

M-I Swaco Danmark ApS

Tværkaj 2, 6700 Esbjerg

CVR no. 78 84 07 14

Annual report 2016

Approved at the annual general meeting of shareholders on 29 May 2017

Chairman

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned to the right of the word 'Chairman'.

Frank Lind

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of M-I Swaco Danmark ApS for the financial year 1 January - 31 December 2016

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 financial position of the Company 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 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

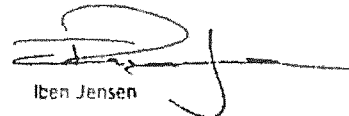
Copenhagen, 29 May 2017
Executive Board

Mads Andersen

Board of Directors



Frank Lind
Chairman


Mads Andersen
Iben Jensen

Independent auditor's report

To the shareholder of M-I Swaco Danmark ApS

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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.

We have audited the financial statements of M-I Swaco Danmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements")

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

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 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, in our view, 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 in Management's review.

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 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.

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.

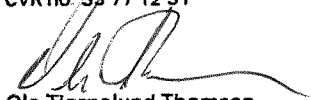
Independent auditor's report

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

- 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 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 audit.

Hellerup, 29 May 2017
PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Ole Tjørnelund Thomsen
State Authorised Public Accountant

Management's review

Company details

Name M-I Swaco Danmark ApS
Address, Postal code, City Tværkaj 2, 6700 Esbjerg

CVR no. 78 84 07 14
Registered office Esbjerg
Financial year 1 January - 31 December

Board of Directors Frank Lind, Chairman
Mads Andersen
Iben Jensen

Executive Board Mads Andersen

Auditors Pricewaterhousecoopers Statsautoriseret
Revisionspartnerselskab
Strandvejen 44, 2900 Hellerup

Management's review

Financial highlights

DKK	2016	2015	2014	2013	2012
Key figures					
Gross profit	85,628,567	109,298,116	99,275,007	86,737,009	72,212,900
Operating profit/loss	45,477,069	64,346,612	57,289,197	28,417,985	13,893,420
Net financials	-735,720	356,152	753,808	710,707	229,688
Profit/loss for the year	34,790,636	49,371,905	43,583,132	21,077,887	9,413,746
Total assets					
Total assets	134,802,368	134,485,762	156,210,111	113,448,291	94,527,772
Investment in property, plant and equipment	0	1,573,265	253,389	5,333,536	1,839,643
Equity	54,651,154	65,860,518	81,488,613	37,905,481	46,827,595
Financial ratios					
Return on assets	33.8%	44.3%	42.5%	27.3%	12.9%
Solvency ratio	40.5%	49.0%	52.2%	33.4%	49.5%
Return on equity	57.7%	67.0%	73.0%	49.8%	22.3%
Average number of employees					
Average number of employees	43	44	46	56	54

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

M-I SWACO Danmark ApS is a supplier of drilling fluid systems engineered to improve drilling performance by anticipating fluids-related problems, fluid systems and specialty equipment designed to optimize wellbore productivity and production technology solutions formulated to maximize production rates. The company also provides engineered managed pressure drilling and underbalanced drilling solutions, as well as environmental services and products to safely manage waste volumes generated in both drilling and production operations.

Recognition and measurement uncertainties

No particular uncertainties are considered to have an impact on the recognition of the Company's assets and liabilities.

Financial review

The income statement for 2016 shows a profit of DKK 34,790,636 against DKK 49,371,905 last year, and the balance sheet at 31 December 2016 shows equity of DKK 54,651,154. The profit for the year is in line with expectations.

Special risks

Demand for the majority of the services depends substantially on the level of expenditures by the oil and gas industry for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on the industry's view of future oil and natural gas prices and are sensitive to the industry's view of future economic growth and the resulting impact on demand for oil and natural gas. Since 2014, oil and gas prices have declined significantly, globally resulting in lower expenditures by the oil and gas industry.

Continued low oil and gas prices or a further decline in oil and gas prices could cause a reduction in cash flows for our customers, which could have adverse effects on the financial condition of some of our customers. This could potentially result in project modifications, delays or cancellations, general business disruptions, and delays in payment of amounts that are owed to us. These effects could have an adverse effect on our financial condition, results of operations and cash flow.

The prices for oil and natural gas have historically been volatile and may be affected by a variety of factors, including:

- Demand for hydrocarbons, which is affected by general economic and business conditions;
- The ability or willingness of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels for oil;
- Oil and gas production by non-OPEC countries;
- The level of excess production capacity;
- Political and economic uncertainty and geopolitical unrest;
- The level of worldwide oil and gas exploration and production activity;
- Access to potential resources;
- Governmental policies and subsidies;
- The cost of exploring for, producing and delivering oil and gas;
- Technological advances affecting energy consumption; and
- Weather conditions.

