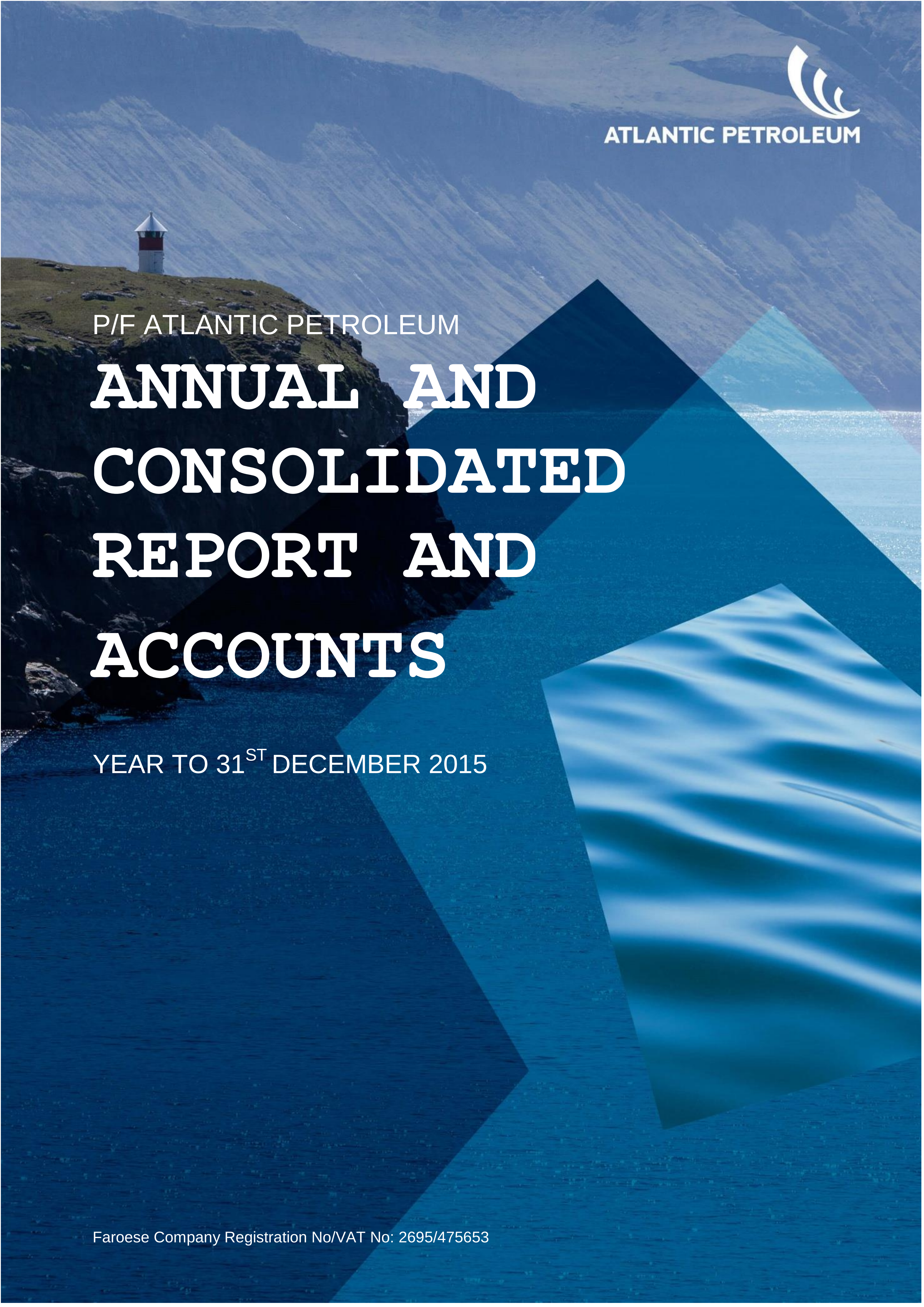

ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

YEAR TO 31ST DECEMBER 2015

Faroese Company Registration No/VAT No: 2695/475653

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2015 KEY EVENTS

- **2015 has been an extremely difficult year for the industry as the oil price continued to fall throughout the year finally reaching the lowest levels in a decade in early 2016. This has resulted in the entire industry re-examining their costs and taking all necessary steps to improve liquidity. For many small cap companies it has been a case of adopting measures to survive. Atlantic Petroleum is one of those companies**
- **Produced 486,000 boe in 2015. (Note Ettrick and Blackbird production was curtailed as a result of Atlantic Petroleum defaulting on payments)**
- **Pegasus gas discovery and surrounding licences sold to Third Energy Offshore Limited for £16,5MM of which £7.5mm was paid on completion in August.**
- **EBITDAX of DKK -272MM after significant impairment of our upstream Production and Development portfolio of DKK 389,2MM but before exploration expense**
- **Response to low oil price environment**
  - **Closed Faroes Office in July 2015**
  - **Exploration curtailed where possible. Exploration expense incurred amounted to DKK337,3MM reflecting asset write offs and relinquishmentsand after crediting DKK29,6MM for the gain on the sale of Pegasus gas discovery during the year**
  - **Deferred 2015 exploration drilling programme to manage costs (Capital savings of approximately DKK5MM)**
  - **Rationalised exploration portfolio (14 licences relinquished)**
  - **Negotiating cost reductions across the supply chain**
  - **Launched sales and farm out process of certain assets**
  - **Ran Strategic Options process from August 2015 with Pareto Securities acting as advisor attempting to either sell corporate entities or raise new sources of finance**
  - **Overhead reduction of 11 positions in the organisation equivalent to 41% staff reductions at report date**
  - **Appointed Deloittes as re-structuring advisor in October 2015**
- **Iona , the operator of the Orlando Field (AP interest 25%), announced on the 18th November that their financing for the field had fallen through and that they were likely to enter administration; subsequently confirmed on the 6th January 2016. The field development stalled on the 18th November**
- **On 3rd December Atlantic Petroleum North Sea Limited announced that the company was under default under the Ettrick and Blackbird Joint Operating Agreement for failing to make payments. The default has not been cured and the asset is as of the 26th January 2016 subject to forfeiture.**
- **Atlantic Petroleum North Sea Limited was served a Default Notice on the 19th January 2016 in respect of the Chestnut Field. The Group has been unable to settle this default; the interest in the Chestnut Field is now liable to forfeiture under the terms of the Joint Operating Agreement**
- **On 9th March 2016 Atlantic Petroleum announced its intention to cease all activities in Norway through the sales of its activities to M Vest Energy AS. whereupon a further 12 staff will leave the Group; making a total staff reduction of 85%**

PERFORMANCE SUMMARY

KEY METRICS

DKK 1,000	3 months to 31st Dec 2015	3 months to 31st Dec 2014	Full year 2015	Full year 2014	Full year 2013
Income statement					
Revenue	**23,486**	81,558	186,722	343,146	417,421
Impairment on producing assets	**-6,279**	0	-123,606	-209,085	0
Gross loss/profit	**-291,752**	-264,747	-420,729	-186,856	195,655
Exploration expenses	**-192,688**	-58,338	-337,282	-214,862	-119,647
EBITDAX	**-277,239**	21,412	-271,685	124,358	223,748
Operating loss (EBIT)	**-503,084**	-314,444	-805,813	-454,073	-1,629
Depreciations	**-33,157**	-277,519	-73,241	-154,484	-105,729
Loss before taxation	**-505,994**	-325,808	-833,842	-484,215	-11,623
Loss after taxation	**-424,248**	-141,755	-563,990	-218,257	-25,674
Financial position					
Non-current assets	124,921	698,261	124,921	698,261	921,804
Current assets	180,869	374,802	180,869	374,808	315,375
Total assets	**305,790**	1,073,062	305,790	1,073,068	1,237,179
Current liabilities	269,753	262,074	269,753	262,080	141,541
Non-current liabilities	138,051	387,807	138,051	387,807	498,293
Total liabilities	**407,804**	649,881	407,804	649,887	639,834
Net assets/Equity	**-102,014**	423,181	-102,014	423,181	597,345
Cash flow and cash					
Cash provided by operating activities	**258,852**	103,765	**206,104**	96,795	219,146
Change in cash and cash equivalents	**-5,796**	-37,043	**-88,628**	-69,426	-54,183
Cash and cash equivalents	**42,049**	111,989	**42,049**	111,989	184,61
Bank debt – excluding drawdown on the exploration finance facility	**59,410**	58,500	**59,410**	58,500	78,000
Financial statement related key figures					
Gross Margin	**-1,242.2%**	-324,6%	-225,3%	-54.5%	46,9%
EBIT Margin	**-2,142.1%**	-385,5%	-431,6%	-132.3%	-0,4%
EBITDAX Margin	**-1,180.4%**	26,3%	-145,5%	36.2%	53,6%
Return on Equity	**-399,1%**	-28,3%	-351,2%	-42.8%	-4,5%
Share related key figures					
Earnings per share Basic	**-114,72**	-38,33	**-152,52**	-59.03	26,68
Earnings per share Diluted	**-114,72**	-38,33	**-152,52**	-59.03	26,54
Share price in DKK on OMX CPH and Oslo Stock Exchange	**6/6**	42/45	**6/6**	42/45	184/184
Other key numbers					
Production boepd – net to the Group	**1,206**	1,636	**1,331**	1,605	2,536
Full time equivalent positions including staff that has been given notice of termination of their employment.	**23**	27	**26**	27	27

CHAIRMAN'S STATEMENT

The past year has been extremely challenging for participants in the Oil and gas industry including shareholders and the market continues to be suffering from an oversupply of oil with little relief in sight. The impact on Atlantic Petroleum has been dramatic and we were left with little alternative than to put the company into survival mode.

Our production was loss making in 2015. The average oil price did not cover our average Opex on the fields.

We did take steps to cut costs and launched a strategic review process in the year, but we failed to find an integrated solution to the challenges facing Atlantic Petroleum.

The market has deteriorated further in early 2016, and we are now due to forfeit all three producing assets with continuing obligations attached to some of the assets. Our biggest asset Orlando still faces large uncertainties in relation to project status and the operator. We have made an agreement to dispose of our Norwegian activity that will mean upon legal completion that we exit Norway with approximately NOK 27MM of cash from tax refunds being recovered in 2017.

The current situation means that we continue to have significant challenges ahead of us. We are working with our main creditors and other interested parties to achieve a solution that may allow P/F Atlantic Petroleum to continue trading, however there are no guarantees that we will succeed in securing the survival of the company. We are however, now working closely with London Oil and Gas Ltd in line with the Heads of Terms signed 24th March 2016 where London Oil & Gas states its intent to inject a minimum of GBP 8MM in assets and funds into Atlantic Petroleum; a prospect which offers some hope of value.

Rest assured, those that remain on the management team will continue to give maximum effort to achieve a positive outcome as they have done throughout the past year under very difficult circumstances. It would be remiss of me not to thank them and Board colleagues for their efforts and support.

David MacFarlane
Chairman of the Board
30th March 2016

CHIEF EXECUTIVE OFFICER'S STATEMENT

2015 provided perhaps the most difficult trading conditions for Atlantic Petroleum and for the Oil and Gas Industry as a whole in many years, almost without precedent. The oil price continued to decline throughout 2015 and the start for 2016 has seen the lowest oil price for more than a decade. When the oil price started dropping in late 2014, and went to below USD 50 per barrel in early 2015, Atlantic Petroleum took steps to minimise costs by reducing headcount, cutting capital and operating expenditures and closing the Faroes office.

Production has however, been loss making throughout 2015 failing to cover operating expenses. The Pegasus gas discovery, made in 2014, provided income for the group when it was sold in Q2 2015 for GBP 7.5MM with further contingent payments of GBP 9MM accruing, however it was insufficient to fill the funding gap needed to progress the Orlando development. The funding gap was exacerbated by our losses on production. The group took further steps in 2015 to cut costs and sell assets culminating in a strategic review in Q3 2015, with Pareto as the adviser, addressing the funding shortfall where a sale or merger of the group, a sale of subsidiaries in the group and a sale of assets was pursued.

Unfortunately, the strategic review process did not provide an integrated solution, consequently, we are now working with our principal Creditors in trying to find a commercial solution and ensure the company's survival.

We have entered into an agreement to dispose of our Norwegian activity. Whilst we regret exiting Norway we were left with little option to do so given the market conditions and the alternatives available. The exit will mean that Atlantic Petroleum will receive approximately NOK 27MM as cash from tax refunds in 2017. As a result of this decision the Group wrote down all costs associated with Norway which resulted in an exploration expense of DKK164.1MM.

The Group has also curtailed its exploration programme and either exited or relinquished 14 Licences. This, together with the cessation of our Norwegian activities and our limited ability to fund exploration has resulted in total write downs of the Exploration and Evaluation Assets resulting in a total charge to the income statement of DKK337.3MM

In the UK, Atlantic Petroleum North Sea Limited was unable to fund the operating costs of the producing fields which are now liable to be forfeited, however there are continuing obligations attached to them. As a consequence the producing assets have been fully impaired. The Orlando development remains an attractive project in our view even in a low oil price environment but with the uncertainty relating to the project and its operator, it is not possible to progress without substantial financial backing. While the potential transaction with London Oil and Gas offers some hope of value and that there may be continued participation in this project, it is clear an impairment of the current carrying values is required and a charge of DKK265.6MM has been made to the income statement in this regard. These Production and Development impairments have resulted in a charge to the income statement of DKK389.2MM

Clearly, should we not reach a successful conclusion with London Oil and Gas, then further impairments of the remaining asset and licence carrying values may prove necessary.

The current situation is serious, as the company's equity is a deficit of DKK-102,0MM. This means that an equity injection or a creditor solution is required to keep the group solvent.

On 24th March 2016 Atlantic Petroleum signed Heads of Terms with London Oil & Gas where London Oil and Gas states its intention to inject a minimum of GBP 8MM in assets or funds into P/F Atlantic Petroleum through a convertible instrument. Part of the conditions for such a transaction is resolving issues with our creditors and partners and a transaction will also require General Assembly Approvals. We are still working towards achieving that. If we do succeed and get an injection of assets or funds we will undertake with the London Oil and Gas investors to look at the company's strategy and look at wider geographical areas for oil & gas and expand the areas of business of Atlantic Petroleum in line with the areas of business of The London Group.

