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In accordance with
Regulation 32 of the
Overseas Companies
Regulations 2009.

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

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You may use this form to
accompany your accounts
disclosed under parent law.

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A09 *A91J2080* #285
24/03/2020
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

ECOCLEAN GmbH

UK establishment
number

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→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

SECTION 317 OF GERMAN COMMERCIAL CODE

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

SECTION 242 AND 244 OF THE GERMAN COMMERCIAL CODE

A3 Accounts

Accounts

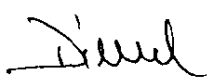
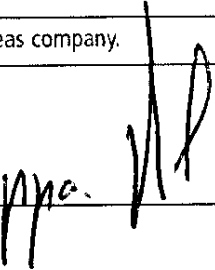
Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

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Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature'. <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.	1 Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body 1	GERMAN INSTITUTE OF PUBLIC AUDITORS	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
	I am signing this form on behalf of the overseas company.	
Signature	Signature   X	
	This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company



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Company name

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- ☐ You have completed all sections of the form, if appropriate.
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Report

Ecoclean GmbH
Filderstadt

Audit of the annual financial statements for 31 March 2018
and the management report for the 2017/2018 financial year

Engagement: 0.0877749.001



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Annex (see separate directory)

Rounding differences of

± one unit (EUR, % etc.) may occur in the tables for calculation-related reasons.

List of abbreviations

AG	Aktiengesellschaft (incorporated company)
AktG	Aktiengesetz (Companies Act)
DRS Standard)	Deutscher Rechnungslegungsstandard (German Financial Reporting Standard)
EStG	Einkommensteuergesetz (Income Tax Act)
GmbH	Gesellschaft mit beschränkter Haftung (Company with limited liability)
EU	European Union
EEC	European Economic Area
HGB	Handelsgesetzbuch (German Commercial Code)
HR A / B	Trade Register Department A / B
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. (German Institute of Auditors), Düsseldorf
ISA	International Standards on Auditing
n.v.	new version
PS	Audit standard of the IDW
PublG	Publizitätsgesetz (Public Disclosure Act)

A. Audit engagement

I. Audit engagement

1. Following our selection as auditor based on the shareholders' resolution from 21 December 2017, the management of

Ecoclean GmbH, Filderstadt,
(hereafter "Ecoclean" or "Company")

engaged us to audit the Company's **annual financial statements** for the financial year 1 April 2017 to 31 March 2018, including the accounting records, and the **management report** for this financial year pursuant to sec. 316 ff HGB.

2. The General Terms and Conditions of Engagement (AAB) for Auditors and Auditing Companies (1 January 2017 version), which are attached to this report, apply with respect to the **implementation of the engagement** and our responsibility, also with regard to third parties.
3. With regard to the type, scope and the **result of our audit**, we are submitting this report in accordance with the principles of the IDW PS 450 (n.v.), with the audited annual financial statements and the audited management report attached as annexes. This report is intended for the audited company.

II. Confirmation of independence

4. We hereby confirm, in accordance with sec. 321 (4a) HGB, that we observed the applicable provisions on independence during our audit of the annual financial statements.

B. General findings

I. Opinion regarding the statutory representatives' assessment of the situation

5. A summary of the statutory representatives' assessment of Ecoclean's situation is shown below (see Annex I):

1. Core expertise and market situation

6. Management begins the management report with a description of the business model and the current market / competitive situation, with a focus on Ecoclean's core expertise and unique selling points.

2. Results of operations, financial position and net assets

7. In its statements regarding the results of operations, financial position and net assets, management notes that sales revenues for the 2017/2018 financial year (EUR 150.6 million) are EUR 21.4 above the sales revenues for the 2016 financial year and also exceed the sales revenues of the short financial year 1 January 2017 to 31 March 2017 (extrapolated to 12 months). The annual result before interest and taxes is EUR 9.9 million (1 January 2017 - 31 March 2017: EUR 2.7 million, 2016: EUR 10.3 million). In addition, management also discusses individual items in short- and long-term net assets.

3. Opportunity and risk report

8. In the risk report, management makes statements regarding political, market and technical risks. On the other hand, management also notes opportunities for developing new markets due to the positive economic situation in China and the political transformation. Ecoclean has also identified great opportunities for the Company as a result of progressive digitization and the increasing focus on electromobility.

4. Forecast report and outlook

9. According to management, the expansion of the Surface Processing segment, the consistent enhancement of the modular system and the global connectivity of the different locations and the service organization open up another opportunity for the Company. It is expected that the new owner strategy will only be marginally different from the issues of the previous years. Efforts to expand the industrial cleaning technology and surface processing are supposed to be continued. Similarly, the Company aims to enter new markets with the use of new developments and

processes. Other future issues mentioned by management include continued product modularization, permanent quality improvements and a reduction in production costs. The result for the upcoming financial year (9 months) is expected to reach EUR 11 million before interest and taxes, with sales revenues of around EUR 100 million.

10. The assessment of the Company's position, in particular the assessment of the Company's ability to operate as a going concern and the main opportunities and risks associated with future developments, has been derived in a plausible and logical fashion. Based on the result of our audit and the insights gained during the audit, we believe that the assessment of the situation by the statutory representatives is appropriate and correct in terms of the contents.

II. Objections regarding financial reporting and other breaches of laws / the memorandum of association

11. We advise that the Company failed to live up to its obligation to prepare the annual financial statements and the management report during the first three months of the new financial year pursuant to sec. 264 (1) sent. 3 HGB.

III. Rendition of the audit opinion

12. Based on the final result of our audit, we issued the following unqualified audit opinion dated 10 January 2019:

"AUDIT OPINION OF THE INDEPENDENT AUDITOR

To Ecoclean GmbH, Filderstadt

Audit conclusions

We have audited the annual financial statements of Ecoclean GmbH, Filderstadt – consisting of the balance sheet for 31 March 2018 and the income statement for the financial year 1 April 2017 to 31 March 2018 and the Notes, including the presentation of the accounting and measurement policies. In addition, we also audited the management report of Ecoclean GmbH for the financial year 1 April 2017 to 31 March 2018.

In accordance with our assessment, which is based on the insights gained during the audit,

- the attached annual financial statements in all material respects correspond to the German provisions under commercial law and, taking into account the German generally accepted accounting principles, correctly describe the Company's net assets and financial position as at 31 March 2018, as well as the results of operations for the financial year 1 April 2017 to 31 March 2018, and
- the attached management report on the whole correctly describes the Company's position. In all material respects, this management report is consistent with the annual financial statements, corresponds to the German statutory provisions and correctly describes the opportunities and risks associated with future developments.

In accordance with sec. 322 (3) sent. 1 HGB, we submit that our audit did not result in any objections regarding the correctness of the annual financial statements and the management report.

Basis for the audit conclusions

We conducted our audit of the annual financial statements and the management report in accordance with sec. 317 HGB and taking into account the generally accepted standards for the audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these provisions and principles is described in more detail in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our audit opinion. We are independent of the Company in accordance with the German provisions under commercial law and the professional code of practice, and we complied with our other German professional obligations in accordance with these requirements. We are of the opinion that the audit evidence obtained by us is sufficient and appropriate to serve as a basis for our audit conclusions regarding the annual financial statements and the management report.

Responsibility of the statutory representatives for the annual financial statements and the management report

The statutory representatives are responsible for preparing annual financial statements that correspond to the German provisions under commercial law and for ensuring that the annual financial statements, taking into account the German generally accepted accounting principles, correctly describe the Company's net assets, financial position and results of operations. In addition, the statutory representatives are also responsible for the internal controls, which they have deemed necessary in compliance with the German generally accepted accounting principles, in order to ensure that the annual financial statements are free of material - intended or unintended - misrepresentations.

In preparing the annual financial statements, the statutory representatives must assess the Company's continued ability to operate as a going concern. Furthermore, they must also include going concern-related facts where such facts are of relevance. In addition, they are required to draw up the accounts on the basis of the going concern principle unless this course of action is opposed by actual or legal circumstances.

The statutory representatives are also responsible for preparing a management report that correctly describes the Company's position and that in all material respects is consistent with the annual financial statements, complies with the German statutory provisions and correctly describes the opportunities and risks of future developments. The statutory representatives are also responsible for the precautions and measures (systems) that they have deemed necessary to warrant the preparation of a management report that complies with the applicable German statutory provisions, and to provide sufficient and appropriate evidence for the statements contained in the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty whether the annual financial statements as a whole are free of material - intended or otherwise - misrepresentations, and whether the management report as a whole correctly describes the Company's position and in all material respects is consistent with the annual financial statements and the insights gained during the audit, complies with the German statutory provisions and correctly represents the opportunities and risks associated with future developments, and to provide an audit opinion that includes our opinions regarding the annual financial statements and the management report.

Sufficient certainty denotes a high degree of certainty but is not a guarantee that an audit conducted in accordance with sec. 317 HGB and taking into account the German generally accepted standards for the audit of financial statements issued by the Institut der Wirtschaftsprüfer (IDW)

will always uncover material misrepresentations. Misrepresentations may result from breaches or incorrect items, and they are considered material if it can be reasonably expected that they, individually or as a whole, will affect the recipients' financial decisions that were made on the basis of these annual financial statements and the management report.

