

Brenntag Nordic A/S
Borupvang 5 B, 2750 Ballerup

Company reg. no. 24 99 45 89

Annual report

2016

The annual report have been submitted and approved by the general meeting on the 23 May 2017.

Marianne Philip
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Brenntag Nordic A/S for the financial year 1 January to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ballerup, 23 May 2017

Executive board

Torsten Walz

René Fleischer

Board of directors

Michael Pieters
chairman

Torsten Walz

Marianne Philip

Lene Filtenborg

Karin Poulsen

Independent auditor's report

To the shareholder of Brenntag Nordic A/S

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 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 Brenntag Nordic A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusions thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent auditor's report

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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

Independent auditor's report

- 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, 23 May 2017

PricewaterhouseCoopers

State Authorised Public Accountants
Company reg. no. 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant

Christian Noe Oest
State Authorised Public Accountant

Company data

The company	Brenntag Nordic A/S Borupvang 5 B 2750 Ballerup
	Phone 43292800
	Fax 43292700
	Web site www.brenntag-nordic.com
	E mail main@brenntag-nordic.com
	Company reg. no. 24 99 45 89
	Domicile: Ballerup
	Financial year: 1 January - 31 December
Board of directors	Michael Pieters, chairman Torsten Walz Marianne Philip Lene Filtenborg Karin Poulsen
Executive board	Torsten Walz René Fleischer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Bankers	Danske Bank Holmens Kanal Afdeling Holmens Kanal 2 1090 København K
Lawyer	Kromann Reumert Sundkrogsgade 5 2100 København Ø
Parent company	Brenntag AG, Mülheim an der Ruhr.

Company data

Subsidiaries

Aktieselskabet af 1. januar 1987, Ballerup
Brenntag Biosector A/S, Ballerup

Financial highlights

DKK in thousands.	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Profit and loss account:					
Net turnover	831.267	798.958	809.991	794.048	759.579
Results from operating activities	47.260	49.185	46.845	85.697	52.250
Results before financial income and expense	46.516	48.704	47.064	87.434	60.219
Net financials	-320	-1.341	-2.189	-3.460	-3.536
Results for the year	76.749	68.653	63.129	63.877	46.131
Balance sheet:					
Balance sheet sum	503.852	455.133	413.103	382.806	280.126
Investments in tangible fixed assets represent	8.764	8.491	28.216	10.759	35.222
Equity	371.424	294.652	225.442	162.837	98.960
Employees:					
Average number of full time employees	131	133	122	168	167
Key figures in %:					
Gross margin	26,6	24,5	22,2	28,2	25,6
Profit margin	4,7	6,1	5,8	11,0	7,9
Return on assets	9,2	10,5	11,4	22,8	21,5
Solvency ratio	73,7	64,7	54,6	42,5	35,3
Return on equity	23,0	26,4	32,5	48,8	60,8

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Gross margin	$\frac{\text{Gross results} \times 100}{\text{Net turnover}}$
Profit margin (EBIT margin)	$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$
Return on equity investment	$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Average invested capital}}$

Financial highlights

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity

$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

In the Danish market Brenntag Nordic A / S buys, manufactures and sells chemicals and ingredients, etc. primarily for the B2B market. The product range covers industrial commodities as well as special products and specific customer solutions.

The largest part of revenue is in Denmark. Sales outside Denmark are primarily made up of sister companies in the Nordic region. In addition, there are direct sales to a number of large customers in the Nordic region within some selected product areas.

Development in activities and financial matters

The company's activities have been in line with 2015. The company's strategy also resulted in a number of optimizations in our sales, procurement, logistics set-up and product range as well as approaches to new businesses that have maintained the profitability in 2016. The lower O&G market due to a low oil price has a negative impact for 2016.

Results before tax increased compared to 2015 and amounted to DKK 85,1 million. Especially due to the increased result from Brenntag Biosector A/S. Net profit for the year amounted to DKK 76,7 million.

