

# CP Kelco Services ApS

Ved Banen 16

4623 Lille Skensved, Denmark

CVR-No. 25 31 57 07

## Annual Report

For the year ended December 31, 2018

19th fiscal year

Adopted at the Annual General Meeting of shareholders on May 10, 2019.

.....  
Chairman

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**INFORMATION ABOUT THE COMPANY**

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C/o CP Kelco ApS  
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DK 4623 Lille Skensved

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**Executive Board:**

Jerome Fernand Bera  
Didier Marcel Claude Viala  
Douglas Michael Grant

**Parent Company:**

CP Kelco ApS  
CVR No. 21 21 02 85

**Ultimate Parent Company:**

CP Kelco Services ApS is part of the Annual Report of J.M. Huber Corporation, New Jersey, USA.  
A copy of the Group's Annual Report can be requested by contacting CP Kelco ApS.

**Auditors:****KPMG**

Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK 2100 Copenhagen

## **MANAGEMENT'S REVIEW**

### **Presentation of the Company**

The activity of the Company is to provide service to the companies of the CP Kelco Group.

### **Business review**

The net income (profit) for the year amounted to DKK thousand 33,389 compared to DKK thousand 1,111 in 2017.

Management consider the profit for the year satisfying.

Total assets on December 31, 2018 were DKK thousand 276,095 compared to DKK thousand 241,099 in 2017. Shareholders' Equity on December 31, 2018 was DKK thousand 268,312 compared to DKK thousand 236,023 in 2017.

### **Subsequent events**

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

### **Outlook**

The Company expects a profit for 2019 before dividend from associates.

**STATEMENT BY THE EXECUTIVE BOARD**

The Executive Board have today discussed and approved the annual report of CP Kelco Services ApS for the financial year January 1 – December 31, 2018.

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, 2018 and of the results of the Company's operations for the financial year January 1 – December 31, 2018.

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

We recommend that the Annual Report be approved at the annual general meeting.

Lille Skensved, May 10, 2019.

Executive Board:

Jerome Fernand Bera

Douglas Michael Grant

Didier Marcel Claude Viala

## **Independent auditor's report**

### **To the shareholders of CP Kelco Services ApS**

#### **Opinion**

We have audited the financial statements of CP Kelco Services ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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.

#### **Emphasis of matter regarding other matters**

The company's accounting records and underlying documentation are partly being kept outside Denmark which does not comply with the Danish Bookkeeping 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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 auditor's 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, 10 May 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Niels Vendelbo  
State Authorised  
Public Accountant  
MNE-no. 34532



**INCOME STATEMENT for the year ended December 31**

	Note	2018 DKK'000	2017 DKK'000
Revenue		22,823	24,653
Other external costs		-9,658	-12,181
Staff costs	1	<u>-10,099</u>	<u>-10,672</u>
<b>Operating Profit</b>		3,066	1,800
Dividend from affiliated companies		31,344	0
Financial income	2	72	0
Financial expenses	3	<u>-494</u>	<u>-354</u>
<b>Profit before tax</b>		33,988	1,446
Tax on profit for the year	4	<u>-599</u>	<u>-335</u>
<b>Profit for the year</b>		<u><u>33,389</u></u>	<u><u>1,111</u></u>

<b>Appropriation of income</b>	<b>DKK'000</b>
Profit for the year	33,389
Retained earnings, prior year	<u>233,923</u>
<b>Available for distribution</b>	<u><u>267,312</u></u>
Proposed distributed as follows:	
Proposed dividend	33,000
Retained earnings	<u>234,312</u>
	<u><u>267,312</u></u>

**BALANCE SHEET at December 31**

<b>ASSETS</b>	<b>Note</b>	<b>2018 DKK'000</b>	<b>2017 DKK'000</b>
<b>NON-CURRENT ASSETS</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment	5	<u>1,073</u>	<u>1,289</u>
<b>Total Property, plant and equipment</b>		<u>1,073</u>	<u>1,289</u>
<b>Financial fixed assets</b>			
Participating interest in affiliated companies	6	232,932	232,932
Deferred tax asset		<u>84</u>	<u>120</u>
<b>Total financial fixed assets</b>		<u>233,016</u>	<u>233,052</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>234,089</u>	<u>234,341</u>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Receivables from Group companies		40,337	5,265
Other receivables		146	46
Prepayments		<u>1,477</u>	<u>1,435</u>
<b>Total receivables</b>		<u>41,960</u>	<u>6,746</u>
<b>Cash and cash equivalents</b>		<u>46</u>	<u>12</u>
<b>TOTAL CURRENT ASSETS</b>		<u>42,006</u>	<u>6,758</u>
<b>TOTAL ASSETS</b>		<u><u>276,095</u></u>	<u><u>241,099</u></u>

