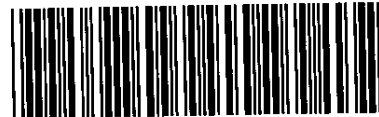


OS AA01

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



Companies House



RCS *R7HANVAQ* 25/10/2018 #55
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A18 *A7FUNMNC* 04/10/2018 #54
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☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

☒ What this form is for
You cannot use this form
an alteration of manner
with accounting requirements.

THU THURSDAY

Part 1 Corporate company name

Corporate name of overseas company **ECOCLEAN GmbH**

UK establishment number **B R 0 1 8 9 8 1**

→ 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 **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 **SECTION 242 AND 264 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.

OS AA01

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.

☐ No. Go to Part 3 'Signature'.☒ 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.

☐ No.☐ Yes.**Part 3****Signature**

Signature

I am signing this form on behalf of the overseas company.

Signature

X

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



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

ASKEWS

Address

5 THE QUADRANT

Post town

COVENTRY

Country/Region

Postcode

C V I 2 E L

Country

DT

Phone

02476 231000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



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139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

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The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
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DX 481 N.R. Belfast 1.



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This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Ecoclean GmbH
(formerly Dürr Ecoclean GmbH)

Filderstadt/Germany

Annual Financial Statements and Management Report

with Auditors' Certificate

31 March 2017

Ernst & Young GmbH

Public Auditing Firm



Table of Contents

Auditors' certificate

Accounting

Engagement terms, liability and conditions of use

General Terms of Engagement

Note:

We have issued the following Audit Certificate in compliance with legal and professional rules, subject to the terms set forth in the Annex "Engagement terms, liability and conditions of use".

In case the present document is to be employed in electronic form for purposes of disclosure in the German Federal Gazette, only the accounting files and – where an audit is required by law – the Audit Report and/or the relevant certificate, respectively, are intended for that purpose.



Auditors' Certificate

We have audited the Annual Financial Statements – consisting of the Balance Sheet, Income Statement and Notes – of Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt, for the short business year extending from January 1 through March 31, 2017, taking into consideration the accounting records and the Management Report. The maintenance of accounts and the preparation of annual financial statements and of a management report conforming to the provisions of the German Commercial Code (HGB) are the responsibility of the company's legal representatives. It is our duty to express an opinion of the annual financial statements, giving due consideration to the accounting records and to the Management Report.

We have carried out our annual audit pursuant to section 317 of the German Commercial Code in compliance with German Generally Accepted Standards on Auditing as established by the German Institute of Public Auditors [Institut der Wirtschaftsprüfer], IDW. According to these rules, the audit must be planned and performed in such a way that any misstatements essentially affecting the truth and fairness of the image conveyed of the company's asset, financial and income situation in the Annual Financial Statements – observing generally accepted accounting principles – and in the Management Report, will be discovered with a sufficient degree of certainty. In determining the auditing procedures our knowledge of the company's business activities and of its economic and legal environment, as well as expectations regarding potential errors, are taken into account. In the course of the audit, the effectiveness of the accounting-related internal controlling system and the evidence supporting the information presented in the accounts, the Annual Financial Statements and the Management Report are judged largely on the basis of sample tests. The audit comprises an evaluation of the accounting principles applied and of the major assessments made by the company's legal representatives, as well as an appraisal of the overall presentation of the Annual Financial Statements and of the Management Report. We believe that our audit provides a sufficiently reliable basis for our opinion.



Our audit has not given rise to any objections.

According to our assessment, based on the information gained in the audit, the Annual Financial Statements conform to applicable legal regulations and convey a true and fair view of the company's asset, financial and income situation in accordance with generally accepted accounting principles. The Management Report is consistent with the Annual Financial Statements, complies with legal requirements, gives a generally true and fair view of the company's situation, and presents future development risks and opportunities correctly.

Stuttgart, this 12th day of February, 2018.

Ernst & Young GmbH
Public Auditing Firm

Hummel
Public Auditor

Kronenwett
Public Auditor

Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt
Balance Sheet as at March 31, 2017

Assets	31/03/2017 EUR	31/12/2016 EUR	Liabilities	31/03/2017 EUR	31/12/2016 EUR
A. Fixed assets			A. Shareholders' equity		
I. Intangible assets			I. Subscribed capital	5,200,000 00	5,200,000 00
Concessions acquired against payment, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	1,197,081 00	1,100,092 00	II. Capital reserves	41,417,000 00	41,417,000 00
II. Tangible assets				46,617,000 00	46,617,000 00
1. Land, similar rights and buildings, including buildings on third-party land	3,282,056 65	3,297,227 65	B. Provisions		
2. Technical equipment and machinery	278,519 00	277,087 00	1. Provisions for pensions and similar obligations	1,018,864 00	821,217 39
3. Other equipment, factory and office equipment	2,011,602 00	1,867,028 00	2. Other provisions	17,521,759 10	16,967,017 49
	5,572,179 65	5,461,342 65		18,540,623 10	17,788,234 88
III. Financial assets					
1. Shares in affiliated undertakings	1,125,000 00	1,125,000 00	C. Liabilities		
2. Loans to affiliated undertakings	983,682 22	0 00	1. Advance payments received on orders	12,966,154 95	13,867,200 63
	2,108,682 22	1,125,000 00	2. Trade payables	9,828,116 02	6,347,162 19
	8,877,942 87	7,696,434 65	3. Payables to affiliated undertakings	3,090,494 41	11,747,005 97
B. Current assets			4. Other liabilities	1,523,619 58	847,637 06
I. Inventories				27,408,384 96	32,809,005 85
1. Raw materials and supplies	2,421,743 41	2,098,168 90			
2. Unfinished goods, unfinished services	96,546,294 71	89,585,975 77			
3. Finished goods and merchandise	4,220,099 59	4,765,921 71			
4. Prepayments effected	1,443,642 01	1,193,285 24			
5. Advances received	-55,350,941 45	-55,913,074 08			
	49,280,838 27	41,730,277 54			
II. Receivables and other assets					
1. Trade receivables	11,226,741 95	10,929,577 53			
2. Receivables from affiliated undertakings	19,566,747 08	22,955,616 58			
3. Other assets	1,067,705 94	1,245,043 66			
	31,861,194 97	35,130,237 77			
III. Cash and cash equivalents					
	1,386,288 88	11,159,675 49			
	82,528,322 12	66,020,190 80			
C. Prepaid expenses and deferred charges					
	600,012 91	597,124 87			
D. Excess of plan assets over pension liability					
	359,730 16	910,490 41			
	92,566,008 06	97,214,240 73			

Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt
Income Statement for the short business year
from January 1, 2017, until March 31, 2017

	2017 EUR	2016 EUR
1. Sales	35,169,843.59	129,179,248.71
2. Increase in finished and unfinished goods	7,634,881.34	10,675,449.70
3. Other operating income thereof: Income from currency translation EUR 22,372.86 (prior year: EUR 346,680.93)	1,192,348.03	2,640,059.73
	<u>43,997,072.96</u>	<u>142,494,758.14</u>
4. Cost of materials		
a) Cost of raw materials, supplies and purchased merchandize	13,690,084.54	43,679,323.08
b) Cost of purchased services	9,483,464.27	30,778,462.47
5. Personnel expenses		
a) Wages and salaries	9,836,331.87	33,473,577.53
b) Social security contributions and expenditures for post-employment pensions and support	1,531,942.27	5,137,116.81
6. Depreciation and amortization of intangible and tangible fixed assets	369,906.37	779,001.01
7. Other operating expenses thereof: Currency translation expenses EUR 46,561.55 (prior year: EUR 92,171.95)	6,341,813.48	18,307,107.73
	<u>41,253,542.80</u>	<u>132,154,588.63</u>
8. Other interest and similar income thereof: Income from discounting EUR 10,455.66 (prior year: EUR 37,607.54)	52,976.75	51,113.38
9. Interest and similar expenses thereof: Expense from discounting EUR 65,992.96 (prior year: EUR 179,963.19)	130,606.49	266,932.67
	<u>-77,629.74</u>	<u>-215,819.29</u>
10. Earnings after taxes	2,665,900.42	10,124,350.22
11. Other taxes	46,089.98	144,544.75
12. Expense from profit/loss transfer	<u>-2,619,810.44</u>	<u>-9,979,805.47</u>
13. Net income/loss for the year	<u>0.00</u>	<u>0.00</u>

Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt
NOTES to the financial statements for the short business year from
January 1 through March 31, 2017

(1) Basic information and methods

Ecoclean GmbH (formerly Dürr Ecoclean GmbH) has its seat in Filderstadt and is registered with the Local Court of Stuttgart, dept. B, under HRB No. 224029.

