

Hytor Oil & Gas Solutions A/S

Guldborgsundvej 1

6705 Esbjerg Ø

Central Business Registration No

36457104

Annual report 2016/17

The Annual General Meeting adopted the annual report on 30.08.2017

Chairman of the General Meeting

Name: Henrik Larsen

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Entity details

Entity

Hytor Oil & Gas Solutions A/S
Guldborgsundvej 1
6705 Esbjerg Ø

Central Business Registration No: 36457104
Registered in: Esbjerg
Financial year: 01.05.2016 - 30.04.2017

Board of Directors

Niels Grening Langerhuus
Johnny Rosenvinge-Grønne
Niels Kristensen

Executive Board

Johnny Rosenvinge-Grønne

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 Hytor Oil & Gas Solutions A/S for the financial year 01.05.2016 - 30.04.2017.

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 30.04.2017 and of the results of its operations for the financial year 01.05.2016 - 30.04.2017.

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, 16.08.2017

Executive Board

Johnny Rosenvinge-Grønne

Board of Directors

Niels Grening Langerhuus

Johnny Rosenvinge-Grønne

Niels Kristensen

Independent auditor's reports

To the shareholders of Hytor Oil & Gas Solutions A/S Report on extended review of the financial statements

We have performed an extended review of the financial statements of Hytor Oil & Gas Solutions A/S for the financial year 01.05.2016 - 30.04.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2017 and of the results of its operations for the financial year 01.05.2016 - 30.04.2017 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

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 extended review 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 extended review 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, 30.08.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Harbo Andersen
State Authorised Public Accountant

Management commentary

Primary activities

The activity of the entity consist of sale and service of equipment for the industri of oil and gas in foreign countries.

Development in activities and finances

In 2016/17 the entity realized a loss of 24 t.DKK. In consideration of the market-related conditions the result is satisfactorily and all in all as expected.

The equity of the entity amount to 927 t.DKK at 30th April 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 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross loss		(39,213)	(101,169)
Other financial income	1	9,061	38,444
Other financial expenses		<u>(50)</u>	<u>0</u>
Profit/loss before tax		(30,202)	(62,725)
Tax on profit/loss for the year	2	<u>6,000</u>	<u>13,500</u>
Profit/loss for the year		<u>(24,202)</u>	<u>(49,225)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(24,202)</u>	<u>(49,225)</u>
		<u>(24,202)</u>	<u>(49,225)</u>

Balance sheet at 30.04.2017

<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Manufactured goods and goods for resale	497,000	572,001
Inventories	497,000	572,001
Trade receivables	81,203	508,600
Contract work in progress	22,500	155,400
Receivables from group enterprises	169,143	0
Deferred tax	0	7,000
Other receivables	12,125	41,606
Income tax receivable	0	6,500
Joint taxation contribution receivable	13,000	0
Receivables	297,971	719,106
Cash	334,805	95,455
Current assets	1,129,776	1,386,562
Assets	1,129,776	1,386,562

Balance sheet at 30.04.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		1,000,000	1,000,000
Retained earnings		(73,427)	(49,225)
Equity		<u>926,573</u>	<u>950,775</u>
Trade payables		25,203	0
Payables to group enterprises		0	336,787
Other payables		178,000	99,000
Current liabilities other than provisions		<u>203,203</u>	<u>435,787</u>
Liabilities other than provisions		<u>203,203</u>	<u>435,787</u>
Equity and liabilities		<u>1,129,776</u>	<u>1,386,562</u>
Unrecognised rental and lease commitments	3		
Contingent liabilities	4		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	(49,225)	950,775
Profit/loss for the year	0	(24,202)	(24,202)
Equity end of year	1,000,000	(73,427)	926,573

Notes

	2016/17	2015/16
	DKK	DKK
1. Other financial income		
Financial income arising from group enterprises	0	20,920
Exchange rate adjustments	9,061	17,524
	9,061	38,444
	2016/17	2015/16
	DKK	DKK
2. Tax on profit/loss for the year		
Change in deferred tax for the year	7,000	(7,000)
Refund in joint taxation arrangement	(13,000)	(6,500)
	(6,000)	(13,500)
	2016/17	2015/16
	DKK	DKK
3. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	0	177,557

4. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Grening Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

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 and work in progress, 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 from the sale of services is recognised in the income statement when delivery is made 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

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses 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

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production 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.

Contract work in progress

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

Accounting policies

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

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

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

Deferred tax

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

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.

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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