**BALANCE SHEET at December 31**

	Note	2018 DKK'000	2017 DKK'000
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	7	1,000	1,000
Retained earnings		234,312	233,923
Proposed dividend		<u>33,000</u>	<u>1,100</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>268,312</u>	<u>236,023</u>
<b>Current liabilities</b>			
Trade payables		206	268
Intra Group payables		1,903	1,659
Corporate tax payable		563	423
Other payables		<u>5,111</u>	<u>2,726</u>
<b>Total current liabilities</b>		<u>7,783</u>	<u>5,076</u>
<b>TOTAL LONG-TERM AND CURRENT LIABILITIES</b>		<u>7,783</u>	<u>5,076</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>276,095</u>	<u>241,099</u>
<b>Contingent liabilities and contractual obligations</b>	8		
<b>Related Parties</b>	9		

## STATEMENT OF CHANGES IN EQUITY

	<b>2018</b> <b>DKK'000</b>
<b>Capital stock</b>	
Balance at January 1 and December 31	<u>1,000</u>
<b>Retained earnings</b>	
Balance at January 1	233,923
Profit for the year	33,389
Proposal of dividend for the year	<u>33,000</u>
Balance at December 31	<u>234,312</u>
<b>Proposal of dividend</b>	
Balance at January 1	1,100
Paid out dividend	1,100
Proposal of dividend for the year	<u>33,000</u>
Balance at December 31	<u>33,000</u>
<b>Total Equity</b>	<u><u>268,312</u></u>

## NOTES AND DISCLOSURES

	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>
<b>Note 1. Staff costs</b>		
Payroll costs	9,608	10,346
Pensions	174	19
Other social security costs	<u>317</u>	<u>307</u>
	<u>10,099</u>	<u>10,672</u>
Average number of employees	<u>15</u>	<u>21</u>

No remuneration was paid to Executive Board.

The company has paid management fee to group related companies which also cover remuneration to intra-group members of the Executive Board, but the fees for performing the responsibilities of the Executive Board cannot be separated.

### Note 2. Financial income

Foreign currency adjustments	<u>72</u>	<u>0</u>
	<u>72</u>	<u>0</u>

**NOTES AND DISCLOSURES**

	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>
<b>Note 3. Financial expenses</b>		
Foreign currency adjustments	-455	-277
Other financial expenses	<u>-39</u>	<u>-77</u>
	<u><u>-494</u></u>	<u><u>-354</u></u>
<b>Note 4. Tax on profit for the year</b>		
Tax on profit for the year	-563	-423
Adjustment of deferred tax for the year	<u>-36</u>	<u>88</u>
	<u><u>-599</u></u>	<u><u>-335</u></u>

**NOTES AND DISCLOSURES****Note 5. Property, Plant and equipment****2018  
DKK'000****Fixtures  
and  
Equipment**

Cost at January 1	2,907
Additions for the year	145
Disposals for the year	<u>770</u>
<b>Cost at December 31</b>	<b><u>2,282</u></b>
Depreciation at January 1	1,618
Depreciation for the year	361
Reversed depreciation of disposals	<u>770</u>
<b>Depreciation at December 31</b>	<b><u>1,209</u></b>
<b>Carrying amount at December 31</b>	<b><u><u>1,073</u></u></b>

## NOTES AND DISCLOSURES

	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>
<b>Note 6. Participating interests in affiliated companies</b>		
The investment for the year in participating interests in affiliated companies can be specified as follows:		
Cost at January 1	232,932	232,932
<b>Cost at December 31</b>	<u><b>232,932</b></u>	<u><b>232,932</b></u>
<b>Carrying amount December 31</b>	<u><u><b>232,932</b></u></u>	<u><u><b>232,932</b></u></u>
<b>Received dividend</b>	<u><b>31,344</b></u>	<u><b>0</b></u>

Participating interests in affiliated companies comprise 35% ownership of CP Kelco Germany GmbH, Germany. The equity as per December 31, 2017 was EUR thousand 29,724 and net income for 2017 amounted to EUR thousand 6,018.

