Norway and are subject to Norwegian regulations. All activities taking place in a production licence are subject to supervision and audits from authorities, such as the Petroleum Safety Authority Norway, the Norwegian Environment Agency, as well as licence partners.

To further ensure that Det norske's management system is in alignment with laws, regulations, standards and best practice within the industry, Det norske has identified specific areas for further improvements in 2016. These processes are stated in the company's HSEQ plan and internal audits and verifications plan for 2016.

The Board considers risk in the context of growing a sustainable organization while meeting governance, safety and accountability sought by all of its stakeholders. The top risks are presented and discussed in the Board on a quarterly basis.

Det norske's management system provides a good basis for monitoring and managing the company's activities.

The management system consists of four levels, which cover all important activity areas. The top level includes a description of the company's vision, the management system and the management's responsibilities and policies. Functional requirements for business areas and processes are at level two, procedures at level three, while asset and project specific procedures and requirements are included in level four.

Key policy documents and requirements for risk management, internal control and financial reporting are included at level two and three. The company's risk management process covers a wide range of risks, opportunities and threats, and outlines how these shall be monitored and followed up.

The company's risk response includes monitoring of developing risks through constant analysis and engagement with operational management. It also includes, when appropriate, consultation with external advisors in order to mitigate risk to as great an extent as possible.

In 2015, Det norske has improved the risk management process at business area level as part of the integration activities between Marathon Oil Norway and Det norske. Also, risk management has been a key integral part of daily management of the Ivar Aasen project, enabling the project management to resolve schedule- and quality-critical issues in a better way than the traditional project management model for NCS.

Internal control for financial reporting

Det norske has established a framework for Internal Control for Financial Reporting based on COSO (Committee of Sponsoring Organizations of the Treadway Commission) and is operationalized as follows:

- Internal Control Environment
- Objective setting
- Event Identification and Risk Assessment
- Risk Response and Control Activities
- Information and communication
- Monitoring

The established framework is an integrated part of the company's management system. The company's internal control environment is characterized by clearly defined responsibilities and roles between the Board of Directors, audit committee and management. The implemented procedure for financial reporting is integrated with the company's management system, including ethical guidelines that describe how the representatives of the company must act.

The company has established processes, procedures and controls for financial reporting, which are appropriate for an exploration and production company. The company's documented procedures enable:

- effective and appropriate identification of risks
- measurement of compliance against procedures
- sufficient segregation of duties
- provision of relevant, timely and reliable financial reporting that provides a fair view of Det norske's business
- prevention of manipulation/fraud of reported figures
- compliance with all relevant requirements of IFRS

A risk assessment related to financial reporting is performed and documented by the management. Risk assessments are monitored by the audit committee on a quarterly basis as part of the quarterly reporting process. The Board of Directors approves the overall risk assessment related to financial reporting on an annual basis. In 2015, the following main risk areas were identified related to financial reporting:

- Acquisition of Premier Oil Norge AS and Svenska Petroleum Exploration AS – Complexity in purchase price allocations following the acquisitions.
- Impairment of goodwill, tangible and intangible assets – There is a risk that fair value declines are not identified and recorded in an appropriate manner
- Tax – Complexity in tax regulations and calculation entail risk of error in financial reporting
- Development projects – Large investments and risk related to cost overruns, fraud and measuring progress.
- Transformation to a full cycle exploration and production company – There is a risk that the company does not have adequate procedures and systems for financial reporting
- Asset retirement obligation - There is a risk of errors in the estimates and calculations during the ARO process

The company seeks to communicate transparently on its activities and its financial reporting is made after significant interaction with management responsible for exploration, development and production activities in the business. The audit committee meets to review the financial statements, with the auditor present, each quarter prior to the submission of the financial statements to the Board for approval.

Key events that may affect the financial reporting are identified and monitored continuously. An "Issue list" is established to address possible accounting and tax effects of events and activities. Both the auditor and the audit committee review the "Issue list" at least on a quarterly basis.

The Finance Department monitors the compliance with established procedures and reports any material deviations to the audit committee. It also identifies actions to improve procedures and conducts a self-assessment of its performance against objectives, which are then presented and discussed with the audit committee. The self-assessment of internal control for financial reporting carried out in 2015 has identified strengths, weaknesses, opportunities and threats. 2015 has been a transitional year due to the acquisition of Marathon Oil Norge AS and have included implementation of one common accounting system, common processes and procedures.

In 2016, further improvements related to internal control will be conducted.

Deviations from the code: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the board members is not performance-based, but based on a fixed annual. None of the shareholder-elected board members have pension schemes or termination payment agreements with the company. Information about all remuneration paid to individual board members is provided in Note 9 to the annual accounts.

The Corporate Assembly decides the remuneration of the Board and the sub-committees. The nomination committee proposes the remuneration of the Board for the Corporate Assembly and ensures that it is proportionate to the responsibility of its members and the time spent on board work. The Board must approve any board member's consultancy work for the company and remuneration for such work. No such work was carried out during 2015.

Deviations from the code: None

12. EXECUTIVE REMUNERATION

The Board stipulates the Chief Executive Officer's remuneration and other terms and conditions of employment. Note 9 to the annual accounts contain details about the remuneration of the Board and executive management, including payroll, bonus payments and pension expenses.

The bonus for all employees except executive management is capped at two months' salary. Total bonus level is determined by a combination of company-wide key performance indicators (KPIs) and KPIs specific to each employee's business unit.

Members of executive management have individual KPIs to determine a maximum bonus potential varying from 40 per cent to 100 per cent of their base salary. Members of executive management with responsibilities relating to operations, plus the CFO participate in a three-year incentive program started in 2015 linked to the relative performance of the Det norske share price versus a benchmark index consisting of the average of the Oslo Stock Exchange Energy Index and the Stoxx 600 Europe Oil & Gas index. Total payment in 2018 is capped at 60 per cent of the executive manager's annual base salary.

The pension scheme continued to be a defined contribution plan capped at 12G for all employees including the executive management.

Deviations from the code: None

13. INFORMATION AND COMMUNICATION

Det norske maintains a proactive dialogue with analysts, investors and other stakeholders of the company. The company strives to continuously publish relevant information to the market in a timely, effective and non-discriminatory manner, and has a clear goal to attract both Norwegian and foreign investors and to promote higher stock liquidity.

All stock exchange announcements are made available on the Oslo Børs website, **www.newsweb.no**, as well as the company's website (**www.detnor.no**) at the same time. The announcements are also distributed to news agencies and other online services.

Det norske publishes its preliminary annual accounts by the end of February, as part of its fourth quarter report. The complete annual report, including approved and audited accounts and the Board of Directors' Report, is available no later than three weeks before the AGM. Information sent to shareholders is published on the web site simultaneously.

The company's financial calendar for the coming year is published as a stock exchange announcement and made available on the company's website no later than 31 December each year, in accordance with the continuing obligations for companies listed at the Oslo Børs.

Det norske holds open presentations in connection with the publication of the company's quarterly results. The presentations are webcasted for the benefit of investors who are prevented from attending or do not wish to attend the presentations. At the presentations, the executive management review and comment on the published results, market conditions and the company's future activities.

The company's management gives high priority to communication with the investor market. Individual meetings are organized for a wide range of existing and potential new investors and analysts. The company also attends relevant industry and investor conferences.

Det norske will reduce its contacts with analysts, investors and journalists in the final two weeks before publication of its results. During this period, the company will limit meetings with investors or analysts, and will give no comments to the media or other parties about the company's results and future outlook. This is to ensure that all interested parties in the market are treated equally.

Deviations from the code: None

14. TAKEOVERS

The company's objective is to create value for its shareholders. Any invitations or initiatives to participate in structural changes will be evaluated on the basis of this objective. The Board has not established a separate set of guidelines for how it will act in the event of a takeover bid, as recommended by the Code. The Board will, as a main rule, follow the recommendations issued by the Code related to take-overs.

The Board of Directors is committed to equal treatment of all shareholders and will ensure openness with respect to any potential takeover of the company. Also, the Board will do its utmost to ensure that the shareholders are given sufficient information and time to form a view of the offer.

The Board will not, except on special grounds, seek to prevent or obstruct bids for the company's shares or individual business areas. In the event of a takeover bid, the Board will issue a statement evaluating the offer and making a recommendation as to whether or not the shareholders should or should not accept the offer. The Board's statement will state whether the views included are unanimous or not.

Deviations from the code: The company does not have separate set of guidelines for how the Board will act in the event of a takeover bid.

15. AUDITOR

The AGM elects the auditor and approves the auditor's fee. The Board of Directors will meet with the auditor regularly without representatives of the company management being present, to review internal control procedures and discuss any weaknesses and proposals for improvement. The auditor participates in board meetings to discuss the annual accounts.

The auditor participates in all meetings with the audit committee and meets the audit committee without the company's management being present. The auditor submits the main features of the plan for the annual audit of the company to the audit committee annually. The auditor's independence in relation to the company is evaluated annually. A complete auditor evaluation was done by the audit committee for 2015. The auditor carries out certain consultancy services for the company, which is viewed not to be in conflict with its duties as auditor. The company has established an audit and non- audit service policy.

In the annual financial statements, the auditor's remuneration is split between the audit fee and fees for other services. In the presentation to the annual general meeting, the chair presents the breakdown between the audit fee and fees for other services.

Deviations from the code: None

Reporting of payments to governments

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d) and Securities Trading Act § 5-5 a). It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 nr 1682 – "the regulation") stipulating that the reporting obligation only apply to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, and it provides more detailed rules applicable to definitions, publication and group reporting.

This report contains information for the activity in the whole fiscal year 2015 for Det norske oljeselskap ASA. The subsidiary Det norske oil AS, previously Premier Oil Norge AS, is not included, as this company was acquired close to year end 2015. The subsidiary Det norske Exploration AS, previously Svenska Petroleum Exploration AS, is deemed to be outside the scope for this report as this company has been a non-operator in 2015, and has not paid any income taxes.

The management of Det norske has applied judgment in the interpretation of the wording in the regulation with regard to the specific type of payment to be included in this report, and on what level it should be reported. When payments are required to be reported on a project-by-project basis, it is reported on a field-by-field basis. Only gross amounts on operated licences are reported, as all payments within the licence performed by non-operators will normally be cash calls transferred to the operator and will as such not be payments to the government. Since Det norske has no activities within the extractive industries outside the Norwegian Continental Shelf, only payments to the Norwegian government is deemed to be within the scope of this reporting.

Reporting of payments

The regulation's Section 2 no. 5 defines the different types of payments subject to reporting. In the following sections, only those applicable to Det norske will be described.

Income tax

The income tax is calculated and paid on corporate level and is therefore reported for the whole company rather than licence-by-licence. The tax payments performed in 2015 is partly related to income tax 2014 (last three instalments and settlement) and to income tax for 2015 (first three instalments). Total tax payments were NOK 2 384 262 634 including interests. This number excludes tax refund in relation to Det norske Exploration AS (previously Svenska Petroleum Exploration AS).

CO2 tax

CO2 tax is to some extent included in the fuel price/rig rental paid to external rig companies. Of the operated licences, Det norske has only paid CO2 tax on the Alvheim field. This includes the fields tied in to the Alvheim FPSO (Vilje, Volund and Bøyla) as Alvheim performs the payment and charges the other fields via opex share. The CO2 tax paid on behalf of the Alvheim licence in 2015 amounted to NOK 74 409 262.

NOx

The company is member of the NOx fund and all NOx payments are made to this fund rather than to the government.

Area fee

The table below specifies the area fee paid by Det norske on behalf of the different licences in 2015. Licenses of which the company has received net refund of area fee are not included in the figures.

Name of field/license	Area fee paid in 2015 (NOK)
Alvheim	10 960 000
Volund	1 331 820
Bøyla	4 110 000
Vilje	760 000
PL 026B	680 000
PL 027D	360 000
PL 103B	1 370 000
PL 242	2 192 000
PL 364	4 384 000
PL 460	6 439 000
PL 504	929 967
Total area fee paid	**33 516 787**

Other information required to be reported

When companies are required to report payments as the above, it is also mandatory to report on investments, sales income, production volumes and purchases of goods and services in the country in which companies have activities within the extractive industries. As mentioned above, Det norske operates on the Norwegian Continental Shelf only. This reporting requirement is therefore deemed to be met by the financial statements as specified below:

- Total net investments amounted to USD 1 168 310 thousand, as specified in the cash flow analysis in the financial statements. This includes cash payments related to the acquisition of Svenska Petroleum Exploration AS and Premier Oil Norge AS.
- Sales income in 2015 amounted to USD 1 158 683 thousand, as specified in Note 8 to the financial statements
- Total production in 2015 was 21 901 630 barrels of oil equivalent, see Note 8 to the financial statements
- For information about purchases of goods and services, reference is made to the Income Statement and the related notes

FINANCIAL STATEMENTS WITH NOTES

OVERVIEW OF THE FINANCIAL STATEMENTS AND NOTES	PAGE

INCOME STATEMENT

1 January - 31 December (USD 1 000)	Note	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Petroleum revenues		1 158 683	411 996	1 158 683	325 034
Other operating income		63 119	52 235	63 119	52 206
					-
Total operating income	8	**1 221 802**	**464 230**	**1 221 802**	**377 241**
Exploration expenses	6	76 404	164 336	76 404	164 255
Production costs	8	141 000	66 754	141 000	59 173
Depreciations and amortization	14	480 959	160 254	480 959	142 562
Impairments	15	430 468	346 420	430 468	346 420
Other operating expenses	10	51 608	25 393	51 608	41 082
Total operating expenses		**1 180 438**	**763 157**	**1 180 438**	**753 491**
Operating profit/loss		**41 364**	**-298 927**	**41 364**	**-376 251**
Interest income		3 098	7 009	3 098	7 003
Other financial income		65 385	19 435	65 385	22 899
Interest expenses		109 125	83 845	109 125	82 898
Other financial expenses		114 328	19 296	114 328	10 428
Net financial items	11	**-154 971**	**-76 697**	**-154 971**	**-63 423**
Profit/loss before taxes		**-113 607**	**-375 624**	**-113 607**	**-439 674**
Taxes (+)/tax income (-)	12	199 045	-96 485	199 045	-160 535
Net profit/loss		**-312 652**	**-279 139**	**-312 652**	**-279 139**
Weighted average no. of shares outstanding and fully diluted		202 618 602	165 811 098	202 618 602	165 811 098
Loss after taxes per share (in USD)	13	-1.54	-1.68	-1.54	-1.68

STATEMENT OF COMPREHENSIVE INCOME

1 January - 31 December (USD 1 000)	Note	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Profit/loss for the period		-312 652	-279 139	-312 652	-279 139
Items which will not be reclassified over profit and loss (net of taxes):					
Exchange differences on translation to USD		-	-43 069	-	-43 069
Actuarial gain/loss pension plan	22	17	-897	17	-897
Total comprehensive income in period, attributable to equity holders of the parent company		**-312 636**	**-323 105**	**-312 636**	**-323 105**

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
ASSETS					
Intangible assets					
Goodwill	14,15	767 571	1 186 704	762 159	1 186 704
Capitalized exploration expenditures	14,15	289 980	291 619	289 980	291 619
Other intangible assets	14,15	648 030	648 788	638 983	648 788
Tangible fixed assets					
Property, plant and equipment	14,15	2 979 434	2 549 271	2 979 126	2 549 271
Financial assets					
Long-term receivables	18	3 782	8 799	3 782	8 799
Other non-current assets	19	12 628	3 598	230 317	4 619
Total non-current assets		**4 701 425**	**4 688 778**	**4 904 347**	**4 689 799**
Inventories					
Inventories	7	31 533	25 008	31 533	25 008
Receivables					
Accounts receivable	16	85 546	186 461	85 546	186 461
Other short-term receivables	17	105 190	184 592	99 221	184 592
Other current financial assets	30	2 907	3 289	2 907	3 289
Tax receivables	12	126 391	-	108 393	-
Short-term derivatives	25	45 217	-	45 217	-
Cash and cash equivalents					
Cash and cash equivalents	20	90 599	296 244	79 299	295 222
Total current assets		**487 384**	**695 594**	**452 117**	**694 573**
TOTAL ASSETS		**5 188 809**	**5 384 372**	**5 356 464**	**5 384 372**

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
EQUITY AND LIABILITIES					
Equity					
Share capital	21	37 530	37 530	37 530	37 530
Share premium	21	1 029 617	1 029 617	1 029 617	1 029 617
Other equity		-728 121	-415 485	-728 121	-415 485
Total equity		**339 026**	**651 662**	**339 026**	**651 662**
Non-current liabilities					
Pension obligations	22	1 638	2 021	1 638	2 021
Deferred taxes	12	1 356 114	1 286 357	1 444 386	1 286 357
Abandonment provision	24	412 805	483 323	412 805	483 323
Provisions for other liabilities		-	12 044	-	12 044
Bonds	23	503 440	253 141	503 440	253 141
Other interest-bearing debt	26	2 118 935	2 037 299	2 118 935	2 037 299
Long-term derivatives	25	62 012	5 646	62 012	5 646
Current liabilities					
Trade creditors		51 078	152 258	48 681	152 258
Accrued public charges and indirect taxes		9 060	6 758	8 639	6 758
Tax payable	12	-	189 098	-	189 098
Short-term derivatives	25	13 506	25 224	13 506	25 224
Short-term debt to group companies	19	-	-	93 804	-
Abandonment provision	24	10 520	5 728	10 520	5 728
Other current liabilities	27	310 675	273 813	299 072	273 813
Total liabilities		**4 849 783**	**4 732 710**	**5 017 438**	**4 732 710**
TOTAL EQUITY AND LIABILITIES		**5 188 809**	**5 384 372**	**5 356 464**	**5 384 372**

The Board of Directors and the CEO of Det norske oljeselskap ASA
Trondheim, 9 March 2016

Sverre Skogen, Chair of the Board

Terje Solheim, Board member

Anne Marie Cannon, Deputy Chair

Gudmund Evju, Board member

Kitty Hall (Katherine Jessie Martin), Board member

Kristin Gjertsen, Board member

Kjell Inge Røkke, Board member

Gro Kielland, Board member

Jørgen C. Arentz Rostrup, Board member

Karl Johnny Hersvik, CEO

Kjell Pedersen, Board member

STATEMENT OF CHANGES IN EQUITY - GROUP AND PARENT

				Other equity					
					Other comprehensive income				
(USD 1 000)	**Note**	**Share capital**	**Share premium**	Other paid-in capital	Actuarial gains/(losses)	Foreign currency translation reserves*	Retained earnings	**Total other equity**	**Total equity**
Equity as of 31.12.2013		**27 656**	**564 736**	573 083	-223	-48 334	-592 818	**-68 292**	**524 100**
Rights issue		9 874	469 249	-	-	-24 350	-	-24 350	454 773
Transaction costs, rights issue		-	-4 368	-	-	261	-	261	-4 107
Total comprehensive income - 1.1.2014 - 31.12.2014		-	-	-	-897	-43 069	-279 139	-323 105	-323 105
Settlement of defined benefit plan		-	-	-	1 016	-	-1 016	-	-
Equity as of 31.12.2014		**37 530**	**1 029 617**	573 083	-105	-115 491	-872 972	**-415 485**	**651 662**
Total comprehensive income - 1.1.2015 - 31.12.2015		-	-	-	17	-	-312 652	-312 636	-312 636
Equity as of 31.12.2015	21	**37 530**	**1 029 617**	573 083	-88	-115 491	-1 185 625	**-728 121**	**339 026**

* At 15 October 2014, the presentation currency was changed to USD retrospectively as if USD had always been the presentation currency. For each category of the opening equity as at 1 January 2013, the historical rates were used for translation to USD, and therefore an exchange reserve was established which represents the fact that the presentation currency is different from the functional currency in the periods presented prior to the change in functional currency to USD as at 15 October 2014. For each period presented prior to the change in functional currency, the ending balance of total equity is translated to USD using the end rate.

