CP Kelco ApS

Ved Banen 16
4623 Lille Skensved, Denmark
CVR-nr. 21 21 02 85

Annual Report

For the fiscal year ended December 31, 2016

18th Fiscal Year

Adopted at the Annual General Meeting of shareholders on ~~May 16~~ June 6, 2017

Chairman of the meeting

Michael Hur Berkelsen

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MANAGEMENT'S REVIEW

Main activities

CP Kelco ApS develops and manufactures pectin and carrageenan and the products are sold world-wide. CP Kelco ApS is owned by J.M. Huber Corporation one of the largest family-owned companies in North America.

CP Kelco has more than 1.500 customers in over 100 countries that use the products as food ingredients or ingredients for industrial and pharmaceutical products as well as suspension material for oil drilling.

The CP Kelco ApS Group owns and operates 5 plants located in Europe, South America and in Asia.

Business review

Revenue increased by app. 3,28%, from DKK 1,855 mill. in 2015 to DKK 1,916 mill. in 2016.

The company generated an operating profit in 2016 of DKK 435 mill. compared to DKK 278 mill. in 2015.

Financial income/expenses amount to a net expense of DKK 138 mill for 2016 against a net expense of DKK 159 mill in 2015. The development of USD currency rate resulted in 2016 in a total foreign exchange loss of DKK 61 mill. against foreign exchange loss of DKK 139 mill. in 2015. Dividends from subsidiaries amounted to DKK 9 mill. in 2016. In 2015 dividends amounted to DKK 32 mill hereof DKK 22 mill. has reduced the cost price of subsidiaries. In 2016 write downs on investments amounted to DKK 30.3 mill. compared to reversal of DKK 27 mill. in 2015.

The profit for the year of DKK 194 mill. is satisfactory, and exceeds the expectations stated last year.

Uncertainty regarding recognition and measurement

The company has assessed the carrying value of goodwill and investments in subsidiaries based on management's expectations for the furture earnings in the parent company and subsidiaries respectively. Management has assessed that the recoverable amounts of goodwill and investments in subsidiaries exceed the carrying values of DKK 326 mill. and DKK 2.3 billion, respectively. References is made to notes 4 and 10 to the financial statements.

Investments in subsidiaries are measured at cost. The carrying amount of the investments in subsidiaries are subject to impairment tests when indications of impairments are identified. The recoverable amounts in the impairment tests are based on business plans and budgets. The budgeted future cash-flows are subject to risk and uncertainties as various factors may cause the actual development and results to differ from the applied expectations and assumptions.

Social responsibility

The company's statutory report on corporate social responsibility contains also the environmental report and is published on the company's webside
http://www.cpkelco.com/about-cp-kelco/our-company/lille-skensved/
cf. the Danish Financial Statements Act §99a, part 3.

Diversity in management cf. The Danish Company Acc. Act § 99 b

Policy:
The Company wishes to have the professionally best qualified person on the individual leadership position concurrently with maintaining an inclusive workplace, believing that equal representation of sex in the upper management levels will strengthen the Company's synergy, creativity and development.

Action:
The top management level in CP Kelco ApS is the Company's Executive Board, composed by four members, appointed by the Company's American Parent Company, J.M. Huber Corporation. CP Kelco ApS has no influence on the composition of the Executive Board. For formal reasons the target figure is therefore 0.

The Skensved management level is composed by functional, middle, and team leaders within CP Kelco ApS. 31 people in total.
CP Kelco ApS has a target figure for both sexes to be represented in the management level with a ratio of 40/60%.

For internal recruitment both sexes are ensured same possibilities, and all leaders and potential leaders regardless of sex are offered leadership training on equal terms. In connection with external recruitment candidates of both sexes are selected, however, qualifications will always be a deciding factor.

Result:
The distribution in the management level is per Dec. 31, 2016 41,9% women and 58,1% men, against per Dec. 31, 2015 40,8% and 59,2%.
In 2016 CP Kelco ApS has increased the representation of women in the Skensved management level by 1,1%.

Interest Rate and Foreign Currency Rate Risk

The interest rates on the company's intra group payables is variable and the company result will therefore be affected by changes in the interest rates.
A significant portion of CP Kelco's activities is carried out in US dollars and Japanese yen and the company's DKK result will be volatile as a result of exchange rate fluctuations. The Company uses derivative financial instrument to mitigate exposures to changes in exchange rates. The Company is also exposed to changes in exchange rates on intergroup USD loans.

