

**Total E&P Algérie Berkine A/S**

**CVR-No. 14030573**

**Annual Report 2019**

Approved at the General Assembly: 29 May 2020  
Chairman of the meeting: Majbritt Perotti Carlson  
Amerika Plads 29, 2100 Copenhagen Ø

**Company information**

Total E&P Algérie Berkine A/S  
Amerika Plads 29  
2100 Copenhagen Ø  
Denmark

CVR-No.: 14030573  
Date of incorporation: 28 March 1990  
Registered office: Copenhagen  
Financial year: 1 January 2019 - 31 December 2019

**Board of Directors**

Elias Kassis (Chairman)  
Martin Rune Pedersen  
Christina Sjøberg Heineke Petersen

**Executive Board**

Jean-Pascal Clemencon

**Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen Ø

**Representation office**

Total E&P Algérie Berkine A/S  
18, Rue Mustapha Khalef  
16306 Ben Aknoun, Alger  
Algeria

## **Directors' Report**

### **Activities**

The Company is a wholly owned subsidiary of Total E&P Danmark A/S.

Total E&P Algérie Berkine A/S participates in production activities in two onshore blocks in partnership with Anadarko, ENI and the state-owned oil company Sonatrach.

### **Financial review**

#### **Financial performance for the year**

The result for 2019 shows a gain of USD 156 million, which is lower than the result for last year (2018: USD 200 million) mainly reflecting the decrease in oil price to an average of USD 63 (2018: USD 71) and thus in line with the expectations.

In 2019, Total E&P Algérie Berkine A/S delivered an entitlement oil production of 29,060 boepd, slightly lower than last year (2018: 31,200 boepd).

Key figures for the Company are as follows:

USD million	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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#### **Income statement:**

Revenue	709	823	612	555	656
Profit before financial items and tax	576	674	468	383	441
Financial items, net	4	2	1	0	(1)
Profit for the year after tax	156	200	143	85	113

#### **Balance sheet:**

Total assets	545	644	470	700	642
Investments in property, plant and equipment	14	16	11	14	22
Equity	504	588	389	621	586
Profit margin	81%	82%	76%	69%	67%
Solvency ratio	93%	91%	83%	89%	91%
Return on equity	115%	115%	121%	62%	75%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions, see under accounting policies.

#### Guidance for 2020

Due to the current volatility of the oil prices it is hard to predict the result for 2020 but we are expecting a break-even result.

#### **External environment**

Total E&P Algérie Berkine A/S continuously supports the Operator in ensuring operations are conducted in the safest and most efficient manner. Furthermore, Total E&P Algérie Berkine A/S, through its active engagement in the Algerian joint operation, seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

#### **Corporate Social Responsibility**

Social responsibility is important to Total's business and Total E&P Algérie Berkine A/S continues its activities in line with the Total S.A. strategy.

For more information, reference is made to Total S.A.'s Registration Document 2019, page 203 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

Requirements according to the Danish Financial Statements Act, section 99a and 99c have been fulfilled, reference to reporting for parent Company Total S.A.

#### Goals and policies for the underrepresented gender

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognise the advantages of a Board comprising a wide range of backgrounds such as global experience, style, culture and gender. In March 2018, the Company's board ceased having equal representation of genders among the Company's shareholder-appointed board members. On this basis, the Board has in May 2018 defined a target to increase the share of the under-represented gender on the Board to account for at least 25% of the shareholder-appointed Board members within 4 years.

As of 31 December 2019, there was 1 woman among the 3 board members appointed at the general meeting. Consequently, the company's board is according to the Danish

Companies Act considered having equal representation of genders among the company's shareholder-appointed board members.

Total S.A. has adopted a group policy for the complete group with the aim to increase the share of the under-represented gender on the company's other management levels. In accordance with this policy the Company has taken steps to look into how the Company can attract qualified women to relevant management positions. In addition, this is a focus area when identifying candidates to key positions. A description of the policy and reporting on the gender composition can be found in Total S.A.'s Registration Document 2019, page 211 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

Requirements according to the Danish Financial Statements Act, section 99b have been fulfilled, reference to reporting for parent company Total S.A.

