
ARPIPE HOLDING A/S

c/o Per Aarsleff A/S, Hasselager Alle 5, DK-8260
Viby J

Annual Report for 1 January - 31 December 2016

CVR No 29 20 67 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2017

Keld Ernstsen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ARPIPE HOLDING A/S for the financial year 1 January - 31 December 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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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

Aarhus, 29 May 2017

Direktion

John Szygenda

Bestyrelse

Thomas Salicath
Chairman

Nikolay Nikolaevich Nikolaev

Peter Godrim

Independent Auditor's Report

To the Shareholders of ARPIPE HOLDING 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's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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:

Independent Auditor's Report

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 29 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant

Thyge Belter
State Authorised Public Accountant

Company Information

The Company

ARPIPE HOLDING A/S
c/o Per Aarsleff A/S
Hasselager Alle 5
DK-8260 Viby J

CVR No: 29 20 67 67

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

Board of Directors

Thomas Salicath, Chairman
Nikolay Nikolaevich Nikolaev
Peter Godrim

Executive Board

John Szygenda

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Gross profit/loss		0	-95.482
Administrative expenses		-370.140	-197.569
Operating profit/loss		-370.140	-293.051
Income from investments in subsidiaries		1.367.279	1.642.635
Financial expenses		-30.976	-25.145
Profit/loss before tax		966.163	1.324.439
Tax on profit/loss for the year		0	0
Net profit/loss for the year		966.163	1.324.439

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid		1.157.988	1.865.200
Retained earnings		-191.825	-540.761
		966.163	1.324.439

Balance Sheet 31 December

	Note	2016 DKK	2015 DKK
Assets			
Investments in subsidiaries	2	3.175.511	3.175.511
Fixed asset investments		3.175.511	3.175.511
Fixed assets		3.175.511	3.175.511
Receivables from group enterprises		0	364.297
Other receivables		959	98.204
Receivables		959	462.501
Cash at bank and in hand		95.458	765.114
Currents assets		96.417	1.227.615
Assets		3.271.928	4.403.126
Liabilities and equity			
Share capital		1.000.000	1.000.000
Retained earnings		1.992.106	2.183.931
Equity	3	2.992.106	3.183.931
Other payables		279.822	1.219.195
Short-term debt		279.822	1.219.195
Debt		279.822	1.219.195
Liabilities and equity		3.271.928	4.403.126
Main activity	1		
Contingent assets, liabilities and other financial obligations	4		

Notes to the Financial Statements

1 Main activity

The Company is the holding company for OOO Arpipe which operates in trade and production of fibre glass pipes in Russia. Furthermore, on occasion the Company itself sells fibre glass pipes to Russia.

	<u>2016</u> DKK	<u>2015</u> DKK
2 Investments in subsidiaries		
Cost at 1 January	4.079.511	4.079.511
Cost at 31 December	<u>4.079.511</u>	<u>4.079.511</u>
Value adjustments at 1 January	-904.000	0
Revaluations for the year, net	<u>0</u>	<u>-904.000</u>
Value adjustments at 31 December	<u>-904.000</u>	<u>-904.000</u>
Carrying amount at 31 December	<u>3.175.511</u>	<u>3.175.511</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u> RUB	<u>Votes and ownership</u>
OOO Arpipe	Moscow, Russia	18.796.000	100%

Notes to the Financial Statements

3 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	1.000.000	2.183.931	3.183.931
Extraordinary dividend paid	0	-1.157.988	-1.157.988
Net profit/loss for the year	0	966.163	966.163
Equity at 31 December	1.000.000	1.992.106	2.992.106

The share capital is broken down as follow:

	Number	Nominal value DKK
A-shares	40.000	20
B-shares	10.000	20
		40

4 Contingent assets, liabilities and other financial obligations

Contingent assets

At 31 December 2016 the Company has a tax asset of DKK 1,138k. The amount has not been recognised in the balance sheet as there is uncertainty as regards the time when the tax asset will be used.

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

Notes, Accounting Policies

Basis of Preparation

The Annual Report of ARPIPE HOLDING A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including 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 measured reliably.

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

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

Translation policies

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

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

Notes, Accounting Policies

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

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

Notes, Accounting Policies

Balance Sheet

Investments in subsidiaries and associates

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Financial debts

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