The company enters into derivative financial contracts through J.M. Huber Corporate Treasury, a intergroup company under the same control as CP Kelco ApS. All transactions are made in close cooperation with the J.M. Huber Corporate Treasury department and based on the guidelines of the J.M. Huber Treasury policy.

Knowhow

CP Kelco is to some extent dependent on being able to attract and keep employees who continuously can develop new products and new production techniques so that CP Kelco can continue to meet customer demands for products which have been adapted to the specific needs of the customers.

The employees are continuously being educated to enable them to comply with CP Kelco's standards of environment and safety.

Research & Development

CP Kelco applies resources to research and development of new production techniques and new products, meeting customer needs for new products with specific properties.

Consequently CP Kelco is to some extent dependent on the continued focus on research and development in order to continuously improve production effectiveness and maintain to CP Kelco's market position.

Subsequent events

No significant events, which have a material influence on the assessment of the Annual Report 2016 have occurred after the balance sheet date.

Outlook

The Company expects for 2017 a revenue and an operating profit before financial income/expenses at 2016 level.

FINANCIAL HIGHLIGHTS

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Revenue	1,916,083	1,855,277	1,416,526	1,302,794	1,307,050
Gross profit	659,838	513,830	300,483	253,277	345,827
Profit before amortization and write-down of goodwill and before financial income/expenses	543,206	386,891	190,348	224,087	236,748
Operating profit	434,631	278,316	81,773	115,512	128,173
Profit (loss) from financial income/expenses	-138,171	-158,580	115,044	-105,856	269,764
Profit(loss) before tax	296,460	119,736	196,817	9,656	397,937
Profit (loss) for the year	194,207	67,124	183,874	-25,511	336,389
Equity	2,749,210	2,555,003	2,311,139	2,127,265	2,152,776
Total assets	5,530,512	5,371,925	4,768,551	4,404,398	4,521,421
Investments in property, plant and equipment	77,651	51,728	72,597	63,329	40,112
Average number of employees	385	366	364	363	377

STATEMENT BY THE EXECUTIVE BOARD

The Executive Board have today discussed and approved the annual report of CP Kelco ApS for the financial year January 1 – December 31, 2016.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31, 2016 and of the result of the Company's operations and cash flows for the financial year January 1 – December 31, 2016.

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

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

Lille Skensved, May 16, 2017

Executive Board:

Jeffrey Jerome Prosinski	Jérôme Fernand Béra
Klaus Stegler Bjerrum	Philip Martin Patterson

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CP Kelco ApS

Opinion

We have audited the financial statements of CP Kelco ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity, cash flow statement 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 and cash flows 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.

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 financial statement 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.

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.

INDEPENDENT AUDITORS' REPORT

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, May 16, 2017

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-nr. 25 57 81 98

Jon Beck
State Authorized Public Accountant

Niels Vendelbo
State Authorized Public Accountant

INCOME STATEMENT for the years ended December 31

	Note	2016 DKK'000	2015 DKK'000
Revenue	1	1,916,083	1,855,277
Production costs	2	1,256,245	1,341,447
Gross profit		659,838	513,830
Distribution costs	2	21,827	28,143
Administrative expenses	2+3	94,805	98,796
Profit before amortization and write-down of goodwill and before financial income/expenses		543,206	386,891
Goodwill amortization	4	108,575	108,575
Operating profit		434,631	278,316
Financial income	5	75,306	103,647
Financial expenses	6	213,477	262,227
Profit before tax		296,460	119,736
Tax on profit for the year	7	102,253	52,612
Profit for the year	8	194,207	67,124

BALANCE SHEET at December 31

ASSETS	Note	2016 DKK'000	2015 DKK'000
NON-CURRENT ASSETS			
Intangible assets			
Goodwill		325,728	434,303
Development Projects		10,505	9,324
Licenses and software		12,996	14,206
Total intangible assets	4	349,229	457,833
Property, plant and equipment			
Land and buildings		105,110	106,254
Plant and machinery		296,529	277,707
Fixtures and equipment		6,283	7,283
Assets under construction		71,706	60,912
Total property, plant and equipment	9	479,628	452,156
Investments			
Investments in subsidiaries	10	2,252,640	2,317,214
Intra-group receivables		1,566,262	1,358,176
Total investments		3,818,902	3,675,390
TOTAL NON-CURRENT ASSETS		4,647,759	4,585,379

