

Pon Equipment A/S

Park Allé 363
2605 Brøndby

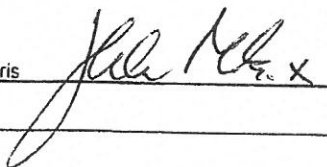
CVR no. 13 71 14 45

Annual report 2016

The annual report was presented and approved at
the Company's annual general meeting on

17 May 2017

Helen Mets-Morris
chairman

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements 1 January – 31 December	
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes	15

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Pon Equipment A/S for the financial year 1 January – 31 December 2016.

The annual report has been 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Brøndby 17 May 2017
Executive Board:

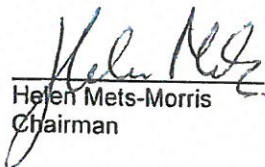


Annette Birgit
Jacobsen



Daniel Bernard Green

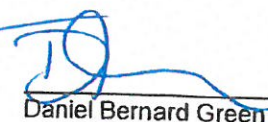
Board of Directors:



Helen Mets-Morris
Chairman



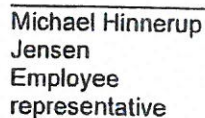
Martijn Cornelis
Antonius van
Baardwijk



Daniel Bernard Green



Annette Birgit
Jacobsen



Michael Hinnerup
Jensen
Employee
representative



Henrik Kaarslev
Employee
representative



Independent auditor's report

To the shareholder of Pon Equipment A/S

Opinion

We have audited the financial statements of Pon Equipment A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

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, 17 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'P. E. Olsen', written over a horizontal line.

Per Ejsing Olsen
State Authorised
Public Accountant

Pon Equipment A/S
Annual report 2016
CVR no. 13 71 14 45

Management's review

Company details

Pon Equipment A/S
Park Allé 363
2605 Brøndby

Telephone: 70 25 22 11
Fax: 70 25 22 10

CVR no.: 13 71 14 45
Established: 1 December 1989
Registered office:
Financial year: 1 January – 31 December

Board of Directors

Helen Mets-Morris, Chairman
Martijn Cornelis Antonius van Baardwijk
Daniel Bernard Green
Annette Birgit Jacobsen
Michael Hinnerup Jensen, Employee representative
Henrik Kaarslev, Employee representative

Executive Board

Annette Birgit Jacobsen
Daniel Bernard Green

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 17 May 2017.

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	403,536	450,779	444,756	404,786	425,090
Gross profit	44,481	34,839	7,787	24,941	27,869
Ordinary operating loss	-10,149	-19,794	-61,239	-34,131	-12,373
Loss from financial income and expenses	-1,308	-1,968	-4,347	-4,314	-3,296
Loss for the year	-5,258	-20,746	-61,859	-48,154	-11,965
Total assets					
Equity	168,527	160,156	215,566	297,858	237,009
	36,880	42,139	-2,115	59,744	7,898
Ratios					
Operating margin	-2.5%	-4.4%	-13.8%	-8.4%	-2.9%
Return on assets	-6.2%	-10.5%	-23.9%	-12.8%	-6.3%
Gross margin	11.0%	7.7%	1.8%	6.2%	6.6%
Solvency ratio	22.0%	26.3%	-1.0%	20.1%	3.3%
Return on equity	-13.8%	-103.7%	-214.7%	-142.4%	-86.2%
Average number of full-time employees					
	131	141	156	143	127

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Return on assets
$$\frac{\text{Profit/loss before net financials} \times 100}{\text{Average assets}}$$

Management's review

Operating review

Principal activities

The Company's activities comprise marketing and sales in Denmark, Greenland and the Faroe Islands of Caterpillar construction equipment and delivery of spare parts and services in relation thereto. In these areas, the Company is the sole trader of the entire Caterpillar product range. The machines are mainly sold to the Danish building contractor sector, and the customers comprise both public and private entities. Pon Equipment A/S is based in Brøndby with sales departments and service workshops in Brøndby and Skejby.