The annual financial statements were prepared in accordance with sections 242 et seq. and section 264 et seq. of the German Commercial Code (HGB) and the relevant provisions of the Limited Liability Companies Act for large corporations. For the sake of greater clarity, individual items have been combined in the Balance Sheet and in the Income Statement. These items are stated separately with explanations in the notes. For the same reason, where an item might also be carried under another heading, this fact as well as any "thereof" information is also provided there.

The Income Statement was prepared by the total cost method. Given the short business year extending from January 1, 2017, until March 31, 2017, the amounts reported in the Income Statement are not comparable to prior-year figures.

(2) Balance sheet accounting and valuation principles

The assets and liabilities reported in the balance sheet are stated unchanged from the prior year, in compliance with Commercial Law regulations.

NOTES TO THE BALANCE SHEET

(3) Fixed assets

As for the development of fixed assets, we refer to the Statement of Changes in Fixed Assets enclosed as Exhibit A.

The list of shareholdings is enclosed as Exhibit B.

Intangible assets

Acquired intangible assets were capitalized at cost of acquisition – amortized, if subject to a time-based decrease in value, over their anticipated useful lifespan on a straight-line basis, or adjusted to the current fair value.

Tangible assets

Additions to property, plant and equipment were capitalized at cost of acquisition or production. Scheduled depreciation is recognized using the straight-line method. With older transactions, the declining-balance method of depreciation was employed to the extent that it yields higher amounts than a straight-line calculation.

Low-cost tangible assets with an individual net value not exceeding EUR 410.00 were fully written off or expensed in the year of their addition, in accordance with standard practice since fiscal 2010. Their immediate disposal was assumed.

Financial assets

Shares in affiliated undertakings are valued at the lower of cost or market.

(4) Inventory

	Mar. 31, 2017	Dec. 31, 2016
	kEUR	kEUR
Raw materials and supplies	2,422	2,098
Unfinished goods, unfinished services	96,546	89,586
Finished goods and merchandize	4,220	4,765
Prepayments effected	1,444	1,193
thereof: to affiliated undertakings	864	462
Advances received	-55,351	-55,913
thereof: from affiliated undertakings	<u>-0</u>	<u>-7,404</u>
	<u>49,281</u>	<u>41,730</u>

Raw materials and supplies were valued at the lower of cost or daily market price. Appropriate marketability discounts were applied.

Unfinished products and unfinished services were valued at cost of production using individual calculations based on current in-house cost accounting, considering not only direct materials, direct labour and special direct production costs but also indirect production and indirect material costs as well as amortization and depreciation, respectively. Interest on borrowed funds was not included in cost of production. General administration costs, costs of social amenities provided by the company, voluntary social benefits and company pension plans were capitalized in accordance with section 255 (2), clause 3, of the German Commercial Code (HGB).

Prepayments effected and advances received are reported at their nominal value.

For losses from delivery and acceptance obligations, provisions were set aside in appropriate amounts.

(5) Receivables and other assets

	Mar. 31, 2017 (Dec. 31, 2016)	of which Due within 1 year
	kEUR	kEUR
Trade receivables	11,227 (10,930)	11,227 (10,930)
Receivables from affiliated undertakings	19,567 (22,956)	19,567 (22,956)
thereof: from shareholders	0 (0)	0 (0)
Other assets	1,068 <u>(1,245)</u> 31,861 <u>(35,131)</u>	1,068 <u>(1,245)</u> 31,861 <u>(35,131)</u>

Receivables and other assets are reported at nominal value less any requisite valuation adjustments. For all items carrying risk, appropriate individual valuation allowances were made; the general credit risk is accommodated by means of a global doubtful account provision of 1%, except on receivables already individually valuation-adjusted.

Receivables and other assets are payable within one year, as in the previous year. To the extent that short-term receivables include amounts receivable in foreign currency, these are carried at the exchange rate of the reporting date.

No adjustment to the exchange rate of the reporting date was made where a forward exchange contract was in place to hedge the exchange rate risk.

Receivables from affiliated undertakings include trade accounts receivable in an amount of kEUR 2,668 (prior year: kEUR 3,287).

Other assets comprise kEUR 161 (prior year: kEUR 224) in foreign tax credit that legally will arise only after the balance sheet date.

(6) Cash and cash equivalents

This item recognizes bank balances in addition to cash on hand. Bank balances in foreign currencies were translated at the rate of the reporting date.

(7) Prepaid expenses and deferred charges

This heading specifically reflects an allocation to the proper accounting periods (period matching) in respect of software maintenance agreements and Dürr IT Service GmbH's maintenance services that devolved on Ecoclean GmbH from Dürr IT Service GmbH as part of the transfer of specific assets and payables. In addition to the maintenance agreements taken over in this manner, Microsoft licenses in an amount of kEUR 244 were procured in order to set up a new in-house IT department.

(8) Excess of plan assets over pension liability

This excess results from the netting, pursuant to section 246 (2), clause 2 of the German Commercial Code (HGB), of pension obligations against assets serving exclusively to fulfil pension obligations and exempt from seizure by all other creditors (pension plan assets or fund reserve within the meaning of section 246 (2), clause 2, of the German Commercial Code). In addition, the insolvency insurance of plan assets is offset against the respective obligation.

The assets in question are pension liability insurance policies or securities, respectively.

Information concerning the setting off, pursuant to section 246 (2), clause 2 of the German Commercial Code, of company retirement pension obligations (Pension plan) against plan assets:

	Mar. 31, 2017	Dec. 31, 2016
	kEUR	kEUR
Settlement amount of offset liabilities	3,373	3,511
Cost of acquisition of assets	3,489	4,182
Fair value of assets	3,733	4,422
Expenses set off	113	804
Income set off	8	140

The fair value of a pension liability insurance entitlement is made up of the so-called policy reserve as budgeted by the insurer, plus any potential credit balance from premium refunds (so-called surplus participation). The securities earmarked for insolvency insurance of plan assets are recognized at market value.

(9) Deferred tax

The company operates in fiscal unity, for corporation and trade tax purposes, with Carl Schenck AG, Darmstadt. Accordingly, the deferred taxes of Ecoclean GmbH, Filderstadt, are disclosed in the balance sheet of Carl Schenck AG, Darmstadt, as the controlling company.

(10) Equity

The company's share capital is fully paid in and amounts to EUR 5,200,000.00 at the balance sheet date. The share capital is wholly owned (100%) by Carl Schenck AG, Darmstadt. Of the freely available reserves (capital reserve), an amount of kEUR 417 (prior year: kEUR 495) is subject to a payout block.

(11) Provisions

	Mar. 31, 2017	Dec. 31, 2016
	kEUR	kEUR
Provisions for pensions	1,019	821
Other provisions	<u>17,522</u>	<u>16,967</u>
	<u>18,541</u>	<u>17,788</u>

Pension obligations

Pension and employment anniversary obligations were calculated by the Projected Unit Credit (PUC) method. In determining the maturity-matched actuarial interest rate the company availed itself of the option provided in section 253 (2), clause 2, of the German Commercial Code (HGB). Under this clause, provisions for retirement pension obligations or similar obligations with long-term maturities may be discounted at a lump-sum market interest rate obtained for an assumed 15-year residual term.

