

Koppers Denmark ApS

Avernakke 1
5800 Nyborg
Denmark

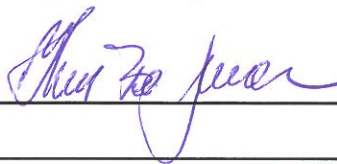
CVR no. 11 00 07 38

Annual report 2017

The annual report was presented and approved at
the Company's annual general meeting on

30 May 2018

Kent Bo Svendsen
chairman



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Koppers Denmark ApS for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Nyborg, 30 May 2018
Executive Board:



Kent Bo Sverdsen

Board of Directors:



Steven Robert Lacy



James A. Sullivan



Christian Arndal Nielsen



Michael Joseph Zelay



Franklin Miguel Hernandez



Hanne Dyhr

Statement by the Board of Directors and the Executive Board

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The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Nyborg, 30 May 2018
Executive Board:

Kent Bo Svendsen

Board of Directors:

Steven Robert Lacy

James A. Sullivan

Christian Arndal Nielsen

Michael Joseph Zugay

Franklin Miguel Fernandez

Hanne Dyhr



Independent auditor's report

To the shareholders of Koppers Denmark ApS

Opinion

We have audited the financial statements of Koppers Denmark ApS for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Jon Beck
State Authorised
Public Accountant
MNE no. 32169

Koppers Denmark ApS
Annual report 2017
CVR no. 11 00 07 38

Management's review

Company details

Koppers Denmark ApS
Avernakke 1
5800 Nyborg
Denmark

Telephone: +45 63 31 31 00
Fax: +45 63 31 32 00

CVR no.: 11 00 07 38
Established: 1 July 1987
Registered office: Nyborg
Financial year: 1 January – 31 December

Board of Directors

Steven Robert Lacy
James A. Sullivan
Christian Arndal Nielsen
Michael Joseph Zugay
Franklin Miguel Fernandez
Hanne Dyhr

Executive Board

Kent Bo Svendsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Gross profit	46,822	37,760	40,502	34,131	31,062
Operating profit	21,091	17,689	18,750	15,257	14,246
Profit/loss from financial income and expenses	-9,673	1,020	1,309	1,444	1,841
Profit/loss for the year	-13,355	14,632	15,454	22,103	54,317
Fixed assets	147,730	135,818	90,807	77,609	107,658
Current assets	113,287	89,414	121,385	110,283	133,800
Total assets	261,017	225,232	212,192	187,892	241,458
Equity	188,112	170,781	140,695	194,990	150,317
Current liabilities other than provisions	50,908	35,161	40,705	25,491	37,087
Investment in property, plant and equipment	23,969	43,918	24,146	35,986	14,342
Ratios					
Return on invested capital	11.7%	8.8%	9.6%	8.6%	6.2%
Current ratio	222.5%	254.3%	298.2%	433.0%	361.0%
Return on equity	-7.9%	8.9%	10.4%	13.2%	31.5%
Equity ratio	72.1%	75.8%	73.6%	74.9%	80.8%
Other key figures					
Average number of full-time employees	81	81	79	74	72

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Return on invested capital
$$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$$

Equity ratio
$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Current ratio
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Management's review

Operating review

Principal activities

Koppers Denmark ApS' principal activity is the distillation of crude tar, a byproduct obtained by conversion of coal to coke. The finished products produced from the distillation of crude tar are:

- The main product, pitch, which is sold to the aluminum industry
- Carbon black feedstock oil, which is used for rubber production (primarily tires)
- Creosote oil, which is used for wood preservation
- Naphtalene oil, which is used distributed to the dyre and plastics industry and as a strenght improving agent in the concrete and other tar petroleum products.
- Other specialty products that are used in the chemical industry.

Development in activities and financial position

Operating profit for the year shows DKK 21.1 million against an operating profit of DKK 17.7 million in 2016.

Operating profit for the year is considered satisfactory and in line with expectations. For 2018, operating profit is expected to be at level with 2017.

Results for the year were affected by an adjustment of taxable income in a prior year relating to the transfer of the Company's commercial activities to Koppers International B.V. The effect on results represented DKK 30.7 million and is recognised under tax on profit and financial expenses.

As a consequence of this, the Company received a capital contribution from Koppers International B.V. amounting to DKK 30.7 million.

Particular risks

Operating risks

Relying on its processing agreement with Koppers International B.V., the Company will enjoy highly stable, positive results and record a fixed profit margin based on realised costs.

