

Annual report 2019

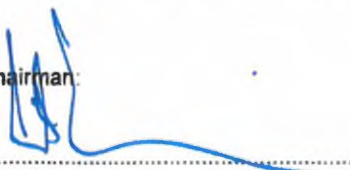
Ramboll Oil & Gas Middle East A/S

Hannemanns Allé 53, 2300 Copenhagen S

CVR no. 25799151

The Annual Report was presented and approved at the annual general meeting on 29 April 2020

Chairman:



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Erik Simonsen

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MANAGEMENT'S STATEMENT

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Ramboll Oil & Gas Middle East A/S for the financial year 1 January - 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 April 2020

Board of Directors:



Jesper Nørrelund
Executive Board



Erik Simonsen
Board of Directors



John Sørensen
Board of Directors



Jens Rebsdorf-Gregersen
Board of Directors

Independent auditor's report

To the Shareholders of Ramboll Oil & Gas Middle East A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of Ramboll Oil & Gas Middle East A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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.

Independent auditor's report

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.

Hellerup, 29 April 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33771231



Kim Danstrup
State Authorised Public Accountant
mne32201

COMPANY INFORMATION

The Company:	Ramboll Oil & Gas Middle East A/S Hannemanns Allé 53 2300 Copenhagen S Cvr-no: 25799151 Municipality: Copenhagen
Board of Directors:	John Sørensen Erik Simonsen Jens Rebsdorf-Gregersen
Executive Board:	Jesper Nørrelund
Attorneys:	Bech Bruun
Auditors:	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Ownership:	The Company is wholly owned by Rambøll Danmark A/S, Cvr-no. 35128417
Consolidated financial statements:	Parent Companies preparing consolidated financial statements Rambøll Gruppen A/S, The direct parent company Rambøll Danmark A/S does not prepare consolidated financial statements

MANAGEMENT'S REVIEW

Main Activities

The Company operates within the business segment: Consulting Engineering and Secondment in Abu Dhabi. The main focus areas are the countries surrounding the Arabian Gulf. The Company carries out activities mainly in Abu Dhabi.

The activities in Ramboll Oil & Gas Middle East A/S in 2019 have been impacted by a number of projects being cancelled/suspended by clients and consequently a lack of payment from said projects. Preparations for legal actions against these clients have taken place. Due to the GCC crisis cooperation with the office in Qatar has been complicated and distribution of work has suffered. Furthermore, it has not been possible to secure a sustainable amount of work and consequently a stepwise downsizing of the activities in Abu Dhabi has taken place. All project activities have been terminated and remaining contracts and personnel are being transferred to Ramboll Middle East Limited. The remaining business activity 3D Scanning has been transferred to Ramboll Middle East Limited and will be carried out from that entity. The aim is to transfer all contracts, activities and personnel to the Ramboll Middle East Limited.

There are still a few ongoing court cases and open a few projects with clients with only minor work to be done.

Obtained results

The financial result for 2019 was below expectation for Ramboll Oil & Gas Middle East A/S with an operating loss (EBITA) of -2.7MQAR.

The profit margin for 2019 was -39.5%.

The market conditions have tightened even further with fierce price competition and ADNOC announcing that they will do majority of engineering inhouse and only award the large FEEDs to the major engineering companies, of which Ramboll Oil & Gas Middle East A/S is not part of.

The result in 2019 was severely impacted by the above and the fact that some projects were stopped by the clients during 2019 and also by the fact that no larger jobs were secured.

This resulted in the need for downsize the organisation, which was done through a step wise plan also continuing into 2020.

At the end of 2019 the company had 2 permanent employees.

The Coming Year

Management plan to downsize the activities but a final plan for closing the Company is not prepared yet. However, a closing of the Company is not expected to have a material negative effect on either profit or equity as the values are already recognized as the expected realized value.

Accounting Policies

Basis of preparation

The annual report of Ramboll Oil & Gas Middle East A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules for reporting class C enterprises and the wordings presented in QAR 1,000.

