

**TEPKRI SARSANG A/S**

**CVR-No. 33870434**

**Annual Report 2019**

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

## **Company information**

TEPKRI Sarsang A/S  
Amerika Plads 29  
2100 Copenhagen Ø

CVR-No.: 33870434  
Date of incorporation: 17 August 2011  
Registered office: Copenhagen  
Financial year: 1 January 2019 - 31 December 2019

## **Board of Directors**

Dunia Chalabi (Chairman)  
Martin Rune Pedersen  
Christina Sjøberg Heineke Petersen

## **Executive Board**

Richard Alistair Doidge

## **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen Ø

## **Branch**

375 English Village  
Erbil  
Kurdistan  
Iraq

## **Directors' Report**

### **Activities**

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

TEPKRI Sarsang A/S participates in exploration and production of oil outside Denmark.

The Company holds an 18% non-operated equity interest in the Sarsang Production Sharing Contract (PSC) in the Kurdistan Region of Iraq. The license is operated by HKN Energy Ltd, and comprises two oil field accumulations, Swara Tika and East Swara Tika.

During 2019, the Operator HKN awarded the Engineering, Procurement and Construction (EPC) contract for a new 25,000 b/d production facility on the "B Pad" location on the Swara Tika field to the Turkish engineering company Havatek. Procurement and construction of the new facility commenced and is ongoing, with a view to completion by early 2021.

The Operator also purchased and took over operation of the existing B Pad ST-1 10,000 b/d facility from OILSERV. Furthermore, an agreement was put in place to take over The D Pad East Swara Tika facility from Weatherford.

A 3D seismic survey was commenced and partially completed over the Swara Tika field and is expected to resume in 2020.

The ST-B2 well was drilled to appraise the heavy oil bearing Cretaceous and Jurassic reservoirs and was subsequently completed as a Triassic oil producer. A second production well, EST-A1, was drilled on the East Swara Tika field, and was tied-in to East Swara Tika D Pad production facility. Drilling also commenced on the ST-A1 production well on the Swara Tika A Pad.

Significant road repairs and upgrades were performed in and around Sarsang block.

During 2019, total Sarsang oil production was increased from around 24,000 b/d to over 30,000 b/d in December. The entire Sarsang production is sold to the Kurdistan Regional Government (KRG) under an oil sales agreement. The oil is transported by tanker trucks to an oil terminal close to the Turkish border where it enters the KRG export pipeline to the Mediterranean coast. The KRG is close to completing a new feeder pipeline linking the Sarsang block with the main KRG trunk pipeline, with the aim of phasing out trucking in mid-2020.

## Financial review

### Financial performance for the year

The result for 2019 is a profit of USD 29 million, compared to a profit of USD 23 million in 2018.

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>
<b>Income statement:</b>					
Revenue	70	56	21	7	2
Profit before financial items and tax	25	17	(8)	(27)	(167)
Financial items, net	1	0	2	0	0
Profit for the year after tax	29	23	(14)	(37)	(161)
<b>Balance sheet:</b>					
Total assets	173	144	117	103	130
Investments in property, plant and equipment	130	99	90	92	99
Equity	165	136	113	91	128
Profit margin	36%	30%	-40%		
Solvency ratio	95%	94%	96%	88%	99%
Return on equity	15%	12%	-7%		

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

The result for 2020 is expected to be in line with 2019 provided the market conditions in 2020 remain similar to 2019.

## **External environment**

TEPKRI Sarsang A/S seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

## **Corporate Social Responsibility**

TEPKRI Sarsang A/S is following the policies, guidelines and procedures of the Total Group, including considerations of climate and environment, human rights and anti-corruption and bribery.

### Climate and environmental concerns

As part of the TOTAL Group, TEPKRI Sarsang A/S considers respect for the environment to be a priority and is committed to contributing to the United Nations Sustainable Development Goals, particularly with regards to those subjects that are connected to climate change and the development of more available and cleaner energy. To such, TEPKRI Sarsang A/S implements the TOTAL Group's active policy of avoiding, reducing, managing and monitoring the environmental footprint of its operations. As part of this policy, emissions are identified and quantified so that appropriate measures can be taken to better control them.

In 2019, there has not been any new changes from the previous year. Going forward, TEPKRI Sarsang A/S will continue to support the Group policy and actions.

### Human rights

As part of the TOTAL Group, TEPKRI Sarsang A/S is committed to respecting internationally recognized human rights, in particular the Universal Declaration of Human Rights, the Fundamental Conventions of the International Labor Organization, the UN Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR). To such, TEPKRI Sarsang A/S implements the Groups Human Rights Guide last updated in 2015 as compliment to the Group's Code of Conduct.