Financial risks

Currency risks

There are no major currency risks. The vast majority of costs and income are settled in DKK.

Environmental matters

Koppers Denmark ApS seeks the lowest possible impact on its surroundings by taking measures to optimise the consumption of raw materials and energy, minimize waste from processes, minimise the risk of accidents and reduce the consequences of accidents as well as minimise any harmful influence on employees and the environment.

New and existing processes are adapted and improved while accounting for an overall assessment of the technical and economic feasibility and social requirements for the environment, safety and health. The

Management's review

Operating review

Company cooperates openly with the competent authorities on issues of in this regard. Koppers Denmark ApS has prepared environmental accounts since 1994.

Research and development activities

Koppers Denmark ApS has no independent research and development activities, as these are performed by other group entities. The Koppers Group is convinced that resources used in this area are sufficient to maintain a leading position.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the financial position of the Company at 31 December 2017.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross profit		46,822	37,760
Distribution costs		-19	-7
Administrative expenses	2	-25,712	-20,064
Operating profit		21,091	17,689
Financial income	3	1,342	1,271
Financial expenses	4	-11,015	-251
Profit before tax		11,418	18,709
Tax on profit for the year	5	-24,773	-4,077
Profit/loss for the year	6	-13,355	14,632

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Land and buildings		3,334	3,079
Storage tanks		26,023	25,064
Plant and machinery		87,241	64,984
Fixtures and fittings, tools and equipment		5,481	5,320
Assets under construction		10,375	22,095
		<u>132,454</u>	<u>120,542</u>
Investments	8		
Equity investments in group entities		15,171	15,171
Other securities and equity investments		105	105
		<u>15,276</u>	<u>15,276</u>
Total fixed assets		<u>147,730</u>	<u>135,818</u>
Current assets			
Inventories			
Spare parts		7,576	10,675
		<u>7,576</u>	<u>10,675</u>
Receivables			
Trade receivables		997	552
Receivables from group entities		89,688	75,014
Other receivables		300	59
Joint taxation receivable		0	1,585
Prepayments	9	2,725	976
		<u>93,710</u>	<u>78,186</u>
Cash at bank and in hand		<u>12,001</u>	<u>553</u>
Total current assets		<u>113,287</u>	<u>89,414</u>
TOTAL ASSETS		<u><u>261,017</u></u>	<u><u>225,232</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	10	70,000	70,000
Retained earnings		<u>118,112</u>	<u>100,781</u>
Total equity		<u>188,112</u>	<u>170,781</u>
Provisions			
Provisions for deferred tax	11	13,261	11,781
Other provisions	12	<u>8,736</u>	<u>7,509</u>
Total provisions		<u>21,997</u>	<u>19,290</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Bank loans		0	3,100
Trade payables		22,715	13,399
Payables to group entities		15,900	8,605
Joint taxation liability		1,405	0
Other payables		10,481	9,650
Deferred income	13	<u>407</u>	<u>407</u>
		<u>50,908</u>	<u>35,161</u>
Total liabilities other than provisions		<u>50,908</u>	<u>35,161</u>
TOTAL EQUITY AND LIABILITIES		<u>261,017</u>	<u>225,232</u>
Contractual obligations, contingencies, etc.			
Related party disclosures	14		
	15		

Financial statements 1 January – 31 December

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	70,000	100,781	170,781
Transferred over the distribution of loss	0	-13,355	-13,355
Capital contribution	<u>0</u>	<u>30,686</u>	<u>30,686</u>
Equity at 31 December 2017	<u><u>70,000</u></u>	<u><u>118,112</u></u>	<u><u>188,112</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Koppers Denmark ApS for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Koppers Denmark ApS and group entities are included in the consolidated financial statements of Koppers Holdings Inc., USA.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Koppers Holdings Inc., USA.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

None-current assets acquired in foreign currency are measured at the exchange rate on the transaction date.

Income statement

Revenue

Income from the sale of goods, comprising the sale of trade and finished goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income from sale of services comprise proceeds from processing agreement with Koppers International B.V.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to generate revenue for the year.

Gross Profit

In accordance with Section 32 of the Danish Financial Statements Act, revenue and production costs are aggregated in the financial statement caption "Gross profit".