The functional currency of the Company is Qatar Riyals (QAR). Exchange rate for QAR against DKK is 0.544 (2019) 0.555 (2018).

Translation policies

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

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

Recognition and Measurement

The financial statements are prepared in accordance with the historical cost convention.

Income is recognised in the income statement as earned. Furthermore value adjustments of financial assets and liabilities measured at fair value or cost. Moreover all expenses incurred to achieve the earnings for the year are recognised in the income statement including depreciation, amortisation, other provisions as well as reversals due to accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits will accrue to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will accrue from the Company, and the value of the liability can be measured reliably.

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

Recognition and measurement take into account all predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidates affairs and conditions existing at the balance sheet date.

Recognition and Measurement

Income Statement

Revenue

Fee income is recognised as production is performed (percentage of completion method), according to which the revenue corresponds to the selling price of the work performed for the year including a calculated Profit. Fee income therefore reflect the scope of the activity for the year. This method is applied when total income and expenses in respect of a contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the future economic benefits, including payments, will accrue to the Company. Revenue is recognised exclusive of VAT and net discounts relating to sales.

Project costs

Project costs consist of costs directly to projects, such as travel and accommodation, consulting assistance, project insurance, IT expenses as well as provisions and losses realised on the projects.

External costs

External costs consist of expenses which are not project related, such as costs relating to premises, office supplies, IT expenses, travel and transportation, management fee, facility service, insurance and other administrative expenses.

Staff costs

Staff costs comprise wages and salaries, holiday pay and social security costs etc.

Financial income and expenses

Financial income and expenses consist of interest income and expenses, foreign exchange gain or loss (realised and unrealised) and other financial income and expenses.

Other operating income

Other operating income or loss comprise items of a secondary nature to the core activities of the enterprises including gains and losses on the sale of activities, intangible assets and fixed assets.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses or at a lower recoverable amount. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery 3 years

Cars 5 Years

Deposits

Deposits are measured at cost less any reduction according to individual assessment. Listed securities are recognised at fair value at the trade date and subsequently measured at market price.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed based on an individual assessment of the stage of completion.

Payments received on account are offset against contract work in progress. Prepayments received in excess of the completed part of contracts are stated separately for each contract and recognised as prepayments received from customers in short-term debt.

Cash and equivalents

Cash and cash equivalents include cash in hand and deposits held with banks with original maturities of three months or less.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity

Dividend distribution proposed by Management will be disclosed as a separate equity item.

Income Statement

	Note	2019 QAR '000	2018 QAR '000
Revenue		6,901	21,631
Project costs		(1,363)	(1,682)
Gross Profit		5,538	19,949
External costs		(1,718)	(5,528)
Staff costs	1	(6,450)	(19,879)
Depreciation and amortisation		(100)	(35)
Operating profit/loss		(2,730)	(5,493)
Other operating income		0	41
Profit/loss before net financials		(2,730)	(5,452)
Financial income	2	5	1
Finance expenses	3	(134)	(105)
Profit/loss from continuing operations before tax		(2,859)	(5,556)
Profit/loss for the year		(2,859)	(5,556)
		2019 QAR '000	2018 QAR '000
Proposed distribution of profit for the year:			
Dividend proposed for the year		0	0
Retained earnings		(2,859)	(5,556)
		(2,859)	(5,556)

