Baker Hughes Denmark ApS
Central Business Registration No 18064898

ANNUAL REPORT

December 31, 2019

The Annual General Meeting adopted the annual report on 02 October 2020

Chairman of the General Meeting

Mette Stengaard Munkholm

Name:
Mette Stengaard Munkholm

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Entity details

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

Central Business Registration No: 18064898
Registered in: Esbjerg
Financial year: 01.01.2019 - 31.12.2019

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Board of Directors
Mette Stengaard Munkholm
Melissa Whitley
Jeroen Lakerveld

Executive Board
Mette Stengaard Munkholm, CEO

Auditors
KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-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 01.01.2019 – 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 -31.12.2019.

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, 02 October 2020

Executive Board
Mette Stengaard Munkholm
CEO

Board of Directors

Melissa Whitley	Jeroen Lakerveld	Mette Stengaard Munkholm

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CEO

Board of Directors

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Executive Board
Mette Stengaard Munkholm
CEO

Board of Directors

Melissa Whitley | Jeroen Lakerveld | Mette Stengaard Munkholm

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 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

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

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

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 financial statement users made on the basis of these financial statements.

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

Independent auditor's report

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.

Aarhus, 2 October 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
MNE34459
State Authorised
Public Accountant

Management's review

Financial highlights **Key figures**	2019 DKK`000	2018 DKK`000	2017 DKK`000	2016 DKK`000	2015 DKK`000
Revenue	162,083	179,244	222,050	364,403	642,789
Gross profit/loss	(52,266)	(10,479)	7,218	54,415	225,181
Operating profit/loss	(144,570)	(71,116)	(73,371)	(46,005)	(20,624)
Net financial results	(5,034)	(11,298)	(7,614)	(15,933)	(9,482)
Profit/loss for the year	(185,790)	(76,495)	(80,985)	(71,445)	(55,924)
Total assets	110,501	323,854	294,838	417,285	553,981
Investments in property, plant and equipment	5,393	4,495	13,937	5,478	30,841
Equity	(177,612)	8,178	(15,327)	65,657	137,103
Ratios					
Gross margin (%)	(32.2)	(5.8)	3.3	14.9	35.0
Net margin (%)	(114.6)	(42.7)	(36.5)	(19.6)	(8.7)
Return of equity (%)	219.3	2,139.9	(321.8)	(70.5)	(33.9)
Equity ratio (%)	(160.7)	2.5	(5.2)	15.7	24.7

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 (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

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

Development in activities and finances
Loss for the year amounts to DKK 185.790 thousand compared to 2018 with DKK 76.495 thousand, which reflects the challenging and competitive market conditions experienced during the year. Equity 31.12.2019 amounts to minus DKK 177.612 thousand compared to 2018 with DKK 8.178 thousand.

The result before tax is negatively affected by extra-ordinary write-down of the vessel amounting to DKK 40.486 thousand and write down of investments amounting to DKK 38.245 thousand.

We are also referring to the section "The past year and follow-up on development expectations from last year" in regards to the explanation of the development of the activities in 2019.

In connection with the financial statement of Baker Hughes Denmark ApS for the year ended December 31, 2019, Baker Hughes Luxembourg Holdings S.C.A. has issued a letter of support to the company for a period of at least twelve months from the date of signing of the financial statements, so as to allow the Company to meet its obligations as they fall due.

Baker Hughes Denmark ApS has got access to the cash pool mechanism so in terms of liquidity the funds are available to the Company when required.

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 2019, 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 28% 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. 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.

The past year and follow-up on development expectations from last year
In 2019, again, the overall revenue in Denmark related to the primary activities were significantly lower compared to previous 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 reflected challenging and uncertain market conditions. The management are taking appropriate measures to ensure the company is able to compete and differentiate in the market.

Management commentary

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 2018 has given an indication for a partially reversal of the impairment made in 2015 of DKK 18 million based on the revenue and cash flow projections, which has subsequently been reversed and fully written down in 2019.

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.

Other investments
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.

In 2019, the Company has recognised an impairment loss in its investment in Baker Hughes Argentina SRL. The overall impairment is resulting from the current market situation in the Oil and Gas Industry and the continued losses within the entity.