Pon Equipment A/S is wholly-owned by Pon Holding Denmark A/S, which is included in the Pon Group. The Company is included in the consolidated financial statements of Pon Holding B.V., which can be obtained from Pon Holding B.V., Rondebeltweg 31, NL-1303 AB Almere.

Development in activities and financial position

The financial crisis and its impact on the building and civil construction industry still have significant negative consequences for the construction equipment market. The continued low demand also influences the competition to a high degree and thereby the prices obtainable, especially regarding used machines.

Revenue in Pon Equipment A/S has decreased from DKK 450.8 million in 2015 to 403.5 DKK million in 2016.

Operating loss amounted to DKK 10.1 million in 2016 against a loss of DKK 19.8 million in 2015.

Loss for the year amounted to DKK 5.3 million in 2016 against a loss of DKK 20.7 million in 2015.

Uncertainty regarding recognition and measurement

The Company's inventories have been recognised in the balance sheet at a value of DKK 83 million, and include new and used construction equipment and spare parts.

Inventories are recognised at the lower of cost or net realisable value, and provisions are made for possible losses on buy-back obligations. Management has based its assessment of the net realisable value on the fact that the inventory will be sold on the current market conditions.

As a consequence of the uncertainty related to the market development, similar uncertainties relate to the measurement of inventory.

Management's review

Operating review

Capital resources

At 31 December 2016, the Company's equity amounted to DKK 36.9 million against DKK 42.1 million in 2015, which is equivalent to a solvency ratio of 22.0% against 26.3% in 2015.

Pon Holdings B.V. has issued a letter of support stating that financial support will be provided to Pon Equipment A/S at least until 31 December 2017.

Outlook

Due to the continued difficult market conditions, the development on the Danish construction equipment market is difficult to predict. For 2017, the Company expects a small increase in revenue and improved but still negative results before tax compared to those realised in 2016. Due to the extensive uncertainty related to the assessment of the development of the market, similar uncertainty must be expected in connection with the outlook.

General risks

As a supplier of equipment to the Danish construction industry, the Company's activities and performance are highly dependent on the level of private and public building and construction activities. This area is generally highly sensitive to cyclical fluctuations and the political climate.

Financial risks

As an import business, the Company is exposed to currency risks. In the short term, these risks are limited, as the Company's purchases and sales are largely in DKK. In the long term, however, the Company is exposed to the development in the USD rate, which has some impact on the pricing of and demand for used equipment.

The Company's financing is in the form of short-term variable-interest credits. In the short term, the Company is therefore exposed to fluctuations in the interest rate level. Also, the Company is exposed to credit risks, primarily in relation to private contractors.

Intellectual capital

As the Company markets highly advanced technical construction equipment, the Company has major intellectual capital resources at hand in connection with sales and servicing of this equipment. Continual staff training serves to maintain and develop these resources.

Management's review

Operating review

Environmental matters

As a distributor of construction equipment, the Company is not directly responsible for any general environmental impact. In the Company's service workshops and in connection with servicing in general, efforts are made to limit the environmental impact.

Pon Equipment A/S has prepared an environmental and safety policy and work environment guidelines. Pon Equipment A/S only uses materials, substances, methods, tools and machinery approved for use in Danish workplaces. The employees receive instructions in the handling of hazardous products and methods, including environmental and safety measures.

Corporate social responsibility, cf. section 99 of the Danish Financial Statements Act

The Company does not have specific policies on corporate social responsibility, including climate, environment and human rights.

Statement on diversity in Management

The gender composition of the Board of Directors reflects the underlying ownership structure. The Company has six board members, two are the under represented gender. The composition is considered balanced, therefore no target for the board has been set.

The policy for diversity at other management levels in the Company is to have the best qualified persons in the individual management positions, while at the same time, we want to have an inclusive work place, and we believe that equal representation of gender, race and religion strengthens the Company's development. We define the other management levels as the Executive Board and heads of function.

