Pon Holding Denmark A/S

Park Allé 363
2605 Brøndby

CVR no. 21 86 47 06

Annual report for the period 1 January – 31 December 2017

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

1 June 2018

Rudolf Hendrik Nieweg
chairman

Contents

Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Brøndby 31 May 2017
Executive Board:

Annette Birgit
Jacobsen

Board of Directors:

Rudolf Hendrik Nieweg Chairman	Annette Birgit Jacobsen	Kim Holdrup

KPMG

Independent auditor's report

To the shareholder of Pon Holding Denmark A/S

Opinion

We have audited the financial statements of Pon Holding Denmark A/S 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.

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.

Copenhagen, 1 June 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
MNE no. 32271

Management's review

Company details

Pon Holding Denmark A/S
Park Allé 363
2605 Brøndby

CVR no.:	21 86 47 06
Established:	1 July 1989
Registered office:	Brøndby
Financial year:	1 January – 31 December

Board of Directors

Rudolf Hendrik Nieweg, Chairman
Kim Holdrup
Annette Birgit Jacobsen

Executive Board

Annette Birgit Jacobsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 1 June 2018.

Management's review

Operating review

Principal activities

The Company acts as holding company for the Dutch Pon Group' activities in Denmark and Greenland. The subsidiaries comprise Pon Power A/S, Pon Equipment A/S, Sitech Denmark A/S, Pon Equipment and Pon Power Greenland ApS and Gazelle Denmark A/S.

The subsidiaries primary activities comprise rental, purchase, sale and service of Caterpillar construction machinery and sale and service of Caterpillar and MaK engines for the marine and Oil & Gas industry.

The Company and its subsidiaries are included in the consolidated financial statements of Pon Holding B.V. 'Huis 'De salentein,' Puttenstraatweg 5, NL-3860 AA Nuijekerte.

Development in activities and financial position

The loss for the year amounted to DKK 19.8 million against a loss of DKK 24.3 million in 2016. The loss is a result of negative results in subsidiaries, including amortisation of group goodwill and finance costs.

The Company has merged with the subsidiary Pon Rental A/S as at 1 January 2017. The Company was dormant with limited financial effect.

Capital resources

At 31 December 2017, the Company's equity amounted to DKK 16.8 million against DKK 36.6 million in 2016, which is equivalent to a solvency ratio of 7.8 % against 14.5 % in 2016. The Company has lost more than half of its contributed capital at 31 December 2017.

The Company's operation is financed by the Parent Company. Management considers the Company's cash resources and the financial commitment from the Parent Company as sufficient capital resources for the expected activities for the coming year.

Outlook

The Company expects an improved results for 2018; however, it is still expected to be negative.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross loss		-352	-518
Operating loss		-352	-518
Income from equity investments in group entities	2	-11,292	-6,781
Financial income	3	1,777	2,110
Financial expenses	4	-12,339	-20,896
Loss before tax		-22,206	-26,085
Tax on profit/loss for the year	5	2,401	1,762
Loss for the year		-19,805	-24,323

Proposed distribution of loss

Retained earnings		-19,805	-24,323

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Investments	6		
Equity investments in group entities		141,508	145,962
		141,508	145,962
Total fixed assets		141,508	145,962
Current assets			
Receivables			
Receivables from group entities		38,294	107,303
Other receivables		162	0
Corporation tax		1,194	0
		39,650	107,303
Cash at bank and in hand		35,854	0
Total current assets		75,504	107,303
TOTAL ASSETS		217,012	253,265

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	7		
Contributed capital		50,000	50,000
Retained earnings		-33,158	-13,353
Total equity		16,842	36,647
Liabilities other than provisions			
Non-current liabilities other than provisions	8		
Payables to group entities		200,000	200,000
		200,000	200,000
Current liabilities other than provisions			
Banks, current liabilities		0	13,673
Trade payables		170	143
Payables to group entities		0	2,802
		170	16,618
Total liabilities other than provisions		200,170	216,618
TOTAL EQUITY AND LIABILITIES		217,012	253,265
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity at 1 January 2017	50,000	-13,353	36,647
Transferred over the distribution of loss	0	-19,805	-19,805
Equity at 31 December 2017	50,000	-33,158	16,842

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Pon Holding Denmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B 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.