Participating interests in affiliated companies comprise 10% ownership of CP Kelco India, India. CP Kelco The equity as per March 31, 2018 was INR thousand 31,745 and net income as per March 31, 2018 was INR thousand 4,442.

### **Note 7. Share capital**

The contributed capital, DKK thousand 1,000, is 100% owned by the Parent Company.

The share capital consists of 1,000 A-shares of DKK 1,000 each.

There have been no movements on the share capital during the last 5 years.



## NOTES AND DISCLOSURES

### Note 8. Contingent liabilities and contractual obligations

	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>
Commitments under a rental agreement	<u>1,139</u>	<u>1,090</u>
Leasing commitments cars	<u>695</u>	<u>287</u>
	<u><u>1,834</u></u>	<u><u>1,377</u></u>

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 December 31, 2018 DKK 2,2 million. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.

### Note 9. Related Parties

The Company's majority shareholder is CP Kelco ApS, Lille Skensved, Denmark, and its ultimate Parent is J.M. Huber Corporation, New Jersey, USA.

The company's related Parties with considerable influence include registered management and hereto related family members. Related Parties include also companies, in which the persons mentioned have considerable interests.

Related Parties further include affiliated companies in the J.M.Huber Group.

CP Kelco Services ApS is part of the Annual Report of J.M. Huber Corporation, New Jersey, USA. A copy of the Group's Annual Report can be requested by contacting CP Kelco ApS.

## NOTES AND DISCLOSURES

### Note 10. Accounting Policies

#### General

The Annual Report of CP Kelco Services ApS has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises with opt-in from a higher reporting class accounting policies governing medium class C reporting entities.

The accounting policies used in the preparation of the financial statements are consistent with those of the year.

#### 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

Transactions in foreign currencies during the year are translated at the exchange rate ruling at the transaction date.

In the balance sheet receivables, payables and other items in foreign currencies are translated at the rates of exchange as at the balance sheet date.

Realized as well as unrealized exchange rate adjustments are included in the income statement as financial income and expenses.

#### Revenue

Revenue from services is recognised in the income statement concurrently with delivery of services.

## **NOTES AND DISCLOSURES**

### **Other external costs**

Other external costs comprise items secondary to the Company's activities, including loss on the disposal of property, plant and equipment.

### **Staff costs**

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, costs relating to finance leases, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### **Income from participating interest in affiliated companies**

Dividends from equity investments in subsidiaries are recognised in the income statement in the financial year when the dividends are declared.

### **Tax on profit for the year**

CP Kelco Services ApS is comprised by the Danish regulations regarding compulsory jointly taxation of J.M. Huber Group's Danish subsidiaries. The subsidiaries are jointly taxed for the period, the parent company has the controlling influence.

The company's ultimate Danish Parent CP Kelco ApS is administration company for the jointly taxation and settle all payments of corporate taxes with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year – including change in tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement.

Liabilities and receivables joint taxation contribution is recognized in the balance sheet as corporate tax payable or corporate tax receivable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognized at the expected value of their utilization; as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

## NOTES AND DISCLOSURES

### Property, plant and equipment

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 when the asset is available for use.

The depreciable amount, which is calculated as cost less any 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:

Fixtures and fittings, tools and equipment	3-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

### Participating interests in affiliated companies

Investments in affiliated companies are measured at cost. Where the recoverable amount is lower than cost, investments are written down to this lower value.

### Impairment of non-current assets

The carrying amount of equipment as well as investments in group entities is subject to an annual assessment for indications of impairment other than the decrease in value reflected by depreciation of equipment.

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.

### Receivables

Receivables are valued at par value less provisions for losses based on an individual assessment.

### Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

### Equity

#### *Dividends*

The expected dividend payment for the year is disclosed as a separate item under equity.

### Liabilities

Trade payables and payables to group entities are recognised at cost and subsequently measured at amortised cost.

Other liabilities are measured at net realisable value.