Baker Hughes Denmark ApS
Central Business Registration No 18064898

ANNUAL REPORT

December 31, 2017

The Annual General Meeting adopted the annual report on 06 June 2018

Chairman of the General Meeting

Name: Mervyn Anthony Leslie Fernandes

Contents

Entity details

Entity
Baker Hughes Denmark ApS
Håndværkervej 4
DK-6710 Esbjerg V

Central Business Registration No: 18064898
Registered in: Esbjerg
Financial year: 01.01.2017 - 31.12.2017

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Board of Directors
Mervyn Fernandes
Michael Allan Rasmuson
Pascal Kool

Executive Board
Michael Allan Rasmuson, CEO

Auditors
KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of Baker Hughes Denmark ApS for the financial year 01.01.2017 – 31.12.2017.

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 as of 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 -31.12.2017.

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, ______________

Executive Board
Michael Allan Rasmuson
CEO

Board of Directors

Mervyn Fernandes	Michael Allan Rasmuson	Pascal Kool

Independent auditor's report

To the shareholders of Baker Hughes Denmark ApS

Opinion

We have audited the financial statements of Baker Hughes Denmark ApS for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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.

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.

Independent auditor's report

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.

Aarhus, 06 June 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Stenskrog
State Authorised
Public Accountant
mne26819

Management's review

Financial highlights **Key figures**	2017 DKK`000	2016 DKK`000	2015 DKK`000	2014 DKK`000	2013 DKK`000
Revenue	222.050	364.403	642.789	565.789	306.167
Gross profit/loss	7.218	54.415	225.181	218.842	85.326
Operating profit/loss	(73.371)	(46.005)	(20.624)	106.000	17.590
Net financial results	(7.614)	(15.933)	(9.482)	(19.824)	(1.675)
Profit/loss for the year	(80.985)	(71.445)	(55.924)	73.306	11.433
Total assets	294.838	417.285	553.981	580.507	479.735
Investments in property, plant and equipment	13.937	5.478	30.841	8.361	309.569
Equity	(15.327)	65.657	137.103	193.027	119.723
Ratios					
Gross margin (%)	3,3	14,9	35,0	38,7	27,9
Net margin (%)	(36,5)	(19,6)	(8,7)	13,0	3,7
Return of equity (%)	(321,8)	(70,5)	(33,9)	46,9	10,0
Equity ratio (%)	(5,2)	15,7	24,7	33,3	25,0

Financial highlights
Financial highlights are defined and calculated in accordance with 'Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios reflect**
Gross margin (%)	Gross profit x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.

Management commentary

Primary activities
The Company's activity comprises sale, rental of drilling equipment and services to the offshore industry.

Development in activities and finances
Loss for the year amounts to DKK 80.985 thousand compared to 2016 with DKK 71.445 thousand, which is in line our last year's expectations. Equity 31.12.2017 amounts to minus DKK 15.327 thousand compared to 2016 with DKK 65.657 thousand.

Based on the above, it is Management's expectation that the share capital will be restored through ordinary operations in the coming years and supported by a possible recapitalization, if needed.

We are referring to the section "material changes in activates and finances" in regards to the explanation of the development of the activities in 2017.

In connection with the financial statement of Baker Hughes Denmark ApS for the year ended December 31, 2017, Baker Hughes, a GE Company, LLC has issued a letter of support to the company for a period of at least twelve month from the date of signing of the financial statements, so as to allow the Company to meet its obligations as they fall due.

Description of material changes in activities and finances
The primary business of the Company comprise sales, rental of drilling equipment and primary services to the offshore industry. In 2017, the business segments of Baker Hughes Denmark ApS comprised the product lines Wireline services, Drilling services, Drillbits Completion systems, Artificial lift and Upstream chemicals. The primary business segments carried more than 46% of the Company´s revenue for the current year.

The Company operates a Well Stimulation Vessel (Blue Orca) in the North Sea since 1st of October 2013 with an outstanding HSE (Health, Safety and Environment) performance. The project was primary related to a long term contract with one of its main customers. Management's efforts brought additional contracts with other customers within short time after implementation. The Vessel incorporates state-of-the-art stimulation technology and unsurpassed treatment capabilities to reduce risk, rig time, and nonproductive time while enhancing production and profits. The vessel is specially engineered for North Sea conditions, and can perform a series of offshore stimulation operations, including acidizing and fracturing, well stimulations and sand-control operations. The Blue Orca can carry 2.5 million lbm (1134 tonnes) of sand or equivalent proppant. It can perform multiple fracturing treatments without having to return to port to resupply, which results in significant savings in rig time. Advanced systems permit smooth, efficient, and reliable blending of high-quality fracturing fluids and eliminate the need for oil-based slurred polymer concentrates. Currently the Blue Orca is getting Equipped with a Remote operated vehicle capability that will open new horizons in the Subsea market sector which none of the competition vessels would be able to match at least in the short term and which we are certain will bring lots of value to North Sea and the industry as a whole.