#### Payments to governments

Requirements according to the Danish Financial Statements Act, section 99c have been fulfilled, reference to reporting for parent Company Total S.A.. The information can be found from the Total S.A. annual report 2019 p. 240, 261 and 421 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

#### **Risks and uncertainties**

Total E&P Algérie Berkine A/S is subject to a variety of risks which derive from the nature of the oil production activities.

Total E&P Algérie Berkine A/S' strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

Material accounting estimates relate to valuation of non-current assets including determination of amortisation and depreciation profiles, as well as calculation of provision to cover abandonment obligations.

## **Management's Statement**

The Board of Directors and Executive Board have today discussed and approved the annual report of Total E&P Algérie Berkine A/S for 2019.

The annual report for 2019 of Total E&P Algérie Berkine A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2019 and of the results of the Company's operations for the financial year 2019.

In our opinion, the Directors' Report includes a fair review of the development in and the result of the Company's operations and financial conditions, the result for the year and financial position as well as a description of the most significant risks and uncertainty factors that the Company faces.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 29 May 2020

Executive Board: \_\_\_\_\_

Jean-Pascal Clemencon

Board of Directors: \_\_\_\_\_

Elias Kassis

(Chairman)

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Martin Rune Pedersen

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Christina S. Heineke Petersen

## **Independent auditors' report**

To the shareholder of Total E&P Algérie Berkine A/S

### **Opinion**

We have audited the financial statements of Total E&P Algérie Berkine A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the



requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Henrik O. Larsen  
State Authorised  
Public Accountant  
MNE no. 15839

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
MNE no. 34283

### **Accounting Policies**

The Annual Report for 2019 of Total E&P Algérie Berkine A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies.

The accounting policies for the Financial Statements are unchanged from last year.

Total E&P Algérie Berkine A/S has with reference to the Danish Financial Statements Act provision 86 section 4 refrained from preparing cash flow statement.

Presentation, classification and designations in the income statement and balance sheet have been adjusted to the special nature of the Company.

### **Key Figures**

The ratios shown in the Directors' Report are computed as follows:

$$\begin{aligned}\text{Profit margin} &= \frac{\text{Result before financial items}}{\text{Revenue}} \\ \text{Solvency ratio} &= \frac{\text{Equity, closing}}{\text{Total assets, closing}} \\ \text{Return on equity} &= \frac{\text{Result before taxes}}{\text{Equity, closing}}\end{aligned}$$

### **Foreign Currency**

The functional currency is USD. The Annual Report is presented in USD, in accordance with provision 16 of the Danish Financial Statements Act. The exchange rate of USD to DKK was 6.6759 at 31 December 2019 (2018: DKK 6.5213).

Monetary assets and liabilities in currencies other than USD are translated at the exchange rate at the balance sheet date. Transactions in currencies other than USD are translated at the exchange rate prevailing at the date of the transaction.

Exchange rate gains and losses are included in the income statement as financial income and expenses.

### **The Income Statement**

**Revenue** comprises the value of the Company's share of the oil production as well as oil traded. If the Company sells more than its share of the produced oil (overlift), this is recognised at sales price in the balance sheet under "Deferred income". If the Company sells less than its share of the produced oil (underlift), this is recognised at cost price under "Inventories". Tax settled in oil is recognised both as revenue and tax expenses.

**Production expenses** are comprised of the Company's share of production cost under the production sharing contract incurred in generating the revenue. Production costs include materials, direct labour, royalties and other indirect production costs.

**Administrative expenses** include parent company overhead and other general administrative expenses.

**Financial items** comprise interest and currency exchange rate gains and losses from translation of balances in foreign currencies other than USD.

The Company is jointly taxed with a number of Danish companies in the Total Group. **Tax on profit** for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years. Furthermore, tax cost includes oil tax based on gross measures.

The tax amount includes the special taxes relating to extraction and production of hydrocarbons in Algeria.

#### The Balance Sheet

**Intangible assets** are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

IT software is amortised over a useful life of 3 years.

**Property, plant and equipment** are measured at cost less accumulated depreciation and impairment losses.

The cost price of production facilities etc. comprises direct and indirect costs for appraisal and production wells and production equipment, etc. for fields considered commercial. Costs include the net present value of estimated costs of abandonment, removal and restoration, where the Company holds this obligation. Depreciation on production facilities etc. is made over the expected production period/economic life.

