

# Halliburton Denmark ApS

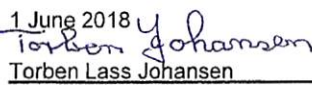
Storstrømsvej 6  
6715 Esbjerg  
Denmark

CVR no. 19 60 60 74

## Annual report 2017

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

1 June 2018



Torben Lass Johansen

chairman

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Halliburton Denmark ApS  
Annual report 2017  
CVR no. 19 60 60 74

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Halliburton Denmark ApS for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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

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

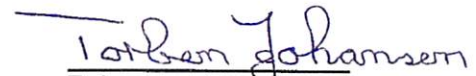
Esbjerg, 1 June 2018  
Executive Board:

  
Torben Lass Johansen

Board of Directors:

\_\_\_\_\_  
David Alexander Johnson  
Chairman

\_\_\_\_\_  
Martin Robert White

  
Torben Lass Johansen



## Independent auditor's report

### To the shareholder of Halliburton Denmark ApS

#### Opinion

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations 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 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.



## Independent auditor's report

- 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 Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 1 June 2018

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Møller Hansen  
State Authorised  
Public Accountant  
MNE no. 33220

Halliburton Denmark ApS  
Annual report 2017  
CVR no. 19 60 60 74

## Management's review

### Company details

Halliburton Denmark ApS  
Storstrømsvej 6  
6715 Esbjerg  
Denmark

Telephone: +45 79 14 54 00  
Fax: +45 79 14 54 10  
Website: Halliburton.com

CVR no.: 19 60 60 74  
Established: 1 July 1996  
Registered office: Esbjerg  
Financial year: 1 January – 31 December

### Board of Directors

David Alexander Johnson, Chairman  
Martin Robert White  
Torben Lass Johansen

### Executive Board

Torben Lass Johansen

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Jupitervej 4  
DK-6000 Kolding  
Denmark

## Management's review

### Financial highlights

DKK'000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Revenue	53,850	392,019	555,343	483,125	451,317
Operating profit/loss	-22,406	31,715	25,157	26,208	2,399
Profit/loss from financial income and expenses	4,148	7,354	-7,606	-9,945	-10,000
Profit/loss for the year	-20,853	31,110	13,637	12,849	-5,741
Fixed assets	55,721	92,528	130,675	121,692	102,428
Current assets	35,470	148,894	186,452	163,283	343,165
Total assets	91,191	241,422	317,127	284,975	445,593
Equity	10,970	180,591	149,481	135,844	122,994
Current liabilities other than provisions	77,391	52,215	161,023	144,292	320,389
Investment in property, plant and equipment	31,649	34,213	48,170	98,723	88,066
<b>Ratios</b>					
Gross margin	-52.52%	8.78%	10.66%	11.93%	8.48%
Operating margin	-41.61%	8.09%	4.53%	5.42%	0.53%
Current ratio	45.83%	285.16%	115.79%	12.75%	8.35%
Return on equity	-21.77%	18.85%	9.80%	9.60%	-4.90%
Solvency ratio	12.02%	74.80%	47.00%	47.70%	27.60%
Average number of full-time employees	34	80	103	86	71

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

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

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

Current ratio 
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

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

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



## Management's review

### Operating review

#### Principal activities

Halliburton Denmark ApS' principal activities comprise establishment and stimulation of oil and gas wells in the Danish North Sea sector.

#### Unusual circumstances

Due to the downturn in the industry, the rig count/activity for the Denmark sector is heavily reduced compared to prior years. Continuous measures are taken to reduce cost accordingly to adapt to the situation.

#### Development in activities and financial position

Halliburton Denmark ApS won a sizable long term award expecting a significant increase in activity and revenues in 2018 and following years.

#### *Profit/loss for the year (including comparison with forecasts previously announced)*

The Company reported a loss for the year of DKK 20,853 thousand (2016: a profit of DKK 31,110 thousand). Loss for the year was positively affected by the gain on disposals of fixed assets amounting to DKK 17,159 thousand.

In 2017, the Company's activities with regard to revenue were influenced by the decrease in the number of projects, as well as number of rigs decreased massively. Operating profit was lower than expected due to the difficult market conditions and pressure on pricing in addition to the currency exchange rate challenge vis-à-vis the US dollars.

#### *Investments*

No major investments were made in 2017 other than investments related to intra-group transfers of production equipment.

#### *Capital resources*

The solvency ratio of the Company accounted for 12.02% (2016: 74.8%).