BALANCE SHEET at December 31		**2016**	**2015**
ASSETS - continued	**Note**	**DKK'000**	**DKK'000**
CURRENT ASSETS			
Inventories	11	**441,562**	**411,476**
Receivables			
Trade accounts receivable		23,842	42,764
Intra-group receivables		383,812	298,695
Other receivables		28,066	27,642
Prepaid expenses		3,788	2,932
Total receivables		**439,508**	**372,033**
Cash and bank		**1,683**	**3,037**
TOTAL CURRENT ASSETS		**882,753**	**786,546**
TOTAL ASSETS		**5,530,512**	**5,371,925**

BALANCE SHEET at December 31
LIABILITIES

	Note	2016 DKK'000	2015 DKK'000
STOCKHOLDERS' Equity			
Capital stock	12	53,002	53,002
Reserve for development costs		5,713	0
Retained earnings		2,690,494	2,502,001
STOCKHOLDERS' EQUITY		**2,749,210**	**2,555,003**
PROVISIONS			
Deferred tax	13	10,004	23,608
PROVISIONS		**10,004**	**23,608**
LONG-TERM LIABILITIES			
Long-term liabilities			
Intra-group payables		2,368,922	2,125,981
Leasing obligation		3,916	0
Total long-term liabilities	14	**2,372,838**	**2,125,981**

BALANCE SHEET at December 31		2016	2015
LIABILITIES - continued	**Note**	**DKK'000**	**DKK'000**
Current liabilities			
Current liability of long-term liabilities	14	510	228
Trade accounts payable		164,898	162,769
Intra-group payables		115,950	423,386
Company tax payable		52,223	34,348
Other payables		64,879	46,602
Total current liabilities		**398,460**	**667,333**
TOTAL LONG-TERM & CURRENT LIABILITIES		**2,771,298**	**2,793,314**
TOTAL LIABILITIES		**5,530,512**	**5,371,925**
Contingent liabilities and contractual obligations	15		
Related party transactions	16		

STATEMENT OF CHANGES IN EQUITY

	2016 DKK'000
Capital Stock	
Balance at January 1	53,002
Balance at December 31	53,002
Reserve from development costs	
Balance at January 1	0
Reserve for development costs	5,713
Balance at December 31	5,713
Retained earnings	
Balance at January 1	2,325,261
Correction to balance January 1	176,740
Corrected balance at January 1	2,502,001
Profit after reserves	188,493
Proposal of dividend for the year	0
Balance at December 31	2,690,494
Total Equity	2,749,210

NOTES AND DISCLOSURES

Note 1. Revenue

The Company operates in one segment consisting of production of natural and naturally derived hydrocolloids. The operations are managed as one segment or strategic unit, because it offers similar products in similar markets and the factors determining strategic decisions are comparable for all products.

Information about activities on geographic areas is not submitted pursuant to the Danish Financial Statements Act, section 96 (1) as such information may be detrimental to the Group as there are only few material competitors in the segment.

Note 2. Staff costs	**2016 DKK'000**	**2015 DKK'000**
Specification of staff costs:		
Payroll costs	217,715	210,986
Pensions	17,194	18,000
Other social security costs	3,399	3,533
	238,308	232,519
Average number of employees	385	366

No remuneration was paid to the Executive Board.
The Company has paid management fees to group related companies which also cover remuneration to intra-group members of the Executive Board.

Staff costs is stated in the income statement at the following amounts:		
Production costs	197,536	190,791
Distribution costs	13,219	15,942
Administrative expenses	27,553	25,786
	238,308	232,519

NOTES AND DISCLOSURES

Note 3. Fee to statutory auditor	2016 DKK'000	2015 DKK'000
Statutory audit	1,350	1,350
Other assurance engagements	26	8
Non-audit services	5	5
	1,381	1,363

Note 4. Intangible assets

Investments in and amortization of intangible assets made during the fiscal year can be specified as follows (in DKK thousands)

	Goodwill	Develop-ment projects	Licences and software	Total
Cost at January 1	2,591,524	43,525	43,694	2,678,743
Transferred	0	0	2,218	2,218
Additions for the year	0	5,713	614	6,327
Disposals for the year	0	-4,151	-826	-4,977
Cost at December 31	**2,591,524**	**45,087**	**45,700**	**2,682,311**
Amortization at January 1	2,157,221	34,201	29,489	2,220,911
Amortization for the year	108,575	3,186	3,650	115,411
Amortization of disposals	0	-2,805	-435	-3,240
Amortization at December 31	**2,265,796**	**34,582**	**32,704**	**2,333,082**
Carrying amount at December 31	**325,728**	**10,505**	**12,996**	**349,229**

Based on current business plans and assumptions the management has assessed that no impairment indications exist. Therefore the management has not carried out an impairment test of goodwill as 31 December 2016. Depreciation of development projects, licenses and software are expensed in the income statement as production costs.

