

Total Denmark ASW Pipeline ApS

CVR-No. 27974740

Annual Report 2019

Approved at the General Assembly: 19 June 2020
Chairman of the meeting: Majbritt Perotti Carlson
Amerika Plads 29, 2100 Copenhagen Ø, Denmark

Company information

Total Denmark ASW Pipeline A/S
Amerika Plads 29
2100 Copenhagen Ø
Denmark

CVR-No.: 27974740
Date of incorporation: 14 July 2004
Registered office: Copenhagen
Financial year: 01 January 2019 - 31 December 2019

Executive Board

Philippe Marie Rene Maurice Groueix

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's Review

Activities

The Company is a wholly owned subsidiary of Total Denmark ASW, Inc.

The current activity of the company is to own and operate Total Denmark ASW, Inc.'s share related to the Tyra West gas pipeline from Tyra West Field to the F3-FB on the NOGAT pipeline. The owners of the pipeline are North Sea fund, Shell Olie- og Gasudvinding Danmark Pipelines ApS, Total E&P Danmark Pipelines A/S og Total Denmark ASW Pipeline ApS

The pipeline is transporting natural gas from the Danish North Sea fields to the gas system and the market in the Netherlands.

In September 2018 Chevron announced the sale of Chevron Denmark Pipeline ApS (now Total Denmark ASW Pipeline ApS), which was effective on 1 April 2019.

Total E&P Danmark A/S is the Operator.

Financial review

Financial performance for the year

The result for 2019 shows a loss of DKK 18.6 million. The loss is mainly due to an impairment of the pipeline. Due to the change in Partner shares in the Tyra WE Gas Pipeline, cost has increased and deviates from the expectations set for 2019 and as budgeted for 2019 there have been higher production expenses than in 2018 due to rock dumping activity.

Guidance for 2020

The Company expects a normal operating result for 2020, as the Tyra WE Gas pipeline was re-opened September 2019 although at this stage the possible effects of the Corona Virus on our activities is unknown. The pipeline was closed due to the TYRA redevelopment project.

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 Executive Board has today discussed and approved the annual report of Total Denmark ASW Pipeline ApS for 2019.

The annual report for 2019 of Total Denmark ASW Pipeline ApS 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

Independent auditor's report

To the shareholders of Total Denmark ASW Pipeline ApS

Opinion

We have audited the financial statements of Total Denmark ASW Pipeline ApS 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.

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, 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 Denmark ASW Pipeline ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies with options from higher reporting classes.

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

The Annual Report is presented in DKK.

Revenues are recognised in the income statement as earned. Furthermore, all expenses are recognised in the income statement, including depreciation, amortisation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of 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 below.

Foreign Currency

Monetary assets and liabilities in currencies other than DKK are translated at the exchange rate at the balance sheet date.

Transactions in currencies other than DKK 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

Revenues are recognised as delivery takes place, and consists of sales of pipeline capacity as per the invoiced tariff during the financial year.

Production related costs include expenses occurred to achieve revenue for the year. These costs comprise of maintenance, depreciation, impairment related costs, administration and management of pipeline abandonment liabilities.

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

Financial items comprise interest, realised and unrealised exchange adjustments, non-deductible charge and tax-free allowance under the on-account taxation scheme.

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Current tax is calculated on the basis of the tax rate in force for the year.

Current tax receivable is recognised in receivables in the balance sheet in the event of overpayment, and current tax liabilities are recognised in short-term debt in the event of non-payment.

Deferred tax is recognised in the balance sheet as the tax on all temporary differences. Deferred tax is calculated at the tax rate which, based on legislation passed before the end of the financial year, will apply at the time when it is expected to be realised.

Deferred tax assets are recognised at the value at which they are expected to be realised.

The Balance Sheet

Tangible fixed assets are measured at cost less accumulated depreciation and impairments.

Cost covers purchase price and costs directly attributable to the acquisition including paid/received amount from farm-in and farm-out until the date on which the asset is ready for use. Cost also includes estimated asset retirement costs if the related obligation meets the conditions for recognition as a liability. Interest is not recognised.

Depreciation based on cost reduced by any residual value and impairment losses is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Pipeline 25 years

Depreciation of fixed assets commences when the assets are put into use.

The carrying amounts of assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables are recognised in the balance sheet at amortised cost, 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.

Accrued liabilities are recognized when – as a consequence of an event occurring before or on the balance sheet date – the company has a legal or constructive obligation, where it is probable that economic benefits must be sacrificed to settle the obligation, and the amount of the obligation can be estimated reliably.

Other debt is recognised at cost at the time of contracting the debt. Subsequently, it is stated at amortised cost, which in respect of short-term and non-interest-bearing debt and of floating rate loans usually corresponds to nominal value.

