

Eriks Denmark Holding ApS

Oddesundvej 5
6715 Esbjerg

CVR no. 33 26 47 39

Annual report 2016

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

6 June 2017



chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Eriks Denmark Holding ApS 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.

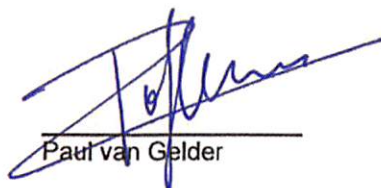
We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 6 June 2017

Executive Board:



Gijsbert K. Koorn



Paul van Gelder



Independent auditor's report

To the shareholder of Eriks Denmark Holding ApS

Opinion

We have audited the financial statements of Eriks Denmark Holding ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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, 6 June 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Jakob Westerdahl
State Authorised
Public Accountant

Eriks Denmark Holding ApS
Annual report 2016
CVR no. 33 26 47 39

Management's review

Company details

Eriks Denmark Holding ApS
Oddesundvej 5
6715 Esbjerg

Telephone: +45 75 14 44 11
E-mail: valtor@valtor.dk

CVR no.: 33 26 47 39
Established: 12 November 2010
Registered office: Esbjerg
Financial year: 1 January – 31 December

Executive Board

Gijsbert K. Koorn
Paul van Gelder

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Development in activities and financial position

The income statement of the Company for 2016 shows a loss of DKK 6,267 thousand as against a profit of DKK 11,382 thousand in 2015, and at 31 December 2016, equity stood at DKK 34,138 thousand compared to DKK 51,438 thousand at 31 December 2015.

The development in profit for the year was primarily attributable to a decrease in income from investments in subsidiaries. As expected, 2016 was a challenging year for the subsidiaries, which operate within the oil and gas industries. Furthermore, the useful life of goodwill and customer relationships in subsidiaries have been reassessed and changed from 20 to 10 years. The changes in accounting estimates brought about an increase of DKK 10,114 thousand in depreciation for 2016.

Under the given circumstances, Management considers profit for the year satisfactory.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Gross profit/loss		<u>-44,750</u>	<u>-27,025</u>
Operating profit/loss		<u>-44,750</u>	<u>-27,025</u>
Income from equity investments in subsidiaries	2	-4,970,636	12,965,500
Financial income		0	23,895
Financial expenses	3	<u>-1,616,516</u>	<u>-2,072,932</u>
Profit/loss before tax		<u>-6,631,902</u>	<u>10,889,438</u>
Tax on profit/loss for the year		<u>364,937</u>	<u>492,950</u>
Profit/loss for the year		<u><u>-6,266,965</u></u>	<u><u>11,382,388</u></u>

Proposed profit appropriation/distribution of loss

Proposed dividends for the financial year		0	11,300,000
Retained earnings		<u>-6,266,965</u>	<u>82,388</u>
		<u><u>-6,266,965</u></u>	<u><u>11,382,388</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Investments	4		
Equity investments in group entities		<u>91,513,278</u>	<u>114,426,180</u>
		<u>91,513,278</u>	<u>114,426,180</u>
Total fixed assets		<u>91,513,278</u>	<u>114,426,180</u>
Current assets			
Receivables			
Corporation tax		<u>365,477</u>	<u>492,950</u>
		<u>365,477</u>	<u>492,950</u>
Cash at bank and in hand		<u>38,916</u>	<u>54,091</u>
Total current assets		<u>404,393</u>	<u>547,041</u>
TOTAL ASSETS		<u><u>91,917,671</u></u>	<u><u>114,973,221</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
	5		
Share capital		40,000,000	40,000,000
Retained earnings		-5,861,810	138,442
Proposed dividends for the year		0	11,300,000
Total equity		<u>34,138,190</u>	<u>51,438,442</u>
Liabilities			
Non-current liabilities			
Payables to group entities	6	<u>45,000,000</u>	<u>45,000,000</u>
		45,000,000	45,000,000
Current liabilities			
Payables to group entities	6	12,756,021	18,511,255
Other payables		<u>23,460</u>	<u>23,524</u>
		12,779,481	18,534,779
Total liabilities		<u>57,779,481</u>	<u>63,534,779</u>
TOTAL EQUITY AND LIABILITIES		<u>91,917,671</u>	<u>114,973,221</u>
Contractual obligations, contingencies, etc.	7		
Related party disclosures	8		

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Eriks Denmark Holding ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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

Change in accounting estimates

Based on a reassessment of the expected useful life of goodwill and customer relationships in subsidiaries, the Company changed the estimated useful lives. Effective from 1 January 2016, the estimated useful lives have been changed from 10-20 to 10 years. The changes in accounting estimates brought about an increase of DKK 10,114 thousand in depreciation for 2016.