The calculation of pension obligations was based on the probability values stated in the "Reference Tables 2005 G" by Prof. Dr. Klaus Heubeck.

Assets which are exempt from seizure by all other creditors, unencumbered, insolvency-proof, and intended solely to meet debt and pension obligations (plan assets) were netted out directly with the corresponding debts in accordance with section 246 (2), clause 2, of the German Commercial Code.

a) Conventional pension obligations

The actuarial interest rate employed (10-year average) amounts to 3.94 % (prior year: 4,0 %).

The valuations reflect the fact that an employee benefiting under the scheme may depart the company due to termination, either by himself/herself or by the employer, before the benefits fall due. Accordingly, a company-specific fluctuation rate of 3.00% (prior year: 3.00%) was assumed in the calculations.

Moreover, a pension adjustment rate of 1.75 % (prior year: 1,75 %) was used in calculating the pension obligation.

b) Pension plan

The company has afforded its employees the opportunity to opt into an employee-funded company pension plan. Beneficiaries under the plan can convert certain parts of their future remuneration into a supplementary company pension entitlement.

To secure and finance the resulting obligation, the company has taken out pension liability insurance for the life of the beneficiaries.

The fair value of a pension liability insurance entitlement consists of the so-called policy reserve as budgeted by the insurer, plus any potential credit balance from premium refunds (so-called surplus participation).

Assets dedicated exclusively to the fulfilment of pension obligations and exempt from seizure by all other creditors (plan assets or fund reserve within the meaning of section 246 (2), clause 2 of the German Commercial Code) were offset at fair value against the provisions. The stated fair values consist of the contributions, including any existing shares in surplus, up to the end of the

contribution period that was current on the balance sheet date or determination date, respectively.

The actuarial interest rate employed (10-year average) amounts to 3.94 % (prior year: 4,0 %).

Moreover, a pension adjustment rate of 1.75 % (prior year: 1,75 %) was used in calculating the pension obligation.

In the reporting year, netting with the plan assets yielded an excess over the pension liability, refer to the discussion at item (8).

c) Partial retirement

The provisions for partial retirement were calculated by the Projected Unit Credit (PUC) method assuming a 3-year maturity-matched actuarial interest rate of 1.87% (prior year: 3.0%).

Valuations reflect the fact that the company's obligation to disburse partial retirement bonus payments ends with the employee's disability or death.

d) Other provisions

Other provisions take into account discernible risks and contingent liabilities and were valued at their settlement amount as obtained by prudent commercial assessment (i.e., including future cost or price increases). They essentially reflect anticipated residual costs from contracts already invoiced, liabilities relating to human resources and social amenities, and warranty obligations.

Provisions with a residual term of more than one year were discounted.

(12) Liabilities

	Mar. 31, 2017 (Dec. 31, 2016)	of which due within 1 year
	kEUR	kEUR
Advances received on account of orders	12,966 (13,867)	12,966 (13,867)
thereof: from affiliated undertakings	0 (63)	0 (63)
Trade payables to third parties	9,828 (6,347)	9,828 (6,347)
Payables to affiliated undertakings	3,090 (11,747)	443 (11,747)
thereof: to shareholders (EAV)	0 (9,980)	0 (9,980)
Other liabilities	1,524 (848)	1,524 (848)
thereof: relating to taxes	1,131 (650)	1,131 (650)
thereof: relating to Social security	98 (1)	0 (0)
	27,408 (32,809)	27,408 (32,809)

All liabilities are carried at the settlement amount. Advances received on account of orders are recognized at their nominal value.

To the extent that liabilities include liabilities in foreign currency, these are always recognized at the exchange rate of the reporting date.

No adjustment to the exchange rate of the reporting date was made where a forward exchange contract was in place to hedge the exchange rate risk.

In the case of trade payables, deliveries to the creditor are subject to the reservations of ownership customary in the industry.

Other liabilities include foreign tax liabilities in an amount of kEUR 54 (prior year: kEUR 50) which legally arise only after the balance sheet date. These cannot be offset against other receivables.

(13) Payout, transfer and withdrawal block (cf. section 285 (28) and section 253 (6) No. 2 of the German Commercial Code)

The recognition of assets at fair market value and the valuation differences resulting from the measurement of pension obligations using a 10-year and 7-year average interest rate, respectively, give rise to a kEUR 417 (prior year: kEUR 495) payout block.

Notes on the Income Statement

(14) Sales

	Jan. 1 – Mar. 31, 2017	2016
	kEUR	kEUR

Breakdown by industries

Cleaning systems for the automotive industry	21,134	72,946
Cleaning systems for the industrial market	<u>14,036</u>	<u>56,233</u>
	<u>35,170</u>	<u>129,179</u>

Breakdown by sales region

Germany	8,722	52,028
Europe	6,219	29,632
Others	<u>20,229</u>	<u>47,519</u>
	<u>35,170</u>	<u>129,179</u>

(15) Other operating income

Disclosed under other operating income is kEUR 651 (prior year: kEUR 1,394) in revenue relating to other periods, resulting mainly from the reversal of provisions.

(16) Cost of materials

	Jan. 1 – Mar. 31, 2017	2016
	kEUR	kEUR
Cost of materials, supplies and purchased merchandize	13,690	43,679
Cost of purchased services	<u>9,483</u>	<u>30,778</u>
	<u>23,174</u>	<u>74,457</u>

(17) Personnel expenses

	Jan. 1 – Mar. 31, 2017	2016
	kEUR	kEUR
Wages and salaries	9,836	33,474
Social security contributions and expenditures for post-employment pensions and support	1,532	5,137
thereof: for post-employment pensions	<u>(156)</u>	<u>(175)</u>
	<u>11,368</u>	<u>38,611</u>

Headcount (annual average):

	Jan. 1 – Mar. 31, 2017	2016
Salaried employees	418	418
Apprentices	14	15
Other workforce	<u>22</u>	<u>22</u>
	<u>454</u>	<u>455</u>

(18) Other operating expenses

Other operating expenses specifically reflect travel expenses, commissions and other selling expenses, expenses from services to affiliated undertakings, other administrative expenses, maintenance expenses and rentals/leases.

(19) Financial result

	Jan. 1 – Mar. 31, 2017	2016
	kEUR	kEUR
Other interest and similar income	53	51
thereof: from affiliated undertakings	(43)	(13)
Interest expenses	131	267
thereof: to affiliated undertakings	(65)	(84)
	<u>-78</u>	<u>-216</u>

(20) Expenses from profit transfer agreements

Under the existing profit and loss transfer and management agreement, the net income for the year is transferred to Carl Schenck AG of Darmstadt.

OTHER INFORMATION

Acquisition of the Cleaning and Surface Treatment Technology activity from Schenck Ltd.

Under the „UK Asset Purchase and Transfer Agreement“, the cleaning and surface treatment technology activity of Schenck Ltd., Warwick, Great Britain, was transferred to Ecoclean UK, a permanent establishment of Ecoclean GmbH, effective December 1, 2016. In 2017, as in the previous year, a staff of three is employed at the site. Ecoclean UK comprises a showroom where cleaning equipment is displayed, as well as offices. Sales and service activities for Great Britain are coordinated from here. In the reporting period from Jan. 1 until March 31, 2017, services valued at kEUR 98 were provided ex this site. A further expansion of these activities is planned.

ORGAN OF THE COMPANY

Management:

Michael Förster, Dipl.-Ing. (FH), Managing Director, Chairman of the Board
Frank Ringat, Dipl.-Ing. (FH), Managing Director

DIRECTORS' EMOLUMENTS

With reference to section 286 (4) of the German Commercial Code, no information regarding managing directors' emoluments is disclosed.

