



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 984 308 736
Organisasjonsform: Aksjeselskap
Foretaksnavn: DNO YEMEN AS
Forretningsadresse: Dokkveien 1
0250 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jonas Momkvist
Dato for fastsettelse av årsregnskapet: 21.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.07.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	2	5 611 000	20 591 000
Sum kostnader		5 611 000	20 591 000
Driftsresultat		-5 611 000	-20 591 000
Finansinntekter og finanskostnader			
Annen renteinntekt		5 000	7 000
Net gain/-loss on foreign exchange transactions		14 000	
Sum finansinntekter		19 000	7 000
Other financial expenses		2 000	0
Net gain/-loss on foreign exchange transactions			7 000
Sum finanskostnader		2 000	7 000
Netto finans		17 000	
Ordinært resultat før skattekostnad		-5 594 000	-20 591 000
Skattekostnad på ordinært resultat	5	293 000	-423 000
Ordinært resultat etter skattekostnad		-5 887 000	-20 168 000
Årsresultat		-5 887 000	-20 168 000
Overføringer og disponeringer			
Udekket tap	4	-5 887 000	-20 168 000
Sum overføringer og disponeringer	4	-5 887 000	-20 168 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	517 000	603 000
Sum bankinnskudd, kontanter og lignende		517 000	603 000
Sum omløpsmidler		517 000	603 000
SUM EIENDELER		517 000	603 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4	45 544 000	45 544 000
Sum innskutt egenkapital		45 544 000	45 544 000
Opptjent egenkapital			
Udekket tap	4	95 643 000	89 755 000
Sum opptjent egenkapital		-95 643 000	-89 755 000
Sum egenkapital		-50 099 000	-44 211 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	24 508 000	21 739 000
Sum annen langsiktig gjeld		24 508 000	21 739 000



Balanse

Beløp i: USD	Note	2020	2019
Sum langsiktig gjeld		24 508 000	21 739 000
Kortsiktig gjeld			
Taxes payable	5	333 000	83 000
Kortsiktig konserngjeld	3	1 276 000	1 265 000
Other short-term liabilities	3.6	24 499 000	21 727 000
Sum kortsiktig gjeld		26 108 000	23 075 000
Sum gjeld		50 616 000	44 814 000
SUM EGENKAPITAL OG GJELD		517 000	603 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 590348

Enheten

Organisasjonsnummer: 984 308 736
Organisasjonsform: Aksjeselskap
Foretaksnavn: DNO YEMEN AS
Forretningsadresse: Dokkveien 1
0250 OSLO

Regnskapsår

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Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jonas Momkvist
Dato for fastsettelse av årsregnskapet: 21.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.08.2021



Organisasjonsnr: 984 308 736
DNO YEMEN AS

RESULTATREGNSKAP

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	2	5 611 000	20 591 000
Sum kostnader		5 611 000	20 591 000
Driftsresultat		-5 611 000	-20 591 000
Finansinntekter og finanskostnader			
Annen renteinntekt		5 000	7 000
Net gain/-loss on foreign exchange transactions		14 000	
Sum finansinntekter		19 000	7 000
Other financial expenses		2 000	0
Net gain/-loss on foreign exchange transactions			7 000
Sum finanskostnader		2 000	7 000
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Sum overføringer og disponeringer	4	-5 887 000	-20 168 000



Sum gjeld	50 616 000	44 814 000
SUM EGENKAPITAL OG GJELD	517 000	603 000



Organisasjonsnr: 984 308 736
DNO YEMEN AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

Basis for preparation The financial statements of DNO Yemen AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small companies. The company is part of the consolidated financial statements of DNO ASA. The consolidated financial statements of DNO ASA can be retrieved from www.dno.no or printed copies can be ordered by an inquiry to DNO ASA. Going concern As of 31 December 2020 the company's equity is negative. The company's current operations in Yemen (through Block 47) are suspended due to the civil war and therefore the operational activities in the country are minimal. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption. Use of estimates The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway. Foreign currency The company's financial statements are presented in USD which also is the company's functional currency. Monetary items denominated in foreign currencies are translated to USD using the balance sheet date exchange rates. The profit or loss statements are normally translated using average exchange rates for the period. Realized and unrealized currency gains and losses, including translation differences, are recognized as financial items in the income statement. Balance sheet classification Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Provisions and contingent liabilities A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation amount. When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is certain. The expense related to any provision is presented in profit or loss, net of any reimbursement. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate and a credit premium as the discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect



the unwinding of the discount by the passage of time. This increase is recognized as other financial expenses. Contingent liabilities are not recognized but are disclosed unless the possibility of an outflow of resources is remote. Taxes Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including yearend loss carryforwards, calculated at tax rates applicable at the balance sheet date. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount. Deferred tax assets are recognized only to the extent that it is probable that the company will have future taxable income, against which the asset can be utilized. The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. From 2013, operating income and operating expenses from Petroleum activities outside Norway are not taxable or deductible in accordance with The Norwegian General Tax Act section 2-39. In general financial items are not exempt from the above mentioned section 2-39, and are therefore taxable or deductible. Interest expenses are deductible in accordance with section 6-91.

