Kiwa Danmark A/S

Skippergade 1
6700 Esbjerg
Denmark

CVR no. 32 84 19 02

Annual report 2016

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

29 May 20 17

Johannes Hendrikus Frederik van der Wart
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 Kiwa Danmark 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.

Esbjerg, 29/05/2017
Executive Board:

Otto T. Ravn

Board of Directors:

Johannes Hendrikus Frederik van der Wart Chairman	Tapio Räsänen	Otto T. Ravn

Independent auditor's report

To the shareholders of Kiwa Danmark A/S

Opinion

We have audited the financial statements of Kiwa Danmark 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.

Independent auditor's report

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

Aarhus, 29 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Mortensen
State Authorised
Public Accountant

Management's review

Company details

Kiwa Danmark A/S
Skippergade 1
6700 Esbjerg
Denmark

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Website:	www.inspecta.com
E-mail:	otto.ravn@inspecta.com

CVR no.:	32 84 19 02
Established:	13 April 2010
Registered office:	Esbjerg
Financial year:	1 January – 31 December

Board of Directors

Johannes Hendrikus Frederik van der Wart, Chairman
Tapio Räsänen
Otto T. Ravn

Executive Board

Otto T. Ravn

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

Management's review

Operating review

Principal activities

The Company's principal activities consist of inspection and accreditation of pressure-containing storage tanks as well as onshore and offshore equipment.

Development in activities and financial position

Results for the year showed a loss of DKK 933 thousand, which is unsatisfactory. The Company expects to enjoy a better performance for the 2017 financial year.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

The company has changed name to Kiwa Danmark A/S.

Johannes Hendrikus Frederik van der Wart has been appointed as new Chariman of the Board.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Revenue		44,888,437	31,111,689
Other external costs		-21,450,889	-10,666,675
Gross profit		23,437,548	20,445,014
Staff costs	2	-23,435,004	-21,350,771
Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses		-1,518,668	-772,663
Operating loss		-1,516,124	-1,678,420
Financial income		880	13,376
Financial expenses	3	-1,289	-38,866
Loss before tax		-1,516,533	-1,703,910
Tax on loss for the year		583,363	0
Loss for the year		-933,170	-1,703,910

Proposed distribution of loss

Retained earnings	-933,170	-1,703,910
	-933,170	-1,703,910

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	4		
Goodwill		0	345,083
		0	345,083
Property, plant and equipment	5		
Land and buildings		3,235,782	0
Fixtures and fittings, tools and equipment		2,951,701	1,576,098
Leasehold improvements		134,366	210,270
		6,321,849	1,786,368
Total fixed assets		6,321,849	2,131,451
Current assets			
Receivables			
Trade receivables		7,585,313	6,013,331
Receivables from group entities		300,315	540,163
Work in progress	6	954,000	200,000
Other receivables		24,177	16,388
Prepayments		126,109	60,225
		8,989,914	6,830,107
Cash at bank and in hand		1,236	767
Total current assets		8,991,150	6,830,874
TOTAL ASSETS		15,312,999	8,962,325

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000	600,000
Retained earnings		2,870,996	3,804,166
Total equity		3,470,996	4,404,166
Liabilities			
Current liabilities			
Trade payables		1,755,467	1,825,149
Payables to group entities		8,710,947	1,481,238
Other payables		1,375,589	1,251,772
		11,842,003	4,558,159
Total liabilities		11,842,003	4,558,159
TOTAL EQUITY AND LIABILITIES		15,312,999	8,962,325

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	600,000	3,804,166	4,404,166
Transferred over the distribution of loss	0	-933,170	-933,170
Equity at 31 December 2016	600,000	2,870,996	3,470,996

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Inspecta Project Services A/S for 2016 has been presented in accordance with the provisions applying to reporting class B entities as well as selected rules applying to reporting class C under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

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.

Income statement

Gross Profit

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received. Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All form of discounts granted are deducted from revenue.

Contract work in progess is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external costs

Other external costs include expenses related to the Company's ordinary activities, including expenses for premises, stationary and office supplies, advertising, administration, bad debts, payments under operating leases, etc.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Staff costs

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

Impairment of fixed assets

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, 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

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The Company is included in the joint taxation from the date of takeover when they are included in the consolidated financial statements until the date of disposal when they exit the consolidation.

Current Danish corporation tax is allocated by the settlement of joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In re lation thereto, enterprises with tax losses receive joint taxation contributions from enterprises which have been able to use this loss to reduce their tax loss.

Tax for the year comprises current tax 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 at the amount attributable to the profit/loss for the year and di rectly in equity at the amount attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill acquired are measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life. The estimated useful lives are 10 years.

Goodwill in strategic investments are depreciated over the expected useful lifetime which are 10 years based on Management's experience within the relevant business

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

areas.

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

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buidlings, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment write-down.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation, which is calculated as cost less any residual values 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:

Buildings	20 years
Fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price 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.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion at the total estimated income from the individual contract in progress. Usually, the stage of completion is determined as the ratio of actual to total budget consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

Prepayments comprise payment of costs relating to subsequent financial years.

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.

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 measured on the planned use of the asset or settlement of the liability.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at amortised cost, which usually corresponds to norminal value.

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 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 financial statements is recognised in the income statement as financial income or financial expenses.

	DKK	2016	2015
2	**Staff costs**		
	Wages and salaries	21,828,674	19,644,783
	Pensions	1,282,973	1,384,355
	Other social security costs	323,356	321,632
		23,435,003	21,350,770
	Average number of full-time employees	34	29
3	**Financial expenses**		
	Interest paid to group companies	0	11,125
	Other financial expenses	1,289	14,087
	Exchange loss	0	13,654
		1,289	38,866

Financial statements 1 January – 31 December

Notes

4 Intangible assets

DKK	Goodwill
Cost at 1 January	820,000
Cost at 31 December 2016	820,000
Impairment losses and amortisation at 1 January 2016	-474,917
Amortisation	-345,083
Impairment losses and amortisation at 31 December 2016	-820,000
Carrying amount at 31 December 2016	0

5 Property, plant and equipment

DKK	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2016	0	4,155,199	379,522
Additions for the year	3,361,760	2,347,305	0
Cost at 31 December 2016	3,361,760	6,502,504	379,522
Depreciation and impairment losses at 1 January 2016	0	-2,579,101	-169,252
Depreciation	-125,978	-971,702	-74,904
Depreciation and impairment losses at 31 December 2016	-125,978	-3,550,803	-244,156
Carrying amount at 31 December 2016	3,235,782	2,951,701	135,366

DKK	2016	2015
6 Contract work in progress		
Work in progress, selling price	954,000	200,000

7 Mortgages and collateral

In land and buildings with a book value of DKK 3,236 thousand there is registered a registration fee mortgage of EUR 208 thousand.

8 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with group companies. The Companies included in the joint taxation, have joint and several unlimited liability for Danish corporation taxes and withholding taxes or dividends, interests and royalties. The Company participates in a group cash-pool. All participants have joint liabilities for the cash-pool.

Financial statements 1 January – 31 December

Notes

Operating lease obligations

The Company has entered into operating leases at the following amounts:
The remaining term of the leases is 42 months with an average monthly lease payment of DKK 10 thousand, totalling DKK 414 thousand.

9 Related parties

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

Control

Kiwa Danmark A/S is part of the consolidated financial statements of ACTA* Holding B.V., Sir Winston Churchillaan 273, 2288 EA Rijswijk, Netherlands, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of ACTA* Holding B.V. can be obtained by contacting the Company at the following address:

Sir Winston Churchillaan 273
2288 EA Rijswijk
Netherlands