OFF BALANCE SHEET TRANSACTIONS

Operating leasing transactions are conducted exclusively in respect of the car pool. The aim is to reduce the commitment of funds. Risks remain with the lessor, and risk minimization and the release of liquid funds must be considered advantageous.

CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS AND FINANCIAL DERIVATIVES

Other financial liabilities reflect rental and lease commitments as well as revolving software maintenance agreements carried at kEUR 1,650 (prior year: kEUR 3,376). Of these, liabilities worth kEUR 715 (prior year: kEUR 1,331) are due within one year, kEUR 935 (prior year: kEUR 2,045) are payable in more than one but less than five years, and kEUR 0 (prior year: kEUR 0) will mature in more than 5 years.

Financial derivatives

A derivative is a financial instrument or other contract exhibiting the following characteristics:

- 1.) Its value fluctuates in response to a change in a specific interest rate, price of a financial instrument, raw material price, exchange rate, price or interest index, credit rating or credit index, or other variable.
- 2.) It requires no initial net investment, or one that is lower compared to other contract forms expected to react similarly to changing market conditions.
- 3.) It is payable at some future time.

The company relies on derivative financial instruments such as, e.g., forward exchange contracts to hedge against foreign currency risks. These derivatives are financial instruments traded exclusively outside the stock exchange between Dürr and banks (so-called over-the-counter, or OTC, products).

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

In the case of forward exchange contracts, fair values were measured as the present value of the cash flows, taking into account the respective contractually agreed forward rate and the forward rate on the balance sheet date.

Financial instruments (not carried at fair value in the balance sheet)

Currency-related transaction:	Nominal amount	Positive fair value	Negative fair value	Carrying value (if any)	Under balance sheet item (if carried in balance sheet)
Forward exchange contracts	8,090,813.92 USD		-362,964.04 EUR	112,001.30 EUR	Other assets
Forward exchange contracts	2,231,751.11 USD	13,517.84 EUR		-27,815.73 EUR	Other liabilities
Forward exchange contracts	9,749,916.90 CZK	1,092.48 EUR			
Forward exchange contracts	4,130,320.00 CZK		-3,131.84 EUR	3,816.97 EUR	Other assets
Forward exchange contracts	27,877,567.00 CZK		-7,423.94 EUR	24.06 EUR	Other assets
Forward exchange contracts	2,370,842.00 CZK		752.55 EUR	-12.29 EUR	Other liabilities
Forward exchange contracts	65,328.29 GBP		-507.31 EUR		
Forward exchange contracts	6,740,000.00 CHF		-22,332.77 EUR	7,870.00 EUR	Other assets
Forward exchange contracts	70,000,000.00 INR		-29,661.37 EUR	23,553.46 EUR	Other assets

The amount of change in the derivative's value is reported under the same item of the Income Statement in which the value change of the underlying transaction is recognized.

If no valuation unit was formed, derivatives are recognized at cost of acquisition as a maximum. Where the fair value was lower than the cost of acquisition, the carrying amount was written down to the fair value. Since the underlying transactions are closed items, there was no need for making provisions.

VALUATION UNITS

The hedging transactions employed by the company form a 'valuation unit' (within the meaning of section 254 of the German Commercial Code, new version) with the associated underlying transactions. The mutually compensating value changes are not reported in the balance sheet ("net hedge presentation method").

Assets and liabilities forming part of a valuation unit (hedge relationship):

	Amount	Balance sheet item	Type of risk hedged	Type of valuation unit	Hedged Volume
Off-balance sheet transactions	7,292,473.10 EUR	Other assets	Currency risk	Microhedge	8,090,813.92 USD
On-balance sheet transactions	2,072,808.42 EUR	Other assets	Currency risk	Microhedge	2,231,751.11 USD
On-balance sheet transactions	361,409.53 EUR		Currency risk	Microhedge	9,749,916.90 CZK
Off-balance sheet transactions	153,337.60 EUR	Other assets	Currency risk	Microhedge	4,130,320.00 CZK
Off-balance sheet transactions	1,036,581.35 EUR	Other assets	Currency risk	Microhedge	27,877,567.00 CZK
Off-balance sheet transactions	88,266.51 EUR		Currency risk	Microhedge	2,370,842.00 CZK
Off-balance sheet transactions	76,659.62 EUR		Currency risk	Microhedge	65,328.29 GBP
Off-balance sheet transactions	6,292,878.40 EUR	Other assets	Currency risk	Microhedge	6,740,000.00 CHF
Off-balance sheet transactions	1,000,285.80 EUR	Other assets	Currency risk	Microhedge	70,000,000.00 INR

All financial derivatives and their underlying transactions are subject to regular internal controlling and valuation as directed by a Managing Board Guideline. Derivative contracts are entered into solely for purposes of hedging specific operational business risks.

At the start of a hedge, the hedge relationship as well as the risk management objectives and strategies concerning that hedge are formally defined and documented. This documentation contains the definition of the hedging instrument, the underlying transaction, the type of risk to be hedged, and a description of how the company will measure the effectiveness of the hedging instrument in compensating risks associated with changes in the fair value or cash flow of the hedged underlying transaction. Such hedge relationships are deemed highly effective in compensating risks associated with changes in the fair value or cash flow of the hedged underlying transaction. They are continually assessed to determine whether they were actually highly effective throughout the entire reporting period for which the hedge relationship was designated.

In hedging against risks, the company relies chiefly on micro-hedges whereby a risk resulting from one individual underlying transaction is hedged by means of a single hedging instrument.

The fair value of the financial instruments was determined using the following methods and assumptions:

In the case of foreign exchange forward contracts, fair values were measured as the present value of the cash flows, taking into account the respective contractually agreed forward rate and the forward rate on the balance sheet date. The fair values of interest and currency swaps are determined from the anticipated discounted future cash flows on the basis of current market parameters.

By the reporting date, the counterdirectional value changes and cash flows from the underlying and the hedge transaction have fully neutralized one another, given that under the Group Risk Policy, risk positions (underlying transaction) are hedged promptly upon arising – in the same amount and currency and for an identical term – via a foreign exchange forward contract.

To measure the effectiveness of hedging relations, the Critical Term Match method is used. The counterdirectional value changes will neutralize one another within a period of 1 – 13 months, depending on the maturity term of the underlying transaction.

Total auditor's fee

In the expired short business year ended March 31, 2017, fees for financial statement auditing services were expended in an amount of kEUR 75. No other services were rendered by the auditor.

Supplementary report

On August 6, 2016, an agreement stipulating the sale and transfer of 85% of the business activities in the field of cleaning and surface treatment technology was concluded between Carl Schenck AG of Darmstadt, Germany, and Shenyang Blue Silver Industry Automation Equipment Co., Ltd., of Shenyang, PR China ("SBS"). Ecoclean is part of this transaction, which was concluded as at the close of March 31, 2017.

OTHER NOTES

Ecoclean GmbH, Filderstadt, is the parent company within the meaning of section 290 (1) of the German Commercial Code to the subsidiary companies stated under Financial Assets.

Ecoclean GmbH is a wholly-owned (100%) subsidiary under section 290 of the Commercial Code (HGB) of Carl Schenck Aktiengesellschaft, which in turn is a wholly-owned (100%) subsidiary of Dürr Aktiengesellschaft, Bietigheim-Bissingen.

The annual financial statements of Ecoclean GmbH as at March 31, 2017, will be included, along with those of its direct subsidiaries, in the consolidated accounts of Dürr Aktiengesellschaft of Bietigheim-Bissingen. Accordingly, pursuant to section 291 of the Commercial Code, Ecoclean GmbH is exempt of the obligation to prepare a group management report.

The consolidated financial statements of Dürr Aktiengesellschaft will be published in the Federal Gazette (Bundesanzeiger).

The total fee expended on auditor's services rendered throughout the short business year from January 1 through March 31, 2017, is not stated herein as the company is carried in the consolidated accounts of Dürr AG of Bietigheim-Bissingen in whose group financial statements this information is provided.