#### **Outlook**

Due to the long term contract win with a major customer we expect the activity and revenue to significantly increase in 2018.

## Management's review

### Operating review

#### Particular risks

##### *Operational risks*

The Company's major risks relate to potential claims from its main activities. The Halliburton Group is a world leading and recognised supplier of services for oil and gas wells, and there is much focus on delivering high-quality services and products.

The Company's services to customers are performed in challenging environments that can be dangerous. Catastrophic events such as a well blowout, fire or explosion can occur, resulting in property damage, personnel injury, death, pollution and environmental damage. Agreements with certain customers require them to indemnify us for these types of events and any resulting damage or injuries (except in some cases, claims by our employees, loss or damage to our property and any pollution emanating directly from our equipment). The Company will be exposed to significant potential losses should such catastrophic events occur.

##### *Currency risks*

The Company's functional currency is DKK. However, the majority of costs as well as intragroup and intercompany accounts are settled in USD. The Company is therefore exposed to USD/DKK currency fluctuations. The risk is managed centrally for the entire Halliburton Group, and it is group policy not to provide any hedging to the individual group companies.

##### *Credit risks*

The Company is exposed to credit risks in the ordinary course of business.

All new customers are credit rated when signing new contracts.

Based on experience and the customer's portfolio, the credit risk of the Company is acceptable.

#### Corporate social responsibility

Halliburton has an ethics hotline to call if someone violates our code of business conduct. Discrimination is definitely not being tolerated within our organisation.

The Company is covered by the Halliburton Group's ethical guidelines and rules for corporate social responsibility, including climate, environment and human rights. Therefore, the Company has decided not to prepare a separate statement on Corporate Social Responsibility.

Reference is made to Halliburton Group's Corporate Sustainability report for 2017 for a comprehensive description of policies, activities and results.

The Corporate sustainability report is available at  
<http://www.halliburton.com/en-US/about-us/sustainability/default.page?node-id=hgeyxt7i#>

## Management's review

### Operating review

#### Goals and policies for the underrepresented gender

Halliburton strives to foster a culture that is free from discrimination. This is one of the main points of our ethical rules. Halliburton Denmark currently has many nationalities across all cultures working in Denmark.

Halliburton is committed to giving men and women equal opportunities in an industry that has a preponderance of male employees. The proportion of women in the organisation receives a high degree of focus; and this will be taken into consideration when new additions to the board and leadership are relevant.

The Company has a target of one female to be added to the Board of Directors by 2022 at the latest. Currently, three male members serve on the the Board of Directors.

The cementing supervisor being currently in Denmark is a woman. The leadership team consists of several females, still though the goal is to have the number of females in the leadership team increased.

#### Environmental matters

Our objective is that the Company should not have any negative impact on the environment. This is embodied in the Company's HSE policy.

Chemicals are used in production which can be hazardous to the environment if not handled properly. Necessary safety precautions have been taken, and the Company has an ongoing dialogue with local environmental authorities. Any incidents are reported immediately and followed up on.

#### Intellectual capital

Competent and trained employees are crucial to the Company's operations. Employees therefore attend relevant training programs (instructor led and / or online) and are supported by group functions.

#### Research and development activities

The Company does not have its own research and development activity. Such activities are handled by other companies in the organisation.

