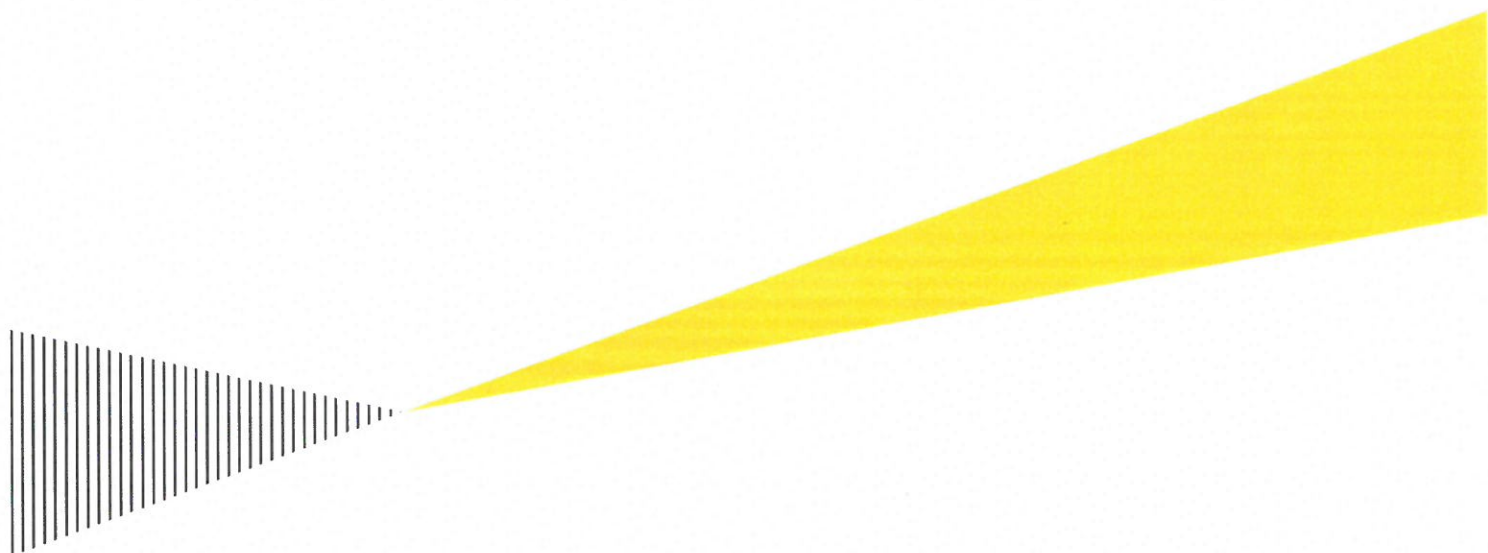


# Weatherford Danmark A/S

Høgevej 12-14, 6705 Esbjerg Ø

CVR no. 32 83 26 01



## Annual report 2015

Approved at the annual general meeting of shareholders on 28 April 2016

Chairman:

Handwritten signature of Bo Hjøllund Christensen in blue ink.

Bo Hjøllund Christensen



Building a better  
working world



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### 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 Weatherford Danmark A/S for the financial year 1 January - 31 December 2015.

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

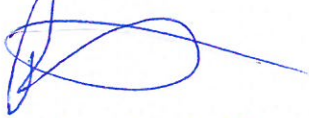
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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

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

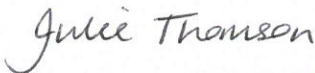
Esbjerg, 28 April 2016

Executive Board:

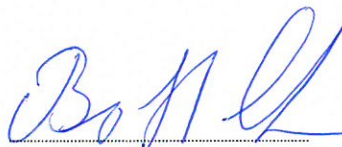


Paul John George Brebner

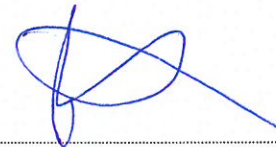
Board of Directors:



Julie Mary Thomson  
Chairman



Bo Hjøllund Christensen



Paul John George Brebner

## Independent auditors' report

To the shareholders of Weatherford Danmark A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Weatherford Danmark A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

### *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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

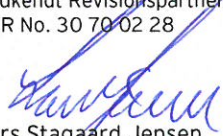
### *Opinion*


In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 28 April 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Lars Stagaard Jensen  
State Authorised Public Accountant

  
Birgitte Nygaard Jørgensen  
State Authorised Public Accountant





## Management's review

### Company details

Name	Weatherford Danmark A/S
Address, Postal code, City	Høgevej 12-14, 6705 Esbjerg Ø
CVR No.	32 83 26 01
Established	26 February 2010
Registered office	Esbjerg
Financial year	1 January - 31 December
Board of Directors	Julie Mary Thomson, Chairman Bo Hjøllund Christensen Paul John George Brebner
Executive Board	Paul John George Brebner
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33, 6700 Esbjerg, Denmark