Result before financials shows a profit of DKK 39,1 million (2015: DKK 48,7 million). The equity increased to DKK 371,4 million as per 31 December 2016 (2015: DKK 294,7 million).

Investments in fixed assets in the company amount to net DKK 8,7 million (2015: DKK 8,5 million), in new production equipment at sites in Vejle, Høsten and the site in Copenhagen.

Special Risks - Operational Risks and Fiscal Risks Operating Risks

Market risks

The company is constantly influenced by the competitive and market situation - including customers' expectations for the future and hence the demand for the products it offers. The market is characterized by a strong price competition from a number of players.

Currency risks

The business activities involve a number of risks that may affect the company's financial position. Including currency fluctuations in the purchase and sale of goods, etc. Continuous work is being carried out with the control and matching of currency flows in critical currencies.

Interest rate risks

The company's interest rate risk is primarily related to the financial loan to the parent company, where the interest rate is agreed on a quarterly basis. Interest rates to other credit institutions are fixed-rate, in addition, there is a limited risk of a few financial leasing agreements.

Management's review

Credit risks

The company's credit risks relate exclusively to our customers. Internal control systems based on strict credit management and the use of external credit information mean that the company does not have significant risks with regard to individual customers or collaborators. Historically, the company has not recorded significant losses on trade receivables.

Strategy and Objectives

The company's strategy is to grow through organic growth and expand our current logistics and production capacity. By offering our customers value for them and their business, the company also continuously evaluates the possibilities for acquiring activities that may fit into the current set-up.

Objectives and Expectations for the coming year

The result for 2016 is not satisfactory and we expect the result to rise in 2017 as a result of already started business projects including new service solutions, and the ongoing focus on optimizing the company's logistics and production capacity.

External Environment

Brenntag continuously works to limit the impact of the external environment around our sites and warehouses according to the current rules, which are regularly reviewed by Norsk Veritas as part of our quality system. In addition, Brenntag Nordic A/S has focused on our environmental impacts in Denmark for a number of years and is continuously implementing a series of measures such as water, gas, electricity and wastewater to reduce our environmental impact in cooperation with local authorities. The Brenntag Group also imposes a large number of additional requirements for the company's handling of the external environment.

Management's review

Social Responsibility

Brenntag works with social responsibility through our quality system based on various ISO standards, etc., which means that we continuously work with deviations and improvements in safety, environment, working conditions, etc., as well as the Brenntag Group's internal guidelines for good business and safety.

Brenntag Nordic A/S wants to comply with the laws and regulations of the countries and communities in which it operates. In this context, Brenntag Nordic A/S has introduced a CSR policy that in addition to the already established ISO standards and Responsible Care, will ensure that this happens.

The CSR declaration can be obtained at the following Internet address:

<http://www.brenntag.com/denmark/da/milj%C3%B8-and-kvalitet/qshe/index.jsp>

Brenntag will continue to work on CSR policies in 2017 and focus on supplier evaluations to ensure that we live up to our CSR policy. We expect this process to continue in the coming years.

Further reference is made to the consolidated financial statements of Brenntag AG for a description of the Group's CSR policy:

<http://www.brenntag.com/corporate/en/people/why-brenntag/we-assume-responsibility/index.jsp>.

The split between men and women

Board

In view of the structure of the Board today (2 men, 3 women), we have met one goal for an even split. We try to maintain this equal split.

Management

In Brenntag Nordic we have a leadership group of 24 leaders in 2016 with 79% men and 21% women. We have a very flat organization with only a few replacements on staff and seldom replacement of the managers. Through our staff policy and the spirit of Brenntag we have always treated candidates of both sexes alike and leaders are chosen based on qualifications.

As it appears today, the management team will not be bigger. We usually seek our leaders in the organization.

