Oreco A/S

Lejrvej 25, DK-3500 Værløse

Annual Report for 1 January - 31 December 2016

CVR No 37 25 94 62

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 4 /4 2017

Stig Bøgh Karlsen
Chairman

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Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Oreco A/S 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 at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Furesø, 4 April 2017

Direktion

Kåre Wessel Wetlesen

Bestyrelse

Stig Bøgh Karlsen Chairman	Ulrik Bülow	Per Høholt

Michael Jørgen Peytz

Independent Auditor's Report

To the Shareholders of Oreco A/S

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 Oreco A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the 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 Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 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 Management's Review provides the information required under the Danish Financials 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 Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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.

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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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, 4 April 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Anders Storm Hansen
statsautoriseret revisor

Company Information

The Company	Oreco A/S Lejrvej 25 DK-3500 Værløse Website: www.oreco.com CVR No: 37 25 94 62 Financial period: 1 January - 31 December Incorporated: 26 November 2015 Financial year: 2nd financial year Municipality of reg. office: Furesø
Board of Directors	Stig Bøgh Karlsen, Chairman Ulrik Bülow Per Høholt Michael Jørgen Peytz
Executive Board	Kåre Wessel Wetlesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Financial Statements of Oreco A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Main activity

The business scope of the company comprises of research and development, production and sale of equipment and process systems directed at the cleaning of large, medium and small sized land based atmospheric oilstorage tanks.

Market overview

The market for cleaning of oil refinery land-based atmospheric oil storage tanks has continued in line with, or above previous years, partly driven by the lower oil price, but also strongly supported by increased HSE focus and compliance in maturing markets. The introduction and commercialization of the new Product line "MoClean ATS" have supported the growth of the company and have aided in securing the positive result for 2016 by offering competitive solutions for a broader range of tanks.

The market is expected to continue to expand as more and more tanks are brought online with the increased worldwide oil consumption.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 968,775, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 10,557,565.

Targets and expectations for the year ahead

For the financial year 2017, the Company expects a break even result after amortization of goodwill with positive cash flow.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK 1/12 - 31/12
Gross profit/loss		**12.304.298**	**239.337**
Staff expenses	4	-7.391.941	-396.682
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1	-2.392.131	-198.264
Profit/loss before financial income and expenses		**2.520.226**	**-355.609**
Financial income	5	560.057	203.012
Financial expenses	6	-2.047.086	-258.613
Profit/loss before tax		**1.033.197**	**-411.210**
Tax on profit/loss for the year	2	-64.422	0
Net profit/loss for the year		**968.775**	**-411.210**

Distribution of profit

Proposed distribution of profit

Retained earnings	968.775	-411.210
	968.775	**-411.210**

Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK	DKK
Completed development projects		565.709	710.145
Acquired trademarks and patents		6.236.452	7.017.035
Goodwill		11.576.506	12.874.806
Intangible assets	7	**18.378.667**	**20.601.986**
Plant and machinery		294.619	344.167
Other fixtures and fittings, tools and equipment		113.052	148.316
Property, plant and equipment	8	**407.671**	**492.483**
Investments in subsidiaries	9	0	0
Deposits		61.776	76.060
Fixed asset investments		**61.776**	**76.060**
Fixed assets		**18.848.114**	**21.170.529**
Raw materials and consumables		505.580	299.280
Work in progress		106.262	203.247
Finished goods and goods for resale		705.334	1.651.378
Inventories		**1.317.176**	**2.153.905**
Trade receivables		14.110.529	4.895.382
Contract work in progress	3	2.029.880	26.510
Receivables from group enterprises		11.054	3.104.358
Other receivables		1.538.597	1.307.285
Prepayments		533.901	519.230
Receivables		**18.223.961**	**9.852.765**
Cash at bank and in hand		**223.750**	**4.982.594**
Currents assets		**19.764.887**	**16.989.264**
Assets		**38.613.001**	**38.159.793**

Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK	DKK
Share capital		510.000	-8.980.000
Retained earnings		10.047.565	18.568.790
Equity	10	**10.557.565**	**9.588.790**
Provision for deferred tax		138.627	0
Other provisions		2.163.284	1.371.228
Provisions		**2.301.911**	**1.371.228**
Credit institutions		1.446.660	0
Prepayments received from customers		634.707	4.547.396
Trade payables		6.387.522	6.863.176
Payables to owners and Management	11	16.338.753	15.092.055
Other payables		945.883	697.148
Short-term debt		**25.753.525**	**27.199.775**
Debt		**25.753.525**	**27.199.775**
Liabilities and equity		**38.613.001**	**38.159.793**
Provisions of security	11		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		

Notes to the Financial Statements

		2016	2015
		DKK	DKK 1/12 - 31/12

1 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2016	2015
Amortisation of intangible assets	2.339.331	188.193
Depreciation of property, plant and equipment	52.800	10.071
	2.392.131	**198.264**

