

Total Danmark Pipelines A/S

CVR-No. 27929028

Annual Report 2019

Approved at the General Assembly: 19 June 2020

Chairman of the meeting: Majbritt Perotti Carlson

Amerika Plads 29 st., 2100 Copenhagen Ø, Denmark

Company information

Total Danmark Pipelines A/S
Amerika Plads 29 st.
2100 Copenhagen Ø
Denmark

CVR-No.: 27929028
Date of incorporation: 28 June 2004
Registered office: Copenhagen
Financial year: 01 January 2019 - 31 December 2019

Board of Directors

Michael Simon Borrell (Chairman)
Christina Sjøberg Heineke Petersen
Martin Rune Pedersen

Executive Board

Philippe Marie Rene Maurice Groueix

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Directors' Report

Activities

As of fiscal year end 2019, the Company is a wholly owned subsidiary of Total E&P Danmark A/S.

Total Danmark Pipelines A/S has a 35.1% share of the Tyra WE Gas Pipeline.

The gas pipeline runs from Tyra West to the F3 Platform in the Dutch sector of the North Sea and has the corporate purpose to run and commercialise gas and oil transport via the pipeline and other related businesses.

Financial review

Financial performance for the year

The result for 2019 shows a loss of USD 2.5 million. The result is as expected for 2019, where the revenue was impacted by the Tyra WE Gas Pipeline only re-opened from September 2019. The pipeline has been closed because of the Tyra Redevelopment Project. The result was also affected by higher production expenses than in 2018 due to planned maintenance activities.

Guidance for 2020

The Company expects a normal operating result from 2020. The Tyra WE Gas Pipeline re-opened in September 2019, allowing the Company to start generating revenue again. The cost level is expected to be lower than in 2019, similar to that of 2018

Subsequent Events

There are no material events affecting the assessment of the Annual Report which have occurred after the balance sheet date.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Total Danmark Pipelines A/S for 2019.

The annual report for 2019 of Total Danmark Pipelines 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.

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

Copenhagen, 19 June 2020

Executive Board: _____

Philippe Marie Rene Maurice Groueix

Board of Directors: _____

Michael Simon Borrell
(Chairman)

Christina S. Heineke Petersen
(Vice Chairman)

Martin Rune Pedersen

Independent auditor's report

To the shareholders of Total Danmark Pipelines A/S

Opinion

We have audited the financial statements of Total Danmark Pipelines A/S for the financial year 1 January – 31 December 2019, comprising income statement, balance sheet 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.

Independent auditor's report

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 scepticism 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.

Independent auditor's report

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, 19 June 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 Danmark Pipelines A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies.

The accounting policies for the financial statements are unchanged from last year.

Foreign Currency

The functional currency is USD. The Annual Report is presented in USD. The exchange rate of USD to DKK was 6.67 at 31 December 2019 (2018: DKK 6.52).

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 invoiced tariff income during the financial year.

Production expenses comprise costs incurred in generating the revenue for the year.

Administrative expenses comprise parent company overhead, insurance and other general administrative expenses.

Financial items comprise unwinding of discounting on the abandonment provision, interest and currency exchange rate gains and losses from translation of balances in foreign currencies other than USD.

Tax on profit for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years and change in deferred tax. The Company is jointly taxed with a number of Danish companies in the Total Group.

Deferred tax assets are only recognized to the extent that it is probable that they can be utilized against future taxable income or through the joint taxation.

The Balance Sheet

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

The cost price of production facilities etc. comprises direct and indirect costs for establishing the pipeline. Cost includes the net present value of estimated costs of abandonment, removal and restoration.

Depreciation on production facilities etc. is made over the expected economic life up to 25 years.

Depreciation periods and residual values for tangible fixed assets 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.

Receivables are measured at net realisable value. Write-down is made for anticipated losses on an individual basis.

Prepayments recognised under assets include prepaid insurance.

Provisions are recognised when the Company has an existing legal or actual obligation and includes provision for abandonment, removal and restoration of the pipeline. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

Liabilities

Liabilities are measured at net realisable value.