Goal

Taking into account the industry we are working in, we will seek to achieve a fair split between men and women and have a greater focus on women in the selection process.

Accounting policies used

The annual report for Brenntag Nordic A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Brenntag Nordic A/S and its group enterprises are included in the consolidated annual accounts for Brenntag AG, Mülheim an der Ruhr.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Brenntag AG, Mülheim an der Ruhr.

Changes in the accounting policies used

The accounting policies applied are unchanged from last year except for measuring building. Management has decided to change the principles for measuring buildings from fair value to cost less depreciation. Management believes that it gives a more fair view to measure buildings at cost less depreciation. This change is because it is not possible to find a reliable market value assessment due to the nature and location of the company's buildings, limited number of sales in recent years and the fact public property assessments are not considered a fair estimate for a market value.

The accumulative effect of the above changes represent an increase in the results of the year before tax by an amount of TDKK 0,5. The tax of the year related to the changes in the accounting policies represents TDKK 0, which means that the results for the year after tax are improved by TDKK 0,5. The balance sheet total is decreased by TDKK 2,0, and the equity as of the balance sheet date is decreased by TDKK 2,0.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies used

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Production costs

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. Trade enterprises recognise cost of sales, and manufacturing enterprises recognise production costs corresponding to the turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, and depreciation on the production plant.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Accounting policies used

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income/costs

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 5-10 years.

The Company' investment is considered to be of strategic importance for the Company, with regard to the Companies expectations for activities and increase in earnings is the useful life of goodwill down 5-10 years.

Software

Software are measured at cost with deduction of accrued amortisation. Software are amortised on a straight-line basis over an evaluation of the expected useful life, the amortisation period is set at 8 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30-40 years
Technical plants and machinery	4-10 years
Other plants, operating assets, fixtures and furniture	4-6 years
Leasehold improvements	6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Accounting policies used

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Accounting policies used

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Brenntag Nordic A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Brenntag Nordic A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Accounting policies used

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

On the acquisition of enterprises, provisions for restructuring within the acquired enterprise is included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been approved and announced on the date of acquisition at the latest.

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

Liabilities

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2016</u>	<u>2015</u>
1 Net turnover	831.267	798.958
Production costs	-656.372	-602.348
Gross results	174.895	196.610
Distribution costs	-41.906	-34.361
Administration costs	-94.593	-113.064
Other operating income	13.856	11.838
Other operating costs	-13.112	-12.319
Results before net financials	39.140	48.704
2 Income from equity investments in group enterprises	46.310	32.982
Other financial income from group enterprises	204	242
3 Other financial income	893	761
4 Other financial costs	-1.468	-2.344
Results before tax	85.079	80.345
5 Tax on ordinary results	-8.330	-11.692
6 Results for the year	76.749	68.653

Balance sheet 31 December

DKK in thousands.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Assets		
Fixed assets		
7 Goodwill	16.874	24.955
8 Software	2.558	1.145
Intangible fixed assets in total	<u>19.432</u>	<u>26.100</u>
9 Land and property	30.614	28.448
10 Production plant and machinery	37.504	38.988
11 Other plants, operating assets, and fixtures and furniture	3.601	4.435
12 Tangible assets under construction and prepayments for tangible assets	2.737	6.152
13 Decoration rented premises	804	614
Tangible fixed assets in total	<u>75.260</u>	<u>78.637</u>
14 Equity investments in group enterprises	174.727	128.394
15 Other debtors	2.413	2.529
Financial fixed assets in total	<u>177.140</u>	<u>130.923</u>
Fixed assets in total	<u>271.832</u>	<u>235.660</u>
Current assets		
Raw materials and consumables	8.352	8.301
Work in progress	566	1.198
Manufactured goods and trade goods	57.555	62.548
Inventories in total	<u>66.473</u>	<u>72.047</u>
Trade debtors	116.943	104.496
Amounts owed by group enterprises	8.935	9.131
Receivable corporate tax	4.972	0
16 Accrued income and deferred expenses	3.290	4.876
Debtors in total	<u>134.140</u>	<u>118.503</u>
Cash at bank and in hand	31.407	28.923
Current assets in total	<u>232.020</u>	<u>219.473</u>
Assets in total	<u>503.852</u>	<u>455.133</u>

Balance sheet 31 December

DKK in thousands.

