

**Scandinavian Tanking System A/S
Central Business Registration No
12007191**

**Langebrogade 5
1411 København K**

Annual report 2015

The Annual General Meeting adopted the annual report on 20.05.2016

Chairman of the General Meeting

Name: Katarina Radik

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Entity details

Entity

Scandinavian Tanking System A/S
Langebrogade 5
1411 København K

Central Business Registration No: 12007191

Registered in: København

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Willem Waelput, Chairman

Maximilian Gallist

Lennart Albertsson

Executive Board

Anders Fredrik Nyren

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandinavian Tanking System A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

København, 20.05.2016

Executive Board

Anders Fredrik Nyren

Board of Directors

Willem Waelput
Chairman

Maximilian Gallist

Lennart Albertsson

Independent auditor's reports

To the shareholder of Scandinavian Tanking System A/S

Report on the financial statements

We have audited the financial statements of Scandinavian Tanking System A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 20.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Morten Speitzer
statsautoriseret revisor

Henrik Hartmann Olesen
statsautoriseret revisor

CVR-nr. 33963556

Management commentary

Primary activities

The Company's primary activities consist of storage and processing of chemicals.

Development in activities and finances

The Company's income statement for 2015 shows a profit of 7,643k DKK, which is an improvement compared to 2014.

In 2014 the group decided to close down activities why the remaining assets were sold or written down. This is further mentioned in note 4.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with all Danish group entities. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of environmental obligations and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit		103.823	(65)
Depreciation, amortisation and impairment losses	1	0	(2.463)
Other operating expenses		<u>7.601.369</u>	<u>0</u>
Operating profit/loss		7.705.192	(2.528)
Other financial income	2	1.478	4
Other financial expenses		<u>(63.957)</u>	<u>(57)</u>
Profit/loss from ordinary activities before tax		7.642.713	(2.581)
Tax on profit/loss from ordinary activities	3	<u>0</u>	<u>955</u>
Profit/loss for the year		<u>7.642.713</u>	<u>(1.626)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>7.642.713</u>	<u>(1.626)</u>
		<u>7.642.713</u>	<u>(1.626)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Receivables from group enterprises		1.292.726	3.178
Other short-term receivables		11.660	1.075
Income tax receivable		0	932
Receivables		<u>1.304.386</u>	<u>5.185</u>
Cash		<u>12.490.773</u>	<u>8.862</u>
Current assets		<u>13.795.159</u>	<u>14.047</u>
Assets		<u><u>13.795.159</u></u>	<u><u>14.047</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital		1.700.000	1.700
Retained earnings		10.906.414	3.263
Equity		<u>12.606.414</u>	<u>4.963</u>
Other provisions	4	928.881	8.572
Provisions		<u>928.881</u>	<u>8.572</u>
Debt to group enterprises		58.302	362
Other payables		201.562	150
Current liabilities other than provisions		<u>259.864</u>	<u>512</u>
Liabilities other than provisions		<u>259.864</u>	<u>512</u>
Equity and liabilities		<u><u>13.795.159</u></u>	<u><u>14.047</u></u>
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Ownership	7		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.700.000	3.263.701	4.963.701
Profit/loss for the year	0	7.642.713	7.642.713
Equity end of year	1.700.000	10.906.414	12.606.414

Notes

	2015	2014
	DKK	DKK'000
1. Depreciation, amortisation and impairment losses		
Impairment losses on property, plant and equipment	0	2.463
	0	2.463

	2015	2014
	DKK	DKK'000
2. Other financial income		
Exchange rate adjustments	1.477	0
	1.477	0

	2015	2014
	DKK	DKK'000
3. Tax on ordinary profit/loss for the year		
Current tax	0	(932)
Adjustment relating to previous years	0	(23)
	0	(955)

The Company is involved in a pending transfer pricing audit from the authorities related to previous income years.

4. Other provisions

In 2013, the Kemira Group decided that a number of activities in Denmark were to be divested and wound up. The sale was completed on 2 January 2014. As part of the sale, Kemira closed its locations and production and storage facilities in Denmark, including its activities at Prøvestenen. As a result thereof, Management decided to recognise a liability for environmental issues. As part of closing the production facilities at locations in Copenhagen and Århus, the areas used need to be cleaned up. This liability is incumbent on the Company pursuant to law and is based on a report prepared by an external party who has conducted surveys of the environmental circumstances at the locations. Based on this information, Management has recognised a provision of DKK 0,9m (2014: DKK 8,6m) at the balance sheet date which Management considers a reliable estimate of the cost of the remaining clean-up which almost has been completed in 2015. Due to this a part of the provision has been reversed in 2015.

	2015	2014
	DKK	DKK'000
5. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	0	2.385.169

Notes

6. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Kemira Water Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The Company has no other contingent liabilities.

7. Ownership

The Company is wholly owned by:

Kemira Water Danmark A/S / Langebrogade 5, 1411 Copenhagen K, Denmark