

Koppers Tar Tech International ApS

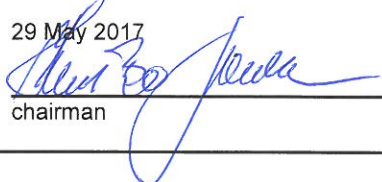
Avernakke 1
5800 Nyborg

CVR no. 12 94 65 38

Annual report 2016

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

29 May 2017



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 Tar Tech International ApS for the financial year 1 January – 31 December 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review

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

Nyborg, 29 May 2017
Executive Board:

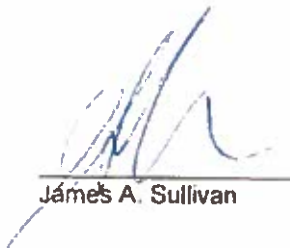


Kent Bo Svendsen

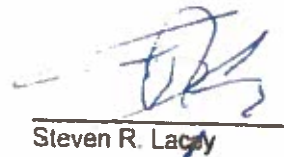
Board of Directors:



Michael Joseph Zugay



James A. Sullivan



Steven R. Lacey



Christian Arndal
Nielsen



Independent auditor's report

To the shareholders of Koppers Tar Tech International ApS

Opinion

We have audited the financial statements of Koppers Tar Tech International ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

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.



Independent auditor's report

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.
- 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.



Independent auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Jon Beck
State Authorised
Public Accountant



Elife Savas
State Authorised
Public Accountant

Koppers Tar Tech International ApS
Annual report 2016
CVR no. 12 94 65 38

Management's review

Company details

Koppers Tar Tech International ApS
Avernakke 1
5800 Nyborg

Telephone: +45 63313100

CVR no.: 12 94 65 38

Financial year: 1 January – 31 December

Board of Directors

Michael Joseph Zugay,
James A. Sullivan
Steven R. Lacy
Christian Arndal Nielsen

Executive Board

Kent Bo Svendsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Bank

Danske Bank
Albanitorvet 2 og 3 2. sal
5000 Odense

Management's review

Operating review

Principal activities

The company's main activity is to utilize the knowledge that the Company holds on handling, transport and storage of liquid carbon products. The company offers engineering services, primarily in the form of service agreements with clients in the group, but also as a subcontractor for larger projects in the aluminum industry.

Development in activities and financial position

In the 2016 financial year profit before tax amounted to 422 tDKK against 105 tDKK in 2015.

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 2016.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		493	99
Administrative expenses		-15	-15
Operating profit		478	84
Financial income	2	64	55
Financial expenses		-1	-1
Profit before tax		541	138
Tax on profit/loss for the year		-119	-33
Profit for the year		422	105
Proposed profit appropriation			
Retained earnings		422	105
		422	105

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Current assets			
Receivables			
Trade receivables		86	0
Receivables from group entities		3.593	3.153
Other receivables		29	44
		<u>3.708</u>	<u>3.197</u>
Cash at bank and in hand		<u>4</u>	<u>83</u>
Total current assets		<u>3.712</u>	<u>3.280</u>
TOTAL ASSETS		<u><u>3.712</u></u>	<u><u>3.280</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		2.000	2.000
Retained earnings		<u>1.435</u>	<u>1.012</u>
Total equity		<u>3.435</u>	<u>3.012</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		15	15
Payables to group entities		143	220
Other payables		<u>119</u>	<u>33</u>
		<u>277</u>	<u>268</u>
Total liabilities other than provisions		<u>277</u>	<u>268</u>
TOTAL EQUITY AND LIABILITIES		<u>3.712</u>	<u>3.280</u>
Contractual obligations, contingencies, etc.	3		
Related party disclosures	4		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Koppers Tar Tech International ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

There has been made minor reclassifications in the income statement for 2016 and comparative figures. The changes has no effect on the result.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

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.

Income statement

Revenue

Revenue from the sale of services, comprising consultancy fees, are recognised on a straight-line basis in the income statement as the services are provided.

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.

Services based on time spent are recognised in revenue as the work is performed.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the company, including expenses for, Management, office premises, office expenses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent 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.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

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.

Balance sheet

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 and for tax paid on account.

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.

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.

Financial statements 1 January – 31 December

Notes

2 Financial income

DKK'000	2016	2015
Interest income from group entities	<u>64</u>	<u>55</u>

3 Contractual obligations, contingencies, etc.

Contingent liabilities

The company is jointly taxed with Koppers Europe ApS. 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 withholdings taxes, etc. may entail an increase in the company's liability.

4 Related party disclosures

Koppers Tar Tech International ApS' related parties comprise the Group's enterprises as well as their Board of Directors and Executive Board.

Control

Koppers Tar Tech International ApS is part of the consolidated financial statements of Koppers Holdings Inc., USA.

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

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Koppers Denmark ApS
Avernakke 1
5800 Nyborg