In 2017, again, the overall revenue in Denmark were significantly lower compared to previous years. Throughout the last past years, the oil market experienced an excess of supply as a result of sustained high output from North America, a slowdown in demand from key consumer regions and the OPEC position to not cut production. During 2017, we continued to face difficult industry conditions as commodity prices deteriorated to levels not seen in more than a decade. With oil prices shyly recovering, challenges in 2017 still persists as last years. Our customers have responded to this trend by implementing an internal reorganization of the Oil & Gas division, which resulted in the described activity reduction. To summarize, the decline in activity was in line with management expectations. Overall, the management is confident in the company´s ability to compete and differentiate in the market.

Management commentary

As a response to the current market circumstances, Baker Hughes undertakes various steps to navigate in the market with a change in strategy and optimizing its structures and production. Meanwhile, in connection with the preparation of the 2015 annual report, Management had performed an impairment test of the vessel Blue Orca. Based on the test, Management decided to write down the vessel with DKK 130 million. The impairment test performed in 2017 has not given an indication for additional impairment requirements.

On October 30, 2016, Baker Hughes Incorporated and GE entered into a Transaction Agreement and Plan of Merger, pursuant to which, among other things, GE's oil and gas business and Baker Hughes will be combined and operate under the name "Baker Hughes, a GE Company".

On July 3, 2017, General Electric Company contributed its oil and gas segment to Baker Hughes in exchange for ownership interests in Baker Hughes. General Electric Company and its subsidiaries own approximately 62.5% of Baker Hughes, the remaining approximately 37.5% are owned by subsidiaries of Baker Hughes, a GE company.

Uncertainty related to recognition and measurement
Our business is focused on providing products and services to the worldwide oil and natural gas industry; therefore, our risk factors include those factors that impact, either positively or negatively, the markets for oil and natural gas. Expenditures by our customers for exploration, development and production of oil and natural gas are based on their expectations of future hydrocarbon demand, their expectations for future energy prices, the risks associated with developing the reserves, their ability to finance exploration for and development of reserves, and the future value of the reserves. Their evaluation of the future value is based, in part, on their expectations for global demand, global supply, spare productive capacity, inventory levels and other factors that influence oil and natural gas prices.

The investments in associated companies are reviewed for impairment whenever there is any indication that these assets may be impaired. If any indication exists, the company reviews if the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to be less than its carrying amount.
Based on process mentioned before the management did not found any indication for an such an impairment of its investments in associated companies. However, there is a low level of risk as the measurements of the investments are highly dependent on factors beyond Management control, same as like for the Vessel.

Unusual circumstances affecting recognition and measurement
In 2017, the Company has not recognized further impairment loss concerning the Well Stimulation Vessel resulting from the current market situation in the Oil and Gas Industry. However, the measurement of the vessel is, to a high degree, dependent on factors beyond Management's control, see above section "Uncertainty relating to recognition and measurement.

Outlook
The Company's income for 2018 related to the primary business activities is expected to be slightly lower or comparable to 2017, based on the economic factors and the current market situation in the Oil and Gas Industry. However, management will continue to actively expand existing fields of business. With regard to the Well Stimulation Vessel business the Company expected a slight rise in the number of activities in connection with a slightly higher income.

Management commentary

Research and development activities
There are no research and development costs in the Danish company but on a group level.

Statutory report on corporate social responsibility
Baker Hughes Denmark is in corporate social responsibility work inspired by the Group and its annual Statutory report on corporate social responsibility. However, the Company has currently not developed separate policies regarding corporate social responsibility, human rights and climate- and environmental matters".

Statutory report on the underrepresented gender
It is the Company´s focus to create a positive and healthy work and performance environment, and to be a workplace where employees have the freedom to achieve common goals and optimize opportunities irrespectively of their gender, age, race, religion, disability or sexual orientation.