## Management's review

### Financial highlights

DKK'000	2015	2014	2013	2012	2011
<b>Key figures</b>					
Gross margin	110,406	71,695	46,982	26,859	16,020
Operating profit	65,427	34,755	21,202	8,225	7,210
Net financials	1,754	5,427	-164	-1,363	-2,669
<b>Profit/loss for the year</b>	<b>51,272</b>	<b>30,333</b>	<b>15,831</b>	<b>5,143</b>	<b>3,384</b>
<b>Balance sheet</b>					
Total assets	142,941	149,438	73,627	66,929	54,557
Investment in property, plant and equipment	21,414	13,786	6,791	3,631	24,862
<b>Equity</b>	<b>71,972</b>	<b>64,525</b>	<b>34,192</b>	<b>18,361</b>	<b>13,217</b>
<b>Financial ratios</b>					
Return on assets	44.8%	31.2%	30.2%	13.5%	19.4%
Current ratio	147.2%	140.9%	129.3%	92.7%	77.5%
Solvency ratio	50.4%	43.2%	46.4%	27.4%	24.2%
Return on equity	75.1%	61.5%	60.2%	32.6%	39.0%
<b>Personnel</b>					
<b>Average number of employees</b>	<b>49</b>	<b>45</b>	<b>32</b>	<b>22</b>	<b>11</b>



## **Management's review**

### **Operating review**

#### **The Company's business review**

The main activity of the company is to trade in development, production and sales of products and services within the energy sector. The activities are primarily directed towards operators within the oil and gas industry.

#### **Financial review**

The company's income statement for the year ended 31 December 2015 shows a net profit of DKK 51,272 thousand, and the balance sheet at 31 December 2015 shows equity of DKK 71,972 thousand.

The profit is in accordance with expectations.

#### **Knowledge resources**

The company performs current development of processes and upgrading of employees.

#### **Special risks**

Activities in foreign currency implies that profit and equity may be influenced by the exchange rate development. The company reacts on an ongoing basis to the current exposure to counter such an influence.

#### **Impact on the external environment**

The company is eco-conscious and has implemented an internal environment policy. The company is currently working on reduction of the environment influences from the company's operation.

#### **Post balance sheet events**

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

#### **Outlook**

The Energy Sector is currently facing a challenging period due to the low Oil price. The Company expects activities and earnings for 2016 to be reduced compared to 2015 due to the current market conditions.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2015	2014
	<b>Gross profit</b>	110,405,767	71,694,647
2	Staff costs	-35,688,071	-31,936,034
	Depreciation and impairment of property, plant and equipment	-9,291,185	-5,003,141
	<b>Operating profit</b>	65,426,511	34,755,472
3	Financial income	2,999,618	6,054,768
4	Financial expenses	-1,245,400	-627,792
	<b>Profit before tax</b>	67,180,729	40,182,448
5	Tax for the year	-15,908,720	-9,849,000
	<b>Profit for the year</b>	51,272,009	30,333,448
	<b>Proposed profit appropriation</b>		
	Proposed dividend recognised under equity	50,000,000	0
	Extraordinary dividend distributed	43,825,320	0
	Retained earnings/accumulated loss	-42,553,311	30,333,448
		51,272,009	30,333,448



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
6	<b>Property, plant and equipment</b>		
	Plant and machinery	897,535	1,226,100
	Other fixtures and fittings, tools and equipment	40,591,001	31,010,897
	Leasehold improvements	363,544	738,757
		<u>41,852,080</u>	<u>32,975,754</u>
	<b>Total non-current assets</b>	<u>41,852,080</u>	<u>32,975,754</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	6,587,430	7,605,689
		<u>6,587,430</u>	<u>7,605,689</u>
	<b>Receivables</b>		
	Trade receivables	50,711,490	51,099,886
	Receivables from group entities	37,639,199	55,938,356
	Other receivables	255,000	337,631
7	Deferred income	126,425	329,623
		<u>88,732,114</u>	<u>107,705,496</u>
	<b>Cash</b>	5,769,560	1,150,463
	<b>Total current assets</b>	<u>101,089,104</u>	<u>116,461,648</u>
	<b>TOTAL ASSETS</b>	<u>142,941,184</u>	<u>149,437,402</u>