Ben Arabo
CEO
Tórshavn 30th March 2016

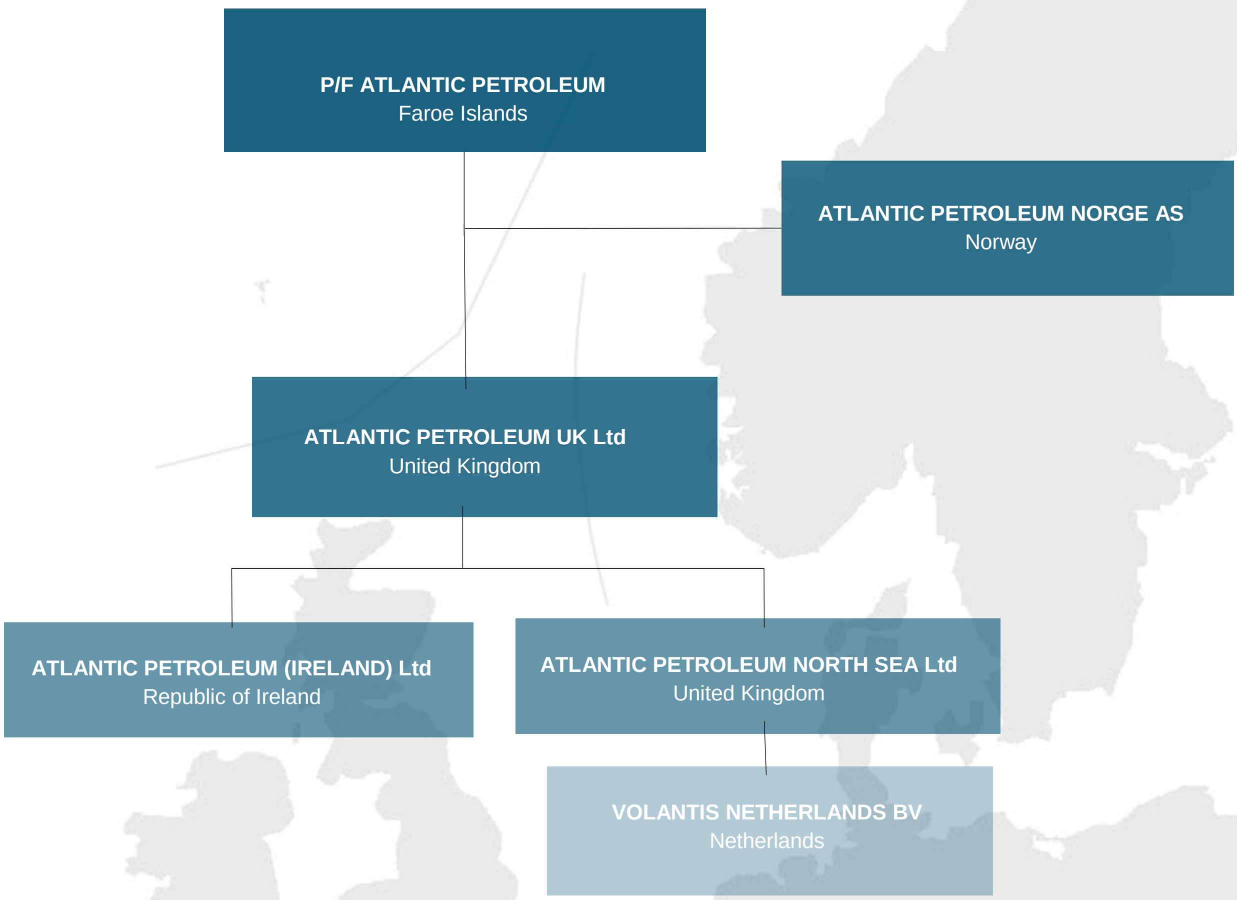
2016 OUTLOOK

The Group expects no production in 2016, and the EBITDAX for 2016 is expected to be negative. On 24th March 2016 Atlantic Petroleum signed Heads of Terms with London Oil and Gas where London Oil and Gas stated its intention to inject a minimum of GBP 8MM in assets or funds into P/F Atlantic Petroleum through a convertible instrument. Part of the conditions for such a transaction is resolving issues with the Group's creditors and partners, and Management will work towards achieving that and to progress the Orlando & Kells projects to the benefit of Creditors and other stakeholders. Whilst the potential transaction with London Oil and Gas offers hope of some value for shareholders there is no guarantee that the Management will be able to reach satisfactory terms with its Creditors to allow the transaction to proceed

ATLANTIC PETROLEUM GROUP STRUCTURE

The Atlantic Petroleum Group comprises the Faroes based parent company P/F Atlantic Petroleum and its five 100% owned subsidiaries in UK, Norway, Ireland and Netherlands.

P/F Atlantic Petroleum is listed on NASDAQ OMX Copenhagen under the ticker ATLA DKK and on Oslo Stock Exchange under the ticker ATLA NOK.



PROJECT PORTFOLIO

REDUCING EXPOSURE

Atlantic Petroleum's portfolio of assets covered the full exploration and production spectrum, from frontier exploration to mature production. The low oil price and resultant reduction of investment funds has forced the company to rationalize its portfolio to reduce commitments and realise value where possible, through asset sales e.g. Pegasus, relinquishments and transfer to existing JV parties, Several licences are now in default or subject to forfeiture under the relevant Joint Operating Agreements, as indicated below. At report date a total of 23 licences are held by the Company subsidiaries, with 25 being held at year end .

	Licence	Field/Discovery/ Prospect	Company	AP equity	Comments
UK	P218	Perth	AP UK	13.35%	Withdrawal ongoing
	P588	Perth	AP UK	13.35%	Withdrawal ongoing
	P1610	Liberator	AP UK	20.00%	Relinquished 06/01/2016
	P2069	Davaar	AP UK	30.00%	Withdrawal ongoing
	P2082	Skerryvore	AP UK	30.50%	Drilling deferred
	P2108	Prometheus	AP UK	20.00%	Evaluation ongoing
	P2112	Badger	AP UK	20.00%	In default
	P2126	Orchards/Aurora	AP UK	10.00%	Possible 2017 well
	P2154	Perth Area	AP UK	13.35%	Withdrawal ongoing
	P2218	Marten & Polecat	AP UK	50.00%	Withdrawal ongoing
	P273	Ettrick	AP NS	8.27%	Forfeiture ongoing
	P317	Ettrick, Jarvis	AP NS	8.27%	Forfeiture ongoing
		Blackbird	AP NS	9.40%	Forfeiture ongoing
	P354	Chestnut	AP NS	15.00%	In default
	P1580	Blackbird	AP NS	8.27%	Forfeiture ongoing
	P1606	Orlando	AP NS	25.00%	Sales Process
	P1607	Kells (Staffa)	AP NS	25.00%	Sales Process
IRELAND	FEL 3/04	Dunquin South	AP IRE	4.00%	Sale ongoing
	SEL 2/07	Hook Head	AP IRE	18.33%	Licence undertaking granted
		Dunmore	AP IRE	18.33%	Licence undertaking granted
		Helvick	AP IRE	18.33%	Licence undertaking granted
NORWAY	PL 528	Ivory	AP NOR	9.00%	Evaluation ongoing
	PL659	Langlitinden	AP NOR	10.00%	Evaluation ongoing
	PL704	Schiller	AP NOR	30.00%	Evaluation ongoing
	PL705	Stordal/Surna	AP NOR	30.00%	Drilling planned for 2017
	PL763	Karius	AP NOR	30.00%	Voted to drop licence Jan 2016
	PL796	Beluga	AP NOR	20.00%	Evaluation ongoing
	PL802	Ganske	AP NOR	10.00%	Evaluation ongoing

Note: The Norwegian Exploration Assets will transfer to M Vest Energy ASA upon legal completion of the transaction announced on the 9th March 2016.

DEVELOPMENT & PRODUCTION

PRODUCING ASSETS

In 2015, Atlantic Petroleum produced a total of 486,000 boe from the Chestnut, Ettrick and Blackbird fields, which equates to an average daily production of 1331 boepd.

Chestnut was the main producing asset for Atlantic Petroleum, contributing over half of the total production in 2015 (822 boepd). Production during the year was strong, although slightly impacted by scale squeeze operations which had not been originally planned. Despite the operator working with its suppliers to identify and secure means to reduce the operating costs of the field, Atlantic Petroleum North Sea Ltd went into default on the field in mid January 2016. The company examined its options in the time available to remedy the default but was unable to find a solution; the field is now liable to forfeiture. The fact that Opex exceeds revenues and potential loss of rights to the Chestnut equity has resulted in the Company writing down the net 2P reserves on the field to zero.

The Ettrick and Blackbird operator Nexen worked throughout the year to reduce costs with its contractors, especially the Aoka Mizu FPSO owners Bluewater. However, the fields became cash flow negative at the end of Q3 2015. On 3rd December Atlantic Petroleum Nortth Sea Limited announced that the company was in default under the Ettrick and Blackbird Joint Operating Agreement for failing to make payments. The default has not been cured and the asset is, as of the 26th January 2016, subject to forfeiture. The loss of rights to petroleum has also impacted the Company's production towards the end of 2015. Net production for the fields in 2015 was 510 boepd.The negative cash flow and loss of rights to Ettrick and Blackbird equity has meant that the company has written down the net 2P reserves in the fields to zero.

DEVELOPMENT & NEAR DEVELOPMENT

Significant technical progress was made with P1606 Orlando (25%) development during the year. The Riser Hang Off Structure was installed on the Ninian platform and fabrication initiated on several of the pieces of infrastructure. Iona worked to reduce project costs by renegotiating with contractors and by the optimization of the development plan. The base case plan focussed on a single well development, but with the option of a second well if required. However, the key contracts for a drilling rig and subsea installation were not placed in Q4 as had originally been planned, due to the difficult market conditions. Furthermore, Iona, the operator of the Orlando Field, announced on the 18th November that their financing for the field had fallen through and that they were likely to enter administration; subsequently confirmed on the 6th January 2016. Discussions on the future of the Orlando project continue, but first oil will not be met by the end 2016 target.

The company has not had a CPR report undertaken for YE 2015, but to reflect the changes in the firm development plan, the Company has revised it's estimate of Orlando 2P reserves down to 13.5 MMbls gross, 3.38MMbl net on the assumption that the Group secures sufficient finance to continue the development through its anticipated transaction with London Oil and Gas announced on March 24th 2016

Operator Iona continued with pre-sanction work on the P1607 Kells field in 2015, but the focus for the year has been on Orlando. The Joint Venture has been granted an extension of the licence by the UK Oil and Gas Authority to YE 2016 to allow time for a future development plan to be submitted.

Due to the low oil price, the Company has decided that the Perth/Dolphin/Lowlander (13.35%) development does not fit with the Company's future strategy. Therefore, the Company is in discussions with the operator Parkmead and partner Faroe Petroleum about withdrawing from the assets and transferring its equity to the existing JV partners.

Similarly, the Company is looking to withdraw from it's 50% non-operated interest in the Polecat and Marten licence which is located in the Ettrick area of the Moray Firth and transfer it's interest to the operator Parkmead Group.

The company has not had a CPR report undertaken for YE 2015, but adjusting the YE 2014 report for updated licence interests, and including operator numbers, results in a 2C contingent resources YE 2015 estimate of 39.2 MMBoe

EXPLORATION & APPRAISAL

2015 was a year of low activity compared to previous years, in response to the low oil price. Only one well was drilled during the year, in licence PL602 in Norway.The Roald Rygg well was announced as a gas discovery in April 2015. In May 2015, Atlantic Petroleum Norway announced that it would withdraw form PL602 after the operator proposed a further well on the licence.

In November 2014, the Company announced the successful results of the P1724/7 Pegasus West well. In May 2015, the company announced the sale of the Pegasus West discovery and surrounding acreage to Third Energy Offshore Limited and the transaction was completed at the end of July 2015. The transaction included the P2128 Andromeda licence and its contingent well commitment.

In response to the economic environment, Atlantic Petroleum continued to reduce its portfolio of exploration and appraisal licences. Many non-core licences were either relinquished, farmed down or withdrawn from . As stated above in Norway, PL602 was withdrawn from, PL601 relinquished and PL802 farmed down. In the UK, several licences, were relinquished back to the government, including the P1610 Liberator discovery and P1906 Greater York prospect area. By year end 2015, the Group held a total of 25 licences. By report date this number had moved to 23 licences. Further the Norwegian licences will be transferred upon legal completion of the transaction with M Vest Energy ASA announced on the 9th March 2016.

Atlantic Petroleum's main remaining exploration liabilities are: Skerryvore in P2082 (30.5%) which is the only firm commitment well in the UKCS portfolio and one contingent commitment well on P2126 Aurora (10%). In Norway, the Company has a firm commitment well on PL705 Stordal (30%), though again this will disappear when the Norwegian transaction completes.

The rationalization of the exploration portfolio has resulted in a significant write down (DKK 337.3MM) of the exploration portfolio on the balance sheet.

With the Norway transaction announced 9th March 2016, Atlantic Petroleum will exit Norway exploration and it is anticipated that exploration activity in the rest of the portfolio will be minimal in 2016.

The company has not had a CPR report undertaken for YE 2015, but adjusting the YE 2014 report for updated licence interests and using operator number where appropriate, results in a Risked Prospective Resources YE 2015 estimate of 102.5 MMBoe.


DIRECTORS' REPORT

Financial Review

Consolidated Income Statement

The result after tax for 2015 was a net loss of DKK 564,0MM (2014: Loss of DKK 218,3MM) and loss of DKK 424,2MM for the last quarter of 2015 (4Q 2014: Loss of DKK 141,8MM). The loss in 2015 was principally caused by impairment charges of DKK 389,2MM on our producing and development fields, arising from current low oil price environment and the exploration expense of DKK 337,3MM related to unsuccessfull exploration and relinquishment of licences. In 2015 net oil production to Atlantic Petroleum from the Ettrick, Chestnut and Blackbird fields was 486,000 boe (2014: 586,000 boe).

Operating profit (EBIT) was a loss of DKK 805,8MM in 2015 (2014: Loss of DKK 454,1MM).

At the outset of 2015 the Company provided a guidance on expected earnings before interest, taxes, depreciation, amortisation and exploration expenses (EBITDAX) and production of oil equivalents (boe) in 2015. Guidance on production was 560,000 boe (1,534 boepd). In May 2015 the Group reduced its production guidance to 520,000boe as a result of reduced expenditure and poor production in Q1 2015. November 2015 the guidance on production was further revised to 495,000,000 boe as a result of the default on the Ettrick and Blackbird Fields. Full year production was 486,000 boe. The guidance for EBITDAX was a positive number reflecting the anticipated difficult trading conditions in 2015. EBITDAX was a loss of DKK 271,7MM as a result of the extremely weak oil price and the significant impairment to the producing and development assets that had to be taken as a result of the oil price impact on the Company's liquidity.

Revenue generated from sale of hydrocarbons in 2015 was DKK183,4 MM (2014: DKK 343,1MM).

Cost of sales amounted to DKK 607,5MM (2014: DKK 530,0MM). Cost of sales relates usually primarily to the operating cost of the Hummingbird and Aoka Mizu FPSO vessels and depreciation of producing fields but also cost related to sale of hydrocarbons. In 2015 impairment on producing and development assets amounted to DKK 383,7MM (2014: DKK 209,1).

Gross loss was DKK 420,7MM in 2015 (2014: DKK 186,9MM).

Exploration cost amounted to DKK 337,3MM in 2015 (2014: DKK 214,9MM). The severe trading conditions has resulted in the Group writing off nearly all exploration expenditures in 2015. The entire value of the Norwegian assets have been written to zero to reflect the current valuation of the company. The majority of the UK assets have been written down to zero; value has been retained in the Kells, Aurora and Skerryvore licences.

General and administration costs amounted to DKK 49,0MM in 2015 (2014: DKK 58,2MM) of this amount DKK 11,1MM is depreciation (2014: DKK 16,7MM).

Interest revenue and finance gains totalled DKK 1,8MM (2014: DKK 1,2MM).

Interest expenses and other finance costs amounted to DKK 29,8MM (2014: DKK 31.3MM). Part of this amount is unrealized exchange loss on the translation of certain intercompany accounts. .

Loss before taxation totalled DKK 833,8MM (2014: Loss of DKK 484,2MM).

In 2015 taxation amounted to an income of DKK 269,9MM (2014: Income of DKK 266.0MM).

The result after tax in 2015 was a loss of DKK 564.0MM (2014: Loss of DKK 218,3MM).

Basic earnings per share were DKK -152,52 (2014: -59,03). Diluted earnings per share were DKK -152,52 (2014: -59,03).

Consolidated Statement of Financial Position

Total assets at the end of 2015 amounted to DKK 305,8MM (2014: DKK 1073,1MM).

Consolidated Assets

Goodwill was written to zero in 2015 (2014: DKK 51,9MM) given the anticipated disposal of the Norwegian assets and the exit, sale and relinquishment of UK licences related to the purchase of Volantis Exploration Limited in 2011.

Exploration and evaluation assets amounted to DKK 27,0MM at the end of 2015 (2014: DKK 25,7MM).

Development and production assets amounted to DKK 70,8MM at the end of 2015 (2014: DKK 369,1MM). The decrease in booked value reflects that all the producing assets in the UK were impaired in the year. There is no remaining value in Ettrick, Blackbird and Chestnut fields. Orlando has been impaired as a result of the low oil price outlook and the delay in the project caused by the Operator of the field entering administration.

Inventories at year end 2015 are at DKK 7,9MM (2014: DKK 17,0MM). This represents the value of produced oil, not lifted, at the year end.