Balance sheet

	Note	2019 QAR '000	2018 QAR '000
ASSETS			
Non-current assets			
Property, plant and equipment			
Plant and machinery		159	259
		<u>159</u>	<u>259</u>
Other non-current assets			
Deposits		593	306
		<u>593</u>	<u>306</u>
Total fixed assets		<u>752</u>	<u>565</u>
Trade receivables		886	3,075
Work in progress	4	64	1,178
Other receivables		1	70
Receivables from group companies		644	53
Prepayments		66	31
Receivables		<u>1,661</u>	<u>4,407</u>
Cash		1,506	2,596
Total current assets		<u>3,167</u>	<u>7,003</u>
TOTAL ASSETS		<u>3,919</u>	<u>7,568</u>
Share capital	5	5,167	5,167
Retained earnings		(3,575)	(716)
Shareholders' equity		<u>1,592</u>	<u>4,451</u>
Prepayment from customers	4	152	0
Trade payables		55	24
Payable to group companies		993	409
Other payables		1,127	2,684
Total current liabilities		<u>2,327</u>	<u>3,117</u>
Total liabilities		<u>2,327</u>	<u>3,117</u>
Total liabilities and shareholders' equity		<u>3,919</u>	<u>7,568</u>
Contingent liabilities and contractual obligations	6		
Related parties	7		
Subsequent events	8		

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Profit and loss	Dividend	Total
	QAR '000	account	proposed for	QAR '000
	QAR '000	QAR '000	the year	QAR '000
	QAR '000	QAR '000	QAR '000	QAR '000
Equity at 1 January 2018	4,580	3,016	0	7,596
Profit/loss for the year	0	(5,556)	0	(5,556)
Share premium	587	1,825	0	2,412
Equity at 1 January 2019	5,167	(716)	0	4,451
Profit/loss for the year	0	(2,859)	0	(2,859)
Equity at 31 December 2019	5,167	(3,575)	0	1,592

NOTES TO THE FINANCIAL STATEMENTS

1. Staff costs

	2019 QAR '000	2018 QAR '000
Wages and salaries	6,327	19,439
Pension costs	123	440
	<u>6,450</u>	<u>19,879</u>

	2019	2018
Average number of employees	16	65
Number of permanent employees at year end	<u>2</u>	<u>58</u>

2. Financial income

	2019 QAR '000	2018 QAR '000
Foreign exchange gains	5	1
	<u>5</u>	<u>1</u>

3. Financial expenses

	2019 QAR '000	2018 QAR '000
Foreign exchange losses	(134)	(105)
	<u>(134)</u>	<u>(105)</u>

4. Contract Work in progress

	2019 QAR '000	2018 QAR '000
Selling price of the production for the end of period	64	1,178
Invoicing on account	(152)	0
Work in progress, net	<u>(88)</u>	<u>1,178</u>

recognised in the balance sheet as follows:

Contract Work in progress under assets	64	1,178
Pre payment from customers under liabilities	(152)	0
	<u>(88)</u>	<u>1,178</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Share capital

The share capital of DKK 8,000k consists of 8,000, shares of a nominal value of DKK 1,000.

No shares carry any special rights.

Analysis of changes in the share capital over the past five years:

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Balance at 1 January	8,000	7,000	6,000	6,000	6,000
Cash capital increase	0	1,000	1,000	0	0
Balance at 31 December	8,000	8,000	7,000	6,000	6,000

6. Contingent liabilities and contractual obligations

	2019	2018
	QAR '000	QAR '000
Warranties	103	1,145
	<hr/>	<hr/>
	103	1,145
Rent obligations	17	10
	<hr/>	<hr/>
	17	10

7. Related parties

7.1 Related party transactions

Controlling interest

Controlling shareholder
Rambøll Danmark A/S
Hannemanns Allé 53
2300 København S
100% owned

Ultimate parent company
Rambøll Fonden
Hannemanns Allé 53
2300 København S

Transactions

During the year all transactions with related parties are done on arm length basis.

NOTES TO THE FINANCIAL STATEMENTS

8. Subsequent events

No critical events that are rated to be of significant impact to the evaluation of the Annual Report have taken place after the balance sheet date. The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have a great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. The financial impact of the COVID-19 for Ramboll Oil & Gas Middle East A/S cannot be reliably measured at this time, however, it is expected to have a negative impact on our 2020 operations and no impact on remaining projects as it is at completion stage.