STATEMENT OF CASH FLOW

		Group		Parent company	
1 January - 31 December (USD 1 000)	**Note**	**2015**	**2014**	**2015**	**2014**
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/loss before taxes		-113 607	-375 624	-113 607	-439 674
Taxes paid during the period		-320 618	-109 068	-320 618	-109 068
Tax refund during the period		87 662	190 532	87 662	190 532
Depreciation	14	480 959	160 254	480 959	142 562
Net impairment losses	15	430 468	346 420	430 468	346 420
Accretion expenses	24	26 351	12 410	26 351	11 462
Interest expenses	11	127 620	85 107	127 620	85 108
Interest paid		-124 276	-83 910	-124 276	-83 910
Gain/loss on licence swaps without cash effect		-	-49 765	-	-49 765
Changes in derivatives	8,11	-793	10 616	-793	993
Amortization of interest expenses and arrangement fee	11	17 480	26 711	17 480	26 711
Amortization of fair value of contracts assumed in the Marathon acquisition		-2 878	-	-2 878	-
Expensed capitalized dry wells	6	11 682	99 061	11 682	99 069
Changes in inventories, accounts payable and receivables		-13 060	-530 150	-13 060	-485 603
Changes in abandonment liabilities through income statement		-1 569	-1 952	-1 569	-
Changes in other current balance sheet items		81 048	482 148	91 579	486 364
NET CASH FLOW FROM OPERATING ACTIVITIES		**686 467**	**262 791**	**696 999**	**221 201**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Payment for removal and decommissioning of oil fields	24	-12 508	-14 087	-12 508	-13 968
Disbursements on investments in fixed assets	14	-917 150	-583 200	-917 150	-559 443
Acquisition of Marathon Oil Norge AS (net of cash acquired)		-	-1 513 591	-	-1 496 890
Acquisition of Premier Oil Norge AS (net of cash acquired)	3	-125 600	-	-136 900	-
Acquisition of shares in Svenska Petroleum Exploration AS		-	-	-88 000	-
Disbursements on investments in capitalized exploration expenditures and other intangible assets*	14	-113 051	-164 128	-35 582	-164 136
Sale of tangible fixed assets and licences	14	-	8 862	-	8 862
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**-1 168 310**	**-2 266 144**	**-1 190 141**	**-2 225 575**
CASH FLOW FROM FINANCING ACTIVITIES					
Net proceeds from equity issuance		-	474 755	-	474 755
Repayment of short-term debt		-70 938	-162 434	-70 938	-162 434
Repayment of bond (detnor 01)		-	-87 536	-	-87 536
Repayment of long-term debt		-330 000	-1 147 934	-330 000	-1 147 934
Arrangement fee		-14 380	-67 350	-14 380	-67 350
Proceeds from issuance of long-term debt		700 000	2 897 354	700 000	2 897 354
Proceeds from issuance of short-term debt		-	116 829	-	116 829
NET CASH FLOW FROM FINANCING ACTIVITIES		**284 683**	**2 023 684**	**284 683**	**2 023 684**
Net change in cash and cash equivalents		**-197 160**	**20 331**	**-208 460**	**19 310**
Cash and cash equivalents at start of period	20	296 244	280 942	296 244	280 942
Effect of exchange rate fluctuation on cash held		-8 485	-5 029	-8 485	-5 029
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**90 599**	**296 244**	**79 299**	**295 222**
SPECIFICATION OF CASH EQUIVALENTS AT END OF PERIOD					
Bank deposits and cash	20	86 201	291 346	75 156	290 325
Restricted bank deposits	20	4 398	4 897	4 143	4 897
CASH AND CASH EQUIVALENTS AT END OF PERIOD	20	**90 599**	**296 244**	**79 299**	**295 222**

* The group amount includes intangible assets acquired in the Svenska acquisition, net of cash.

GENERAL INFORMATION

Det norske oljeselskap ASA ('Det norske' or 'the company') is an oil company involved in exploration, development and production of oil and gas on the Norwegian Continental Shelf.

The company is a public limited liability company registered and domiciled in Norway. Det norske's shares are listed on the Oslo Børs (Oslo Stock Exchange). The company's registered business address is Føniks, Munkegata 26, 7011 Trondheim, Norway.

As per 31 December 2015, Aker Capital AS owned 49.99 per cent of Det norske. Aker Capital AS is a wholly-owned subsidiary of Aker ASA. From the fiscal year 2011, Det norske oljeselskap ASA's accounts are consolidated in Aker ASA's accounts. Aker ASA's registered business address is Fjordallèen 16 (at Aker Brygge) in Oslo, Norway. Aker ASA's consolidated financial statements are available at www.akerasa.com.

Det norske group's consolidated financial statements consist of the parent company Det norske oljeselskap ASA and the subsidiaries Det norske oil AS (previously Premier Oil Norge AS) and Det norske exploration AS (previously Svenska Petroleum Exploration AS). Det norske completed its acquisition of these two companies at 22 December and 13 November 2015, respectively. The acquisition of Premier Oil Norge AS has been accounted for as a business combination in accordance with IFRS 3, while the acquisition of Svenska Petroleum Exploration AS was treated as an acquisition of assets. Subsequent to the acquisition of the shares, all assets and liabilities in previously Svenska Petroleum Exploration Norge AS were transferred to Det norske on 30 November 2015. For more information regarding subsidiaries, see Note 4.

The financial statements were approved by the Board of Directors on 9 March 2016 and will be presented for approval at the Annual General Meeting on 11 April 2016.

NOTE 1 – SUMMARY OF IFRS ACCOUNTING PRINCIPLES

1.1 BASIS OF PREPARATION

The group consolidated and the company's financial statements have been prepared in accordance with the Norwegian Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared on a historical cost basis with the exception of the following accounting items:

- Financial instruments at fair value through profit or loss.
- Loans, receivables and other financial liabilities, which are recognized at amortized cost.

The financial statements have been prepared using uniform accounting principles for equivalent transactions and events taking place on otherwise equal terms.

In 2015, the company has started to hedge the risk for decreased oil price through commodity derivatives. As the commodity derivatives are closely linked to the operating revenue, the company has concluded that presentation within the operating result better reflects the substance of these arrangements. Hence, realised and unrealised gains and losses arising from commodity derivatives are presented as other operating income. There is no need for adjusting comparative figures from 2014, as there were no commodity derivatives in that year.

There has been made a minor change in the presentation of the line items in the Income statement since 2014. The company will no longer present payroll expenses separately, as these costs are fully allocated to other items, such as production cost for producing licenses and development cost for fields under development. The cost previously presented as payroll is mainly classified as other operating expenses in the Income statement and comparative figures have been adjusted accordingly. Information about payroll related amounts are included in Note 9. Additionally, area fee which prior to 2015 was included in other operating expenses is now reclassified to exploration expenses and comparative figures have been adjusted accordingly.

All amounts have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

1.2 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

As described in the 2014 Financial Statements, Det norske changed its functional currency from NOK to USD with effect from 15 October 2014. The group also changed the presentation currency to USD from the same date, and the change in presentation currency was treated as a change in accounting principle, which in accordance with IAS 8 was made retrospectively by translating comparative figures to USD as if this had always been the presentation currency.

1.3 IMPORTANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that have an effect on the application of accounting principles and on recognized amounts relating to assets and liabilities, to provide information relating to contingent assets and liabilities on the date of the Statement of financial position, and to report revenues and expenses in the course of the accounting period.

The important judgments management has made on the application of accounting principles relate to the following:

Functional currency: The application of IAS 21 requires management to use its judgment when determining the company's functional currency such that it most faithfully represents the economic effect of the underlying transactions, events and conditions that are relevant to the company. Management has determined that the acquisition of Marathon Oil Norge AS was a triggering event for a reassessment and change of the functional currency of Det norske oljeselskap ASA from NOK to USD, primarily due to the fact that the revenue from petroleum products will increase significantly and this revenue is mainly denominated in USD. Going forward, both the majority of revenues and financing activities will be denominated in USD.

Goodwill allocation and methodology for impairment testing: For the purpose of impairment testing, goodwill is allocated to cash- generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination from which it arose. The appropriate allocation of goodwill requires management's judgment and may impact the subsequent impairment charge significantly. Technical goodwill is a category of goodwill arising as an offsetting account to deferred tax in business combinations, as described in Section 1.8 below. There are no specific IFRS guidelines pertaining the allocation of technical goodwill, and management has therefore applied the general guidelines for allocating goodwill for the purpose of impairment testing. In general, technical goodwill is allocated to CGU level for impairment testing purposes, while residual goodwill may be allocated across all CGUs based on facts and circumstances in the business combination.

When performing the impairment test for technical goodwill, deferred tax recognized in relation to the acquired licenses reduces the net carrying value prior to the impairment charges. This is done to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairment. Going forward, depreciation of values calculated in the purchase price allocation will result in decreased deferred tax liability.

On selling a licence where the company historically has recognized deferred tax and goodwill in a business combination, both goodwill and deferred taxes from the acquisition are included when calculating gain/loss. When recording impairment of such licences as a result of impairment testing, the same assumptions are applied when measuring the impairment. This avoids a gross up of the impairment with tax, in that the impairment charged to the Income Statement will not be higher than the original post-tax amount paid in the business combination.

Accounting estimates are used to determine reported amounts, including the possibility of realizing certain assets, the expected useful life of tangible and intangible assets, the tax expense, etc. Even though these estimates are based on management's best judgment and assessment of previous and current events and actions, the actual results may deviate from the estimates. The estimates and underlying assumptions are reviewed regularly. Changes to the estimates are recognized when new estimates can be determined with sufficient certainty. Changes to accounting estimates are recognized in the period when they arise. The main sources of uncertainty when using estimates for the company relate to the following:

Proven and probable oil and gas reserves: Oil and gas reserves are estimated by the company's experts in accordance with industry standards. The estimates are based on Det norske's own assessment of internal information and information received from the operators. In addition, reserves are certified by an independent third party. Proven and probable oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used in the estimates, except for existing contractual future price changes.

Proven and probable reserves and production volumes are used to calculate the depreciation of oil and gas fields by applying the unit of production methodology. Reserve estimates are also used as basis for impairment testing of licence-related assets. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of decommissioning and removal activities. Changes to reserve estimates can also be caused by updated production and reservoir information. Future changes to proven and probable oil and gas reserves can have a material effect on depreciation, life of field, impairment of licence-related assets, and operating results.

Successful Effort Method - exploration: Det norske's accounting policy is to temporarily recognize expenses relating to the drilling of exploration wells in the Statement of financial position as capitalized exploration expenditures, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells are expensed. Decisions as to whether this expenditure should remain capitalized or be expensed during the period, may materially affect the operating result for the period.

Acquisition costs: Expenses relating to the acquisition of exploration licences are capitalized and assessed for impairment if there are indications of impairment. See Items 1.11 and 1.12 for further details.

Fair value measurement: From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g. when the entity acquires a business, determines allocation of purchase price in an asset deal or where an entity measures the recoverable amount of an asset or cash-generating unit at fair value less cost to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of the different input in the model requires significant judgment from management, as described in the section below regarding impairment.

Impairment/reversal of impairment: Det norske has significant investments in long-lived assets. Changes in the expected future value/cash flow of individual assets can result in the book value of some assets being impaired to estimated recoverable value. Impairment losses must be reversed if the conditions for the impairment are no longer present. Considerations regarding whether an asset is actually impaired or whether the impairment losses should be reversed can be complicated and are based on judgement and assumptions. The complexity of the issue can, for example, relate to the modelling of relevant future cash flows to determine the asset's value in use, decide on measurement units and establish the asset's net sales value.

The evaluation of impairment requires long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates and discount rates. Such assumptions require the estimation of relevant factors such as forward price curves (oil), long-term price assumptions, the level of capex and opex, production estimates and residual asset values. Likewise, establishing an asset's net sales value requires careful assessment unless information about net sales value can be obtained from an actual observable market. See Note 14 'Property, plant and equipment and intangible assets' and Note 15 'Impairment of goodwill and other assets' for details about impairment.

Decommissioning and removal obligations: The company has considerable obligations relating to decommissioning and removal of offshore installations at the end of the production period. Obligations associated with decommissioning and removal of long-term assets are recognized at present value of future expenditures on the date they are incurred. At the initial recognition of an obligation, the estimated cost is capitalized as production plant and depreciated over the useful life of the asset (typically by unit of production). It is difficult to estimate the costs for decommissioning and removal at initial recognition as these estimates are based on currently applicable laws and regulations, and are dependent on technological developments. Many decommissioning and removal activities will take place in the distant future, and the technology and related costs are constantly changing. The estimates include costs based on expected removal concepts based on known technology and estimated costs of maritime operations, hiring of heavy-lift barges and drilling rig. As a result, the initial recognition of the obligation in the accounts, the related costs capitalized in the Statement of financial position for decommissioning and removal and subsequent adjustment of these items, involve careful consideration. Based on the described uncertainty, there may be significant adjustments in estimates of liabilities that can affect future financial results. See Note 24 for further details about decommissioning and removal obligations.

Income tax: The company incurs significant amounts of income tax payable or receivable, and recognizes significant changes to deferred tax or deferred tax assets. These figures are based on management's interpretation of applicable laws and regulations, and on relevant court decisions. The quality of these estimates is highly dependent on management's ability to properly apply a complex set of rules and identify changes to the existing legal framework. See Note 12 for details about the deferred tax and taxes payable.

1.4 FOREIGN CURRENCY TRANSACTIONS

Transactions and balances

Transactions in foreign currencies are translated using the exchange rate on the transaction date. Monetary items in foreign currencies in the Statement of financial position are translated using the exchange rates at the end of the period. Foreign exchange gains and losses are recognized on an ongoing basis in the accounting period. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined.

Group companies

The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated based on the exchange rates at the balance sheet date.

(ii) Revenues and expenses for each income statement presented are translated at average exchange rate for the period. However, if this average is not a reasonable approximation of the cumulative effect on the prevailing rates on the actual transaction dates, revenues and expenses are translated using the foreign exchange rates on the specific transaction date.

(iii) Equity transactions are translated at the exchange rate on the transaction date.

All resulting exchange differences are recognized in other comprehensive income. The same method has been used for translating the parent company financial statements to USD as presentation currency for periods prior to the change in functional currency to USD.

1.5 REVENUE RECOGNITION

Revenues from petroleum products in which the company has an interest with other producers are recognized on the basis of the company's ideal share of production during the period, regardless of actual sales (entitlement method).

This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements:

The excess of product sold during the period over the participant's ownership share of production from the property is recognized by the overlift party as a liability (deferred revenue) and not as revenue. Conversely, the underlift party would recognize an underlift asset (receivable) and report corresponding revenue.

Differences between oil lifted and sold: petroleum overlifts are presented as current liabilities, while petroleum underlifts are presented as short-term receivables. The value of overlift/underlift is set at the estimated sales value, minus estimated sales costs.

Other revenues are recognized when the goods or services are delivered and material risk and control are transferred. Gain on asset disposals as described in Section 1.9 is included in other operating income.

Tariff revenue from processing of oil and gas is recognized as earned in line with underlying agreements.

Revenue is presented net of customs and excise taxes on petroleum products.

Dividends are recognized when the shareholders' dividend rights are approved by the Annual General Meeting.

Interest is taken to income based on the effective interest method as it is earned.

1.6 INTERESTS IN JOINT ARRANGEMENTS

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

The company has interests in licenses on the Norwegian Continental Shelf. Under IFRS 11 Joint arrangements, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The company recognizes investments in joint operations (oil and gas licences) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the company's financial statements.

For those licenses that are not deemed to be joint arrangements pursuant to the definition in IFRS 11 as there is no joint control, the company recognizes its share of related expenses, assets, liabilities and cash flows on a line-by-line basis in the financial statements in accordance with applicable IFRSs.

1.7 CLASSIFICATIONS IN STATEMENT OF FINANCIAL POSITION

Current assets and current liabilities include items that fall due for payment less than a year from the end of the reporting period and items relating to the business cycle. Next year's instalments on long-term liabilities are classified as current liabilities. Financial investments in shares are classified as current assets, while strategic investments are classified as non-current assets.

1.8 BUSINESS COMBINATIONS AND GOODWILL

In order to consider an acquisition as a business combination, the acquired asset or groups of assets must constitute a business (an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors). The combination consists of inputs and processes applied to these inputs that have the ability to create output.

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the company achieves control over the financial and operating assets. This date may differ from the actual date on which the assets are transferred.

Comparative figures are not adjusted for acquired, sold or liquidated businesses.

For accounting purposes, the acquisition method is used in connection with the purchase of businesses. Acquisition cost equals the fair value of the assets used as consideration, including contingent consideration, equity instruments issued and liabilities assumed in connection with the transfer of control. Acquisition cost is measured against the fair value of the acquired assets and liabilities. Identifiable intangible assets are included in connection with acquisitions if they can be separated from other assets or meet the legal contractual criteria. When calculating fair value, the tax implications of any re-evaluations are taken into consideration. If the acquisition cost at the time of the acquisition exceeds the fair value of the acquired net assets (when the acquiring entity achieves control of the transferring entity), goodwill arises.

If the fair value of the net identifiable assets acquired exceeds the acquisition cost on the acquisition date, the excess amount is taken to income at the time of the takeover.

Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from synergy effects of the merger. The allocation of goodwill may vary depending on the basis for its initial recognition.

The main part of the company's goodwill is related to the requirement to recognize deferred tax for the difference between the assigned fair values and the related tax base ("technical goodwill"). The fair value of licences is based on cash flows after tax. This is because these licences are only sold in an after-tax market based on decisions made by the Norwegian Ministry of Finance pursuant to the Petroleum Taxation Act Section 10. The purchaser is therefore not entitled to a tax deduction for the consideration paid over and above the seller's tax values. In accordance with IAS 12 paragraphs 15 and 24, a provision is made for deferred tax corresponding to the difference between the acquisition cost and the transferred tax depreciation basis. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax. Technical goodwill is tested for impairment separately for each cash-generating unit which give rise to the technical goodwill. A cash-generating unit may be individual oil fields, or a group of oil fields that are connected to the same infrastructure/production facilities.

The estimation of fair value and goodwill may be adjusted up to 12 months after the takeover date if new information has emerged about facts and circumstances that existed at the time of the takeover and which, had they been known, would have affected the calculation of the amounts that were included from that date.

Acquisition-related costs, except costs to issue debt or equity securities, are expensed as incurred.

1.9 ACQUISITIONS, SALES AND LICENCE SWAPS

On acquisition of a licence that involves the right to explore for and produce petroleum resources, it is considered in each case whether the acquisition should be treated as a business combination (see Item 1.8) or an asset purchase. Generally, purchases of licences in a development or production phase will be regarded as a business combination. Other licence purchases regarded as asset purchases are described below.

Oil and gas production licences
For licences in the development phase, the acquisition cost is allocated between capitalized exploration expenses, licence rights and production plant.

When entering into agreements regarding the purchase/swap of assets, the parties agree on an effective date for the takeover of the net cash flow (usually 1 January in the calendar year which would also normally be the effective date for tax purposes). In the period between the effective date and the completion date, the seller will include its sold share of the licence in the financial statements. In accordance with the purchase agreement, there is a settlement with the seller of the net cash flow from the asset in the period from the effective date to the completion date (pro & contra settlement). The pro & contra settlement will be adjusted to the seller's losses/gains and to the assets for the purchaser, in that the settlement (after a tax reduction) is deemed to be part of the consideration in the transaction. Revenues and expenses from the relevant licence are included in the purchaser's income statement from the completion date, as defined in 1.8 above.

For tax purposes, the purchaser will include the net cash flow (pro & contra) and any other income and costs as from the effective date.

When acquiring licences that are defined as asset acquisitions, no provision is made for deferred tax.

Farm-in agreements
Farm-in agreements are usually entered into in the exploration phase and are characterised by the transferor waiving future financial benefits in the form of reserves, in exchange for reduced future financing obligations. For example, a licence interest is taken over in return for a share of the transferor's expenses relating to the drilling of a well. In the exploration phase, the company normally accounts for farm-in agreements on a historical cost basis, as the fair value is often difficult to determine.

Swaps
Swaps of assets are calculated at the fair value of the asset being surrendered, unless the transaction lacks commercial substance, or neither the fair value of the asset received, nor the fair value of the asset surrendered, can be effectively measured. In the exploration phase, the company normally recognizes swaps based on historical cost, as the fair value often is difficult to measure.

1.10 UNITIZATIONS

According to Norwegian law, a unitization is required if a petroleum deposit extends over several production licences and these production licences have a different ownership representation. Consensus must be achieved with regard to the most rational coordination of the joint development and ownership distribution of the petroleum deposit. A unitization agreement shall be approved by the Ministry of Petroleum and Energy.

The company recognizes unitizations in the exploration phase based on historical cost, as the fair value often is difficult to measure. For unitizations involving licences outside the exploration phase, it has to be considered whether the transaction has commercial substance. If so, the unitization is recognized at fair value.

1.11 TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

General
Tangible fixed assets are recognized on a historical cost basis. Depreciation of assets other than oil and gas fields is calculated using the straight-line method over estimated useful lives and adjusted for any impairment or change in residual value, if applicable.

The book value of tangible fixed assets consists of acquisition cost after deduction of accumulated depreciation and impairment losses. Expenses relating to leased premises are capitalized and depreciated over the remaining lease period if the recognition criteria for an asset have been met.

The expected useful lives of tangible fixed assets are reviewed annually, and in cases where these differ significantly from previous estimates, the depreciation period is changed accordingly. Changes to estimates are included prospectively in that the change is recognized in the period in which it occurs, and in future periods if the change affects both.

The residual value of an asset is the estimated amount that the company would obtain from disposal of the asset, after deduction of the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Ordinary repair and maintenance costs relating to day-to-day operations are charged to income in the period in which they are incurred. The costs of major repairs and maintenance are included in the asset's book value.

Gains and losses relating to the disposal of assets are determined by comparing the selling price with the book value, and are included in other operating expenses. Assets held for sale are reported at the lower of the book value and the fair value less cost to sell.