TOTAL DENMARK ASW PIPELINE APS

INCOME STATEMENT

FOR 2019

Note	DKK 1,000	
	2019	2018
1. Revenue	7,983	8,942
2. Production expenses	(31,309)	(2,373)
Gross result	(23,326)	6,569
Administrative expenses	(603)	(829)
Result before financial items and tax	(23,929)	5,740
3. Financial income	101	2,023
4. Financial expenses	(32)	(10)
Result before tax	(23,860)	7,753
5. Tax for the year	5,249	5,398
RESULT FOR THE YEAR	(18,611)	13,151
Proposed distribution of net result		
Proposed dividend	0	60,000
Retained earnings	(18,611)	(46,849)
	(18,611)	13,151

TOTAL DENMARK ASW PIPELINE APS
BALANCE SHEET AT 31.12.2019

Note	DKK 1,000		
	2019	2018	
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets:			
6.	Property, plant and equipment	2,604	11,326
		2,604	11,326
8.	Long term deferred tax assets	5,698	0
		5,698	0
	TOTAL NON-CURRENT ASSETS	8,302	11,326
CURRENT ASSETS			
Receivables:			
	Receivables Group companies	612	8,276
	Other receivables	0	309
		612	8,585
	Liquid funds	82,828	69,434
		82,828	69,434
	TOTAL CURRENT ASSETS	83,440	78,019
	TOTAL ASSETS	86,042	89,345

TOTAL DENMARK ASW PIPELINE APS
BALANCE SHEET AT 31.12.2019

Note	DKK 1,000		
	2019	2018	
LIABILITIES AND EQUITY			
EQUITY			
	Share capital	200	200
	Share premium	19,925	19,925
	Proposed dividend	0	60,000
	Retained earnings	44,375	2,986
		<u>64,500</u>	<u>83,111</u>
NON-CURRENT LIABILITIES			
7.	Provisions	22,583	3,408
8.	Deferred tax	0	341
		<u>22,583</u>	<u>3,749</u>
CURRENT LIABILITIES			
	Trade payables	2,355	1,128
	Payables Group companies	2,104	1,314
	Other payable	200	43
		<u>4,659</u>	<u>2,485</u>
	TOTAL LIABILITIES	4,659	2,485
	TOTAL LIABILITIES AND EQUITY	<u>86,042</u>	<u>89,345</u>
9.	Staff		
10.	Contingencies etc.		
11.	Related parties		

TOTAL DENMARK ASW PIPELINE APS
STATEMENT OF CHANGES IN EQUITY AT 31.12.2019
(DKK 1,000)

	Share capital	Share premium	Retained earnings	Total
	<hr/>	<hr/>	<hr/>	<hr/>
Equity 01.01	200	19,925	62,986	83,111
Result for the year	0	0	(18,611)	(18,611)
Equity 31.12	200	19,925	44,375	64,500
	<hr/>	<hr/>	<hr/>	<hr/>

Share capital consists of the following shares:

	Number	Nominal, DKK
	<hr/>	<hr/>
	200,000	1
Total nominal		<hr/> 200,000 <hr/>

TOTAL DANMARK PIPELINES A/S

Notes as at 31.12.2019

(DKK 1,000)

Note 1, Revenue

The Company's revenue is mainly obtained from an affiliated company and is VAT-exempt as delivery is outside the Danish VAT-area.

	<u>2019</u>	<u>2018</u>
Note 2, Production costs		
Operating costs pipeline	3,412	1,811
Depreciation and impairment of pipeline	27,160	472
Accretion of asset retirement obligation	737	90
	<u>31,309</u>	<u>2,373</u>
Note 3, Financial income		
Exchange rate adjustments	101	160
Other financial income	0	1,863
	<u>101</u>	<u>2,023</u>
Note 4, Financial expenses		
Exchange rate adjustment	0	0
Other financial expenses	32	10
	<u>32</u>	<u>10</u>
Note 5, Tax for the year		
Current tax for the year	790	1,314
Deferred tax for the year	(6,039)	1,651
Adjustment prior years	0	(6,693)
Tax of associates	0	(1,670)
Total tax for the year	<u>(5,249)</u>	<u>(5,398)</u>
Calculated tax on profit/loss for the year	(5,249)	1,296
Tax effect on non-tax deductible costs	6,039	18
Total tax for the year	<u>790</u>	<u>1,314</u>

	2019	2018
Note 6, Property, plant and equipment		
Pipeline		
Cost price 1 January	103,037	103,037
Additions for the year	18,438	0
Cost price 31 December	<u>121,475</u>	<u>103,037</u>
Depreciation 1 January	91,711	91,239
Depreciation for the year	27,160	472
Depreciation 31 December	<u>118,871</u>	<u>91,711</u>
Carrying amount 31 December	<u>2,604</u>	<u>11,326</u>

Note 7, Provisions, asset retirement obligation

Accrued Liabilities are related to asset retirement obligations with expected maturity more than 5 years from the balance sheet day. Due to the acquisition by Total 1 April 2019 the assumptions for the provision has been aligned from Chevron to Total's best estimate of future abandonment costs.

	2019	2018
Note 8, Deferred tax		
Property, plant and equipment	730	(1,091)
Deferred liabilities	4,968	750
	<u>5,698</u>	<u>(341)</u>

Note 9, Staff

The company has no employees

Management has received no salary or remuneration in 2019

Note 10, Contingencies

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.

Note 11, Related parties**Parties exercising control**

The Company is 100% owned by Total Denmark ASW, Inc.

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.