Trade and other receivables were DKK 59,0MM at the end of 2015 (2014: DKK 81,4MM). All outstanding balances have been settled except for the Ettrick and Blackbird Trust accounts. Tax repayable in Norway amounted to DKK 72,0MM (2014: DKK 145,4MM).

Cash and cash equivalents were at DKK 42,0MM at the end of 2015 (2014: DKK 112,0MM).

Consolidated Liabilities

Total liabilities amounted to DKK 407,8MM at the end of 2015 (2014: DKK 649,9MM).

Total current liabilities totalled DKK 269,8MM at the end of 2015 (2014: DKK 262,1MM).

Short term debt amounted to DKK 110,7MM (2014: DKK 165,7MM). The short term debt decreased overall due to the reduced call on the Exploration Finance Facility in Norway, however the short term bank debt increased due to the Group's inability to make the scheduled repayment and interest of the loan with Eik Bank. The Management have kept Eik Bank fully appraised of the Group's situation. Eik Bank is supportive of the efforts being made to engage London Oil and Gas and to seek a resolution to the Group's financial issues.Trade and other payables amounted to DKK 158,5MM (2014: DKK 92,2MM). These relate primarily to the operator capex cost and also to the operating cost of producing fields. Trade and other payables also includes the outstanding portion of the full pre-tax cost of decommissioning of Ettrick and Blackbird fields which would be placed in Decommissioning Security Trust Accounts.

Total non-current liabilities amounted to DKK 138,1MM at the end of 2015 (2014: DKK 387,8MM).

Deferred tax liability was reduced to zero as it is not clear at the moment whether the Group will have taxable profits in the future to offset the tax losses and allowances currently available to it(2014: liability DKK - 161,4MM). In 2015 Atlantic Petroleum had a UK and Norwegian deferred tax credit of DKK 188,4MM (2014: DKK 112,7MM) charged to income.

Non-current liabilities also consist of a long term bank loan and of long term provision for abandonment costs for the Chestnut, Ettrick, Blackbird and Orlando fields and two UK exploration wells and the three wells in Ireland. The amounts provided have been included in the cost of development and production assets and in the cost of exploration and evaluation assets. (See note 26 to the accounts)

Consolidated Equity

The total shareholders' equity amounted to DKK -102,0MM at the end of 2015 (2014: DKK 423,2MM).

Cash Flow

Net cash provided from operating activities amounted to DKK 206,1MM (2014: DKK 96,8MM).

Capital expenditures in the period were DKK 228,6MM (2014: DKK 272,3MM) principally relating to previously committed projects or essential investment in our producing and development assets.

Net cash proceeds from financing activities amounted to DKK -66,2MM (2014: Proceeds of DKK 106,1MM).

Cash and cash equivalents totalled DKK 42,0MM at the end of 2015 (2014: DKK 112,0MM).

Net Cash Position

At the start of 2015, the net cash position, excluding the exploration finance facility, amounted to DKK 53,5MM. At year end 2015 this had decreased to a net cash position of DKK -17,4MM (2014: DKK 53,5MM) comprising DKK 42,0MM (2014: DKK 112,0MM) of cash and cash equivalent balances, short term bank loans of DKK 39,0MM (2014: DKK 19,5MM) and a long term bank loan of DKK 195MM (2014: DKK 39,0MM).

Significant Events after the Balance Sheet Date

The following significant announcements have occurred after the end of the financial year and prior to the approval of the financial statement for 2015:

- **On 6th January** Atlantic Petroleum announced that during the month of December, Atlantic Petroleum produced a net total of 25,000 barrels of oil equivalents (boe) from the Chestnut field. The average daily production was 806 boe per day net to the Company. Production in December is lower than previous months and reflects the earlier announced decision to go into default on the Ettrick and Blackbird fields. Atlantic Petroleum is preparing an offer to exit the Ettrick and Blackbird fields

- **On 5th February** Atlantic Petroleum announced that during the month of January, Atlantic Petroleum produced a net total of 23,000 barrels of oil equivalents (boe). The average daily production was 742 boe per day net to the Company. Atlantic Petroleum North Sea Limited is now in default on the Chestnut Field and is reviewing its options during the time period available to remedy the default. Further to Atlantic Petroleum North Sea Limited's default on the Ettrick and Blackbird Fields announced 30th November 2015, Atlantic Petroleum North Sea Limited is now liable to having its interest in the Ettrick and Blackbird fields forfeited by the operator of these fields (acting on behalf of itself and its co-venturers) which if such forfeiture proceeds is subject to certain regulatory and contractual conditions. Atlantic Petroleum North Sea Limited's percentage interest is 8.27% in the Ettrick field and 9.4% in the Blackbird field. Atlantic Petroleum North Sea Limited is involved in discussions with the operator on the question of forfeiture. Atlantic Petroleum is still in dialogue with a London based group regarding its 25% equity in the Orlando project and on potential solutions for the company. The company is also continuing discussions with its key creditors and stakeholders including the UK Oil & Gas Authority. The Company anticipates that these discussions will continue further into February. There is no certainty that a solution or a satisfactory outcome will be forthcoming for the Company and failing that, it is likely that the Company will go into restructuring or administration. The Company is continuing its planning for all outcomes.

- **On 9th March** Atlantic Petroleum announced that its fully owned subsidiary Atlantic Petroleum Norge AS ("APN") has entered into a Sale and Purchase Agreement ("SPA") with M Vest Energy AS for the sale of its Norwegian activities for the consideration of NOK 1. The Norwegian activities include all of APN's assets and licenses, the liabilities of the licences, the employees and a cash balance of approx. NOK 19MM to be adjusted for costs and expenses from the date of the transaction, 1 January 2016, to closing. Subject to completion, the transaction will constitute a cessation of all of APN's petroleum activities. As a result of the transaction, the Company expects to record an impairment of DKK approx. 150 MM*, and APN expects to realize the tax value of the tax loss carry forward in December 2017 – currently estimated to be approx. NOK 27MM in cash. M Vest Energy AS is a company partially owned by the existing management of APN.

- **On 24th March** Atlantic Petroleum announced that it has entered into Heads of Terms with London Oil and Gas Ltd. The Heads of Terms state that in principle and subject to approval from its board, London Oil & Gas Limited ("LOG") is prepared to inject funds and assets into P/F Atlantic Petroleum of at least GBP 8 million by 24th of June 2016 through a convertible instrument ("Proposed Transaction") subject to the negotiation and execution of a legally binding agreement, the compromise or resolution in relation to certain liabilities of Atlantic Petroleum North Sea Limited ("APNS") and the agreement of arrangements going forward on the treatment of the debt owed to P/F Atlantic Petroleum's main creditor Eik Bank. The Proposed Transaction is also subject to approval from P/F Atlantic Petroleum's General Assembly.P/F Atlantic Petroleum has undertaken that for the duration of an Exclusivity Period of 90 days from 24th of March 2016 it will discuss and negotiate the Proposed Transaction with London Oil & Gas on an exclusive basis conditional upon London Oil & Gas forwarding a loan of minimum GBP 47000 per month for the duration of the Exclusivity Period.

Note: * An actual impairment of DKK164,1MM was taken in the 2015 accounts in anticipation of the sale of APN.

Risk Management

The realization of the risks confronting the Group from the sustained fall in the commodity price thoughout 2015 and to date, and the consequent threat to its ability to continue as a going concern, are all too evident from the preceding pages of this report, and the challenges this presents have constantly been at the forefront of the Board's and Management's efforts over the period. All the other risks are currently necessarily secondary in nature but for the sake of good order are described below.

Atlantic Petroleum is typically exposed to a number of different market and operational risks arising from core business activities. The risks can be internal as well as external in nature..

Market risks also include changes in currency exchange rates and interest rates. The changes can affect the value of the assets, liabilities and future cash flows.

Foreign currency

The Group reports in DKK, which means exchange rate exposure related to USD, GBP, NOK and EUR. Operational currency risks relate to oil sales, gas sales and operating costs. On the investment side, the Group is also exposed to fluctuations in USD, GBP, NOK and EUR exchange rates as the Group's most material investments in oil and gas assets are made in these currencies.

Credit risk

Atlantic Petroleum may have significant sums deposited in short-term bank accounts in USD, GBP, NOK and DKK at times. There is a currency and a credit risk attached to these cash balances (bank deposits).

Operational risk

Through its core business Atlantic Petroleum is exposed to operational risk including the possibility that the Group may experience, among other things, a loss in oil and gas production or an offshore catastrophe. The Company works with and monitors operators and partners to ensure that HSE and asset integrity are given the highest priority. The Group also has an insurance programme in place to cover the potential impact of any catastrophic events.

Atlantic Petroleum operates in the, United Kingdom, the Republic of Ireland, and Norway and the political climate in these countries is perceived as being stable.

Insurance

The Group has in place a significant insurance package covering equipment, subsurface facilities and operation. In addition the Group has insurance cover on offshore pollution and third party liability. The insurance package also includes business interruption coverage, covering a proportion of the cash flow arising from the producing fields. Atlantic Petroleum has in addition an insurance covering office and staff.

The Group is confident that its insurance policies cover the overall insurance requirement and provides insurance cover for the Group's general and standard risk exposure in relation to property damage, personal injury and liability.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) Policy

Atlantic Petroleum's culture and operating activities are conducted with a high priority for ethical standards. Being a responsible company in all of our operations is an integral part of Atlantic Petroleum and we continue to implement high ethical and practical standards in all our activities.

Atlantic Petroleum is committed to the review and continuous improvement of corporate social responsibility and environment, health and safety performance. To meet these commitments, we will operate in accordance with the following principles:

- Conduct our business activity in compliance with the law.
- Act openly and honestly in business dealings.
- Comply with best practice in our corporate governance.
- Behave responsibly and with sensitivity to local communities in all areas where we operate.
- Provide sustainable benefits and avoid the creation of a dependency culture.
- Integrate CSR and EHS responsibility throughout our activities.
- Recognise that all parties working on Atlantic Petroleum's behalf can impact our operation and reputation and that we all share a common responsibility.
- Ensure, wherever possible, that our partners' approach to CSR is compliant with our own standards.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Use continuous assessment to ensure our CSR activities meet identified performance objectives.

Environment, Health and Safety (EHS) Policy

Atlantic Petroleum's activities are undertaken with integrity, responsibility and respect for the environment and the community in which these activities take place. This entails conducting operations in an ethically and practically sound manner that minimises risks and places high priority on the safety of those involved in Atlantic Petroleum's oil and gas operations.

Atlantic Petroleum is committed to:

- Comply with all applicable Environment, Health and Safety (EHS) laws, regulations and standards and to apply responsible standards where legislation is inadequate or does not exist.
- A systematic framework of hazard identification and risk assessment through which safe operations can be managed.
- Develop effective EHS management systems to identify and manage risks associated with its activities by focusing on risk avoidance and prevention.
- Establish accountability and responsibility for EHS within organisational line management.
- Provide training, equipment and facilities necessary to maintain a safe and healthy worksite.
- Practice pollution prevention and seek viable ways to minimize the environmental impact of operations, reduce waste, conserve resources and respect biodiversity.
- Protect and minimise any harm to the environment in our oil and gas activities, and continuously focus on improving our environmental procedures.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Ensure that partners and contractors' policies and activities are compliant with our own standards, and recognise that all working on our behalf can impact our operation and reputation and that we all share a common responsibility for our safety.

Shareholder Information

Atlantic Petroleum aims to maintain a regular dialogue with the shareholders through the formal channel of stock exchange announcements, interim reports, annual reports, Annual General Meetings and presentations to investors and analysts.

Board of Directors
David A MacFarlane, Chairman
Jan E Evensen, Deputy Chairman
Teitur Samuelsen
Jan Muller
Knud Norve

Management
Ben Arabo, CEO,
Mourits Joensen, CFO – Resigned effective 30th January 2015
Nigel Thorpe, Business Development Director and Interim CFO effective from 30th January 2015
Wayne J Kirk, Technical Director
Jonny Hesthammer, Managing Director Atlantic Petroleum Norge AS

At year end 2015 Atlantic Petroleum was listed on NASDAQ OMX Copenhagen (primary), and on Oslo Stock Exchange (secondary).. Trading in Atlantic Petroleum shares can be done by contacting:

- Members of NASDAQ OMX Copenhagen

- Members of Oslo Stock Exchange
- A stockbroker or a financial institution

NASDAQ OMX ticker:	ATLA DKK
OSLO:	ATLA NOK
Bloomberg ticker:	ATLA IR
Reuters ticker:	FOATLA.IC

Financial calendar

30th March 2016:	2015 Annual Financial Statement
29th April 2016:	Annual General Meeting
25th May 2016:	1st Quarter 2016 Interim Financial Statement
25th August 2016:	2nd Quarter 2016 Interim Financial Statement
24th November 2016:	3rd Quarter 2016 Interim Financial Statement

Share Price 2015

P/F Atlantic Petroleum has its main listing on NASDAQ OMX Copenhagen and secondary listing on Oslo Stock Exchange.The year 2015 started with a share price of DKK 42 which trended downwards throughout the year. The closing price at year end was DKK 6.25 – a decrease of 85.1% compared to the beginning of the year

Further information about the Group is available on Atlantic Petroleum's website www.petroleum.fo.

Please address enquiries related to the stock market and investor relations to:

Atlantic Petroleum
Tel.: + 44 208 834 1045
Fax: + 44 208 834 1125
E-mail: petroleum@petroleum.fo

Auditors

The consolidated accounts for 2015 have been audited by JANUAR State Authorised Public Accountants P/F. The financial statements of the subsidiary companies for the year ended 31st December 2015, Atlantic Petroleum UK and Atlantic Petroleum North Sea are audited by Ernst & Young in Aberdeen and Atlantic Petroleum (Ireland), for the year ended 31st December 2015, will be audited by KPMG in Dublin. Volantis Netherlands B.V. for year end 31st December 2015 will be audited (if required as the company is in the process of being wound up) by Ernst & Young in Netherlands. Atlantic Petroleum Norge AS is audited by Ernst & Young Norway.

Results and Dividends

The Group's result after taxation for the year amounted to a loss of DKK 564.0MM (2014: Loss of DKK 218.3MM). Payment of a dividend is not proposed.

Shareholders Capital and Vote

The issued share capital in Atlantic Petroleum is DKK 369,786,000 consisting of 3,697,860 fully paid shares, each with a nominal value of DKK 100.

Each share holds one vote and all shares have the same rights. For more details, please refer to the articles of associations of the Parent Company which can be found on the Company's website www.petroleum.fo.

Dematerialisation of paper shares

In October 2005, Atlantic Petroleum commenced dematerialisation of paper shares. All shares issued before 2004 (paper shares) have been called in for electronic registration. As at 31st December 2015, there were paper shares in issue with the nominal value of DKK 666,500 The process to convert the shares into electronic registration will continue in 2016.

Distribution of Share capital

By year end 2015 Atlantic Petroleum had around 7,400 shareholders representing more than 30 countries. The majority of the share capital was represented by Danish, Faroese and Norwegian investors.

Substantial Shareholders

At 31st December 2015, the following shareholders are listed according to §28 b in the Companies Act:

TF Holding Group:

- P/F Eik Banki & P/F TF Íløgur

The listed shareholder above holds interests in excess of 5% of the issued ordinary share capital of the Parent Company.

Director Profiles

David A MacFarlane

Chairman of the Board of P/F Atlantic Petroleum

Date and year of birth:
3rd February 1957

Primary occupation:
Chartered Accountant / Company Director

Principal work experience:
More than 30 years experience in financial control & management in the upstream oil and gas business

First elected to the Board:
19th March 2011

Expiry of current term:
AGM 2016

Current key offices:
Atlantic Petroleum: Chairman,; Circle Oil plc, Non Excutive Director; Energy Assets Group plc (London): Senior independent Director Chairman Audit Committee and member of Remuneration Committee, Governor of University of Aberdeen.