During the course of the audit, we exercise our professional judgment and maintain an attitude of professional skepticism. In addition,

- we identify and assess the risk of material - intended or otherwise - misrepresentations in the annual financial statements and the management report, plan and perform audit procedures in response to these risks and also obtain audit evidence that is sufficient and suitable to serve as a basis for our opinions. The risk that material misrepresentations are not uncovered is greater for breaches than for incorrect items, since breaches may include fraudulent collusion, falsifications, intentional incompleteness, misleading statements and the de-activation of internal controls.
- we gain an understanding of the internal control system that is of relevance to the audit of the annual financial statements and the precautions and measures that are of relevance to the audit of the management report, in order to plan audit procedures that are appropriate given the circumstances, but not with the goal of providing an opinion on the effectiveness of these systems at the Company.
- we assess the appropriateness of the accounting methods that are used by the statutory representatives, as well as the justifiability of the estimates used by the statutory representatives and the associated information.
- we draw conclusions about the appropriateness of the going concern principle used by the statutory representatives and, using the audit evidence that is obtained, whether there are material uncertainties in connection with events or circumstances that could cast significant doubt on the Company's continued ability to operate as a going concern. If we conclude that such material uncertainty exists, we are obliged to refer to the relevant information in the annual financial statements and the management report in our audit opinion, or, if this information is not appropriate, to modify our respective audit conclusion. We draw our conclusions on the basis of the audit evidence that is obtained until the date of our audit opinion. However, future events or circumstances may lead to a situation in which the Company is no longer able to operate as a going concern.
- we assess the overall presentation, the structure and the contents of the annual financial statements including the information provided, and whether the annual financial statements describe the underlying business transactions and events in such a way that the annual financial statements, in compliance with the German generally accepted accounting principles, correctly describe the Company's net assets, financial position and results of operations.

- we assess the consistency of the management report with the annual financial statements, the laws and its description of the Company's position.
- we conduct audit procedures concerning the future-oriented statements included in the management report by the statutory representatives. On the basis of sufficient and suitable audit evidence, we especially review the main assumptions on which the future-oriented statements provided by the statutory representatives are based, and we assess the proper deduction of the future-oriented statements from these assumptions. We do not provide an independent opinion on the future-oriented statements and the underlying assumptions. There is a considerable and unavoidable risk that future events will deviate significantly from the future-oriented statements.

We also discuss, among other things, the planned scope and schedule for the audit, as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit, with the individual in charge of monitoring.

C. Purpose, type and scope of the audit

13. Our audit centered on the accounting, the annual financial statements for the financial year 1 April 2017 to 31 March 2018 prepared in accordance with the provisions under commercial law that apply to all merchants (sec. 242 to 256a HGB), the supplementary provisions for incorporated companies (sec. 264 to 288 HGB) as well as the other legal form-specific provisions (e.g. sec. 42 GmbHG), consisting of the balance sheet, the income statement, the Notes, and the management report for the 2017/2018 financial year. The Company's statutory representatives are responsible for the correctness of the accounting, the annual financial statements and the management report. Our task was to audit these documents to assess whether the statutory financial reporting provisions were adhered to. The management report was audited to assess whether it is consistent with the annual financial statements and the insights gained during our audit, and whether it correctly describes the Company's situation. In this context, we also checked whether the opportunities and risks associated with future developments are described correctly. The audit of the management report also included a review as to whether the statutory provisions regarding the preparation of the management report were adhered to.
14. An assessment of the adequacy of the Company's **insurance cover**, in particular an assessment of whether all risks have been considered and are adequately insured, did not form a part of our audit engagement.
15. We conducted our **audit** in the Company's business premises in Filderstadt and in our offices in Düsseldorf between September 2018 and January 2019.
16. The annual financial statements for the short financial year 1 January 2017 to 31 March 2017 audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (which also issued an unqualified audit opinion) formed the **starting point** of our audit.
17. During the audit, we complied with the provisions of sec. 316 et seq. HGB and the **generally accepted standards for the audit of financial statements** set out in the audit standards of the IDW. Accordingly, we designed our audit in such a way so as to be able to identify errors and breaches of statutory provisions that have a material impact on the representation of the net assets, financial position and results of operations. Our engagement did not include the discovery and clarification of criminal circumstances, such as e.g. embezzlement or other breaches of trust, or administrative offenses committed outside of the financial reporting process, nor did it include an assessment of the effectiveness and efficiency of management. At the same time, the audit planning and implementation process was designed in such a way that irregularities that are material to financial reporting can be

identified with sufficient certainty. The Company's statutory representatives are responsible for establishing and implementing the appropriate measures to prevent / identify irregularities.

18. In the context of our **risk-oriented audit approach**, we started by obtaining an up-to-date overview of the Company's business and legal environment. Building on these insights, we examined the Company's objectives and strategies (starting with the Company's organization) to determine the business risks that could lead to material accounting errors. Based on discussions with company management and inspections of the Company's organizational documents, we subsequently investigated the measures that were taken by the Company to manage these business risks. In this context, we conducted an audit of the appropriateness of the Company's accounting-related internal control system (preliminary audit). The audit of the internal control system focuses on the following areas, which are closely related to financial reporting:

- the Company's controlling environment
- provisions that focus on the definition and analysis of risks relevant to the accounting
- the establishment of control activities by company management in response to the risks that have been identified
- the bookkeeping system and internal communication processes
- monitoring of the internal control system by company management.

In the context of the audit procedures described above, we also identified risks that may lead to significant accounting errors. These insights were taken into account as we determined our audit approach going forward. We conducted functional audits in areas in which company management has established suitable internal controls for limiting these risks, in order to confirm the continuous effectiveness of these measures. Functional audits focused on the following processes in particular:

- Procurement
- Materials management
- Distribution
- Personnel
- Finances

- IT

The degree of effectiveness of these internal controls subsequently determined the type and scope of our audit of individual business transactions and inventories, as well as our analytical audit procedures (substantive audit procedures). Particularly with regard to business transactions that based on their type were entered and processed in large numbers and using identical methods in the context of an effective internal control system (based on our findings to date), the audit focused on the consistent application of the key internal controls at the Company.

Subsequent analytical audit procedures, individual audits or a combination of both were performed if we could assume that the numbers to be audited were correct based on the effectiveness of the internal controls established at the Company. In the presence of effective controls, individual audits were limited to the amount deemed necessary by the auditor.

Where we did not make provision for functional audits, or if we could not assume that effective controls were in place, we mainly performed substantive audit procedures.

19. In the context of the individual audits of the Company's end-of-year items, we viewed (among other things) excerpts from the company register, supply and service contracts, loan agreements, annual financial statements and other business documents. We participated in the physical inventory process at the Filderstadt and Monschau locations in an observing capacity. With regard to the recognition of possible risks from existing legal disputes, we obtained lawyer's confirmations, as well as balance confirmations for 31 March 2018 for the audit of trade receivables and liabilities. Bank confirmations for 31 March 2018 were received for the audit of business relationships with credit and financial services institutions.

For the audit of the pension provisions, the provisions for anniversary contributions and part-time retirement obligations, we had access to actuarial appraisals prepared by independent experts, the results of which we were able to use.

20. We audited the **opening balance sheet values** to verify that they were duly transferred from the previous year's financial statements. We conducted additional audit procedures to determine with sufficient certainty that the opening balance sheet values, which were not audited by us, did not contain any material errors.

21. An overview of the **focus areas that were defined for the audit** of the annual financial statement is shown below:

- Audit of the recognition and measurement of inventories
- Audit of the recognition and measurement of other provisions
- Audit of sales revenues

22. The statutory representatives and the employees designated by the same provided all of the **clarifications and supporting documents** that were requested by us.

The statutory representatives provided us with the customary letter of representation for the annual financial statements and the management report.

In a supplementary statement, the statutory representatives also confirmed that in their opinion, any uncorrected audit differences in the annual financial statements and uncorrected information in the management report, taken individually or as a whole, may be considered immaterial.

D. Findings regarding financial reporting

1. Correctness of financial reporting

1. Accounting and other audited documents

23. Based on our findings, the **accounting system** and the **document management system** are in all material respects orderly and correspond to the statutory provisions. The information that must be obtained from the other audited documents results in the correct presentation of the information in the accounting system, the annual financial statements and the management report.
24. During our audit, we did not discover any circumstances that would indicate that the organizational and technical measures implemented by the Company are not suited to warrant the **security of the accounting-relevant data and IT systems**.
25. Based on our findings, the accounting-related **internal control system** is generally suited to warrant the full and correct entry, processing, documentation and security of the posting material.

2. Annual financial statements

26. The annual financial statements for Ecoclean, consisting of the balance sheet, income statement and the Notes for the financial year 1 April 2017 to 31 March 2018, in all material respects comply with the statutory provisions including the legal form-specific provisions and the generally accepted accounting principles. Supplementary provisions of the memorandum of association did not have to be observed.
27. The balance sheet and income statement were properly derived from the accounting records and the other audited documents. In this context, the recognition, disclosure and measurement provisions were in all material respects adhered to.
28. The Notes comply with the statutory provisions. The information in the Notes is in all material respects complete and correct.

3. Management report

29. The management report in all material respects corresponds to the statutory provisions (sec. 289 HGB).

II. Overall statement of the annual financial statements

30. The annual financial statements in all material respects correspond to the statutory provisions and on the whole correctly describe the Company's net assets, financial position and results of operations in compliance with generally accepted accounting principles.
31. For a better understanding of the overall statement of the annual financial statements, we will duly discuss the main measurement principles and the impact of changes to the measurement principles on the overall statement of the annual financial statements (sec. 321 (2) sent. 4 HGB).
32. For further information regarding the accounting policies, we refer to the Notes (Annex II).

Main measurement principles

33. **Shares in affiliated companies** were entered at acquisition cost or the lower fair value (if the reduction in value is expected to be permanent). Such an expected permanent impairment did not exist with regard to the participating interest of Ecoclean GmbH on the closing date.
34. The provisions for **pensions and for other actuarially measured personnel obligations** are calculated on an actuarial basis taking into account biometric probabilities (Heubeck Reference Tables 2005 G). The obligations are calculated according to the projected unit credit method. In this context, expected future increases in wages and pensions are also taken into account. The interest rate for calculating the net present value of the pension obligations corresponds to the average market rate for the past ten years published by the German Bundesbank, which results from an assumed residual term of 15 years (sec. 253 (2) sent. 2 HGB). The thus calculated interest rate is 3.57% at the end of the financial year.
35. Other provisions include identifiable risks and uncertain obligations and were measured at the amount repayable on the basis of a reasonable business assessment (i.e. including future cost and price increases).

E. Final remarks

This report on the audit of the annual financial statements for Ecoclean GmbH, Filderstadt for the financial year 1 April 2017 to 31 March 2018 and the management report for that financial year is submitted in accordance with the statutory provisions and the principles of proper reporting for audits (IDW PS 450 n.v.).