Operating assets related to petroleum activities

Exploration and development costs relating to oil and gas fields
Capitalized exploration expenditures are classified as intangible assets and reclassified to tangible assets at the start of the development. For accounting purposes, the field is considered to enter the development phase when the technical feasibility and commercial viability of extracting hydrocarbons from the field are demonstrable, normally at the time of concept selection. All costs relating to the development of commercial oil and/or gas fields are recognized as tangible assets. Pre-operational costs are expensed as they are incurred.

The company employs the 'successful efforts' method to account for exploration and development costs. All exploration costs (including seismic shooting, seismic studies and 'own time'), with the exception of acquisition costs of licences and drilling costs for exploration wells, are expensed as incurred. When exploration drilling is ongoing in a period after a reporting date and the result of the drilling is subsequently not successful, the capitalized exploration cost as of the reporting date is expensed if the evaluation of the well is completed before the date when the financial statement are authorized for issue.

Drilling cost for exploration wells are temporarily capitalized pending the evaluation of potential discoveries of oil and gas resources. Such costs can remain capitalized for more than one year. The main criteria are that there must be definite plans for future drilling in the licence or that a development decision is expected in the near future. If no resources are discovered, or if recovery of the resources is considered technically or commercially unviable, expenses relating to the drilling of exploration wells are charged to expense.

Acquired licence rights are recognized as intangible assets at the time of acquisition. Acquired licence rights related to fields in the exploration phase remain as intangible assets also when the related fields enter the development or production phase.

Depreciation of oil and gas fields
Capitalized exploration and evaluation expenditures, development expenditures from construction, installation or completion of infrastructure facilities such as platforms, pipelines and production wells, and field-dedicated transport systems for oil and gas are capitalized as production facilities and are depreciated using the unit-of-production method based on proven and probable developed reserves expected to be recovered from the area during the concession or contract period. Acquired assets used for the recovery and production of petroleum deposits, including licence rights, are depreciated using the unit-of-production method based on proven and probable reserves. The reserve basis used for depreciation purposes is updated at least once a year. Any changes in the reserves affecting unit-of-production calculations are reflected prospectively.

1.12 IMPAIRMENT

Tangible fixed assets and intangible assets
Tangible fixed assets and intangible assets (including licence rights, exclusive of goodwill) with a finite useful life will be assessed for potential loss in value when events or changes in the circumstances indicate that the book value of the assets is higher than the recoverable amount.

The valuation unit used for assessment of impairment will depend on the lowest level at which it is possible to identify cash inflows that are independent of cash inflows from other groups of fixed assets. For oil and gas assets, this is carried out at the field or licence level. The loss in value for capitalized exploration costs is assessed for each well. Impairment is recognized when the book value of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. When assessing the value in use, the expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money and the specific risk related to the asset. The discount rate is derived from the Weighted Average Cost of Capital (WACC).

For producing licences and licences in a development phase, the recoverable amount is calculated by discounting future cash flows after tax. The source of data input for the various fields is normally the operator's reporting to the Revised National Budget (RNB), as this is considered to be the best available estimate. Future cash flows are determined in the various licences based on the production profile compared to estimated proven and probable remaining reserves. The lifetime of the field for the purpose of impairment testing, is normally determined by the point in time when the operating cash flow from the field becomes negative.

For acquired exploration licences, an initial assessment as described in Section 1.11 above is performed – an assessment of whether plans for further activities have been established or, if applicable, an evaluation of whether development will be decided on in the near future.

A previously recognized impairment can only be reversed if changes have occurred in the estimates used for the calculation of the recoverable amount. However, the reversal cannot be to an amount that is higher than it would have been if the impairment had not previously been recognized. Such reversals are recognized in the Income statement. After a reversal, the depreciation amount is adjusted in future periods in order to distribute the asset's revised book value, minus any residual value, on a systematic basis over the asset's expected remaining life.

Goodwill
Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the value may be impaired.

Impairment is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill is related is less than the book value, including associated goodwill and deferred tax as described in Section 1.8. Losses relating to impairment of goodwill cannot be reversed in future periods. The company performs its annual impairment test of goodwill in the fourth quarter.

On selling a licence where the company historically has recognized deferred tax and goodwill in a business combination, both goodwill and deferred taxes from the acquisition are included when calculating gain/loss. When recording impairment of such licences as a result of impairment testing, the same assumptions are applied when measuring the impairment. This avoids gross up of the impairment with tax, in that the impairment charged to the Income Statement will not be higher than the original post tax amount paid in the business combination.

1.13 FINANCIAL INSTRUMENTS

The company has classified the financial instruments into the following categories of financial assets and liabilities:

- Financial assets at fair value through profit and loss (primarily derivatives)
- Loans and receivables
- Financial liabilities at fair value through profit and loss (derivatives)
- Other financial liabilities

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables.

Financial liabilities that do not form part of the "held for trading purposes" category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other financial liabilities.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transaction; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

1.14 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets that are assessed at amortized cost are impaired when, based on objective evidence, it is likely that the instrument's cash flows have been negatively affected by one or more events that have occurred after the initial recognition of the instrument. In addition, the loss event must have an impact on estimated future cash flows that can be reliably estimated. The impairment is recognized in the Income statement. Should the reason for the impairment subsequently cease to exist, and this can be objectively linked to an event taking place after the impairment of the asset, the previous impairment shall be reversed. The reversal shall not cause the book value of the financial asset to exceed the amount that the amortized cost would have been if the impairment had not been recognized at the time when the impairment was reversed. Reversals of previous impairments are presented on the same line item as the impairment.

1.15 RESEARCH AND DEVELOPMENT

Research consists of original, planned studies carried out with a view to achieving new scientific or technical knowledge or understanding. Development consists of the application of information gained through research, or of other knowledge, to a plan or design for the production of new or significantly improved materials, facilities, products, processes, systems or services before commercial production or use commences.

The licence system on the Norwegian Continental Shelf stimulates research and development activities. The company is only involved in research and development through projects financed by participants in the licences. It is the company's own share of the licence-financed research and development that is assessed with a view to capitalization. Development costs that are expected to generate future financial benefits are capitalized when the following criteria are met:

- The company can demonstrate that the technical premises exist for the completion of the intangible asset with the aim of making it available for use or sale – the demo version;
- The company intends to complete the intangible asset and then use or sell it;
- The company has the ability to use or sell the asset;
- The intangible asset will generate future economic benefits;
- The company has available adequate technical, financial and other resources to complete the development and to put to use or sell the intangible asset, and;
- The company has the ability to measure the costs incurred in connection with the development of the intangible asset in a reliable manner.

All other research and development costs are expensed as incurred.

Costs that are capitalized include cost of materials, direct payroll expenses and a share of directly related joint expenses. Capitalized development costs are recognized in the Statement of financial position at acquisition cost minus accumulated depreciation.

Capitalized development costs are amortized over the asset's estimated useful life.

1.16 PRESENTATION OF PAYROLL AND ADMINISTRATION COSTS

The company presents its payroll and operating costs based on the functions in development, operational and exploration activities respectively, based on allocation of registered hours worked. As a basis, the company uses gross payroll and operating expenses reduced by the amounts already invoiced to operated licences.

1.17 LEASE AGREEMENTS

The company as lessee:

Financial lease agreements
Lease agreements in which the company accepts the main risk and returns incidental to ownership of the assets are financial lease agreements. At the start of the lease period, financial lease agreements are calculated at an amount corresponding to the lowest of the fair value and the minimum present value of the lease. When calculating the lease agreement's net present value, the implicit interest rate in the lease agreement is used provided that it can be calculated; otherwise, the company's incremental borrowing rate is used. Direct costs in connection with the establishment of the lease agreement are included in the asset's cost price.

Financial lease agreements are treated as tangible fixed assets in the Statement of financial position and have the same depreciation period as the company's other depreciable assets. If it cannot be assumed with reasonable certainty that the company will take over ownership of the asset after the expiry of the lease, the asset is depreciated over whichever is the shorter of the contract period of the lease agreements and the asset's expected useful life.

Operating lease agreements
Lease agreements in which the main risk and returns associated with the ownership of the asset are not transferred, are classified as operating lease agreements. Rental payments are classified as operating expenses and are recognized on a straight-line basis over the contract period.

1.18 TRADE DEBTORS

Trade debtors are recognized in the Statement of financial position at nominal value after a deduction for the provision for bad debt. The provision for bad debt is calculated on the basis of an individual valuation of each trade debtor. Known losses on receivables are expensed as incurred.

1.19 BORROWING COSTS

Borrowing costs that can be directly ascribed to procurement, processing or production of a qualifying asset shall be capitalized as part of the asset's acquisition cost. Borrowing cost is only capitalized during the development phase. Other borrowing costs are expensed in the period in which they are incurred.

A qualifying asset is one that necessarily takes a substantial period of time to be made ready for its intended use or sale. Qualifying assets are generally those that are subject to major development or construction projects.

1.20 INVENTORIES

Spare parts
Spare parts are valued at the lower of cost price and net realizable value on the basis of the first-in/first-out (FIFO) principle. Costs include raw materials, freight and direct production costs in addition to some indirect costs.

1.21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits, and other short-term highly liquid investments with an original due date of three months or less. Bank overdrafts are included in the Statement of financial position as short-term loans.

1.22 INTEREST-BEARING DEBT

All borrowings are initially recognized at transaction price, which equals the fair value of the amount received minus issuing costs relating to the loan.

Subsequently, interest-bearing borrowings are valued at amortized cost using the effective interest method; the difference between the transaction price (after transaction costs) and the face value is recognized in the Income statement during the period until the loan falls due. Amortized costs are calculated by considering all issue costs and any discount or premium on the settlement date.

1.23 TAX

General
Tax payable/tax receivable for the current and previous periods is based on the amounts receivable from or payable to the tax authorities.

Tax consists of tax payable and changes in deferred tax. Deferred tax/tax benefits are calculated on the basis of the differences between book value and tax basis values of assets and liabilities, with the exception of temporary differences on acquisition of licences that is defined as asset purchase.

The book value of deferred tax benefits is assessed and reduced insofar as it is no longer probable that future earnings or current tax regulations will make it possible to utilise the benefit. Deferred tax benefits that are not capitalized will be re-evaluated on each date of Statement of financial position and capitalized insofar as it is probable that future earnings or current tax regulations will make it possible to utilise the benefit.

Deferred tax and tax benefits are measured using the expected tax rate when the tax benefit is realised or the tax liability is met, based on tax rates and tax regulations that have been enacted or substantively enacted by the end of the reporting period.

Tax payable and deferred tax is recognized directly against equity or other comprehensive income insofar as the tax items are related to equity transactions or items of other comprehensive income.

Deferred tax and tax benefits are presented net, where netting is legally permitted and the deferred tax benefit and liability are related to the same tax subject and are payable to the same tax authorities.

Petroleum taxation
As a production company, Det norske is subject to the special provisions of the Petroleum Taxation Act. Revenues from activities on the Norwegian Continental Shelf are liable to ordinary company tax and special tax. The tax rate for general corporate tax was 28 per cent until 1 January 2014, when it was changed to 27 per cent. The rate for special tax was 50 per cent until the same date, when it was changed to 51 per cent. From 1 January 2016, the rates are changed to correspondingly 25 and 53 per cent, which will impact the deferred tax calculation in 2015.

Tax depreciation
Pipelines and production facilities can be depreciated by up to 16 2/3 per cent annually, i.e., using the straight-line method over six years. Depreciation can be started when the expenses are incurred. When the field stops producing, the remaining cost price can be included as a deduction in the final year.

Uplift
Uplift is a special income deduction in the basis for calculation of special tax. The uplift is calculated on the basis of investments in pipelines and production facilities, and can be regarded as an extra depreciation deduction in the special tax basis. The uplift constituted until 5 May 2013, 7.5 per cent per year over a period of four years, totalling 30 per cent of the investment. From 5 May 2013, the rate is 5.5 per cent per year over a period of four years, totalling 22 per cent of the investment.

Transition rules apply for some of the company's fields in development phase, which allows for the old 7.5 per cent rate until the year of production start. Uplift is recognized in the year in which it is deducted in the companies' tax returns, and thus has a similar effect on the tax for the period as a permanent difference.

Financial items
Interest on debt with associated currency losses/gains (net financial expenses on interest-bearing debt) is distributed between the offshore and onshore tax jurisdictions. The offshore interest deduction is calculated as the net financial costs of interest-bearing debt multiplied by 50 per cent of the ratio between net asset value for tax purposes allocated to the offshore tax jurisdictions as of 31 December in the income year and the average interest-bearing debt through the income year.

Remaining financial expenses, currency losses and all interest income as well as currency gains are allocated to the onshore jurisdiction.

Uncovered losses in the onshore tax jurisdictions resulting from the distribution of net financial items can be allocated to the offshore tax jurisdictions and deducted from regular income.

Only 50 per cent of other losses in the onshore tax jurisdictions are permitted to be reallocated to the offshore tax jurisdictions as deductions in regular income.

Exploration expenses
Companies may claim a refund from the State for the tax value of exploration expenses incurred insofar as these do not exceed the year's tax-related loss allocated to the offshore activities. The refund is included under 'Calculated tax receivable' in the Statement of financial position.

Tax loss
Companies subject to special tax may, without time limitations, carry forward losses with the addition of interest. A corresponding rule also applies to unused uplift. The tax position can be transferred on realisation of the company or merger. Alternatively, disbursement of the tax value can be claimed from the State if the company is liquidated.

1.24 EMPLOYEE BENEFITS

Defined-benefit pension schemes
Every employee had until 30.09.2014 a defined benefit pension scheme that was administered and managed by a Norwegian life insurance company. The calculation of the estimated pension liability for defined-benefit pensions was based on external actuary methods, and was compared to the value of the pension assets.

Pension costs and pension liabilities are recognized based on a calculation by independent actuary using the projected unit credit method. This is based on assumptions relating to discount rates, future salary, National Insurance benefits, future returns on pension assets and actuarial assumptions relating to mortality and voluntary retirement, etc. Pension assets are recognized at fair value. Pension commitments and pension assets are presented net in the Statement of financial position and expenses are classified mainly as payroll and payroll-related expenses, and a smaller part as other financial expenses. All actuarial gains and losses are recognized in the Statement of other comprehensive income as other comprehensive income (OCI). Net interest expense consists of interest on the obligation and return on assets, both calculated using the discount rate. The difference between the actual return on plan assets and the recognized return is recorded to OCI.

Gains and losses on curtailment or settlement of a defined-benefit pension scheme are included in the Income statement when the curtailment or settlement occurs. The settlement of the defined-benefit pension scheme at 30 September and 15 October 2014 was recognized in accordance with these principles. A defined contribution plan replaced the benefit plan, and the company is making contributions to the pension plan for full-time employees equal to 7 per cent for salary up to 7.1 G and 25.1 per cent between 7.1 and 12 G. The pension premiums are charged to expenses as they are incurred.

An early retirement scheme (AFP) has been introduced for all employees. The scheme is a multi-employer defined benefit plan, but is accounted for as a defined contribution pension, and premiums are expensed as incurred.

1.25 PROVISIONS

A provision is recognized in the accounts when the company incurs a commitment (legal or self-imposed) as a result of a past event and it is probable that financial settlement will take place as a result of this commitment, and the amount can be reliably calculated. Provisions are evaluated at each period end and are adjusted to reflect the best estimate.

If the time effect is considerable, the provisions are discounted using a discount rate before tax that reflects the market's pricing of the time value of the amount and the risk specifically associated with the commitment. On discounting, the book value of the provisions is increased in each period to reflect the change in time relative to the due date of the commitment. The increase is expensed as an interest expense (accretion).

Decommissioning and removal costs:

In accordance with the licence terms and conditions for the licences in which the company participates, the Norwegian State can require licence owners to remove the installation in whole or in part when production ceases or the licence period expires.

In the initial recognition of the decommissioning and removal obligations, the company provides for the net present value of future costs related to decommissioning and removal. A corresponding asset is capitalized as a tangible fixed asset and depreciated using the unit of production method. Changes in the time value (net present value) of the obligation related to decommissioning and removal accretion are charged to income as financial expenses and increase the balance-sheet liability related to future decommissioning and removal expenses. Changes in the best estimate for expenses related to decommissioning and removal are recognized in the Statement of financial position. The discount rate used in the calculation of the fair value of the decommissioning and removal obligation is the risk-free rate with the addition of a credit risk element.

1.26 SEGMENT

Since its formation, the company has conducted its entire business in one and the same segment, defined as exploration for and production of petroleum in Norway. The company conducts its activities on the Norwegian Continental Shelf, and management follows up the company at this level. The financial information relating to geographical distribution and large customers is presented in Note 5.

1.27 EARNINGS PER SHARE

Earnings per share are calculated by dividing the ordinary profit/loss attributable to ordinary equity holders of the parent entity by the weighted average number of the total outstanding shares. Shares issued during the year are weighted in relation to the period in which they have been outstanding. Diluted earnings per share is calculated as the profit/loss for the year divided by the weighted average number of outstanding shares during the period, adjusted for the dilution effect of any share options.

1.28 CONTINGENT LIABILITIES AND ASSETS

Neither contingent liabilities nor contingent assets are recognized.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed with the exception of contingent liabilities where the probability of the liability having to be settled is remote.

Contingent assets are possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Information about such contingent assets is provided if inflow of economic benefits is probable.

1.29 CHANGES TO ACCOUNTING STANDARDS AND INTERPRETATIONS THAT:

HAVE ENTERED INTO FORCE:

The accounting policies applied are consistent with those of the previous financial year, and none of the new and amended standards and interpretations effective as of 1 January 2015 had significant impact for the group.

HAVE BEEN ISSUED BUT HAVE NOT ENTERED INTO FORCE:

A number of standards and interpretations are issued, but not yet effective, up to the date of issuance of the company's financial statements. Those that are expected to impact the group are disclosed below. The company intends to adopt these standards, if applicable, when they become effective, provided that the amendments are endorsed by the EU before publication of the annual report.

IFRS 9 FINANCIAL INSTRUMENTS

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted, but is not endorsed by the EU yet. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is not expected to have any material impact on the group.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted, but it is not endorsed by the EU yet. The entitlement method currently applied by the company is not prescribed in and can be challenged based on the guidelines in IFRS 15, we are, however, assessing whether the method could still be used based on provisions in other standards, e.g. IFRS 9, but this has not yet been concluded upon. The company is still assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date (1 January 2018).

IFRS 16 LEASES

IFRS 16 was issued in January 2016 and replaces the current lease standard IAS 17. The new standard changes the accounting treatment of leases, which are currently treated as operating leases. It requires that all leases, regardless of type and with few exceptions, must be recognized in the lessee's balance sheet as an asset with a related liability. The standard is effective from 1 January 2019. The company will assess the impact of IFRS 16 in 2016. The impact may be significant, and will depend on the number and materiality of contracts currently classified as operating leases.

Amendments to IFRS 11 JOINT ARRANGEMENTS: ACCOUNTING FOR ACQUISITIONS OF INTERESTS

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the group, as acquisitions in scope of the amendments have been treated as business combinations under the current accounting policies of the group.

Note 2: Major transactions and key events

Key events 2015
2015 was a very active year for Det norske. First oil was achieved at the Bøyla field and the plan for development for phase 1 of the Johan Sverdrup development was submitted and subsequently approved by the Ministry of Oil and Energy. Production drilling commenced at Ivar Aasen field and construction of the steel jacket was completed in Italy and installed in the North Sea. Construction of the topside progressed well in Singapore towards production start-up in late 2016.

The company strengthened its capital structure by securing a USD 550 million revolving credit facility and raising USD 300 million in subordinated bond debt. Acquisitions of Svenska Petroleum Exploration AS and Premier Oil Norge AS were completed, adding flexibility to the company's project inventory.

Note 3: Business combination

On 22 December 2015, Det norske finalized the acquisition of 100 per cent of the shares in Premier Oil Norge AS. The transaction was announced on 16 November 2015, and Det norske paid a cash consideration of USD 120 million on a cash free, debt free basis. The acquisition was financed through existing cash and undrawn debt facilities. The main reason for the acquisition was to obtain certain licenses at an attractive price, taking into account the tax positions in Premier Oil Norge AS.

The acquisition date for accounting purposes corresponds to the finalization of the acquisition on 22 December 2015. For tax purposes, the effective date was 1 January 2015. The acquisition is regarded as a business combination and has been accounted for using the acquisition method of accounting in accordance with IFRS 3. A purchase price allocation (PPA) has been performed to allocate the cash consideration to fair value of assets and liabilities from Premier Oil Norge AS. IAS 12 is applied for the recognition and measurement of tax. The PPA is performed as of the accounting date, 22 December 2015. Fair value is determined based on guidance in IFRS 13.

As there were no significant changes in the fair value of the assets and liabilities assumed in the period between 22 December and 31 December 2015, the acquisition is accounted for at 31 December 2015, in line with guidance in IFRS 3. As such, the acquisition cost has no impact of the Income statement for 2015, except for insignificant acquisition costs which have been expensed.