#### Events after the balance sheet date

There have been no events after the balance sheet date significantly affecting the financial position of the Company.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2017	2016
<b>Revenue</b>	2	53,850	392,019
Production costs	3, 4	<u>-82,133</u>	<u>-357,601</u>
<b>Gross profit/loss</b>		-28,283	34,418
Distribution costs	3	-2,393	-7,701
Administrative expenses	3, 5	-8,889	-19,721
Other operating income	6	<u>17,159</u>	<u>24,719</u>
<b>Operating profit/loss</b>		-22,406	31,715
Financial income	7	859	7,402
Financial expenses	9	<u>-5,007</u>	<u>-48</u>
<b>Profit/loss before tax</b>		-26,554	39,069
Tax on profit/loss for the year	8	<u>5,701</u>	<u>-7,959</u>
<b>Profit/loss for the year</b>	10	<u><u>-20,853</u></u>	<u><u>31,110</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	4		
Land and buildings		13,945	14,649
Property, plant and equipment in progress		1,369	1,383
Plant and machinery		38,805	75,277
Fixtures and fittings, tools and equipment		1,149	430
		<u>55,268</u>	<u>91,739</u>
<b>Investments</b>			
Deposits		453	789
		<u>453</u>	<u>789</u>
<b>Total fixed assets</b>		<u>55,721</u>	<u>92,528</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		3,391	5,927
		<u>3,391</u>	<u>5,927</u>
<b>Receivables</b>			
Trade receivables		6,728	14,475
Receivables from group entities		24,031	126,955
Other receivables		1,043	730
Prepayments	11	277	807
		<u>32,079</u>	<u>142,967</u>
<b>Total current assets</b>		<u>35,470</u>	<u>148,894</u>
<b>TOTAL ASSETS</b>		<u><u>91,191</u></u>	<u><u>241,422</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	12		
Contributed capital		600	600
Retained earnings		10,370	179,991
<b>Total equity</b>		<u>10,970</u>	<u>180,591</u>
<b>Provisions</b>			
	13		
Provisions for deferred tax		2,221	8,012
Other provisions		609	604
<b>Total provisions</b>		<u>2,830</u>	<u>8,616</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Banks, current liabilities		51	55
Trade payables		2,320	6,025
Payables to group entities		62,800	16,392
Corporation tax		5,567	6,587
Other payables		6,653	23,156
		<u>77,391</u>	<u>52,215</u>
<b>Total liabilities other than provisions</b>		<u>77,391</u>	<u>52,215</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>91,191</u>	<u>241,422</u>
<b>Fees to auditor appointed at the general meeting</b>	5		
<b>Contractual obligations, contingencies, etc.</b>	14		
<b>Currency and interest rate risks and the use of derivative financial instruments</b>	15		
<b>Related party disclosures</b>	16		

## Financial statements 1 January – 31 December

### Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	600	179,991	180,591
Transferred over the distribution of loss	0	-20,853	-20,853
Extraordinary dividends paid	0	-148,768	-148,768
<b>Equity at 31 December 2017</b>	<u>600</u>	<u>10,370</u>	<u>10,970</u>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Halliburton Denmark ApS for 2017 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of cash flow statement

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

#### Foreign currency translation

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

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

#### Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables and other payables.

#### Income statement

##### Revenue

Income from the sale of goods, comprising the sale of goods for resale, finished goods and services to the offshore industry, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

##### Production costs

Production costs comprise costs incurred in generating revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Staff costs

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

##### Distribution costs

Costs incurred in distributing goods sold and in conducting sales campaigns as well as travelling expenses, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff are recognised as distribution costs.

##### Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses and depreciation.

##### Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

##### Financial income and expenses

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

##### Tax on profit/loss for the year

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

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish tax subjects. The subjects are included in the joint taxation from the date on which they are included in the consolidated financial statements at group level and up to the date when they are excluded from the consolidation.

The Company is the administrative company under the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation 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 the tax losses to reduce their own taxable profit.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

#### Balance sheet

##### Property, plant and equipment

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

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

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

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

Land and buildings	25 - 40 years
Plant and machinery	3 - 15 years
Fixture and fittings, tools and equipment	3 - 12 years

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

Land is not depreciated.

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

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

##### Leases

On initial recognition, leases for non-current assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other non-current assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

#### Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flow from the use of the asset or the group of assets including expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at weighted average cost. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

#### Receivables

Receivables are measured at amortised cost.

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

#### Prepayments

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

#### Equity

##### *Dividends*

The expected dividend payment for the year is disclosed as a separate item under equity.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

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

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

##### Provisions

Provisions comprise anticipated costs of restoration. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

##### Liabilities other than provisions

Other liabilities are measured at net realisable value.

## Financial statements 1 January – 31 December

### Notes

#### 2 Segment information

##### Activities - primary segment

The Company's sale of goods primarily relates to two segment: Completion and production (C&P) and Drilling and evaluation (D&E).

##### Geographical - secondary segment

The Company's sale of goods and services relate to Denmark.

##### Activities – primary segment

DKK'000	C&P	D&E	Total
<b>2017</b>			
Revenue	46,102	7,748	53,850

#### 3 Staff costs

DKK'000	2017	2016
Wages and salaries	26,845	77,354
Pensions	2,077	4,424
Other staff costs	586	534
	<u>29,508</u>	<u>82,312</u>

Wages and salaries, pensions and other social security costs are recognised as follows:

Production costs	26,321	73,340
Distribution costs	1,414	3,109
Administrative expenses	1,773	5,863
	<u>29,508</u>	<u>82,312</u>

Average number of full-time employees	<u>34</u>	<u>80</u>
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According to Section 98 b of the Danish Financial Statements Act, remuneration etc., of the Board of Directors has not been disclosed. The Board of Directors does not receive any remuneration.