Jan E Evensen

Deputy Chairman of the Board of P/F Atlantic Petroleum

Date and year of birth:
5th May 1951

Primary occupation:
Chief Technical Officer at Rock Energy AS

Principal work experience:
38 years international career within the oil and gas industry

First elected to the Board:
3rd July 2009

Expiry of current term:
AGM 2016

Current key offices:
Partner, MD and Board member of MoVa AS, COB of Kviknehytta AS, and CTO/COB of Rock Energy AS. Owner and COB of Evenco AS. Non Executive director of Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd, Atlantic Petroleum North Sea Ltd, Atlantic Petroleum Norge AS.

Teitur Samuelsen

Board Member of P/F Atlantic Petroleum

Date and year of birth:
3rd February 1972

Primary occupation:
Chief Executive Officer at P/F Eystur- og Sandoyartunlar

Principal work experience:
Has held various offices in the last 15 years in the Oil and Gas industry and other industries most recently as CFO of P/F Bakkafrost from 2009 to 2014.

First elected to the Board:
24th April 2015

Expiry of current term:
AGM 2016

Current key offices:
Chairman of the Board of P/F Vestpack and Board Member of P/F 6. september 2006 and P/F Tryggingarfelagið Føroyar. Deputy Chairman of the the Faroese National Liquidity and Debt Management Board**.**

Jan E Müller

Board Member of P/F Atlantic Petroleum

Date and year of birth:
2nd April 1951

Primary occupation:
Managing Director of FOÍB

Principal work experience:
More than 30 years experience in various roles in business and media

First elected to the Board:
24th April 2015

Expiry of current term:
AGM 2016

Current key offices:
Board Member of TF Holding.

Knud Nørve

Board Member of P/F Atlantic Petroleum

Date and year of birth:
19th January 1964

Primary occupation:
Chief Executive Officer at Infragas Norge AS

Principal work experience:
25 years of broad E&P experience including asset management, business control, commercial negotiations, oil and gas transportation and sales, oil service, upstream development projects, reservoir management, governmental relations, CCS and R&D.

First elected to the Board:
24th April 2015

Expiry of current term:
AGM 2016

Current key offices:
Board Member of Norwegian Juralco Group.

As a matter of Corporate Governance the independence of the Directors is evaluated yearly.

All of the Board members are independent of the Company.

The Directors whose current term expires at the Annual General Meeting 2016 are David MacFarlane , Jan E Evensen, Jan Muller, Teitur Samuelsen, and Knud Nørve.

Board Meetings

In 2015, the Board of P/F Atlantic Petroleum held 21 board meetings, including tele meetings.

Management Profiles

CEO

Ben Arabo

CEO of the Atlantic Petroleum Group

Date and year of birth:
1st September 1973

Primary occupation:
CEO of the Atlantic Petroleum Group

Principal work experience:
Exploration Business Manager for Hess in South East Asia. Management committee member for Hess in exploration ventures in Asia, North Africa and North West Europe. Branch manager of Hess' activities on the Faroe Islands

Joined Atlantic Petroleum:
August 2010

Current key offices:
Executive Director of Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd, Atlantic Petroleum North Sea Ltd and Chairman of Atlantic Petroleum Norge AS.

TECHNICAL DIRECTOR

Wayne J Kirk

Technical Director of the Atlantic Petroleum Group

Date and year of birth: 4th May 1965

Primary occupation:
Technical Director of P/F Atlantic Petroleum, Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd and Atlantic Petroleum North Sea Ltd

Principal work experience:
Over 20 years exploration, development and production experience in the North Sea, West of Shetlands, Brazil and New Zealand

Joined Atlantic Petroleum:
December 2011

Current key offices:
Executive Director of Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd , Atlantic Petroleum North Sea Ltd and Volantis Netherlands BV.

BUSINESS DEVELOPMENT DIRECTOR

Nigel Thorpe

Business Development Director of the Atlantic Petroleum Group and Interim CFO effective 30th January 2015

Date and year of birth:
18th August 1956

Primary occupation:
Business Development Director of P/F Atlantic Petroleum, Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd and Atlantic Petroleum North Sea Ltd

Principal work experience:
Mr Thorpe has more than 30 years international E&P experience. He previously held positions as CEO of Volantis Exploration Ltd, COO of a private Malaysian E&P Company and MD of Eni Lasmo Indonesia

Joined Atlantic Petroleum:
June 2011

Current key offices:
Executive Director of Atlantic Petroleum UK Ltd, Atlantic Petroleum (Ireland) Ltd, Atlantic Petroleum North Sea Ltd, and Atlantic Petroleum Norge AS

MANAGING DIRECTOR

Jonny Hesthammer

Managing Director of Atlantic Petroleum Norge AS

Date and year of birth:
7th March 1965

Primary occupation:
Managing Director Atlantic Petroleum Norge AS

Principal work experience:
More than 20 years petroleum industry experience in Norway and internationally. Previously held positions as CEO of Emergy Exploration AS (co-founder), geoscientist and manager in Statoil (Norway), geologist in Husky Oil (Canada), CTO in Rocksource (co-founder) and professor at the University of Bergen (Norway).

Joined Atlantic Petroleum:
December 2012

Current key offices:
MD Atlantic Exploration Norge AS. Prof. II at the University of Bergen, Norway. Chairman of the Board of GeoContrast AS and Jonny Hesthammer AS.

Directors' Interests and Remuneration

Beneficial interests of the Board of Directors holding office at the year-end, related parties and indirect holdings of the Group are set out below:

Board of directors	Position	Number of Shares	Related Parties	Indirect Holdings	Remuneration 2015	Remuneration 2014
David MacFarlane	Chairman of the Board	357	0	0	387,334	360,000
Jan E Evensen	Deputy Chairman	0	0	2,554	319,000	360,000
Teitur Samuelsen	Board Member	884	200	0	200,980	0
Jan Müller	Board Member	100	100	0	136,667	0
Knud H Nørve	Board Member	0	0	0	136,667	0
Total		**1,341**	**300**	**2,554**	**1,180,648**	**720,000**

The Board of Directors do not receive any share related compensation from the Group.

CEO's Interests and Remuneration

Beneficial interests of the CEO holding office at the year-end, related parties and indirect holdings of the Group are set out below:

Management The Group	Position	Number of Shares	Related parties	Indirect Holdings	Salary incl. pension 2015	Remuneration 2015	Remuneration 2014	Change of value of LTIP 2015	Change of value of LTIP 2014
Ben Arabo	CEO	1.521	10	1.404	1.980.492	1.980.492	1.980.503	-1.072.415	877.415

Stock Exchange Announcements 2015 – (most recent first)

No	Date	Subject
40/2015	30th December 2015	Financial Calendar 2016
39/2015	30th December 2015	Update on Debt
38/2015	24th December 2015	Market Update
37/2015	17th December 2015	Market Update
36/2015	3rd December 2015	Operations update November 2015
35/2015	30th November 2015	Net loss for 3Q 2015 was DKK 112.6MM
34/2015	28th November 2015	Invitation to conference call for third quarter 2015 financial results
33/2015	19th November 2015	Update & Change to the 2015 Financial Calendar
32/2015	18th November 2015	Iona Energy Restructuring Update
31/2015	3rd November 2015	Operations update October 2015
30/2015	10th October 2015	Operations update September 2015
29/2015	2nd September 2015	Operations update August 2015
28/2015	27th August 2015	Production, Gross Profit & EBITDAX increased from 1Q 2015 to 2Q 2015. Gross Profit and EBITDAX back in black
27/2015	21st August 2015	Invitation to Presentation of Second Quarter 2015 Results
26/2015	4th August 2015	Operations update July 2015
25/2015	3rd August 2015	Atlantic Petroleum Announces Review of Strategic Alternatives
24/2015	31st July 2015	Atlantic Petroleum Announces the Completion of the Sale of the Pegasus Discovery
23/2015	1st July 2015	Operations update June 2015
22/2015	1st June 2015	Operations update May 2015
21/2015	27th May 2015	Atlantic Petroleum produced 106,000 boe in Q1 2015. The Q1 result was a net loss of DKK 11.7MM
20/2015	27th May 2015	PL802 farm down and PL602 withdrawal
19/2015	22nd May 2015	Invitation to Presentation of First Quarter 2015 Results
18/2015	7th May 2015	Atlantic Petroleum Announces Sale of Pegasus Discovery
17/2015	4th May 2015	Operations update April 2015
16/2015	24th April 2015	Result of Annual General Meeting 24th April 2015

15/2015	13th April 2015	Gas discovery in the Roald Rygg well 6706/12-3 in the Norwegian Sea, PL 602
14/2015	7th April 2015	Operations update March 2015
13/2015	25th March 2015	Summons for the Annual General Meeting of P/F Atlantic Petroleum
12/2015	25th March 2015	Annual Results 2014
12/2015	23rd March 2015	Atlantic Petroleum announces spud of 6706/12-3 Roald Rygg in the Norwegian Sea, PL 602
11/2015	20th March 2015	Invitation to Presentation of Full Year 2014 Results
10/2015	17th March 2015	Atlantic Petroleum YE 2014 Competent Persons Report
9/2015	12th March 2015	Significant Contract Amendment signed for Aoka Mizu FPSO
8/2015	2nd March 2015	Operations update February 2015
7/2015	23rd February 2015	Atlantic Petroleum Announces Drill Decision on Norway PL 602
6/2015	23rd February 2015	Atlantic Petroleum Announces Farm Down Option Deal on Norway PL704, PL705 and PL802
5/2015	23rd February 2015	Atlantic Petroleum Announces Farm Down Deal on Norway PL602
4/2015	2nd February 2015	Operations update January 2015
3/2015	30th January 2015	Atlantic Petroleum announces re-organisation and cost saving measures
2/2015	21st January 2015	Exciting APA 2014 awards for Atlantic Petroleum
1/2015	2nd January 2015	Operations update December 2014

Please refer to www.petroleum.fo where the announcements to the stock exchanges can be read in full.

CORPORATE GOVERNANCE REPORT

As a Faroese registered company listed on NASDAQ OMX Copenhagen, and on Oslo Stock Exchange, Atlantic Petroleum is obliged to comply with Faroese, Danish, and Norwegian securities law and stock exchange rules. The stock exchange rules require listed companies to take a position on corporate governance recommendations on a "comply or explain" basis. As a dual listed company, Atlantic Petroleum has chosen to base the corporate governance policy on the highest standard and thus follows both the recommendations on NASDAQ OMX Copenhagen, and Oslo Stock Exchange, with the exemptions summarised below: Atlantic Petroleum has reviewed and implemented recent changes and recommendations on Corporate Governance.

A summary of Atlantic Petroleum's non-compliance procedure and recommendations are stated below. Further information is available on the Company's website, www.petroleum.fo

Openness and Transparency

Information and publication of information:

Because of the Group's international operations, all information is published in English and, where required, Faroese.

Retirement Age

The Supervisory Board has not found it necessary to lay down a retirement age for the Supervisory Board members. The annual report contains information about the age of the Supervisory Board members.

Election Period

The members of the Supervisory Board are elected for 1 year at a time. Re-election is allowed. For the time being there is no limit of how often Board members can be re-elected.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD:

Whilst the undernoted Group remuneration policies remain, they were in effect suspended in 2015 given the market conditons, the challenges facing the Group and the downsizing activities undertaken. The key actions on remuneration in 2015 were, where-ever possible, to freeze management and staff salaries at 2014 levels, reduce Board Fees by 20%, make no bonus award nor make any LTIP awards for 2015 or 2016.

Remuneration Policy

Remuneration to the members of the Supervisory Board and the Executive Board is on the same level as comparable companies in order to attract, retain and motivate the members of the Supervisory Board.

Remuneration Policy for Senior Executives of Atlantic Petroleum

Overall Aim

The aim of Atlantic Petroleum's (the "Company") Remuneration Policy for senior executives is to provide a reward framework which ensures that key executives are appropriately attracted, retained and motivated and which is fit for purpose in the markets in which the Company operates and where it and its peer groups are listed.

Remuneration Strategy

The Company's remuneration strategy is to provide a competitive remuneration package which rewards Directors and employees fairly and responsibly for their contributions and aims to deliver superior remuneration for superior performance.

The total reward package will consist of elements such as Salary, Annual Performance Bonuses, Long Term Incentives and Pension Contributions and Other Benefits.

The guiding principles behind the setting and implementation of this policy are that:

Balanced

There should be an appropriate balance between fixed and performance-related elements and the provision of equity over the longer-term and which focuses executives on delivering the business strategy;

Competitive

Remuneration packages should be sufficiently competitive taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry;

Equitable

There should be an appropriate level of gearing in the package to ensure that executives receive an appropriate proportion of the value created for shareholders while taking into account pay and conditions throughout the remainder of the group and where the Company operates and is listed;

Risk-weighted

Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the overall remuneration policy should not encourage inappropriate operational risk; and

Aligned

Executives will be encouraged to build a meaningful holding in the Company to further align their interests with those of shareholders.

The Remuneration Committee will review on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee will include:

- overall corporate performance;
- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies.

Base Salary

The Remuneration Committee's policy is to provide a lower quartile salary relative to an appropriate benchmark on appointment which based on appropriate levels of individual and corporate performance will be increased to the median position with experience gained over time.

Any subsequent salary increases when an individual has attained the median benchmark will take into account factors such as:

- the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in the E&P sector;
- the performance of the individual; and
- pay and conditions throughout the Company.

Salaries were frozen at 2014 levels.

Annual Performance Bonus

Senior executives will participate in an annual bonus arrangement which focuses on the delivery of the short-term business/strategic objectives across the following key areas:

- exploration/production targets;
- operational milestones;
- financial management and performance; and
- personal objectives

In addition to ensure affordability of any bonus, a pre-determined level of EBITDAX must be achieved before any funding is made available. These targets will be set by the Remuneration Committee each year.

The maximum bonus opportunity for key executives will be set at a rate competitive to the market – however, maximum bonus pay-out will only be earned by executives for achieving exceptional levels of performance. Mr. Ben Arabo's maximum cash bonus target is 100% of his base salary.

The structure of any bonuses paid to the CEO and other key executives will be as follows:

- any bonus of up to 25% of salary will be payable immediately in cash;
- 50% of the balance of any bonus earned above 25% of salary must be deferred in shares which will vest at the end of a two year holding period. An individual may also elect to further defer up to an additional 25% of salary, from the remaining cash element of the bonus into Company shares; and
- deferred shares which vest will be matched on a one for one basis provided that the Company's share price has not fallen over the two year holding period and there is continuity of employment.

For all other employees any bonus earned will be paid in cash or shares at the discretion of the Remuneration Committee.

No bonuses were paid for the 2015 Financial Year.

Long Term Incentive Plans

The Remuneration Committee believes that a key component of the remuneration package is the provision of equity awards to senior executives through the Long-Term Incentive Plan ("LTIP") to ensure that:

- key executives become meaningful shareholders of the Company and share in its success;
- it aligns the interests of shareholders and those of executives;
- it develops a culture which encourages strong corporate performance both on an absolute and relative basis; and
- total remuneration levels are highly attractive and competitive against the market

Share Based Payments

Nil-cost options over ordinary shares in the Company were granted to members of management and senior staff under the Atlantic Petroleum Long Term Incentive Plan (LTIP).

The options are capable of vesting after a three year period subject to continued employment and meeting stretching corporate performance conditions.

The LTIP awards form part of the Company's remuneration strategy to provide a competitive remuneration package that rewards Directors and employees fairly and responsibly for their contributions and aims to deliver superior remuneration for superior performance, whilst maintaining alignment with shareholder's interests.

We set out the two corporate performance conditions below:

Comparative Total Shareholder Return ("TSR"):
The Company's comparative TSR is compared to a comparator group of 24 quoted oil and gas exploration and production companies and;

25% of the option will vest for median performance against the comparator group;

100% of the option will vest for upper quartile performance against the comparator group; and

The option will vest on a straight-line basis for TSR performance between these levels.