The recognized amounts of assets and liabilities assumed as at the date of the acquisition were as follows:

(USD 1 000)	
Deferred tax asset	88 934
Intangible assets - value of licenses	9 047
Property, plant and equipment	309
Exploration tax refund	17 462
Total assets	**115 752**
Other current liabilities	1 164
Total liabilities	**1 164**
Total identifiable net assets	114 588
Consideration paid on acquisition	120 000
Goodwill arising from the acquisition	**5 412**

As the transaction is on a cash free, debt free basis there will be an adjustment to the purchase price for the booked value of cash, debt and working capital in Premier Oil Norge AS at the acquisition date. These items are therefore not included in the figures above, where the purchase price before such adjustment of USD 120 million is compared to the total identifiable net assets.

The goodwill of USD 5.4 million mainly arises from the requirement to recognize deferred tax assets and liabilities for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination ("technical goodwill").

The above valuation is based on currently available information about fair values as of the acquisition date. If new information becomes available within 12 months from the acquisition date, the company may change the fair value assessment in the PPA, in accordance with guidance in IFRS 3.

If the acquisition had taken place at the beginning of the year, it would have no impact on the group revenue, as Premier Oil Norge AS had no producing licenses in 2015. The net loss would have increased by approximately USD 11 million.

Parent company
In the separate financial statement, the acquisition of Premier Oil Norge AS is presented as investments in subsidiaries as outlined in Note 19. The acquisition cost for the shares are estimated to around USD 124 million after adjustments of cash, debt and working capital in Premier Oil Norge AS at the acquisition date. This estimated price will be subject to final adjustments in Q1 2016 in accordance with the share purchase agreement.

In February 2016, the entire activity in Det norske oil AS (previously Premier Oil Norge AS) has been transferred to Det norske oljeselskap ASA.

Note 4: Overview of subsidiaries

The company has three subsidiaries which is not consolidated in the group accounts in 2015 due to materiality considerations:

Det norske oljeselskap AS (100 per cent)
Det norske oljeselskap AS, previously Marathon Oil Norge AS, was acquired by Det norske in October 2014. All activity was transferred to Det norske as dividend in kind on 31 October 2014. As of year-end 2015, the only remaining asset in this company is cash equivalents reflecting the share capital amounting to USD 1.0 million.

The activity in Det norske oljeselskap AS was included in the group accounts from the acquisition date 15 October 2014. In the separate financial statements, the activity was included from 31 October 2014 which was the date when all assets and liabilities in the former Marathon Oil Norge AS was transferred to Det norske oljeselskap ASA as dividend in kind. The only difference between the separate financial statement and the group accounts is related to these 16 days in 2014.

Alvheim AS (65 per cent)
The sole business of Alvheim AS is to act as legal owner of MST Alvheim, the floating production facility which is used to produce oil and gas from the Alvheim fields. The costs of and benefits from operating the MST Alvheim will be carried by the partners in the Alvheim field. Hence, Alvheim AS only has the formal ownership rather than the actual value of the production facilities. Det norske has a 65 per cent share in Alvheim AS, which corresponds to the ownership in the Alvheim field.

Sandvika Fjellstue AS (100 per cent)
Sandvika Fjellstue AS owns a conference centre used by Det norske, located in Sandvika in Verdal.

In addition, the company has acquired two companies during 2015 which are consolidated in the group accounts:

Det norske oil AS (100 per cent)
Det norske oil AS, previously Premier Oil Norge AS, was acquired by Det norske on 22 December 2015. We refer to note 3 for further information regarding the accounting treatment of this acquisition. In February 2016 all activity in Det norske oil AS has been transferred to Det norske oljeselskap ASA.

Det norske Exploration AS (100 per cent)
Det norske Exploration AS, previously Svenska Petroleum Exploration AS, was acquired by Det norske on 13 November 2015. The activity in Det norske Exploration AS was transferred to Det norske oljeselskap ASA on 30 November 2015. As the period between 13 November and 30 November has immaterial impact on the group, the acquisition date for accounting purposes is set to 30 November 2015 for both the group accounts and the separate financial statement.

For additional information regarding subsidiaries, see Note 19.

Note 5: Segment information

The company's business is entirely related to exploration for and production of petroleum in Norway. The company's activities are considered to have a homogeneous risk and return profile before tax, and the business is located in the geographical area Norway. Thus, the company operates within a single operating segment. This matches the internal reporting to the company's executive management. The revenue in 2015 in all material respect relates to three main customers, which accounted for sales of USD 785 million, USD 279 million and USD 107 million, respectively (group and parent). The revenue in 2014 in all material respect relates to two main customers, which accounted for sales of USD 289 million and USD 36 million (group) and USD 228 million and USD 28 million (parent), respectively.

Note 6: Exploration expenses

	Group		Parent company	
Breakdown of exploration expenses (USD 1 000)	**2015**	**2014**	**2015**	**2014**
Seismic, well data, field studies and other exploration expenses	24 377	24 846	24 377	24 833
Recharged rig costs	407	-11 087	407	-11 087
Share of exploration expenses from licence participation, incl. seismic	19 316	28 097	19 316	28 061
Expensing of exploration wells capitalized in previous years	3 772	40 175	3 772	40 183
Expensing of exploration wells capitalized this year	7 898	58 886	7 898	58 886
Share of payroll and other operating expenses classified as exploration	12 234	14 104	12 234	14 064
Research and development costs related to exploration activities	-235	2 556	-235	2 556
Area fee	8 634	6 758	8 634	6 758
Total exploration expenses	**76 404**	**164 336**	**76 404**	**164 255**

As mentioned in Note 1 section 1.1, area fee included in other operating expenses prior to 2015, are reclassified to exploration expenses.

Note 7: Inventories

The inventory mainly consists of equipment for the drilling of exploration wells or spare parts for development and production licences.

Note 8: Operating income

	Group		Parent company	
Breakdown of petroleum revenues (USD 1 000)	**2015**	**2014**	**2015**	**2014**
Recognized income oil	1 044 548	368 443	1 044 548	289 030
Recognized income gas	110 909	39 665	110 909	32 139
Tariff income	3 227	3 888	3 227	3 865
Total petroleum revenues	**1 158 683**	**411 996**	**1 158 683**	**325 034**
Breakdown of produced volumes (barrels of oil equivalent)				
Oil	19 307 898	4 800 457	19 307 898	3 883 864
Gas	2 593 733	904 444	2 593 733	751 574
Total produced volumes	**21 901 630**	**5 704 901**	**21 901 630**	**4 635 438**
Petroleum revenues	1 158 683	411 996	1 158 683	325 034
Production costs	141 000	66 754	141 000	59 173
Net revenues from production	**1 017 683**	**345 241**	**1 017 683**	**265 861**
Other operating income (USD 1 000)				
Realized gain on derivatives	14 962	-	14 962	-
Unrealized gain on derivatives	45 217	-	45 217	-
Gain on license transactions	856	52 235	856	52 206
Other income	2 084	-	2 084	-
Total other operating income	**63 119**	**52 235**	**63 119**	**52 206**

For information about commodity derivatives, see Note 25.

Note 9: Remuneration and guidelines for remuneration of senior executives and the board of directors, and total payroll expenses

Breakdown of payroll expenses (USD 1 000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Payroll expenses	116 519	78 739	116 519	78 784
Pension	7 904	-15 529	7 904	184
Social security tax	16 708	12 682	16 708	12 138
Other personnel costs	1 928	2 753	1 928	2 274
Total payroll expenses	**143 059**	**78 646**	**143 059**	**93 379**

Number of man-year equivalents employed during the year	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Europe	479	333	479	333
Southeast Asia	29	4	29	4
Total	**508**	**337**	**508**	**337**

The number of employees at the beginning of the year was 507. As of 31 December 2015, the number of employees in the Group was 534, of which 523 were employed in the parent company and 11 in the subsidiary, Det norske oil AS.

Remuneration of senior executives in 2015* (USD 1 000)	Salary	Bonus [4]	Payments in kind	Other	Total remuneration	Accrued pension costs	Total number of shares (in 1 000)	Owning interest
Karl Johnny Hersvik (Chief Executive Officer)	537	436	2	0	975	20	-	-
Øyvind Bratsberg (Acting SVP Drilling and Well)	447	138	2	4	591	20	49	0.0 %
Alexander Krane (Chief Financial Officer)	366	248	8	1	623	20	12	0.0 %
Gro G. Haatvedt (VP Exploration)	390	317	2	8	717	143	8	0.0 %
Gudmund Evju (Acting SVP Technology & Field Development) [1]	209	27	2	48	287	20	89	0.0 %
Olav Henriksen (SVP Projects) [2]	349	322	2	683	1 355	111	-	-
Kjetil Kristiansen (SVP HR)	295	93	5	3	396	20	-	-
Rolf J. Brøske (SVP Comm.)	195	62	2	4	263	20	3	0.0 %
Geir Solli (SVP Operations)	427	173	5	56	661	21	25	0.0 %
Kjetil Ween (SVP Drilling and Wells) [3]	178	-	2	604	784	15	-	-
Elke R. Njaa (SVP Company Development/Special Projects)	316	83	2	27	428	19	-	-
Leif G. Hestholm (SVP HSE & Q)	315	82	2	18	417	20	-	-
Total remuneration of senior executives in 2015	**4 024**	**1 982**	**37**	**1 455**	**7 498**	**449**	**186**	**0.0 %**

1) Joined executive management 12 June 2015.
2) Joined 19 January 2015. The amount included in "other" relates to sign-on fee.
3) Resigned from executive management 12 June 2015. The amount included in "other" relates to severance pay.
4) Earned in 2015, paid in 2016.

* All remuneration to senior executives is paid in NOK and converted using a yearly average USD/NOK-rate at 8.074.

Remuneration of senior executives in 2014* (USD 1 000)	Salary	Share invest-ment and bonus [6]	Payments in kind	Other	Total remuneration	Accrued pension costs	Total number of shares (in 1 000)	Owning interest
Karl Johnny Hersvik (Chief Executive Officer) [1]	539	503	9	56	1 106	19	-	-
Øyvind Bratsberg (SVP Technology & Field Development)	680	505	12	63	1 261	31	49	0.0 %
Alexander Krane (Chief Financial Officer)	474	268	10	-	752	31	12	0.0 %
Gro G. Haatvedt (VP Exploration) [2]	260	201	3	476	939	19	-	-
Odd R. Heum (SVP Asset Johan Sverdrup) [5]	349	177	4	-	529	29	90	0.0 %
Bård Atle Hovd (SVP Ivar Aasen Project) [5]	686	235	3	-	924	34	16	0.0 %
Anita Utseth (SVP Business Support and Act. SVP Exploration) [3]	315	116	5	-	436	40	72	0.0 %
Kjetil Kristiansen (SVP HR) [2]	135	76	2	-	213	8	-	-
Rolf J. Brøske (SVP Comm.) [7]	177	63	5	-	244	24	3	0.0 %
Geir Solli (SVP Operations) [4]	77	232	14	-	322	7	-	-
Kjetil Ween (SVP Drilling and Wells) [4]	51	111	8	-	171	6	-	-
Elke R. Njaa (SVP Company Development/Special Projects) [4]	52	124	9	-	185	7	-	-
Leif G. Hestholm (SVP HSE&Q) [4]	50	122	6	-	179	6	-	-
Total remuneration of senior executives in 2014	**3 843**	**2 733**	**90**	**595**	**7 261**	**262**	**243**	**0.0 %**

1) Joined 1 April 2014.
2) Joined 1 August 2014.
3) Resigned from executive management 1 August 2014.
4) Joined 15 October 2014.
5) Resigned from executive management 15 October 2014.
6) Share savings investment scheme earned in 2014, disbursed in 2015.
7) Joined executive management 15 October 2014.

* All remuneration to senior executives is paid in NOK.

The table below includes regular fees to the board and fees for participation in the board's subcommittees. The fees to the nomination committee are also included. Some board members have shares in the company. The table also includes the number of shares and owning interest in Det norske oljeselskap ASA held directly or indirectly throught related parties. Indirect ownership through other companies is included as a whole where the owning interest is 50 per cent or more.

Name	Comments	Fee (USD 1 000)	Total number of shares (in 1000)	Owning interest
Sverre Skogen	Chair of the Board from 17 April 2013. Chair of the compensation committee.	117	-	-
Anne Marie Cannon	Deputy Chair from 17 April 2013. Member of the audit committee.	82	4	0.0 %
Jørgen C. Arentz Rostrup	Board member from 17 April 2013. Chair of the audit committee.	83	4	0.0 %
Kitty Hall (Kat J. Martin)	Board member from 17 April 2013.	61	-	-
Kjell Inge Røkke[1]	Board member from 17 April 2013.	19	-	-
Gro Kielland	Board member from 20 March 2014. Member of the audit committee from 18 April 2015.	74	-	-
Kjell Pedersen	Board member from 18 April 2015. Member of the compensation committee.	31	-	-
Gudmund Evju	Employee representative from 20 March 2014.	26	89	0.0 %
Kristin Gjertsen	Employee representative from 20 March 2014. Member of the compensation committee.	31	6	0.0 %
Terje Solheim	Employee representative from 20 March 2014.	20	1	0.0 %
Kristin Alne (1. deputy)	Employee rep. Deputy board member from 18 April 2015.	2	-	-
Tormod Førland (2. deputy)	Employee rep. Deputy board member from 20 March 2014.	5	36	0.0 %
Camilla Oftebro (3. deputy)	Employee rep. Deputy board member from 20 March 2014.	3	-	-
Arild Støren Frick	Chair of the nomination commitee from 13 April 2015	2	-	-
Finn Haugan	Member of the nomination committee.	4	-	-
Hilde Myrberg	Member of the nomination committee.	4	-	-
Members before Annual General Meeting in April 2015:				
Tom Røtjer	Board member from 19 April 2012. Member of the compen. committee. Resigned 18 April 2015.	25	7	0.0 %
Inge Sundet	Employee representative from 8 August 2012 to 18 April 2015.	12	15	0.0 %
Kjetil Kristiansen	Chair of the nomination committee to 13 April 2015.	3	-	-
Total fee		**602**	**163**	**0.0 %**

1) Mr. Røkke and wife own and control TRG, which owns 67.8 per cent of Aker ASA, which through a subsidiary owns 49.99 per cent of Det norske.

Policy statement concerning salaries and other remuneration of senior executives
The board will submit a policy statement concerning salaries and other remuneration to senior executives to the annual general meeting.

Guidelines and adherence to the guidelines in 2015
In 2015, the company's remuneration policy has been in accordance with the guidelines described in the Board of Directors' Report for 2014 and submitted to the annual general meeting for an advisory vote in April 2015.

Guidelines for 2016 and until the annual general meeting in 2017
The Board has established guidelines for 2016 and until the annual general meeting in 2017, for salaries and other remuneration to the Chief Executive Officer (CEO) and other senior executives. The guidelines will be reviewed at the company's annual general meeting in 2016.

Senior executives receive a basic salary and may participate in the general arrangements applicable to all the company's employees as regards bonus program, pension plans and other payments in kind. The company has a bonus program for both senior executives and other emoloyees. In special cases, the company may offer other benefits in order to recruit personnel, including to compensate for bonus rights earned in previous employment. No share based payments have been made in 2015, except for the settlement of the share savings investment scheme earned in 2014.

Adjustment to the CEO's base salary is decided by the board. Adjustments to the base salary for other senior executives is decided by the CEO within the wage settlement framework adopted by the board. It is up to the board to decide whether to pay bonuses, based on the previous year's performance. The bonuses for 2015 were disbursed in February 2016.

A borrowing facility has been established for the company's employees, whereby all permanent employees can borrow up to 30 per cent of their gross annual salary at an interest rate corresponding to the taxable norm interest rate. The lender is one selected bank, and the company guarantees for the employees' loans. Guarantees furnished by the company for employee loans in 2015 amounted to USD 1.6 million. The corresponding figure for 2014 were USD 4.2 million. The company covers the difference between the market interest rate and the norm interest rate for tax purposes at any time. As security for such loans, the company signs additional contracts with the employees, entitling it to make deductions for defaulting payment from holiday pay and pay during notice periods. The bank manages the facility, collects interest payments/instalments and follows up any default. The company pays a small annual fee for this work.

Note 10: Auditors fee

	Group		Parent company	
Auditor's fees (all figures are exclusive of VAT)	**2015**	**2014**	**2015**	**2014**
Fees for statutory audit services - KPMG	568	113	568	113
Fees for statutory audit services - EY	-	109	-	109
Other attestation services - EY	-	3	-	3
Tax advice - KPMG	-	1	-	1
Tax advice - EY	-	19	-	19
Audit-related fees - KPMG	294	-	294	-
Audit-related fees - EY	-	13	-	13
Audit-related fees - PWC	-	177	-	148
Services other than audit services - EY	-	12	-	12
Services other than audit services - PWC	-	19	-	17
Total auditor's fees	**862**	**466**	**862**	**434**

EY was Det norske's statutory auditor until April 2014, and was then replaced by KPMG. PWC was the auditor of the subsidiary Det norske oljeselskap AS in 2014.

Note 11: Financial items

	Group		Parent company	
(USD 1 000)	**2015**	**2014**	**2015**	**2014**
Interest income	3 098	7 009	3 098	7 003
Total interest income	**3 098**	**7 009**	**3 098**	**7 003**
Realised gains on derivatives	2 679	-	2 679	-
Return on financial investments	39	72	39	72
Change in fair value of derivatives	18 250	-	18 250	-
Currency gains	44 416	19 363	44 416	-
Dividend from subsidiaries	-	-	-	22 827
Total other financial income	**65 385**	**19 435**	**65 385**	**22 899**
Interest expenses	127 620	85 107	127 620	85 108
Capitalized interest cost, development projects	-62 326	-40 383	-62 326	-40 383
Amortized loan costs and accretion expenses	43 831	39 122	43 831	38 173
Total interest expenses	**109 125**	**83 845**	**109 125**	**82 898**
Currency losses	-	-	-	754
Realized loss on derivatives	51 584	8 671	51 584	8 671
Change in fair value of derivatives	62 739	10 616	62 739	993
Decline in value of financial investments	6	9	6	9
Total other financial expenses	**114 328**	**19 296**	**114 328**	**10 428**
Net financial items	**-154 971**	**-76 697**	**-154 971**	**-63 423**

The currency gains and losses can mainly be ascribed to realized and unrealized exchange rate fluctuations relating to the company's credit facilities, bank accounts, tax payable, trade receivables and trade creditors in currencies other than USD.

The rate (weighted average interest rate) used to determine the amount of borrowing cost eligible for capitalization for 2015 is 6.0 per cent. The corresponding rate for 2014 was 8.2 per cent.

Note 12: Tax

Breakdown of the current year's tax income (-)/tax expense (+) (USD 1 000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Calculated current year tax/exploration tax refund	49 776	-581 667	49 776	-633 204
Prior periods' adjustments to current tax	-11 580	-916	-11 580	-916
Current tax income (-)/expense (+)	**38 196**	**-582 583**	**38 196**	**-634 119**
Prior periods' adjustments to deferred tax	6 921	1 738	6 921	1 738
Change in deferred tax	153 927	484 360	153 927	471 847
Deferred tax income (-)/expense (+)	**160 849**	**486 098**	**160 849**	**473 585**
Net tax expense (+)/tax income (-)	**199 045**	**-96 485**	**199 045**	**-160 535**
Effective tax rate in %	**-175 %**	**26 %**	**-175 %**	**37 %**

Reconciliation of tax income (-)/tax expense (+) (USD 1 000)	Tax rate	Group 2015	Group 2014	Parent company 2015	Parent company 2014
27% company tax on result before tax	27%	-30 674	-101 418	-30 674	-124 875
51% special tax on result before tax	51%	-57 940	-191 568	-57 940	-235 875
Tax effect on uplift	51%	-93 513	-51 537	-93 513	-49 790
Tax effect of financial and other 27% items	51%	185 202	98 055	185 202	103 673
Change in tax rates*		265	-	265	-
Permanent differences - gain on swap of licences (see Note 8)	78%	-	-38 530	-	-38 530
Permanent difference - impairment of goodwill	78%	332 631	267 006	332 631	267 006
Foreign currency translation of NOK monetary items	78%	-59 857	-36 133	-59 857	-21 128
Foreign currency translation of USD monetary items	78%	-243 175	-159 660	-243 175	-174 796
Revaluation of tax balances**	78%	164 348	113 461	164 348	113 461
Utilization of acquired loss carried forward***		-5 524	-	-5 524	-
Other items (other permanent differences and previous period adjustment)	78%	7 282	3 840	7 282	320
Total tax income (-)/tax expense (+) for the year		**199 045**	**-96 485**	**199 045**	**-160 535**

* The tax rate for general corporation tax changed from 27 to 25 per cent from 1 January 2016. The rate for special tax changed from the same date from 51 to 53 per cent.

** Tax balances are in NOK and converted to USD using the period end currency rate. When the NOK weakens against the USD, the tax rate increases as there is less remaining tax depreciation measured in USD.