Equity and liabilities			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Equity			
17	Contributed capital	6.206	6.206
	Reserves for net revaluation as per the equity method	113.188	66.855
	Results brought forward	214.030	221.591
	Proposed dividend for the financial year	38.000	0
	Equity in total	<u>371.424</u>	<u>294.652</u>
Provisions			
18	Provisions for deferred tax	1.331	3.738
19	Other provisions	8.256	0
	Provisions in total	<u>9.587</u>	<u>3.738</u>
Liabilities			
20	Debt to group enterprises	22.518	40.000
	Long-term liabilities in total	<u>22.518</u>	<u>40.000</u>
	Trade creditors	61.885	66.948
	Debt to group enterprises	8.341	16.334
	Corporate tax	0	5.136
	Other debts	30.097	28.325
	Short-term liabilities in total	<u>100.323</u>	<u>116.743</u>
	Liabilities in total	<u>122.841</u>	<u>156.743</u>
	Equity and liabilities in total	<u>503.852</u>	<u>455.133</u>
21	Staff matters		
22	Fee, auditor		
23	Subsequent events		
24	Contingencies		
25	Related parties		

Statement of changes in equity

DKK in thousands.

	Contributed capital	Revaluation reserve	Reserves for net revaluation as per the equity method	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2015	6.206	11.441	33.782	177.366	0	228.795
Adjustment due to changed procedures	0	-11.441	0	8.554	0	-2.887
Share of results	0	0	32.982	35.671	0	68.653
Interest rate swap in group enterprise	0	0	91	0	0	91
Equity 1 January 2016	6.206	0	66.855	221.591	0	294.652
Distributed dividend	0	0	0	0	38.000	38.000
Share of results	0	0	46.310	-7.561	0	38.749
Interest rate swap in group enterprise	0	0	23	0	0	23
Equity 31 December 2016	6.206	0	113.188	214.030	38.000	371.424

Notes

DKK in thousands.

	<u>2016</u>	<u>2015</u>
1. Net turnover		
Geographical segments		
Denmark	766.251	669.556
Scandinavia	49.043	71.711
Europe	15.839	57.648
Other	134	43
Geographical segments in total	<u>831.267</u>	<u>798.958</u>
Business segments		
Agency sales	374	665
Direct sales	227.419	212.725
Warehouse sales	603.474	585.568
Business segments in total	<u>831.267</u>	<u>798.958</u>
2. Income from equity investments in group enterprises		
Share of profit of Brenntag Biosector A/S	45.017	30.614
Share of profit of Aktieselskabet af 1. januar 1987	1.293	2.368
	<u>46.310</u>	<u>32.982</u>
3. Other financial income		
Other financial income	0	27
Exchange differences	893	734
	<u>893</u>	<u>761</u>
4. Other financial costs		
Financial costs, group enterprises	304	988
Other financial costs	1.164	1.356
	<u>1.468</u>	<u>2.344</u>

Notes

DKK in thousands.