NOTES AND DISCLOSURES

	2016	2015
Note 5. Financial income	**DKK'000**	**DKK'000**
Financial income can be specified as follows:		
Reversal of write-down of investments in subsidiaries	0	27,000
Dividend from subsidiaries	8,511	11,501
Foreign currency adjustments	0	3,422
Interest received from group companies	66,795	58,382
Other interest and financial income	0	3,342
	75,306	103,647

Note 6. Financial expenses

Financial expenses can be specified as follows:

Interest paid to group companies	120,849	122,841
Write-down of investments in subsidiaries	30,300	0
Foreign currency adjustments	60,974	138,937
Other financial expenses	1,354	449
	213,477	262,227

Note 7. Tax on profit for the year

The expensed corporate income tax can be specified as follows:

Tax on profit for the year	114,047	98,868
Adjustments regarding previous years	1	0
Adjustment of deferred tax as effect of the reduction of the tax rate	0	-1,326
Deferred tax adjustment for the year	-13,604	-49,309
Other taxes, withholding tax	1,810	4,379
	102,253	52,612

NOTES AND DISCLOSURES

	2016
Note 8. Appropriation of income	**DKK'000**

The Executive Board recommends that the net income of the Company is distributed as follows:

Net profit	194,207
Reserve for development costs	-5,713
Retained earnings, prior years	2,325,261
Available for distribution	2,513,754
Proposed distributed as follows:	
Proposed dividend	0
Retained earnings	2,513,754
	2,513,754

NOTES AND DISCLOSURES

Note 9. Property, plant and equipment

Investments in and depreciation of property, plant and equipment made during the fiscal year can be specified as follows (in DKK thousands):

	Land and buildings	Plant and machinery	Fixtures and equipment	Assets under construction	Total
Cost at January 1	242,712	859,260	39,782	60,912	1,202,666
Transferred	2,625	36,801	2,354	-43,998	-2,218
Additions for the year	4,262	20,715	100	54,792	79,869
Disposals for the year	-1,369	-14,412	-1,549	0	-17,330
Cost at December 31	**248,230**	**902,364**	**40,687**	**71,706**	**1,262,987**
Depreciation at January 1	136,458	581,554	32,498	0	750,510
Depreciation for the year	7,551	37,959	3,455	0	48,965
Depreciation of disposals	-889	-13,678	-1,549	0	-16,116
Depreciation at December 31	**143,120**	**605,835**	**34,404**	**0**	**783,359**
Carrying amount at December 31	**105,110**	**296,529**	**6,283**	**71,706**	**479,628**
Carrying amount of leased assets	0	4,045	0	0	4,045

Depreciation of property, plant and equipment is stated in the income statement at the following amounts:	2016 DKK'000	2015 DKK'000
Production costs	48,606	52,492
Distribution costs	5	6
Administrative expenses	355	617
	48,965	53,115

NOTES AND DISCLOSURES

Note 10. Investments in subsidiaries	2016	2015
	DKK'000	DKK'000
Cost at January 1	2,455,573	2,476,789
Investment converted to loan	0	-444
Disposal of investments	-34,274	0
Reduction due to dividends	-	-20,772
Cost at December 31	**2,421,299**	**2,455,573**
Valuation adjustments at January 1	-138,359	-342,099
Correction to balance January 1	0	176,740
Write down for the year	-30,300	0
Reversal of impairments from previous years	0	27,000
Valuation adjustments at December 31	**-168,659**	**-138,359**
Carrying amount at December 31	**2,252,640**	**2,317,214**

Management has identified a material misstatement in the Annual Report for 2015 and hereby investments in subsidiaries and equity were understated by DKK 176,740 thousand. Therefore, the misstatement is adjusted in the opening equity balance and comparative figures for investments in subsidiaries cf. section 52(2) of the Danish Financial Statements Act.