The Board of Directors continuously works to increase diversity within the board. The Board of Directors has previously defined a target that members of the under-represented gender should constitute at least 25% by the end of 2017. Due to continuity considerations it has not been possible to achieve this target and as of 31 December 2017, the Board of Directors does not represent an equal mix of genders. However, the Board of Directors has adjusted its diversity ambition and set out that members of the under-represented gender should constitute at least 33 %. The Company will strive to achieve this ambition by the end of 2020.

Description of specific risks
We are referring to Note 2 in regards to specific risks.

Change of Independent Registered Public Accounting Firm
In connection with the consummation of the Transactions, on July 3, 2017, the Audit Committee approved the engagement of KPMG as the Company's independent registered public accountants to audit the financial statements of the Company. Deloitte was the independent auditor that audited Baker Hughes' financial statements for the fiscal year ended December 31, 2016.

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.

Income Statement 31.12.2017

	Notes	2017 DKK	2016 DKK'000
Revenue	3	222.050.333	364.403
Cost of sales		(171.163.415)	(235.958)
Other external expenses		(43.669.355)	(74.030)
Gross profit/loss		**7.217.563**	**54.415**
Staff costs	4	(50.662.443)	(70.360)
Depreciation, amortisation and impairment losses		(29.926.043)	(30.059)
Operating profit/loss		**(73.370.923)**	**(46.005)**
Income from investments in group enterprises	5	0	607
Other financial income	6	15.373.818	15.120
Other financial expenses	7	(22.987.550)	(31.660)
Profit/loss from ordinary activities before tax		**(80.984.655)**	**(61.938)**
Tax on profit/loss from ordinary activities	8	0	(9.507)
Profit/loss for the year	9	**(80.984.655)**	**(71.445)**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK´000
Plant and machinery		6.336.694	10.193
Ships		75.837.392	100.774
Other fixtures and fittings, tools and equipment		1.143.676	1.540
Property, plant and equipment	10	**83.317.763**	**112.507**
Other investments		24.808.726	24.809
Other receivables		103.500	14.423
Fixed assets investments	11	**24.912.226**	**39.232**
Fixed assets		**108.229.989**	**151.739**
Raw materials and consumables		3.325.944	1.082
Manufactured goods and goods for resale		8.900.434	11.306
Inventories		**12.226.378**	**12.389**
Trade receivables		8.454.635	46.508
Receivables from group enterprises		154.038.305	197.136
Other short-term receivables		5.570.964	1.850
Income tax receivables		3.774.000	3.991
Receivables		**171.837.904**	**249.485**
Cash		**2.543.411**	**3.673**
Current assets		**186.607.693**	**265.546**
Assets		**294.837.682**	**417.285**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK´000
Contributed capital	12	510.000	510
Retained earnings		(15.837.329)	65.147
Equity		**(15.327.329)**	**65.657**
Other Provisions	13	35.166.096	38.503
Provisions		**35.166.096**	**38.503**
Finance lease liabilities	14	201.807.140	256.407
Non-current liabilities other than provisions		**201.807.140**	**256.407**
Current portion of long-term liabilities other than provisions		26.348.607	19.289
Trade payables		22.023.665	8.631
Debt to group enterprises		21.283.428	20.431
Other payables		3.536.075	8.367
Current liabilities other than provisions		**73.191.775**	**56.718**
Liabilities other than provisions		**274.998.915**	**313.125**
Equity and liabilities		**294.837.682**	**417.285**

Going concern	1
Uncertainty relating to recongnition and measurement	2
Unrecognised rental and lease commitments	16
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Related parties with control	19
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Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	510.000	65.147.327	65.657.327
Profit/loss for year	0	(80.984.655)	(80.984.655)
Equity end of year	**510.000**	**(15.837.328)**	**(15.327.328)**

Cash flow statement for 2017

	Notes	2017 DKK	2016 DKK´000
Operating profit/loss		(73.370.923)	(46.005)
Amortisation, depreciation and impairment losses		29.926.043	30.059
Working capital changes	15	108.386.022	33.818
Cash flow from ordinary primary activities		**64.941.142**	**17.872**
Financial income received		15.373.818	15.920
Financial income paid		(22.987.550)	(31.660)
Income tax refunded /(paid)		216.976	(1.475)
Cash flow from operating activities		**57.544.386**	**657**
Acquisition etc of property, plant and equipment		(13.936.532)	(5.478)
Sale of property, plant and equipment		13.199.485	11.250
Cash flows from investing activities		**(737.047)**	**5.772**
Loans raised		(57.936.479)	(15.539)
Cash flows from financing activities		**(57.936.479)**	**(15.539)**
Increase/decrease in cash and cash equivalents		**(1.129.140)**	**(9.109)**
Cash and cash equivalent beginning of year		3.672.551	12.782
Cash and cash equivalent end of year		**2.543.411**	**3.674**

Notes

1. Going Concern

In connection with the financial statement of Baker Hughes Denmark ApS for the year ended December 31, 2017, Baker Hughes, a GE Company, LLC has issued a letter of support to the company for a period of at least twelve month from the date of signing of the financial statements, so as to allow the Company to meet its obligations as they fall due.