Our audit opinion can be found in Section B under "Rendition of the audit opinion".

Düsseldorf, 10 January 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Uwe Rittmann
Auditor

ppa. Reza Bigdeli
Auditor



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Management report for Ecoclean GmbH, Filderstadt, for the financial year 1 April 2017 to 31 March 2018

Key expertise, market size and market trends

Together with its subsidiary in the Czech Republic and the affiliated companies in Switzerland, the US, France, China and India, Ecoclean GmbH is the largest global provider of industrial cleaning systems. The global market is serviced and supplied through the global sales, service and production network.

With a growth of approximately 3%, the economic situation in global markets improved slightly compared to 2017. In the US, the GDP rose by a significant margin. On the other hand, the Eurozone and Chinese economies suffered a slight decline in economic performance. Emerging economies report flat economic growth, with some economies, such as Argentine and Turkey, continuing to deteriorate.

In addition to the widely diversified industrial market, medical technology, optics and the aviation industry, the automotive industry with its OEMs and the automotive supplier chains also represent an important customer segment in a wider sense. Demand is still good, although our automotive customers have adopted a decidedly reserved attitude when it comes to decision-making. Ecoclean addresses the current challenges in the production segment of the metal-cutting industry due to smaller batch sizes, more complex components and greater diversity of parts by developing and marketing the appropriate equipment concepts for component cleaning.

Current trends in machine and plant building, such as electromobility, digitization, energy efficiency, lightweight construction and the structural transformation in the automotive value chain all have an effect on Ecoclean GmbH's business activities. In the individual component cleaning segment, Ecoclean has obtained important contracts for cleaning electric motors since 2017. In addition, Ecoclean also takes advantage of the opportunities that the digital transformation offers for cleaning technologies, and it is expanding its portfolio with measurement systems for bath quality and the option of connecting the cleaning system to higher-level control levels (IoT-ready). Ecoclean's "CareConnect" data connection system will be presented at the leading trade fair for industrial component cleaning ("parts2clean") in October 2018.

The global competitive environment for Ecoclean GmbH has remained virtually unchanged. Of the approximately 100 competitors, only around 10% may be considered as relevant. With new products such as EcoCwave, EcoCagile and EcoCduty, Ecoclean GmbH has been able to confirm its market position, and the Company is a strong and reliable partner to its customers. The application knowledge of many different industries, work pieces and cleaning media/processes represents the core competence of Ecoclean GmbH. Together with the Company's global presence, it provides a major unique selling point.

Economic performance and market situation

The result of the financial year 1 April 2017 to 31 March 2018 was in line with expectations. Orders received and sales revenues fluctuated during the year, while the plants were consistently running at capacity. Viewed together, these numbers reflect Ecoclean GmbH's positive and solid business growth.

Compared to the previous short financial year, which was characterized by higher-than-average sales revenues in Asia, in the current financial year Ecoclean reports proportionately higher sales revenues in Europe, with stable sales revenues in the US.

Orders on hand in the automotive segment and the current development of incoming orders of both segments in Monschau and Filderstadt made a positive contribution to the result.

The Company is reaping the benefits of the changes that were initiated in previous years. They also include the segments process and product development, which have set and will continue to set new standards in the market.

The concentration on key tasks and the expansion of internal collaboration at Ecoclean GmbH lead to greater efficiency in development and order processing, which compensates for higher material and wage costs.

Ecoclean GmbH

	1 April 2017 - 31 March 2018	1 January 2017 – 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Orders received		42,887	150,021
Sales revenues		35,170	129,179
EBIT		2,744	10,340
Result		2,620	9,980
Investments*		578	2,371
Employees		454	455

* In property, plant and equipment and intangible assets, without showroom facilities

Compared to the reference periods, sales revenues were higher, while orders received declined in the financial year. Figures cannot be compared to the numbers of the previous short financial year that were projected to 12 months. Additional planning is based on the assumption that orders received will increase moderately or stabilize over the next few years.

Besides concentrating on cleaning applications in the industrial and automotive business, Ecoclean GmbH also wants to expand the Surface Processing segment over the next few years, with the objective of developing additional market potential in addition to the classic segment of cleaning technology and services.

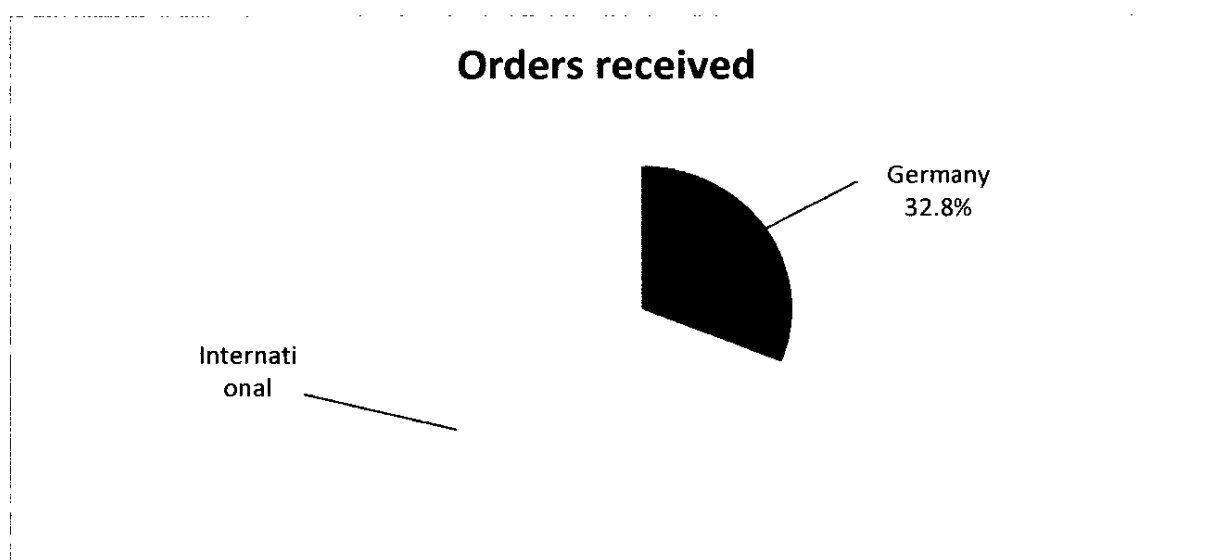
Electromobility is an important issue for Ecoclean GmbH. The business in the automotive industry is characterized by uncertainty in long-term planning. Since Dieselgate and the discussions surrounding electromobility, investments in power trains have come under increasing scrutiny and are often postponed. New projects, mostly prototypes and smaller test series, have already been requested and planned for electromobility components.

Business developments and the Company's situation

Orders received, orders on hand and sales revenues can be broken down along domestic and international lines as follows:

Orders received

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Germany		10,929	43,530
International		31,958	106,491
Total		42,887	150,021
International		74.5	71.0



Orders received and orders on hand compared to the previous year

New orders for cleaning equipment totaled EUR 100.3 million (1 January 2017 - 31 March 2017: EUR 34.9 million, 2016: EUR 111.5 million), As a result, orders received for equipment were under the values of the two previous years.

Orders received in the service segment amounted to EUR 37.3 million (1 January 2017 - 31 March 2017: EUR 7.6 million, 2016: EUR 38.5 million),

Orders on hand

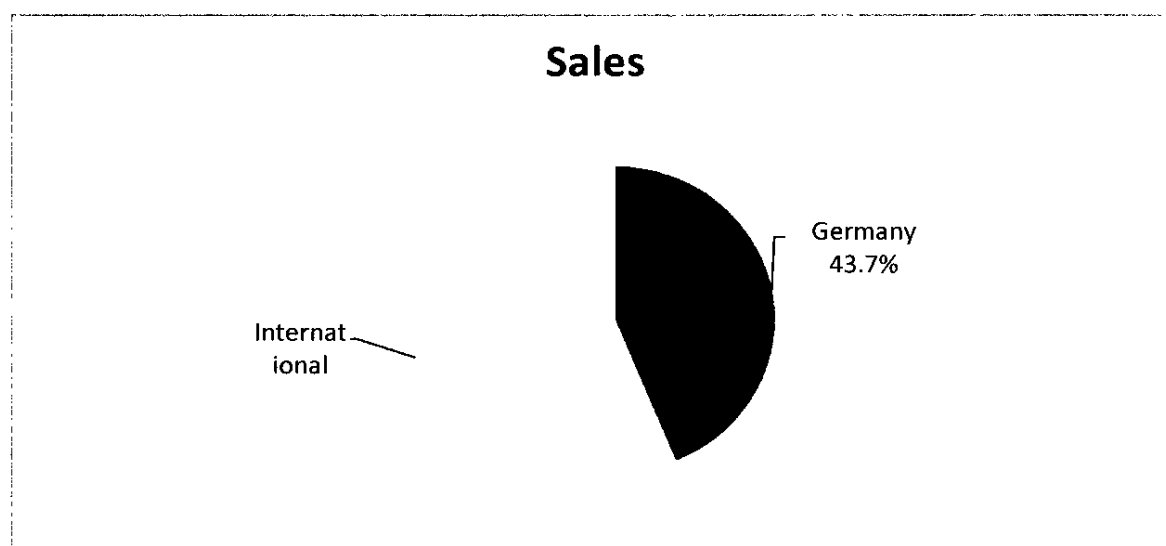
	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Total		194,446	186,729
Change		7,717	20,684

As at 31 March 2018, orders on hand reached EUR 184.7 million (31 March 2017: EUR 194.4 million, 31 December 2016: EUR 186.7 million), This corresponds to a decrease of EUR 9.7 million.

