
Quaker Denmark ApS

c/o Harbour House, Sundkrogsgade 21, DK-2100
København Ø

Annual Report for 1 January - 31 December 2016

CVR No 21 60 75 84

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/6 2017

Anders Albæk Solem
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Notes to the Financial Statements	8

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Quaker Denmark ApS for the financial year 1 January - 31 December 2016.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

I recommend that the Annual Report be adopted at the Annual General Meeting.

København, 12 June 2017

Executive Board

D Jeffrey Benoiel
Executive Officer

Independent Auditor's Report

To the Shareholder of Quaker Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of Quaker Denmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Management's responsibilities 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.

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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these Financial Statements.

Independent Auditor's Report

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 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.

Hellerup, 12 June 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant

Company Information

The Company

Quaker Denmark ApS
c/o Harbour House
Sundkrogsgade 21
DK-2100 København Ø

CVR No: 21 60 75 84
Financial period: 1 January - 31 December
Financial year: 18th financial year
Municipality of reg. office: København Ø

Executive Board

D Jeffry Benoliel

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Other external expenses		-253,165	-239,073
Gross profit/loss		-253,165	-239,073
Income from investments in subsidiaries	2	58,213,276	0
Financial income	3	1,923,923	1,143,536
Financial expenses	4	-20,009	-4
Profit/loss before tax		59,864,025	904,459
Tax on profit/loss for the year	5	-6,397,473	-212,395
Net profit/loss for the year		53,466,552	692,064

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	25,202,671	0
Retained earnings	28,263,881	692,064
	53,466,552	692,064

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Investments in subsidiaries	6	66,600,536	66,600,536
Receivables from group enterprises	7	28,005,569	0
Fixed asset investments		94,606,105	66,600,536
Fixed assets		94,606,105	66,600,536
Receivables from group enterprises		150,126,929	150,176,788
Receivables		150,126,929	150,176,788
Cash at bank and in hand		269,281	27,261
Currents assets		150,396,210	150,204,049
Assets		245,002,315	216,804,585

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		125,100	125,100
Retained earnings		244,535,094	216,271,213
Equity	8	244,660,194	216,396,313
Trade payables		154,394	98,407
Corporation tax		187,727	309,865
Short-term debt		342,121	408,272
Debt		342,121	408,272
Liabilities and equity		245,002,315	216,804,585
Key activities	1		
Contingent assets, liabilities and other financial obligations	9		
Group relation	10		
Subsequent events	11		
Accounting Policies	12		

Notes to the Financial Statements

1 Key activities

The Company's core activity is to hold shares in other companies, which are capital investments and moreover administering the Company's capital. The underlying operating companies produce and sell chemical products.

	<u>2016</u> DKK	<u>2015</u> DKK
2 Income from investments in subsidiaries		
Dividend	<u>58,213,276</u>	<u>0</u>
	<u>58,213,276</u>	<u>0</u>
3 Financial income		
Interest received from group enterprises	770,179	1,140,323
Exchange gains	<u>1,153,744</u>	<u>3,213</u>
	<u>1,923,923</u>	<u>1,143,536</u>
4 Financial expenses		
Other financial expenses	<u>20,009</u>	<u>4</u>
	<u>20,009</u>	<u>4</u>
5 Tax on profit/loss for the year		
Current tax for the year including withholding tax	<u>6,397,473</u>	<u>212,395</u>
	<u>6,397,473</u>	<u>212,395</u>

Notes to the Financial Statements

	2016 DKK	2015 DKK
6 Investments in subsidiaries		
Cost at 1 January	66,600,536	66,600,536
Carrying amount at 31 December	66,600,536	66,600,536

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Quaker Chemical (China) Company Limited	Kina / China	88,420,925	100%	753,865,386	118,897,453
Quaker Shanghai Trading Co. Ltd	Kina / China	1,663,866	100%	7,885,279	5,850,780

7 Other fixed asset investments

	Receivables from group enterprises DKK
Cost at 1 January	0
Additions for the year	28,005,569
Cost at 31 December	28,005,569
Revaluations at 1 January	0
Revaluations at 31 December	0
Impairment losses at 1 January	0
Impairment losses at 31 December	0
Carrying amount at 31 December	28,005,569

Notes to the Financial Statements

8 Equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	125,100	216,271,213	216,396,313
Extraordinary dividend paid	0	-25,202,671	-25,202,671
Net profit/loss for the year	0	53,466,552	53,466,552
Equity at 31 December	125,100	244,535,094	244,660,194

9 Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2016.

10 Group relation

The Company is included in the group financial statements for

Name	Place of registered office
Quaker Chemical Corporation	Wilmington, Delaware, USA

The Group Annual Report of Quaker Chemical Corporation may be obtained at the following address:

Quaker Chemical Corporation
One Quaker Park
901 Hector Street
Conshohocken
PA 19428
USA

11 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Quaker Denmark ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Quaker Chemical Corporation, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

12 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Other external expenses

Other external expenses comprise costs for lawyer, accountant, etc.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Extraordinary income and expenses

Extraordinary income and expenses comprise income and expenses resulting from events or transactions which clearly differ from ordinary activities and which are not expected to be of a recurring nature.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of receivable from group company.

Notes to the Financial Statements

12 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.