*** In the acquisition of Svenska Petroleum Exploration AS the acquired loss carried forward was initially recognized to fair value. The amount of USD 5 524 thousand represents the difference between the proportional share of fair value and the nominal value.

In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the tax rate when the functional currency is different from NOK. The main factor in 2015 is the foreign exchange losses of the USD loans, which is a taxable loss without any corresponding impact on profit before tax.

The revaluation of tax payable is presented as foreign exchange loss/gain in the Income statement, while the impact on deferred tax from revaluation of tax balances is presented as tax.

Breakdown of tax effect of temporary differences and tax losses carry forward (USD 1 000)	Applied tax rate	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Capitalized exploration costs	78%	-236 191	-227 463	-236 191	-227 463
Other intangible assets	78%	-368 822	-459 953	-396 716	-459 953
Other intangible assets	25%/27%	-88	-96	-88	-96
Tangible fixed assets	78%	-1 138 666	-975 581	-1 138 666	-975 581
Overlift/underlift of oil	78%	85	-20 683	85	-20 683
Pension liabilities	78%	1 273	-1 741	1 273	-1 741
Other provisions	78%	331 766	395 006	331 766	395 006
Other provisions	27%	-	18	-	18
Arrangement fee, loans	78%	-18 622	-21 513	-18 622	-21 513
Arrangement fee, loans	25%/27%	-11 927	-10 149	-11 927	-10 149
Financial instruments	25%/27%	7 637	8 249	7 637	8 249
Contract rights	78%	9 367	27 550	9 367	27 550
Tax losses carry forward	25%/27%	23 786	-	7 696	-
Tax losses carry forward	53%/51%	44 289	-	-	-
Total deferred tax liability (-)/deferred tax asset (+)		**-1 356 114**	**-1 286 357**	**-1 444 386**	**-1 286 357**

Reconciliation of change in deferred tax (-)/deferred tax asset (+) (USD 1 000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Deferred tax/ deferred tax assets as of 1.1	-1 286 357	103 625	-1 286 357	103 625
Change in deferred taxes in Income statement	-153 927	-484 360	-153 927	-471 847
Deferred tax related to acquisition of Marathon Oil Norge AS	-	-911 363	-	-923 876
Deferred tax related to acquisition of Svenska Petroleum Exploration AS/Premier Oil Norge AS*	91 151	-	2 879	-
Prior period adjustment	-6 921	-	-6 921	-
Deferred tax related to impairment and disposal of licences	-	14 938	-	14 938
Deferred tax charged to OCI and equity	-59	4 999	-59	4 999
Foreign currency translation reserve**	-	-14 195	-	-14 195
Total deferred tax liability (-)/deferred tax asset (+)	**-1 356 114**	**-1 286 357**	**-1 444 386**	**-1 286 357**

Reconciliation of tax receivable (+)/tax payable (-) (USD 1 000)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Tax receivable/payable at 1.1	-189 098	231 972	-189 098	231 972
Current year tax in Income statement	-49 776	581 667	-49 776	633 204
Tax payable related to acquisition of Marathon Oil Norge AS	-	-910 332	-	-937 304
Tax receivable related to acquisition of Svenska Petroleum Exploration AS/Premier Oil Norge AS	108 047	-	90 049	-
Tax payment/tax refund	232 956	-81 464	232 956	-81 464
Prior period adjustments	11 580	-528	11 580	-528
Revaluation of tax payable	12 682	19 574	12 682	-4 991
Foreign currency translation reserve**	-	-29 988	-	-29 988
Tax receivable (+)/tax payable (-)	**126 391**	**-189 098**	**108 393**	**-189 098**

* Included in deferred tax is a loss carried forward of USD 60 million in Premier Oil Norge AS. This is expected to be received in cash following the liquidation of Premier in 2016. As the liquidation decision is not formally made before 31 December 2015, it is reflected as deferred rather than current tax in these financial statements.

** Foreign currency translation reserve arises on the difference between average and currency rates at end of period applied when deriving USD from NOK amounts, as described in the accounting principles, Section 1.3.

Note 13: Earnings per share

Earnings per share is calculated by dividing the year's profit/loss attributable to ordinary equity holders of the parent entity, which was USD -312.7 million (USD -279.1 million in 2014) by the year's weighted average number of outstanding ordinary shares, which was 202.6 million (165.8 million in 2014). There are no option schemes or convertible bonds in the company. This means that there is no difference between the ordinary and diluted earnings per share.

(USD 1 000)	Group 2015	2014
Profit/loss for the year attributable to ordinary equity holders of the parent entity	-312 652	-279 139
The year's average number of ordinary shares (in thousands)	202 619	165 811
Earnings per share in USD	**-1.54**	**-1.68**

Note 14: Tangible fixed assets and intangible assets

TANGIBLE FIXED ASSETS:

2015 - GROUP (USD 1 000)	Fields under development	Production facilities, including wells	Fixtures and fittings, office machinery etc.	Total
Acquisition cost 31.12.2014	**1 324 556**	**1 856 371**	**35 684**	**3 216 612**
Additions*	743 328	77 933	-178	821 084
Reclassification**	-562 106	580 182	-	18 077
Acquisition cost 31.12.2015	**1 505 779**	**2 514 487**	**35 506**	**4 055 772**
Acc. depreciations & impairment losses 31.12.2015	11 984	1 043 606	20 748	1 076 338
Book value 31.12.2015	**1 493 795**	**1 470 881**	**14 758**	**2 979 434**
Depreciation for the year	-	402 203	3 666	405 869
Impairment losses for the year	11 984	-8 892	-	3 092

2015 - PARENT COMPANY (USD 1 000)	Fields under development	Production facilities, including wells	Fixtures and fittings, office machinery etc.	Total
Acquisition cost 31.12.2014	**1 324 556**	**1 856 371**	**35 684**	**3 216 612**
Additions*	743 328	77 933	-486	820 775
Reclassification**	-562 106	580 182	-	18 077
Acquisition cost 31.12.2015	**1 505 779**	**2 514 487**	**35 197**	**4 055 464**
Acc. depreciations & impairment losses 31.12.2015	11 984	1 043 606	20 748	1 076 338
Book value 31.12.2015	**1 493 795**	**1 470 881**	**14 449**	**2 979 126**
Depreciation for the year	-	402 203	3 666	405 869
Impairment losses for the year	11 984	-8 892	-	3 092

* The additions for producing facilities in 2015 are partially offset by reduction in abandonment provisions as presented in Note 24.

** The reclassification from fields under development to production facilities mainly relates to the Bøyla field which started producing in January 2015.

Acquisition cost and historical depreciation as of 31 December 2014 in the table above does not match the corresponding figures in the annual report 2014 as the foreign currency translation reserve from 2014 is no longer presented separately.

Capitalized exploration expenditures are reclassified to fields under development when the field enters into the development phase. If development plans are subsequently re-evaluated, the associated costs remain in assets under development and are not reclassified back to exploration assets. Fields under development are reclassified to production facilities from the start of production. Production facilities, including wells, are depreciated in accordance with the Unit of Production Method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3-5 years. Removal and decommissioning costs are included as production facilities or fields under development.

2014 - GROUP (USD 1 000)	Fields under development	Production facilities, including wells	Fixtures and fittings, office machinery etc.	Total
Acquisition cost 31.12.2013	**270 752**	**723 154**	**25 704**	**1 019 610**
Acquisition of Marathon Oil Norge AS	432 338	1 205 199	3 581	1 641 117
Additions	585 592	-13 345	9 196	581 443
Disposals	-	-	278	278
Reclassification	89 080	-324	-	88 756
Acquisition cost 31.12.2014	**1 377 762**	**1 914 683**	**38 203**	**3 330 648**
Acc. depreciations & impairment losses 31.12.2014	-	702 112	18 449	720 561
Foreign currency translation reserve*	-53 206	-6 495	-1 115	-60 816
Book value 31.12.2014	**1 324 556**	**1 206 077**	**18 639**	**2 549 271**
Depreciation for the year	-	138 089	3 008	141 097
Impairment losses for the year	-	-3 313	-	-3 313

2014 - PARENT COMPANY (USD 1 000)	Fields under development	Production facilities, including wells	Fixtures and fittings, office machinery etc.	Total
Acquisition cost 31.12.2013	**270 752**	**723 154**	**25 704**	**1 019 610**
Acquisition of Marathon Oil Norge AS	455 390	1 191 229	3 509	1 650 128
Additions	562 867	-13 744	9 196	558 320
Disposals	-	-	278	278
Reclassification	88 752	-5	-	88 747
Acquisition cost 31.12.2014	**1 377 762**	**1 900 634**	**38 131**	**3 316 527**
Acc. depreciations & impairment losses 31.12.2014	-	688 063	18 377	706 440
Foreign currency translation reserve*	-53 206	-6 495	-1 115	-60 816
Book value 31.12.2014	**1 324 556**	**1 206 077**	**18 639**	**2 549 271**
Depreciation for the year	-	124 041	2 936	126 977
Impairment losses for the year	-	-3 313	-	-3 313

*Foreign currency translation reserve arises on the difference between average and currency rates at end of period applied when deriving USD from NOK amounts, as described in the accounting principles, Section 1.3.

The negative addition in 2014 for producing assets mainly relates to decreased estimates for removal and decommissioning costs.

INTANGIBLE ASSETS:

2015 - GROUP (USD 1 000)	Other intangible assets Licences etc.	Software	Total	Goodwill	Exploration wells
Acquisition cost 31.12.2014	**712 237**	**9 064**	**721 301**	**1 556 468**	**291 619**
Additions*	73 185	85	73 269	5 412	32 014
Disposals/expensed dry wells	-	-	-	-	11 682
Reclassification	3 895	-	3 895	-	-21 971
Acquisition cost 31.12.2015	**789 316**	**9 149**	**798 465**	**1 561 880**	**289 980**
Acc. depreciations & impairment losses 31.12.2015	142 829	7 606	150 435	794 309	-
Book value 31.12.2015	**646 487**	**1 543**	**648 030**	**767 571**	**289 980**
Depreciation for the year	74 243	848	75 090	-	-
Impairment losses for the year	2 832	-	2 832	424 544	-

* Additions in 2015 mainly arise from the acquisitions of Premier Oil Norge AS and Svenska Petroleum Exploration AS which both were completed during Q4 2015. The acquisition of Premier Oil Norge AS was regarded as a business combination and reference is made to Note 3 for further information. The acquisition of Svenska Petroleum Exploration AS was regarded as an asset acquisition and the purchase price of USD 75 million (on a cash free, debt free basis) have been allocated to identifiable assets and liabilities based on their proportionate share of fair value. The allocation to intangible assets related to fields in the exploration phase amounts to USD 62.7 million.

Acquisition cost and historical depreciation as of 31 December 2014 in the table above does not match the corresponding figures in the annual report 2014 as the foreign currency translation reserve from 2014 is no longer presented separately.

The lenders have security in form of pledge in all current licences (exploration, development and producing assets), insurance policies, floating charge and accounts receivable.

2015 - PARENT COMPANY (USD 1 000)	Other intangible assets Licences etc.	Software	Total	Goodwill	Exploration wells
Acquisition cost 31.12.2014	**712 237**	**9 064**	**721 301**	**1 556 468**	**291 619**
Additions	64 138	85	64 222	-	32 014
Disposals/expensed dry wells	-	-	-	-	11 682
Reclassification	3 895	-	3 895	-	-21 971
Acquisition cost 31.12.2015	**780 269**	**9 149**	**789 418**	**1 556 468**	**289 980**
Acc. depreciations & impairment losses 31.12.2015	142 829	7 606	150 435	794 309	-
Book value 31.12.2015	**637 440**	**1 543**	**638 983**	**762 159**	**289 980**
Depreciation for the year	74 243	848	75 090	-	-
Impairment losses for the year	2 832	-	2 832	424 544	-

2014 - GROUP (USD 1 000)	Other intangible assets Licences etc.	Software	Total	Goodwill	Exploration wells
Acquisition cost 31.12.2013	**148 381**	**7 906**	**156 287**	**76 541**	**337 969**
Acquisition of Marathon Oil Norge AS	515 966	-	515 966	1 486 086	37 899
Additions	64 627	1 976	66 603		148 643
Disposals/expensed dry wells	-	-	-	-	120 336
Reclassification	-	-	-		-88 756
Acquisition cost 31.12.2014	**728 974**	**9 882**	**738 856**	**1 562 627**	**315 419**
Acc. depreciations & impairment losses 31.12.2014	69 280	7 346	76 626	371 676	-
Foreign currency translation reserve*	-13 212	-231	-13 443	-4 248	-23 800
Book value 31.12.2014	**646 482**	**2 306**	**648 788**	**1 186 704**	**291 619**
Depreciation for the year	18 947	210	19 156	-	-
Impairment losses for the year	7 417	-	7 417	347 919	-

2014 - PARENT COMPANY (USD 1 000)	Other intangible assets Licences etc.	Software	Total	Goodwill	Exploration wells
Acquisition cost 31.12.2013	**148 381**	**7 906**	**156 287**	**76 541**	**337 969**
Acquisition of Marathon Oil Norge AS	512 395	-	512 395	1 486 086	37 899
Additions	64 627	1 976	66 603	-	148 643
Disposals/expensed dry wells	-	-	-	-	120 345
Reclassification	-	-	-	-	-88 747
Acquisition cost 31.12.2014	**725 403**	**9 882**	**735 285**	**1 562 627**	**315 419**
Acc. depreciations & impairment losses 31.12.2014	65 709	7 346	73 054	371 676	-
Foreign currency translation reserve*	-13 212	-231	-13 443	-4 248	-23 800
Book value 31.12.2014	**646 482**	**2 306**	**648 788**	**1 186 704**	**291 619**
Depreciation for the year	15 375	210	15 585	-	-
Impairment losses for the year	7 417	-	7 417	347 919	-

*Foreign currency translation reserve arises on the difference between average and currency rates at end of period applied when deriving USD from NOK amounts, as described in the accounting principles, Section 1.3.

Software is depreciated over its useful life (three years), using the straight-line method. Licences related to fields in production is depreciated using the Unit of Production method.

Reconciliation of depreciation in the Income statement - GROUP (USD 1 000)	2015	2014
Depreciation of tangible fixed assets	405 869	141 097
Depreciation of intangible assets	75 090	19 156
Total depreciations for the year	**480 959**	**160 254**

Reconciliation of depreciation in the Income statement - PARENT (USD 1 000)	2015	2014
Depreciation of tangible fixed assets	405 869	126 977
Depreciation of intangible assets	75 090	15 585
Total depreciations for the year	**480 959**	**142 562**

Note 15: Impairments

Impairment testing

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. As of 31 December 2015 there has been a decrease in the forward prices compared to 31 December 2014, which is considered as an impairment trigger. Two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, other than goodwill
- Impairment test of goodwill

Impairment is recognized when the book value of an asset or a cash-generating unit, including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. All impairment testing at year-end 2015 has been based on value in use. In the assessment of the value in use, the expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields, which may exceed periods greater than five years.

For producing licences and licences in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Below is an overview of the key assumptions applied for impairment testing purposes as of 31 December 2015.

Oil and gas prices

Future price level is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, the oil price is therefore based on the forward curve for the beginning of 2016 to the end of 2020. From 2021, the oil price is based on the company's long-term price assumptions.

The nominal oil price based on the forward curve applied in the impairment test is as follows:

						(in real terms)
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**From 2021**
USD/BOE	42.53	49.58	53.90	56.75	58.54	85.00

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves. The recoverable amount is sensitive to changes in reserves. For more information about the determination of the reserves, reference is made to Note 1, Section 1.4 about important accounting assessments, estimates and assumptions.

Discount rate

The discount rate is derived from the company's WACC. The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return on investment by the company's investors. The cost of debt is based on the interest-bearing borrowings on debt specific to the assets acquired. The beta factors are evaluated annually based on publicly available market data about the identified peer group.

Based on the above, the post tax nominal discount rate is set to 8.5 per cent, which is a change from 9.1 per cent from the previous quarters in 2015.

Currency rates

As Det norske's functional currency changed to USD during 2014, the company is now exposed to exchange rate fluctuations between USD and non-USD cash flows with regard to the financial statements. In line with the methodology for future oil price, it has been concluded to apply the forward curve for the currency rate from 2016 until the end of 2020, and the company's long term assumption from 2021 and onwards. This results in the following currency rates being applied in the impairment test at year-end 2015:

Year	**2016**	**2017**	**2018**	**2019**	**2020**	**From 2021**
NOK/USD	8.80	8.73	8.65	8.56	8.46	7.00

Inflation

The long-term inflation rate is assumed to be 2.5 per cent.

Impairment testing of assets other than goodwill

The impairment test of assets other than goodwill has been performed prior to the annual goodwill impairment test. If these assets are found to be impaired, its carrying value will be written down before the impairment test of goodwill. The carrying value of the assets is the sum of tangible assets and intangible assets as of the valuation date.

In Q4 2015, the removal estimates on several fields were reduced. Some of these fields had previously been written down to zero, and a reduction in the removal asset therefore leads to an immediate impact in the Income statement presented as reversed impairment. The impact from the decreased removal estimates is partly offset by decreased prices and other changes in assumptions from previous impairment calculations.

Below is an overview of the impairment charge and the carrying value per cash generating unit where impairment has been recognized or reversed at year-end 2015:

Cash generating unit (USD 1 000)	**Impairment charge / (reversal)** Intangible	Tangible	**Receoverable amount/ carrying value**
Jette	-	-12 350	1 534
Gina Krog	-	11 984	75 216
Other CGU's	2 832	3 457	-
Total	**2 832**	**3 092**	**76 750**

Impairment testing of goodwill
For the purpose of impairment testing, goodwill acquired through business combinations have, before any impairment charges in 2015, been allocated as follows:

Goodwill allocation (USD 1 000)	
Remaining technical goodwill from the acquisition of Marathon Oil Norge AS as of 1 January 2015	855 864
Residual goodwill	291 717
Remaining technical goodwill from other business combinations	44 535

Technical goodwill has been allocated to individual cash-generating units (CGUs) for the purpose of impairment testing. All fields tied in to the Alvheim FPSO are assessed to be included in the same cash-generating unit ("Alvheim CGU"). The residual goodwill is allocated to group of CGUs including all fields acquired together with all existing Det norske fields, as this mainly relates to tax and workforce synergies. The technical goodwill from previous business combinations are mainly allocated to Johan Sverdrup (USD 23 million) and Ivar Aasen (USD 8 million). The remaining technical goodwill from prior year business combinations is not significant in comparison to the total carrying amount of goodwill.

Impairment testing of residual goodwill
As mentioned above, residual goodwill is allocated across all CGUs for impairment testing. The combined recoverable amount exceeds the carrying amount by a substantial margin. Based on this, no impairment of residual goodwill has been recognized.

Impairment testing of technical goodwill from the acquisition of Marathon Oil Norge AS
The carrying value of the Alvheim CGU consists of the carrying values of the oilfield assets plus associated technical goodwill. In the impairment test performed, carrying value is adjusted by the remaining part of deferred tax from which the technical goodwill arose, to avoid an immediate impairment of all technical goodwill.

The carrying value of the Alvheim CGU is, in accordance with the above, calculated as follows:

(USD 1 000)	
Carrying value of oilfield licences and fixed assets	1 923 766
+ Technical goodwill	855 864
- Deferred tax related to technical goodwill	-1 091 797
Net carrying value pre-impairment of goodwill	**1 687 833**

The impairment charge is the difference between the recoverable amount and the carrying value.

(USD 1 000)	
Net carrying value as specified above	1 687 833
Recoverable amount (including tax amortization benefit)	1 265 425
Impairment charge	422 408

As depicted in the table over carrying value above, deferred tax (from the date of acquisition) reduces the net carrying value prior to the impairment charges. When deferred tax from the Marathon acquisition decreases, more goodwill is as such exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable. In 2015, the main reason for the impairment is the decreased prices, together with an overall update of the other assumptions.

Sensitivity analysis
The table below shows how the impairment of goodwill allocated to the Alvheim CGU would be affected by changes in the various assumptions, given that the remainders of the assumptions are constant.

		Change in goodwill impairment after	
Assumption (USD million)	**Change**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 20%	-235.5	235.5
Production profiles (reserves)	+/- 5%	-60.7	60.7
Discount rate	+/- 1% point	33.6	-35.2
Currency rate USD/NOK	+/- 1.0 NOK	14.4	-17.2
Inflation	+/- 1% point	-40.5	37.5

Impairment testing in 2014
Similar to 2015, the impairment charge in 2014 was in all material respect related to technical goodwill from the acquisition of Marathon Oil Norge AS. The methodology for impairment testing was the same as in 2015 as described in this Note.