In instances of impairment indication, the carrying amount of the investment in subsidiaries at 31 December 2016 have been tested for impairment. The recoverable amount is based on business plans and budgets for 2017 to 2022 approved by Executive Board and J.M. Huber Group. The budgeted future cash-flows are subject to risk and uncertainties as various factors, some of which are beyond the control of CP Kelco ApS, may cause actual development and results to differ materiality from the current expectations and assumptions.

Significant assumptions
Although depending on the specific market, generally a growth rate of 2.0 % during the terminal period has been assumed.

Net cash flows have been discounted using a discount rate after tax of 7.4 % -9.2 %, based on the country and market specific risk and the debt structure.

NOTES AND DISCLOSURES

Note 10. Investments in subsidiaries - continued

For investments in subsidiaries in CP Kelco UK the recoverable amount is less than the carrying amount and write-down of investments have been necessary. Based on the results of the impairment tests, the Company's investments in CP Kelco UK has been written down by total DKK 30.3 mill. For all other investments the impairments the recoverable amount is higher than the carrying amount and thus no write-down have been necessary.

Subsidiaries	Interest	Currency	Equity	Profit (loss) for the year
CP Kelco Germany GmbH, Germany	94.99%	EUR'000	*11,386	*7,153
CP Kelco UK Limited, UK	100%	GBP'000	6,783	647
CP Kelco Brazil SA, Brazil	99.99%	USD'000	**28,239	**3,379
CP Kelco Services ApS, Denmark	100%	DKK'000	4,252	860
CP Kelco Philippines Inc., Philippines	99.99%	PHP'000	*520,322	*36,971
Trinity Management Ventures Inc., Philippines	40%	PHP'000	*7,062	*427
CP Kelco Argentina SA, Argentina	99%	USD'000	**1,383	**7
Zanea Seaweed Co Ltd., Tanzania	66%	TSHS'000	*52,167	*(33,844)
CP Kelco Japan ApS, Denmark (including Japan Branch Japan)	100%	DKK'000	9,030	2,961
CP Kelco France SARL, France	100%	EUR'000	*2,573	*1,263
CP Kelco Singapore Pte Ltd, Singapore	100%	SGD'000	*7,786	*1,217
CP Kelco Belgium BVBA, Belgium	99.50%	EUR'000	*1,367	*67
CP Kelco Poland Sp.z.o.o, Poland	100%	PLN'000	*292	*36
CP Kelco OY, Finland	100%	EUR'000	40,499	-202
CP Kelco Korea Co. Ltd., Korea	100%	USD'000	**(241)	**(44)

Companies in which the participating interest is less than 50% are entered as subsidiaries in the Financial Statements as CP Kelco ApS has the controlling influence in the companies.

* From audited Financial Statements for the year 2015.
** From Internal Financial Statements for the year 2016 not audited.

NOTES AND DISCLOSURES

Note 11. Inventories	2016 DKK'000	2015 DKK'000
Inventories can be specified as follows:		
Raw materials	232,220	208,917
Work in process	138,480	117,693
Finished goods and goods for resale	70,862	84,866
	441,562	411,476

Note 12. Capital Stock

Analysis of the Company's capital stock, DKK 53,002 thousand:		
50,501 class A shares of DKK 1,000 each	50,501	50,501
2,500 class B shares of DKK 1,000 each	2,500	2,500
62,553 class C shares of DKK 0,01 each	1	1
	53,002	53,002

Class B shares have no voting rights, and the holders are not entitled to receive dividends on these shares.

In the event of liquidation, each Class B share is entitled to a liquidation preference of the DKK equivalent of USD 20,000 per share. With respect to the liquidation preference, the Class B shares rank prior to the Company's Class A shares. In connection with a transaction which constitutes a change in control, as defined, or in connection with certain equity offerings, as defined, the Company shall be required to make an offer to the Class B shareholders to redeem the Class B shares at a multiple of the liquidation preference.

The Class C shares have no voting rights and its liquidation preference is subordinate to that of the Class B shares currently outstanding, but senior to Class A shares.

NOTES AND DISCLOSURES

	2016 DKK'000	2015 DKK'000
Note 13. Deferred tax		
Provision at January 1	23,608	74,243
Adjustment of deferred tax for the year	-13,604	-50,635
Provision at December 31	**10,004**	**23,608**

Deferred tax relates to intangibles, fixed assets, inventories, receivables, trade accounts payable and other payables.