Related party transactions at non-arm's-length conditions were not carried out.

Filderstadt, this 12th day of February 2018

ECOCLEAN GMBH
The Management

Michael Förster

Frank Ringat

Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt
Statement of Changes in Fixed Assets - 2017

	01.01.2017		31.03.2017		01.01.2017		31.03.2017		31.03.2017		31.12.2016	
	EUR		EUR		EUR		EUR		EUR		EUR	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Concessions acquired against payment, industrial property rights and similar rights and assets, as well as licences to such rights and assets												
	2,696,747.11	276,235.27	0.00	2,972,982.38	-1,596,655.11	-179,246.27	0.00	-1,775,901.38	1,197,081.00	1,100,092.00		
	2,696,747.11	276,235.27	0.00	2,972,982.38	-1,596,655.11	-179,246.27	0.00	-1,775,901.38	1,197,081.00	1,100,092.00		
II. Tangible assets												
1 Land, similar rights and buildings including buildings on third-party land	9,759,102.61	41,061.50	0.00	9,800,164.11	-6,461,874.96	-56,230.50	0.00	-6,518,105.46	3,282,058.65	3,297,227.65		
2 Technical equipment and machinery	869,401.73	11,000.30	1,636.13	878,765.90	-592,314.73	-9,568.30	1,636.13	-600,246.90	278,519.00	277,087.00		
3 Other equipment, factory and office equipment	5,556,476.98	249,479.30	13,192.19	5,792,764.09	-3,669,448.98	-124,861.30	13,148.19	-3,781,162.09	2,011,602.00	1,887,028.00		
	16,184,981.32	301,541.10	14,828.32	16,501,350.74	-10,723,638.67	-190,660.10	14,784.32	-10,899,514.45	5,572,179.65	5,461,342.65		
III. Financial assets												
1 Shares in affiliated undertakings	1,125,000.00	0.00	0.00	1,125,000.00	0.00	0.00	0.00	0.00	1,125,000.00	1,125,000.00		
2 Loans to affiliated undertakings	0.00	983,682.22	0.00	983,682.22	0.00	0.00	0.00	0.00	983,682.22	0.00		
	1,125,000.00	983,682.22	0.00	2,108,682.22	0.00	0.00	0.00	0.00	2,108,682.22	1,125,000.00		
	20,006,728.43	1,561,458.59	14,828.32	21,583,015.34	-12,320,293.78	-369,906.37	14,784.32	-12,675,415.83	8,877,942.87	7,686,434.65		

List of Shareholdings
of Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt
as at March 31, 2017

Name and domicile	Ownership interest %	Equity amount kEUR	Net profit for the year kEUR
<i>ABROAD</i>			
Durr Ecoclean spol. s r.o., Oslavany / Czechia	100	2,892	56

This information is taken from financial statements (reporting packages) drawn up in compliance with IFRS rules.

Ecoclean GmbH (formerly Dürr Ecoclean GmbH), Filderstadt

Management Report for the short business year from

January 1 through March 31, 2017

Core competencies, market size and market trends

Ecoclean GmbH, together with its subsidiary company in EcoCLab and its sister companies in Switzerland, the U.S., Mexico, India, France and China, is the largest supplier of industrial cleaning systems worldwide. The global market is divided up into 7 different product lines and is supported and supplied with products and services via a global sales, service and manufacturing network.

The economic situation of world markets in 2017 once again follows the strong economic trend seen in recent years, with growth exceeding 3%. Above all, a marked BIP increase by more than 6% was noted in China. The economies of the Eurozone and the U.S. showed approx. 2% growth. In emerging economies such as Russia and Brazil, a slightly positive uptrend was observed.

Apart from a broadly diversified market ranging from medical equipment and optical systems to the aircraft industry, automotive manufacturing – with its OEM's and tiered suppliers – is another important customer segment in the wider sense. Now as before, the demand situation is very good, although customer eagerness to decide is somewhat on the decline. In response to today's challenges in industrial production machining such as smaller lot sizes, growing component complexity and greater part diversity, Ecoclean keeps on developing and marketing suitable equipment solutions for industrial part cleaning applications.

Current trends in mechanical and plant engineering – e.g., electro-mobility, digitalization, energy efficiency, lightweighting, and the structural change in automotive value-adding patterns – do not fail to impact Ecoclean GmbH's business activity. Thus, in the field of aqueous cleaning of discrete parts, the first important projects relating to the cleaning electric motors have been won. Moreover, in designing its cleaning systems, Ecoclean avails itself of the opportunities afforded by the digital transformation and expands its portfolio by adding bath quality measuring technologies and IoT-compliant interfacing of cleaning equipment with higher-order control levels.

The global competitive situation for Ecoclean has remained virtually unchanged. Of some 100 competitors, only around 10% need to be viewed as relevant. Ecoclean has been able to strengthen its market presence through new products and constitutes a strong and reliable partner to its customers. The evolution of core competencies at Ecoclean GmbH and its subsidiaries is summarized by product lines below:

The Engine and Transmission (Powertrain) product line is geared chiefly to meet the automotive industry's equipment needs. Cleaning and deburring systems marketed by this activity are tailored to vehicle manufacturer's special demands. Particular importance is attached to the energy efficiency of each system. This approach has given rise to developments that have in fact opened up new business fields in surface treatment.

The General Industries product line serves a very broad metalworking market. Here, cleaning solutions are offered according to processing steps such as, e.g., punching, grinding, drilling, forming, etc. *Systems using diverse cleaning media, including solvents, are employed in this sector.*

The Mechatronics product line specializes in cleaning and deburring processes for highly sophisticated components such as turbochargers and the like, i.e., items characteristic of the automotive supplier industry. Here the company holds special expertise in the combination of different processes and cleaning media.

The Precision product line addresses ultra-exacting cleaning demands. The aim is to remove contaminants in the μm range reliably from the product. Customers come from a variety of industries such as, e.g., optical items, medical equipment, coating and electronics.

The Special Applications product line comprises cleaning or chemical treatment solutions for large workpieces such as, e.g., auto body parts or turbine wheels. Here the success of key processing steps is contingent on an appropriate prior part treatment. The product line incorporates equipment and systems that lay the preparatory groundwork for complex downstream processes such as, e.g., laser welding or adhesive bonding.

The new Surface Processing product line spans the fields of, e.g., automotive cavity sealing, paint stripping, steam cleaning and booster application technology.

The above-mentioned product lines are associated with Ecoclean GmbH's competence centers at Filderstadt and Monschau, from where the relevant global market responsibility is exercised.

The Handling product line has been discontinued. Formerly based in France, this business division was sold in early 2015.

The Steam product line has been integrated into Surface Processing.

Economic activity and market situation

Performance in the short business year from January 1 through March 31, 2017, was essentially on target. The new orders and sales graphs fluctuated substantially over the short business year, giving rise, in part, to a different capacity utilization situation than what we had become accustomed to in prior years. Our business was equally balanced between Europe and Asia, as in the previous year.

Orders on hand in the Automotive segment and the continuous trend in new orders for both CLA in Monschau and CLI in Filderstadt have contributed to the result.

Considered together, both of these effects reflect a good and sound business development at Ecoclean GmbH.

The company is benefitting from changes made in previous years. Above all, these also spanned the fields of process and product development, which have set new standards in the market and continue to do so to this day.

The concentration on core tasks and an expanded internal cooperation within Ecoclean GmbH enhance the efficiency of development activities and order processing – an achievement that is reflected specifically in a further improvement of margins.

Ecoclean GmbH

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
New orders	42,887	150,021
Sale	35,170	129,179
EBIT	2,744	10,340
Net income for the year	2,620	9,980
Investment*	578	2,371
Employees (incl. apprentices)	454	455

* in property, plant and equipment & intangible assets

New orders received in the short business year from January 1 through March 31, 2017 were worth EUR 42.9 million, which clearly exceeds the average new orders level in fiscal 2016. For subsequent periods, a stabilization or even moderate increase in new order volumes is anticipated.