2 Tax on profit/loss for the year

	2016	2015
Current tax for the year	0	0
Deferred tax for the year	138.627	0
Adjustment of tax concerning previous years	-74.205	0
	64.422	**0**

3 Contract work in progress

	2016	2015
Selling price of work in progress	33.232.281	27.668.221
Payments received on account	-31.202.401	-27.641.711
	2.029.880	**26.510**

4 Staff expenses

	2016	2015
Wages and salaries	6.825.727	359.987
Pensions	506.426	30.330
Other social security expenses	59.788	6.365
	7.391.941	**396.682**
Average number of employees	**10**	**8**

Notes to the Financial Statements

5 Financial income

	2016 DKK	2015 DKK 1/12 - 31/12
Income from fixed asset investments	0	159.569
Interest received from group enterprises	123.975	22.223
Exchange gains	436.082	21.220
	560.057	**203.012**

6 Financial expenses

	2016 DKK	2015 DKK 1/12 - 31/12
Other financial expenses	1.697.339	143.183
Exchange adjustments, expenses	349.747	115.430
	2.047.086	**258.613**

7 Intangible assets

	Completed development projects DKK	Acquired trade-marks and patents DKK	Goodwill DKK
Cost at 1 January	722.181	7.085.000	12.982.998
Additions for the year	0	35.000	0
Cost at 31 December	722.181	7.120.000	12.982.998
Impairment losses and amortisation at 1 January	12.036	67.965	108.192
Amortisation for the year	144.436	815.583	1.298.300
Impairment losses and amortisation at 31 December	156.472	883.548	1.406.492
Carrying amount at 31 December	**565.709**	**6.236.452**	**11.576.506**

Notes to the Financial Statements

8 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	350.000	152.554
Additions for the year	31.464	17.536
Cost at 31 December	381.464	170.090
Impairment losses and depreciation at 1 January	5.833	4.238
Depreciation for the year	81.012	52.800
Impairment losses and depreciation at 31 December	86.845	57.038
Carrying amount at 31 December	**294.619**	**113.052**

9 Investments in subsidiaries

Cost at 1 January	1.000	1.000
Cost at 31 December	1.000	1.000
Value adjustments at 1 January	-1.000	-1.000
Value adjustments at 31 December	-1.000	-1.000
Carrying amount at 31 December	**0**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Oreco US Inc.	Delaware	200 USD	100%	-2.601.718	-257.215

Notes to the Financial Statements

10 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	510.000	9.078.790	9.588.790
Net profit/loss for the year	0	968.775	968.775
Equity at 31 December	**510.000**	**10.047.565**	**10.557.565**

The share capital consists of 510,000 shares of a nominal value of DKK 1. No shares carry any special rights.

11 Provisions of security

The parent company and group enterprises will subordinate their receivables and loans to Oreco A/S in favor of the bank.

12 Contingent assets, liabilities and other financial obligations

	2016	2015
	DKK	DKK
Charges and security		
The following assets have been placed as security with Credit institutions: Company charge (virksomhedspant) of 5.000.000 DKK in intangible assets, property, plant & equipment, inventory and accounts receivable with a total book value of	34.214.043	26.264.818
Lease and rental obligations		
Leasing	165.155	0
Lejrvej 25	4.200.751	432.687

Other contingent liabilities

Danish group companies are jointly liable for tax on consolidated taxable income, etc. The total amount is shown in the annual report for A/S Dansk Erhvervsinvestering, which is the management company in relation to joint taxation.

The company will contribute capital to the subsidiary Oreco US Inc. The planned loan to Oreco US Inc. will be provided subject to special terms.

Notes to the Financial Statements

13 Related parties

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

A/S Dansk Erhvervsinvestering
c/o Fondsmæglerselskabet Maj Invest A/S
Gammeltorv 18
1457 København K

Maj Invest Holding A/S
Gammeltorv 18
1457 København K

Otto Mønsted A/S
Tingskiftevej 5
2900 Hellerup

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Oreco A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

The comparative periode includes one month, 1st - 31st of december 2015.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes, Accounting Policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprice.

Notes, Accounting Policies

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period; however not exceeding 5 years.

R&D costs are measured at the lower of cost less accumulated amortisation and recoverable amount.

Notes, Accounting Policies

R&D costs are amortized over the expected useful life; however not exceeding 5 years.

Trademarks acquired are measured at cost less accumulated amortisation. Trademarks are amortised on a straight-line basis over its useful life, which is assessed at 8-9 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Assets with no value for the company are expensed in the year of the of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

The item in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

Notes, Accounting Policies

Investments in subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion of contract labor hours incurred to date bear to the estimated total contract labor hours. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Notes, Accounting Policies

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.