With retrospective effect, the Company merged with Pon Rental A/S. The "pooling-of-interests method" was applied to the merger. The comparative figures only relate to Pon Holding Denmark A/S.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Pon Holding Denmark A/S and group entities are included in the consolidated financial statements of Pon Holdings B.V., Putterstraatweg 5, NL-3862 Nijkerk.

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.

Income statement

Other external costs

Other external costs comprise distribution costs and costs related to administration, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for 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 used the losses to reduce their own taxable profit.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Balance sheet

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Impairment of fixed assets

The carrying amount of equity investments in group entities 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 flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

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

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Dividends that are expected to be received before the balance sheet date are not tied to the reserve.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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

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

The Company is jointly taxed with danish subsidiaries.

Liabilities other than provisions

Liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK'000		2017	2016
2	**Income from equity investments in group entities, net of tax**		
	Profit/loss for the year	10,608	6,097
	Depreciation of goodwill	684	684
		11,292	6,781
3	**Financial income**		
	Interest income from group entities	1,777	2,110
		1,777	2,110
4	**Financial expenses**		
	Interest expense to group entities	12,014	16,305
	Other financial costs	325	398
	Exchange losses	0	4,193
		12,339	20,896
5	**Tax on profit/loss for the year**		
	Jount tax contribution	-1,212	-1,762
	Adjustment of tax concerning previous years	-1,189	0
		-2,401	-1,762

The Company has per 31 December 2017 deferred tax asset of DKK 13,732 thousand (2016: DKK 11,330 thousand). The deferred tax asset is not recognised in the financial statements, since management is of the opinion that there is uncertainty about future use.

Financial statements 1 January – 31 December

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6 Investments

DKK'000	2017	2016
Cost at 1 January 2017	490,145	490,145
Additions for the year	9,800	0
Net effect from merger	-75,220	0
Cost at 31 December 2017	424,725	490,145
Revaluations at 1 January 2017	-344,183	-337,402
Net effect from merger	72,258	0
Net profit/loss for the year	-10,608	-6,097
Depreciation of goodwill	-684	-684
Revaluations 31 December 2017	-283,217	-344,183
Carrying amount at 31 December 2017	141,508	145,962
Hereof portion of non-amortised goodwill	2,737	3,421

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Pon Power A/S	Ballerup	100%	104,045	4,787
Pon Equipment A/S	Brøndby	100%	26,515	-10,365
Sitech Denmark A/S	Horsens	100%	5,356	-2,126
Gazelle Denmark A/S	Ballerup	100%	1,792	378
Pon Equipment and Pon Power Greenland ApS	Nuuk, Greenland	100%	694	-3,282
			138,402	-10,608

7 Equity

The contributed capital consists of 50,000 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

Financial statements 1 January – 31 December

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8 Non-current liabilities other than provisions

DKK'000	2017	2016	Outstanding debt after five years
Payables to group entities	200,000	200,000	200,000
	200,000	200,000	200,000

9 Contractual obligations, contingencies, etc.

The Company is jointly taxed with the other Danish consolidated enterprises. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. may entail that the Company's liability will increase.

10 Related party disclosures

Pon Holding Denmark A/S' related parties comprise the following:

Control

Pon Holdings B.V., immediate parent company. The Group annual report of the foreign parent company can be obtained at the following adress: Pon Holdings B.V., Putterstraatweg 5, 3862 RA Nijkerk, The Netherlands.

Other related parties

Pon Holding Denmark A/S' related parties with controlling interest comprise companies within the Pon Holdings B.V. Group and the companies' boards of directors, chief executive officer and executive employees and their family members.

Further, related parties comprise companies in which the above persons have substantial interests.

Related party transactions

In accordance with section 98c(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.