In 2019, there has been no reports of violations of the policies within the entity Going forward, TEPKRI Sarsang A/S will continue to support the Group policy and actions.

### Anti-corruption and bribery

As part of the TOTAL Group, TEPKRI Sarsang A/S has a zero tolerance for corruption, which is reflected in the Code of Conduct and sets out the behavior to be adopted. To such, TEPKRI Sarsang A/S implements a robust regularly updated anti-corruption compliance program agreed upon on Group level. The aim of this program is to promote a culture of compliance, transparency and dialog, components that are key in ensuring

the sustainability of the Group's operations and activities, as well as to meet legal requirements and, in particular, to comply with applicable anti- corruption laws. Additionally, the Group has implemented a whistle-blower system and various mechanisms for assessing and monitoring the implementation of the program. As part of the Group, TEPKRI Sarsang A/S is also member of other initiatives that contribute to the global effort to fight against corruption, such as the UN Global Compact since 2002.

In 2019, there has been no reports of violations of the policies within the entity. Going forward, TEPKRI Sarsang A/S seek to continue to work towards supporting the Group policy and actions.

#### Social and employee matters

As TEPKRI Sarsang A/S has no employees, it has not been deemed necessary to formulate a formal policy within the area of social and employee matters.

#### Risks and uncertainties

TEPKRI Sarsang A/S is subject to a variety of risks within the areas of climate and environment and anti-corruption and bribery, all of which derive from the nature of the oil production activities: The most material ones identified are the following:

- risks related to the physical characteristics of oil fields, particularly during drilling operations, which can cause blow outs, explosions, fires or other damage, in particular to the environment, and lead to a disruption of the Company's operations or reduce its production. The Company has crisis management plans in place to deal with emergencies. However, these plans cannot exclude the risk that the Company's business and operations may be severely disrupted in a crisis situation or ensure the absence of impacts on third parties or the environment.
- The industrial event that could have the most significant impact is a major industrial accident, e.g., blow out, explosion, fire, leakage of highly toxic products or massive leakage, resulting in death or injury and/or accidental pollution on a large- scale or at an environmentally sensitive site.
- Acts of terrorism or malicious acts against employees, plants, sites, pipelines and transportation or computer systems of the Company's or its contractors could also disrupt the Company's business activities and could cause harm or damage to people, property and the environment and could have a material adverse effect on the Company's financial condition.
- To prevent risks of corruption, TOTAL has implemented a robust, regularly updated anti-corruption compliance program that has been rolled out throughout the Group, including in the operations of TEPKRI Sarsang. The aim of this program is to

promote a culture of compliance, transparency and dialog, components that are key in ensuring the sustainability of the Group's operations and activities, as well as to meet legal requirements and, in particular, to comply with applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, the UK Bribery Act or the French law on transparency, the fight against corruption and the modernization of the economy. Failure to comply with such legislation could expose the Group to a high financial and criminal risk, a risk to its reputation, as well as measures such as the review and reinforcement of the compliance program under the supervision of an independent third party.

The company has assessed the areas of Human rights issues and Social, labor and employees and found no material risks.

TEPKRI Sarsang A/S' strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

#### 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 recognizes the advantages of a Board comprising a wide range of backgrounds such as global experience, style, culture and gender.

As of 31 December 2019, there were 2 women 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 and is therefore not required to set a target for increasing the number of the underrepresented gender.

The Company has no employees and is therefore not required to set a target for increasing the number of the underrepresented gender in the management.

#### Payments to governments

Section 99C of the Danish Financial Statements Act requires large undertakings that are active in the extractive industry to disclose annual payments of at least USD 112 thousand (DKK 750,000) made to governments in the countries in which they operate.

TEPKRI Sarsang A/S paid USD 11,944 thousand as royalties for the Sarsang project to Ministry of Natural Resources, Erbil, Iraq.

## **Management's Statement**

The Board of Directors and Executive Board have today discussed and approved the annual report of TEPKRI Sarsang A/S for 2019.

The annual report for 2019 of TEPKRI Sarsang 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 the annual report to be approved at the Annual General Meeting.

Copenhagen, 19 March 2020

Executive Board: \_\_\_\_\_  
Richard Alistair Doidge

Board of Directors: \_\_\_\_\_  
Dunia Chalabi  
(Chairman)

\_\_\_\_\_

\_\_\_\_\_

Martin Rune Pedersen

\_\_\_\_\_

Christina S. Heineke Petersen



## **Independent auditors' report**

To the shareholder of TEPKRI Sarsang A/S.