Apart from its concentration on cleaning solutions for industrial and automotive manufacturing, an expansion of activities in Surface Processing has been declared a key objective for Ecoclean GmbH during the next few years. The aim is to build additional market potential here, aside from classic cleaning technology and service operations.

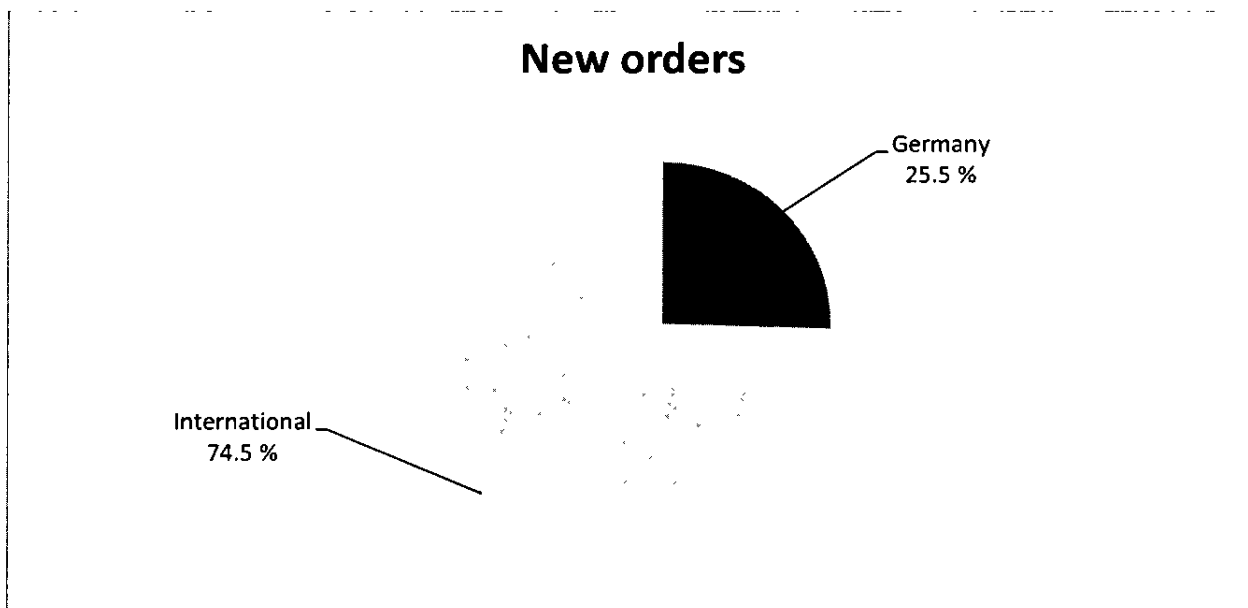
E-mobility is an important subject for Ecoclean GmbH. Business with the automotive industry is marked by uncertainties in long-term planning. Ever since Dieselgate and the debate around e-mobility, investments in the Powertrain segment are being questioned and frequently postponed. However, new projects for e-mobility components – mostly involving prototypes and small trial series – have already led to enquiries and are currently in planning.

Business development and position of the company

New orders, orders on hand and sales – by national and international markets – are structured as follows:

New orders

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Germany	10,929	43,530
International markets	31,958	106,491
Total	42,887	150,021
Foreign share	74.5	71.0



New orders and orders on hand compared to prior year

New orders for cleaning systems had a value of EUR 34.9 million, compared to a total of EUR 111.5 million in the previous year. Thus, new equipment orders were in excess of the 2016 average.

In the service business, new orders reached a volume of EUR 7.6 million. The prior-year reference figure (Dec. 31, 2016) amounted to EUR 38.5 million in total.

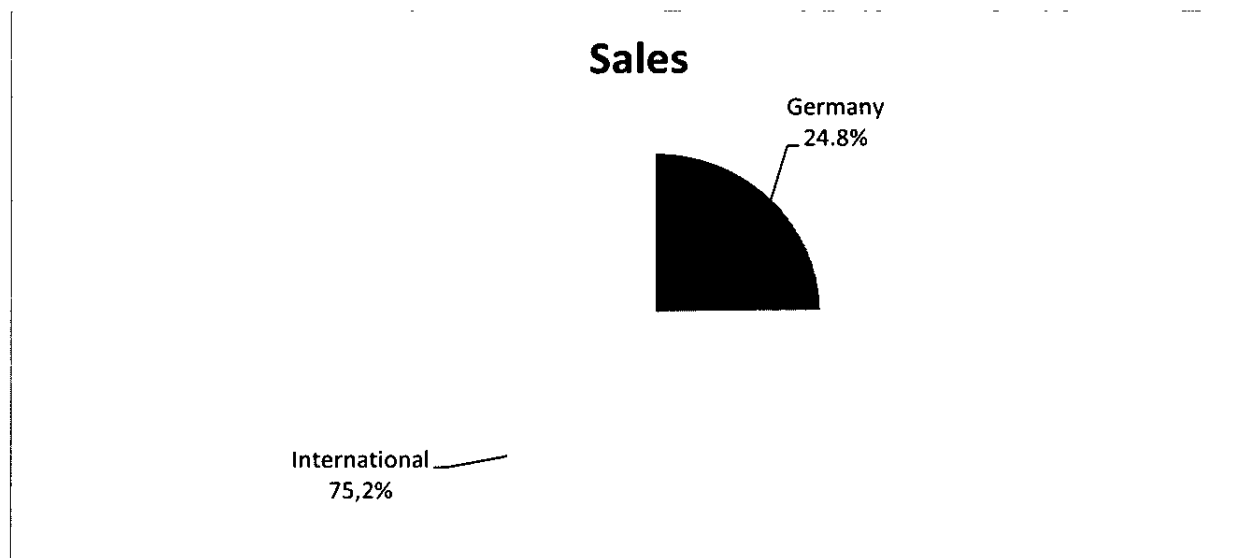
Orders on hand

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Total	194,446	186,729
Change	7,717	20,684

Orders on hand as at March 31, 2017, had a value of EUR 194.4 million, compared to EUR 186.7 in the previous year (Dec. 31, 2016). This represents an increase by EUR 7.7 million. The level of orders on hand in Monschau, at EUR 164.3 million (Dec. 31, 2016: EUR 158.8 million), nearly ensures full capacity utilization for the coming twelve months; in Filderstadt, orders on hand totaled EUR 30.1 million (Dec. 31, 2016: EUR 27.9 million).

Sales

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Germany	8,722	52,028
International markets	26,448	77,151
Total	35,170	129,179
Foreign share	75,2%	59,7%



Sales amounted to EUR 35.2 million, exceeding the 2016 average (total prior year: EUR 129.2 million). Given the current order backlog and projected new orders, we anticipate sales to reach EUR 159 million for the coming 12 months.

Earnings situation

The company finished the expired fiscal year with sales of EUR 35.2 million (Dec. 31, 2016: EUR 129.2 million) and EUR 2.7 million (Dec. 31, 2016: EUR 10.3 million) in earnings for the year before interest and tax (EBIT) and before profit transfer under the P&L transfer agreement. The cost of materials amounted to EUR 23.2 million, with personnel costs at EUR 11.4 million.

As a result, the return on sales (ROS) for the short business year from January 1 through March 31, 2017, was at 7.8% (prior year, 2016: 8%).

EBIT

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Ecoclean GmbH	2,744	10,340

Participating interests

Ecoclean GmbH owns 100 % of the shares in Ecoclean Technologies spol. s r.o., its subsidiary company in the Czech Republic. Ecoclean GmbH itself was wholly owned (100%) by Carl Schenck AG of Darmstadt until the end of March 31, 2017. Since April 1, 2017, its shares are held by SBS Ecoclean GmbH, Frankfurt am Main. Ecoclean GmbH's share capital amounts to EUR 5.2 million, as before.

