

SPX Denmark Holdings ApS

Østmarken 7

2860 Søborg

Central Business Registration No

34699909

Annual report 2016

The Annual General Meeting adopted the annual report on 07.06.2017

Chairman of the General Meeting

Name: Ulrik Friis

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Entity details

Entity

SPX Denmark Holdings ApS
Østmarken 7
2860 Søborg

Central Business Registration No: 34699909

Registered in: Gladsaxe

Financial year: 01.01.2016 - 31.12.2016

Executive Board

Michael Vembye
Jeremy Wade Smeltser
Stephen Athan Tsois

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of SPX Denmark Holdings ApS for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Søborg, 07.06.2017

Executive Board

Michael Vembye

Jeremy Wade Smeltser

Stephen Athan Tsois

Independent auditor's report

To the shareholders of SPX Denmark Holdings ApS

Opinion

We have audited the financial statements of SPX Denmark Holdings ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 07.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Max Damborg
State Authorised Public Accountant

Kåre Konge Breindal
State Authorised Public Accountant

Management commentary

Primary activities

The object of the Company is to act as holding company and through its subsidiaries to carry on manufacturing, production, commercial and contracting business, technical and commercial consultancy, investment in enterprises and other related business.

Development in activities and finances

The activity in the financial year 2016 has resulted in a loss of DKK 716,617 thousand. The Company's equity is DKK 369,694 thousand at 31 December 2016.

In 2016, the Company realised an impairment loss of DKK 719,707 thousand in fixed asset investments due to write-down of the investments in SPX Flow Technology Danmark A/S to the recoverable amount.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Other external expenses		(294)	(337)
Operating profit/loss		(294)	(337)
Impairment of financial assets		(719.707)	0
Other financial expenses		(9)	(6)
Profit/loss before tax		(720.010)	(343)
Tax on profit/loss for the year	2	3.393	81
Profit/loss for the year		(716.617)	(262)
Proposed distribution of profit/loss			
Retained earnings		(716.617)	(262)
		(716.617)	(262)

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Investments in group enterprises		363.685	1.083.392
Fixed asset investments	3	<u>363.685</u>	<u>1.083.392</u>
Fixed assets		<u>363.685</u>	<u>1.083.392</u>
Other receivables		0	1
Joint taxation contribution receivable		11.699	4.129
Receivables		<u>11.699</u>	<u>4.130</u>
Current assets		<u>11.699</u>	<u>4.130</u>
Assets		<u>375.384</u>	<u>1.087.522</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital		1.490	1.490
Share premium		1.408.590	1.408.590
Retained earnings		<u>(1.040.386)</u>	<u>(323.769)</u>
Equity		<u>369.694</u>	<u>1.086.311</u>
Bank loans		1.311	867
Trade payables		0	224
Joint taxation contribution payable		4.247	0
Other payables		<u>132</u>	<u>120</u>
Current liabilities other than provisions		<u>5.690</u>	<u>1.211</u>
Liabilities other than provisions		<u>5.690</u>	<u>1.211</u>
Equity and liabilities		<u>375.384</u>	<u>1.087.522</u>
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	4		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.490	1.408.590	(323.769)	1.086.311
Profit/loss for the year	0	0	(716.617)	(716.617)
Equity end of year	1.490	1.408.590	(1.040.386)	369.694

Notes

1. Uncertainty relating to recognition and measurement

As regards investments in subsidiaries, Management has evaluated the indication of impairment and carried out an impairment test in that respect. Consequently, Management has written down the investments in subsidiaries to the recoverable amount.

The recoverable amount of investments in subsidiaries is based on the estimated capital value of the cash generating units (CGU).

A discount rate of 17% has been used when discounting the future cash flows, which is part of the valuation. The discount rate is based on Management's estimate of the weighted average cost of capital.

When calculating the capital value, it is necessary to make use of a series of assumptions to estimate the future cash flows. The primary assumptions concern the future cost structure of the companies' services and developments in specific contracts with existing clients.

Furthermore, the calculations are complicated by the uncertainty surrounding the economic situation on the markets in which the companies operate as well as the developments in interest and exchange rates.

Small changes in estimates or budget assumptions may cause significant adjustments in the valuation of the recognised goodwill.

	2016	2015
	DKK'000	DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	(48)	(81)
Adjustment concerning previous years	<u>(3.345)</u>	<u>0</u>
	<u>(3.393)</u>	<u>(81)</u>

Notes

	Investment s in group enterprises DKK'000
3. Fixed asset investments	
Cost beginning of year	1.360.000
Cost end of year	1.360.000
Impairment losses beginning of year	(276.608)
Impairment losses for the year	(719.707)
Impairment losses end of year	(996.315)
Carrying amount end of year	363.685

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK'000	Profit/loss DKK'000
Investments in group enterprises comprise:					
SPX Flow Technology Danmark A/S	Silkeborg	A/S	100,0	257.189	(100.578)

Notes

4. Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 07.09.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

5. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

SPX Flow, 13320 Ballantyne Corporate Place, Charlotte, NC 28277, USA

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Accounting policies

Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Other financial liabilities

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