Outlook
As noted in the 'Events after the balance sheet date', the emergence of COVID-19 has had a significant impact on the global markets. As a result the Company anticipates there will be a negative impact on the Company's income for 2020 compared to 2019 as projects are delayed due to the spread of the virus. The expectation is that any delayed projects will proceed in 2021.

Management commentary

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

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

Events after the balance sheet date
In early 2020, the emergence of COVID-19 has cuased uncertainty throughout the global markets. The company has been in close contact with suppliers, customers and industry bodies to ensure continued business continuity and to highlight and resolve any areas of risk within the supply chain to alleviate any significant business disruption.

The Company considers that the effects related to this outbreak to be a non-adjusting event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019.

Loss of more than 50% of the contributed capital
The Company has lost more than 50% of its contributed capital and is thus subject to the provisions on loss of capital under the Danish Companies Act. The Company's owners will contribute new capital to restore the contributed capital. The plan has yet to be executed, but will be for no less than DKK 350.000.000 and will be completed by the end December 2020.

Income Statement 31.12.2019

	Notes	2019 DKK	2018 DKK'000
Revenue		162,083,315	179,243
Cost of sales		(185,119,645)	(170,015)
Other external expenses		(29,229,512)	(45,505)
Gross profit/loss		**(52,265,842)**	**(36,277)**
Staff costs	3	(23,317,850)	(23,567)
Depreciation, amortisation and impairment losses		(68,986,334)	(11,272)
Operating profit/loss		**(144,570,026)**	**(71,116)**
Impairment on investment		(38,244,912)	0
Other financial income	4	10,173,988	7,344
Other financial expenses	5	(15,207,643)	(18,642)
Profit/loss from ordinary activities before tax		**(187,848,593)**	**(82,414)**
Tax on profit/loss from ordinary activities	6	2,058,852	5,919
Profit/loss for the year	7	**(185,789,741)**	**(76,495)**

Balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK'000
Plant and machinery		2,099,300	3,551
Ships		0	66,760
Other fixtures and fittings, tools and equipment		579,660	807
Property, plant and equipment	8	**2,678,960**	**71,118**
Other investments	9	0	24,809
Trade receivables	10	51,354,538	219
Fixed assets investments		**51,354,538**	**25,028**
Fixed assets		**54,033,498**	**96,146**
Raw materials and consumables		1,259,591	2,610
Manufactured goods and goods for resale		8,922,212	10,596
Inventories		**10,181,803**	**13,206**
Trade receivables	10	20,317,783	45,580
Receivables from group enterprises		14,639,689	159,456
Other short-term receivables		1,939,590	400
Income tax receivables		3,461,000	3,461
Receivables		**40,358,062**	**208,897**
Cash at bank		**5,927,274**	**5,605**
Current assets		**56,467,139**	**227,708**
Assets		**110,500,637**	**323,854**

Balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK'000
Contributed capital	11	510,000	510
Retained earnings		(178,121,816)	7,668
Equity		**(177,611,816)**	**8,178**
Other Provisions	12	30,619,149	37,202
Provisions		**30,619,149**	**37,202**
Finance lease liabilities	13	155,449,435	180,736
Non-current liabilities other than provisions		**155,449,435**	**180,736**
Current portion of long-term liabilities other than provisions		29,978,696	27,882
Trade payables		36,623,168	27,265
Debt to group enterprises		26,766,524	38,686
Other payables		8,675,481	3,905
Current liabilities other than provisions		**102,043,869**	**97,738**
Liabilities other than provisions		**257,493,304**	**278,474**
Equity and liabilities		**110,500,637**	**323,854**
Going concern	1		
Uncertainty relating to recongnition and measurement	2		
Unrecognised rental and lease commitments	15		
Contingent assets and liabilities	16		
Related parties with control	17		
Related parties transactions	18		
Group relations	19		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	510,000	7,667,925	8,177,925
Profit/(loss) for year	0	(185,789,741)	(185,789,741)
Equity end of year	**510,000**	**(178,121,816)**	**(177,611,816)**