Orders on hand in Monschau of EUR 147.6 million (31 March 2017: EUR 164.3 million, 31 December 2016: EUR 158.8 million) warrant capacity utilization for the next nine months. In Filderstadt, orders on hand have steadily increased in the past few years. As at 31 March 2018, orders on hand are EUR 37.1 million (31 March 2017: EUR 30.1 million, 31 December 2016: EUR 27.9 million),

Sales revenues

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Germany		8,722	52,028
International		26,448	77,151
Total		35,170	129,179
International		75.2%	59.7%



At EUR 150.6 million, sales revenues were EUR 21.4 million higher than in the 2016 financial year (EUR 129.2 million), and also higher than in the short financial year 1 January 2017 - 31 March 2017 (EUR 35.2 million). Based on the current volume of orders on hand and the expected number of orders received, we expect sales revenues of approximately EUR 130 million for the upcoming financial year (1 April 2018 to 31 December 2018).

Results of operations

The Company closed the past financial year with sales revenues of EUR 150.6 million (1 January 2017 - 31 March 2017: EUR 35.2 million, 2016: EUR 129.2 million) and an annual result (before interest and taxes)

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of EUR 9.9 million (1 January 2017 - 31 March 2017: EUR 2.7 million, 2016: EUR 10.3 million) before the profit/loss transfer agreement. Material costs totaled EUR 78.1 million, with personnel expenses of EUR 42.5 million.

This results in a return on sales for the financial year 1 April 2017 to 31 March 2018 of 6.5% (1 January to 31 March 2017: 7.8%, 2016: 8%)

EBIT

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Ecoclean GmbH	2,744	2,744	10,340

Ownership structure

Ecoclean GmbH owns 100% of the shares in subsidiary Ecoclean Technologies spol. s r.o. in the Czech Republic. All of the shares in Ecoclean GmbH have been held by SBS Ecoclean GmbH, Frankfurt am Main, since 1 April 2017. The capital stock of Ecoclean GmbH is EUR 5.2 million.

Net assets and financial position

As at 31 March 2018, the equity ratio is 44.2% compared to 50.4% on 31 March 2017.

Inventories decreased to EUR 30.6 million (31 March 2017: EUR 49.3 million, 31 December 2016: EUR 41.7 million). This development is mainly due to the increase in advance payments made by customers, which are shown in inventories.

The Company has been in a cash pool with the new parent company SBS Ecoclean since 1 April 2017. As of the 31 March 2018 closing date, receivables from affiliated companies from cash pooling amounted to EUR 32.1 million.

Trade receivables from affiliated companies increased by EUR 1.5 million.

Trade liabilities to affiliated companies increased by EUR 1.3 million (as at 31 March 2018).

Compared to the previous year, provisions declined by EUR 1.7 million, mainly due to the provision for bonuses that were already paid out in the 2018 calendar year.

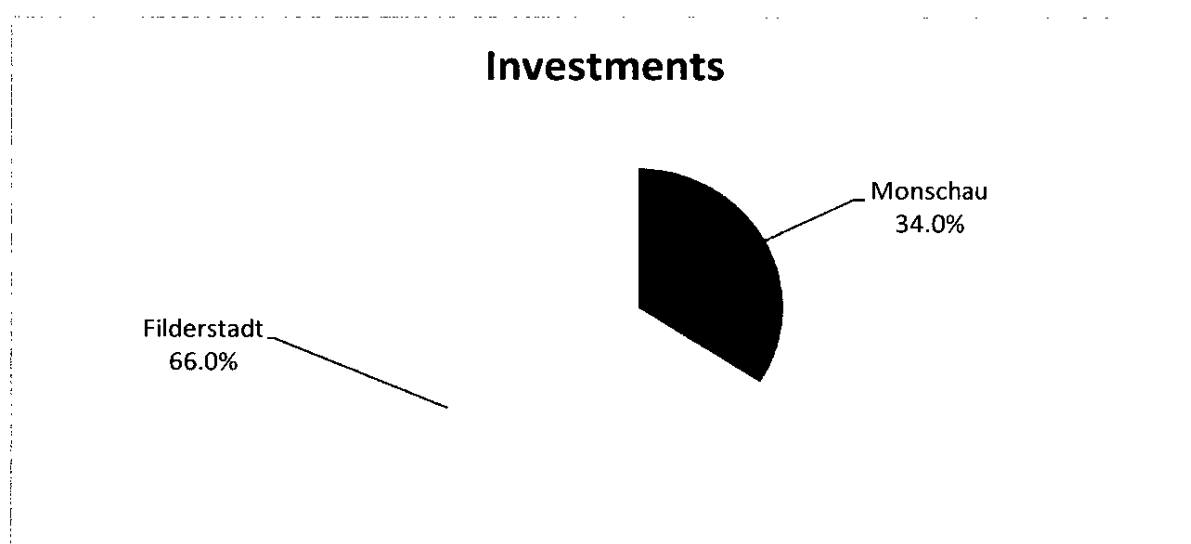
SBS Ecoclean GmbH has a EUR 30 million credit facility at HSBC Bank.

Investments and depreciation/amortization

Investments

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Monschau		74	499
Filderstadt		504	1,872
Ecoclean GmbH*		578	2,371

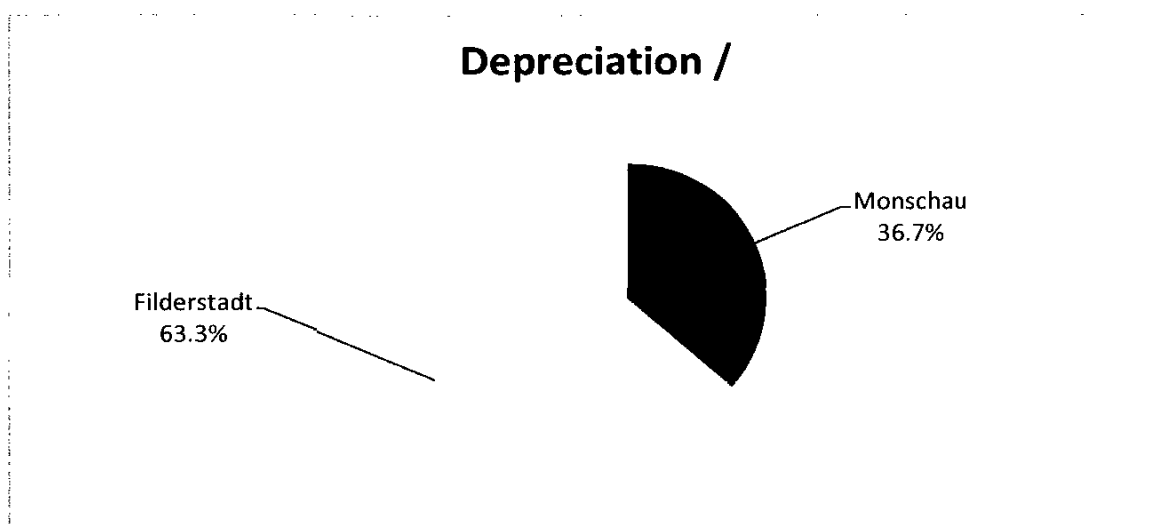
* The investment sum of EUR 870,000 does not include the showroom facilities



Depreciation / amortization

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2017	1 January 2016 - 31 December 2016
Amounts in EUR 000			
Monschau		259	440
Filderstadt		111	339
Ecoclean GmbH*		370	779

* The amount of EUR 1.310 million in depreciation does not include the showroom facilities

**Research and development**

In Monschau, activities continued to focus on the development of new and highly-efficient processes and products, including improved efficiency for work piece deburring / surface processing using the booster technology. Overall, EUR 1.8 million (1 January 2017 - 31 March 2017: EUR 0.1 million) were spent on research and development at Monschau in the 1 April 2017 to 31 March 2018 financial year. Total expenditures for the 2016 financial year amounted to EUR 1.6 million.

At Filderstadt, strategic new product development activities were continued during the 1 April 2017 to 31 March 2018 financial year in order to introduce additional innovative cleaning equipment to the market. In total, EUR 1.9 million (1 January 2017 - 31 March 2017: EUR 0.2 million; 2016: EUR 1.2 million) were spent on research and development at Filderstadt. Activities in this segment focused on plasmatechnology and Industry 4.0.

Personnel

	1 April 2017 - 31 March 2018	1 January 2017 - 31 March 2018	1 January 2016 - 31 December 2016
Number of			
Monschau		254	254
Filderstadt		200	201
Ecoclean GmbH		454	455

Compared to the previous year, the number of employees increased by 19 compared to the 31 March 2018 closing date.

Internal control system for the accounting process

Our internal control system (ICS) for the accounting process has two objectives: first, it must warrant the reliability of financial reporting with sufficient certainty; and second, the ICS contributes to ensuring that the annual financial statements are prepared in accordance with the German Commercial Code (HGB).

The following control and security routines in the accounting process form the major components of the ICS.

1. Up to 31 March 2018, the Company observed the accounting directive of Dürr AG, which covers all of the aspects that are of relevance to the Company pursuant to HGB and IFRS. Ecoclean GmbH has continued to use these directives since 1 April 2017.
2. Our ERP system and the management reporting tool perform automatic controls of posting processes and verify that information is reported in the correct balance sheet items.
3. Using a multi-level security process, we takes samples and conduct plausibility checks and other audit activities. The following levels participate in this process: Accounting, controlling and company management.

Training is used to ensure that the employees in the finance department are able to comply with the requirements of their roles at all times. Our qualification measures cover both the applicable financial reporting standards and accounting rules, as well as the handling of software tools.

To prevent risks, we define key focus areas that are essential to the quality of our financial reporting. Of particular importance is the accounting of production orders; it includes an estimate of the total expected costs for an order and the order-related provisions. Other key issues include the recoverability of participating interests and the veracity of the qualitative statements in the management report.

Risk management

The management of potentially existential risks was a high-level priority during the reporting period. The risks that have been classified as relevant to the Company, along with the respective risk status, were regularly updated and assessed by top management and the managers in the Company.

Overall, we see risks in a changing political environment, due to changes in the market situation and as a result of technological change.

No existential risks have been identified at this time.

Political risks

- Change in the global economy, particularly in the US due to possible economic sanctions and the ensuing reactions, also in the Asian region.
- Changing economic policies in the European region. In particular economic and political isolation, encouraged by Brexit.

