

HYTOR Oil & Gas Solutions A/S

Guldborgsundvej 1
6705 Esbjerg Ø
Business Registration No
36457104

Annual report 01.05.2018 - 31.12.2018

The Annual General Meeting adopted the annual report on 17.04.2019

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 (CVR): 36457104

Registered in: Esbjerg

Financial year: 01.05.2018 - 31.12.2018

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 01.05.2018 - 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 01.05.2018 - 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, 17.04.2019

Executive Board

Johnny Rosenvinge-Grønne

Board of Directors

Niels Grening Langerhuus

Johnny Rosenvinge-Grønne

Niels Kristensen

Independent auditor's extended review report

To the shareholders of HYTOR Oil & Gas Solutions A/S

Conclusion

We have performed an extended review of the financial statements of HYTOR Oil & Gas Solutions A/S for the financial year 01.05.2018 - 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.

Based on our extended review, 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 01.05.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

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

Independent auditor's extended review report

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.

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 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, 17.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Primary activities

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

Development in activities and finances

In 2018 the entity realized a profit of 282 t.DKK. In consideration of the market related conditions the result is satisfactorily and as expected.

The profit of the financial period is affected by change of the financial year. This financial year represents the period 1st of May to 31st of December.

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

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Gross profit/loss		347,032	(42,509)
Staff costs	1	(60,000)	0
Operating profit/loss		287,032	(42,509)
Other financial income	2	147,933	0
Other financial expenses	3	(74,000)	(148,885)
Profit/loss before tax		360,965	(191,394)
Tax on profit/loss for the year	4	(79,400)	42,100
Profit/loss for the year		281,565	(149,294)
Proposed distribution of profit/loss			
Retained earnings		281,565	(149,294)
		281,565	(149,294)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Other fixtures and fittings, tools and equipment		69,199	0
Property, plant and equipment		69,199	0
Fixed assets		69,199	0
Manufactured goods and goods for resale		480,295	620,385
Inventories		480,295	620,385
Trade receivables		2,074,656	2,436,507
Receivables from group enterprises		0	6,500
Other receivables		553,654	618,913
Joint taxation contribution receivable		0	42,100
Prepayments		148,239	41,369
Receivables		2,776,549	3,145,389
Cash		2,321,289	1,522,807
Current assets		5,578,133	5,288,581
Assets		5,647,332	5,288,581

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Contributed capital		1,000,000	1,000,000
Retained earnings		58,844	(222,721)
Equity		<u>1,058,844</u>	<u>777,279</u>
Joint taxation contribution payable		79,400	0
Non-current liabilities other than provisions		<u>79,400</u>	<u>0</u>
Trade payables		100,184	250,431
Payables to group enterprises		3,978,412	3,965,071
Other payables		430,492	295,800
Current liabilities other than provisions		<u>4,509,088</u>	<u>4,511,302</u>
Liabilities other than provisions		<u>4,588,488</u>	<u>4,511,302</u>
Equity and liabilities		<u>5,647,332</u>	<u>5,288,581</u>
Contingent liabilities	5		
Assets charged and collateral	6		
Group relations	7		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	(222,721)	777,279
Profit/loss for the year	0	281,565	281,565
Equity end of year	1,000,000	58,844	1,058,844

Notes

	2018	2017/18
	DKK	DKK
1. Staff costs		
Pension costs	60,000	0
	60,000	0
Average number of employees	1	0
	2018	2017/18
	DKK	DKK
2. Other financial income		
Exchange rate adjustments	147,933	0
	147,933	0
	2018	2017/18
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	74,000	29,000
Other interest expenses	0	1
Exchange rate adjustments	0	119,884
	74,000	148,885
	2018	2017/18
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	79,400	0
Refund in joint taxation arrangement	0	(42,100)
	79,400	(42,100)

5. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where 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 jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes

6. Assets charged and collateral Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Danske Bank. Bank loans of group enterprises amount to tDKK 14,250.

7. Group relations

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

Grening Holding Aps, Varde

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.

Non-comparability

The entity has changed financial year from 1st of May to 30th of April to 1st of January to 31st of December, as a result this financial year represents the period 1st of May 2018 to 31st of December 2018. The comparative figures have not been modified for which reason the comparative figures are non-comparable.

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.

Accounting policies

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.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise pension contributions etc.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange 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 group enterprises. 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).

Accounting policies

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

Other fixtures and fittings, tools and equipment	3-7 years
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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. 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.

Prepayments

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

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.

Accounting policies

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.