Cash flow statement for 2019

	Notes	2019 DKK	2018 DKK'000
Operating profit/loss		(144,570,026)	(71,116)
Amortisation and depreciation non-cash operating items		69,265,361	11,272
Working capital changes	14	(31,590,111)	(14,449)
Cash flow from ordinary primary activities		**(106,894,776)**	**(74,293)**
Financial income received		10,173,988	7,344
Financial income paid		(15,207,643)	(18,642)
Income tax refunded /(paid)		2,058,852	6,232
Cash flow from operating activities		**(109,869,579)**	**(79,359)**
Acquisition etc of property, plant and equipment		(5,392,649)	(4,495)
Sale of property, plant and equipment		4,566,305	5,423
Capital increase of fixed asset investments		(13,436,186)	0
Cash flows from investing activities		**(14,262,530)**	**928**
Financing raised from group enterprises		156,323,262	529
Debt conversion		0	100,000
Loans raised		(31,869,049)	(19,036)
Cash flows from financing activities		**124,454,213**	**81,493**
Increase/decrease in cash and cash equivalents		**322,104**	**3,062**
Cash and cash equivalent beginning of year		5,605,170	2,543
Cash and cash equivalent end of year		**5,927,274**	**5,605**

Notes

1. Going Concern

In connection with the financial statement of Baker Hughes Denmark ApS for the year ended December 31, 2019, Baker Hughes Luxembourg Holdings S.C.A. has issued a letter of support to the company for a period of at least twelve months from the date of signing of the financial statements, so as to allow the Company to meet its obligations as they fall due.

Baker Hughes Denmark ApS has got access to the cash pool mechanism so in terms of liquidity the funds are available to the Company when required.

Loss of more than 50% of the contributed capital
The Company has lost more than 50% of its contributed capital and is thus subject to the provisions on loss of capital under the Danish Companies Act. The Company's owners will contribute new capital to restore the contributed capital. The plan has yet to be executed, but will be for no less than DKK 350.000.000 and will be completed by the end December 2020.

2. Uncertainty relating to recognition and measurement

Uncertainty of the valuation of the tax loss carried forward

During the financial year 2019, Baker Hughes Denmark ApS contributed to its carried forward losses of DKK 213m, but the specific amount relating to 2019 has yet to be quantified. The total losses are available to be carried forward and utilised by the joint taxation group. Upon finalisation of the Financial Statements the amount to be utilsed cannot be determined.

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.

Notes

2. Uncertainty relating to recognition and measurement (continued)

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.

Advanced technologies, such as 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.

Notes

2. Uncertainty relating to recognition and measurement (continued)

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 a material effect on our results of operations.

Price risk arises from fluctuations in interest rate and foreign exchange rates

Notes

	2019	2018
	DKK	DKK'000
3. Staff costs		
Wages and salaries	18,558,298	17,922
Pension costs	3,041,979	4,194
Other social security costs	1,717,573	1,451
	23,317,850	**23,567**
Average number of employees	25	24

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

	2019	2018
	DKK	DKK'000
4. Other financial income		
Exchange rate adjustments	8,661,503	5,695
Interest received from group enterprises	1,512,485	1,649
	10,173,988	**7,344**

	2019	2018
	DKK	DKK'000
5. Other financial expenses		
Interest paid to 3rd party	3,326,691	3,636
Exchange rate adjustments	11,712,728	14,921
Other financial expenses	168,224	85
	15,207,643	**18,642**

	2019	2018
	DKK	DKK'000
6. Tax on ordinary profit/loss for the year		
Current other indirect tax	54,443	19
Taxes related to joint taxation	(2,113,295)	(5,938)
	(2,058,852)	**(5,919)**

Notes

7. Proposed distribution of profit/loss	2019 DKK	2018 DKK'000
Retained earnings	(185,789,741)	(76,495)
	(185,789,741)	**(76,495)**

8. Property, plant and equipment	Plant and machinery 2019 DKK	Ships 2019 DKK	Other fixtures and fittings, tools and equipment 2019 DKK
Cost beginning of year	14,829,570	317,070,482	6,276,799
Additions	4,377,950	1,014,699	0
Disposals	(8,224,695)	0	(2,529)
Costs end of year	10,982,825	318,085,181	6,274,270
Depreciation and impairment losses beginning of year	(11,279,080)	(250,310,019)	(5,469,775)
Impairment losses for the year	0	(40,485,715)	0
Depreciation for the year	(1,264,266)	(27,289,447)	(225,933)
Reversal regarding disposals	3,659,821	0	1,098
Depreciation and impairment losses end of year	**(8,883,525)**	**(318,085,181)**	**(5,694,610)**
Carrying amount end of year	**2,099,300**	**0**	**579,660**
Assets held under finance leases	**0**	**0**	**0**

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 2018 has given an indication for a partially reversal of the impairment made in 2015 of DKK 18 million based on the revenue and cash flow projections, which has subsequently been reversed and fully written down in 2019.