Currently, Management consists of four people, represented by two of each gender. Thus, the management structure of the Company is considered balanced and this will continue to be a key focus of the Company going forward.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Revenue	2	403,536	450,779
Cost of goods sold		-326,709	-378,736
Other external costs		-32,346	-37,204
Gross profit		44,481	34,839
Staff costs	3	-50,362	-50,284
Depreciation, amortisation and impairment		-4,268	-4,349
Operating loss		-10,149	-19,794
Financial income		215	247
Financial expenses	4	-1,523	-2,215
Loss before tax		-11,457	-21,762
Tax on profit/loss for the year	5	6,199	1,016
Loss for the year	6	-5,258	-20,746

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Land and buildings		10,134	11,049
Fixtures and fittings, tools and equipment		18,266	17,814
		<u>28,400</u>	<u>28,863</u>
Investments	8		
Deposits		701	751
		<u>701</u>	<u>751</u>
Total fixed assets		<u>29,101</u>	<u>29,614</u>
Current assets			
Inventories			
Raw materials and consumables		83,027	68,721
		<u>83,027</u>	<u>68,721</u>
Receivables			
Trade receivables		52,814	55,442
Receivables from group entities		1,280	5,355
Other receivables		1,999	972
Prepayments		296	32
		<u>56,389</u>	<u>61,801</u>
Cash at bank and in hand		<u>10</u>	<u>20</u>
Total current assets		<u>139,426</u>	<u>130,542</u>
TOTAL ASSETS		<u><u>168,527</u></u>	<u><u>160,156</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	9		
Share capital		10,000	10,000
Retained earnings		26,880	32,139
Total equity		<u>36,880</u>	<u>42,139</u>
Provisions	10		
Provisions		5,144	6,706
Total provisions		<u>5,144</u>	<u>6,706</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Debt to credit institutions		2,810	2,897
		<u>2,810</u>	<u>2,897</u>
Current liabilities other than provisions			
Debt to credit institutions		408	408
Trade payables		10,611	13,777
Payables to group entities		68,910	51,995
Other payables		35,052	32,331
Deferred income	11	8,712	9,903
		<u>123,693</u>	<u>108,414</u>
Total liabilities other than provisions		<u>126,503</u>	<u>111,311</u>
TOTAL EQUITY AND LIABILITIES		<u>168,527</u>	<u>160,156</u>
Contractual obligations, contingencies, etc.	12		
Related party disclosures	13		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	10,000	32,138	42,138
Transferred over the distribution of loss	<u>0</u>	<u>-5,258</u>	<u>-5,258</u>
Equity at 31 December 2016	<u>10,000</u>	<u>26,880</u>	<u>36,880</u>

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Pon Equipment A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C Large entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Pon Holding B.V., the Netherlands.

The consolidated financial statements of the foreign parent company can be obtained at the following address:

Pon Holding B.V., Rondenbeltweg 31, 1303 AB Almere, the Netherlands

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or expenses.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement provided that delivery and transfer of risk to the buyer have taken

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured excluding VAT, taxes and discounts in relation to sale.

Cost of sales and wages to manufacturing staff

Cost of sales and wages to manufacturing staff comprise machines, spare parts and consumables as well as wages to manufacturing staff engaged to generate the revenue for the year.

Other external costs

Other external costs comprise indirect production costs and expenses for premises, sales and distribution, administration as well as office expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment losses on of property, plant and equipment as well as gains and losses from replacement of non-current assets on an ongoing basis.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	25 years
Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Machinery leased on short-term leases is included in inventories.

Investments

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

The Company is jointly taxed with other Danish companies in the Pon Group. The tax effect of the joint taxation with the parent company is allocated to Danish entities showing profits or losses in proportion to their taxable income (full allocation with credit for tax losses). The jointly taxed entities are included in the in-account tax scheme.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Liabilities are measured at net realisable value.