The following assumptions were applied in 2014:
- discount rate of 9.1 per cent nominal after tax (weighted average cost of capital - WACC)
- a long-term inflation of 2.5 per cent
- a long-term exchange rate of NOK/USD 7.00 (forward curve first five years)
- a long-term oil price assumption of 85 USD/barrel (forward curve first five years)

Summary of impairment/reversal of impairments
The following impairments/(reversals) have been recorded:

	Group and parent	
(USD 1 000)	**2015**	**2014**
Impairment of other intangible assets/licence rights	2 832	7 417
Impairment of tangible fixed assets	3 092	-3 313
Impairment of technical goodwill	424 544	347 919
Deferred tax	-	-5 604
Total impairments	**430 468**	**346 420**

Note 16: Accounts receivable

The company's customers are large, financially sound oil companies. Trade debtors consist mainly of receivables related to the sale of oil and gas, sale and swap of licences and sublease of offices, and also recharging of expenses pertaining to other licence partners.

	Group		Parent company	
(USD 1 000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Receivables related to the sale of petroleum	85 546	182 384	85 546	182 384
Receivables related to licence transactions	-	285	-	285
Invoicing related to expense refunds, including rigs	-	3 792	-	3 792
Total accounts receivable	**85 546**	**186 461**	**85 546**	**186 461**

Age distribution of accounts receivable as of 31 December for the group was as follows:

Year (USD 1 000)	**Total**	**Not due**	**<30 d**	**30-60d**	**60-90d**	**>90d**
2014	186 461	116 838	62 741	6 869	-	14
2015	85 546	84 453	764	-	-	329

Note 17: Other short-term receivables

	Group		Parent company	
(USD 1 000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Receivables related to deferred volume at Atla*	5 673	5 866	5 673	5 866
Pre-payments, including rigs	21 634	41 682	21 634	41 682
VAT receivable	6 121	7 986	5 429	7 986
Underlift of petroleum	3 696	22 896	3 696	22 896
Accrued income from sale of petroleum products	1 866	-	1 866	-
Other receivables, mainly from licenses	66 200	106 162	60 922	106 162
Total other short-term receivables	**105 190**	**184 592**	**99 221**	**184 592**

*For information about receivables related to deferred volume at Atla, see Note 18.

Note 18: Long-term receivables

	Group		Parent company	
(USD 1 000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Receivables related to deferred volume at Atla	3 782	8 799	3 782	8 799
Total long-term receivables	**3 782**	**8 799**	**3 782**	**8 799**

The physical production volumes from Atla were higher than the commercial production volumes. This was caused by the high pressure from the Atla field, which temporarily stalled the production from the neighbouring field Skirne. The Skirne partners have therefore historically received and sold oil and gas from Atla, but from 2014 they started to deliver oil and gas back to the Atla partners. Revenue was recognized based on physical production volumes measured at market value, similar to over/underlift. This deferred compensation is recorded as long-term or short-term receivables, depending on when the delivery of oil and gas is expected.

Note 19: Other non-current assets

	Group		Parent company	
(USD 1 000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Shares in Det norske oljeselskap AS	1 021	-	1 021	1 021
Shares in Alvheim AS	10	10	10	10
Shares in Det norske Exploration AS	-	-	93 804	-
Shares in Det norske oil AS	-	-	123 885	-
Shares in Sandvika Fjellstue AS	1 814	1 814	1 814	1 814
Investment in subsidiaries	***2 845***	***1 824***	***220 534***	***2 845***
Tenancy deposit	1 512	1 774	1 512	1 774
Other non-current assets	8 272	-	8 272	-
Total other non-current assets	**12 628**	**3 598**	**230 317**	**4 619**

For information regarding shares in subsidiaries, see Note 4.

Parent company

The activity in Det norske Exploration AS (previously Svenska Petroleum Exploration AS) was transferred to the company in a group internal transaction at 30 November 2015. The activity was valued based on the pricing of the shares when Svenska Petroleum Exploration AS was acquired and thus set at USD 93.8 million. The compensation for the activity transfer was mainly settled through a dividend from Det norske Exploration AS to the parent company in February 2016. An interest of 7 per cent was calculated in the period from the activity was transferred at 30 November to the compensation for the transfer has been fully settled.

Note 20: Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and short-term investments that constitute parts of the company's transaction liquidity.

	Group		Parent company	
Breakdown of cash and cash equivalents (USD 1 000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Bank deposits	86 201	291 346	75 156	290 325
Restricted funds (tax withholdings)	4 398	4 897	4 143	4 897
Total cash and cash equivalents	**90 599**	**296 244**	**79 299**	**295 222**

The company has unused amounts available for withdrawal on the credit facilities, described in more detail in Note 26.

Note 21: Share capital and shareholders

(USD 1 000)	Parent company 31.12.2015	31.12.2014
Share capital	37 530	37 530
Number of shares (in 1 000)	202 619	202 619
The nominal value per share is NOK	1.00	1.00

All shares in the company carry the same voting rights.

Overview of the 20 largest shareholders registered as of 31 December 2015:	No. of shares (in 1 000)	Owning interest
AKER CAPITAL AS	101 289	49.99 %
FOLKETRYGDFONDET	13 146	6.49 %
VERDIPAPIRFONDET DNB NORGE (IV)	4 099	2.02 %
VPF NORDEA KAPITAL	2 881	1.42 %
VERDIPAPIRFONDET DNB NORGE SELEKTI	2 829	1.40 %
VERDIPAPIRFONDET KLP AKSJENORGE	2 718	1.34 %
VPF NORDEA AVKASTNING	2 496	1.23 %
CLEARSTREAM BANKING S.A.	2 250	1.11 %
JP MORGAN CHASE BANK, NA	2 185	1.08 %
DANSKE INVEST NORSKE INSTIT. II.	2 022	1.00 %
VPF NORDEA NORGE VERDI	1 778	0.88 %
KOMMUNAL LANDSPENSJONSKASSE	1 704	0.84 %
STATOIL PENSJON	1 698	0.84 %
THE NORTHERN TRUST CO.	1 674	0.83 %
TVENGE	1 500	0.74 %
DNB LIVSFORSIKRING ASA	1 422	0.70 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	1 357	0.67 %
STATE STREET BANK AND TRUST CO.	1 249	0.62 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 102	0.54 %
STATE STREET BANK AND TRUST CO.	1 100	0.54 %
OTHER	52 121	25.72 %
Total	**202 619**	**100 %**

Note 22: Pensions and other long-term employee benefits

The company is required to have an occupational pension scheme pursuant to the Act relating to compulsory occupational pensions. The company's pension plan satisfies the requirements of the Act.

Pension scheme

The company's pension plan for all employees in 2014 changed from a defined benefit plan to a defined contribution plan, effective from 1 October 2014. The former CEO has an early retirement arrangement that is unsecured. During 2015, two new leadership pension agreements have been entered into which from 67 years guarantee pension equivalent of 66 per cent of salary. Based on actuarial calculations, this obligation has been calculated using the assumptions as of 31 August 2015.

Collective pension scheme AFP

As from 1 September 2011, the company has introduced a collective early-retirement pension scheme ("AFP"). In accordance with IAS 19.148 this pension scheme is recorded as a defined contribution plan. There are not sufficient information available to account the plan as a defined benefit plan. The premium paid is recorded as the pension cost and there is no pension obligation. Total premiums expensed in 2015 amounted to USD 0.8 million (USD 0.6 million in 2014). Expected payment for 2016 will be at the same level.

Components of net periodic pension cost recognized	Unsecured scheme		Secured scheme		Total	
(USD 1 000)	2015	2014	2015	2014	2015	2014
Service cost and benefit changes cost	297		-	5 642	297	5 642
Gain on settlement of defined benefit plan	-		-	-25 751	-	-25 751
Financial cost	42	104	-	121	42	224
Net periodic pension costs	**339**	**104**	**-**	**-19 988**	**339**	**-19 884**
Cost of defined contribution pension					7 904	3 709
Pension costs collective early-retirement pension scheme (AFP)					750	647
Total pension costs					**8 994**	**-15 529**

Other comprehensive income	Unsecured scheme		Secured scheme		Total	
R=Remeasurements loss (+)/gain (-) (USD 1 000)	2015	2014	2015	2014	2015	2014
R - change in discount rate	-43	582	-	5 277	-43	5 859
R - change in other financial assumptions	-10	-495	-	-2 250	-10	-2 745
R - change in mortality table	-	-	-	-	-	-
R - experience DBO	-31	3	-	921	-31	924
R - experience assets	-	-	-	-209	-	-209
Investment management cost	-	-	-	246	-	246
OCI losses (+)/gains (-) during period (pre-tax)	**-83**	**90**	**-**	**3 986**	**-83**	**4 076**

The year's change in gross pension liability	Unsecured scheme		Secured scheme		Total	
(USD 1 000)	2015	2014	2015	2014	2015	2014
Gross pension liability (PBO) as of 01.01.	2 021	2 859	-	23 560	2 021	26 420
Service cost	297	-	-	5 586	297	5 586
Interest cost	42	104	-	694	42	798
Pension payments	-385	-509	-	-15	-385	-524
Payroll tax on premium payments	-	-	-	-998	-	-998
The year's actuarial loss/(gain)	-83	90	-	3 945	-83	4 035
Acquisition (disposal)	-	-	-	-33 030	-	-33 030
Foreign currency translation*	-253	-524	-	258	-253	-266
Gross pension liability (PBO) as of 31.12	**1 638**	**2 021**	**-**	**-**	**1 638**	**2 021**

* Foreign currency translation arises on the difference between average and periodend currency rates applied when deriving USD from NOK amounts, as described in accounting principles Section 1.3.

The year's change in gross pension funds (USD 1 000)	Unsecured scheme 2015	Unsecured scheme 2014	Secured scheme 2015	Secured scheme 2014	Total 2015	Total 2014
Gross pension funds as of 1.1.	-	-	-	15 487	-	15 487
Expected returns on pension funds/interest income	-	-	-	517	-	517
Actuarial loss/gain	-	-	-	-41	-	-41
Pension payments	-	-	-	-15	-	-15
Premium payments	-	-	-	8 079	-	8 079
Payroll tax on premium payments	-	-	-	-998	-	-998
Acquisition (disposal)	-	-	-	-23 029	-	-23 029
Fair value of pension funds	**-**	**-**	**-**	**-**	**-**	**-**

Net pension funds (+) / liability (-) as of 31.12. (USD 1 000)	Unsecured scheme 2015	Unsecured scheme 2014	Secured scheme 2015	Secured scheme 2014	Total 2015	Total 2014
Net pension funds/liability (-) as of 31.12.	-1 436	-1 771	-	-	-1 436	-1 771
Social security tax	-202	-250	-	-	-202	-250
Net capitalized pension funds (+) / liability (-)	**-1 638**	**-2 021**	**-**	**-**	**-1 638**	**-2 021**

Change during period (USD 1 000)	Unsecured scheme 2015	Unsecured scheme 2014	Secured scheme 2015	Secured scheme 2014	Total 2015	Total 2014
Net capitalized pension funds (+) / liability (-) as of 1.1.	-2 021	-2 859	-	-8 073	-2 021	-10 933
Acquired pension liability	-	-	-	-16 618	-	-16 618
The year's pension cost	-256	-194	-	15 744	-256	15 551
Payments premium and pension	385	509	-	8 079	385	8 587
Foreign currency translation*	253	524	-	868	253	1 392
Net capitalized pension funds (+) / liability (-)	**-1 638**	**-2 021**	**-**	**-**	**-1 638**	**-2 021**

Financial assumptions	2015	2014
Discount rate	2.50 %	2.30 %
Return on pension funds	2.50 %	2.30 %
Wage and salary increase	2.75 %	2.75 %
Base amount adjustment	2.50 %	2.50 %
Pension adjustment	1.50 %	1.50 %

Actuarial assumptions	2015	2014
Mortality table used	K2013 BE	K2013 BE
Disability tariff used	IR-02	IR-02

* Foreign currency translation arises on the difference between average and periodend currency rates applied when deriving USD from NOK amounts, as described in accounting principles Section 1.3.

Note 23: Bonds

(USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Principal, bond Nordic Trustee[1]	208 744	253 141	208 744	253 141
Principal, bond Nordic Trustee[2]	294 696	-	294 696	-
Total	**503 440**	**253 141**	**503 440**	**253 141**

[1] The loan is denominated in NOK and runs from July 2013 to July 2020 and carries an interest rate of 3 month NIBOR + 5 per cent. The principal falls due on July 2020 and interest is paid on a quarterly basis. The loan is unsecured. In April 2015, the bondholders approved certain requested amendments to the bond. The changes involved removal of the Adjusted Equity Ratio covenant, and inclusion of two new financial covenants to align the covenants on this bond with the covenants on the reserve-based lending facility. As compensation for approval, the bondholders received an increased interest by 1.5 per cent, to 3 month NIBOR plus 6.5 per cent, in addition to a one-time consent fee of 2.0 per cent (flat).

[2] In May 2015, the company completed a new issue of USD 300 million subordinated seven year PIK Toggle bonds with a fixed rate coupon of 10.25 per cent. The bonds are callable from year four and includes an option to defer interest payments.

For information regarding covenants, see Note 26.

Note 24: Provision for abandonment liabilities

(USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Provisions as of 1 January	489 051	160 413	489 051	160 413
Removal obligation from acquisition of Marathon Oil Norge AS	-	340 897	-	341 727
Incurred cost removal	-12 508	-14 087	-12 508	-13 968
Accretion expense - present value calculation	26 351	12 410	26 351	11 462
Foreign currency translation reserve*	-	-10 674	-	-10 674
Change in estimates and incurred liabilities on new fields	-79 569	93	-79 569	93
Total abandonment provision	**423 325**	**489 051**	**423 325**	**489 051**
Breakdown of the provision in short-term and long-term liabilities				
Short-term	10 520	5 728	10 520	5 728
Long-term	412 805	483 323	412 805	483 323
Total abandonment provision	**423 325**	**489 051**	**423 325**	**489 051**

* Foreign currency translation reserve arises on the difference between average and currency rates at end of period applied when deriving USD from NOK amounts, as described in the accounting principles, Section 1.3.

The main part of the company's removal and decommissioning liabilities relate to the producing fields.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.5 per cent and a nominal discount rate before tax of between 3.91 per cent and 5.93 per cent. The main reason for the change in the ARO estimate is a significant reduction in rig rates. Current market rig rates are used as a basis (increasing with inflation) going forward as we do not expect rig rates to recover at the same pace as oil prices due to an increased capacity in the rig market, which we expect to limit rig rate increases in a recovering oil price environment.

Note 25: Derivatives

(USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Unrealized gain on commodity derivatives	45 217	-	45 217	-
Total derivatives included in assets	**45 217**	**-**	**45 217**	**-**
Unrealized losses currency contracts	7 840	-	7 840	-
Unrealized losses interest rate swaps	54 172	5 646	54 172	5 646
Long-term derivatives included in liabilities	**62 012**	**5 646**	**62 012**	**5 646**
Unrealized losses currency contracts	13 506	25 224	13 506	25 224
Short-term derivatives included in liabilities	**13 506**	**25 224**	**13 506**	**25 224**
Total derivatives included in liabilities	**75 518**	**30 870**	**75 518**	**30 870**

The company has different types of hedging instruments. The commodity derivatives are used to hedge the risk of oil price reduction. The company manages its interest rate exposure using a cross currency interest rate swap. Foreign currency exchange contracts are used to swap USD into foreign currencies, mainly NOK, EUR, GBP and SGD, in order to reduce currency risk related to expenditures. Currently all these derivatives are marked to market with changes in market value recognized in the Income statement. In the Income statement, impacts from the commodity derivatives are presented as other operating income, while impacts from other derivatives are presented as financial items.

Note 26: Interest-bearing loans and assets pledged as security

Breakdown of other interest-bearing debt (USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Reserve-based lending facility	2 118 935	2 037 299	2 118 935	2 037 299
Total other interest-bearing debt	**2 118 935**	**2 037 299**	**2 118 935**	**2 037 299**

The RBL Facility was established in October 2014 and is a senior secured seven-year USD 3.0 billion facility and includes an additional uncommitted accordion option of USD 1.0 billion. The interest rate is from 1 - 6 months LIBOR plus a margin of 2.75 per cent, with a utilization fee of 0.5 per cent on outstanding loan. In addition a commitment fee of 1.1 per cent is paid on unused credit.

At the end of December 2015 the company completed a semi-annual redetermination process with its bank consortium. The borrowing base availability under the facility is USD 2.9 billion, unchanged since the last redetermination in June 2015, but an increase from the corresponding amount of USD 2.7 billion from December 2014.

A revolving credit facility ("RCF") of USD 550 million was completed with a consortium of banks at 30 June 2015. The loan has a tenor of four years with extension options of one plus one year at the lenders discretion. The loan carries a margin of 4 per cent, stepping up by 0.5 per cent annually after 3, 4 and 5 years, plus a utilization fee of 1.5 per cent. In addition a commitment fee of 2.2 per cent is paid on unused credit. Covenants are the same as for the company's RBL. This facility is undrawn as of 31 December 2015.

The following financial covenant requirements are related to our credit facilities:
1) Leverage, the ratio of total net debt/group EBITDAX (Earnings Before Interest, Taxes, Depreciation, Amortizations and Exploration Expenses) should be below 3.5.
2) Interest cover ratio: EBITDA / interest expense should be above 3.5.
3) Evidence positive cash flow in short and long term liquidity projections.

At the end of 2015, financial covenants for the company's debt instruments were comfortably within its applicable thresholds. The leverage ratio covenant was 2.2x, below the threshold of 3.5x and the interest cover ratio was 8.7x, above the threshold of 3.5x. These ratios will come under pressure in a continued low oil price scenario. The company is therefore proactively addressing the issue with its creditors, with the aim to ease covenant thresholds for our debt instruments.

For the subordinated bond established in May 2015 (see Note 23) there is no financial covenants.

Available for withdrawal on credit/loan facilities (USD 1 000)	Group and Parent 31.12.2015	Group and Parent 31.12.2014
Available for withdrawal	3 451 000	2 693 000
Drawn amount	2 170 000	2 100 000
Unused amount available for withdrawal on credit/loan facilities	**1 281 000**	**593 000**

The lenders have security in the form of pledge in all current licences (exploration, development and producing assets), insurance policies, floating charge and accounts receivable.

Note 27: Other current liabilities

Breakdown of other current liabilities (USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Current liabilities related to overcall in licences	33 444	195	31 212	195
Share of other current liabilities in licences	184 010	163 369	177 643	163 369
Overlift of petroleum	17 088	7 508	17 088	7 508
Fair value of contracts assumed in acquisition of Marathon Oil Norge AS*	12 009	22 903	12 009	22 903
Other current liabilities**	64 125	79 838	61 120	79 838
Total other current liabilities	**310 675**	**273 813**	**299 072**	**273 813**

* The negative contract value is related to a rig contract entered into by Marathon Oil Norge AS, which was different from current market terms at the time of acquisition at 15 October 2014. The fair value was based on the difference between market price and contract price. The balance was initially split between current and non-current liabilities based on the cash flows in the contract, and amortized over the lifetime of the contract, which ends in 2016.

** Other current liabilities includes unpaid wages and vacation pay, accrued interest and other provisions.

Note 28: Lease agreements, capital commitments, guarantees and contingent liabilities

The company has entered into different operating leases for rig contracts, office premises and IT services. Most of the leases contain an option for extension. The leases do not contain any restrictions on the company's dividend policy or financing.

Lease obligation pertaining to ownership interests in licences:
Rig contracts
The company has a lease agreement until July 2016 for Transocean Winner, which is currently drilling in the Greater Alvheim Area. The company has entered into a new lease agreement for Transocean Artic, to drill on the Alvheim Area, from December 2016 to August 2017. Licence partners have approved the drilling plans for the rigs which cover the full lease period and so rig commitments disclosed represent Det norske's share only. In addition, the company had a lease agreement for Transocean Barents which expired in July 2014. The rig contract was used for exploration drilling in the company's licences or sublett to other companies. There are no remaining lease obligations relating to Transocean Barents as at 31 December 2014.

On behalf of the partners in Ivar Aasen, the company signed an agreement in 2013 with Maersk Drilling for the delivery of a jack-up rig for the development project on the Ivar Aasen field. The rig will be used to drill production wells on the Ivar Aasen field. The contract period is five years, with options for up to seven years. As for Transocean Winner, rig decisions have been made for the rest of the leasing periode and are therefore included with just our share.

In addition the company has lease commitments pertaining to its ownership interests in partner operated oil and gas fields.

The operating lease expenses recognized in profit or loss for the rig contracts were as follows:

(USD 1 000)*	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Minimum lease payments	156 551	49 700	156 551	44 978
Payments received on subleases	-	-10 624	-	-10 624
Total	**156 551**	**39 076**	**156 551**	**34 355**

Future minimum lease payments for rigs and other related operating leases are as follows:

(USD 1 000)*	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Within one year	116 777	140 322	116 777	140 322
One to five years	175 953	253 398	175 953	253 398
After five years	-	-	-	-
Total	**292 729**	**393 719**	**292 729**	**393 719**

* All numbers represents Det norske's interest in the license as the rigs have been fully allocated to licences for the expected drilling periods.