2. Uncertainty relating to recognition and measurement

Risk Factors Related to the Worldwide Oil and Natural Gas Industry

Our business is focused on providing products and services to the worldwide oil and natural gas industry; therefore, our risk factors include those factors that impact, either positively or negatively, the markets for oil and natural gas. Expenditures by our customers for exploration, development and production of oil and natural gas are based on their expectations of future hydrocarbon demand, their expectations for future energy prices, the risks associated with developing the reserves, their ability to finance exploration for and development of reserves, and the future value of the reserves. Their evaluation of the future value is based, in part, on their expectations for global demand, global supply, spare productive capacity, inventory levels and other factors that influence oil and natural gas prices. The key risk factors we believe are currently influencing the worldwide oil and natural gas markets are discussed below.

Demand for oil and natural gas is subject to factors beyond our control, which may adversely affect our operating results. Changes in the global economy could impact our customers' spending levels and our revenue and operating results.

Demand for oil and natural gas, as well as the demand for our services, is highly correlated with global economic growth, and in particular by the economic growth of countries such as the U.S., India, China, and developing countries in Asia and the Middle East who are either significant users of oil and natural gas or whose economies are experiencing the most rapid economic growth compared to the global average. Weakness or deterioration of the global economy or credit markets could reduce our customers' spending levels and reduce our revenue and operating results. Incremental weakness in global economic activity, particularly in China, India, Europe, the Middle East and developing countries in Asia, could reduce demand for oil and natural gas and result in lower oil and natural gas prices. Incremental strength in global economic activity in such areas will create more demand for oil and natural gas and support higher oil and natural gas prices. In addition, demand for oil and natural gas could be impacted by environmental regulation, including cap and trade legislation, regulation of hydraulic fracturing, carbon taxes and the cost for carbon capture and sequestration related regulations.

Supply of oil and natural gas is subject to factors beyond our control, which may adversely affect our operating results.

Productive capacity for oil and natural gas is dependent on our customers' decisions to develop and produce oil and natural gas reserves and on the regulatory environment in which our customers and we operate. The ability to produce oil and natural gas can be affected by the number and productivity of new wells drilled and completed, as well as the rate of production and resulting depletion of existing wells.

Notes

2. Uncertainty relating to recognition and measurement (continued)

Advanced technologies, suchas horizontal drilling and hydraulic fracturing, improve total recovery but also result in a more rapid production decline and may become subject to more stringent regulation in the future.

Productive capacity in excess of demand ("spare productive capacity") is also an important factor influencing energy prices and spending by oil and natural gas exploration companies. Spare productive capacity and oil and natural gas storage inventory levels are an indicator of the relative balance between supply and demand. High or increasing storage, inventories, or spare productive capacity generally indicate that supply is exceeding demand and that energy prices are likely to soften. Low or decreasing storage, inventories, or spare productive capacity are generally an indicator that demand is growing faster than supply and that energy prices are likely to rise.

Access to prospects is also important to our customers and such access may be limited because host governments do not allow access to the reserves. Government regulations and the costs incurred by oil and natural gas exploration companies to conform to and comply with government regulations may also limit the quantity of oil and natural gas that may be economically produced.

Supply can also be impacted by the degree to which individual Organization of Petroleum Exporting Countries ("OPEC") nations and other large oil and natural gas producing countries, including, but not limited to, Norway and Russia, are willing and able to control production and exports of oil, to decrease or increase supply and to support their targeted oil price while meeting their market share objectives. Any of these factors could affect the supply of oil and natural gas and could have a material effect on our results of operations.

Volatility of oil and natural gas prices can adversely affect demand for our products and services.

Volatility in oil and natural gas prices can also impact our customers' activity levels and spending for our products and services. Current energy prices are important contributors to cash flow for our customers and their ability to fund exploration and development activities. Over the past year oil prices have declined significantly due in large part to increasing supplies, weakening demand growth and OPEC's position to not cut production. Expectations about future prices and price volatility are important for determining future spending levels.