Share price multiplier:
The vesting level achieved under the comparative TSR element can be multiplied upwards if the Company achieves absolute share price growth of more than 15% p.a. over the three year performance period. A maximum multiplier of three times can be achieved for 45% p.a. absolute share price growth and awards vest on a straight-line basis between these share price performance levels.

The options awarded in, 2013 and 2014 to the participants are as follows:

Issued to	Number of plan shares	
Year:	2013	2014
Ben Arabo, CEO	5,871	8,576
Members of Management & Senior Employees	15,935	15,165

The options are capable of vesting after a three year period subject to continued employment and meeting stretching corporate performance conditions. No options were granted in 2015

For the CEO, Ben Arabo, the options granted in 2014 were equal to 67% of the annual base salary, and the options granted in 2013 were equal to 67% of the annual base salary.

The option granted in 2014 was calculated by reference to a price of DKK 125 per share, broadly in line with the share price as at the initial public offering on the Oslo Stock Exchange on 10th December 2013.

The option granted in 2013 was calculated by reference to a price of DKK 171.2 per share, being the three month average closing share price of the Company's shares to 25th April 2013 on NASDAQ OMX Copenhagen.. The number of shares shown above represents the figure that may be acquired by the participants, if the Group's TSR is in the upper quartile TSR of its comparator group.

Where the Company's absolute share price growth is 45% p.a. or more over the performance period, the participants would be entitled to exercise their option in respect of three times as many shares as stated above.

No award is currently expected to be made when the 2013 award vests in 2016.

Additional Benefits
In addition to salary, annual bonus and the long-term incentives, the Company, where appropriate will also provide a pension contribution and other competitive benefits.

A competitive level of pension contributions (or cash equivalent) and other ancillary benefits will be provided for all senior executives in line with market rates.

Shareholding Guidelines

The Remuneration Committee has established formal shareholding guidelines that will encourage the CEO and other participants of long-term incentive plan to retain no less than 50% of the net of tax value of awards vesting under the Company's annual bonus and long-term incentive arrangements, until such time as they have achieved a holding worth 100 per cent of salary in the case of the CEO and 50 per cent of salary for other participants. Adherence to these guidelines is a condition of continued participation in the long-term incentive arrangements. This policy ensures that the interests of executives and those of shareholders are closely aligned.

Non-Executive Directors Fees

The Non-Executive Director ("NED") fees will be structured as follows:

- A base fee will be paid for carrying out day to day duties as an NED; and
- Additional fees will be provided for extra responsibilities, for example chairing the Audit, Nominations or Remuneration committees.

Fees should be sufficiently competitive taking into account the level of remuneration paid to Non-Executives in similar companies within the industry. The base fee for 2015 was reduced by 20% from 2014 levels.

These policies were implemented in 2012.

STATEMENT BY MANAGEMENT ON THE ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

The Management and Board of Directors have today considered and approved the Annual and Consolidated Report and Accounts of P/F Atlantic Petroleum for the financial year 1st January 2015 to 31st December 2015.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the financial reporting requirements of NASDAQ OMX in Copenhagen, the financial reporting requirements of the Oslo Stock Exchange and additional Faroese disclosure requirements for annual reports of listed companies.

In our opinion, the accounting policies used are appropriate and the Annual and Consolidated Report and Accounts give a true and fair view of the Group's financial positions at 31st December 2015 as well as the results of the Group's activities and cash flows for the financial year 1st January 2015 to 31st December 2015.

The continual reduction in oil price throughout 2015 and into the beginning of 2016 when it reached a low of $30/bbl has had a drastic impact on the Group. The Group has been operating at a loss throughout the major part of 2015 and its financial reserves have been insufficient to service its operations and developments. Attempts to raise debt have been unsuccessful and the Group has had only limited success in realising value through asset sales. The Management is continuing to explore all options with its Creditors and other stake-holders to maintain the Group in its current form however it is beginning to look increasingly unlikely that the Group will continue as is. The recently signed Heads of Terms provides a possible opportunity to re-structure the Groupand the potential for an injection of cash or assets of at least £8MM in value although there remain challenges in securing a successful conclusion to this opportunity.

Tórshavn 30th March 2016

Management:

Ben Arabo
CEO

Board of Directors:

David A. MacFarlane *Chairman*	Jan E Evensen *Deputy Chairman*
Jan Muller	Knud Norve
Teitur Samuelsen	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of P/F Atlantic Petroleum

Report on Consolidated Financial Statements

We have audited the consolidated financial statements of P/F Atlantic Petroleum for the financial year 1st January to 31st December 2015, which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flow and notes to the consolidated accounts, including summary of significant accounting policies, for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Faroese disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial

The Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Faroese disclosure requirements for listed companies and for such internal control as the Management determines is necessary to enable the preparation of consolidated 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 the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Faroese Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the consolidated financial statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31st December 2015 and of the results of the Group's operations and cash flows for the financial year 1st January to 31st December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Faroese disclosure requirements for listed companies.

Emphasis of Matter

Without modifying our opinion, we draw attention to the Statement of the Board of Directors and Management on the Annual and Consolidated Report and Note 1.1 Going Concern where the board of Directors and Management describe the Groups current going concern situation. The Group has defaulted on all present production licenses, and has no prospect of revenues from present production licenses. Assets relating to those licenses are impaired, and expenses relating to forfeiture provided for. Management is in the process of negotiating a capital injection, which if successful, will enable the Group to take part in developing the Orlando Discovery for future production. Material uncertainties must be considered relating to a successful outcome of the negotiations. If the negotiations are unsuccessful, the going Concern presumption is no longer valid, and further write-downs of approx. MDKK 70 on development assets are required.

We refer to the Statement of the Board of Directors and Management on the annual and consolidated report and Note 1.1. Going Concern for further description.

Statement on the Directors' report

Pursuant to the Faroese Financial Statements Act, we have read the Directors' report. We have not performed any further procedures in addition to the audit of the consolidated financial statements.

On this basis, it is our opinion that the information provided in the Director's report is consistent with the consolidated financial statements.

Tórshavn 30th March 2016

JANUAR
State Authorised Public Accountants P/F

State Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2015

DKK 1,000	Note	2015	2014
Revenue	3	186,722	343,146
Costs of sales	4	-607,452	-530,002
Gross loss		**-420,729**	-186,856
Exploration expenses		-337,282	-214,862
Pre-licence exploration cost		-7,852	-12,631
General and administration cost	6,7,8	-37,893	-41,548
Depreciation PPE and intangible assets	10	-11,122	-16,675
Other operating cost/income	9	9,066	18,500
Operating loss		**-805,813**	-454,073
Interest income and finance gains	5	1,816	1,181
Interest expenses and other finance costs		-29,845	-31,323
Loss before taxation		**-833,842**	-484,215
Taxation	11	269,851	265,958
Loss after taxation		**-563,990**	-218,257
Earnings per share (DKK):			
Basic	13	-152,52	-59.03
Diluted	13	-152,52	-59.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2015

DKK 1,000	**2015**	2014
Items that may be recycled in P/L:		
Loss for the period	-563,990	-218,257
Exchange rate differences	41,386	37,880
Value of Futures contracts	0	914
Total comprehensive loss in the period	**-522,604**	-179,464

Consolidated Statement of Financial Position

DKK 1,000	Note	At 31st Dec 2015	At 31st December 2014
Non-current assets			
Goodwill	15	0	51,917
Intangible assets	16	9,485	16,576
Intangible exploration and evaluation assets	17	27,042	258,653
Tangible development and production assets	18	70,783	369,079
Property plant and equipment	19	992	2,036
Tax repayable		0	0
Deferred tax asset	28	16,619	0
		124,921	698,261
Current assets			
Inventories	21	7,849	17,019
Trade and other receivables	22	58,993	81,398
Tax repayable		71,978	145,374
Financial assets	27	0	19,027
Cash and cash equivalents	24,27	42,049	111,989
		180,869	374,808
Total assets		**305,790**	1,073,068
Current liabilities			
Exploration finance facility	24,27	70,786	146,238
Short term bank debt	24,27	39,910	19,500
Short term liabilities		0	40
Trade and other payables	23	158,538	92,198
Financial liabilities		0	0
Current tax payable		519	4,104
		269,753	262,080
Non-current liabilities			
Exploration finance facility		0	0
Long term bank debt	24	19,500	39,000
Long term provisions	26	118,551	187,381
Deferred tax liability	28	0	161,426
		138,051	387,807
Total liabilities		**407,804**	649,887
Net assets		**-102,014**	423,181
Equity			
Share capital	29	369,786	369,786
Share premium account		233,444	233,444
Share based bonus schemes – LTIP		3,174	5,766
Translation reserves		91,702	50,316
Retained earnings		-800,121	-236,131
Total equity shareholders´ funds		**-102,014**	423,181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2015

DKK 1,000	Share capital	Share premium account	Share based Payments LTIP and Bonus	Futures contracts value	Translation reserves	Retained earnings	Total
At 1st January 2014	**367,670**	**232,903**	**3,123**	**-914**	**12,435**	**-17,873**	**597,345**
Capital raise	2,116	0	0	0	0	0	**2,116**
Change in share premium account/cost of capital raise	0	541	0	0	0	0	**541**
Changes in Futures contracts value	0	0	0	914	0	0	**914**
LTIP awarded in the period	0	0	2,643	0	0	0	**2,643**
Change in translation reserves	0	0	0	0	37,880	0	**37,880**
Result for the period	0	0	0	0	0	-218,257	**-218,257**
At 1st January 2015	**369,786**	**233,444**	**5,766**	**0**	**50,316**	**-236,131**	**423,181**
LTIP awarded in the period, net	0	0	-2,591	0	0	0	**-2,591**
Translation reserves	0	0	0	0	41,386	0	**41,386**
Result for the period	0	0	0	0	0	-563,990	**-563,990**
At 31st Dec. 2015	**369,786**	**233,444**	**3,174**	**0**	**91,702**	**-800,121**	**-102,014**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2015

DKK 1,000	2015	2014
Operating activities		
Operating loss	-805,813	-454,073
Allocated consolidated capitalised interest	1,527	2,291
Unrealised cost/gain on futures contracts – oil price hedging	20,560	-18,493
Impairment on exploration and evaluation assets	337,052	144,284
Relinquishment and disposal of licences	230	70,578
Depreciation, depletion and amortisation	71,714	152,193
Impairment on producing licences	389,172	209,085
Change in inventories	10,409	23,644
Change in trade and other receivables	79,884	-127,768
Change in trade and other payables	48,988	-28,101
Interest revenue and finance gain received	1,816	1,181
Interest expenses and other finance cost	-29,845	-31,323
Income taxes	81,410	153,297
Net cash flow provided by operating activities	206,104	96,795
Investing activities		
Capital expenditure	-228,558	-272,318
Net cash used in investing activities	-228,558	-272,318
Financing activities		
Change in share capital	0	2,116
Change in share premium cost/cost of capital raise	0	541
Change in short term debt	-46,674	122,940
Change in long term debt	-19,500	-19,500
Net cash flow provided from financing activities	-66,174	106,097
Change in cash and cash equivalents	-88,628	-69,426
Cash and cash equivalents at the beginning of the period	111,989	184,613
Currency translation differences	18,688	-3,198
Total cash and cash equivalents at the beginning of the period	130,677	181,415
Cash and cash equivalents at the end of the period	42,049	111,989

NOTES TO THE CONSOLIDATED ACCOUNTS

1.1 – Going concern

The continual reduction in oil price throughout 2015 and into the beginning of 2016 when it reached a low of $30/bbl has had a drastic impact on the Group. The Group has been operating at a loss throughout the year, and the Group's financial reserves have been insufficient to service its operations and developments. Attempts to raise debt have been unsuccessful and the Group has had only limited success in realising value through asset sales. Due to insufficient funds the Group has been unable to meet due payments and is now under Default (as defined in the relevant agreements) on all three producing fields, and as a consequence is no longer entitled to receive petroleum from the fields. Production and Development assets have been impaired by DKK389,2MM as a consequence of the Defaults on the producing fields and the weak market for asset sales. The Group Management is in constant communication with the main creditors about the situation in order to prevent measures being taken, that would further deteriorate asset values.

The Heads of Terms signed on the 24th March 2016 with London Oil and Gas provide an opportunity to restructure the Group, including possible recapitalisation, however there are no guarantees that the restructuring will be successful. For the above reasons, the Management and the Board of Directors have decided to prepare the Financial Report on a going concern basis.

The only commitments that have been made in the Heads of Terms are limited to exclusive rights and funding for a period of up to 90 days during which time enquiries will be made into the feasibility of the restructuring and recapitalisation. If the negotiations should fail to secure the active participation and potential investment, the going concern precondition must be considered foregone, and the most likely outcome will be the orderly dismantlement of the Group, with the objective maximise stakeholder returns. In this eventuality, further impairments to licences totalling DKK97,8MM will have to be made

The Management is continuing to explore all options with its Creditors and other stake-holders to maintain the Group in its current form however if the negotiations with London Oil and Gas ultimately fail, it is beginning to look increasingly unlikely that the Group will continue as is.

2.1 Corporate information

The consolidated financial statements of the Group, which comprise P/F Atlantic Petroleum, as the parent, and all its subsidiaries, for the year ended 31st December 2015 was authorised for issue in accordance with a resolution of the Directors on 30th March 2016.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchanges on NASDAQ OMX Copenhagen and Oslo Stock Exchange. The principal activities of the Company and its subsidiaries (the Group) are Oil & Gas exploration, appraisal, development and production in the Faroe Islands, United Kingdom, Norway, Netherlands and Ireland. Financial statements for the Group's ultimate parent are presented on the Group's website: www.petroleum.fo.

2.2 Basis of preparation

Accounting Convention

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the Council of the European Union (EU) and the additional

Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of NASDAQ OMX Copenhagen and Oslo Stock Exchange for listed companies.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The financial information has been prepared on a historical cost basis and fair value conventions on the basis of the accounting policies set out below. The consolidated financial statements are presented in DKK and all values rounded to the nearest thousand, except where othewise indicated.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of P/F Atlantic Petroleum and entities controlled by P/F Atlantic Petroleum (its subsidiaries) made up at the end of each accounting period.

Control is achieved where P/F Atlantic Petroleum has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The interests in the subsidiaries are eliminated with the Parent Company's proportionate ratio of the fair value of the subsidiaries assets, liabilities and provisions measured at the date of acquisition or establishment of the subsidiary.

2.3 Significant accounting judgements, estimates and assumptions

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

In the opinion of Atlantic Petroleum's management, the following estimates and associated judgements are material for the financial reporting:

• determination of underground oil and gas reserves. The assessment of reserves is a complex process involving various parameters such as analysis of geological data, commercial aspects, etc., each of which is subject to uncertainty. The assessment is material to the determination of the recoverable amount and depreciation profile for oil and gas assets,

• determination of the recoverable amount and depreciation profile for production assets. Determination of the recoverable amount is based on assumptions concerning future earnings, oil prices, interest rate levels, etc., each of which is subject to uncertainty. The depreciation profile has been determined on the basis of the expected use of the production assets, and is consequently subject to the same risks relating to reserves, future earnings, etc., as apply to the determination of the value of the production assets,

• determination of abandonment obligations. Provisions for abandonment obligations are subject to particular uncertainty as far as concerns the determination of the costs associated with removal of the production assets, and the timing of the removal,

• and assessment of contingent liabilities and assets.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unforeseen events or circumstances may occur. Moreover, the Atlantic Petroleum Group is subject to risks and uncertainties that may cause actual results to differ from these estimates. Special risks for the Atlantic Petroleum Group are described in the section Director's Report under Risk Management.

Assumptions for forward-looking statements and other estimation uncertainties at the balance sheet date that involve a considerable risk of changes that may lead to a material adjustment in the carrying amount of assets or liabilities within the coming financial year are disclosed in the notes.

The Group's intangible exploration and evaluation assets, amounts to DKK 27,0MM (2014: DKK 258,7MM) and the Group's development and production assets amounts to DKK 70,8MM at 31st December 2015 (2014: DKK 369,1MM). The Group's abandonment obligations as of 31st December 2015 amounts to DKK 2288MM (2014: DKK 187,4MM).

