Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-No. 33963556
Frodesgade 125
Postboks 200
6701 Esbjerg

Phone 79 12 84 44
Fax 79 12 84 55
www.deloitte.dk

Val Controls A/S
Central Business Registration No 11774393
Limfjordsvej 3
6715 Esbjerg N

Annual report 2015

The Annual General Meeting adopted the annual report on 28.04.2016

Chairman of the General Meeting

Name: Jørgen Brammer

Contents

Entity details

Entity
Val Controls A/S
Limfjordsvej 3
6715 Esbjerg N

Central Business Registration No: 11774393
Registered in: Esbjerg
Financial year: 01.01.2015 - 31.12.2015

Internet: www.valcontrols.dk
E-mail: vc@valcontrols.com

Board of Directors
Peter Toft
Ingeborg Toft
Jørgen Einer-Jensen Brammer

Executive Board
Carsten Toft

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Frodesgade 125
Postboks 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Val Controls A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 08.04.2016

Executive Board

Carsten Toft

Board of Directors

Peter Toft	Ingeborg Toft	Jørgen Einer-Jensen Brammer

Independent auditor's reports

To the owners of Val Controls A/S

Report on the financial statements

We have audited the financial statements of Val Controls A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company’s financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Esbjerg, 08.04.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Jan T. Toustrup
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

As in prior years, the Company's primary activities consist in developing, designing, manufacturing, selling and repairing electronic control, monitoring and test equipment for valve, actuator and pump systems. The Company's major customers operate within the global oil and gas industries worldwide.

Development in activities and finances

The performance in 2015 is considered very good. Val Controls has established itself as the preferred supplier of specialized electronic control systems for ESD valves and has continued to develop the market and its products.

Outlook

Despite of the forecast for the oil and gas market in 2016, the company is expected to make a similar positive result as in 2015.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its parents and the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials, consumables, consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 2015

	Notes	2015 DKK	2014 DKK
Gross profit		**5.433.173**	**4.026.551**
Staff costs	1	(3.953.091)	(3.754.742)
Depreciation, amortisation and impairment losses	2	(213.766)	(151.604)
Operating profit/loss		**1.266.316**	**120.205**
Other financial income	3	31.557	13
Other financial expenses	4	(92.413)	(110.790)
Profit/loss from ordinary activities before tax		**1.205.460**	**9.428**
Tax on profit/loss from ordinary activities	5	(274.151)	(2.297)
Profit/loss for the year		**931.309**	**7.131**

	2015 DKK	2014 DKK
Proposed distribution of profit/loss		
Retained earnings	931.309	7.131
	931.309	**7.131**

Balance sheet at 31.12.2015

	Notes	2015 DKK	2014 DKK
Completed development projects		457.674	0
Intangible assets	6	**457.674**	**0**
Other fixtures and fittings, tools and equipment		485.033	282.559
Property, plant and equipment	7	**485.033**	**282.559**
Fixed assets		**942.707**	**282.559**
Raw materials and consumables		5.315.412	5.892.520
Inventories		**5.315.412**	**5.892.520**
Trade receivables		1.753.063	1.806.576
Contract work in progress	8	0	803.361
Other short-term receivables		101.357	31.154
Prepayments		417.771	14.208
Receivables		**2.272.191**	**2.655.299**
Cash		**1.599.074**	**2.265.937**
Current assets		**9.186.677**	**10.813.756**
Assets		**10.129.384**	**11.096.315**

Balance sheet at 31.12.2015

	Notes	2015 DKK	2014 DKK
Contributed capital	9	500.000	500.000
Retained earnings		5.642.703	4.711.394
Equity		**6.142.703**	**5.211.394**
Provisions for deferred tax		153.189	3.400
Provisions		**153.189**	**3.400**
Trade payables		53.057	318.963
Debt to group enterprises		3.011.908	4.701.047
Income tax payable		124.362	18.522
Other payables	10	644.165	838.096
Deferred income		0	4.893
Current liabilities other than provisions		**3.833.492**	**5.881.521**
Liabilities other than provisions		**3.833.492**	**5.881.521**
Equity and liabilities		**10.129.384**	**11.096.315**
Contingent liabilities	11		
Ownership	12		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	4.711.394	5.211.394
Profit/loss for the year	0	931.309	931.309
Equity end of year	**500.000**	**5.642.703**	**6.142.703**

Notes

	2015 DKK	2014 DKK
1. Staff costs		
Wages and salaries	3.453.358	3.220.397
Pension costs	347.275	337.861
Other social security costs	76.925	78.298
Other staff costs	75.533	118.186
	3.953.091	**3.754.742**

	2015 DKK	2014 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	74.472	0
Depreciation of property, plant and equipment	139.294	151.604
	213.766	**151.604**

	2015 DKK	2014 DKK
3. Other financial income		
Interest income	124	13
Exchange rate adjustments	31.433	0
	31.557	**13**

	2015 DKK	2014 DKK
4. Other financial expenses		
Financial expenses from group enterprises	92.338	82.779
Interest expenses	75	6
Exchange rate adjustments	0	28.005
	92.413	**110.790**

	2015 DKK	2014 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	124.362	18.522
Change in deferred tax for the year	159.921	(16.225)
Effect of changed tax rates	(10.132)	0
	274.151	**2.297**

Notes

6. Intangible assets

	Completed development projects DKK
Additions	532.146
Cost end of year	**532.146**
Impairment losses for the year	(74.472)
Amortisation and impairment losses end of year	**(74.472)**
Carrying amount end of year	**457.674**

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	753.495
Additions	341.768
Cost end of year	**1.095.263**
Depreciation and impairment losses beginning of the year	(470.936)
Depreciation for the year	(139.294)
Depreciation and impairment losses end of the year	**(610.230)**
Carrying amount end of year	**485.033**

8. Contract work in progress

	2015 DKK	2014 DKK
Contract work in progress	0	803.361
	0	**803.361**

9. Contributed capital

No share certificates have been issued. The shares are not divided into classes.

Notes

10. Other short-term payables

	2015 DKK	2014 DKK
VAT and duties	0	65.792
Wages and salaries, personal income taxes, social security costs, etc. payable	588.760	716.225
Other costs payable	55.405	56.079
	644.165	**838.096**

11. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Toft Holding Esbjerg ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies.

12. Ownership

The Company has registered the following shareholders to hold more than 5 % of the voting share capital or of the nominal value of the share capital:

Toft Holding Esbjerg ApS, Esbjerg