Note

4

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	291000.00	1000.00	291000000.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
DNO ASA	291000.00	100.00%	Ordinære aksjer
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	291000.00	100.00%	

Note

2

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	0.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	0.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	0.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	0.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	0.00

The company had a workforce of three people engaged in the operations in Yemen at yearend 2020, all working in Yemen (in the license and not in DNO Yemen AS)

Note



2

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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No salaries or fees have been paid to the managing director or to the directors of the board in 2020.

Note

2

Ytelser til andre ledende personer

No salaries or fees have been paid to the managing director or to the directors of the board in 2020.

Note

3

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	6943000.00	8617000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	6943000.00	8617000.00

Excl VAT

Note

2

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

0.00

Note

3

Obligatorisk tjenstepensjon

Pensions The company has no employees in Norway and is not required to have a mandatory occupational pension ("obligatorisk tjenstepensjon").

Note



3

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

No loans or guarantees have been made to senior management in the parent company, shareholders, members of the board or related parties to these.

Note

Skattekostnad

Resultatført skatt på ordinært resultat

Skattepliktig inntekt

Betalbar skatt i balansen

Betalbar skatt på årets resultat	Årets	Fjorårets
		0.00
Sum betalbar skatt i balansen	Årets	Fjorårets
	0.00	0.00

Financial Statement.

Note

Midlertidige forskjeller - utsatt skatt/skattefordel

Please see attached 2020 Financial Statement



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DNO Yemen AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DNO Yemen AS, which comprise the balance sheet as at 31 December 2020, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Material uncertainty related to going concern

According to note 4 in the financial statements, there is a material uncertainty related to the going concern assumption. The Company's operations in Yemen are in force majeure and there is no certainty as to when this will be lifted. As of 31.12.2020, the Company has a negative equity of USD 50 million and is dependent on financial support from its parent company DNO ASA. These conditions, along with other matters set forth in note 6, indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management for the financial statements

The Board of Directors and Managing Director (management) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,



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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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 21 June 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Independent auditor's report - DNO Yemen AS

A member firm of Ernst & Young Global Limited

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"By my signature I confirm all dates and content in this document."

Jon-Michael Grefsrød

Statsautorisert revisor

On behalf of: Ernst & Young AS

Serial number: 9578-5992-4-3016511

IP: 77.16.xxx.xxx

2021-06-21 14:10:02Z



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Annual Report 2020 DNO Yemen AS

- Income statement
- Balance sheet
- Notes

Org.no.: 984308736



DNO Yemen AS

Income statement (USD thousand)

	1 January - 31 December		
	<u>Note</u>	<u>2020</u>	<u>2019</u>
OPERATING EXPENSES			
Other operating expenses	2	5,611.3	20,590.6
Total operating expenses		5,611.3	20,590.6
OPERATING PROFIT/-LOSS			
		-5,611.3	-20,590.6
FINANCIAL INCOME AND EXPENSES			
Other interest income		4.9	7.1
Interest income from group entities		-	-
Other financial expenses		-2.1	-
Net gain/-loss on foreign exchange transactions		13.8	-7.4
Net financial income/-expenses		16.6	-0.3
PROFIT/-LOSS BEFORE TAX			
		-5,594.7	-20,590.9
Tax income/-expense	5	-292.6	423.3
NET PROFIT/-LOSS		-5,887.2	-20,167.6

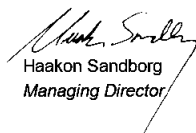


DNO Yemen AS

Balance sheet (USD thousand)

<u>Assets</u>	<u>Note</u>	Years ended 31 December	
		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Other receivables	3	-	-
Cash and cash equivalents	7	516.9	602.8
Total current assets		516.9	602.8
TOTAL ASSETS		516.9	602.8
<u>Equity and liabilities</u>	<u>Note</u>	<u>2020</u>	<u>2019</u>
EQUITY			
Paid-in capital			
Share capital		45,544.3	45,544.3
Total paid-in capital		45,544.3	45,544.3
Other equity			
Uncovered loss		-95,642.9	-89,755.6
Total retained earnings		-95,642.9	-89,755.6
Total equity	4	-50,098.5	-44,211.3
LIABILITIES			
Non-current liabilities			
Long-term intercompany liabilities	3	24,507.6	21,739.4
Total other long-term liabilities		24,507.6	21,739.4
Current liabilities			
Group liabilities	3	1,276.5	1,265.4
Taxes payable	5	332.5	82.5
Other short-term liabilities	3,6	24,498.7	21,726.8
Total current liabilities		26,107.8	23,074.7
Total liabilities		50,615.4	44,814.1
TOTAL EQUITY AND LIABILITIES		516.9	602.8