	<u>2016</u>	<u>2015</u>
5. Tax on ordinary results		
Tax of the results for the year, parent company	10.337	11.899
Adjustment for the year of deferred tax	-2.407	-781
Adjustment of tax for previous years	400	574
	<u>8.330</u>	<u>11.692</u>
6. Proposed distribution of the results		
Reserves for net revaluation as per the equity method	46.310	32.982
Dividend for the financial year	38.000	0
Allocated to results brought forward	0	35.671
Allocated from results brought forward	-7.561	0
Distribution in total	<u>76.749</u>	<u>68.653</u>
7. Goodwill		
Cost 1 January	46.593	46.593
Additions during the year	268	0
Disposals during the year	0	0
Cost 31 December	<u>46.861</u>	<u>46.593</u>
Amortisation and writedown 1 January	-21.638	-13.319
Amortisation for the year	-8.349	-8.319
Amortisation and writedown 31 December	<u>-29.987</u>	<u>-21.638</u>
Book value 31 December	<u>16.874</u>	<u>24.955</u>
Amortised over	5-10 years	

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
8. Software		
Cost 1 January	33.403	32.963
Additions during the year	1.188	0
Disposals during the year	0	0
Transfers	1.399	440
Cost 31 December	<u>35.990</u>	<u>33.403</u>
Amortisation and writedown 1 January	-32.258	-31.459
Amortisation for the year	-1.174	-799
Amortisation and writedown 31 December	<u>-33.432</u>	<u>-32.258</u>
Book value 31 December	<u>2.558</u>	<u>1.145</u>
Amortised over	8 years	
9. Land and property		
Cost 1 January	70.240	68.313
Additions during the year	3.842	0
Disposals during the year	0	0
Transfers	0	1.927
Cost 31 December	<u>74.082</u>	<u>70.240</u>
Depreciation and writedown 1 January	-41.793	-40.167
Depreciation for the year	-1.675	-1.625
Depreciation and writedown 31 December	<u>-43.468</u>	<u>-41.792</u>
Book value 31 December	<u>30.614</u>	<u>28.448</u>
Amortised over	30-40 years	

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
10. Production plant and machinery		
Cost 1 January	114.417	96.638
Additions during the year	1.582	0
Disposals during the year	0	0
Transfers	3.258	17.779
Cost 31 December	<u>119.257</u>	<u>114.417</u>
Depreciation and writedown 1 January	-75.429	-69.358
Depreciation for the year	-6.324	-6.071
Depreciation and writedown 31 December	<u>-81.753</u>	<u>-75.429</u>
Book value 31 December	<u>37.504</u>	<u>38.988</u>
Amortised over	4-10 years	
11. Other plants, operating assets, and fixtures and furniture		
Cost 1 January	60.549	58.912
Additions during the year	1.011	0
Disposals during the year	-10.771	0
Transfers	237	1.637
Cost 31 December	<u>51.026</u>	<u>60.549</u>
Amortisation and writedown 1 January	-56.114	-54.367
Depreciation for the year	-1.820	-1.747
Reversal of depreciation, amortisation and writedown, assets disposed of	10.509	0
Amortisation and writedown 31 December	<u>-47.425</u>	<u>-56.114</u>
Book value 31 December	<u>3.601</u>	<u>4.435</u>
Amortised over	4-6 years	

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
12. Tangible assets under construction and prepayments for tangible assets		
Cost 1 January	6.152	19.444
Additions during the year	1.479	8.491
Disposals during the year	0	0
Transfers	<u>-4.894</u>	<u>-21.783</u>
Cost 31 December	<u>2.737</u>	<u>6.152</u>
Book value 31 December	<u>2.737</u>	<u>6.152</u>
13. Decoration rented premises		
Cost 1 January	2.577	2.577
Additions during the year	850	0
Disposals during the year	<u>0</u>	<u>0</u>
Cost 31 December	<u>3.427</u>	<u>2.577</u>
Depreciation and writedown 1 January	-1.963	-1.389
Depreciation for the year	<u>-660</u>	<u>-574</u>
Depreciation and writedown 31 December	<u>-2.623</u>	<u>-1.963</u>
Book value 31 December	<u>804</u>	<u>614</u>
Amortised over	6 years	