There can be no assurance that the demand or pricing for oil and natural gas will follow historic patterns or recover in the near term. Continued or worsening conditions in the oil and gas industry could adversely affect our financial condition, results of operations and cash flows.

Impact on the external environment

Quality, Health, Safety, Environment (QHSE) remains a constant priority for the company. A number of policies and procedures have been developed to secure a consistent approach to QHSE throughout the organisation. The company continually trains and develops personnel in the field of QHSE. The main objective of the environmental work is concentrated on preventing harmful discharges.

Management's review

Management commentary

Account of the gender composition of Management

The ultimate mother company, Schlumberger Limited has determined the following policy applicable within the Schlumberger Group: "We must attract and retain top performers worldwide from the full depth of the talent pool and address the evolving needs of our workforce in terms of quality of life and dual career expectations. By creating a variety of perspectives - gender and culture - that stimulate productive creativity and innovation we maintain our competitive edge.

"Looking forward, our goal is to continually increase the percentage of women we recruit worldwide, ensure proper career development for high-performing women, and increase our organizational flexibility to accommodate a wider range of personal situations.

In 2015, we renewed our commitment to gender diversity by setting a new target of having women comprise 25% of our workforce at all levels of the organization by 2020."

M-I Swaco Danmark ApS' gender composition has not improved in 2016 where 18.6% were women by the end of the year (20% for 2015). The company aims to be a workplace of equal opportunities.

Diversity in the Board of Directors

At the moment one of the three board members in M-I Swaco Danmark ApS are women. The targeted number of female members in the board for 2016 was one, and the company is happy to have achieved this goal during 2016.

Events after the balance sheet date

No significant events have taken place in 2017 which would have an impact on the company's financial position as at December 2016.

Outlook

In 2017 we expect a drop of activity and profit compared to 2016 as a result of the continued low oil and gas prices that is resulting in lower expenditures of our clients and which has an impact on the profitability of the company.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross profit	85,628,567	109,298,116
2	Staff costs	-38,616,070	-43,331,797
3	Amortisation/depreciation and impairment of property, plant and equipment	-1,535,428	-1,619,707
	Profit before net financials	45,477,069	64,346,612
4	Financial income	765,044	2,285,362
5	Financial expenses	-1,500,764	-1,929,210
	Profit before tax	44,741,349	64,702,764
6	Tax for the year	-9,950,713	-15,330,859
	Profit for the year	34,790,636	49,371,905

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Plant and machinery	2,388,332	2,986,777
	Other fixtures and fittings, tools and equipment	<u>3,024,188</u>	<u>3,961,171</u>
		<u>5,412,520</u>	<u>6,947,948</u>
	Total fixed assets	<u>5,412,520</u>	<u>6,947,948</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	<u>36,351,769</u>	<u>31,145,689</u>
		<u>36,351,769</u>	<u>31,145,689</u>
	Receivables		
	Trade receivables	16,300,121	20,428,926
	Receivables from group entities	37,370,364	40,681,462
8	Deferred tax assets	1,500,770	325,684
	Other receivables	103,000	103,000
9	Prepayments	<u>8,243,830</u>	<u>3,984,716</u>
		<u>63,518,085</u>	<u>65,523,788</u>
	Cash	<u>29,519,994</u>	<u>30,868,337</u>
	Total non-fixed assets	<u>129,389,848</u>	<u>127,537,814</u>
	TOTAL ASSETS	<u>134,802,368</u>	<u>134,485,762</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	200,000	200,000
	Retained earnings	14,451,154	19,660,518
	Dividend proposed for the year	40,000,000	46,000,000
	Total equity	<u>54,651,154</u>	<u>65,860,518</u>
	Liabilities		
	Current liabilities		
	Bank debt	1,749,833	0
	Trade payables	23,128,066	15,641,125
	Payables to group entities	35,315,968	25,755,104
	Income taxes payable	11,125,799	14,606,900
	Other payables	8,831,548	12,622,115
		<u>80,151,214</u>	<u>68,625,244</u>
	Total liabilities other than provisions	<u>80,151,214</u>	<u>68,625,244</u>
	TOTAL EQUITY AND LIABILITIES	<u>134,802,368</u>	<u>134,485,762</u>

