

CP Kelco Japan ApS

Ved Banen 16

4623 Lille Skensved, Denmark

CVR-No. 25 31 74 67

Annual Report for the fiscal year ended December 31, 2015 16th fiscal year

Adopted at the Annual General Meeting of shareholders on May 23, 2016.


Michael Hov Bertelsen
Chairman

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INFORMATION ABOUT THE COMPANY

CP Kelco Japan ApS
c/o CP Kelco ApS
Ved Banen 16
DK 4623 Lille Skensved

Tel: +45 56 15 56 16
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Branch:

CP Kelco Japan ApS, Japan Branch, Japan

Executive Board:

Donald George Rubright
Philip Martin Patterson Jr.

Parent Company:

CP Kelco ApS
CVR No. 21 21 02 85

Ultimate Parent Company:

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

Auditors:

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 København Ø

MANAGEMENT'S REVIEW

Presentation of the Company

The activity of the Company is sale of hydrocolloids in the Far East, where the company has a branch in Japan.

Business Review

Net sales increased, from DKK thousand 526,535 in 2014 to DKK thousand 624,989 in 2015.

Profit for the year 2015 shows DKK thousand 3,309 compared to DKK thousand 2,724 in 2014.

The Executive Board considers the profit for the year as satisfactory.

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 result for 2016 at the same level as realised for 2015.

FINANCIAL HIGHLIGHTS

	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000
Net sales	624,989	526,535	525,473	566,785	545,403
Gross profit	32,874	26,303	28,615	35,877	23,534
Operating profit	6,037	5,847	3,788	5,381	775
Net financial income/(expenses)	-1,203	-635	-1	137	158
Profit for the year	3,309	2,724	1,762	2,621	2,595
Equity end of the year	9,388	8,431	5,337	5,986	68,658
Total assets	114,127	71,963	54,938	76,471	143,862

STATEMENT BY THE EXECUTIVE BOARD

The Executive Board have today discussed and approved the annual report of CP Kelco Japan ApS for the financial year January 1 – December 31, 2015.

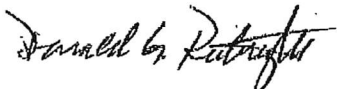
The Annual Report has been prepared in accordance with the Danish Financial Statements Act. It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31, 2015 and of the results of the Company's operations for the financial year January 1 - December 31, 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial 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 11, 2016.

Executive Board:



Donald George Rubright



Philip Martin Patterson Jr.

Independent auditors' report

To the shareholders of CP Kelco Japan ApS

Independent auditors' report on the financial statements

We have audited the financial statements of CP Kelco Japan ApS for the financial year January 1 – December 31, 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity statement and notes. 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 regulation. 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 December 31, 2015 and of the results of its operations for the financial year January 1 – December 31, 2015 in accordance with the Danish Financial Statements Act.

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.

Independent auditors' report

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.

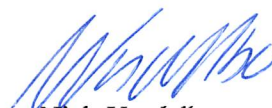
Copenhagen May 11, 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR-no. 25 57 81 98



Benny Lyng Sørensen
State Authorized Public Accountant



Niels Vendelbo
State Authorized Public Accountant

ACCOUNTING POLICIES

General

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

With reference to the Danish Financial Statements Act, section 86 (4), Cash flow statement has not been prepared.

The accounting policies are consistent with those from last 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 ruling at the balance sheet date.

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

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

In connection with the translation of the Financial Statements of foreign branch companies, the income statement and accompanying notes is translated at the exchange rate ruling at the transaction date (periodic average exchange rates), whereas the balance sheet and accompanying notes is translated at the closing rates as the branch is regarded as independent foreign entity. Exchange rate adjustments arising from the translation of the stockholders' equity of the foreign companies at the beginning of the year as well as exchange rate adjustments arising as a result of the translation of the income statements of the foreign companies at periodic exchange rates are entered directly against stockholders' equity.

Revenue

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

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.

Other operating costs

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

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, 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.

Corporate income tax

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.

Current tax liabilities and tax receivables are recognized in the balance sheet as current liabilities to the extent that no payment has been made or as receivables, respectively, to the extent that too much tax has been paid in advance.

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.

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	3-5 years
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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.

Impairment of non-current assets

The carrying amount of equipment is subject to an annual assessment for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

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.

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.

INCOME STATEMENT for the year ended December 31.

	Note	2015 DKK'000	2014 DKK'000
Revenue	1	624,989	526,535
Cost of sales		<u>592,115</u>	<u>500,232</u>
Gross profit		32,874	26,303
Other operating costs		16,542	14,236
Staff costs	2	<u>10,295</u>	<u>6,220</u>
Operating profit		6,037	5,847
Financial income	3	177	83
Financial expenses	4	<u>1,380</u>	<u>718</u>
Profit before tax		4,834	5,212
Corporate income tax	5	<u>1,525</u>	<u>2,488</u>
Profit for the year		<u><u>3,309</u></u>	<u><u>2,724</u></u>

Appropriation of income	DKK'000
Profit for the year	3,309
Currency translation	348
Retained earnings, prior year	<u>1,106</u>
Available for distribution	<u><u>4,763</u></u>
Proposed distributed as follows:	
Proposed dividend	3,300
Retained earnings	<u>1,463</u>
	<u><u>4,763</u></u>