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report. The Company has chosen only to present gross profit/loss.

Other external costs

Other external costs comprise administrative and office expenses, etc.

Income from investments in subsidiaries

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year. Tax attributable to the profit for the year is recognised in the income statement.

The Company is jointly taxed with its wholly owned Danish subsidiaries and the ultimate Parent Company's other Danish subsidiaries. The tax effect of the joint taxation is allocated to the Danish entities in proportion to their taxable income. Mammoet Wind A/S (CVR No. 26 53 39 53) is the administrative company.

Balance sheet

Equity investments in subsidiaries

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset value 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 subsidiaries and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable.

To the extent that the negative net asset value exceeds the outstanding amount, the residual amount is recognised under provisions.

Amortisation of goodwill and customer relationships is provided on a straight-line basis over the estimated useful life. Going forward, goodwill and customer relationships will be amortised over their useful lives. Previously, the maximum period of amortisation was 20 years. The estimated useful lives are as follows:

Goodwill	10 years
Customer relationships	10 years

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed 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.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

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

Financial statements 1 January – 31 December

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DKK	2016	2015
2 Income from equity investments in subsidiaries		
Share of profit of subsidiaries	10,286,372	18,245,224
Amortisation of goodwill and customer relationships	-16,397,846	-6,283,470
Deferred tax adjustment for the year	1,140,838	1,003,746
	<u>-4,970,636</u>	<u>12,965,500</u>
3 Financial expenses		
Interest paid to group entities	<u>1,616,516</u>	<u>2,072,932</u>
4 Investments		
Cost at 1 January	<u>148,228,100</u>	<u>148,228,100</u>
Value adjustment at 1 January	-33,801,920	-20,190,475
Profit for the year	10,286,372	18,245,224
Dividends received	-18,209,000	-26,550,000
Other equity entries	266,733	-26,945
Amortisation of goodwill and customer relationships	-16,397,846	-6,283,470
Deferred tax adjustment for the year	1,140,838	1,003,746
Value adjustment at 31 December	<u>-56,714,823</u>	<u>-33,801,920</u>
Carrying amount at 31 December	<u>91,513,278</u>	<u>114,426,180</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>61,440,782</u>	<u>76,697,790</u>
Name/legal form	Registered office	Voting rights and ownership interest
Subsidiaries:		
Valtor Offshore A/S	Esbjerg, Denmark	100%
Dansk Ventil Center A/S	Vejle, Denmark	100%

Financial statements 1 January – 31 December

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5 Equity

DKK	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2016	40,000,000	138,442	11,300,000	51,438,442
Distributed dividends	0	0	-11,300,000	-11,300,000
Equity entries in subsidiaries	0	266,713	0	266,713
Transferred over the profit appropriation	0	-6,266,965	0	-6,266,965
Equity at 31 December 2016	40,000,000	-5,861,810	0	34,138,190

The share capital has not undergone any changes during the last five years.

The share capital consists of 40,000,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

6 Payables to group entities

DKK	2016	2015
Between 1 and 5 years	45,000,000	45,000,000
Long-term part	45,000,000	45,000,000
Other short-term debt to group entities	12,756,021	18,511,255
	57,756,021	63,511,255

Payments due within 1 year are recognised as current liabilities. Other liabilities are recognised as non-current liabilities.

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. The jointly taxed entities' total known net liability to SKAT (the Danish tax authorities) are stated in the administrative company's financial statements, Mammoet Wind A/S, CVR No. 26 53 39 53. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Financial statements 1 January – 31 December

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8 Related party disclosures

Eriks Denmark Holding ApS' related parties comprise the following:

Control

Majority shareholder: ERIKS N.V., 3500 GB Utrecht, Holland

Eriks Denmark Holding ApS is included in the consolidated financial statements of SHV Holdings N.V. The consolidated financial statements of SHV Holdings N.V. can be obtained at the following address:

SHV Holdings N.V.
P.O Box 2065
3500 GB Utrecht
The Netherlands