Depreciation periods and residual values for property, plant and equipment are re-evaluated annually.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs to sell.

**Property, plant and equipment under construction** includes cost directly related to exploration and improving of production facilities. Assets under construction are assessed monthly and transferred to “in service” when considered final.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposals.

**Inventories**, which mainly comprise spare parts etc., are measured at cost following the FIFO principle, less write-down for obsolescence. Underlift is measured at lower of cost and market price.

**Receivables** are measured at nominal value which in all material respects corresponds to amortised cost. Write-down is made for anticipated losses on an individual basis.

**Prepayments** recognised under assets include prepaid expenses, as well as prepaid taxes in Algeria.

**Dividend** for distribution regarding the financial year is included as part of the **equity**.

**Provisions** are recognised when there is an existing legal or actual obligation. Provisions are recognised on the basis of specific estimates and consider discounting when the time element is significant.

**Debt to group, suppliers etc.** include balance with operator, related to expenses incurred under the Production Sharing Contract. The debt is measured at amortised cost price or lower net realisable value, which in most situations corresponds to the nominal value.

**Other payables** include balance with operator, related to expenses incurred under the Production Sharing Contract.

**TOTAL E&P ALGÉRIE BERKINE A/S**  
**INCOME STATEMENT**  
**FOR 2019**

		USD 1,000	
Note		2019	2018
1.	Revenue	708,917	823,221
	Production expenses	(61,105)	(83,432)
	Gross profit	647,812	739,789
2.	Administrative expenses	(12,767)	(6,131)
3.	Depreciation	(59,448)	(59,870)
	Profit before financial items and tax	575,597	673,788
4.	Financial income	4,150	2,177
5.	Financial expenses	(45)	(109)
	Profit before tax	579,702	675,856
6.	Tax on profit for the year	(423,413)	(476,332)
	<b>PROFIT FOR THE YEAR</b>	<b>156,289</b>	<b>199,524</b>
7.	Proposed distribution of net profits		

**TOTAL E&P ALGÉRIE BERKINE A/S**  
**BALANCE SHEET AT 31.12.2019**

Note	USD 1,000	
	2019	2018
<b>ASSETS</b>		
NON-CURRENT ASSETS		
3.	Intangible fixed assets	
	Software	415 632
	Property, plant and equipment	
	Production facilities etc.	246,722 293,099
	Production facilities etc. under construction	12,719 19,258
		259,441 312,357
	TOTAL NON-CURRENT ASSETS	259,856 312,989
CURRENT ASSETS		
	Inventories	55,816 55,364
	Receivables	
	Receivables from sale of oil etc.	2,657 3,265
	Receivables Group companies	226,345 258,255
	Other receivables	5 20
8.	Prepayments	138 11,973
		229,145 273,513
	Cash	162 1,683
	TOTAL CURRENT ASSETS	285,123 330,560
	<b>TOTAL ASSETS</b>	<b>544,979 643,549</b>

**TOTAL E&P ALGÉRIE BERKINE A/S**  
**BALANCE SHEET AT 31.12.2019**

Note	USD 1,000	
	2019	2018
<b>LIABILITIES AND EQUITY</b>		
EQUITY		
Share capital	11,040	11,040
Retained earnings	293,434	337,145
Proposed dividend	200,000	240,000
	<u>504,474</u>	<u>588,185</u>
NON-CURRENT LIABILITIES		
9. Other provisions	16,847	24,662
	<u>16,847</u>	<u>24,662</u>
CURRENT LIABILITIES		
Trade payables	8,790	17,320
Payables to Group companies	9,455	7,651
Tax payables	1,435	0
Other payables	3,978	5,731
	<u>23,658</u>	<u>30,702</u>
TOTAL LIABILITIES	<u>40,505</u>	<u>55,364</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>544,979</u></b>	<b><u>643,549</u></b>
10. Contingencies etc.		
11. Related parties		

**TOTAL E&P ALGÉRIE BERKINE A/S**  
**STATEMENT OF CHANGES IN EQUITY AT 31.12.2019**  
**(USD 1,000)**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividends</u>	<u>Total</u>
Equity 01.01	11,040	337,145	240,000	588,185
Profit for the year	0	156,289	0	156,289
Dividend paid	0	0	(240,000)	(240,000)
Proposed dividend	0	(200,000)	200,000	0
<b>Equity 31.12</b>	<b>11,040</b>	<b>293,434</b>	<b>200,000</b>	<b>504,474</b>

Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
70,000	1,000
Total nominal value in DKK	70,000,000

There have been no changes to the share capital during the past five years.