Lower oil and natural gas prices generally lead to decreased spending by our customers. While higher oil and natural gas prices generally lead to increased spending by our customers, sustained high energy prices can be an impediment to economic growth, and can therefore negatively impact spending by our customers. Our customers also take into account the volatility of energy prices and other risk factors by requiring higher returns for individual projects if there is higher perceived risk. Any of these factors could affect the demand for oil and natural gas and could have

	2017	2016
	DKK	DKK´000
3. Revenue		
Revenue from primary business activities	101.051.777	219.309
Revenue from Well Stimulation Vessel activities	120.998.556	145.094
	222.050.333	**364.403**

Notes

	2017	2016
	DKK	DKK´000
4. Staff costs		
Wages and salaries	44.365.060	64.873
Pension costs	4.651.174	2.309
Other social security costs	1.646.209	3.178
	50.662.443	**70.360**
Average number of employees	33	42

No remuneration is paid to Board of Directors and the Executive Board.

5. Income from investments in group enterprises
Income from investments in group enterprises, consist of dividend from other investment.

	2017	2016
	DKK	DKK´000
6. Other financial income		
Exchange rate adjustments	15.373.818	15.120
	15.373.818	**15.120**

	2017	2016
	DKK	DKK´000
7. Other financial expenses		
Interest expenses	12.327.319	14.880
Exchange rate adjustments	10.567.804	16.635
Other financial expenses	92.427	144
	22.987.550	**31.660**

	2017	2016
	DKK	DKK´000
8. Tax on ordinary profit/loss for the year		
Current income tax	0	0
Change in deferred tax for the year	0	(1.312)
Adjustment concerning previous years	0	8.748
Effect of changed tax rates	0	2.072
	(0)	**9.508**

Notes

	2017 DKK	2016 DKK´000
9. Proposed distribution of profit/loss		
Retained earnings	(80.984.656)	(71.445)
	(80.984.657)	**(71.445)**

10. Property, plant and equipment	**Plant and machinery** 2017 DKK	**Ships** 2017 DKK	**Other fixtures and fittings, tools and equipment** 2017 DKK
Cost beginning of year	20.360.625	314.936.356	6.833.785
Additions	11.799.876	2.134.126	2.529
Disposals	(14.460.046)	0	(559.515)
Costs end of year	17.700.455	317.070.482	6.276.799
Depreciation and impairment losses beginning of year	(10.167.892)	(214.162.341)	(5.293.774)
Transfers to and from other items	723.635	0	276.463
Impairment losses for the year	0	0	0
Depreciation for the year	(2.456.429)	(27.070.749)	(398.865)
Reversal regarding disposals	536.925	0	283.053
Depreciation and impairment losses end of year	**(11.363.761)**	**(241.233.090)**	**(5.133.123)**
Carrying amount end of year	**6.336.694**	**75.837.392**	**1.143.676**
Assets held under finance leases	**0**	**70.389.890**	**0**

Meanwhile, in connection with the preparation of the 2015 annual report, Management had performed an impairment test of the vessel Blue Orca. Based on the test, Management decided to write down the vessel with DKK 130 million. The impairment test performed in 2017 has not given an indication for additional impairment requirements.

Notes

11. Fixed assets investments	Other investments DKK	Other receivables DKK
Cost beginning of year	24.808.726	14.423.463
Additions	0	0
Disposals	0	(14.319.963)
Costs end of year	**24.808.726**	**103.500**
Carrying amount end of year	**24.808.726**	**103.500**

Investments in associates comprise:	Registered in	Corporate form	Equity interest (%)	2016 Equity ARS	2016 Profit/(loss) ARS
Baker Hughes Argentina SRL	Argentina	SRL	5,0	427.748.593	(456.824.995)

12. Contributed capital	Number	Par value DKK	Nominal value Equity interest (%)
Ordinary shares	510	1.000,00	510.000
	510		**510.000**

Changes in contrubited capital	2016 DKK	2015 DKK	2014 DKK	2013 DKK	2012 DKK
Contributed capital beginning of year	510.000	510.000	510.000	510.000	510.000
Increase of capital	0	0	0	0	0
Contributed capital end of year	510.000	510.000	510.000	510.000	510.000

13. Other provisions	Outstanding after 5 years DKK
Asset retirement obligation	35.166.096
	35.166.096

The asset retirement obligation represents the present value of the demobilisation and redelivery costs determined by Clause 9. of the Time Charter agreement for Well Stimulation Vessel from 1 March 2012.