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings and storage tanks	30 years
Plant and machinery	5-15 years
Fixtures and fittings, tools and equipment	5-15 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Balance sheet

Investments

Equity investments in group subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other investments are measured at market value at the balance sheet date if they are listed, or an estimated fair value if they are not listed.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

In assessment of net realisable value of inventories obsolescence is taken into account.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs of environmental obligations, restructuring and etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

DKK'000	2017	2016
2 Staff costs and incentive schemes		
Staff costs		
Wages and salaries	51,347	43,338
Pensions	2,198	2,004
Other social security costs	183	185
	<u>53,728</u>	<u>45,527</u>
Average number of full-time employees	<u>81</u>	<u>81</u>
Staff costs are recognised as:		
Production	37,286	32,796
Administration	16,442	12,731
	<u>53,728</u>	<u>45,527</u>
Staff costs include remuneration of the Company's Executive Board and Board of Directors, DKK 1,491 thousand (2016: DKK 1,287 thousand).		
DKK'000	2017	2016
3 Financial income		
Interest income from group entities	1,142	1,271
Other financial income	200	0
	<u>1,342</u>	<u>1,271</u>
4 Financial expenses		
Interest expense to group entities	71	64
Other financial costs	67	187
Interest expense relating to tax adjustment	10,877	0
	<u>11,015</u>	<u>251</u>
5 Tax on profit for the year		
Current tax for the year	3,348	-45
Deferred tax for the year	1,480	4,122
Tax adjustment concerning prior year	19,945	0
	<u>24,773</u>	<u>4,077</u>
6 Proposed profit appropriation/distribution of loss		
Retained earnings	<u>-13,355</u>	<u>14,632</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Land and buildings	Property, plant and equipment in progress	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2017	40,923	73,509	180,773	20,823	22,095	338,123
Additions for the year	309	3,140	9,036	1,109	10,375	23,969
Disposals for the year	0	0	0	-3,344	0	-3,344
Transfers for the year	0	0	22,095	0	-22,095	0
Cost at 31 December 2017	41,232	76,649	211,904	18,588	10,375	358,748
Depreciation and impairment losses at 1. januar 2017	-37,844	-48,445	-115,789	-15,503	0	-217,581
Depreciation for the year	-54	-2,181	-8,874	-948	0	-12,057
Depreciation on disposals for the year	0	0	0	3,344	0	3,344
Depreciation and impairment losses at 31 December 2017	-37,898	-50,626	-124,663	-13,107	0	-226,294
Carrying amount at 31 December 2017	3,334	26,023	87,241	5,481	10,375	132,454

8 Investments

DKK'000	Equity investments in subsidiaries	Other securities and equity investments
Cost at 1 January 2017	15,171	105
Cost at 31 December 2017	15,171	105
Carrying amount at 31 December 2017	15,171	105

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Koppers Tar Tech International ApS	Nyborg	100%	3,544	109
Koppers European Holdings ApS	Nyborg	100%	199	-493
			3,743	-384

Financial statements 1 January – 31 December

Notes

DKK'000

2017 2016

9 Prepayments

Prepaid insurance	1,680	559
Other prepayments	1,045	417
	<u>2,725</u>	<u>976</u>

10 Share capital

The share capital consists of 70.000 shares of nom. DKK 1.000 each.

All shares rank equally.

11 Deferred tax

Deferred tax at 1 January	11,781	7,659
Deferred tax adjustment for the year in the income statement	1,480	4,122
Deferred tax at 31 December	<u>13,261</u>	<u>11,781</u>

12 Other provisions

Environmental provision	6,684	5,050
Subsidies for energy investments	2,052	2,459
Other provisions at 31 December	<u>8,736</u>	<u>7,509</u>

Environmental provision relates to expected costs for disposals of sediment in tanks.

13 Deferred income

Deferred income of DKK 407 thousand (2016: DKK 407 thousand) comprise subsidies from energy investments.

14 Contractual obligations, contingencies, etc.

Collateral

Of cash at bank and in hand, an amount of DKK 364 thousand has been provided as collateral.

Contingent liabilities

The Company is jointly taxed with Danish entities in the Koppers Holding Inc. Group. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends and interest under the joint taxation scheme. The jointly taxed companies' total net liability to the Danish tax authorities is recognised in the financial statements of Koppers Europe ApS. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc. may entail an increase in the Company's liability.

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Notes

Operating lease obligations

Remaining operating lease obligations at the balance sheet date represent DKK 3,621 thousand, of which DKK 2,137 thousand falls due the initial year and all within five years (2016: DKK 4,791 thousand).

15 Related party disclosures

Control

Koppers Denmark ApS is part of the consolidated financial statements of Koppers Holdings Inc., USA, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Koppers Holdings Inc. can be obtained by contacting the Company or at the following website: www.koppers.com.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.