Asset and financial position

The equity ratio as at March 31, 2017, amounted to 50.4 % compared to 48.0 % per the end of 2016.

Inventories rose to EUR 49.3 million from EUR 41.7 million in the 2016 annual report, mainly due to an increase in unfinished products.

Trade payables to affiliated undertakings were down by EUR 0.2 million as at March 31, 2017. Receivables from affiliated undertakings under the cash pooling arrangement fell by EUR 4.7 million. Trade receivables from affiliated undertakings decreased as well, by EUR 0.6 million.

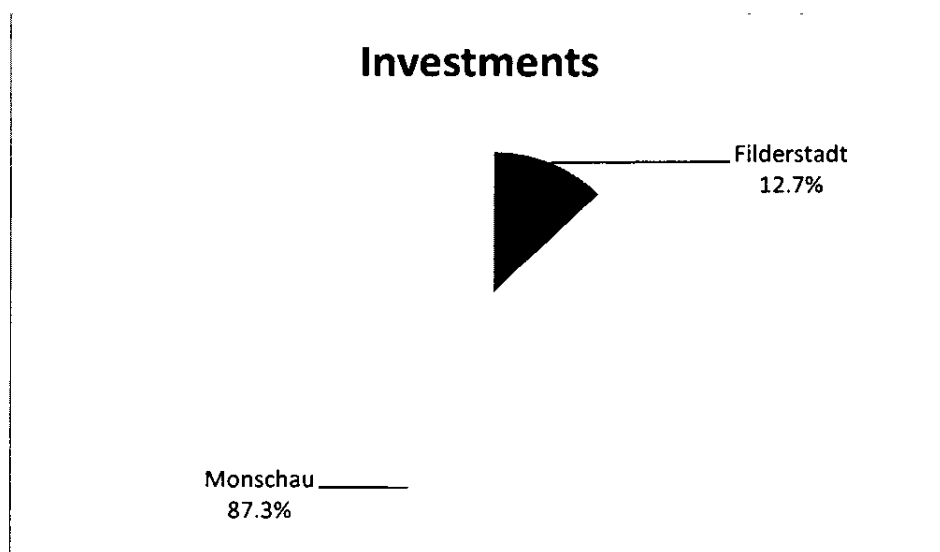
Provisions are up by EUR 0.8 million year-over-year, reflecting an EUR 0.2 million rise in provisions from pensions and an increase by EUR 0.6 million in other provisions.

The cash pooling arrangement with Carl Schenk AG was discontinued per the end of November 2016. The Ecoclean Group has been operating its own cash pool since Dec. 1, 2016. With the transition of Ecoclean GmbH into the SBS Ecoclean Group, Ecoclean GmbH became part of SBS Ecoclean GmbH's cash pooling scheme. SBS Ecoclean GmbH has an EUR 30 million credit facility with HSBC Bank.

Capital expenditure and depreciation / amortization

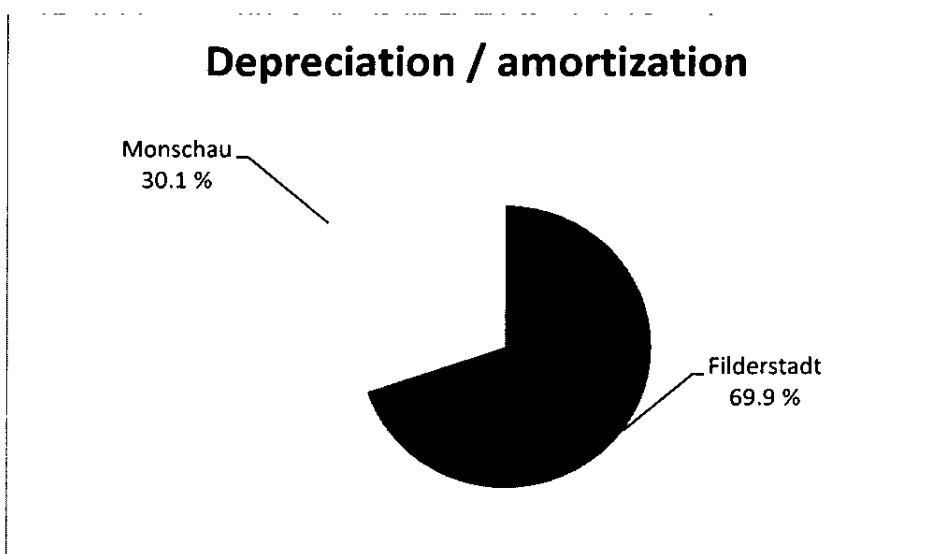
Capital expenditure

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Monschau	74	499
Filderstadt	504	1,872
Ecoclean GmbH	578	2,371



Depreciation and amortization

	Short business year from January 1 – March 31, 2017	2016
Data in K€		
Monschau	259	440
Filderstadt	111	339
Ecoclean GmbH	370	779



Research and development

At the Monschau site, the development of new, highly efficient processes and products remained a priority activity. It thus became possible, e.g., to present the customer with processes in which the uneconomical use of compressed air is eliminated altogether. The new EcoCFlex3 machine demonstrably achieves a substantial reduction in power demand. The energy monitoring scheme developed by Ecoclean GmbH forms the backbone of energy-efficient equipment design. In all, kEUR 113 were expended on research and development at the Monschau site in the short business year from January 1 through March 31, 2017. In the previous year (2016), these expenditures had amounted to kEUR 1,579 in total.

At the Filderstadt site, the strategic development of new products was continued in the short business year from January 1 through March 31, 2017 with a view to launching further innovative cleaning systems in the marketplace. In all, kEUR 222 was expended on R&D at the Filderstadt site (prior year 2016: kEUR 1,191).

Following the successful introduction of new, locally developed and built products in China, the second development and localization step was initiated here. Specifically, existing product families were replaced with products adapted to demand.

Personnel

	Short business year from January 1 – March 31, 2017	2016
Headcount		
Monschau	254	254
Filderstadt	200	201
Ecoclean GmbH	454	455

Internal controlling system for the accounting process

Our internal controlling system (IKS) for the accounting process has two objectives. On the one hand, the reliability of the company's financial reporting must be guaranteed with adequate certainty; on the other, the IKS helps to ensure that the annual financial statements will be established in compliance with the German Commercial Code (HGB).

The following controlling and safety routines form the core elements of the IKS system in the balance sheet accounting process:

1. Until the end of March 31, 2017, the company observed the balance sheet accounting guideline of DÜRR AG, which covers all requirements relevant to the company under HGB and IRFS. Ecoclean GmbH continued to apply these guidelines after April 1, 2017.
2. Our ERP system and the Management Reporting Tool perform automatic checks of booking operations, testing whether individual circumstances are recognized under the relevant balance sheet items.
3. As part of a multi-stage safety process we take samples and perform plausibility checks as well as additional validations. This involves the levels of Accounting, Controlling and Corporate Management.

Through training, we ensure that the staff of our financial departments is up to the requirements of their functions at all times. Our staff qualification activities cover both accounting standards and balance sheet preparation rules as well as the use of software tools.

In order to prevent risks, we define focus subjects that are essential for the quality of our accounting. Accounting for production orders is of particular importance; it specifically includes an estimation of the expected total order cost and of order-related accruals. Further key subjects are the value of shareholdings and the correctness of the qualitative statements made in the Management Report.

Risk management

The management of potentially existential risks was a subject that received great attention in the reporting period. The risks classified as relevant for the company as well as the respective risk status were periodically updated and evaluated by the company's management and senior executive staff.

Overall, we see risks associated with a changing political environment, changes in the market situation, and technological changes.

Risks threatening the company's existence or continuity are not in evidence from today's perspective.

Political risks

- Changes in the world economy, especially in the U.S.A., due to potential economic sanctions and responses triggered thereby, including in the Asian region
- Economic policy changes in the European region, especially economic and political demarcations spurred by the Brexit process.

