

Hercules Investment ApS

c/o Danders & More, Frederiksgade 17, 1265 København K

CVR no. 25 25 68 83



Annual report 2015/16

Approved at the annual general meeting of shareholders on 7 February 2017

Chairman:

.....
Frank J.A. Jumelet



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Hercules Investment ApS for the financial year 1 October 2015 - 30 September 2016.


The annual report is 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 financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 - 30 September 2016.

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

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

Copenhagen, 7 February 2017
Executive Board:



Frank J. A. Jumelet

Matthew Kyle Spence



Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Hercules Investment ApS for the financial year 1 October 2015 - 30 September 2016.

The annual report is 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 financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 - 30 September 2016.

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

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

Copenhagen, 7 February 2017
Executive Board:

Frank J. A. Jumelet

A handwritten signature in black ink, appearing to read 'Matt Spence', written over a horizontal line.

Matthew Kyle Spence

Independent auditors' report

To the shareholders of Hercules Investment ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Hercules Investment ApS for the financial year 1 October 2015 - 30 September 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2016 and of the results of its operations for the financial year 1 October 2015 - 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 7 February 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Carsten Kjær

State Authorised Public Accountant



Management's review

Company details

Name	Hercules Investment ApS
Address, Postal code, City	c/o Danders & More, Frederiksgade 17, 1265 København K
CVR no.	25 25 68 83
Registered office	København
Financial year	1 October 2015 - 30 September 2016
Executive Board	Frank J. A. Jumelet Matthew Kyle Spence
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Management commentary

Business review

The company's principal activities comprise investment in foreign companies. In August 2015 the company sold its investment in Ashland Rhone Holding B.V., thereafter the company does not hold any investments anymore.

Financial review

The income statement for 2015/16 shows a profit of DKK 12,026 thousand against a DKK 226,317 thousand last year, and the balance sheet at 30 September 2016 shows equity of DKK 677,013 thousand.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Financial statements for the period 1 October 2015 - 30 September 2016

Income statement

Note	DKK'000	2015/16	2014/15
	Gross margin	-2,280	218,177
	Income from investments in group entities	0	-2,680
2	Financial income	18,381	14,338
3	Financial expenses	-109	-165
	Profit before tax	15,992	229,670
4	Tax for the year	-3,966	-3,353
	Profit for the year	12,026	226,317
	 Proposed profit appropriation		
	Retained earnings	12,026	226,317
		<u>12,026</u>	<u>226,317</u>

Financial statements for the period 1 October 2015 - 30 September 2016

Balance sheet

Note	DKK'000	2015/16	2014/15
	ASSETS		
	Current assets		
	Receivables		
	Receivables from group entities	690,719	673,045
	Income taxes receivable	0	9
	Other receivables	0	190
		<u>690,719</u>	<u>673,244</u>
	Cash at bank and in hand	73	1,738
	Total current assets	<u>690,792</u>	<u>674,982</u>
	TOTAL ASSETS	<u>690,792</u>	<u>674,982</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	60,000	60,000
	Share premium account	340,371	340,371
	Retained earnings	276,642	266,071
	Total equity	<u>677,013</u>	<u>666,442</u>
	Provisions		
	Other provisions	1,986	0
	Total provisions	<u>1,986</u>	<u>0</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	285	161
	Payables to group entities	0	2,143
	Income taxes payable	7,414	3,387
	Other payables	4,094	2,849
		<u>11,793</u>	<u>8,540</u>
	Total liabilities other than provisions	<u>11,793</u>	<u>8,540</u>
	TOTAL EQUITY AND LIABILITIES	<u>690,792</u>	<u>674,982</u>

1 Accounting policies

6 Related parties

Financial statements for the period 1 October 2015 - 30 September 2016**Statement of changes in equity**

DKK'000	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2015	60,000	340,371	266,071	666,442
Profit/loss for the year	0	0	12,026	12,026
Exchange adjustment	0	0	-1,455	-1,455
Equity at 30 September 2016	60,000	340,371	276,642	677,013

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies

The annual report of Hercules Investment ApS has been presented in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies applied by the Company are consistent with those of last year.

Basis of 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 generate the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and 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 reliably measured.

Liabilities are recognised in the balance sheet, when an outflow of future economic benefits is probable, and when the value of the liability can be reliably measured.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayment and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Danish kroner (DKK) is used as the measurement currency. All other currencies are regarded as foreign currencies.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

Transactions denominated in foreign currencies are translated into DKK at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into DKK at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Gross margin

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration, advisors, payments under operating leases, etc.

Income from investments in group entities

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

The Company and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in subsidiaries and associates

Investments in associates are measured at cost. Dividends received that exceed the accumulated earnings in the associate in the period of ownership are treated as a cost reduction.

Gains or losses on the sale of subsidiaries and associates are recognised in the income statement under 'Other operating income/expenses' at the time of sale are made up as the difference between the selling price less costs to sell and the carrying amount at the time of sale.

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows.

The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that receivables or a group of receivables are impaired. Provisions are made to the lower net realisable value and the carrying amount.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Equity

Proposed dividends

Dividend proposed for the financial year are presented as a separate item under 'Equity'.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

DKK'000	2015/16	2014/15
2 Financial income		
Interest receivable, associates	15,401	1,745
Other financial income	2,980	12,593
	<u>18,381</u>	<u>14,338</u>
3 Financial expenses		
Interest expenses, associates	0	2
Other financial expenses	109	163
	<u>109</u>	<u>165</u>
4 Tax for the year		
Estimated tax charge for the year	3,966	3,353
	<u>3,966</u>	<u>3,353</u>

5 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Opening balance	60,000	60,000	60,000	59,999	59,999
Capital increase	0	0	0	1	0
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>59,999</u>



Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

6 Related parties

Hercules Investment ApS' related parties comprise the following:

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Hercules Holding B.V., B.V.B.A.	Geslecht 2, 9130 Beveren (DOel), Belgium	Hercules Holding B.V., B.V.B.A. does not prepare consolidated financial statements. The company is part of the consolidated financial statements of Ashland Global Holdings Inc. http://investor.ashland.com/annuals.cfm