In view of the fact that approximately 44% of sales revenues are generated in Germany, Austria and Switzerland, and another approx. 31% within the EU, i.e. almost 65% in Europe, we expect that while the aforementioned political risks are a given, they can nevertheless be described as minor given the strong concentration on (core) Europe.

Market risks specific to CLA (Cleaning Automotive at: Monschau)

- High dependency on individual customers and industries, and particularly on the economic situation in the automotive industry
- Risks from developments in procurement markets
- Changing competitive environment
- Project risks and capacity utilization risks

The very strong ties to the automotive industry, which accounts for over 50% of sales revenues at Ecoclean GmbH, represent a potential risk. With the energy transformation and the resulting launch of electromobility, the automotive industry is facing a structural upheaval that will also affect all industries that work with the automotive industry.

At this time, Ecoclean GmbH has a risk in the US, as orders received remain below expectations due to the lack of a local supplier base.

Market risks specific to CLI (Cleaning Industrial at: Filderstadt)

- Because of the market structure, reliable order forecasts can only be provided for a 12-week period.
- Some competitors are family-managed and have more flexibility to respond to market changes.

Customer invoices in foreign currency, receivables from affiliated companies and liabilities are hedged against currency risks with forward transactions. In general, only micro hedges are used in this context. Foreign currency is also hedged on the basis of the Dürr Group Directive (as at 31 December 2016) for hedging foreign currency transactions. The previous process has been maintained.

Market opportunities

- Additional strengthening of market leadership (re: volumes) due to the continued positive economic situation in China.
- Continued promotion of market activities in Asia and North America.
- Optimization of cost structure through improved project and claims management.
- Optimization of capacity utilization through comprehensive activities in the SBS Ecoclean Group

Political and structural changes in markets and industries also open up opportunities for developing new markets and expanding the Company's presence in the current markets. In addition to the strong Chinese market, we also envision opportunities in the larger Asian region, and also in South and Central America (in addition to the US).

At this time, we do not expect any growth in the "transmission" automotive segment. In the next few years, electromobility will still be closely tied to hybrid engines. Ecoclean GmbH is well positioned for casings.

Electromobility is also a growth industry in China. Here, the situation is the same as in Europe. In addition, the number of combustion engines and transmissions is also expected to grow. Ecoclean

GmbH is well positioned in both segments. Gaining a foothold in this market requires excellent processing activities with the corresponding positive references.

Technological opportunities

- Continuation of modular designs
- Digitization and Industry 4.0
- Promotion of technological collaboration within the SBS Ecoclean Group

Risks

The risk analyses as described cannot provide a sound quantification of risks.

The Company and its subsidiaries were part of the Dürr AG risk management system until 31 March 2017. The regulations of Dürr AG will continue to apply to Ecoclean GmbH until further notice.

Outstanding receivables are regularly reviewed and sometimes reinsured with contingency insurance taking into account the customer's credit rating. In addition, the Company is ramping up efforts to obtain more favorable payment terms from its customers.

Based on the positive volume of orders on hand as at 31 March 2018, together with the Company's good position in the area of innovative cleaning technologies, we believe that the risks for the Company are limited. Existential risks have not been identified at this time.

Financing activities

The issue of Net Working Capital will once again be the focus of activities at the GmbH and at the subsidiaries / affiliates this year. It is expected that the optimization of the receivables and cash management process will continue to help with reducing the net working capital. In this context, the special features and dependencies of the automotive industry must also be observed, however.

Opportunities report and outlook for the next financial years

Tentative investment patterns in the automotive segment have led to a significantly slower automotive market. However, we also believe that the Company as a whole will perform well due to the initiated growth strategy in the industrial segment and the expansion of the Surface Processing segment. Our modular system is steadily enhanced and aligned to current requirements in order to realize global production concepts - an approach that is confirmed by the success of the past few months. The global connectivity of our locations and the sales and service organizations will continue to be intensified next year, so that the Company may participate in the investments that are made abroad. Local advisory expertise coupled with local production, followed by local services according to international benchmarks, enables Ecoclean GmbH to function as a global partner for its customers.

Future focus areas:

- Concentration and further expansion of the core business industrial cleaning technology and surface processing
- Targeted entry into new business segments using new developments and processes
- Accelerated expansion of growth markets, particularly China
- Continuous expansion of Ecoclean's own sales and service network in Europe, and targeted promotion of our Chinese activities
- Product modularization, establishment of a product line in the Precision segment to comply with cleaning requirements $< 400 \mu$
- Significant expansion in the service business (Customer Excellence Project)
- Permanent reduction in production costs (with product improvements, among others)
- Continuation of development activities for EcoCagile (development for the Asian and American market)
- Permanent quality improvement and error minimization
- Global market introduction of EcoCvelox (machine for deburring)

The improvements that have been initiated (and most of which have already been implemented) form a very solid foundation for the next nine months, with an expected result of approximately EUR 11.0 million before interest and taxes. *This expectation is based on a revenue target of around EUR 100 million.*

In 2018, it was decided, by way of a shareholders' resolution, that starting on 1 January 2019, the financial year will be based on the calendar year. This results in a short financial year beginning on 1 April 2018 and ending on 31 December 2018.

Filderstadt, 10 January 2019

Ecoclean GmbH

Management

Michael Förster

Ralf Dienel

**Annual financial statements for the
financial year 1 April 2017 to 31
March 2018**

	31.03.2018 EUR	31.03.2017 EUR
Assets		
A. Fixed assets		
I. Intangible assets	829,667.00	1,197,081.00
Concessions, commercial trademarks and similar rights and values, as well as licenses for such rights and values, purchased against payment		
II. Property, plant and equipment		
1. Land, land-like rights and buildings including buildings on third-party land	3,194,722.65	3,282,058.65
2. Technical equipment and machines	3,074,617.30	278,519.00
3. Other equipment, business and office equipment	2,028,094.00	2,011,602.00
	8,297,433.95	5,572,179.65
III. Financial assets		
1. Shares in affiliated companies	1,125,000.00	1,125,000.00
2. Loans to affiliated companies	983,682.22	983,682.22
	2,108,682.22	2,108,682.22
	11,235,783.17	8,877,942.87
B. Current assets		
I. Inventories		
1. Raw materials and supplies	2,099,527.82	2,421,743.41
2. Work in progress	94,594,845.64	96,546,294.71
3. Finished goods and products	0.00	4,220,099.59
4. Advance payments	1,961,797.77	1,443,642.01
5. Advance payments received	-68,064,764.62	-55,350,941.45
	30,591,406.61	49,280,838.27
II. Receivables and other assets		
1. Trade receivables	16,304,536.57	11,226,741.95
2. Receivables from affiliated companies	40,950,836.94	19,566,747.08
3. Other assets	2,663,003.04	1,067,705.94
	59,918,376.55	31,861,194.97
III. Cash resources	1,585,120.83	1,386,288.88
	92,094,903.99	82,528,322.12
C. Prepaid expenses and other current assets	196,635.41	800,012.91
D. Excess of plan assets over pension liability	1,778,700.18	359,730.16
	105,306,022.75	92,566,008.06

	31 March 2018 EUR	31 March 2017 EUR
Liabilities		
A. Shareholders' equity		
I. Subscribed capital	5,200,000.00	5,200,000.00
II. Capital reserve	41,417,000.00	41,417,000.00
	<u>46,617,000.00</u>	<u>46,617,000.00</u>
B. Provisions		
1. Provisions for pensions and similar obligations	1,142,083.00	1,018,864.00
2. Other provisions	15,704,360.55	17,521,759.10
	<u>16,846,443.55</u>	<u>18,540,623.10</u>
C. Liabilities		
1. Advances received on orders	15,767,611.53	12,966,154.95
2. Trade payables	9,021,202.44	9,828,116.02
3. Liabilities to affiliated companies	12,494,167.32	3,090,494.41
4. Other liabilities	4,559,597.91	1,523,619.58
	<u>41,842,579.20</u>	<u>27,408,384.96</u>
	<u>105,306,022.75</u>	<u>92,566,008.06</u>

Income statement for the financial year 1 April 2017 to 31 March 2018

	01.04.2017 - 31.03.2018	01.01.2017 - 31.03.2017
1. Sales revenues	150,607,620.06	35,169,843.59
2. Change in inventories of finished goods and work in progress	-1,433,648.39	7,634,881.34
3. Other operating income of which income from currency conversion EUR 481,629.71 (previous year: EUR 22,372.86)	2,456,650.55	1,192,348.03
	<u>151,630,622.22</u>	<u>43,997,072.96</u>
4. Cost of materials		
a) Expenses for raw materials and supplies and for purchased goods	45,024,491.30	13,690,084.54
b) Expenses for purchased services	33,069,057.13	9,483,464.27
5. Personnel expenses		
a) Wages and salaries	36,713,664.28	9,836,331.87
b) Social contributions and expenses for retirement provisions and for support	5,763,114.32	1,531,942.27
6. Amortization and write-downs of intangible fixed assets and property, plant and equipment	2,044,125.30	369,906.37
7. Other operating expenses of which expenses from currency conversion EUR 431,963.50 (prev. yr. EUR 46,561.55)	19,121,909.87	6,341,813.48
	<u>141,736,362.20</u>	<u>41,253,542.80</u>
8. Other interest and similar income of which income from discounting EUR 40,435.33 (prev. yr. EUR 10,455.66)	247,789.89	52,976.75
9. Interest and similar expenses of which income from compounding EUR 104,607.96 (prev. yr. EUR 65,992.96)	104,834.95	130,606.49
	<u>142,954.94</u>	<u>-77,629.74</u>
10. Income tax	0.00	0.00
11. After-tax result	10,037,214.96	2,665,900.42
12. Other taxes	246,405.34	46,089.98
13. Expenses from profit/loss transfer	-9,790,809.62	-2,619,810.44
14. Result for the year	<u>0.00</u>	<u>0.00</u>

**NOTES for Ecoclean GmbH, Filderstadt,
for the financial year 1 April 2017 to 31 March 2018**

(1) Principles and methods

The registered office of Ecoclean GmbH is located in Filderstadt (Germany); the Company is entered in the Municipal Court of Stuttgart, Department B, under HRB Nr. 224029.