TOTAL DANMARK PIPELINES A/S
INCOME STATEMENT
FOR 2019

Note	USD 1,000	
	2019	2018
	591	188
	(1,428)	(694)
	(837)	(506)
1.	(210)	(86)
2.	(44)	(44)
	(1,091)	(636)
3.	0	59
4.	(662)	(253)
	(1,753)	(830)
5.	(760)	(46)
	(2,513)	(784)
Proposed distribution of net result		
	(2,513)	(784)
	(2,513)	(784)

TOTAL DANMARK PIPELINES A/S
BALANCE SHEET AT 31.12.2019

Note	USD 1,000		
	2019	2018	
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets:			
2.	Property, plant and equipment	1,014	1,058
		<u>1,014</u>	<u>1,058</u>
	TOTAL NON-CURRENT ASSETS	<u>1,014</u>	<u>1,058</u>
CURRENT ASSETS			
Receivables:			
	Receivables Group companies	6,279	3,852
	Trade receivables	175	3,275
5.	Deferred tax asset	650	1,447
	Other receivables	78	1,184
		<u>7,182</u>	<u>9,758</u>
	Liquid funds (JV 35.1%)	322	332
		<u>322</u>	<u>332</u>
	TOTAL CURRENT ASSETS	<u>7,504</u>	<u>10,090</u>
	TOTAL ASSETS	<u>8,518</u>	<u>11,148</u>

TOTAL DANMARK PIPELINES A/S
BALANCE SHEET AT 31.12.2019

Note	USD 1,000	
	2019	2018
	LIABILITIES AND EQUITY	
6.	EQUITY	
	Share capital	1,738
	Retained earnings	(3,439)
		<u>812</u>
	NON-CURRENT LIABILITIES	
7.	Provisions	8,462
		<u>8,462</u>
	CURRENT LIABILITIES	
	Trade payables	1,874
	Payables Group Companies	11
		<u>1,885</u>
	TOTAL LIABILITIES	<u>10,336</u>
	TOTAL LIABILITIES AND EQUITY	<u>11,148</u>
8.	Contingencies etc.	
9.	Related parties	

TOTAL DANMARK PIPELINES A/S

Notes as at 31.12.2019

(USD 1,000)

Note 1, Staff costs

The Company has no employees, as all those engaged are employed by other group companies.

No Board of Directors' fee and Management remuneration has been charged to profit and loss account.

Note 2, Tangible assets

USD 1,000	2019 Production facilities, etc.
Cost at 01.01	52,373
Cost price 31.12	52,373
Depreciation, amortisation and impairments at 01.01	51,315
Depreciation and amortisation for the year	44
Depreciation, amortisation and impairments at 31.12	51,359
Carrying amount 31.12	1,014

Note 3, Financial income

	2019	2018
Exchange rate adjustments	0	59
	0	59

Note 4, Financial expenses

Exchange rate adjustments	276	224
Other financial expenses	386	29
	662	253

Note 5, Corporate tax

Tax for the year is USD 0.8 million (2018: 0 million) including reassessment of the deferred tax asset.

The deferred tax asset amounts to USD 0.7 million (2018: USD 1.4 million) and relates to the difference between the accounting and tax values of the production facilities.

This Company is part of a joint taxation scheme with Total E&P Danmark A/S Group. The tax is divided between the members of the joint taxation scheme.

Note 6, Equity

	2019	2018
Share capital	1,738	1,738
Retained earnings		
Retained earnings at 01.01	(926)	(142)
Transferred from result for the year	(2,513)	(784)
Retained earnings at 31.12	(3,439)	(926)
Total equity	(1,701)	812
Share capital consists of the following shares:	Number	Nominal, DKK
	1,000	10,000
	Total nominal value in DKK	10,000,000

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

Note 7, Provisions

Provisions concern the estimated expenses for abandonment of pipelines at discounted value.

Note 8, Contingencies

As of 31 December 2019, the Company is jointly taxed with Danish companies within the Total E&P Danmark A/S 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.

Note 9, Related parties

Companies in the Total Group and the Executive board and board members of the Company are related parties. All transactions with related parties are carried out at arm 's length.

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. The consolidated financial statements of Total Group are available at

www.total.com/en/investors/publications-and-regulated-information/reports-and-publications#annualReports.

The Company is included in consolidated financial statements as a subsidiary.