Notes

14. Long term finance lease liabilities	Installments within 12 months DKK	Installments beyond 12 months DKK	Outstanding after 5 years DKK
Short term portion of long-term finance lease liability	26.348.607	0	0
Long term financial lease obligation	0	146.223.356	55.583.784
	26.348.607	**146.223.356**	**55.583.784**

15. Change in working capital	2017 DKK	2016 DKK´000
Increase/decrease in inventories	162.447	24.763
Increase/decrease in receivable	91.749.774	57.454
Increase/decrease in trade payable etc.	16.473.801	(48.399)
	108.386.022	**33.818**

16. Unrecognised rental and lease commitments

Rent leases:

The Company has entered into operating lease agreement of premises in Esbjerg with 6 months terminations notice after 1 June 2021. The average monthly lease payments amount to DKK 115 thousand, totalling DKK 5.409 thousand in the period until 1 December 2021.

Car leases:

The Company has entered into operating lease agreements on cars with a termination period of 1 month. The average monthly lease payment amount to DKK 4.996 thousand.

17. Fees to auditor appointed at the general meeting

KPMG	2017 DKK	2016 DKK´000
Statutory audit	161.693	0
Non-audit services	7.500	0
	169.193	**0**

Deloitte	2017 DKK	2016 DKK´000
Statutory audit	27.595	408
Non-audit services	0	25
	27.595	**433**

Total fees to auditor appointed at the general meeting	**196.788**	**433**

Notes

18. Contingent assets and liabilities

Contingent liabilities
The Company is jointly and several liable with the other entities subject to joint taxation for the total corporate tax covered by the joint taxation. The Company is the management Company of a Danish joint taxation. The Company is liable, pursuant to the Corporation Tax Act rules that effect from the financial year 2013, income taxes, etc. for the jointly taxed entities. From 1 July 2012 this also applies to any obligation to withhold tax on interest, royalties and dividends for those entities.

The Company has an insurance obligation according to Clause 30 and Exhibit E and a charterer´s indemnity obligation according to Clause 28 of the Time Charter agreement for Well Stimulation Vessel from 1 March 2012.

Contingent asset
Tax losses are carried forward and set against profits of the next accounting period for losses made in accounting period ending 31.12.2016 in an value of DKK 35.299 thousand plus additional losses for the current year.

19. Related parties with controlling interest
The following related parties have a controlling interest in Baker Hughes Denmark ApS:

Name	Registered office	Basis of influence
Baker Hughes Nederland Holdings B.V.	The Netherlands	Holds more than 50% of the voting share capital or of the nominal value of the share capital.

20. Related parties transactions
Pursuant to section 98c(7) of the Danish Financial Statements Act, the Company has not disclosed related party transactions as they have been carried out on an arm's length basis.

21. Group relations
Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Baker Hughes, a GE company, 17021 Aldine Westfield Road, Houston, Texas, United States of America.

The consolidated annual report on Form 10-K can be obtained at www.bhge.com.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies (continued)

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement
Revenue
Revenue is recognised as earned. Revenue is earned when the product is delivered and title passes, the service has been rendered or, in the case of rentals, passage of time or other contractual obligations have been met. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses
Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet. In addition, provisions for loss on contract work in progress are recognised.

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.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividend etc. received from the individual group enterprises in the financial year.

Accounting policies (continued)

Other financial income
Other financial income comprise interest income, realised and unrealised capital gains on transactions in foreign currencies and forward contracts as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Other financial expenses
Other financial expenses comprise interest expenses, realised and unrealised capital losses on transactions in foreign currencies and forward contracts as well as tax surcharge relief repayment under the Danish Tax Prepayment Scheme.

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.

Balance sheet
Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Fixed assets acquired from affiliated companies are accounted for at initial cost and depreciation for the year is based on historical cost. Fixed assets are, however, adjusted for depreciation at the beginning of the year.

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.

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	3-4 years
Rental machinery	5 years
Ships (Vessel)	12 years

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale.

Financial leases
Financial leases are recognized as such if it transfers substantially all the risks and rewards incidental to ownership of an asset.

Accounting policies (continued)

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

Other investments
Other investments are measured at cost. Where cost exceeds the net realisable value, the investments are impaired to this lower value.

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

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.

Cash
Cash comprises cash in hand and bank deposits.

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 Provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured at the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Accounting policies (continued)

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balanse sheet as liabilities other that provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequesnt to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of sales.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.