Given that approx. 47% of sales are achieved in the German/Austrian/Swiss region and approx. another 22% come from within the EU – meaning that close to 70% of our sales are generated in the European region – we believe while that the above-described political risks do exist, they appear rather slight at present in view of the strong concentration on the core of Europe.

Market risks

- High dependence on individual customers and industries, and specifically on the economic situation of the automotive industry
- Risks due to trends in procurement markets
- Changes in the competitive environment
- Project risks and capacity utilization risks

One potential risk lies in our very strong link to the automotive industry, which accounts for over 50% of Ecoclean GmbH's sales. Since the energy revolution and the resulting rise of electromobility, the automotive industry itself is facing a process of structural upheaval that will not fail to touch upon all industries collaborating with the automotive manufacturing sector.

The debate around e-mobility has prompted many OEMs to scrutinize their capital expenditure allocation and to re-route investments towards e-mobility and autonomous driving. Extant capacities for internal combustion engines are sufficient, given that output in the EU tends to stagnate, with no new developments to be expected. Accordingly, major investment in the EU is not to be anticipated. Enquiries relating to electric power drives have been obtained, but cleaning requirements are much more straightforward here. As a result, we are faced with a decidedly more competitive situation here as well.

It stands to be expected that the OEMs will cut capital expenditure on the internal combustion engine quite appreciably in the future. This technology is on its way out, and for the OEMs it is turning into a commodity in which one is no longer prepared to invest. Redundant production floorspace is bound to be reassigned to battery technology or electric drives. Internal combustion engine components are likely to get outsourced to tier 1 suppliers. As a result, we will witness a shift in our customer base, and price pressures and turnaround times will become more exacting. Technical customer specifications will demand less attention, but we will find ourselves in another competition as a result.

At present, Ecoclean GmbH has risk exposure in the U.S.A. due to our inability to realize the required market prices, given our lack of an adequate local supplier base.

Customer receivables charged in foreign currency as well as accounts receivable from affiliated companies are hedged against forex risks via future contracts. As a rule, only micro-hedging is used for risk elimination. Until March 31, 2017, foreign currency hedging was based on the Dürr Group Guideline on the Elimination of Foreign Currency Transaction Risks.

Technological risks

- Technological development trends

Apart from the risks outlined herein, the company faces opportunities in the upcoming year 2017 which include, without limitation, the following:

Market opportunities

- Further strengthening of our market leadership due to the good economic situation in China
- Further expansion of market activities in Asia and America
- Optimization of the cost structure through improved project management and claim management
- Optimization of capacity utilization through inter-site activities within the CSP group

Political changes and structural transformation in markets and industries always opens up opportunities as well – creating chances to tap new markets and to expand one's presence in existing ones. In addition to the strong Chinese market, we see possibilities especially in the broader Asian region and in South and Central America, aside from the U.S.A.

In the automotive transmission sector we anticipate growth. E-mobility will remain closely associated with hybrid propulsion systems over the next few years. As for housings, Ecoclean GmbH is well positioned. For wheels and shafts, our new "EcoCBelt" machine must prove its merits.

E-mobility is also an important item in China. The situation here is the same as outlined above for Europe. However, in view of its ongoing strong growth, China has continuing demand for increasing numbers of internal combustion engines and transmissions. E-mobility simply comes in on top of this need. Ecoclean GmbH is well positioned in both segments. Gaining a solid foothold in this market requires good handling and corresponding good references.

Technological opportunities

- Continuing portfolio modularization in Transmission and Engine product lines
- Promotion of technological cooperation between CSP companies

On the basis of the risk analysis presented, a valid quantitation of risks is not possible.

The company and its subsidiaries were integrated into Dürr AG's risk management system until the end of March 31, 2017. Until further notice, DÜRR AG regulations continue to remain in effect at Ecoclean GmbH.

Receivables outstanding are regularly monitored and, in part, covered by default insurance depending on customer creditworthiness. In addition, increasing efforts are made to enforce more favourable payment terms vis-à-vis the customer.

Given the good backlog of orders at the end of 2016 – with a higher margin than in the previous year – and our good position in the field of innovative cleaning technologies, we estimate our risk exposure to be manageable. No existential threats can be identified at present.

Financing measures

In the year to come, the subject of net working capital will be in the focus again in the GmbH and in its subsidiary/sister companies. An optimization of the receivables and cash management process is intended with a view to supporting the reduction in net working capital further. However, it is necessary in this context to observe the peculiarities of, and dependencies on, the automotive industry.

Opportunity report and outlook for the next business years

Capital expenditure patterns in the automotive sector have normalized but remain on a very high level. However, thanks to the growth strategy pursued in the industrial sector, we see a positive development of the company overall. Our modular building block system is being consistently refined and aligned with current requirements to enable us to realize global manufacturing concepts. In this respect, the company's success of the last few months is proving us right. Networked interaction at the global level between our sites and across sales and service organizations will be intensified further in the coming year, enabling us to benefit from investments made abroad. Local advisory competence, coupled with local production and followed by a local service meeting international standards, will enable Ecoclean GmbH to act as a global partner to its customers.

We assume that, following the takeover, the new owner's strategy on key operational points will differ but slightly from prior year themes:

- Concentration and further expansion of the core business, i.e., industrial cleaning technology and surface processing
- Targeted entry of new business fields based on the use of new developments and processes
- Accelerated expansion of growth markets, especially China and Mexico
- Continuous expansion of Ecoclean's own sales and service network in Europe, with a focused promotion of activities in China
- Product modularization and creation of a product line for precision cleaning (< 400 µ) requirements
- Major expansion of the service business (Customer Excellence Project)
- Permanent reduction of costs of production, e.g., through process improvements
- Continuation of EcoCAgile Twin development activities
- Permanent quality enhancement and error minimization

The improvements initiated and in part implemented already form an appreciably sound basis for the coming 12 months, with earnings forecast at EUR 11.0 million before interest and tax. This earnings expectation is based on an projected sales volume of EUR 159 million. Estimates for the following years, 2018 and 2019, likewise anticipate EUR 11 – 12 million in earnings before interest and tax.

On August 6, 2016, an agreement on the sale and transfer of 85% of the business activities in the fields of cleaning and surface processing technology was concluded between Carl Schenck AG of Darmstadt, Germany, and Shenyang Blue Silver Industry Automation Co., Ltd., of Shenyang, PR China ("SBS"). Ecoclean is part of that transaction, which was concluded effective as at the close of March 31, 2017.

Filderstadt, this 12th day of February, 2018

Ecoclean GmbH

The Management

Michael Förster

Frank Christian Ringat



Engagement terms, liability and conditions of use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, have carried out our audit of the present accounts as commissioned by the company. Apart from the legal disclosure function (section 325 of the German Commercial Code) applicable in the case of statutory audits, the Auditors' Certificate is addressed exclusively to the company and has been issued for the latter's internal use, without serving any other third-party purposes or as grounds for third-party decision making. Hence, the result of voluntary audits of financial statements that is summarized in the Audit Certificate is not intended as a decision-making basis for third parties and shall not be used for any other than its intended purposes.

Our work is based on our Letter of Engagement to audit the present accounting records, including the "General Terms of Engagement for Public Auditors and Public Audit Firms" in the version of January 1, 2017, published by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW).

For the avoidance of doubt please note that we accept no responsibility, liability or any other obligations vis-à-vis any third parties, save where we have agreed otherwise in writing with such third party or where such exclusion of liability would be ineffective.

We expressly point out that unless we are legally bound to do so, we shall not update this Audit Certificate in light of events or circumstances occurring after its issuance.

Whoever takes note of our work results summarized in the present Audit Certificate must decide on his/her own responsibility whether, and in which form, to consider these results useful and suitable for his/her purposes and to expand, verify or update them through auditing activities of his/her own.