The annual financial statements were prepared in accordance with sec. 242 et seq. HGB, sec. 264 et seq. HGB and the relevant provisions of the Limited Liability Companies Act (GmbH Act) pertaining to large incorporated companies. For reasons of conciseness, individual items in the balance sheet and income statement have been combined. These items are listed separately in the Notes and explained.

The income statement was prepared in accordance with the total cost method. Because of the previous short financial year 1 January 2017 to 31 March 2017, the amounts in the income statement can only be somewhat compared to those of the current financial year.

(2) Accounting policies

As in the previous year, assets and liabilities (with the exception of finished goods) continue to be reported in accordance with the provisions under the commercial code. The machines that were previously reported under finished goods were reorganized at the beginning of the financial year and are now reported under technical equipment and machines in property, plant and equipment. These machines are used for presentation purposes and as loans to customers, and are therefore subject to wear and tear.

INFORMATION REGARDING THE BALANCE SHEET

(3) Fixed assets

The development of fixed assets is attached to the Notes as Appendix A. The list of investments is attached as Appendix II.

Intangible assets

Purchased intangible assets are entered at acquisition cost and - insofar as they are subject to wear and tear - are amortized in accordance with

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their expected useful life on a straight-line basis, or to the fair value.

Property, plant and equipment

Additions to property, plant and equipment are entered on the asset side at acquisition/production costs. Regular depreciation is based on the straight-line depreciation method. The declining balance method is used for older events (if this results in higher amounts than the straight-line method).

Until 31 December 2017, low-value capital assets with an individual net value of up to EUR 410.00 were fully written off in the year they were added, or they were entered as an expense. Their immediate disposal was assumed. Starting on 1 January 2018, low-value capital assets with an individual net value of EUR 250 - EUR 800 are written off within one year.

Financial assets

Shares in affiliated companies are entered at acquisition cost or the lower fair value.

(4) Inventories

	31.03.2018	31.03.2017
	EUR 000	EUR 000
Raw materials and supplies	2,100	2,422
Work in progress	94,595	96,546
Finished goods	0	4,220
Advance payments	1,962	1,444
of which to affiliated companies	1,540	864
Advance payments received	-68,065	-55,351
of which from affiliated companies	-568	0
	<u>30,592</u>	<u>49,281</u>

Raw materials and supplies were measured at acquisition cost or the lower current prices. The appropriate marketability discounts were taken into account.

Work in progress is measured at production cost on the basis of individual calculations (which in turn are based on current cost accounting), whereby production and material overhead and depreciation is also taken into account, as are direct material costs, production wages and special direct costs. Borrowing costs were not included in the production costs. Costs for general administration, expenses for social amenities, voluntary social services and company retirement benefits were capitalized in accordance with sec. 255 (2) sent. 3 HGB.

Machines that were previously reported under finished goods have been reported under fixed assets since 1 April 2017.

Advance payments (made and received) are reported at the nominal value.

The appropriate provisions have been created for losses from supply and purchase obligations.

(5) Receivables and other assets

	31.03.2018 (31.03.2017)	of which with a residual term of up to one year
	EUR 000	EUR 000
Trade receivables	16,305 (11,227)	16,305 (11,227)
Receivables from affiliated companies	40,414 (19,567)	40,414 (19,567)
Other assets	3,200 (1,068)	3,200 (1,068)
	<u>59,919</u> (31,861)	<u>59,919</u> (31,861)

Receivables and other assets were entered at the nominal value less the appropriate value adjustments. All items that are subject to risks were addressed with the creation of suitable specific risk provisions; the general credit risk has been addressed with a lump-sum deduction of 1% (excluding receivables with specific provisions).

Receivables and other assets are due within one year. Insofar as short-term receivables contain receivables in foreign currency, such were measured at the closing rate. Amounts are not adjusted to the closing rate if the rate was hedged with a forward exchange transaction.

Receivables from affiliated companies include trade receivables of EUR 4.209 million (previous year: EUR 2.668 million).

Other assets include foreign tax credits of EUR 510,000 (previous year: EUR 161,000), which only arise after the closing date (in a legal sense).

(6) Cash resources

This item includes cash on hand as well as balances at credit institutions. Balances at credit institutions in foreign currency were converted at the closing rate.

(7) Prepaid expenses and other current assets

This item consists mainly of the cost allocation of the Indian affiliated company for 2018, as well as payments to the company supplemental insurance.

(8) Excess of plan assets over pension liability

The excess of plan assets results from the netting process according to sec. 246 (2) sent. 2 HGB, in which retirement benefit obligations are set off against assets that are used solely to meet the retirement benefit obligations and that cannot be accessed by the other creditors (plan assets as defined by sec. 246 (2) sent. 2 HGB). In addition, the insolvency insurance for accrued retirement benefits is also offset against the corresponding obligation.

The assets consist of reinsurance and securities.

Information regarding the offset according to sec. 246 (2) sent. 2 HGB for retirement benefit obligations (advance program) and accrued retirement benefits:

	31.03.2018 EUR 000	31.03.2017 EUR 000
Amount repayable for allocated debt	940	3,373
Acquisition costs for assets	2,564	3,489
Fair value of assets	2,719	3,733
Allocated expenses	30	113
Allocated income	31	8

The fair value of the reinsurance claim consists of the thus named actuarial reserve of the insurance company as per the business plan, plus any existing credits from refunds (so-called excess participation). The securities used to protect the Company's accrued retirement benefits against insolvency are measured at the market value.

(9) Deferred taxes

The Company maintains a corporate tax and trade affiliation (tax group) with SBS Ecoclean GmbH, Frankfurt. As a result, the deferred taxes of Ecoclean GmbH, Filderstadt, are accounted for by the controlling company SBS Ecoclean GmbH.

(10) Shareholders' equity

The Company's capital stock is paid in full and totals EUR 5,200,000.00 on the closing date. The entire capital stock is held by SBS Ecoclean GmbH, Frankfurt. Of the freely available reserves (capital reserve), EUR 437,000 (previous year: EUR 417,000) is blocked from distribution.

(11) Provisions

	31.03.2018 EUR 000	31.03.2017 EUR 000
Provisions for pensions Other provisions	1,142	1,019
	<u>5,704</u>	<u>17,522</u>
	<u>16,846</u>	<u>18,541</u>

Pension obligations

Pension and anniversary obligations were calculated in accordance with the Projected Unit Credit method (PUC). The option available under sec. 253 (2) sent. 2 HGB was utilized for calculating the term-congruent actuarial interest rate. Under this option, provisions for retirement benefit obligations or similar obligations that are due in the long term can be discounted (on a lump-sum basis) using an average market interest rate that results from an assumed residual term of 15 years.

The calculation of the pension obligations is based on the probability values according to Prof. Dr. Klaus Heubeck's 2005 G Reference Tables.

Assets that cannot be accessed by the other creditors, that are unencumbered and protected against insolvency and that are solely used to pay debts and pension obligations (plan assets), were directly offset against the corresponding debts in accordance with sec. 246 (2) sent. 2 HGB.

a) Conventional pension obligations

The applied tax rate is 3.57% (previous year: 3.94%).

The measurements took into account that a beneficiary employee may leave the Company before a pension claim due to an employee- or employer-initiated termination. Therefore the calculations also include a company-specific fluctuation rate of 3.00% (previous year: 3.00%).

Moreover, a pension adjustment rate of 1.5% (previous year: 1.75%) was also included in the calculation of the pension obligation.

b) Advance program

The Company provides its employees with the opportunity to take advantage of an employee-financed pension commitment. This means that beneficiaries can convert certain parts of their future receipts into an entitlement for additional company payments.

To secure and finance the resulting obligation, the Company has taken out a reinsurance policy for the lives of the beneficiaries.

The fair value of the reinsurance claim consists of the thus named actuarial reserve of the insurance company as per the business plan, plus any existing credits from refunds (so-called excess participation).

Assets that are used solely for meeting the retirement obligations, and which cannot be accessed by the other creditors (plan assets in terms of sec. 246 (2) sent. 2 HBG), were offset against the provisions at their fair value. The reported fair values include the contributions including available excess portions until the end of the contribution payment period that is in effect on the closing or assessment date.

The applied actuarial interest rate (10-year average) is 3.57% (previous year: 3.94%).

Moreover, a pension adjustment rate of 1.5% (previous year: 1.75%) was also included in the calculation of the pension obligation.

During the reporting year, the offset with the plan assets resulted in an excess of EUR 243,000, see the statements under item (8).

c) Part-time retirement

The provisions for part-time retirement were calculated in accordance with the Projected Unit Credit method (PUC) taking into account a three-year term-congruent interest rate of 1.31% (previous year: 1.87%).

The measurement took into account that the Company's obligation to pay additional amounts expires on the death or invalidity of the employee.

d) Other provisions

Other provisions include identifiable risks and uncertain obligations and were measured at the amount repayable on the basis of a reasonable business assessment (i.e. including future cost and price increases). They mainly relate to still expected costs from already invoiced orders, personnel and social obligations as well as warranty obligations.

(12) Liabilities

	31.03.2018 (31.03.2017) EUR 000	of which with a residual term of up to 1 year EUR 000
Advances received on orders	15,768 (12,966)	15,768 (12,966)
Trade payables	9,021 (9,828)	9,021 (9,828)
Liabilities to affiliated companies	12,494 (3,090)	12,494 (443)
of which to shareholders (EAV)	9,791 (0)	9,791 (0)
Other liabilities	4,560 (1,524)	4,560 (1,524)
of which from taxes	1,303 (1,131)	1,303 (1,131)
of which in line with social security	7 (98)	7 (0)
	<u>41,843</u> <u>(27,408)</u>	<u>41,843</u> <u>(24,761)</u>

The Company does not have any liabilities with a residual term of more than one year.

All liabilities are entered at the amount repayable. Advances received on orders are entered at the nominal value.

Insofar as the liabilities include liabilities in foreign currency, such are generally measured at the closing rate.

