Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 978 680 860 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | REICHHOLD NORWAY AS |
| Forretningsadresse: | Lilleborggata 4<br>1630 GAMLE FREDRIKSTAD |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2017 - 31.12.2017 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | IFRS |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Marianne Nerlie |
| Dato for fastsettelse av årsregnskapet: | 29.06.2018 |

**Grunnlag for avgivelse**

År 2017: Årsregnskapet er elektronisk innlevert

År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 10.09.2019

# Resultatregnskap

| Beløp i: NOK | Note | 2017 | 2016 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Annen driftsinntekt | | 0 | 7 000 |
| **Sum inntekter** | | **0** | **7 000** |
| **Kostnader** | | | |
| Annen driftskostnad | 2 | 180 000 | 58 000 |
| **Sum kostnader** | | **180 000** | **58 000** |
| **Driftsresultat** | | **-180 000** | **-51 000** |
| **Finansinntekter og finanskostnader** | | | |
| Annen renteinntekt | | 162 000 | 93 000 |
| Annen finansinntekt | | | 21 000 |
| **Sum finansinntekter** | | **162 000** | **114 000** |
| Annen finanskostnad | | 765 000 | 6 000 |
| **Sum finanskostnader** | | **765 000** | **6 000** |
| **Netto finans** | | **-603 000** | **108 000** |
| **Ordinært resultat før skattekostnad** | | **-783 000** | **57 000** |
| **Ordinært resultat etter skattekostnad** | | **-783 000** | **57 000** |
| **Årsresultat** | | **-783 000** | **57 000** |
| **Overføringer og disponeringer** | | | |
| Overføring til/fra fond | 5 | -783 000 | 57 000 |
| **Sum overføringer og disponeringer** | | **-783 000** | **57 000** |

# Balanse

| Beløp i: NOK | Note | 2017 | 2016 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| **Finansielle anleggsmidler** | | | |
| Investering i datterselskap | 3 | 257 455 000 | 257 455 000 |
| **Sum finansielle anleggsmidler** | | **257 455 000** | **257 455 000** |
| **Sum anleggsmidler** | | **257 455 000** | **257 455 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Andre fordringer | | 36 000 | 19 000 |
| Konsernfordringer | 7 | 12 473 000 | 13 077 000 |
| **Sum fordringer** | | **12 509 000** | **13 096 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | | 14 000 | 167 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **14 000** | **167 000** |
| **Sum omløpsmidler** | | **12 523 000** | **13 263 000** |
| **SUM EIENDELER** | | **269 978 000** | **270 718 000** |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 4,5 | 228 762 000 | 228 762 000 |
| Overkurs | 5 | 38 033 000 | 38 033 000 |
| **Sum innskutt egenkapital** | | **266 795 000** | **266 795 000** |
| **Opptjent egenkapital** | | | |

# Balanse

| Beløp i: NOK | Note | 2017 | 2016 |
|---|---|---|---|
| Annen egenkapital | 5 | 3 082 000 | 3 865 000 |
| **Sum opptjent egenkapital** | | **3 082 000** | **3 865 000** |
| | | | |
| **Sum egenkapital** | | **269 877 000** | **270 660 000** |
| | | | |
| **Sum langsiktig gjeld** | | **0** | **0** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Annen kortsiktig gjeld | | 101 000 | 58 000 |
| **Sum kortsiktig gjeld** | | **101 000** | **58 000** |
| | | | |
| **Sum gjeld** | | **101 000** | **58 000** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **269 978 000** | **270 718 000** |

# Konsernets resultatregnskap

| Beløp i: USD | Note | 2017 | 2016 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 13 | 926 814 | 872 259 |
| **Sum inntekter** | | **926 814** | **872 259** |
| **Kostnader** | | | |
| Varekostnad | | 801 757 | 741 535 |
| Annen driftskostnad | | 90 232 | 86 696 |
| **Sum kostnader** | | **891 989** | **828 231** |
| **Driftsresultat** | | **34 825** | **44 028** |
| **Finansinntekter og finanskostnader** | | | |
| Annen renteinntekt | 15 | 3 329 | 2 551 |
| **Sum finansinntekter** | | **3 329** | **2 551** |
| Annen rentekostnad | 15 | 23 218 | 40 559 |
| Annen finanskostnad | 15 | | 1 071 |
| **Sum finanskostnader** | | **23 218** | **41 630** |
| **Netto finans** | | **-19 889** | **-39 079** |
| **Ordinært resultat før skattekostnad** | | **14 936** | **4 949** |
| Skattekostnad på ordinært resultat | 16 | 7 132 | 9 126 |
| **Ordinært resultat etter skattekostnad** | | **7 804** | **-4 177** |
| **Årsresultat** | | **7 804** | **-4 177** |
| Minoritetsinteresser | | | 268 |
| **Årsresultat etter minoritetsinteresser** | | | **-4 445** |