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Provisions

Provisions are recognised when, as a result of an event occurred before or on the balance sheet date, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions for work concerning services and warranties are recognised and measured on the basis of experience from warranty work and relate to equipment delivered before the balance sheet date.

Financial statements 1 January – 31 December

Notes

2 Revenue		
DKK'000	2016	2015
Sale of machines	306,869	331,556
After-sales market	92,500	97,476
Other	4,167	21,747
	<u>403,536</u>	<u>450,779</u>
3 Staff costs		
Wages and salaries	45,332	66,545
Pensions	4,501	4,704
Other social security costs	529	535
Transferred to wages to manufacturing staff	0	-21,500
	<u>50,362</u>	<u>50,284</u>
Including remuneration to the Executive Board	<u>3,434</u>	<u>2,534</u>
Average number of employees	<u>131</u>	<u>141</u>
No remuneration has been paid to the Board of Directors.		
4 Financial expenses		
Interest expense to group entities	1,333	2,049
Foreign exchange losses	185	135
Other financial expenses	5	31
	<u>1,523</u>	<u>2,215</u>
5 Tax on loss for the year		
Joint tax contribution received	6,199	1,016
	<u>6,199</u>	<u>1,016</u>
6 Proposed distribution of loss		
Retained earnings	<u>-5,258</u>	<u>-20,746</u>
	<u>-5,258</u>	<u>-20,746</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	17,614	29,111	46,725
Additions	0	14,477	14,477
Disposals	0	-13,874	-13,874
Cost at 31 December 2016	17,614	29,714	47,328
Depreciation and impairment losses at 1 January 2016	-6,565	-11,297	-17,862
Depreciation	-915	-3,352	-4,267
Disposals	0	3,201	3,201
Depreciation and impairment losses at 31 December 2016	-7,480	-11,448	-18,928
Carrying amount at 31 December 2016	10,134	18,266	28,400

8 Investments

DKK'000	Deposits
Cost at 1 January 2016	751
Disposals	-50
Cost at 31 December 2016	701
Impairment losses at 1 January 2016	0
Impairment losses at 31 December 2016	0
Carrying amount at 31 December 2016	701

9 Equity

The share capital consists of 100.000 shares of a nominal value of DKK 100 each. No share carry any special rights with all shares ranking equally.

10 Provisions

The Company provides warranties of up to two years on some of its products and is thereby under an obligation to repair or replace goods, which are not working satisfactorily. Based on previous experience in respect of the quantity of repairs and returns, other provisions have been recognised for expected warranties.

11 Deferred income

Deferred income consists of prepayments related to service contracts and machines.

Financial statements 1 January – 31 December

Notes

12 Contractual obligations, contingencies, etc.

Outstanding rent and lease payments amount to DKK 20,940 thousand. Of this amount, DKK 13,120 thousand relates to leases of cars and office equipment with a remaining lease period of 1-72 months, while DKK 3,402 thousand relates to rent of premises with a maximum non-cancellable period of 12 months. Finally 4,418 relates to buy back commitments within 24-60 months.

The Company is jointly taxed with the other Danish consolidated entities. As a consolidated entity, together with the other consolidated entities included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' total known net liability in respect of corporation taxes and withholding taxes payable on dividends, interest and royalties amounted to DKK 0 at 31 December 2016. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

13 Related party disclosures

Control

Pon Holding B.V., ultimate parent company

Pon Holding Denmark A/S, immediate parent company

The Company's ultimate parent company at 31 December 2016, which prepares consolidated financial statements in which the Company is included as a subsidiary, is Pon Holding B.V., the Netherlands.

The consolidated financial statements of the foreign parent company can be obtained at the following address:

Pon Holding B.V., Rondebeltweg 13, 1303 AB Almere, the Netherlands

Other related parties and related party transactions

Pon Equipment A/S' related parties with significant influence comprise companies in the Pon Holding B.V. Group and the companies' Board of Directors, Executive Board and executive employees and their close family members. Further, related parties comprise companies in which the above persons have substantial interests.

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.