

Pon Holding Denmark A/S

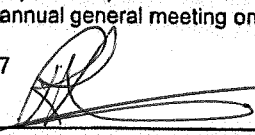
Park Allé 363
2605 Brøndby

CVR no. 21 86 47 06

Annual report 2016

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

31 May 2017



chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements 1 January – 31 December	
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13

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.

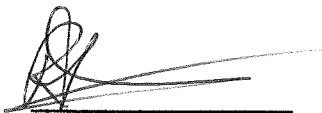
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Brøndby 31 May 2017
Executive Board:

Annette Birgit
Jacobsen

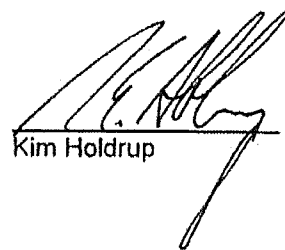
Board of Directors:



Rudolf Hendrik Nieweg
Chairman



Annette Birgit
Jacobsen



Kim Holdrup



Independent auditor's report

To the shareholders 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 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibility for the financial statements

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

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



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



Independent auditor's report

audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Per Ejsing Olsen'.

Per Ejsing Olsen
State Authorised
Public Accountant

Pon Holding Denmark A/S
Annual report 2016
CVR no. 21 86 47 06

Management's review

Company details

Pon Holding Denmark A/S
Park Allé 363
2605 Brøndby

CVR no.: 21 86 47 06
Established: 1 July 1999
Registered office: Brøndby
Financial year: 1 January – 31 December

Board of Directors

Rudolf Hendrik Nieweg, Chairman
Annette Birgit Jacobsen
Kim Holdrup

Executive Board

Annette Birgit Jacobsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 31 May 2017 at the Company's address.

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Gross profit/loss	-518	-277	-250	-570	-328
Profit/loss from financial income and expenses	-18,786	-13,202	-5,245	-10,122	-14,401
Profit/loss for the year	-24,323	-9,653	-104,053	-77,047	-30,525
Total assets					
Total assets	253,265	259,819	282,385	433,073	410,866
Equity					
Equity	36,647	-13,222	-3,569	100,484	-92,469
Ratios					
Solvency ratio	14.50%	-5.10%	-1.30%	23.20%	-22.50%

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:

Solvency ratio

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

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, Pon Rental A/S, Sitech Denmark A/S, Pon Equipment and Pon Power Greenland ApS and Gazelle 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 industry and combined heat/power station.

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 Nuijkerte.

Development in activities and financial position

The loss for the year amounted to DKK 24.3 million against a loss of DKK 9.7 million in 2015. The loss is a result of negative results in subsidiaries including amortisation of group goodwill and finance costs.

Capital resources

At 31 December 2016, the Company's equity amounted to DKK 36.6 million against negative DKK 13.2 million in 2015, which is equivalent to a solvency ratio of 14.5 pct. against -5.1 pct. in 2015.

The Company's operation is financed by credit lines in banks and the Parent company in the Netherlands. Management estimates that the Company's credit lines and financial commitment from the Pon Group in the Netherlands offer sufficient capital resources for the expected activities for the coming year.

Outlook

The Company expects an improved results for 2017, however it is still expected to be negative.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross loss		-518	-277
Income from equity investments in group entities, net of tax	2	-6,781	2,228
Financial income	3	2,110	3,355
Financial expenses	4	-20,896	-16,557
Loss before tax		-26,085	-11,251
Tax on profit/loss for the year	5	1,762	1,598
Loss for the year		-24,323	-9,653
Proposed distribution of loss			
Retained earnings		-24,323	-9,653
		-24,323	-9,653

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Investments	6		
Equity investments in group entities		145,962	152,743
		<u>145,962</u>	<u>152,743</u>
Total fixed assets		<u>145,962</u>	<u>152,743</u>
Current assets			
Receivables			
Receivables from group entities		107,303	102,916
Joint taxation contribution		0	1,598
		<u>107,303</u>	<u>104,514</u>
Cash at bank and in hand		0	2,562
Total current assets		<u>107,303</u>	<u>107,076</u>
TOTAL ASSETS		<u><u>253,265</u></u>	<u><u>259,819</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	7		
Share capital		50,000	50,000
Retained earnings		-13,353	-63,222
Total equity		<u>36,647</u>	<u>-13,222</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities		200,000	270,000
		<u>200,000</u>	<u>270,000</u>
Current liabilities other than provisions			
Banks		13,673	0
Trade payables		143	12
Payables to group entities		2,802	3,029
		<u>16,618</u>	<u>3,041</u>
Total liabilities other than provisions		<u>216,618</u>	<u>273,041</u>
TOTAL EQUITY AND LIABILITIES		<u>253,265</u>	<u>259,819</u>
Events after the balance sheet date	8		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	50,000	-53,569	-3,569
Transferred; see the distribution of loss	<u>0</u>	<u>-9,653</u>	<u>-9,653</u>
Equity at 1 January 2016	50,000	-63,222	-13,222
Group contribution	0	74,192	74,192
Transferred over the distribution of loss	<u>0</u>	<u>-24,323</u>	<u>-24,323</u>
Equity at 31 December 2016	<u>50,000</u>	<u>-13,353</u>	<u>36,647</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

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

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Omission of cash flow statement

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

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Other external costs

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

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in group entities 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Liabilities are measured at net realisable value.

2 Income from equity investments in group entities, net of tax

DKK'000	2016	2015
Profit/loss for the year	-6,097	2,912
Depreciation of goodwill	-684	-684
	<u>-6,781</u>	<u>2,228</u>

3 Financial income

Interest income from group entities	<u>2,110</u>	<u>3,355</u>
	<u>2,110</u>	<u>3,355</u>

4 Financial expenses

Interest expense to group entities	-16,305	-16,261
Foreign exchange and redemption losses	-4,193	-5
Other financial expenses	<u>-398</u>	<u>-291</u>
	<u>-20,896</u>	<u>-16,557</u>

5 Tax on profit/loss for the year

Joint tax contribution received	<u>1,762</u>	<u>1,598</u>
	<u>1,762</u>	<u>1,598</u>

Financial statements 1 January – 31 December

Notes

6 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2016	490,145
Cost at 31 December 2016	490,145
Revaluations at 1 January 2016	-337,402
Depreciation of goodwill	-684
Profit/loss for the year	-6,097
Revaluations at 31 December 2016	-344,183
Carrying amount at 31 December 2016	145,962

DKK'000	2016	2015
Portion relating to the remaining balance (non-amortised goodwill)	3,421	4,105
	3,421	4,105

Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Pon Equipment A/S	Brøndby, Denmark	100%	36,880	-5,258
Pon Rental Denmark A/S	Horsens, Denmark	100%	2,952	0
Pon Power A/S	Esbjerg, Denmark	100%	99,257	1,326
Sitech Denmark A/S	Horsens, Denmark	100%	1,481	-1,441
Gazelle Denmark A/S	Ballerup, Denmark	100%	1,792	376
Pon Equipment and Power Greenland ApS	Nuuk, Greenland	100%	176	-1,100
			142,538	-6,097

Financial statements 1 January – 31 December

Notes

7 Equity

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

All shares rank equally.

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

8 Events after the balance sheet date

No events have occurred after the balance sheet date that materially affects the Company's financial position.