Oslo, 21 June 2021


Haakon Sandborg
Managing Director


Aernout van der Gaag
Board member


Christopher Spencer
Chairman



DNO Yemen AS
Notes to the accounts 2020

Note 1 Accounting principles

Basis for preparation

The financial statements of DNO Yemen AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small companies.

The company is part of the consolidated financial statements of DNO ASA. The consolidated financial statements of DNO ASA can be retrieved from www.dno.no or printed copies can be ordered by an inquiry to DNO ASA.

Going concern

As of 31 December 2020 the company's equity is negative. The company's current operations in Yemen (through Block 47) are suspended due to the civil war and therefore the operational activities in the country are minimal. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Foreign currency

The company's financial statements are presented in USD which also is the company's functional currency. Monetary items denominated in foreign currencies are translated to USD using the balance sheet date exchange rates. The profit or loss statements are normally translated using average exchange rates for the period. Realized and unrealized currency gains and losses, including translation differences, are recognized as financial items in the income statement.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Provisions and contingent liabilities

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation amount. When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is certain. The expense related to any provision is presented in profit or loss, net of any reimbursement. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate and a credit premium as the discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as other financial expenses. Contingent liabilities are not recognized but are disclosed unless the possibility of an outflow of resources is remote.

Taxes

Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including yearend loss carry-forwards, calculated at tax rates applicable at the balance sheet date. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount. Deferred tax assets are recognized only to the extent that it is probable that the company will have future taxable income, against which the asset can be utilized.

The income tax expense is comprised of both tax payable for the period, and changes in deferred tax.

From 2013, operating income and operating expenses from Petroleum activities outside Norway are not taxable or deductible in accordance with The Norwegian General Tax Act section 2-39. In general financial items are not exempt from the above mentioned section 2-39, and are therefore taxable or deductible. Interest expenses are deductible in accordance with section 6-91.



DNO Yemen AS
Notes to the accounts 2020

Note 2 Remuneration, employees and other compensations

The company had a workforce of three people engaged in the operations in Yemen at yearend 2020, all working in Yemen. No salaries or fees have been paid to the managing director or to the directors of the board in 2020. No loans or guarantees have been made to senior management in the parent company, shareholders, members of the board or related parties to these.

Auditors' fees, excluding VAT

For 2020, USD 6,943 has been expensed as auditors' fees (USD 8,617 in 2019).

Pensions

The company has no employees in Norway and is not required to have a mandatory occupational pension ("obligatorisk tjenestepensjon").

Other operating expenses

Other operating expenses in 2020 relate mainly to legal costs and increase in provisions.

Note 3 Intercompany, short-term receivables and liabilities

The company has a loan from the parent company. The loan is not interest bearing as the licence operated by the company is in the exploration phase.

Long-term intercompany liabilities at yearend 2020 of USD 24.5 million (USD 21.7 million at yearend 2019) are mainly with parent company DNO ASA. Short term liabilities to group companies amount to USD 1.3 million at yearend 2020 (USD 1.3 million at yearend 2019).

Other short-term liabilities comprise mainly of a provision related to the arbitration awards (see Note 6) and working capital in the licenses including license accruals.

All of the company's short term receivables and short-term liabilities are due within one year.

Note 4 Shareholders' equity

Movement in shareholders' equity:

USD thousand	Share capital	Uncovered losses	Total
Shareholders' equity on 1 January 2020	45,544.3	-89,755.6	-44,211.3
Profit/loss for the year	-	-5,887.2	-5,887.2
Shareholders' equity on 31 December 2020	45,544.3	-95,642.9	-50,098.5

Share capital as of 31 December:

	2020
Share capital, NOK	291,000,000
Number of shares	291,000
Par value, NOK	1,000

The company is fully owned by DNO ASA.

As of 31 December 2020 the company's equity is negative. The company's current operations in Yemen (through Block 47) are suspended due to the civil war and therefore the operational activities in the country are minimal. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption.