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2015	200,000	16,288,613	65,000,000	81,488,613
13 Transfer, see "Appropriation of profit"	0	3,371,905	46,000,000	49,371,905
Dividend distributed	0	0	-65,000,000	-65,000,000
Equity at 1 January 2016	200,000	19,660,518	46,000,000	65,860,518
13 Transfer, see "Appropriation of profit"	0	-5,209,364	40,000,000	34,790,636
Dividend distributed	0	0	-46,000,000	-46,000,000
Equity at 31 December 2016	200,000	14,451,154	40,000,000	54,651,154

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of M-I Swaco Danmark ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, M-I Swaco Danmark ApS has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following area:

1. Yearly reassessment of residual values of property, plant and equipment

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The company has no significant residual values relating to property, plant and equipment. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes affect the income statement or the balance sheet for 2016 or the comparative figures.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Schlumberger Ltd.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue from services rendered is recognised upon delivery of the services.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross profit

The Items revenue, other operating income, raw materials and consumables etc. and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

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

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

External expenses

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

Staff costs

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

Amortisation/depreciation and impairment of property, plant and equipment

The item comprises depreciation of property, plant and equipment.

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, exchange gains and losses and amortisation of financial assets and liabilities.

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.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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.

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 asset.

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

When inventory repurchase arrangements exist, revenue is only recognized for the product sold less the maximum buyback allowable in the agreement, unless a documentable history (min. 6 months) exists which provides a consistent and reliable estimate of the inventory consumption specific to the client and operating conditions. The revenue to be deferred is calculated using the quantity expected to be returned at the estimated buy back price.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$	
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$	
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$	
DKK	<u>2016</u>	<u>2015</u>
2 Staff costs		
Wages/salaries	35,945,438	40,419,319
Pensions	2,561,054	2,814,198
Other social security costs	<u>109,578</u>	<u>98,280</u>
	<u>38,616,070</u>	<u>43,331,797</u>
Average number of full-time employees	<u>43</u>	<u>44</u>
Total remuneration to management in 2016 amounted to DKK 1,395 Thousand (DKK 1,365 Thousand for 2015).		
3 Amortisation/depreciation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	<u>1,535,428</u>	<u>1,619,707</u>
	<u>1,535,428</u>	<u>1,619,707</u>
4 Financial income		
Interest receivable, intercompany	553,305	1,202,234
Exchange adjustments	<u>211,739</u>	<u>1,083,128</u>
	<u>765,044</u>	<u>2,285,362</u>
5 Financial expenses		
Other interest expenses	18,204	311,394
Exchange adjustments	<u>1,482,560</u>	<u>1,617,816</u>
	<u>1,500,764</u>	<u>1,929,210</u>
6 Tax for the year		
Estimated tax charge for the year	11,125,799	14,606,900
Deferred tax adjustments in the year	<u>-1,175,086</u>	<u>723,959</u>
	<u>9,950,713</u>	<u>15,330,859</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	13,494,537	13,552,573	27,047,110
Cost at 31 December 2016	13,494,537	13,552,573	27,047,110
Impairment losses and depreciation at 1 January 2016	10,507,760	9,591,402	20,099,162
Amortisation/depreciation in the year	598,445	936,983	1,535,428
Impairment losses and depreciation at 31 December 2016	11,106,205	10,528,385	21,634,590
Carrying amount at 31 December 2016	2,388,332	3,024,188	5,412,520

DKK	2016	2015
8 Deferred tax		
Deferred tax relates to:		
Property, plant and equipment	398,904	472,748
Other taxable temporary differences	-1,899,674	-798,432
	-1,500,770	-325,684

9 Prepayments

Prepayments include buy-back costs of chemicals.

DKK	2016	2015
10 Share capital		
Analysis of the share capital:		
200,000 shares of DKK 1.00 nominal value each	200,000	200,000
	200,000	200,000

The Company's share capital has remained DKK 200,000 over the past 5 years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company is subject to the Danish scheme of jointly taxation and unlimited jointly and severally liable with other jointly taxed companies in the Schlumberger group for the corporation tax.

The company is jointly and severally liable with other jointly taxed entities for payment of income taxes, taxes on dividends, interest and royalties.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2016</u>	<u>2015</u>
Rent and lease liabilities	<u>10,258,742</u>	<u>2,112,229</u>

12 Related parties

M-I Swaco Danmark ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Schlumberger Danmark ApS	Tværkaj 2, Esbjerg, Denmark	Participating Interest 100%

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Schlumberger Ltd	Willemstad, Curaco	www.SLB.com

Related party transactions

Section 98c(7) of the Danish Financial Statements Act is applied regarding related party transactions.

13 Appropriation of profit/loss

Recommended appropriation of profit	40,000,000	46,000,000
Proposed dividend recognised under equity	-5,209,364	3,371,905
Retained earnings/accumulated loss	<u>34,790,636</u>	<u>49,371,905</u>