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Esbjerg Oiltool A/S
Håndværkervej 67
6710 Esbjerg V
Business Registration No
10458374

Annual report 2018

The Annual General Meeting adopted the annual report on 27.02.2019

Chairman of the General Meeting

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Name: Jørgen Einer-Jensen Brammer

Contents

Entity details

Entity
Esbjerg Oiltool A/S
Håndværkervej 67
6710 Esbjerg V

Central Business Registration No (CVR): 10458374
Registered in: Esbjerg
Financial year: 01.01.2018 - 31.12.2018

Phone: 75156400
Fax: 75156143
Website: www.estool.dk

Board of Directors
Kent Sand Kirk, Chairman of the board
Alfred Magnus Sørensen
Jørgen Einer-Jensen Brammer
Peter Jensen Toft
Jens Rud Pedersen
Jakob Østergaard Sørensen

Executive Board
Alfred Magnus Sørensen, Chief Executive Officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Esbjerg Oiltool A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Esbjerg, 31.01.2019

Executive Board

Alfred Magnus Sørensen
Chief Executive Officer

Board of Directors

Kent Sand Kirk Chairman of the board	Alfred Magnus Sørensen	Jørgen Einer-Jensen Brammer
Peter Jensen Toft	Jens Rud Pedersen	Jakob Østergaard Sørensen

Independent auditor's report

To the shareholders of Esbjerg Oiltool A/S

Opinion

We have audited the financial statements of Esbjerg Oiltool A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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.

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 scepticism 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 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.

Independent auditor's report

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.

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.

Esbjerg, 31.01.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jesper Smedegaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne18510

Management commentary

Primary activities
The Company's main activities has, as in previous years, been to be a supplier of piping- and other steel products to the national and international industries within the energy sectors.

Development in activities and finances
Net profit in the financial year amounted to a profit of 1.009 T.DKK against a profit on 600 T.DKK in 2017.

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 2018

	Notes	2018 DKK	2017 DKK
Gross profit		**7.074.006**	**6.635.635**
Staff costs	1	(5.415.801)	(5.490.287)
Depreciation, amortisation and impairment losses	2	(287.416)	(300.876)
Operating profit/loss		**1.370.789**	**844.472**
Other financial expenses	3	(71.369)	(68.678)
Profit/loss before tax		**1.299.420**	**775.794**
Tax on profit/loss for the year	4	(290.797)	(175.574)
Profit/loss for the year		**1.008.623**	**600.220**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		8.000.000	600.000
Retained earnings		(6.991.377)	220
		1.008.623	**600.220**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Land and buildings		5.591.818	5.760.368
Other fixtures and fittings, tools and equipment		174.856	243.722
Property, plant and equipment	5	**5.766.674**	**6.004.090**
Fixed assets		**5.766.674**	**6.004.090**
Manufactured goods and goods for resale		9.908.664	11.574.330
Inventories		**9.908.664**	**11.574.330**
Trade receivables		3.840.038	4.499.033
Prepayments		232.110	237.628
Receivables		**4.072.148**	**4.736.661**
Cash		**15.683.549**	**12.289.892**
Current assets		**29.664.361**	**28.600.883**
Assets		**35.431.035**	**34.604.973**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital	6	2.400.000	2.400.000
Retained earnings		19.368.608	26.359.985
Proposed dividend		8.000.000	600.000
Equity		**29.768.608**	**29.359.985**
Deferred tax	7	602.492	626.596
Provisions		**602.492**	**626.596**
Trade payables		2.181.350	1.784.380
Payables to group enterprises		1.575.626	1.746.113
Income tax payable	8	314.901	200.978
Other payables		988.058	886.921
Current liabilities other than provisions		**5.059.935**	**4.618.392**
Liabilities other than provisions		**5.059.935**	**4.618.392**
Equity and liabilities		**35.431.035**	**34.604.973**
Assets charged and collateral	9		
Related parties with controlling interest	10		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2.400.000	26.359.985	600.000	29.359.985
Ordinary dividend paid	0	0	(600.000)	(600.000)
Profit/loss for the year	0	(6.991.377)	8.000.000	1.008.623
Equity end of year	**2.400.000**	**19.368.608**	**8.000.000**	**29.768.608**

Notes

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	4.819.571	4.894.372
Pension costs	534.255	544.647
Other social security costs	61.975	51.268
	5.415.801	**5.490.287**
Average number of employees	**10**	**10**

	2018 DKK	2017 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	287.416	300.876
	287.416	**300.876**

	2018 DKK	2017 DKK
3. Other financial expenses		
Financial expenses from group enterprises	41.696	51.692
Other interest expenses	23.031	9.982
Other financial expenses	6.642	7.004
	71.369	**68.678**

	2018 DKK	2017 DKK
4. Tax on profit/loss for the year		
Current tax	314.901	200.978
Change in deferred tax	(24.104)	(25.404)
	290.797	**175.574**

Notes

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year	8.844.218	3.776.470
Additions	0	50.000
Cost end of year	**8.844.218**	**3.826.470**
Depreciation and impairment losses beginning of year	(3.083.850)	(3.532.748)
Depreciation for the year	(168.550)	(118.866)
Depreciation and impairment losses end of year	**(3.252.400)**	**(3.651.614)**
Carrying amount end of year	**5.591.818**	**174.856**

6. Contributed capital

There are not issued any share certificates. The shares are not divided into classes.

	2018 DKK	2017 DKK
7. Deferred tax		
Property, plant and equipment	600.720	625.801
Other deductible temporary differences	1.772	795
	602.492	**626.596**
Changes during the year		
Beginning of year	626.596	
Recognised in the income statement	(24.104)	
End of year	**602.492**	

8. Income tax payable

The company is part of a Danish joint taxation arrangement where Estool 2000 Holding A/S serves as the administration company. The company is therefore according til the rules in the company tax act liable for income tax etc. for the jointly taxed companies as of the financial year 2013. As of 31.12.2018 the joint taxed companies has a net balance in ther favour of 29 T.DKK.

Notes

9. Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 1,900k nominal.

The carrying amount of mortgaged properties is DKK 3,204k.

10. Related parties with controlling interest

Estool 2000 Holding A/S owns 100% of the nominal value of the share capital and therefore have the controlling interest on the company.

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 with addition of certain provisions for reporting class C.

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

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 rate 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

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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 writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange 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 the parent company. 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
Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Other financial liabilities

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

Income tax receivable or payable

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