# Konsernets balanse

| Beløp i: USD | Note | 2017 | 2016 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Goodwill | 1 | 9 504 | 10 194 |
| **Sum immaterielle eiendeler** | | **9 504** | **10 194** |
| **Varige driftsmidler** | | | |
| Tangible fixed assets | 2 | 94 134 | 89 711 |
| **Sum varige driftsmidler** | | **94 134** | **89 711** |
| **Finansielle anleggsmidler** | | | |
| Andre fordringer | 3 | 28 456 | 12 336 |
| **Sum finansielle anleggsmidler** | | **28 456** | **12 336** |
| **Sum anleggsmidler** | | **132 094** | **112 241** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 4 | 78 723 | 68 044 |
| **Sum varer** | | **78 723** | **68 044** |
| **Fordringer** | | | |
| Kundefordringer | 5 | 182 177 | 154 980 |
| **Sum fordringer** | | **182 177** | **154 980** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 6 | 39 439 | 85 675 |
| **Sum bankinnskudd, kontanter og lignende** | | **39 439** | **85 675** |
| **Sum omløpsmidler** | | **300 339** | **308 699** |
| **SUM EIENDELER** | | **432 433** | **420 940** |

**BALANSE - EGENKAPITAL OG GJELD**

# Konsernets balanse

| Beløp i: USD | Note | 2017 | 2016 |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 7,22 | 93 496 | 93 496 |
| Annen innskutt egenkapital | 7,22 | 80 242 | 4 235 |
| **Sum innskutt egenkapital** | | **173 738** | **97 731** |
| | | | |
| **Opptjent egenkapital** | | | |
| Translation reserve | 7,22 | -7 670 | -17 022 |
| Annen egenkapital | 7,22 | -5 637 | -18 564 |
| **Sum opptjent egenkapital** | | **-13 307** | **-35 586** |
| | | | |
| **Sum egenkapital** | 7,22 | **160 431** | **62 145** |
| | | | |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Pensjonsforpliktelser | 8 | 1 171 | 4 517 |
| Utsatt skatt | 8 | 2 596 | 4 047 |
| Andre avsetninger for forpliktelser | 8 | 36 136 | 31 745 |
| **Sum avsetninger for forpliktelser** | 8 | **39 903** | **40 309** |
| **Annen langsiktig gjeld** | | | |
| Langsiktig konserngjeld | 9, 10 | 100 590 | 1 274 |
| **Sum annen langsiktig gjeld** | | **100 590** | **1 274** |
| | | | |
| **Sum langsiktig gjeld** | | **140 493** | **41 583** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Konvertible lån | 10 | 2 977 | 7 836 |
| Gjeld til kredittinstitusjoner | | 24 000 | |
| Leverandørgjeld | 10 | 95 431 | 81 364 |
| Kortsiktig konserngjeld | 9, 10 | 0 | 219 482 |
| Annen kortsiktig gjeld | 10 | 9 101 | 8 530 |
| **Sum kortsiktig gjeld** | | **131 509** | **317 212** |
| | | | |
| **Sum gjeld** | | **272 002** | **358 795** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **432 433** | **420 940** |

# Årsregnskap 2017
# Reichhold Norway AS

Resultatregnskap
Balanse
Kontantstrøm
Noter til regnskapet

Org.nr.: 978 680 860

## Resultatregnskap

Reichhold Norway AS

| Driftsinntekter og driftskostnader (tall i TNOK) | Note | 2017 | 2016 |
|---|---|---|---|
| Annen driftsinntekt | | 0 | 7 |
| **Sum driftsinntekter** | | **0** | **7** |
| Annen driftskostnad | 2 | 180 | 58 |
| **Sum driftskostnader** | | **180** | **58** |
| **Driftsresultat** | | **-180** | **-51** |
| **Finansinntekter og finanskostnader** | | | |
| Annen renteinntekt | | 162 | 93 |
| Annen finansinntekt | | 0 | 21 |
| Annen finanskostnad | | 765 | 6 |
| **Resultat av finansposter** | | **-602** | **108** |
| Ordinært resultat før skattekostnad | | -783 | 57 |
| **Årsresultat** | | **-783** | **57** |
| **Overføringer** | | | |
| Overført fra/til annen egenkapital | 5 | 783 | -57 |
| **Sum overføringer** | | **-783** | **57** |