On behalf of the partners in Ivar Aasen, the company has signed several commitments regarding the development project on the Ivar Aasen field. Det norske's commitments excluding the rig contract amount to USD 110 million. The corresponding amount for 2014 was USD 369 million. In addition, the company has entered into future capital commitments (other than leases) for the Alvheim fields amounting to approximately USD 146 million as of year-end 2015 (USD 234 million in 2014). In addition, there are future capital commitments of USD 824 million on non-operated licenses. These amounts are not included in any of the tables.

Lease liabilities - office premises and IT services
The company's operating lease expenses recognized in profit or loss related to non-terminable agreements for lease of office premises and hire of IT services as follows:

(USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Minimum lease payments	12 835	13 373	12 835	13 373
Payments received on subleases	-391	-708	-391	-708
Total	**12 444**	**12 664**	**12 444**	**12 664**

Future minimum lease payments for office premises and IT services are as follows:

(USD 1 000)	Group 31.12.2015	Group 31.12.2014	Parent company 31.12.2015	Parent company 31.12.2014
Within one year	4 757	13 263	4 757	13 263
One to five years	11 550	37 254	11 550	37 254
After five years	6 299	2 083	6 299	2 083
Total	**22 606**	**52 600**	**22 606**	**52 600**

The company has entered into a new rental agreement for office premises in Oslo, which expires in 2027. The old agreement will expire in 2016. The company has two rental agreements for office space in Trondheim and one in Harstad, of which the longest both in Harstad and Trondheim expire in 2020. The company has a rental agreement for office premises in Stavanger, which expires in 2016. In 2013, the company signed a new contract for IT services. The hire period is five years and it contain an option for extension.

Liability for damages / insurance

Just like other licencees on the Norwegian Continental Shelf, the company has unlimited liability for damage, including pollution damage. The company has insured its pro rata liability on the Norwegian Continental Shelf on a par with other oil companies. Installations and liability are covered by an operational liability insurance policy.

Guarantees

The company has established a loan scheme whereby permanent employees can borrow up to 30 per cent of their gross annual salary at the prescribed interest rate for tax purposes. The company covers the difference between the market interest rate and the prescribed interest rate for tax purposes at any time. The lender is one selected bank, and the company guarantees for the employees' loans. Guarantees furnished by the company for employees totalled USD 1.6 million at 31 December 2015. The corresponding amount for 2014 was USD 4.2 million.

Det norske has provided the landlord KLP with a guarantee in the amount of USD 1.7 million to cover the rent for the company's premises in Oslo. Guarantees have also been furnished in connection with the establishment of the debt facilities.

Contingent liabilities

During the normal course of its business, the company will be involved in disputes, including tax disputes. The company has made accruals for probable liabilities related to litigation and claims based on the management's best judgment and in line with IAS 37. The Management is of the opinion that none of the disputes will lead to significant commitments for the company.

In 2012, the company announced that it had received a notice of reassessment from the Norwegian Oil Taxation Office (OTO) in respect of 2009 and 2010. Subsequently the notice was extended to include 2011 and 2012. The company responded to the notice of reassessment in 2012 by submitting detailed comments, and has subsequently had further correspondence with OTO regarding the notice.

Note 29: Transactions with related parties

Owners with controlling interests

At year-end 2015, Aker (Aker Capital AS) was the largest shareholder in Det norske, with a total ownership interest of 49.99 per cent. An overview of the 20 largest shareholders is provided in Note 21.

Duty of disclosure related to the executive management

For more details about remuneration of key executive personnel, see Note 9.

Transactions with related parties

In connection with our development projects, agreements have been entered into with Aker Solutions and its subsidiaries, which are subsidiaries of Aker ASA. Det norske's share of transactions in 2015 and 2014 has been included in the table below.

Transactions with related parties are carried out on the basis of the "arm's length" principle.

		Group		Parent company	
Related party (USD 1 000)	**Liabilities**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Aker Business Services	Trade creditors	-	35	-	35
Aker Engineering	Trade creditors	26	-	26	
Aker Geo	Trade creditors	-	296	-	296
Aker Solutions	Trade creditors	88	-	88	
Aker Subsea Solutions	Trade creditors	279	596	279	596

		Group		Parent company	
Related party (USD 1 000)	**Expenses**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Aker Achievements	Other personnel costs	40	46	40	46
Aker ASA	Software & board remuneration	640	1 069	640	1 069
Aker Business Services	Development costs	952	1 072	952	1 072
Aker Engineering	Development costs	137	576	137	576
Aker Geo	Exploration expenses	619	349	619	349
Aker Kværner	Other operating expenses	3	1 084	3	1 084
Aker Pharma Holdco	Other operating expenses	148	107	148	107
Aker Solutions	Development costs	637	10 488	637	10 488
Aker Subsea Solutions	Development costs	22 919	-	22 919	-

Reference is made to Note 19, for information regarding transactions with the company's subsidiaries.

Note 30: Financial instruments

Capital structure and equity

The main objective of the company's management of the capital structure is to maximize return to the owners by ensuring competitive conditions for both the company's own capital and borrowed capital.

The company seeks to optimize its capital structure by balancing return on equity against lenders' security and liquidity requirements. The company aims to have a good reputation in all debt markets, including the bond market and the bank market.

The size of the company's resource and reserve base is very important in relation to access to capital and borrowing terms. The increase in resources and reported reserves as a result of the Marathon Oil Norge AS acquisition in 2014 significantly strengthened the company's ability to obtain attractive terms and conditions for its debt portfolio.

The company monitors changes in financing needs, risk, assets and cash flows, and evaluates the capital structure continuously. To maintain the desired capital structure, the company considers various types of instruments, including refinancing of its debt, purchase or issue new shares or debt instruments, sell assets or pay back capital to the owners.

Categories of financial assets and liabilities

The company has the following financial assets and liabilities: financial assets and liabilities recognized at fair value through profit or loss, loans and receivables, and other liabilities. The latter two are recognized in the accounts at amortized cost, while the first item is recognized at fair value.

Categories of financial assets and financial liabilities - Group and Parent

	Financial assets at fair value		Financial liabilities at fair value		
31.12.2015	**Designated as such upon initial recognition**	**Loan and receivables**	**Designated as such upon initial recognition**	**Financial liabilities measured at amortized costs**	**Total**
Assets					
Other current financial assets	2 907	-	-	-	2 907
Accounts receivable	-	85 546	-	-	85 546
Other short-term receivables[1]	-	83 556	-	-	83 556
Derivatives	45 217	-	-	-	45 217
Other non-current assets	-	12 628	-	-	12 628
Cash and cash equivalents	-	90 599	-	-	90 599
Total financial assets	**48 124**	**272 329**	**-**	**-**	**320 453**
Liability					
Derivatives	-	-	75 518		75 518
Trade creditors	-	-	-	51 078	51 078
Bonds	-	-	-	503 440	503 440
Reserve-based lending facility	-	-	-	2 118 935	2 118 935
Other short-term liabilities	-	-	-	319 735	319 735
Total financial liabilities	**-**	**-**	**75 518**	**2 993 188**	**3 068 706**

[1] Prepayments are not included in other short-term receivables, as prepayments are not deemed to constitute financial instruments.

	Financial assets at fair value		Financial liabilities at fair value		
31.12.2014	**Designated as such upon initial recognition**	**Loan and receivables**	**Designated as such upon initial recognition**	**Financial liabilities measured at amortized costs**	**Total**
Assets					
Other current financial assets	3 289	-	-	-	3 289
Trade receivables	-	186 461	-	-	186 461
Other short-term receivables [1]	-	142 910	-	-	142 910
Other non-current assets	-	3 598	-	-	3 598
Cash and cash equivalents	-	296 244	-	-	296 244
Total financial assets	**3 289**	**629 213**	**-**	**-**	**632 502**
Liability					
Derivatives	-	-	30 870	-	30 870
Trade creditors	-	-	-	152 258	152 258
Bonds	-	-	-	253 141	253 141
Reserve-based lending facility	-	-	-	2 037 299	2 037 299
Other short-term liabilities	-	-	-	469 669	469 669
Total financial liabilities	**-**	**-**	**30 870**	**2 912 367**	**2 943 237**

[1] Prepayments are not included in other short-term receivables, as prepayments are not deemed to constitute financial instruments.

Financial risk

The company has financed its activities with a reserve-based lending facility (see Note 26) and two bonds (see Note 23). In addition, the company has financial instruments such as trade debtors, trade creditors etc., directly related to its day-to-day operations. For hedging purposes, the company has different types of hedging instruments, but no hedge accounting is applied. Commodity derivatives are used to hedge the risk of oil price reduction. Foreign currency exchange contracts and options are used in order to reduce currency risk related to expenditures. The company manages its interest rate exposure with a cross currency interest rate swap.

The most important financial risks which the company is exposed to relate to oil prices, foreign exchange rates, interest rates and access to funding.

The company's risk management, including financial risk management, is designed to ensure identification, analysis and systematic and cost-efficient handling of risk. Established management procedures provide a good basis for reporting and monitoring of the company's risk exposure.

(i) Oil price risk

Det norske's revenues are derived from the sale of petroleum products, and the revenue flow is therefore exposed to oil and gas price fluctuations. Prior to the acquisition of Marathon Oil Norge AS, the company had limited production volumes of oil and gas and as a result, did not enter into any commodity hedging. Post the acquisition, the company's oil and gas production has become significant, and with the current unstable macro environment the company decided to enter into commodity derivatives to hedge part of the risk for further decrease in the oil price. The company has put options in place with a strike of USD 55/bbl. for around 20 per cent of the estimated 2016 oil production, corresponding to 67 per cent of the after-tax value.

The following table summarizes the sensitivity of the commodity derivatives to a reasonably possible change in the forward oil price as of 31 December 2015, with all other variables held constant. As the company has not hedged production after 2016, the calculation is based on 2016 forward curve only. The impact presented below is on the fair value of the commodity derivatives only, and does not include other Income statement effects from changes in oil prices.

	Increase/decrease in oil price	31.12.2015
Effect on pre-tax profit/loss:	+ 30%	-47 084
	- 30%	44 613

(ii) Currency risk

Revenues from sale of petroleum and gas are in USD and GBP, while expenditures are mainly in NOK, USD, SGD, EUR, GBP, CHF and DKK. Exchange rate fluctuations and oil prices involve both direct and indirect financial risk exposure for the company, but because a significant portion of the expenses are in USD, some of this risk is mitigated. Currency derivatives are only used to reduce the currency risk relating to the company's ordinary operations.

The table below shows the impact on profit/loss from changes in USD/NOK exchange rate. Other currencies are not included as the exposure is deemed immaterial.

NOK/USD	Change in exchange rate	31.12.2015	31.12.2014
Effect on pre-tax profit/loss:*	+ 10%	32 383	-29 121
	- 10%	-35 715	29 121

* The sensitivity disclosed above includes the impact from currency derivaties.

The table below shows the company's exposure in NOK as of 31 December:

Exposure relating to:	31.12.2015	31.12.2014
Receivables, cash and cash equivalents, other short-term receivables and deposits	192 536	309 770
Trade creditors and other short-term liabilities	-251 506	-493 987
Bond loan	-215 689	-253 414
Net exposure in USD	**-274 658**	**-437 631**

The company is also exposed to change in other exchange rates such as GBP/USD, EUR/USD, CHF/USD, SGD/USD and DKK/USD, but the amounts are not material.

(iii) Interest-rate risk

The company is exposed to interest-rate risk to borrowings and cash deposits. Floating-interest loans involve risk exposure for the company's future cash flows. As of 31 December 2015, the company's total loan liabilities amounted to approximately USD 2.6 billion, distributed between two long-term bond issues and one reserve-based lending facility. The corresponding loan liabilities as of 31 December 2014 amounted to approximately USD 2.3 billion.

The terms of the company's loans are described in Notes 23 and 26. The interest-rate risk relating to cash and cash equivalents is relatively limited. The following table shows the company's sensitivity to potential changes in interest rates which is reasonably possible:

Change in interest rate level in basis points:		31.12.2015	31.12.2014
Effect on pre-tax profit/loss:	+ 100 points	-24 932	-18 232
	- 100 points	24 864	18 167

In order to calculate sensitivity of interest rate changes, floating interest rates have been changed by + / - 100 basis points.

The table shows the effect on profit or loss in 2015 from changes in expected future interest rates. Such changes in expected future interest rates would have impacted the fair value of interest-rate swaps on the balance sheet date. However, the floating rate interest received on the interest rate swaps is associated with a corresponding floating rate interest payment on a bond or a loan. A change in fair value on the interest rate swaps has reduced the exposure to interest-rate risk by approximately USD 2.2 million in the sensitivity presented.

(iv) Liquidity risk/liquidity management

The company's liquidity risk is the risk that it will not be able to meet its financial obligations as they fall due.

In addition, short-term (12 months) and long-term (five years) forecasts are prepared on a regular basis to plan the company's liquidity requirements. These plans are updated regularly for various scenarios and form part of the decision basis for the company's management and board of directors.

Excess liquidity is defined as a portfolio consisting of liquid assets other than the funds deposited in regular operational bank accounts and unused credit facilities. This means that excess liquidity includes high-interest accounts and financial investments in banks, money-market instruments and bonds.

For excess liquidity, the requirement for low liquidity risk (i.e. the risk of realization on short notice) is generally more important than maximizing the return.

The company's objective for the placement and management of excess capital is to maintain a low risk profile and good liquidity.

The company's excess liquid assets as of 31 December 2015 are mainly deposited in bank accounts. As of 31 December 2015, the company has cash reserves of USD 91 million (2014: USD 296 million). The company will focus on cash management and liquidity going forward. Significant development expenses combined with revenues from production are carefully managed on a day-to-day basis for liquidity risk management purposes.

The table below shows the payment structure for the company's financial commitments, based on undiscounted contractual payments:

		Contract related cash flow				
31.12.2015	**Book value**	**Less than 1 year**	**1-2 years**	**2-5 years**	**over 5 years**	**Total**
Non-derivative financial liabilities:						
Bond issue	503 440	47 886	47 841	355 056	343 819	794 602
Reserve-based lending facility	2 118 935	84 986	84 986	258 096	2 238 142	2 666 210
Trade creditors and other liabilities	51 078	51 078	-	-	-	51 078
Derivative financial liabilities						
Derivatives	75 518	13 506	4 980	57 032		75 518
Total as of 31.12.2015	**2 748 971**	**197 456**	**137 806**	**670 184**	**2 581 961**	**3 587 408**

		Contract related cash flow				
31.12.2014	**Book value**	**Less than 1 year**	**1-2 years**	**2-5 years**	**over 5 years**	**Total**
Non-derivative financial liabilities:						
Bond issue	253 141	16 537	16 537	49 611	253 141	335 826
Reserve-based lending facility	2 037 299	86 689	86 689	260 066	2 273 378	2 706 822
Trade creditors and other liabilities	152 258	152 258	-	-	-	152 258
Derivative financial liabilities						
Derivatives	30 870	25 224	5 646	-	-	30 870
Total as of 31.12.2014	**2 473 568**	**280 707**	**108 872**	**309 677**	**2 526 519**	**3 225 775**

(v) Credit risk

The risk of counterparties being financially incapable of fulfilling their obligations is regarded as minor as there have not historically been any losses on accounts receivable. The company's customers and licence partners are large and credit worthy oil companies, and it has thus not been necessary to make any provision for bad debt.

In the management of the company's liquid assets, low credit risk is prioritized. Liquid assets are placed in bank deposits, bonds and funds that represent a low credit risk.

The maximum credit risk exposure corresponds to the book value of financial assets. The company deems its maximum risk exposure to correspond with the book value of trade debtors and other short-term receivables, non-current assets and investments, see Notes 16 and 17.

Determination of fair value

The fair value of forward exchange contracts is determined using the forward exchange rate at the end of the reporting period. The fair value of cross currency interest rate swaps is determined by using the expected floating interest rates and the forward exchange rate at the end of the period. The fair value of commodity derivatives is determined using the forward Brent blend curve at the end of the reporting period. The fair value is confirmed by the financial institution with which the group has entered into contracts. See Note 25 for detailed information about the derivatives.

Items included in market-based financial investments are a listed bond issued by Sparebanken Midt-Norge. The fair value of the investments are determined using the price for tax purposes as defined by the Norwegian Securities Dealers Association. In the course of the year, the value of this asset decreased by USD 0.4 million (2014: USD 0.7 million), and the loss is recognized as Other financial expenses in the Income statement.

The following of the company's financial instruments have not been valued at fair value: liquid assets, trade debtors, other short-term receivables, other long-term receivables, short-term loans and other short-term liabilities, bonds and other interest bearing liabilities.

The carrying amount of cash and cash equivalents is approximately equal to fair value, since these instruments have a short term to maturity. Similarly, the carrying amount of trade debtors, other receivables, trade creditors and other short-term liabilities is virtually the same as their fair value as they are entered into on 'ordinary' terms and conditions. Other non-current assets mainly consist of deposits, and hence their value is virtually equal to their fair value.

For the RBL facility it is assumed that the margin interest rates in all material respect would have been the same if the loan was established at 31 December 2015. Hence, the fair value is assumed to equal the book value.

The bond issues from September 2013 and May 2015 are listed on Oslo Stock Exchange, and the fair value for disclosure purposes is determined using the quoted value as of 31 December 2015.

The following is a comparison between the book value and fair value of the company's financial instruments, except those where the carrying amount is a reasonable approximation of fair value (such as short-term trade receivables and payables in addition to instruments measured to fair value).

	31.12.2015		31.12.2014	
Fair value of financial instruments:	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial liabilities measured at amortized cost:				
Bond issue	503 440	484 139	253 141	250 114
Other interest-bearing debt	2 118 935	2 118 935	2 037 299	2 037 299
Total financial liabilities	**2 622 375**	**2 603 074**	**2 290 440**	**2 287 414**

Fair value hierarchy:

The company classifies fair value measurements by employing a value hierarchy that reflects the significance of the input used in preparing the measurements. The fair value hierarchy consists of the following levels:

Level 1 - input in the form of listed (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 - input other than listed prices of assets and liabilities included in Level 1 that is observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - input for assets or liabilities for which there is no observable market data (non-observable input). The company has no assets or liabilities in Level 3.

31.12.2015 **Financial instruments recognized at fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets or liabilities measured at fair value with changes in value recognized through profit or loss			
Derivatives	-	120 735	-
Market-based financial investments	2 907	-	-

31.12.2014 **Financial instruments recognized at fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets or liabilities measured at fair value with changes in value recognized through profit or loss			
Derivatives	-	30 870	-
Market-based financial investments	3 289	-	-

In the course of the reporting period, there were no changes in the fair value measurements that involved any transfers between levels.

Note 31: Investments in joint operations

The company recognizes investments in jointly controlled operations (oil and gas licences) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the company's financial statements.

The company's investments in licences on the Norwegian Continental Shelf as of:

Fields operated:	**31.12.2015**	**31.12.2014**
Alvheim	65.0 %	65.0 %
Bøyla	65.0 %	65.0 %
Ivar Aasen Unit	34.8 %	34.8 %
Jette Unit	70.0 %	70.0 %
Vilje	46.9 %	46.9 %
Volund	65.0 %	65.0 %

Fields non-operated:	**31.12.2015**	**31.12.2014**
Atla	10.0 %	10.0 %
Enoch	2.0 %	2.0 %
Gina Krog	3.3 %	3.3 %
Johan Sverdrup ****	11.6 %	11.6 %
Jotun	7.0 %	7.0 %
Varg	5.0 %	5.0 %

Production licences for which Det norske is the operator:

Licence	**31.12.2015**	**31.12.2014**
PL 001B	35.0 %	35.0 %
PL 026B	62.1 %	62.1 %
PL 027D	100.0 %	100.0 %
PL 027ES *	0.0 %	0.0 %
PL 028B	35.0 %	35.0 %
PL 036C	65.0 %	65.0 %
PL 036D	46.9 %	46.9 %
PL 088BS	65.0 %	65.0 %
PL 103B	70.0 %	70.0 %
PL 150	65.0 %	65.0 %
PL 150B	65.0 %	65.0 %
PL 169C	50.0 %	50.0 %
PL 203	65.0 %	65.0 %
PL 203B	65.0 %	65.0 %
PL 242	35.0 %	35.0 %
PL 340	65.0 %	65.0 %
PL 340BS	65.0 %	65.0 %
PL 364	50.0 %	50.0 %
PL 460	100.0 %	100.0 %
PL 494	30.0 %	30.0 %
PL 494B	30.0 %	30.0 %
PL 494C	30.0 %	30.0 %
PL 504	47.6 %	47.6 %
PL 504BS *	0.0 %	0.0 %
PL 504CS *	0.0 %	0.0 %
PL 553 *	0.0 %	0.0 %
PL 626	50.0 %	50.0 %
PL 659	20.0 %	20.0 %
PL 663	30.0 %	30.0 %
PL 677	60.0 %	60.0 %
PL 709	40.0 %	40.0 %
PL 715	40.0 %	40.0 %
PL 724	40.0 %	40.0 %
PL 724B **	40.0 %	40.0 %
PL 736S	65.0 %	65.0 %
PL 748 ***	30.0 %	40.0 %
PL 777 **	40.0 %	40.0 %
PL 790 ***	30.0 %	50.0 %
Total	**34**	**34**

* Relinquished licences or Det norske has withdrawn from the licence.