**TOTAL E&P ALGÉRIE BERKINE A/S****Notes as at 31.12.2019****(USD 1,000)****Note 1, Revenue**

The revenue was generated from selling oil and liquefied natural gas in Algeria.

**Note 2, Staff costs**

The company has one employee. All other people engaged are employed in other Group companies.

With reference to provision 98b, 3 of the Danish Financial Statements Act, no Board of Directors' fee and Management remuneration is shown due to only one person receiving remuneration.

**Note 3, Intangible assets/Property, plant and equipment**

	<b>2019</b>	<b>2019</b>	<b>2019</b>
	Software	Production facilities etc.	Production facilities etc. under construction
Cost at 01.01	650	1,178,211	19,258
Additions during the year	0	240	13,936
Disposals during the year	0	(7,860)	0
Transferred	0	20,475	(20,475)
Cost price 31.12	650	1,191,066	12,719
Depreciation and impairment losses at 01.01	18	885,112	0
Depreciation and amortisation for the year	217	59,232	0
Depreciation, amortisation and write-downs at 31.12	235	944,344	0
Carrying amount 31.12	415	246,722	12,719

Property, plant and equipment in Algeria with the right of use for the consortium are included with a carrying amount of total USD 260 million (2018: USD 313 million). The consortium maintains the right of use of the assets until termination of the concession.

	<b>2019</b>	<b>2018</b>
<b>Note 4, Financial income</b>		
Interest received from banks etc.	11	0
Interest received from group companies	4,072	125
Exchange rate adjustments etc.	67	2,052
	<u>4,150</u>	<u>2,177</u>

**Note 5, Financial expenses**

Discounting effect on provisions	0	102
Exchange rate adjustments etc.	45	7
	<u>45</u>	<u>109</u>

**Note 6, Corporate tax**

Tax expense on profit for the year, USD 423 million (2018: expense of 476 million) comprises foreign tax expenses USD 423 million (2018: expense of USD 476 million) and no Danish tax (2018: USD 0 million).

This company is part of a joint taxation scheme with the Danish companies in the Total Group. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

	<b>2019</b>	<b>2018</b>
<b>Note 7, Proposed distribution of net profits</b>		
Proposed dividend for distribution	200,000	240,000
Retained earnings	(43,711)	(40,476)
	<u>156,289</u>	<u>199,524</u>

**Note 8, Prepayment**

Prepayments include prepaid expenses, as well as prepaid taxes in Algeria.

**Note 9, Provisions**

Other provisions include discounted abandonment provisions amounting to USD 17 million (2018: USD 25 million) and are due after 5 years.

## **Note 10, Contingencies**

For exploration in Algeria, the Company is liable jointly and severally with the other consortium partners for exploration commitment and obligations in connection with field development.

As a normal part of business operations, the company enters into contracts for field development respectively chartering of drilling and production rigs, etc. By the end of 2019, there were commitments of USD 17 million (2018: USD 16 million).

As of 31 December 2019, the Company is jointly taxed with the Danish companies within the Total Group. This entails unlimited joint liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties within the jointly taxed companies. A similar obligation exists for joint registration of VAT.

Joint liability for previous joint taxation still exists.

## **Note 11, Related parties**

Companies in the Total Group and the Executive board and board members of the Company are related parties.

*Transactions during 2019 with related parties:*

	<b>2019</b>
Revenue	278,876
Expenses	10,257

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

Payables and receivables to group entities are disclosed in the balance sheet, and financial income is disclosed in note 4.

## **Parties exercising control**

The Company is 100% owned by Total E&P Danmark A/S.

As of 31 December 2019, the ultimate parent company is Total S.A., Tour Coupole, 2 place Jean Millier, 92078 Paris la Défense, France. The consolidated Financial Statements of the Total group are available at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

The Company is included in the consolidated Financial Statements as a subsidiary.