2.4 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Interest in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Acquisitions of oil and gas properties are accounted for under the purchase method where the transaction meets the definition of a business combination. Transactions involving the purchases of an individual field interest, or a group of field interests, that do not qualify as a business combination are treated as asset purchases, irrespective of whether the specific transactions involved the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis.

Proceeds on disposal are applied to the carrying amount of the specific exploration and evaluation asset or development and production asset disposed of and any surplus is recorded as a gain on disposal in the income statement.

Investments in joint ventures are recognised by proportionate consolidation at the share of the jointly controlled assets and liabilities, classified by nature, and the share of revenue from the sale of the joint product, along with the share of the expenses incurred by the jointly controlled operation. Liabilities and expenses incurred in respect of the jointly controlled operation are also recognised.

Translation of Foreign Currencies

For each individual entity, which is recognised in the consolidated accounts, a functional currency is determined in which the entity measures its results and financial position. The functional currency is the currency of the primary economic environment in which the entity operates. Transactions in other currencies than the functional currency are transactions in a foreign currency.

A foreign currency transaction is, on initial recognition, recorded in the functional currency, at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction.

At each balance sheet date receivables, payables and other monetary items in foreign currency are translated to the functional currency using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items, at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, shall be recognised in the income statement under financial revenues and expenses.

On consolidation the results and financial position of the Group's individual entities with different functional currencies than the Group's presentation currency (DKK) are translated into the Group's presentation currency using the following procedure:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet.
- Income and expenses are translated at exchange rates at the dates of the transactions.

All resulting exchange differences are recognised directly in equity as a separate component of equity.

For practical reasons an average rate for the period that approximates the exchange rates at the dates of the transactions is used.

Income Statement

Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, sales taxes, excise duties and similar levies. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Sale of hydrocarbons is recognised when transfer of risk to the buyer has taken place. Sale of hydrocarbons is measured at fair value and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Cost of Sales

Cost of sales comprises cost directly related to the operation of oilfields, cost of goods sold, depreciations, lease payments and other costs related to the operation of producing oil fields. Rentals payable for assets under operating leases are charged to the income statement on a straight-line basis over the lease term. Impairment of development and production assets is also recognised here.

Pre-licence Exploration Cost

Pre-licence exploration expenses comprise cost incurred prior to having obtained the legal rights to explore an area and other general exploration costs which are not specifically directed to a licence and economic use is of less than a year.

Exploration Expenses

Exploration expenses comprise the cost of the impairment of exploration and evaluation assets and relinquishment cost.

General and Administration Cost

Administrative expenses comprise employment costs to the management and administration, staff, depreciations and other costs related to the general administration of the Group.

Financial Income and Expenses

Financial income and expenses comprise interests, currency differences, dividend income from investments and amortisation of financial assets and liabilities.

Taxation

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off corporation tax assets against corporation tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

By the acquisition of Emergy Exploration AS – now Atlantic Petroleum Norge AS, the Group is subject to the Norwegian oil taxation regime for the operations on the Norwegian Continental shelf. Under this regime oil companies which are not in a tax paying position may claim a 78% refund of their exploration costs, limited to the taxable loss for the current year. The tax refund is unconditional in terms of contingent operation of the companies concerned. The refund is paid out in December in the following year. The portion of the tax receivable which is due to be received within one year from the balance sheet date is classified as a current asset.

Statement of Financial Position

Goodwill

Goodwill is initially recognised and measured as the difference between on the one hand, the cost price of the acquired company, the value of minority interests in the acquired company and the acquisition-date fair value of previously held equity interests, and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities.

When recognising goodwill, the goodwill amount is allocated to those of the Group’s activities that generate independent cash flows (cash flow generating units). The definition of cash generating units is in accordance with the internal managerial accounting and reporting in the Group. Goodwill is not amortised but is tested for impairment at least once a year.

Intangible Assets

Intangible Assets

Items of intangible assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Office equipment 3 – 10 years

The residual value is reassessed annually.

Exploration and Evaluation Assets

The Group applies the successful efforts method of accounting for Exploration and Evaluation (E&E) costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

Under the successful efforts method of accounting all licence acquisition, exploration and appraisal costs are initially capitalised at cost in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure, incurred during the various exploration and appraisal phases, is then written off unless commercial reserves have been established or the determination process has not been completed.

The amounts capitalised include payments to acquire the legal right to explore, licence fees, cost of technical services and studies, seismic acquisition, exploratory drilling and testing and other directly attributable cost.

Finance costs that are directly attributable to E&E assets are capitalised in accordance with IAS 23. In the Parent Company these costs are expensed to the Income Statement.

Cost incurred prior to having obtained the legal rights to explore an area (pre-licence cost) are expensed directly to the income statement under Pre-licence exploration cost as they have incurred.

E&E assets are not amortised prior to the conclusion of appraisal activities.

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. Every year or if there otherwise are indications of impairment the assets will be tested for impairment. Where, in the opinion of the Directors, there is impairment, E&E assets are written down accordingly, through the Income Statement under Exploration Expenses.

If commercial reserves have been discovered and a field development plan has been approved by the authorities, the carrying value of the relevant E&E asset is reclassified as a tangible asset, development and production asset. Before the reclassification the asset will be tested for indications of impairment. If however, commercial reserves have not been found, the capitalised cost are charged to the profit and loss account under Exploration Expenses after conclusion of appraisal activities.

Tangible Assets

Development and Production Assets

Development and production assets are accumulated generally on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in the accounting policy for E&E assets above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning. In the Parent Company finance costs are expensed to the profit and loss account.

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit-of-production (UOP) method by reference to the ratio of production in the period and the related commercial reserves of the field.

An impairment test is performed once a year or whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount.

The carrying value is compared against the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows, derived from expected production of commercial reserves.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement under the relevant item. The cash-generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash-generating unit where the cash flows of each field are interdependent. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The depreciation and impairment are charged to the Income Statement under Cost of sales.

Decommissioning

Provision for decommissioning is recognised in full when the liability occurs. The amount recognised is the present value of the estimated future expenditure. A corresponding tangible fixed asset is also created at an amount equal to the provision. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Operating assets and office equipment 3 – 10 years

The residual value is reassessed annually.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Inventories

The difference between cumulative production and lifted (sold) volumes is crude inventory and will be valued at the market rate at the period end with the inventory adjustments being posted through Cost of Sales.

Trade and Other Receivables

Trade and other receivables are recognised at amortised costs and are reduced by appropriate allowances for estimated irrecoverable amounts.

Bank Deposits (Cash and Cash-Equivalents)

Cash and cash equivalent includes cash in hand and deposits held at call with banks with maturity dates of less than three months.

Equity, Translation Reserve

The translation reserve comprises foreign exchange rate adjustments arising on translation of the financial statements of foreign entities with a functional currency that is different from the presentation currency (DKK) of Atlantic Petroleum Group.

Bank Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Other Payables

Other payables are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Included in the item Provisions is provision for decommissioning costs.

Share Based Payments

Equity-settled share-based payments are initially measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of nonmarket-based vesting conditions.

The fair value is determined by using generally accepted valuation techniques, such as the Monte Carlo model.

Cancellations or settlements of equity settled share-based payments are treated as an acceleration of vesting and as a result any amounts that otherwise would have been recognised for services received over the remainder of the vesting period are recognised immediately in the income statement. When options are exercised the payments from employees are recognised as an increase in the Group's share capital and share premium reserve.

Segment Reporting

In the opinion of the directors the operations of the Group comprise one class of business, the production and sale of hydrocarbons. Its primary segment reporting will be by geographical region.

Cash Flow Statement

The cash flow statement is prepared according to the indirect method and presents cash flow from operations, investments and financing activities.

Cash Flow from Operating Activities

Cash flows from operating activities are presented using the indirect method, whereby the net profit or loss for the period is adjusted for the effects of non-cash transactions, accruals, tax-payments and items of income or expense associated with investing or financing cash flows.

Cash Flow from Investment Activities

Cash flows from investment activities comprises cash flows in conjunction with buying and selling entities and activities, buying and selling intangible, tangible and other non-current assets and buying and selling securities which are not recognised as cash and cash equivalents.

Cash Flow from Financing Activities

Cash flows from financing activities comprise the raising of new share capital and loans, amortisation on loans and payment of dividends.

2.5 Changes in accounting policies and disclosures

New and amended standards and interpretation

The Consolidated Financial Statements are presented in accordance with the accounting policies adopted previous financial years and which are consistent with those applied in the previous financial year.

There were a number of new standards and interpretations, effective from 1st January 2014, that the Group applied. These included IFRS 10, IFRS 12 and IAS 27 Investment Entities, IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19, IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32, IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36, IAS 39 Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39, IFRIC 21 Levies (Amendments). None of these standards required a restatement of previous financial statements or did result in disclosures being changed.

Several other amendments apply for the first time. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new relevant standard and/or amendment is described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

IFRS 10 Consolidated Financial Statement

IFRS 10 replaced the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities. The changes introduced by IFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. In the standard an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard did not have any effect for the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

The application of IFRS 11 and IAS 28 did not impact the Group's accounting for its interests in joint arrangements because the Group determined that its joint arrangements that were previously classified as jointly controlled assets, were classified as joint operations under IFRS 11. As a result, the group's previous methods of accounting for its joint arrangements continue to be appropriate under IFRS 11.

IFRS 12

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity. The new disclosures will assist the users of the financial statements to make their own assessment of the financial impact in cases where management were to reach a different conclusion regarding consolidation — by providing more information about unconsolidated entities. The standard did not have any significant effect for the Group.

IAS 36 Impairment of Assets

IAS 36 is amended to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The change is not considered to have any major

impact on the Group, as the Group does not use fair value less cost of disposal to estimate recoverable amount. The amendment also removes the requirement for an entity to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated, instead such disclosure is required when an impairment loss has been recognised or reversed.

The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. Management believes that implementation of these standards and interpretations do not have a material affect on the Consolidated Financial Statements of the Group.

2.6 Standards issued but not yet effective

There are no standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements that the Group reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

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 1st 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 from 2009, 2010 and 2013 is permitted if the date of initial application is before 1st February 2015. The adoption of IFRS 9 may have an effect on the classification and measurement of the Group's financial assets, but is not expected to impact the classification and measurement of the Group's financial liabilities.

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 recognised 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 1st January 2017 with early adoption permitted, but it is not endorsed by the EU yet. There have been some early indicators that the entitlement method currently applied by the Group will not be allowed under IFRS 15, but this has not yet been concluded. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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 1st 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.

Annual improvements 2010-2012, 2011-2013 and 2012-2014 cycles

The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. There are separate transition provisions for each standard (and the 2012-2014 cycle is not yet approved by the EU). The changes are not expected to have significant effect for the Group.

3 Geographical segmental analysis

DKK 1,000	**2015**	2014
Revenues by origin:		
Faroe Islands	0	0
United Kingdom	183,376	342,306
Norway	3,346	839
Other	0	0
	186,722	343,146
Operating loss/profit by origin:		
Faroe Islands	-4,153	-30,145
United Kingdom	-579,440	-245,418
Norway	-206,420	-173,987
Other	-15,800	-4,522
	-805,813	-454,073

4 Cost of sales

DKK 1,000	**2015**	2014
Operating costs	155,070	159,465
Produced oil in inventory at market value	1,091	23,644
Amortisation and depreciation, PPE:		
Oil and gas properties	62,119	137,809
Impairment	389,172	209,085
	607,452	530,002

5 Interest income & expense and finance gain & cost

DKK 1,000	**2015**	2014
Interest income and finance gain:		
Short term deposits	1,816	1,181
	1,816	1,181
Interest expense and other finance cost:		
Bank loan and overdrafts	10,732	12,073
Creditors	7	1
Unwinding of discount on decommissioning provision	4,509	4,238
Others	215	385
Exchange differences	14,382	14,626
	29,845	31,323

6 Auditors' remuneration

DKK 1,000	**2015**	2014
Audit services:		
Statutory and Group audit, parent company auditor	**530**	385
Review of interim Financial Statements	**326**	300
Audit subsidiaries	**881**	921
	1,737	1,606
Tax services:		
Consulting and advisory services	**86**	45
	86	45
Other services:		
Consultancy services	0	67
	0	67

7 Employee cost

DKK 1,000	**2015**	2014
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	**1,489**	1,680
Managing Director – CEO***	**1,942**	1,957
Administration, technical staff and other emplyees	**31,624**	32,957
	35,054	36,595
Share based payment – LTIP accounting charge****:		
Managing Director – CEO	**-1,072**	877
Administration, technical staff and other employees	**-1,666**	1,665
	-2,738	2,543
Pension costs:		
Managing Director – CEO	**39**	23
Administration, technical staff and other employees	**1,522**	450
	1,561	473
Social security costs	**4,035**	5,566
Other staff costs	**1,585**	1,733
	5,620	7,300
Total employee costs	**39,496**	46,910

	2015	2014
Average number of employees during the year:		
Technical and operations	**18**	17
Management and administration	**8**	10
	26	27

By year end the number of employees in the Group not given or working notice at year end is 17. 2 UK staff and 2 Faroes staff (including the CEO) remain on fulltime employment at year end. The remaining staff will join M Vest Energy AS on completion of the sale of the Norwegian Activity

* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration.

** Staff numbers include Managers.

*** The notice of termination for the CEO is one year.

**** See also note Share based payments below.

8 Share based payments

	At 31st December 2015 Number of options	At 31st December 2015 Weighted average exercise price DKK	At 31st December 2014 Number of options	At 31st December 2014 Weighted average exercise price DKK
1st January	67,897	135,75	44,156	163,57
Granted during the period	0	0	23,741	84,00
Lapsed during the period	-1,620	130,05	0	0.00
Exercised during the period	0	0	0	0
Expired during the period	-22,352	169,50	0	0.00
Outstanding at end of period	**45,545**	**118,79**	67,897	135,75
Exercisable at end of period	**0**	**0**	0	0

The total fair value of the options granted in 2012 was estimated to be DKK 4.1MM provided that all the options where exercised by 24th March 2015. The options granted in year 2012 are expired and a total of DKK 4.3MM gain is entered in the result. The total fair value of the options granted in 2013 is estimated to be DKK 3.1MM provided that all the options are exercised by 26th April 2016 and the total fair value of the options granted in 2014 is estimated to be DKK 1.1MM provided that all options are exercised by 7th April 2017. Part of the options granted in 2013 and 2014 are lapsed a total value of DKK 0.1MM is entered as gain in the result.

9 Other operating cost/income

DKK 1,000	**2015**	2014
Other operating income related to unrealised gains on futures	**-20,560**	18,500
Other operating income related to sales of licenses	**29,612**	0
Other operating income relaed to sales of equipment	**14**	0
	9,066	18,500

10 Depreciation

DKK 1,000	**2015**	2014
Depreciations included in general and administration costs	**11,122**	16,675
	11,122	16,675

11 Tax

DKK 1,000	2015	2014
Current tax :		
Tax repayable/(payable) in UK	3,907	-4,013
Tax repayable in Norway	77,503	157,323
Tax payable in Ireland	0	-12
Total current tax	**80,876**	153,297
Deferred tax:		
Deferred tax cost in UK	0	54,275
Deferred tax income in UK	110,402	101,433
Deferred tax income/cost in Norway	78,040	-43,047
Total deferred tax	**188,441**	112,661
Tax credit/tax on loss/profit on ordinary activities	**269,851**	265,958

12 Dividend

No dividend is proposed. (2014: DKK Nil)

13 Earnings per share

The calculation of basic earnings per share is based on the profit after tax and on the weighted average number of Ordinary Shares in issue during the year.

