

Reichhold Danmark A/S

c/o Advokat Thomas Bang
Lett Advokatfirma
Rådhuspladsen 4
1550 København V

CVR no. 20 01 59 93

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 Reichhold Danmark A/S 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.

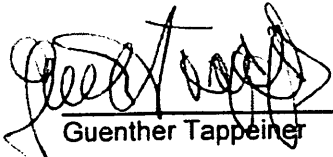
Copenhagen, 29 May 2017
Executive Board:

Gerhard Verheij

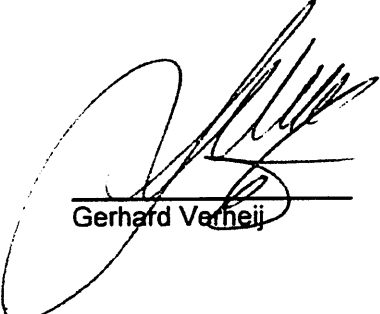
Board of Directors:



Alberto Piccinotti
Chairman



Guenther Tappeiner



Gerhard Verheij



Independent auditor's report

To the shareholder of Reichhold Danmark A/S

Opinion

We have audited the financial statements of Reichhold Danmark A/S for the financial year 1 January – 31 December 2016 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 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

A handwritten signature in blue ink, appearing to read 'H. Kyhnau', is written over a light blue horizontal line.

Henrik Kyhnau
State Authorised
Public Accountant

Reichhold Danmark A/S
Annual report 2016
CVR no. 20 01 59 93

Management's review

Company details

Reichhold Danmark A/S
c/o Advokat Thomas Bang, Lett Advokatfirma Rådhuspladsen 4
1550 København V

CVR no.: 20 01 59 93
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Alberto Piccinotti, Chairman
Guenther Tappeiner
Gerhard Verheij

Executive Board

Gerhard Verheij

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's review

Operating review

Principal activities

The Company sells unsaturated polymer resins and complementary goods to the Danish market.

Development in activities and financial position

The Company continues to remain strong in the pipe relining and wind energy market.

Management expects the year 2017 to continue at the same level as 2016.

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.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		2.936	3.121
Staff costs	2	<u>-1.153</u>	<u>-1.170</u>
Operating profit		1.783	1.951
Financial income		73	94
Financial expenses		<u>-334</u>	<u>-343</u>
Profit before tax		1.522	1.702
Tax on profit for the year	3	<u>-338</u>	<u>-405</u>
Profit for the year		<u>1.184</u>	<u>1.297</u>
Proposed profit appropriation			
Retained earnings		<u>1.184</u>	<u>1.297</u>
		<u>1.184</u>	<u>1.297</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Current assets			
Receivables			
Trade receivables		16.778	12.280
Receivables from group entities		25.551	26.085
Other receivables		40	47
		<u>42.369</u>	<u>38.412</u>
Cash at bank and in hand		<u>202</u>	<u>177</u>
Total current assets		<u>42.571</u>	<u>38.589</u>
TOTAL ASSETS		<u>42.571</u>	<u>38.589</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	4	3.125	3.125
Retained earnings		<u>27.726</u>	<u>26.542</u>
Total equity		<u>30.851</u>	<u>29.667</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		1.250	19
Payables to group entities		7.771	6.409
Corporation tax		111	223
Other payables		<u>2.588</u>	<u>2.271</u>
		<u>11.720</u>	<u>8.922</u>
Total liabilities other than provisions		<u>11.720</u>	<u>8.922</u>
TOTAL EQUITY AND LIABILITIES		<u>42.571</u>	<u>38.589</u>
Unrecorded rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Related party disclosures	8		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	3.125	26.542	29.667
Result for the year	<u>0</u>	<u>1.184</u>	<u>1.184</u>
Equity at 31 December 2016	<u>3.125</u>	<u>27.726</u>	<u>30.851</u>

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Reichhold Danmark A/S 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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

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

Gross Profit

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

Revenue

Income from the sale of manufactured goods and goods for resale is recognised in revenue when delivery and transfer of risk to the buyer have taken place.

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.

Cost of sales

Cost of sales also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Administrative expenses

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

Tax on profit/loss for the year

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.

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.

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.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

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.

2 Staff costs

DKK'000	2016	2015
Wages and salaries	1.051	1.060
Pensions	101	99
Other social security costs	1	11
	<u>1.153</u>	<u>1.170</u>
Average number of full-time employees	<u>1</u>	<u>1</u>

3 Tax on profit/loss for the year

Current tax for the year	<u>338</u>	<u>405</u>
	<u>338</u>	<u>405</u>

4 Share capital

The share capital consists of 6 shares of a nominal value of DKK 500 thousand each and 5 shares of DKK 25 thousand each.

5 Unrecognised rental and lease commitments

Commitments under rental agreements or leases until expiry	<u>0</u>	<u>55</u>
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6 Contingent liabilities

Reichold Holdings International B.V. obtained a loan from it's shareholders at 31 March 2015 through which all subsidiaries, including Reichold Danmark A/S, signed as guarantor.

As a guarantor Reichold Danmark A/S is jointly and severally liable for the due and punctual payment in full of all obligations of the loan. The liability amounts to USD 166,455 thousand at 31 December 2016.

7 Assets charged and collateral

The group enterprises' debt to Cantor Fitzgerald Securities, US is secured by a registered letter of indemnity of nominal USD 4,000 thousand (DKK 28,411 thousand) on trade receivables.

The carrying amount of receivables provided as security is DKK 16,778 thousand.

Financial statements 1 January – 31 December

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8 Related party disclosures

Reichhold Danmark A/S' related parties comprise the following:

Control

Reichhold Norway AS, Klinestadmoen 9, Box 2061, 3202 Sandefjord, Norge

Reichhold Norway AS holds the majority of the share capital in the Company

Reichhold Danmark A/S is part of the consolidated financial statements of Coöperatie Reichhold Holdings Netherlands, U.A., Lichtenauerlaan 00102, 3062Me Rotterdam, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Coöperatie Reichhold Holdings Netherlands, U.A. can be obtained by contacting the Company.