	2016 DKK'000	2015 DKK'000
Note 14. Long-term liabilities		
Long-term liabilities can be specified as follows:		
Falling due after more than 5 years	2,368,922	2,125,981
Falling due between 1 and 5 years	3,916	0
Falling due within 1 year	510	228
	2,373,348	2,126,209

NOTES AND DISCLOSURES

Note 15. Contingent liabilities and contractual obligations

The Company has undertaken car, truck and computer leases last contract ending June 2020 amounting to DKK 9,016 thousand.

The Company is jointly taxed with other Danish companies in the J.M. Huber group. As a wholly owned subsidiary of J.M. Huber Corporation, the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish withholding taxes on dividends, interest and royalties in the joint taxation. Payable withholding taxes in the joint taxation are as of 31 December 2016 DKK 52 million. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.

In connection with a change of control of the ownership the Parent Company is obligated to make an offer to redeem the Class B shares on the terms highlighted in note 12.

Note 16. Related party transactions

Related party disclosures
CP Kelco ApS' related parties comprise the following:
Control
J.M. Huber Corporation holds the majority of the share capital in CP Kelco ApS.
CP Kelco ApS is part of the consolidated financial statements of J.M. Huber Corporation, registered office, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of J.M. Huber Corporation can be obtained by contacting the Company.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act. There have been no transactions in the financial year that are not carried out on an arm's length basis.

NOTES AND DISCLOSURES

Note 17. Accounting policies

General
The Annual Report for the Company has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class C enterprises (large).

The company has not prepared group consolidated financial statements with reference to section 112(1) of the Danish Financial Statements Act CP Kelco ApS and its subsidiaries are consolidated into the consolidated Group Financial Statements of the ultimate Parent company, J.M. Huber Corporation. The consolidated Group Financial Statements can be obtained from CP Kelco ApS.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash slows are included in the cash flow statement in the consolidated financial statements fo J.M. Huber Corporation.

Material misstatement
Management has identified a material misstatement in the Annual Report for 2015 and hereby investments in subsidiaries and equity were understated by DKK 176.740 thousand. Therefore, the misstatement is adjusted in the opening equity balance and comparative figures for investments in subsidiaries cf. section 52(2) of the Danish Financial Statements Act.

Change in accounting policies
As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

Reserve for development costs
Going forward, an amount corresponding to the capitalised development costs will be tied to the Reserve for development costs in equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Residual value of non-current assets
Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.
The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

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

NOTES AND DISCLOSURES

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item. In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and 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 at the date at which the receivable or payable arose or was recognised in the latest consolidated and parent company financial statements is recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognized directly in equity.

Revenue

Revenue related to the sale of goods is recorded in the income statement concurrently with delivery of goods, when risks have been transfered to the customer and the goods are invoiced.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant and machinery. Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

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.

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Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, 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, 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, corporation tax and deferred tax

The Company is comprised by the Danish rules on compulsory joint taxation of the J.M Huber Group's Danish subsidiaries.

CP Kelco ApS 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.

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.

NOTES AND DISCLOSURES

Intangible Assets

Goodwill

Goodwill is valued at cost less accumulated depreciation and write-down. Goodwill is depreciated over the expected useful lifetime which is 20 years based on experience for strategic acquisitions with a long-term profitability profile.

Development projects, patents and licences

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, distribution costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is 4 years.

Licences are measured at cost less accumulated amortisation and impairment losses. Licences are amortised over the contract period, however, not exceeding 20 years.

An amount corresponding to the capitalised development costs will be tied to the Reserve for development costs in equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, energy consumption, staff and depreciation of machinery used.

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.

NOTES AND DISCLOSURES

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	30 years
Plant and machinery	10-15 years
Fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.
Depreciation is recognised as in the income statement production costs, distribution costs and administrative expenses, respectively.
The useful life and residual value are reassessed annualy. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Leases
On initial recognition, leases for non-current assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.
The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.
All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Participating interests in subsidiaries
Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, investments are written down to this lower value.
Dividends from subsidiaries are recognized in the income statement for that accounting year, in which the dividend is declared. To the extent that the declared dividend exceeds the accumulated earnings after the acquisition, cost is reduced by this exceeding amount.

NOTES AND DISCLOSURES

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in group entities and associates is subject to an annual assessment for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are valued at par value and write downs for losses based on an individual assesment.

Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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.

Finance lease obligations are recognised as financial liabilities at amortised cost.

Other liabilities are measured at net realisable value.