Basic and diluted earnings per share are calculated as follows:

DKK 1,000	Profit after tax		Weighted average number of shares		Earnings per share	
	2015	2014	**2015**	2014	**2015**	2014
Basic	-563,990	-218,257	3,697,863	4,040,254	-152,52	-59,03
Diluted	-563,990	-218,257	3,697,863	4,040,254	-152,52	-59,03

15 Goodwill

DKK 1,000	2015	2014
At 1st January	**51,917**	54,354
Impairment	**-53,800**	-3,817
Exchange movements	**1,883**	1,379
At 31st December	**0**	51,917

16 Intangible assets

DKK 1,000	2015	2014
Costs		
At 1st January	38,178	33,834
Exchange movements	-1,611	-1,873
Additions	3,299	6,218
At end of period	**39,866**	38,178
Amortisation and depreciation		
At 1st January	21,602	7,351
Exchange movements	-955	-1,461
Charge this period	10,379	15,712
At end of period	**30,381**	21,602
Net book value at end of period	**9,485**	16,576

17 Oil and gas – Intangible exploration and evaluation assets

DKK 1,000	2015	2014
Costs		
At 1st January	258,653	216,682
Exchange movements	16,836	11,187
Additions	26,773	239,361
Disposal/relinquishment of licences	-230	-40,799
Explorations expenditures written off/sold	-274,990	-167,548
Consolidated interest written off	0	-230
At end of period	**27,042**	258,653

The amounts for intangible E&E assets represent the active exploration projects. These amounts will be written off to the income statement as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

18 Oil and gas – Tangible development and production assets

DKK 1,000	2015	2014
Costs		
At 1st January	1,353,864	1,211,488
Exchange movements	82,996	78,824
Additions	122,949	63,553
At end of period	**1,559,809**	1,353,864
Amortisation and depreciation		
At 1st January	984,785	589,984
Exchange movements	52,950	47,908
Depreciation, charge	62,119	137,809
Impairment, charge	389,172	209,085
At end of period	**1,489,026**	984,785
Net book value at end of period	**70,783**	369,079

Depreciation and amortisation for oil and gas properties is calculated on a unit-of-production basis, using the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus production in the period, on a field-by-field basis. Proved and probable reserve estimates are based on a number of techniques to generate its estimates and regularly references its estimates against those of joint venture partners or external consultants. However, the amount of reserves that will ultimately be recovered from any field cannot be known with certainty until the end of the field's life.

19 Property, plant and equipment assets

DKK 1,000	2015	2014
Costs		
At 1st January	5,410	5,914
Exchange movements	38	72
Additions	-710	-576
At end of period	**4,738**	5,410
Amortisation and depreciation		
At 1st January	3,374	3,133
Exchange movements	31	64
Charge this period	341	177
At end of period	**3,746**	3,374
Net book value at end of period	**992**	2,036

20 Investments and associates

Principal subsidiary undertakings of the Parent Company, all of which are 100 per cent owned, are as follow:

Name of Company	Business and area of operation	Country of incorporation or registration
Atlantic Petroleum Norge AS	Exploration, development and production, Norway	Norway
Atlantic Petroleum UK Limited	Exploration, development and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, development and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, development and production, UK	England and Wales
Volantis Netherlands B.V.*	Exploration, development and production, Netherlands	Netherlands

* Held through subsidiary undertaking.

21 Inventories

DKK 1,000	**2015**	2014
Chestnut	7,849	5,120
Ettrick	0	6,489
Blackbird	0	5,410
Net assets	7,849	17,019

22 Trade and other receivables

DKK 1,000	**2015**	2014
Trade receivables	10,391	31,873
Prepayments and accrued income	1,501	47,598
Other taxes and VAT receivable	990	1,655
Other receivables	46,111	272
Net assets	58,993	81,398

All trade and other receivables are due within one year except for the Ettrick and Blackbird Trust funds DKK 45.6MM in prepayments. The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

23 Trade and other payables

DKK 1,000	**2015**	2014
Trade payables*	140,46	25,119
Accrued expenses	769	631
Other taxes and VAT payable	0	1,870
Other payables	17,300	64,579
	158,538	92,198

* Trade payables consist partly (DKK110,251) of a demand for funds to be placed in Trust Accounts for the abandonment of Ettrick and Blackbird.

All trade and other payables are due within one year.

The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.

24 Cash, short and long term debt

DKK 1,000	**2015**	2014
Cash:		
Cash at bank and in hand	42,049	111,989
Total cash	42,049	111,989
Short term bank loans	110,697	165,738
Other short term loans	0	0
Total short term borrowings	110,697	165,738
Long term bank loans	19,500	39,000
Other long term loans	0	0
Total long term borrowings	19,500	39,000

The borrowings are repayable as follows:

DKK 1,000	**2015**	2014
Bank loans analysed by maturity		
In one to five years	19,500	39,000
More than five years	0	0
	19,500	39,000

The Group had one long-term facility of DKK 58.5MM at year end 2015 and a borrowing facility of NOK 300MM. (2014: one long-term facility of DKK 58.5MM at year end 2013 and a borrowing facility of NOK 300MM). At year end 2015 the total short- and long-term loans amounted to DKK 130.2MM (2014: DKK 204.7MM).

25 Obligations under leases

DKK 1,000	**2015**	2014
Minimum lease payments under operating leases recognised in the income statement for the year	4,251	27,864
	4,251	27,864
Outstanding commitments for future minimum lease payments under non-cancellable operating leases, wich fall due as follows		
Within one year	1,879	49,084
In one to five years	1,004	8,168
Over five years	0	0
	2,883	57,534

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is party to a charter contract for the use of a floating production, storage and offloading platform. Payments under the contract began approximately 1st October 2008. Renewals were made every 6 months. The latest renewal from 1st January 2015 secures the vessel for 1 full year, with an additional 5x three months optional extension periods, taking the potential hire of the vessel out to end March 2017. The Company's annual commitment is estimated at USD 3.8MM.

Also, in accordance with the Group's participation in joint arrangements with other companies, an agreement was signed whereby the Group was party to a five year charter contract for the use of a floating production, storage and offloading platform. An agreement has now been reached to enter the first extension term of contract taking the firm lease period to 4th March 2016. The Group's annual commitment to March 2016 is estimated at USD 4.1MM. The Joint Venture has also reached agreement with Bluewater on the mechanism to exercise on options beyond the first extension period i.e. beyond March 2016. The Group will have three month rolling options where only a minimum production tariff is paid.

Atlantic Petroleum is in default under the joint arrangements pertaining to both of the Lease obligations described above. The lease obligations continue to exist pending agreements being reached with the other companies involved in the joint arrangements.

26 Provisions for long-term liabilities and charges

DKK 1,000	**2015**	2014
Decommissioning costs:		
At 1st January	187,381	172,790
Exchange movements	1,390	15,319
Addition of future decommissioning costs during the year	-74,728	-5,084
Unwinding of discount on decommissioning provision	4,509	4,356
Decommissioning	0	0
At 31st December	118,551	187,381
Total provision	118,551	187,381

The decommissioning provision represents the present value of decommissioning costs relating to the oil and gas interests, which are expected to be incurred between 2015 and 2031. These provisions have been created based on operators' estimates. Based on the current economic environment, assumptions have been made which the management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

27 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates. The Group use derivative financial instruments to hedge certain of these risk exposures.

Interest rate risk profile of financial liabilities
The interest rate profile of the financial liabilities of the Group as at 31st December was:

DKK 1,000	Fixed rate	Floating rate	Total
2015	**DKK**	**DKK**	**DKK**
DKK		59,411	59,411
NOK		70,786	70,786
Total		**130,197**	**130,197**
2014			
DKK		58,500	58,500
NOK		146,238	146,238
Total		**204,738**	**204,738**

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

A 1 per cent point change per annum in the interest would have a hypothetic effect of DKK 1,7MM (2014: DKK 1,5MM) on the result and equity.

Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the group as at 31st December was:

DKK 1,000	Fixed rate	Floating rate	Total
2015	**DKK**	**DKK**	**DKK**
Held in DKK		672	672
Held in GBP		7,691	7,691
Held in USD		11,329	11,329
Held in EUR		144	144
Held in NOK		22,213	22,213
Total		**42,049**	**42,049**
2014			
Held in DKK		70,525	70,525
Held in GBP		1,238	1,238
Held in USD		18,108	18,108
Held in EUR		128	128
Held in NOK		21,958	21,958
Total		**111,958**	**111,958**

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

The fair values of the financial assets and financial liabilities are:

DKK 1,000	**2015 Carrying amount DKK**	**2015 Estimated fair value DKK**	2014 Carrying amount DKK	2014 Estimated fair value DKK
Primary financial instruments held or issued to finance the Group's operations:				
Cash and short-term deposits	42,049	42,049	111,989	111,898
Bank loans and credit facility	-110,697	-110,697	-165,738	-165,738
Long-term bank loan	-19,500	-19,500	-39,000	-39,000
Derivative financial instruments held or issued to hedge the Group's exposure on expected future sales:				
Forward commodity contracts - net	0	0	19,027	19,027

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

Currency risk

No currency exposures were hedged during the year and thus there is a currency risk.
Please see risk management section for currency risk exposures.

28 Deferred tax

DKK 1,000	**2015**	2014
Deferred tax liabilities	0	-161,426
Deferred tax assets	16,619	0
	16,619	-161,426

The Group has DKK196.6MM of tax credits and allowances in its UK companies however in the absence of certainty over the availability of future taxable profits the value of these has been discounted to zero.

The deferred tax asset relates mainly to the carried forward tax losses that will be realized on the closure of the Norway activities .

DKK 1,000	Faroese hydrocarbon tax	Faroese Corporation tax	Overseas tax	Total
At 1st January 2014	0	0	-267,003	-267,003
Charge to income	0	0	112,661	112,661
Exchange movements	0	0	-7,084	-7,084
At 31st December 2014	0	0	-161,426	-161,426
Charge to income	0	0	188,441	188,441
Exchange movements	0	0	-10,396	-10,963
At 31st December 2015	0	0	16,619	16,619

29 Share capital

DKK 1,000	**2015**	**2014**
Balance at 1st January	369,786	367,670
Shares issued	0	2,116
Balance at 31st December	369,786	369,786

Ordinary Shares

DKK 1,000	**2015 100 DKK shares**	**2015**	**2014 100 DKK shares**	**2014**
Ordinary shares				
Authorised	8,626,703	862,670	8,626,703	862,670
Called up, issued and fully paid	3,697,860	369,786	3,697,860	369,786

30 Analysis of changes in net debt/cash

DKK 1,000	2015	2014
a) Reconciliation of net cash flow to movement in net debt/cash:		
Movement in cash and cash equivalents	-69,940	-72,624
Proceeds from long-term loans	55,041	-121,180
Proceeds from short-term loans	19,500	19,500
Increase/decrease in net cash in the period	**4,601**	**-174,304**
Opening net cash	-92,749	81,555
Closing net cash/debt	-88,148	-92,749
b) Analysis of net cash/debt:		
Cash and cash equivalents	42,049	111,989
Short-term debt	-110,697	-165,738
Long-term debt	-19,500	-39,000
Total net cash/debt	-88,148	-92,749

31 Capital comittments and guarantees

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations the wholly owned subsidiary Atlantic Petroleum (Ireland) Limited, has in connection with the sale and purchase agreement with ExxonMobil Exploration and Production Ireland (Offshore) Limited and the related Joint Operating Agreement regarding Irish Continental Shelf Petroleum Exploration Licence No. 3/04 (Frontier) relating to Blocks 44/18, 44/23, 44/24, 44/29 and 44/30.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations its wholly owned subsidiary Atlantic Petroleum UK Limited has in connection with the share purchase agreement with the vendors of the entire issued share capital of Atlantic Petroleum North Sea Limited (was known as Volantis Exploration Limited).

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations the wholly owned subsidiary of Atlantic Petroleum UK Limited, Atlantic Petroleum North Sea Limited (was known as Volantis Exploration Limited), has in connection with the sale and purchase agreement with Iona Energy Company (UK) Ltd regarding UK licence P1606, block 3/3b and P1607, block 3/8d.

P/F Atlantic Petroleum has provided guarantees on behalf of Atlantic Petroleum Norge AS to the Norwegian government for liabilities relating to its exploration and appraisal activities.

P/F Atlantic Petroleum has provided guarantees on behalf of Atlantic Petroleum Norge AS to DnB the lender of the bank credit facility established in March 2013 to finance the Company's growth plans in Norway.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations Atlantic Petroleum UK Limited has in connection with the farm-in agreement with Summit Petroleum Ltd regarding UK Licence P1556, block 29/1c.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations Atlantic Petroleum UK Limited has in connection with the purchase of assets from Premier Oil.

P/F Atlantic Petroleum has provided a guarantee dated 30th October 2014 in favour of Centrica North Sea Gas Limited for the due and punctual payment of all sums which Atlantic Petroleum UK Limited is obliged to pay from time to time under Licences P1724 and P1727 and under the Joint Operating Agreement dated 24th May 2013 in respect of the Licences.

P/F Atlantic Petroleum has provided a guarantee dated 30th October 2014 in favour of Third Energy Offshore Limited for the due and punctual payment of all sums which Atlantic Petroleum UK Limited is obliged to pay from time to time under Licences P1724 and P1727 and under the Joint Operating Agreement dated 24th May 2013 in respect of the Licences.

P/F Atlantic Petroleum has provided a guarantee dated 11th November 2014 in favour of Centrica North Sea Oil Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licence P354 and under the Joint Operating Agreement dated 27th August 1982 in respect of the Licence.

P/F Atlantic Petroleum has provided a guarantee dated 11th November 2014 in favour of Dana Petroleum (BVUK) Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licence P354 and under the Joint Operating Agreement dated 27th August 1982 in respect of the Licence.

P/F Atlantic Petroleum has provided a guarantee dated 16th December 2014 in favour of Dana Petroleum (BVUK) Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licences P273, P317 and P1580 and under the Ettrick Field Area Operating Agreement dated 7th February 2006 in respect of the Licences in so far as they relate to the Rest of Block Sub-Areas.

P/F Atlantic Petroleum has provided a parent guarantee to the UK Department for Energy and Climate Change in connection with Atlantic Petroleum UK Limited assets in the UKCS:

(i) the parent will always provide necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
(ii) the parent will not alter Atlantic Petroleum UK Limited legal rights, so that the Company cannot fulfil its obligations
(iii) the parent will undertake Atlantic Petroleum UK Limited financial obligations if the Company fails to do so

P/F Atlantic Petroleum has a senior secured loan agreement with P/F Eik Banki. The Company has offered the following security to lender in connection with the loan agreement:

(i) shares in Atlantic Petroleum UK Limited and Atlantic Petroleum North Sea Limited
(ii) receivables from Atlantic Petroleum UK Limited
(iii) charge over proceeds from insurance coverage

The Company has provided lender with a negative pledge and investment in new ventures shall be endorsed by the lender.

The Group had capital expenditure committed to in 2016, but not provided for in these accounts at 31st December 2015 of approximately DKK 94.0MM. The capital expenditure is in respect of the Group's interests in its exploration (Stordal well in Norway, and the Skerryvore well in the UK) and development licences (Orlando Development). The obligation to drill the Stordal well will move to M Vest Energy ASA when the sale of the Norwegian activity completes. The commitments for Orlando are highly uncertain given the current status of the Operator of the development (Iona is in Administration) and the Group’s financial status.

32 Contingent considerations

In addition to the payments to Iona Energy Ltd for 25% equity in Orlando and Kells, pursuant to the agreement, Atlantic Petroleum North Sea Limited has committed to pay:

(i) USD 1.25MM upon Kells FDP approval
(ii) Staged payments commencing six months after first production from Orlando of USD 1.8MM, USD 1.8MM, USD 0.925MM and USD 0.925MM made every six months thereafter respectively and
(iii) A proportionate share of royalties payable to the previous owner of the Kells field, Fairfield Energy.

Further to the sale of Pegasus to Third Energy Offshore Limited (TEOL), TEOL are due to make further payments to Atlantic Petroleum UK Limited of up to £9 million if certain events occur.

33 Related party disclosures

Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.