Notes

9. Fixed assets investments	Other investments DKK	Other receivables DKK
Cost beginning of year	24,808,726	24,808,726
Additions	13,436,186	0
Impairment	(38,244,912)	0
Costs end of year	**0**	**24,808,726**
Carrying amount end of year	**0**	**24,808,726**

Investments in associates comprise:	Registered in	Corporate form	Equity interest (%)	2019 Equity ARS	2019 Profit/(loss) ARS
Baker Hughes Argentina SRL	Argentina	SRL	5.0	1,663,419,367	(1,571,263,240)

10. Trade receivables

	2019 DKK	2018 DKK'000
Long-term trade receivables	51,354,538	219
Trade receivables from customers	20,317,783	45,580
	71,672,321	**45,799**

Long-term trade receivables is related to contracts where given milestones are to be completed before payment will be received. Payment will be recevied in July 2021.

11. Contributed capital	Number	Par value DKK	Nominal value Equity interest (%)
Ordinary shares	510	1,000.00	510,000
	510		**510,000**

Changes in contributed capital	2019 DKK	2018 DKK	2017 DKK	2016 DKK	2015 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

12. Other provisions	Outstanding after 5 years DKK
Asset retirement obligation	30,619,149
	30,619,149

Notes

13. 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	29,978,696	0	0
Long term financial lease obligation	0	130,055,409	25,394,026
	29,978,696	**130,055,409**	**25,394,026**

14. Change in working capital	2019 DKK	2018 DKK'000
Increase/decrease in inventories	3,023,615	(979)
Increase/decrease in receivable	(29,164,766)	(38,017)
Increase/decrease in trade payable etc.	(5,448,960)	24,547
	(31,590,111)	**(14,449)**

15. 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 118 thousand, totaling DKK 2.733 thousand in the period until 1 December 2021. In addition the Company has entered into operating lease agreement of premises in Esbjerg with 30 days terminations notice. The monthly lease payments amount to DKK 13 thousand.

Car and other 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 5 thousand.

Also the Company has entered into operating lease agreements on office machines. The average monthly lease payment amount to DKK 2 thousand. The contract will expire after February 2020.

Notes

16. Contingent assets and liabilities

Contingent liabilities

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

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Starting with the 03. July 2017 the Management Company of the Danish joint taxation group is AcceptFinans ApS/GE Global Holding Denmark ApS.

Contingent asset

During the financial year 2019, Baker Hughes Denmark ApS contributed to its carried forward losses of DKK 213m, but the specific amount relating to 2019 has yet to be quantified. The total losses are available to be carried forward and utilised by the joint taxation group. Upon finalisation of the Financial Statements the amount to be utilsed cannot be determined.

17. 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.

18. Related parties transactions

	2019 DKK	2018 DKK'000
Revenue with Parent Company		0
Revenue with other related parties	20,691,164	7,625
Operating Costs with Parent Company		0
Operating Costs other with related parties	(90,489,896)	(81,968)
	(69,798,732)	**(74,343)**

Payables and receivables to related are disclosed in the balance sheet, and interest income is disclosed in note 5.

19. Group relations

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

Baker Hughes Company, 17021 Aldine Westfield Road, Houston, Texas, United States of America.

The consolidated annual report on Form 10-K can be obtained at www.bakerhughes.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 (medium) with opt-in form higher reporting class.

The accounting policies applied for these financial statements are consistent with those applied last year, except those disclosed under changes in accounting policies.

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

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.

Accounting policies (continued)

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.

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
The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.
On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

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

Accounting policies (continued)

Receivables
Receivables are measured at amortised cost, usually equaling 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. Subsequent 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.