Amounts are not adjusted to the closing rate if the rate was hedged with a forward exchange transaction.

The customary retentions of title for the delivered items apply with regard to the trade payables.

(13) **Block on distribution, transfers and withdrawals (see sec. 285 nr. 28 HGB)**

The recognition of assets at the fair value results in a block on distributions of EUR 437,000 (previous year: EUR 417,000).

Explanations regarding the income statement

(14) **Sales revenues**

01.04.17- 31.03.18 EUR 000	01.01.17- 31.03.17 EUR 000
-------------------------------------------	-------------------------------------------

Break-down by industry

Cleaning equipment - Automotive	88,742	21,134
Cleaning equipment - Industrial	<u>61,866</u>	<u>14,036</u>
	<u>150,608</u>	<u>35,170</u>

Break-down by sales territory

Germany	65,864	8,722
Europe	46,311	6,219
Other	<u>38,433</u>	<u>20,229</u>
	<u>150,608</u>	<u>35,170</u>

(15) Other operating income

Other operating income includes income related to other periods in the amount of EUR 2.047 million (previous year: EUR 651,000), mainly as a result of the reversal of provisions.

(16) Cost of materials

	01.04.17- 31.03.18 EUR 000	01.01.17- 31.03.17 EUR 000
Raw materials and consumables, and purchased goods	45,024	13,690
Expenses for services received	33,069	9,484
	<u>78,093</u>	<u>23,174</u>

(17) Personnel expenses

	01.04.17- 31.03.18 EUR 000	01.01.17- 31.03.17 EUR 000
Wages and salaries	36,714	9,836
Social contributions and expenses for support	5,763	1,532
of which for retirement benefits	369	156
	<u>42,477</u>	<u>11,368</u>

Average number of employees during the year:

	01.04.17- 31.03.18 EUR 000	01.01.17- 31.03.17 EUR 000
Salaried employees	448	418
Apprentices	15	14
Other employees	13	22
	<u>476</u>	<u>454</u>

18) Other operating expenses

Other operating expenses consist mainly of travel costs, commissions and other sales expenses, service expenses for affiliated companies and other administration expenses, maintenance and leases.

(19) Financial result

	01.04.17- 31.03.18 EUR 000	01.01.17- 31.03.17 EUR 000
Other interest and similar income	248	53
of which from affiliated companies	(207)	(43)
Interest and similar expenses	105	131
of which to affiliated companies	(0)	(65)
	<hr/> 143	<hr/> -78

(20) Expenses from profit transfers

On the basis of the existing profit/loss and control agreement, the net profit is transferred to SBS Ecoclean GmbH.

OTHER INFORMATION

COMPANY'S EXECUTIVE BODY

Management:

Michael Förster, CEO, Diplom-Ingenieur (FH) Frank Ringat, Managing Director, Diplom-Ingenieur (FH), until 17 April 2018 Ralf Dienel, Managing Director, Diplom-Ingenieur (FH), since 17 April 2018.

MANAGEMENT RECEIPTS

Information about the receipts of the Managing Directors and former Managing Directors, as well as the pension provisions for this group of persons, was omitted for data privacy reasons (sec. 286 (4) HGB).

OFF-BALANCE SHEET TRANSACTIONS

Operating leases are obtained solely for the vehicle fleet. The purpose of operating leases is to reduce resource commitments, whereby the risks remain with the lessor, risks are minimized and liquid resources are made available.

CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND FINANCIAL DERIVATIVES

Other financial obligations consist of rental and leasing obligations and on-going IT license agreements in the amount of EUR 3.345 million (previous year: EUR 1.650 million). Of this amount, EUR 1.311 million (previous year: EUR 715,000) is due within one year, EUR 2.034 million (previous year: EUR 935,000) is due between one and less than five years, and kEUR 0 (previous year: kEUR 0) is due within a period exceeding five years.

Financial derivatives

A derivative is a financial instrument or another contract with all of the following attributes:

- 1.) Its value changes as a result of changes in a certain interest rate, the price of a financial instrument, commodity prices, exchange rates, price or interest indices, credit ratings or credit indices or other variables,
- 2.) It does not require a purchase payment or a payment that is lower compared to other contract forms (from which it can be expected that they will react similarly to changing market conditions), and
- 3.) It is paid at a later date.

The Company uses derivative financial instruments such as forward exchange contracts to protect itself against currency risks. These derivatives are financial sector stocks that are settled exclusively outside of the stock exchange between Ecoclean and credit institutions (so-called over-the-counter (OTC) products).

The fair value of the financial instruments was calculated on the basis of the following methods and assumptions:

In the case of forward exchange transactions, the fair values were calculated as the net present value of the cash flows taking into account the respective contractually agreed forward rates and the forward rate on the closing date.

Financial instruments (not recognized at fair value)

Currency-related transactions:	Nominal amount		Positive fair value	Negative fair value	Book value (if available)	in balance sheet item (if recognized in the balance sheet)
Forward exchange transactions	150,000.00	CHF		0.00 EUR		
Forward exchange transactions	7,170,880.00	CHF		-19,098.07 EUR	515,205.86 EUR	Other assets
Forward exchange transactions	14,558,289.00	CZK		-388.89 EUR	-10,381.39 EUR	Other liabilities
Forward exchange transactions	13,665,275.13	USD	8,674.60 EUR		563,050.05 EUR	Other assets
Forward exchange transactions	771,970.00	USD		-37,606.11 EUR		

The value change in a derivative is reported in the income statement item in which the change in the value of the underlying transaction was also recognized.

If a valuation unit was not created, derivatives are entered at most at acquisition cost. If the fair value was below the acquisition cost, it was written down to the fair value. Since the underlying transactions are closed positions, there was not need to create a provision.

VALUATION UNITS

The hedges used by the Company and the associated underlying transactions form a valuation unit as defined by sec. 254 HGB. The balancing value changes are not entered in the balance sheet ("net hedge presentation method").

Assets and debt included in the valuation units:

	Amount	Balance sheet item	Type of hedged risks	Type of valuation unit	Hedged volume	
Off-balance sheet transactions	127,388.54 EUR		Currency risk	Micro hedge	150,000.00	CHF
Off-balance sheet transactions	6,072,140.73 EUR	Other assets	Currency risk	Micro hedge	7,170,880.00	CHF
Off-balance sheet transactions	573,521.63 EUR	Other liabilities	Currency risk	Micro hedge	14,558,289.00	CZK
Off-balance sheet transactions	11,061,520.60 EUR	Other assets	Currency risk	Micro hedge	13,665,275.13	USD
Off-balance sheet transactions	654,362.67 EUR		Currency risk	Micro hedge	771,970.00	USD

All financial derivatives and the underlying transactions are subject to regular internal controls and measurement in the context of a Management Board directive. Derivative financial instruments are only used for the purpose of financially hedging the operating business.

Both the hedge and the risk management objectives/strategies with regard to the hedge are formally defined and documented at the beginning of a hedge. This documentation includes the definition of the hedging instrument, the underlying transaction or the hedged transaction, and the type of the hedged risk, along with a description of how the Company will determine the effectiveness of the hedging instrument for compensating the risks from changes in the fair value or the cash flow from the hedged underlying transaction. Regarding the ability to compensate for risks from changes to the fair value or the cash flow, such hedges are assessed as highly effective. They are continuously assessed as to whether they were actually highly effective during the entire reporting period for which the hedge was designated.

To protect itself against risks, the Company uses mainly micro hedges, whereby a risk resulting from a single underlying transaction is hedged using a single hedging instrument.

The fair value of the financial instruments was calculated on the basis of the following methods and assumptions:

In the case of forward exchange transactions, the fair values were calculated as the net present value of the cash flows taking into account the respective contractually agreed forward rates and the forward rate on the closing date. The fair values of the interest rate currency hedging contracts result from the expected discounted future cash flows based on current market parameters.

By the closing date, the contrary value changes and cash flows from underlying and hedging transactions fully balanced each other out, since in accordance with the group risk policy, risk items (underlying transaction) are immediately hedged at the same amount and for the same currency and time period using forward exchange transactions.

The Critical Terms Match method is used to measure the effectiveness of the hedges. The contrary value changes balance each other out within a period of 1 - 13 months, depending on the due date of the underlying transactions.

Supplementary report

Events of special significance, which would have to be reported in this section, did not occur after the end of the financial year on 31 March 2018.

OTHER INFORMATION

Ecoclean GmbH, Filderstadt, is the parent company as defined in sec. 290 (1) HGB for the subsidiaries listed under the financial assets.

Ecoclean GmbH is a wholly-owned subsidiary of SBS Ecoclean GmbH pursuant to sec. 290 HGB, which in turn is a 85% subsidiary of Shenyang Blue Silver Industry Automation Equipment co., LTD, Shenyang (China). 15% of the shares are held by Carl Schenck AG in Darmstadt.

The annual financial statements 31 March 2018 of Ecoclean GmbH and its direct subsidiaries are included in the consolidated financial statements of SBS Ecoclean, Frankfurt. Therefore Ecoclean GmbH is exempt from the obligation to prepare consolidated financial statements and a group management report according to sec. 291 HGB.

The consolidated financial statements for SBS Ecoclean are published in the German Official Federal Gazette.

Information about the total fee for the services rendered by the auditor in the 2017/2018 financial year is omitted since the Company is included in Shenyang Blue Silver Industry Automation Equipment co., LTD and this information is included in the consolidated financial statements.

The Company did not enter into any transactions with related parties at terms that were not consistent with market standards.

Filderstadt, 10 January 2019

ECOCLEAN GMBH
Management



Michael Förster



Ralf Dienel

[illegible]

List of participating interests - Ecoclean GmbH
for 31 March 2018

Name and registered office	Share in capital %	Shareholders' equity EUR 000	Result for the year EUR 000
Ecoclean spol. s r. o., Oslavany / Czech Republic	100	3,959	177

The information was obtained from the financial statements for 31 March 2018 that were prepared according to the provisions of the IFRS (Reporting Packages).