## Financial statements 1 January – 31 December

### Notes

#### 4 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2017	15,660	161,739	5,491	1,383	184,273
Additions	0	28,432	3,217	0	31,649
Disposals	0	-67,509	-4,524	-14	-72,047
Cost at 31 December 2017	15,660	122,662	4,184	1,369	143,875
Depreciation and impairment losses at 1 January 2017	-1,011	-86,462	-5,061	0	-92,534
Depreciation	-704	-27,111	-301	0	-28,116
Disposals	0	29,716	2,327	0	32,043
Depreciation and impairment losses at 31 December 2017	-1,715	-83,857	-3,035	0	-88,607
<b>Carrying amount at 31 December 2017</b>	<b>13,945</b>	<b>38,805</b>	<b>1,149</b>	<b>1,369</b>	<b>55,268</b>

DKK'000	2017	2016
<b>Depreciation expenses are recognised as follows:</b>		
Production costs	28,116	32,338

#### 5 Fees to auditor appointed at the general meeting

<b>Total fees to KPMG</b>		
Audit fee	95	178
Tax advisory services	52	50
Other assistance	189	164
	<u>336</u>	<u>392</u>

#### 6 Other operating income

Other operating income for 2017 is represented by the gain on disposals of fixed assets amounting to DKK 17,159 thousand.

## Financial statements 1 January – 31 December

### Notes

DKK'000	2017	2016
<b>7 Financial income</b>		
Interest income from group entities	859	1,213
Exchange gains	<u>0</u>	<u>6,189</u>
	<u>859</u>	<u>7,402</u>
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	0	-7,229
Deferred tax for the year	5,791	-1,389
Adjustment of tax concerning previous years	0	684
Other taxes	<u>-90</u>	<u>-25</u>
	<u>5,701</u>	<u>-7,959</u>
<b>9 Financial expenses</b>		
Interest expense to group entities	342	0
Other financial costs	34	48
Exchange losses	<u>4,631</u>	<u>0</u>
	<u>5,007</u>	<u>48</u>
<b>10 Proposed profit appropriation/distribution of loss</b>		
Retained earnings	<u>-20,853</u>	<u>31,110</u>
<b>11 Receivables</b>		
<b>Prepayments</b>		
Prepaid rent	<u>277</u>	<u>807</u>
	<u>277</u>	<u>807</u>
<b>12 Equity</b>		

The share capital consists of 6,000 shares of DKK 100 each. All shares carry the same voting rights.

## Financial statements 1 January – 31 December

### Notes

#### 13 Provisions

DKK'000	Deferred tax	Other provisions	Total
Provision at 1 January	8,012	604	8,616
Additions / Disposals	-5,791	5	-5,786
Provision at 31 December	2,221	609	2,830

Deferred tax relates primarily to property, plant and equipment.

#### 14 Contractual obligations, contingencies, etc.

##### Contingent liabilities

Lease obligations (operating leases) for premises falling due within 18 years total DKK 15,579 thousand (2016: DKK 31,812 thousand). Remaining lease obligations on cars at the balance sheet date make up DKK 326 thousand and falling due within 13 months.

Halliburton Denmark ApS is jointly taxed with the Danish activities of Halliburton AS and Halliburton Manufacturing And Services Limited. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail and increase in the entities' liability.

As at 31 December 2017, the Company was a party to a pending lawsuit with a former employee. The case was ongoing for last few years. No provision was created in the balance sheet as the outcome was not clear as of the balance sheet date. In May 2018, the case was closed without material effect on the company's financial position, which was in line with the Management's assessment as at year end.

#### 15 Currency and interest rate risks and the use of derivative financial instruments

As at 31 December 2017, the Company's currency risk is mainly originated on accounts receivable and accounts payable from group entities denominated in US dollars with a net position exposure payable of DKK 40,293 thousand.

The Company does not face any interest rate risk and did not use any derivative financial instruments in 2017.

#### 16 Related party disclosures

Halliburton Denmark ApS' related parties comprise the following:

##### Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.



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## Financial statements 1 January – 31 December

### Notes

#### Ownership

Halliburton Company GmbH, Celle, Germany, holds the entire share capital. The ultimate parent company is Halliburton Company, Houston, USA.

The consolidated financial statements are available on the Company's website, [www.halliburton.com](http://www.halliburton.com).

#### Parties exercising control

Halliburton Denmark ApS' related parties exercising control comprise companies in the Halliburton Group and the Companies Board of Directors and Executive boards as well as executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

#### Parent Company

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