** Interest awarded in the APA Licensing round (Application in Predefined Areas) in 2014. The awards were announced in 2015.

*** Acquired/changed through licence transactions or licence splits.

**** According to a ruling by Ministry of Oil and Energy.

***** Acquired through the purchase of Svenska (PL521 is relinquished)

Production licences in which Det norske is a partner:

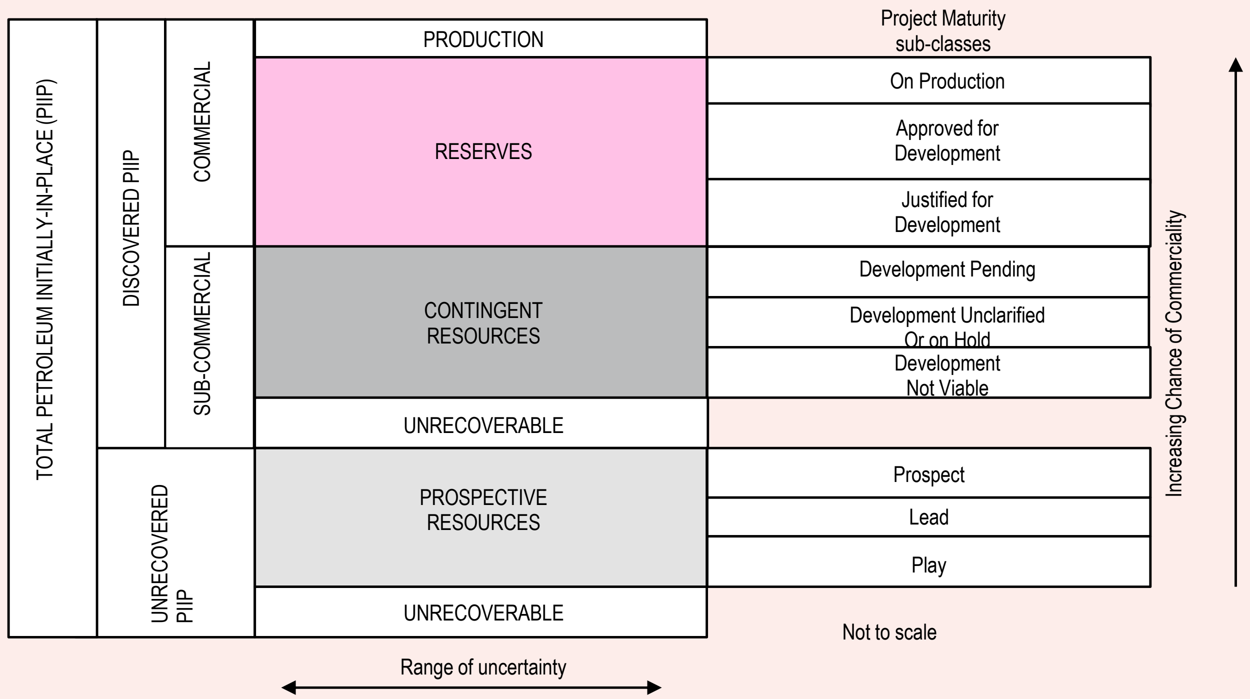
Licence	**31.12.2015**	**31.12.2014**
PL 019C	30.0 %	30.0 %
PL 019D	30.0 %	30.0 %
PL 029B	20.0 %	20.0 %
PL 035 *****	50.0 %	25.0 %
PL 035B *****	40.0 %	15.0 %
PL 035C *****	50.0 %	25.0 %
PL 038	5.0 %	5.0 %
PL 038D	30.0 %	30.0 %
PL 038E	5.0 %	5.0 %
PL 048B	10.0 %	10.0 %
PL 048D	10.0 %	10.0 %
PL 102C	10.0 %	10.0 %
PL 102D	10.0 %	10.0 %
PL 102F	10.0 %	10.0 %
PL 102G	10.0 %	10.0 %
PL 265	20.0 %	20.0 %
PL 272 *****	50.0 %	25.0 %
PL 362*****	40.0 %	15.0 %
PL 438	10.0 %	10.0 %
PL 442*****	60.0 %	20.0 %
PL 457	40.0 %	40.0 %
PL 457BS	40.0 %	40.0 %
PL 492	40.0 %	40.0 %
PL 502	22.2 %	22.2 %
PL521*****	25.0 %	0.0 %
PL 522 *	0.0 %	0.0 %
PL 533 ***	35.0 %	35.0 %
PL 550	10.0 %	10.0 %
PL 551	20.0 %	20.0 %
PL 554 *****	30.0 %	10.0 %
PL 554B *****	30.0 %	10.0 %
PL 554C *****	30.0 %	10.0 %
PL 558 *	0.0 %	0.0 %
PL 567	40.0 %	40.0 %
PL583 *****	45.0 %	0.0 %
PL 574	10.0 %	10.0 %
PL 613	20.0 %	20.0 %
PL 619 *	0.0 %	0.0 %
PL 627	20.0 %	20.0 %
PL 627B **	20.0 %	20.0 %
PL 653	30.0 %	30.0 %
PL 667 *	0.0 %	0.0 %
PL 672	25.0 %	25.0 %
PL 676BS *	0.0 %	0.0 %
PL 676S *	0.0 %	0.0 %
PL 678BS ***	0.0 %	25.0 %
PL 678C ***	0.0 %	25.0 %
PL 678S	25.0 %	25.0 %
PL 681	16.0 %	16.0 %
PL689 *****	20.0 %	0.0 %
PL690 *****	30.0 %	0.0 %
PL 694 **	20.0 %	20.0 %
PL 706 *	0.0 %	0.0 %
PL722 ***	10.0 %	0.0 %
PL 730	30.0 %	30.0 %
PL 730B	30.0 %	30.0 %
PL 778 **	20.0 %	20.0 %
PL797 *****	25.0 %	0.0 %
PL 804 **	30.0 %	30.0 %
Total	**50**	**46**

Note 32: Classification of reserves and contingent resources (unaudited)

Det norske oljeselskap ASA's reserve and contingent resource volumes have been classified in accordance with the Society of Petroleum Engineers' (SPE's) "Petroleum Resources Management System". This classification system is consistent with Oslo Børs's requirements for the disclosure of hydrocarbon reserves and contingent resources. The framework is illustrated in Figure 1.

The framework is illustrated in Figure 1.

Figure 1 - SPE's classification system used by Det norske oljeselskap ASA



An independent third party, AGR Reservoir Services, has certified all reserves except for the minor producing fields Jette, Atla and Enoch.

Reserves, developed and non-developed

Det norske oljeselskap ASA has a working interest in 17 fields/projects containing reserves, see Table 1. Of these fields/projects, nine are in the sub-class "On Production"/Developed, eight are in the sub-class "Approved for Development"/Non-developed. Note that the Alvheim and Volund fields have reserves in both sub-class "On production" and in the sub-class "Approved for Development".

Sub-class "On Production"/Developed:
- Alvheim - operated by Det norske, Det norske 65 per cent (Norwegian part)
- Volund - operated by Det norske, Det norske 65 per cent
- Vilje - operated by Det norske, Det norske 46.907 per cent
- Bøyla – operated by Det norske, Det norske 65 per cent
- Jette – operated by Det norske, Det norske 70 per cent
- Varg – operated by Talisman, Det norske 5 per cent
- Jotun - operated by ExxonMobil, Det norske 7 per cent
- Atla – operated by Total, Det norske 10 per cent
- Enoch – operated by Talisman, Det norske 2 per cent

Sub-class "Approved for Development":
- Alvheim Kameleon Phase 3 – operated by Det norske, Det norske 65 per cent
- Alvheim infill well Boa Kam North – operated by Det norske, Det norske 65 per cent (Norwegian part)
- Ivar Aasen Unit– operated by Det norske, Det norske 34.7862 per cent
- Volund infill wells - operated by Det norske, Det norske 65 per cent
- Gina Krog – operated by Statoil, Det norske 3.3 per cent
- Hanz – operated by Det norske, Det norske 35 per cent
- Viper/Kobra – operated by Det norske, Det norske 65 per cent
- Johan Sverdrup– operated by Statoil, Det norske 11.5733 per cent

Total net proven reserves (P90/1P) as of 31 December 2015 to Det norske are estimated at 374 million barrels of oil equivalent. Total net proven plus probable reserves (P50/2P) are estimated at 498 million barrels of oil equivalent. The split between liquid and gas and between the different subcategories can be seen in Table 1.

Johan Sverdrup Phase 1 PDO was sanctioned in January 2015. Hence the reserves from phase 1 is categorized in sub class "Approved for Development"/under development. More than 80 per cent of the reserve from a full field development will be recovered through a Phase 1 development only. Even though a PDO for future phases has not yet been submitted, Det norske has chosen to include all reserves from a full field development in sub category "Approved for Development"/under development. Several development solutions are currently discussed among the license partners and a decision for concept choice will be made in fall 2016. However, reserve estimates are very much independent of the development solution. Even a "minimum development" which includes drilling of wells only and with marginal or no CAPEX spent on increasing production capacities compared with Phase 1 capacities will give approximately the same reserves as a large/expensive development with additional process capacities installed. Thus, an investment in increased process capacities is linked to acceleration of production and consequently increased NPV and not for increasing reserves.

Even though the Jotun and Varg fields will produce marginal volumes in 2016, Det norske has not included any reserves from Jotun in the company's reserve base as of 31 December 2015. The reason for this is that both the proven and proven plus probable production profiles for both fields indicates negative cash flow as of 31 December 2015. This is in accordance with the SPE's "Petroleum Recourse Management System"

Changes from 2014 reserve report are summarized in Table 2. The main reason for increased net reserve estimate is that Johan Sverdrup has been classified as reserves in 2015. As of 31 December 2015 Johan Sverdrup represent 64 per cent and 61 per cent of total net proven reserves (1P/P90) and proven plus probable reserves (2P/P50) respectively.

Except for Johan Sverdrup there has been only minor changes in reserve estimate. Two infill wells on Volund were sanctioned in 2015 and have been included in "Approved for Development". In addition two infill wells successfully drilled and completed on Alvheim in 2015 have been moved from "Approved for Development" and included in Alvheim base estimate ("On Production"). Also Bøyla came on production in 2015 and are therefore reclassified from "Approved for Development" to "On Production".

The future oil price assumption for the reserves given in Table 1 below is 60 USD/bbl. Average oil price in the period 1 October 2014 to 1 October 2015 was 60.3 USD/bbl. A sensitivity with a higher oil price of 70 USD/bbl. had only minor impact on net total reserves to Det norske. Also a lower price scenario with an oil price of 50 USD/has been run. This gave marginal lower reserve estimates compared to base case.

Total net production to Det norske averaged 60 mboepd in 2015.

Table 1 - Reserves by field

On production	**Interest**	**1P / P90 (low estimate)**					**2P / P50 (best estimate)**				
		Gross oil/cond.	Gross NGL	Gross gas	Gross oil equival.	Net oil equival.	Gross oil/cond.	Gross NGL	Gross gas	Gross oil equival.	Net oil equival.
31.12.2015	%	(million barrels)	Mton	(bcm)	(million barrels)	(million barrels)	(million barrels)	Mton	(bcm)	(million barrels)	(million barrels)
Alvheim Norway	65.0 %	55.7	0.0	0.6	59.7	38.8	74.5	0.0	1.2	81.8	53.2
Vilje	46.9 %	9.6	0.0	0.0	9.6	4.5	17.5	0.0	0.0	17.5	8.2
Volund	65.0 %	8.8	0.0	0.1	9.2	6.0	16.1	0.0	0.2	17.5	11.4
Bøyla	65.0 %	10.1	0.0	0.1	10.5	6.8	16.3	0.0	0.1	17.1	11.1
Atla	10.0 %	0.2	0.0	0.3	1.9	0.2	0.4	0.0	0.5	3.5	0.4
Jotun	7.0 %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Varg	5.0 %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jette	70.0 %	0.1	0.0	0.0	0.1	0.1	0.2	0.0	0.0	0.2	0.1
Enoch	2.0 %	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0
Total						**56.4**					**84.4**

	Interest	**1P / P90 (low estimate)**					**2P / P50 (best estimate)**				
Approved for Development		Gross oil/cond.	Gross NGL	Gross gas	Gross oil equival.	Net oil equival.	Gross oil/cond.	Gross NGL	Gross gas	Gross oil equival.	Net oil equival.
31.12.2015	%	(million barrels)	Mton	(bcm)	(million barrels)	(million barrels)	(million barrels)	Mton	(bcm)	(million barrels)	(million barrels)
Alvheim Kam Phase 3	65.0 %	0.0	0.0	2.1	13.1	8.5	0.0	0.0	3.3	21.1	13.7
Alvheim infill Boa Kam North	65.0 %	3.7	0.0	0.1	4.1	2.6	8.7	0.0	0.1	9.6	6.3
Viper/Kobra	65.0 %	4.6	0.0	0.1	4.9	3.2	7.8	0.0	0.1	8.5	5.5
Volund Infill	65.0 %	6.6	0.0	0.1	7.2	4.7	10.6	0.0	0.2	11.6	7.5
Ivar Aasen	34.8 %	108.5	0.8	4.4	145.4	50.6	146.4	0.9	4.7	186.3	64.8
Hanz	35.0 %	12.1	0.1	0.3	14.6	5.1	14.4	0.1	0.4	17.7	6.2
Gina Krog	3.3 %	80.4	2.4	7.7	157.6	5.2	105.6	3.2	11.5	216.4	7.1
Johan Sverdrup	11.6 %	1 925.6	4.7	11.3	2 052.9	237.6	2 452.0	6.0	14.5	2 615.4	302.7
Total						**317.5**					**413.8**
Total Reserves 31.12.2015						**373.9**					**498.2**
Total Reserves 31.12.2014						**143.0**					**205.6**

Table 2 - Aggregated reserves, production, developments, and adjustments

Net attributed million barrels of oil equivalent (mmboe)	**On Production**		**Under development**		**Total**	
	1P/P90	**2P/P50**	**1P/P90**	**2P/P50**	**1P/P90**	**2P/P50**
Balance as of 31.12.2014	**50.0**	**80.7**	**93.0**	**125.0**	**143.0**	**205.6**
Production	-21.9	-21.9			-21.9	-21.9
Acquisitions/disposals					0.0	0.0
Extensions and discoveries					0.0	0.0
New developments	3.3	6.6	231.0	288.9	234.3	295.6
Revisions of previous estimates	24.9	18.9	-6.5	-0.2	18.4	18.7
Balance as of 31.12.2015	**56.4**	**84.4**	**317.4**	**413.7**	**373.7**	**498.0**
Delta	6.4	3.7	224.4	288.7	230.8	292.4

Note 33: Events after the balance sheet date

The company has identified the following events that have occurred between the end of the reporting period and the date of this report.

Acquisition of the license portfolio in Noreco Norway AS

On 2 March 2016, Det norske announced that it had entered into an agreement with Noreco Norway AS to acquire Noreco's Norwegian license portfolio. It consists of seven licenses on the Norwegian Continental Shelf, including a 20 per cent interest in the Gohta discovery (PL492) in the Barents Sea. The transaction is subject to regulatory approvals and contingent on approval from Noreco bondholders.

Statement from the Board of Directors and the Chief Executive Officer

Pursuant to the Norwegian Securities Trading Act section 5-5 with pertaining regulations we hereby confirm that, to the best of our knowledge, the company's and the Group's financial statements for 2015 have been prepared in accordance with IFRS, as provided for by the EU, and in accordance with the requirements for additional information provided for by the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair view of the company's and the Group's liabilities, financial position and results viewed in their entirety.

To the best of our knowledge, the Board of Directors' Report gives a true and fair view of the development, performance and financial position of the company, and includes a description of the principal risk and uncertainty factors facing the company and the Group. Additionally, we confirm to the best of our knowledge that the report "Payments to governments" as provided in a separate section in this annual report has been prepared in accordance with the requirements in the Norwegian Securities Trading Act Section 5-5a with pertaining regulations.

The Board of Directors and the CEO of Det norske oljeselskap ASA
Trondheim, 9 March 2016

Sverre Skogen, Chair of the Board

Terje Solheim, Board member

Anne Marie Cannon, Deputy Chair

Gudmund Evju, Board member

Katherine Jessie Martin (also known as Kitty Hall), Board member

Kristin Gjertsen, Board member

Kjell Inge Røkke, Board member

Gro Kielland, Board member

Jørgen C. Arentz Rostrup, Board member

Karl Johnny Hersvik, Chief Executive Officer

Kjell Pedersen, Board member

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To the Annual Shareholders' Meeting of Det norske oljeselskap ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Det norske oljeselskap ASA, which comprise the financial statements of the parent company Det norske oljeselskap ASA and the consolidated financial statements of Det norske oljeselskap ASA and its subsidiaries. The parent company's and the consolidated financial statements comprise the statement of financial position as at 31 December 2015, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer 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 the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Det norske oljeselskap ASA and of Det norske oljeselskap ASA and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

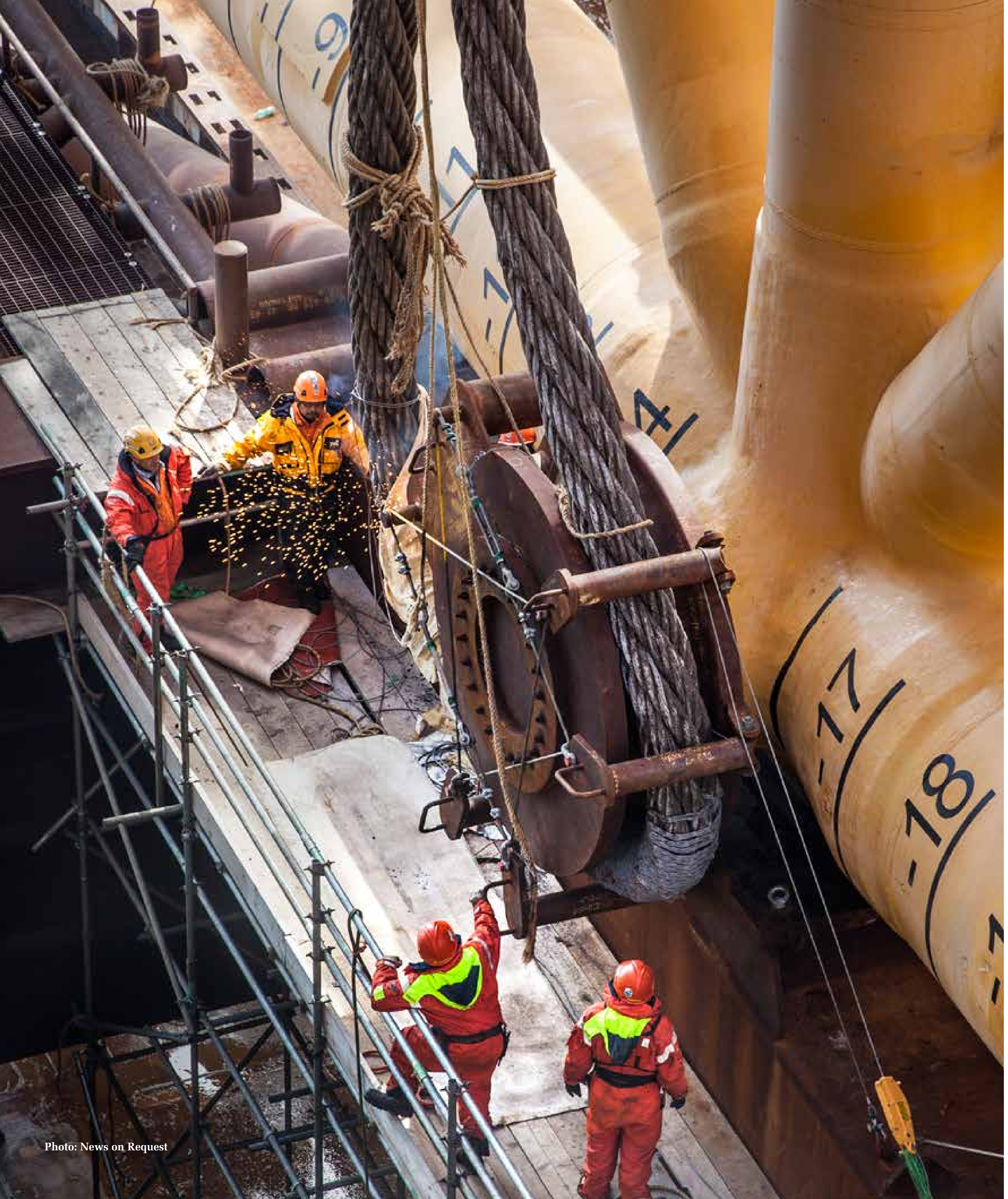
Opinion on Accounting Registration and Documentation

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 the 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.

Oslo, 9 March 2016
KPMG AS

Mona I. Larsen

Mona Irene Larsen
State Authorised Public Accountant



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