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2015	2014
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
8	Share capital	7,682,100	7,682,100
	Retained earnings	14,289,979	56,843,290
	Dividend proposed for the year	50,000,000	0
	<b>Total equity</b>	<u>71,972,079</u>	<u>64,525,390</u>
	<b>Provisions</b>		
	Deferred tax	2,289,000	2,246,000
	<b>Total provisions</b>	<u>2,289,000</u>	<u>2,246,000</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Bank debt	3,687,624	1,436,763
	Trade payables	2,341,954	3,300,036
	Payables to group entities	27,157,907	46,675,134
	Income taxes payable	15,572,297	9,506,850
	Other payables	19,920,323	19,491,523
	Deferred income	0	2,255,706
		<u>68,680,105</u>	<u>82,666,012</u>
	<b>Total liabilities other than provisions</b>	<u>68,680,105</u>	<u>82,666,012</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>142,941,184</u>	<u>149,437,402</u>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Related parties



## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed for the year</u>	<u>Total</u>
Equity at 1 January 2015	7,682,100	56,843,290	0	64,525,390
Profit/loss for the year	0	1,272,009	50,000,000	51,272,009
Extraordinary dividend distributed	0	-43,825,320	0	-43,825,320
<b>Equity at 31 December 2015</b>	<b>7,682,100</b>	<b>14,289,979</b>	<b>50,000,000</b>	<b>71,972,079</b>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Weatherford Danmark A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

#### Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for Weatherford International plc, which can be obtained at [www.weatherford.com](http://www.weatherford.com).

#### Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

#### 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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and 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 at 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.

#### Leases

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

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised over the term of the lease.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

#### Income statement

##### Revenue

Income from sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

##### Depreciation and impairment of property, plant and equipment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	5 years
Plant and machinery	7 years
Other fixtures and fittings, tools and equipment	2-12 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale 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. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

###### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### Corporation 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.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to 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 due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK	<u>2015</u>	<u>2014</u>
<b>2 Staff costs</b>		
Wages/salaries	33,626,637	29,947,310
Pensions	1,711,078	1,603,767
Other social security costs	350,356	384,957
	<u>35,688,071</u>	<u>31,936,034</u>
Average number of full-time employees	<u>49</u>	<u>45</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed.		
<b>3 Financial income</b>		
Interest receivable, group entities	591,884	877,998
Other financial income	2,407,734	5,176,770
	<u>2,999,618</u>	<u>6,054,768</u>
<b>4 Financial expenses</b>		
Interest expenses, group entities	548,127	122,406
Other financial expenses	697,273	505,386
	<u>1,245,400</u>	<u>627,792</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	15,865,720	9,236,000
Deferred tax adjustments in the year	43,000	613,000
	<u>15,908,720</u>	<u>9,849,000</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	1,907,640	42,064,235	1,876,069	45,847,944
Additions in the year	0	21,413,815	0	21,413,815
Disposals in the year	0	-3,412,935	0	-3,412,935
Cost at 31 December 2015	1,907,640	60,065,115	1,876,069	63,848,824
Impairment losses and depreciation at 1 January 2015	681,540	11,053,338	1,137,312	12,872,190
Depreciation in the year	328,565	8,587,408	375,213	9,291,186
Reversal of depreciation and impairment of disposals	0	-166,632	0	-166,632
Impairment losses and depreciation at 31 December 2015	1,010,105	19,474,114	1,512,525	21,996,744
Carrying amount at 31 December 2015	897,535	40,591,001	363,544	41,852,080

#### 7 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including lease, insurance policies and advertising.

DKK	2015	2014
8 Share capital		
The share capital consists of the following:		
76,821 shares of DKK 100.00 each	7,682,100	7,682,100
	7,682,100	7,682,100

Analysis of changes in the share capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Opening balance	7,682,100	7,682,100	7,682,100	7,682,100	2,000,000
Capital increase	0	0	0	0	5,682,100
	7,682,100	7,682,100	7,682,100	7,682,100	7,682,100



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 9 Contractual obligations and contingencies, etc.

##### Other financial obligations

Lease obligations (operating leases) falling due within 3 years total DKK 578 thousand (2014: DKK 968 thousand), here of DKK 326 thousand falling due 2016.

The Company has entered into lease contract that is non-terminable until 30 April 2022. Tenancy commitments in lease buildings amount to DKK 11.027 thousand (2014: DKK 3,829 thousand), of this DKK 1,716 thousand concerns 2016.

#### 10 Related parties

Weatherford Danmark A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Weatherford Worldwide Holdings GmbH	Switzerland	Ownership

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Weatherford International plc	Ireland	<a href="http://www.weatherford.com">www.weatherford.com</a>

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Weatherford Worldwide Holdings GmbH	Switzerland