General Terms and Conditions of Engagement

for

Auditors and Auditing Companies

from 1 January 2017

1. Scope

(1) In the absence of express written agreements or mandatory legal requirements to the contrary, these General Terms and Conditions apply to the contracts between auditors or auditing companies (hereafter jointly "auditor") and their clients pertaining to audits, advisory services and other engagements.

(2) Third parties may only derive claims from the contract between the auditor and the client if this has been expressly agreed or follows from the mandatory statutory provisions. With regard to such claims, these Terms and Conditions also apply to such third parties.

2. Scope and implementation of the engagement

(1) The purpose of the engagement relates to the agreed performance, not a specific financial achievement. The engagement is carried out in accordance with the standards of proper professional conduct. The auditor does not assume any management tasks in connection with his services. The auditor is not responsible for the use or implementation of the results of his services. In implementing the engagement, the auditor may draw on the services of knowledgeable persons.

(2) Any consideration of foreign laws must be expressly agreed in writing (except for business management audits).

(3) In the event of a change in the legal situation following the submission of a conclusive professional statement, the auditor is not obliged to advise the client of the changes or any consequences resulting thereof.

3. Client's cooperation obligations

(1) The client must ensure that all of the documents and additional information required to implement the engagement are forwarded to the auditor in a timely manner, and that the auditor is made aware of all events and circumstances that may be of relevance to the implementation of the engagement. This also applies to documents, events and circumstances that only become known after the start of the auditor's activities. The client will provide the auditor with the names of suitable contact persons.

(2) At the auditor's request, the client must confirm the completeness of the submitted documents and other information, as well as the information and explanations that have been provided, in the form of a written declaration that was formulated by the auditor.

4. Confirmation of independence

(1) The client must refrain from all actions that may put the independence of the auditor's employees at risk. For the duration of the engagement, this applies particularly to offers of employment or acceptance of executive functions, and offers to accept engagements for one's own account.

(2) The auditor terminate the engagement by way of an extraordinary termination if, as a result of the implementation of the engagement, the independence of the auditor, the companies affiliated with the same, his network companies or such associated companies to which the independence provisions apply in the same manner as for the auditor, is impaired with regard to other engagements.

5. Reporting and verbal information

To the extent that, in the context of the work related to the engagement, the auditor is required to present results in writing, solely the written representation shall be authoritative. Drafts of written representations are not binding. Unless otherwise agreed, the auditor's verbal explanations and information are only binding if they are confirmed in writing. Explanations and information provided by the auditor outside of the engagement are always non-binding.

6. Forwarding of auditor's professional statements

(1) The auditor's professional statements (work results or excerpts of work results - whether in draft form or in the final version) or information about the auditor's work for the client may only be passed on to a third party with the auditor's written consent, unless the client is required to pass on or provide information due to a law or an official order.

(2) The client may not use the auditor's professional statements and information about the auditor's work for the client for advertising purposes.

7. Remedy of defects

(1) In the case of defects, the client has the right to request supplementary performance from the auditor. The client may only reduce the fee or withdraw from the contract if the supplementary performance fails, is not undertaken or unjustly refused, cannot be reasonably expected or is not possible; if the engagement was not placed by a consumer, the client may only withdraw from the contract due to a defect if the rendered service is of no interest to him as a result of the failure, omission, unreasonableness or impossibility of the supplementary performance. No. 9 applies to the extent that additional damage compensation claims exist.

(2) The claim to remedy defects must be promptly submitted by the client in text form. Claims pursuant to para. 1 that are not based on an intentional action will expire one year after the start of the statutory period of limitation.

(3) Obvious errors, such as spelling errors, mathematical errors and formal defects, which are contained in the auditor's professional statement (report, appraisal and similar), may be corrected by the auditor at any time, also vis-a-vis third parties. With regard to errors that are suited to call into question the results contained in the auditor's professional statement, the auditor is also entitled to withdraw the statement vis-a-vis third parties. In the aforementioned cases, the auditor is advised to consult with the client beforehand.

8. Professional secrecy vis-a-vis third parties, data privacy

(1) In accordance with the law (sec. 323 (1) HGB, sec. 43 WPO (Auditor Regulation), sec. 203 StGB (Criminal Code)), the auditor must treat any facts and circumstances that are conveyed to him or of which he becomes aware during his activities as confidential information, unless the client releases him from this obligation to observe secrecy.

(2) Regarding the processing of personal data, the auditor will comply with the national and European data privacy regulations.

9. Liability

(1) The applicable statutory limitations of liability, particularly the limitations of liability under sec. 323 (2) HGB, apply with regard to the auditor's services that are required by law, particularly audits.

(2) Insofar as a limitation of liability is not specified in the law or in an individual contract, the auditor's liability for damage compensation claims of all types, with the exception of damages from injuries to life, body and health as well as damages that establish a manufacturer's liability to pay damages pursuant to sec. 1 ProdHaftG (Product Liability Law), shall be limited to EUR 4 million for a single claim caused by negligent action pursuant to sec. 54a (1) No. 2 WPO.

(3) The auditor is also entitled to the defenses and objections from the contractual relationship with the client with regard to third parties.

(4) Where multiple claimants derive claims from a negligent breach of obligation by the auditor from the contract with the auditor, the maximum amount noted in para. 2 applies to the relevant claims of all of the claimants as a whole.

(5) A single claim as defined by para. 2 also exists with regard to uniform damages that are the result of multiple breaches of obligation. An individual damage event comprises all consequences of a breach of obligation, without consideration whether the damages occurred in one or several consecutive years. In this context, multiple actions or omissions that are based on the same or similar error source will be considered a uniform breach of obligation if the relevant matters are related in a legal or financial sense. In that case, the auditor may only be taken to task for a maximum amount of EUR 5 million. The limitation to five times the minimum sum insured does not apply to mandatory audits that are required by law.

(6) A claim to compensation expires if a lawsuit is not filed within six months after the compensation was refused in writing and the client was advised of this consequence. This does not apply to damage compensation claims that are due to intentional action, or in the case of culpable injury to life, body or health, or damages that establish a manufacturer's liability to pay damages pursuant to sec. 1 ProdHaftG. The right to plead the statute of limitation is not affected.

10. Supplementary provisions for audit engagements

(1) If the client subsequently changes the financial statements or management report that were audited by the auditor with an audit opinion, he may not continue to use this audit opinion.

If the auditor did not issue an audit opinion, any reference to the audit performed by the auditor in the management report or in another location designated for the public is only admissible with the auditor's written consent and using the wording approved by the same.

(2) The audit opinion may not longer be used once it has been withdrawn by the auditor. If the client has already used the audit opinion, he must announce the withdrawal at the auditor's request.

(3) The client is entitled to five copies of the report. Additional copies will be billed separately.

11. Supplementary provisions for assistance with tax matters

(1) Whether the auditor is rendering advisory services for individual tax matters or on a permanent basis, he is entitled to assume that the facts provided by the client, particularly numbers, are correct and complete; this also applies to accounting engagements. At the same time, he must advise the client of any errors that have been identified.

(2) The engagement to provide tax advice does not include the actions required to comply with deadlines, unless the auditor has expressly accepted an engagement for this purpose. In that case, the client must provide the auditor with all material documents, particularly tax assessment notices, in a timely manner so as to provide the auditor with adequate processing time.

(3) In the absence of another written agreement, on-going tax advice includes the following activities during the term of the engagement:

- a) Preparation of annual tax returns for income taxes, corporate taxes and trade taxes, as well as net worth tax returns, on the basis of the annual financial statements and other lists and supporting documents required for tax purposes, which must be submitted by the client
- b) Follow-up review of tax assessment notices regarding the taxes noted under a)
- c) Negotiations with tax authorities in connection with the returns and assessments noted under a) and b)
- d) Participation in company audits and analysis of the results of business audits regarding the taxes noted under a)
- e) Participation in appeal and complaints procedures regarding the taxes listed under a).

With respect to the tasks noted above, the auditor will take into account the material published jurisprudence and the generally accepted standards.

(4) Where the auditor receives a lump-sum fee for on-going tax advisory services, the activities noted under para. 3 d) and e) must be paid separately (in the absence of other written agreements).

(5) Where the auditor is also a tax advisor and the tax advisor fee regulation must be applied to the calculation of the fee, a fee that is higher or lower than the statutory fee may be arranged in writing.

(6) Special issues related to income taxes, corporate taxes, trade taxes, standard assessments and the net worth tax, as well as all questions related to the VAT, wage taxes, other taxes and levies, are processed on the basis of a separate engagement. That also applies to

(a) work on one-time tax matters, e.g. in the area of inheritance taxes, capital transaction taxes, real estate transfer taxes,

(b) participation and representation in proceedings before courts with financial and administrative jurisdiction, and for fiscal offenses,

(c) advisory activities and acting in an expert capacity in connection with reorganizations, capital increases/decreases, restructuring, entry and departure of a shareholder, sale of operations, liquidation and similar, and

(d) assistance for compliance with reporting and documentation obligations.

(7) Insofar as the auditor also assumes responsibility for the annual VAT return as an additional activity, this shall not include an audit of special accounting-related criteria or the question whether all eligible relief under VAT has in fact been utilized. No guarantee is assumed that all of the documents required to claim the input tax deduction will be included.

12. Electronic communication

The auditor and client may also communicate by e-mail. The client will inform the auditor accordingly in text form if he does not wish to communicate by e-mail or requests special security requirements, such as encrypted e-mails.

13. Fee

(1) In addition to his fee claim, the auditor is also entitled to be reimbursed for his expenses; VAT is applied separately. He may request the corresponding advances on fees and expenses and may make the delivery of the results of the performance contingent on the full payment of his claims. Multiple clients act as joint and several debtors.

(2) If the client is not a consumer, only those claims that are not disputed or that have been established as final and absolute may be offset against the auditor's claims for fees and expenses.

14. Dispute resolution

The auditor is not prepared to participate in dispute resolution proceedings before a consumer arbitration board as defined by sec. 2 of the Consumer Dispute Resolution Act.

15. Applicable law

Solely German law applies to the engagement, its implementation and the resulting claims.