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
14. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January	61.539	61.539
Additions during the year	0	0
Disposals during the year	<u>0</u>	<u>0</u>
Cost 31 December	<u>61.539</u>	<u>61.539</u>
Revaluations, opening balance 1 January	66.855	33.782
Adjustment of previous revaluations	0	10.420
Results for the year before goodwill amortisation	46.310	22.562
Interest rate swap	<u>23</u>	<u>91</u>
Revaluation 31 December	<u>113.188</u>	<u>66.855</u>
Book value 31 December	<u>174.727</u>	<u>128.394</u>
Group enterprises:		
	Domicile	Share of ownership
Aktieselskabet af 1. januar 1987	Ballerup	100 %
Brenntag Biosector A/S	Ballerup	100 %
15. Other debtors		
Cost 1 January	2.529	2.339
Additions during the year	0	240
Disposals during the year	<u>-116</u>	<u>-50</u>
Cost 31 December	<u>2.413</u>	<u>2.529</u>
Book value 31 December	<u>2.413</u>	<u>2.529</u>

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
16. Accrued income and deferred expenses		
Prepaid insurance	929	480
Prepaid lease	526	242
Prepaid rent	665	665
Other prepayments	1.170	3.489
	<u>3.290</u>	<u>4.876</u>
17. Contributed capital		
The share capital consists of 62,060 shares, each with a nominal value of DKK 100. No shares hold particular rights.		
The share capital consists of 62,060 shares, each with a nominal value of DDK 100. No shares hold particular rights.		
18. Provisions for deferred tax		
Provisions for deferred tax 1 January	3.738	4.519
Deferred tax of the results for the year	-2.407	-781
Deferred tax recognised in the equity	0	0
	<u>1.331</u>	<u>3.738</u>
The following items are subject to deferred tax:		
Intangible fixed assets	-1.932	-1.849
Tangible fixed assets	5.035	5.587
Other provisions	-1.772	0
	<u>1.331</u>	<u>3.738</u>
19. Other provisions		
Other provisions 1 January	0	0
Change of the year in other provisions	8.256	0
	<u>8.256</u>	<u>0</u>

Other provisions includes estimated environmental provision.

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
20. Debt to group enterprises		
Debt to group enterprises in total	30.859	56.334
Share of amount due within 1 year	<u>-8.341</u>	<u>-16.334</u>
	<u>22.518</u>	<u>40.000</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
21. Staff matters		
Salaries and wages	74.074	72.043
Pension costs	6.887	6.817
Other costs for social security	<u>1.241</u>	<u>1.480</u>
	<u>82.202</u>	<u>80.340</u>
Executive board	3.889	3.812
Board of directors	<u>0</u>	<u>0</u>
	<u>3.889</u>	<u>3.812</u>
Average number of employees	<u>131</u>	<u>133</u>
22. Fee, auditor		
Please refer to the note the consolidated financial statement for the parent company, Brenntag AG.		
23. Subsequent events		
No events materially affecting the assessment of annual Report have occurred after the balance sheet date.		

Notes

DKK in thousands.

24. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operating leases with an average annual lease payment of DKK 1,1 million. The leases have remaining terms to maturity of between 6-60 months with a total remaining lease payment of DKK 3,0 million.

The Company has entered into leases with a total obligation of DKK 6,1 million. The main lease, for which the annual rent amounts to DKK 3,1 million. The lease may be terminated at 12 months' notice.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

25. Related parties

Controlling interest

Brenntag Holding B.V	Majority shareholder
Amsterdam, the Netherlands	

Other related parties

Brenntag Biosector A/S	Subsidiary
Aktieselskabet af 1. januar 1987	Subsidiary
Borup Kemi I/S	Associate

Transactions

During the year, there have been no transactions with Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Consolidated annual accounts

The company is included in the consolidated Financial Statements of Brenntag AG, Mülheim an der Ruhr.

The Consolidated Financial Statement may be obtained at www.brenntag.com when the Consolidated Financial Statements have been presented.

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Marianne Philip

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René Fleischer

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Torsten Walz

Adm. direktør

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