# Balanse

Reichhold Norway AS

| Eiendeler<br>(tall i TNOK) | Note | 2017 | 2016 |
|---|---|---|---|
| **Anleggsmidler** | | | |
| **Finansielle driftsmidler** | | | |
| Investeringer i annet foretak i samme konsern | 3 | 257 455 | 257 455 |
| **Sum finansielle anleggsmidler** | | **257 455** | **257 455** |
| **Sum anleggsmidler** | | **257 455** | **257 455** |
| **Omløpsmidler** | | | |
| **Fordringer** | | | |
| Andre kortsiktige fordringer | | 36 | 19 |
| Konsernfordringer | 7 | 12 473 | 13 077 |
| **Sum fordringer** | | **12 509** | **13 096** |
| Bankinnskudd, kontanter o.l. | | 14 | 167 |
| **Sum omløpsmidler** | | **12 523** | **13 263** |
| **Sum eiendeler** | | **269 978** | **270 718** |

## Balanse

Reichhold Norway AS

| Egenkapital og gjeld (tall i TNOK) | Note | 2017 | 2016 |
|---|---|---|---|
| **Innskutt egenkapital** | | | |
| Aksjekapital | 4, 5 | 228 762 | 228 762 |
| Overkurs | 5 | 38 033 | 38 033 |
| **Sum innskutt egenkapital** | | **266 795** | **266 795** |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | 5 | 3 082 | 3 864 |
| **Sum opptjent egenkapital** | | **3 082** | **3 864** |
| **Sum egenkapital** | | **269 877** | **270 660** |
| **Gjeld** | | | |
| **Kortsiktig gjeld** | | | |
| Annen kortsiktig gjeld | | 101 | 58 |
| **Sum kortsiktig gjeld** | | **101** | 58 |
| **Sum gjeld** | | **101** | 58 |
| **Sum egenkapital og gjeld** | | **269 978** | **270 718** |

Sandefjord, 29.06.2018
Styret i Reichhold Norway AS

Egil Holtmon

Egil Holtmon
styreleder

## Indirekte kontantstrøm

Reichhold Norway AS

| | Note | 2017 | 2016 |
|---|---|---|---|
| (tall i TNOK) | | | |
| **Kontantstrømmer fra operasjonelle aktiviteter** | | | |
| Resultat før skattekostnad | | -783 | 57 |
| Endring i andre tidsavgrensningsposter | | 26 | 15 |
| **Netto kontantstrøm fra operasjonelle aktiviteter** | | **-756** | **72** |
| **Kontantstrømmer fra finansieringsaktiviteter** | | | |
| Endring mellomværende konsernkontosystem | | 604 | 74 |
| **Netto kontantstrøm fra finansieringsaktiviteter** | | **604** | **74** |
| Netto endring i kontanter og kontantekvivalenter | | -152 | 146 |
| Beh. av kont. og kontantekvivalenter ved per. begynnels | | 167 | 21 |
| **Beh. av kont. og kontantekvivalenter ved per. slutt** | | **14** | **167** |

Reichhold Norway AS

## Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven av 1998 og god regnskapsskikk i Norge.

**Hovedregel for vurdering og klassifisering av eiendeler og gjeld**
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen et år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn.
Omløpsmidler er vurdert til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld og annen langsiktig gjeld er vurdert til pålydende beløp.

**Valuta**
Pengeposter i utenlandsk valuta er i balansen omregnet til balansedagens kurs.

**Aksjer i datterselskap**
Investeringer i datterselskaper er balanseført til anskaffelseskost. Investeringene blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående. Mottatt utbytte og konsernbidrag fra datterselskapene er inntektsført som annen finansinntekt. Tilsvarende gjelder for investeringer i tilknyttede selskaper.

**Fordringer**
Kundefordringer og andre fordringer er oppført til pålydene etter fradrag for avsetning for forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

**Bankinnskudd, kontanter og lignende**
Bankinnskudd, kontanter ol. inkluderer kontanter, bankinnskudd og andre betalingsmidler med forfallsdato som er kortere enn tre måneder fra anskaffelse.

**Kostnader**
Kostnader regnskapsføres som hovedregel i samme periode som tilhørende inntekt. Kostnader som ikke sammenstilles kostnadsføres når de påløper. Øvrige unntak fra sammenstillingsprinsippet er angitt der det er aktuelt.

**Skatter**
Skattekostnaden sammenstilles med regnskapsmessig resultat for skatt. Skatt knyttet til egenkapitaltransaksjoner er ført mot egenkapitalen. Skattekostnaden består av betalbar skatt (skatt på årets direkte skattepliktige inntekt) og endring i netto utsatt skatt. Utsatt skatt og utsatt skattefordel er ikke presentert i balansen av forsiktighetshensyn.