DNO Yemen AS
Notes to the accounts 2020

Note 5 Taxes

Tax income/-expense

USD thousand	1 January - 31 December	
	2020	2019
Taxes payable	332.5	-423.3
Change in deferred taxes	-	-
Change in tax expense from prior years	-40.0	-
Tax income/-expense	-292.6	423.3

Tax effects on temporary differences relate to the following items:

USD thousand	Years ended 31 December	
	2020	2019
Tax losses carried forward	-	45.1
Total deferred tax assets/-liabilities	-	45.1
Deferred tax asset allowance	-	-45.1
Recognized deferred tax assets	-	-
Recognized deferred tax liabilities	-	-

The tax rate in Norway in 2020 and 2019 was 22 percent. The tax rate has been used to calculate deferred taxes, if applicable.

Profits/-losses by Norwegian companies from foreign upstream activities outside of Norway are not taxable/deductible in Norway in accordance with the General Tax Act, section 2-39. Under these rules only certain financial income and expenses are taxable in Norway.

Income tax payable/-receivable

USD thousand	Years ended 31 December	
	2020	2019
Income tax payable	332.5	-
Taxes payable from previous year(s)	-	82.5
Net tax payable/-receivable	332.5	82.5

Note 6 Guarantees and commitments

Contractual obligations/license commitments

At yearend 2020, the company has no contractual obligations in Block 47 while in suspension. All commitment wells have been drilled to date.

Contingent liabilities and contingent assets

Disputes with Ministry of Oil and Minerals of Yemen – Block 53, Block 43 and Block 32.

The Ministry of Oil and Minerals (MOM) of Yemen filed an arbitration claim against operator Dove Energy and the other partners (including DNO Yemen AS) for allegedly wrongful withdrawal from Block 53. An arbitral award was rendered in July 2019 partially in the Ministry's favor in the amount of USD 29 million (compared with the MOM's USD 171 million claim).

DNO Yemen AS has filed for annulment proceedings in the Paris Court of Appeals. A provision of USD 14 million (company share) was recognized at yearend 2019 related to this arbitration award (unchanged at yearend 2020).

DNO Yemen AS was involved in a dispute with MOM with respect to DNO Yemen AS relinquishment of Block 43 in 2016.

An arbitral award was rendered on 18 February 2020 in DNO Yemen AS' favor for USD 6.7 million (almost entirely dismissing the USD 131 million counterclaim of the MOM). The asset related to this arbitration award has not been recognized.

DNO Yemen AS was involved in a dispute with MOM with respect to DNO Yemen AS relinquishment of Block 32 in 2016.

An arbitral award was rendered on 7 April 2021 partially in the Ministry's favor in the amount of USD 8 million (compared with the MOM's USD 150 million claim). Pursuant to this award, after setting off awarded counterclaims, a provision of USD 1.4 million (company share) was recognized at yearend 2020 related to this arbitration award.

Note 7 Restricted bank deposits

The company has no restricted bank deposits.



Skattedirektoratet

Saksbehandler
Jan Hoelstad

Deres dato
24.11.2010

Vår dato
14.12.2010

Telefon
22077325

Deres referanse
Cathrine Manum

Vår referanse
2010/1198508

DNO International ASA
Postboks 1345 Vika
0113 OSLO

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk

Det vises til deres brev av 24. november 2010 hvor det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende heleide datterselskap av DNO International ASA:

- DNO Iraq AS Og. nr: 988 714 526
- DNO Yemen AS Og. nr: 984 308 736
- DNO Mozambique AS Og. nr: 995 739 879

Bakgrunn:

Fra deres brev gjengis:

"DNO International ASA er notert på Oslo Børs og fikk 28. mai 2010 dispensasjon fra regnskapslovens § 3-4 om å utarbeide årsregnskap og årsberetning på engelsk. Datterselskapenes virksomhet drives i sin helhet i henholdsvis Irak, Jemen og Mozambique. Selskapene har ingen ekstern finansiering, kun en lånefasilitet fra morselskapet. Selskapene har heller ingen ansatte. All kommunikasjon og alle avtaler blir gjort på engelsk.

De norske regnskapene utarbeides kun for å oppfylle språkkravene i regnskapsloven og foretaksregisteret. Årsregnskapene til datterselskapene publiseres heller ikke. Brukerne av regnskapene har i hovedsak vært ansatte i konsernet, slik at norsk oversettelse er følgelig et rent ekstraarbeid som påfører selskapene unødvendige kostnader og merarbeid."

Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at

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ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

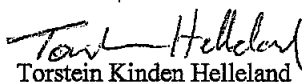
Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjonen som skal vurderes ved en dispensasjonssøknad. Selskapenes virksomhet skjer i sin helhet i utlandet, og de har ikke egne ansatte. Selskapenes eier er allerede innvilget tilsvarende dispensasjon.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Jan Hoelstad