### **Opinion**

We have audited the financial statements of TEPKRI Sarsang A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement 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 and cash flows 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 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.

Copenhagen, 19 March 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 TEPKRI Sarsang 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.

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:

$$\text{Profit margin} = \frac{\text{Result before financial items}}{\text{Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing}}{\text{Total assets, closing}}$$

$$\text{Return on equity} = \frac{\text{Result before taxes}}{\text{Equity, closing}}$$

### 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.

**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.

**Exploration expenses** are capitalised unless the costs do not qualify for capitalisation and are then recognised in the income statement as incurred. Expenses for initial surveys incurred before acquisition of license for hydrocarbon extraction are also included in the income statement as they are incurred.

**Financial items** comprise interest and currency exchange rate gains and losses from translation of cash, receivables and debt 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.

#### 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.

Intangible assets in connection with proved oil rights are amortised from commencement of production and over the fields' expected production periods of up to 20 years. Oil rights are transferred from unproven to proven based on an assessment.

Proved oil rights is amortised over a useful life of 14 years.

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. 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.

Production facilities and wells are depreciated over a useful life of 14 years.

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.

**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.

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

**Provisions** are recognised when the Company has an existing legal or actual obligation and provision for unsettled claims and lawsuits. Provisions are recognised on the basis of best estimates and considering 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.

#### Cash Flow Statement

The cash flow statement shows the company's cash flow for the year divided into cash flow from operations, cash flow used for investments and cash flow from financing activities.

Cash flow from operating activities includes all cash transactions other than cash flows arisen from investments and divestments, principal payments of loans and equity transactions.

Cash flow from investing activities comprise payments in connection with acquisitions and disposals of activities, intangible assets, property, plant and equipment and investments.

Cash flow from financing activities comprise changes in size or composition of the company's contributed capital and cost in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Liquid funds etc. include cash and bank debt as well as interest-bearing on demand deposits with affiliated companies.

**TEPKRI SARSANG A/S**  
**INCOME STATEMENT FOR 2019**

Note	USD 1,000		
	<b>2019</b>	<b>2018</b>	
1.	Revenue	69,520	55,556
	Production expenses	(38,514)	(28,291)
	Gross profit	31,006	27,265
2.	Administrative expenses	(2,226)	(5,607)
	Exploration expenses	(478)	(246)
3, 4.	Depreciation and amortisation	(3,306)	(4,773)
	Result before financial items and tax	24,996	16,639
5.	Financial income	535	370
6.	Financial expenses	0	(241)
	Result before tax	25,531	16,768
7.	Tax for the year	3,948	6,005
	<b>RESULT FOR THE YEAR</b>	<b>29,479</b>	<b>22,773</b>
	Proposed distribution of net result		
	Retained earnings	29,479	22,773
		29,479	22,773

**TEPKRI SARSANG A/S**  
**BALANCE SHEET AT 31.12.2019**

Note	USD 1,000	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
3.	Intangible fixed assets	
	Oil rights, proved	18,638      1,071
	Oil rights, unproved	57,040      75,327
	Software	135      191
		75,813      76,589
4.	Property, plant and equipment	
	Production facilities	28,617      22,438
	Production facilities etc. under construction	25,432      0
		54,049      22,438
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>129,862      99,027</b>
CURRENT ASSETS		
	Receivables	
	Receivables from sale of oil	22,214      12,735
	Receivables Group companies	20,501      22,049
	Other receivables	10      530
8.	Prepayments	149      183
		42,874      35,497
	Cash	227      9,911
	<b>TOTAL CURRENT ASSETS</b>	<b>43,101      45,408</b>
	<b>TOTAL ASSETS</b>	<b>172,963      144,435</b>



**TEPKRI SARSANG A/S**  
**BALANCE SHEET AT 31.12.2019**

Note	USD 1,000	
	<b>2019</b>	<b>2018</b>
<b>LIABILITIES AND EQUITY</b>		
EQUITY		
Share capital	966	966
Retained earnings	164,038	134,559
	165,004	135,525
NON-CURRENT LIABILITIES		
9. Provisions	3,049	2,937
	3,049	2,937
CURRENT LIABILITIES		
Trade payables	1,685	41
Payables to group companies	3,225	5,723
Other payables	0	209
	4,910	5,973
TOTAL LIABILITIES	7,959	8,910
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>172,963</b>	<b>144,435</b>
10. Contingencies etc.		
11. Related parties		