PARENT COMPANY INCOME STATEMENT

For the year ended 31st December 2015

DKK 1,000	Note	2015	2014
Revenue		0	774
Costs of sales		0	0
Gross loss		**0**	774
Exploration expenses	2	-581	-24,503
Pre-licence exploration cost		-23	-8
General and administration cost	3,4,5,7,19	-18,893	-18,263
Other income – income from subsidiaries	6	15,344	12,274
Operating loss		**-4,153**	-29,726
Interest income and finance gains	8	126	363
Interest expenses and other finance costs		-415,406	-5,298
Loss before taxation		**-419,432**	-34,661
Taxation	9	0	0
Loss after taxation		**-419,432**	-34,661
Distribution of profit:			
Retained earnings		-419,432	
Distribution in total		419,432	-34,661

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2015

DKK 1,000	**2015**	2014
Items that may be recycled in P/L:		
Loss for the period	-419,432	-34,661
Total comprehensive loss in the period	**-419,432**	-34,661

PARENT COMPANY FINANCIAL POSITION

31st December 2015

DKK 1,000	Note	At 31st Dec 2015	At 31st December 2014
Non-current assets			
Intangible assets	12	177	521
Intangible exploration and evaluation assets	13	0	0
Property plant and equipment	14	14	453
Investment in subsidiary	11	51,868	408,878
		52,058	409,853
Current assets			
Trade and other receivables	15	640	786
Receivables from subsidiaries	15	8,673	46,002
Cash and cash equivalents	17,19	590	26,708
		9,903	73,496
Total assets		**61,962**	483,348
Current liabilities			
Short term bank debt	17,19	39,910	19,500
Short term liabilities		0	0
Trade and other payables	16	2,092	3,865
		42,002	23,405
Non-current liabilities			
Long term debt – intercompany		68,108	67,821
Long term bank debt	17,19	19,500	39,000
		87,608	106,821
Total liabilities		**129,610**	130,226
Net assets		**-67,648**	353,122
Equity			
Share capital	22	369,786	369,786
Share premium account		233,444	233,444
Share based bonus schemes – LTIP		958	2,296
Retained earnings		-671,836	-252,404
Total equity shareholders´ funds		**-67,648**	353,122

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2015

DKK 1,000	Share capital	Share premium account	Share based Payments LTIP and Bonus	Retained earnings	Total
At 1st January 2014	**367,670**	**232,903**	**1,301**	**-217,743**	**597,345**
Capital raise	2,116	0	0	0	**2,116**
Change in share premium account/cost of capital raise	0	19,991	0	0	**19,991**
Cost of capital raise	0	-19,450	0	0	**-19,450**
LTIP awarded in the period	0	0	995	0	**995**
Result for the period	0	0	0	-34,661	**-34,661**
At 1st January 2015	**369,786**	**233,444**	**2,296**	**-252,404**	**423,181**
LTIP awarded in the period, net	0	0	-1,338	0	**-1,338**
Result for the period	0	0	0	-419,432	**-419,432**
At 31st Dec. 2015	**369,786**	**233,444**	**958**	**-671,836**	**-67,648**

PARENT COMPANY CASH FLOW STATEMENT

For the year ended 31st December 2015

DKK 1,000	2015	2014
Operating activities		
Operating loss	-4,153	-29,726
Impairment on non-current assets	509	24,503
Relinquishment and disposal of licences	72	7,481
Depreciation, depletion and amortisation	431	581
Change in trade and other receivables	145	939
Change in trade and other payables	-3,354	-14,232
Interest revenue and finance gain received	126	363
Interest expenses and other finance cost	-415,406	-5,298
Taxation	0	0
Net cash flow provided by operating activities	**-421,629**	-15,389
Investing activities		
Capital expenditure	358,324	-14,141
Investment in subsidiary	0	-45,326
Net cash used in investing activities	**358,324**	-59,467
Financing activities		
Change in share capital	0	2,116
Change in share premium cost/cost of capital raise	0	541
Change in short term liabilities	20,410	-76
Change in long term debt	-19,500	-19,500
Change in share based payments scheme	-1,338	995
Change in intercompany accounts	37,616	17,067
Net cash flow provided from financing activities	**37,188**	1,143
Change in cash and cash equivalents	**-26,118**	-73,713
Cash and cash equivalents at the beginning of the period	26,709	100,422
Cash and cash equivalents at the end of the period	**590**	26,709

PARENT COMPANY NOTES TO THE ACCOUNTS

1 Corporate information

The financial statements for the Company P/F Atlantic Petroleum for the year ended 31st December 2015, according to the requirement in the Faroese Company Accounts Act, were authorised for issue in accordance with a resolution of the directors on 30th March 2016.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchanges on NASDAQ OMX Copenhagen and Oslo Stock Exchange. The principal activities of the Company are Oil & Gas exploration, and appraisal in the Faroe Islands.

2 Exploration expenses

DKK 1,000	**2015**	2014
Relinquishment of licences	**72**	7,481
Explorations expenditures expired/written off	**509**	17,022
	581	24,503

3 Auditors' remuneration

DKK 1,000	**2015**	2014
Audit services:		
Statutory audit	**530**	385
Review of interim Financial Statements	**326**	300
	856	685
Tax services:		
Consulting and advisory services	**0**	9
	0	9
Other services:		
Consultancy services	0	25
	0	25

4 Employee cost

DKK 1,000	2015	2014
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	**1,489**	1,680
Managing Director – CEO*	**1,942**	1,957
Administration, technical staff and other emplyees	**5,209**	5,367
	8,640	9,004
Share based payment – LTIP accounting charge***:		
Managing Director – CEO	**-1,072**	877
Administration, technical staff and other employees	**-266**	117
	-1,338	994
Pension costs:		
Managing Director – CEO	**39**	23
Administration, technical staff and other employees	**307**	323
	346	346
Social security costs	**328**	356
Other staff costs	**147**	175
	476	531
Total employee costs	**8,123**	10,875

	2015	2014
Average number of employees during the year**:		
Technical and operations	**1**	1
Management and administration	**5**	8
	6	9

* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration and in Management's Interests and Remuneration.

** Staff numbers include Managers.

*** See also note Share based payments below.

The notice of termination for the CEO is one year.

5 Share based payments

	At 31st December 2015		At 31st December 2014	
	Number of options	Weighted average exercise price DKK	Number of options	Weighted average exercise price DKK
1st January	25,977	135,45	44,156	163,57
Corrections during the period	0	0	-27,360	163,57
Granted during the period	0	0	9,181	84,00
Lapsed during the period	-1,620	130,05	0	0
Exercised during the period	0	0	0	0
Expired during the period	-9,910	169,50	0	0
Outstanding at end of period	**14,447**	**113,87**	25,977	135,75
Exercisable at end of period	**0**	**0**	0	0

The range of exercise prices for options outstanding at the end of the year was DKK 84 to DKK 157.50.

The fair value of one of these LTIP awards awarded in 2012 is DKK 184.24, in 2013 it is DKK 146.00 and in 2014 it is DKK47.00. Please note that the fair value is more than 100% for the 2012 awards accordingly 93% for the 2013 awards and 56% for the 2014 awards of the share at grant as a result of the LTIP Schemes share price multiplier potentially permitting up to three times the number of initial awards to vest. This results in a total charge of DKK 8,348,539, which will be accounted for as follows:

DKK 1,000 **Charges to the income statement**	**LTIP awarded 2014 DKK**	**LTIP awarded 2013 DKK**	**LTIP awarded 2012 DKK**	**Total DKK**
2012 Charges	0	0	470	470
2013 Charges	0	224	609	833
2014 Charges	56	328	609	993
2015 Charges	**165**	**328**	**138**	**632**
2016 Charges	165	105	0	271
2017 Charges	41	0	0	41
	428	986	1,826	3,240

6 Other operating income

DKK 1,000	2015	2014
Service rendering to subsidiaries	**15,344**	12,274
Total	**15,344**	12,274

7 Depreciation

DKK 1,000	2015	2014
Depreciations included in general and administration costs	**431**	581
	431	581

8 Interest revenue and expenses & finance gain and cost

DKK 1,000	2015	2014
Interest revenue and finance gains:		
Short-term deposits	**126**	363
	126	363

DKK 1,000	2015	2014
Interest revenue and finance gains:		
Bank loan and overdrafts	3,711	4,882
Creditors	1	1
Write down of assets – subsidiaries	357,010	0
Write down of intercompany loan	54,410	0
Others	84	271
Exchange differences	190	143
	415,406	6,742

9 Tax

DKK 1,000	**2015**	2014
Current tax :		
Faroese corporation tax	0	0
Faroese petroleum tax	0	0
Total current tax	**0**	0
Deferred tax:		
Faroese corporation tax	0	0
Faroese petroleum tax	0	0
Overseas tax	0	0
Total deferred tax	**0**	0
Tax on profit on ordinary activities	**0**	0

10 Dividend

No interim dividend is proposed. (2014: DKK Nil)

11 Investment in subsidiaries

DKK 1,000	**2015**	2014
Cost and net book value:		
At 1st January	408,879	363,553
Additions during the year	0	45,326
Impairment charges on investments	-357,010	0
At 31st December	**51,869**	408,879

Principal subsidiary undertakings of the Parent Company, all of which are 100 per cent owned, are as follow:

Name of Company	Business and area of operation	Country of incorporation or registration
Atlantic Petroleum Norge AS	Exploration, development and production, Norway	Norway
Atlantic Petroleum UK Limited	Exploration, development and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, development and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, development and production, UK	England and Wales
Volantis Netherlands B.V.*	Exploration, development and production, Netherlands	Netherlands

* Held through subsidiary undertaking.

In connection with the debt facility, P/F Atlantic Petroleum has pledged as security to the lenders the shares in the wholly owned subsidiary Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

12 Intangible assets

DKK 1,000	
Costs	
At 1st January	1,467
Exchange movements	0
Additions	0
At end of period	**1,467**
Amortisation and depreciation	
At 1st January	-946
Exchange movements	0
Charge this period	-344
At end of period	**-1,291**
Net book value at end of period	**177**

13 Intangible assets Oil and Gas exploration and evaluation assets

DKK 1,000	**2015**
Costs	
At 1st January	0
Exchange movements	0
Additions	581
Disposal/relinquishment of licences	0
Explorations expenditures written off/sold	-581
At end of period	**0**

The amounts for intangible E&E assets represent the active exploration projects. These amounts will be written off to the income statement as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

14 Property, plant and equipment

DKK 1,000	
Costs	
At 1st January	1,547
Exchange movements	0
Additions	-697
At end of period	**850**
Amortisation and depreciation	
At 1st January	-1,094
Exchange movements	0
Charge this period	257
At end of period	**-836**
Net book value at end of period	**14**

15 Trade and other receivables

	2015	2014
Trade receivables	382	350
Prepayments and accrued income	0	0
Other taxes and VAT receivable	122	271
Other receivables	147	272
Receivables from subsidiaries	8,673	46,002
	9,314	46,788

All trade and other receivables are due within one year.

The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

The amount due from subsidiary undertakings relates to balances, which bears no interest and are payable upon request. In connection with the Company´s debt facility, P/F Atlantic Petroleum has pledged as securitythe intra-company receivables from Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

16 Trade and other payables

DKK 1,000	2015	2014
Trade payables	1,695	1,837
Accrued expenses	397	397
Other payables	0	1,631
	2,092	3,865

All trade and other payables are due within one year.
The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.

17 Cash, short and long-term debt

DKK 1,000	2015	2014
Amounts falling due within one year:		
Bank loans	39,910	19,500
Total borrowings	39,910	19,500
Cash:		
Cash at bank and in hand	590	26,708
Total cash	**590**	26,708

The borrowings are repayable as follows:

DKK 1,000	2015	2014
Bank loans analysed by maturity		
In one to five years	19,500	39,000
More than five years	0	0
	19,500	39,000

The Company had one long term facility of DKK 59,4MM at year end 2015 (2014: DKK 58.5MM). At year end 2015 the total short and long term loans amounted to DKK 59,4MM (2014: DKK 58,5MM).

18 Obligations under leases

DKK 1,000	2015	2014
Minimum lease payments under operating leases recognised in the income statement for the year	308	440
	308	440
Outstanding commitments for future minimum lease payments under non-cancellable operating leases, wich fall due as follows		
Within one year	0	220
In one to five years	0	0
Over five years	0	0
	0	220

19 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates. The Group use derivative financial instruments to hedge certain of these risk exposures.

Interest rate risk profile of financial liabilities
The interest rate profile of the financial liabilities of the Group as at 31st December was:

DKK 1,000	Fixed rate	Floating rate	Total
2015	**DKK**	**DKK**	**DKK**
DKK	0	59,410	59,410
Total	0	**59,410**	**59,410**
2014			
DKK	0	58,500	58,500
Total	**0**	**58,500**	**58,500**

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

A 1 per cent point change per annum in the interest would have a hypothetic effect of DKK 0,6MM (2014: DKK 0,7MM) on the result and equity.

Interest rate risk profile of financial assets
The interest rate profile of the financial assets of the group as at 31st December was:

DKK 1,000	Fixed rate	Floating rate	Total
2015	**DKK**	**DKK**	**DKK**
Held in DKK	0	590	590
Held in GBP	0	0	0
Total	**0**	**590**	**590**
2014			
Held in DKK	0	26,740	26,740
Held in GBP	0	-32	-32
Total	**0**	**26,708**	**26,708**

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

The fair values of the financial assets and financial liabilities are:

DKK 1,000	**2015 Carrying amount DKK**	**2015 Estimated fair value DKK**	2014 Carrying amount DKK	2014 Estimated fair value DKK
Primary financial instruments held or issued to finance the Group's operations:				
Cash and short-term deposits	590	590	26,708	26,708
Bank loans and credit facility	39,910	39,910	19,500	19,500
Long-term bank loan	19,500	19,500	39,000	39,000
Derivative financial instruments held or issued to hedge the Group's exposure on expected future sales:				
Forward commodity contracts - net	0	0	0	0

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

Currency risk

No currency exposures were hedged during the year and thus there is a currency risk.
Please see risk management section for currency risk exposures.

Glossary

Appraisal well	A well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field.
BCF	Billions of cubic feet
Bn	Billion
BOEPD	Barrels of Oil Equivalent per Day
BOE	Barrels of Oil Equivalent
BOPD	Barrels of Oil per Day
DECC	UK Department of Energy & Climate Change
DKK Danish kroner.	The currency used in the Kingdom of Denmark
EBIT	Earnings before Interest and Taxes (Operating Profit)
EBITDAX	Earnings before Interest, Taxes, Depreciation, Amortizations and Exploration Expenses
EBIT Margin	% (Operating Margin) (EBIT/Sales)
EBITDAX Margin	% (EBITDAX/Sales)
Exploration	A general term referring to all efforts made in the search for new deposits of oil and gas.
Exploration well	A well drilled in the initial phase in petroleum exploration
Farm out	A contractual agreement with an owner who holds a working interest in an area to assign all or part of that interest to another party in exchange for payment or fulfilling contractually specified conditions.
FDP	Field Development Plan
FPSO	A Floating Production, Storage and Offloading unit used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil.
Gross Margin	% (Gross profit or loss/Sales)
Lead	Areas thought to contain hydrocarbons.
Ltd	A limited liability company
MM	Million
Monte Carlo	The Monte Carlo method approximate solutions to quantitative problems by employing statistical sampling that calculates a representative range of resulting values. Monte Carlo simulation results are pre-determined by the possible values of the underlying input variables, which can encompass multiply source of uncertainties.
NCS	Norwegian Continental Shelf
Net Cash	Cash and cash equivalents less Short & Long Term Debt
Oil field	An accumulation of hydrocarbons in the subsurface.
Prospect	An area of exploration in which hydrocarbons have been predicted to exist in economic quantity.
Return on Equity (ROE)	(%) (Profit for the period excl. Minorities/Average Equity excl. Minorities)
ROE	Return on Equity
Spud	To start drilling a well
TSR	Total Shareholder Return
Water injector well	A well into which water is pumped in order to increase the yield of adjacent wells

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