BALANCE SHEET at December 31

	Note	2015 DKK'000	2014 DKK'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		<u>408</u>	<u>444</u>
Total property, plant and equipment	6	<u>408</u>	<u>444</u>
Financial fixed assets			
Deferred tax asset	8	<u>1,198</u>	<u>802</u>
Total financial fixed assets		<u>1,198</u>	<u>802</u>
TOTAL NON-CURRENT ASSETS		<u>1,606</u>	<u>1,246</u>
CURRENT ASSETS			
Receivables			
Intra-group receivables		98,366	66,236
Prepayments		1,436	794
Other receivables		<u>6,368</u>	<u>1,702</u>
Total receivables		<u>106,170</u>	<u>68,732</u>
Cash at bank and in hand		<u>6,351</u>	<u>1,985</u>
TOTAL CURRENT ASSETS		<u>112,521</u>	<u>70,717</u>
TOTAL ASSETS		<u>114,127</u>	<u>71,963</u>

BALANCE SHEET at December 31

	Note	2015 DKK'000	2014 DKK'000
LIABILITIES			
EQUITY			
Capital stock	9	4,625	4,625
Retained earnings		1,463	1,106
Proposed dividend		<u>3,300</u>	<u>2,700</u>
TOTAL EQUITY		<u>9,388</u>	<u>8,431</u>
Current Liabilities			
Trade accounts payable		479	1,140
Intra-group payables		99,371	53,523
Corporation tax payable	7	775	937
Other payables		<u>4,114</u>	<u>7,932</u>
Total current liabilities		<u>104,739</u>	<u>63,532</u>
TOTAL LONG-TERM AND CURRENT LIABILITIES		<u>104,739</u>	<u>63,532</u>
TOTAL LIABILITIES		<u>114,127</u>	<u>71,963</u>
Contingent liabilities	10		
Related Parties	11		

STATEMENT OF CHANGES IN EQUITY

	2015 DKK'000	2014 DKK'000
Capital stock		
Balance at January 1	<u>4,625</u>	<u>4,625</u>
Balance at December 31	<u>4,625</u>	<u>4,625</u>
Retained earnings		
Balance at January 1	1,106	712
Currency translation	348	370
Profit for the year	3,309	2,724
Proposal of dividend for the year	<u>-3,300</u>	<u>-2,700</u>
Balance at December 31	<u>1,463</u>	<u>1,106</u>
Proposed dividend		
Balance at January 1	2,700	0
Paid out dividend	-2,700	0
Proposal of dividend for the year	<u>3,300</u>	<u>2,700</u>
Balance at December 31	<u>3,300</u>	<u>2,700</u>
TOTAL EQUITY	<u><u>9,388</u></u>	<u><u>8,431</u></u>

NOTES AND DISCLOSURES

Note 1. Revenue

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

The Company is exclusively selling its products to the Far East.

	2015 DKK'000	2014 DKK'000
Note 2. Staff costs		
Specification of staff costs, included in distribution costs:		
Wages and salaries	10,216	5,551
Pensions	<u>79</u>	<u>669</u>
	<u>10,295</u>	<u>6,220</u>
Average number of employees	<u>15</u>	<u>9</u>

No remuneration was paid to the Executive Board.

The Company has paid management fees to group entities which also cover remuneration to intra-group members of Board of management.

NOTES AND DISCLOSURES

	2015 DKK'000	2014 DKK'000
Note 3. Financial income		
Interest received from group companies	175	81
Other financial income	<u>2</u>	<u>2</u>
	<u>177</u>	<u>83</u>
Note 4. Financial expenses		
Interest paid to group companies	1,360	708
Other financial expense	1	0
Foreign currency adjustments	<u>19</u>	<u>10</u>
	<u>1,380</u>	<u>718</u>
Note 5. Corporate income tax		
Tax on profit for the year	1,823	2,263
Change in deferred tax	<u>-298</u>	<u>225</u>
Total	<u>1,525</u>	<u>2,488</u>

NOTES AND DISCLOSURES

Note 6. Property, plant and equipment

Investments in and depreciation of property, plant and equipment made during the financial year can be specified as follows (in DKK'000):

	Fixtures and equipment
Cost price January 1	1,856
Foreign currency adjustment at year-end rates	197
Additions for the year	22
Disposals for the year	<u>-67</u>
Cost price December 31	<u>2,008</u>
Depreciation January 1	1,412
Foreign currency adjustment at year-end rates	150
Depreciations of the year	105
Reversed depreciation of disposals	<u>-67</u>
Depreciation December 31	<u>1,600</u>
Carrying amount December 31	<u><u>408</u></u>

NOTES AND DISCLOSURES

2015
DKK'000

Note 7. Corporation tax payable

Balance at January 1	937
Foreign currency adjustment at year-end rates	-69
Current tax for the year	1,823
Net tax paid in the year	<u>-1,916</u>
Balance at December 31	<u>775</u>

Note 8. Deferred tax asset

Balance at January 1	802
Foreign currency adjustment at year-end rates	98
Year's adjustment over the income statement	<u>298</u>
Balance at December 31	<u>1,198</u>

Deferred tax asset relates to property, plant and equipment and current liabilities. The deferred tax is calculated at 37,11%.

NOTES

Note 9. Share capital

The Company's share capital, DKK 4,625 thousand is 100% owned by CP Kelco ApS.

The share capital consists of 4,625 A-shares of DKK 1,000 each.

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

Note 10. Contingent liabilities

Commitments under a rental agreement amounts to DKK thousand 2,575 (2014: DKK thousand 2,325).

The Company is jointly taxed with other Danish companies in the J.M. Huber group. As a wholly owned subsidiary of J.M. Huber Corporation, the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish withholding taxes on dividends, interest and royalties in the joint taxation. Payable withholding taxes in the joint taxation are as of 31 December 2015 DKK 0 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 11. 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.