**TEPKRI SARSANG A/S**  
**STATEMENT OF CHANGES IN EQUITY AT 31.12.2019**  
**(USD 1,000)**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 01.01	966	134.559	135,525
Profit for the year		29,479	29,479
<b>Equity 31.12</b>	<b>966</b>	<b>164,038</b>	<b>165,004</b>

Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
5,500	1,000
Total nominal value in DKK	<u>5,500,000</u>

Share capital, changes:

Increase of capital 25 March 2014	500,000
Increase of capital 21 September 2017	500,000
Increase of capital 22 November 2017	500,000

**TEPKRI SARSANG A/S**  
**CASH FLOW STATEMENT 2019**  
**(USD 1,000)**

	<b>2019</b>	<b>2018</b>
Result before financial items and tax	24,995	16,639
Depreciation and impairment	3,306	4,760
Other non-cash items	111	12
Change in working capital etc.:		
Change in receivables	(8,924)	(5,902)
Change in trade and other payables	(1,061)	(4,331)
Cash flow from operating activities before financial items	18,427	19,840
Financial income	514	370
Taxes paid	3,948	6,006
<b>Cash flow from operating activities</b>	<b>22,889</b>	<b>26,216</b>
Purchase of intangible assets and property, plant and equipment	(34,142)	(13,898)
<b>Cash flow used for investing activities</b>	<b>(34,142)</b>	<b>(13,898)</b>
Proceeds from new loans	0	0
Repayment of loans	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Net cash flow for the year</b>	<b>(11,253)</b>	<b>12,318</b>
Liquid funds etc. at 1 January	31,960	19,883
Exchange rate adjustments	21	(241)
<b>Liquid funds etc. at 31 December</b>	<b>20,728</b>	<b>31,960</b>
Comprising:		
On demand deposit with group company	20,501	22,049
Liquid funds etc.	227	9,911
	<b>20,728</b>	<b>31,960</b>

**TEPKRI SARSANG A/S****Notes as at 31.12.2019****(USD 1,000)****Note 1, Revenue**

The revenue was generated from selling oil in Kurdistan.

**Note 2, Staff costs**

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

**Note 3, Intangible assets**

	<b>2019</b>	<b>2019</b>	<b>2019</b>
	Oil rights, proved	Oil rights, unproved	Software
Cost at 01.01	1,125	245,947	224
Additions during the year	0	0	50
Transferred	18,287	(18,287)	0
Cost price 31.12	<u>19,412</u>	<u>227,660</u>	<u>274</u>
Depreciation, amortisation and write-downs at 01.01	54	170,620	33
Depreciation and amortisation for the year	720	0	106
Depreciation, amortisation and write-downs at 31.12	<u>774</u>	<u>170,620</u>	<u>139</u>
Carrying amount 31.12	<u>18,638</u>	<u>57,040</u>	<u>135</u>

**Note 4, Property, plant and equipment**

	<b>2019</b>	<b>2019</b>
	Production facilities etc.	Production facilities etc. under construction
Cost at 01.01	24,896	0
Additions during the year	8,660	25,432
Transferred	0	0
Cost price 31.12	<u>33,556</u>	<u>25,432</u>

Depreciation, amortisation and write-downs at 01.01	2,458	0
Depreciation and amortisation for the year	2,480	0
Depreciation, amortisation and write-downs at 31.12	<u>4,939</u>	<u>0</u>
Carrying amount 31.12	<u>28,617</u>	<u>25,432</u>

	<u>2019</u>	<u>2018</u>
<b>Note 5, Financial income</b>		
Interest received from group companies	0	151
Interest received from banks	514	219
Exchange rate adjustments etc.	21	0
	<u>535</u>	<u>370</u>

<b>Note 6, Financial expenses</b>		
Exchange rate adjustments etc.	0	241
	<u>0</u>	<u>241</u>

#### **Note 7, Corporate tax**

Tax income on profit for the year is USD 4 million (2018: income of USD 6 million) due to an adjustment related to prior years.

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

#### **Note 8, Prepayment**

Prepayments include prepaid expenses.

#### **Note 9, Provisions**

Other non-current provisions include discounted abandonment provision of USD 3 million (2018: USD 3 million).

Provisions are recognised when the Company has an existing legal or actual obligation and includes provision for unsettled claims, lawsuits and abandonment. Provisions are

recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

#### **Note 10, Contingencies**

For development activities in Kurdistan the Company is liable jointly and severally with the other partners for development commitment and obligations in connection with field developments.

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 tax liability for previous periods 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:*

	<u>2019</u>
Purchase of services from affiliate	(2,469)

Payables and receivables to group entities are disclosed in the balance sheet.

#### **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.