**Konsernet**
Det blir ikke utarbeidet eget konsernregnskap for Reichhold Norway AS, da selskapet inngår i konsernregnskapet til Cooperatie Reichhold Holdings Netherlands U.A. , Lichtenauerlaan 102-120, 3062 ME Rotterdam, The Netherlands. Konsernregnskapet kan fåes ved henvendelse til denne adresse.

Reichhold Norway AS

## Note 2 Godtgjørelser

Godtgjørelse til KPMG AS inklusive mva fordeler seg slik:

| | 2017 | 2016 |
|---|---|---|
| Lovpålagt revisjon | 38 | 52 |
| Skatterådgivning | 0 | 10 |
| Andre tjenester | 11 | 0 |

Det er ikke utbetalt styrehonorarer.
Det er ingen ansatte i selskapet.

## Note 3 Investering i datterselskap

| Selskap | Anskaffelses-tidspunkt | Forretningskontor | Stemme og eierandel | Egenkapital 31.12.2017 | Resultat 2017 |
|---|---|---|---|---|---|
| Reichhold AS | 11.07.1997 | Sandefjord | 100 % | 216 094 | 10 669 |
| Reichhold Danmark AS | 01.09.1997 | København | 100 % | -44 057 | 3 332 |
| Reichhold GmbH | 01.09.1997 | Hamburg | 100 % | -27 741 | 6 215 |
| Reichhold BV | 01.09.1997 | Rotterdam | 100 % | 7 065 | -994 |

## Note 4 Aksjekapital og aksjonærinformasjon

Aksjekapitalen i selskapet pr 31.12.2017 består av en aksjeklasse:

| | Antall | Pålydende | Bokført verdi |
|---|---|---|---|
| Ordinære aksjer | 228 762 | 1 000 | 228 762 |
| **Sum aksjer** | **228 762** | | **228 762** |

**Eierstruktur**
Samtlige aksjer eies av Reichhold Holdings International BV, Nederland. Det eksisterer ingen bestemmelser i vedtektene om begrensninger i stemmerett. Hver aksje teller en stemme.

## Note 5 Egenkapital

| | Aksjekapital | Overkurs | Annen EK | Sum |
|---|---|---|---|---|
| **Egenkapital 1. jan** | **228 762** | **38 033** | **3 864** | **270 660** |
| Årets endring | | | | 0 |
| Årets resultat | | | -783 | -783 |
| **Egenkapital 31. des** | **228 762** | **38 033** | **3 082** | **269 877** |

Reichhold Norway AS

## Note 6 Skatt

| **Årets skattekostnad** | **2017** | **2016** |
|---|---|---|
| Resultatført skatt på ordinært resultat: | | |
| Betalbar skatt | 0 | 0 |
| Endring i utsatt skattefordel | 0 | 0 |
| **Skattekostnad ordinært resultat** | **0** | **0** |
| | | |
| Skattepliktig inntekt: | | |
| Ordinært resultat før skatt | -783 | 57 |
| Permanente forskjeller | 0 | 0 |
| Endring i midlertidige forskjeller | -3 | 16 |
| Anvendelse av fremførbart underskudd | 0 | -73 |
| **Skattepliktig inntekt** | **-786** | **0** |
| | | |
| Betalbar skatt i balansen: | | |
| Betalbar skatt på årets resultat | 0 | 0 |
| **Sum betalbar skatt i balansen** | **0** | **0** |

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:

| | **2017** | **2016** | **Endring** |
|---|---|---|---|
| Andre forskjeller | -39 | -42 | -3 |
| **Sum** | **-39** | **-42** | **-3** |
| | | | |
| Akkumulert fremførbart underskudd | -10 322 | -9 536 | 786 |
| Ubenyttet utbyttegodtgjørelse | -21 358 | -20 468 | 890 |
| Inngår ikke i beregningen av utsatt skatt | 31 719 | 30 046 | -1 673 |
| **Grunnlag for beregning av utsatt skatt** | **0** | **0** | **0** |
| | | | |
| **Utsatt skattefordel (23 % / 24 %)** | **0** | **0** | **0** |
| Effekt av endring av skattesats | | | |

I henhold til god regnskapsskikk balanseføres ikke utsatt skattefordel.

Reichhold Norway AS

## Note 7 Konsernmellomværende

| | 2017 | 2016 |
|---|---|---|
| Andel konsernkontosystem | 12 473 | 13 077 |

# Årsberetning / *Management Report 2017*

### Virksomhetens art

Reichhold Norway AS er et holdingselskap hvis datterselskap med underliggende selskaper utvikler, produserer og selger umettet polyester, gelcoat og relaterte produkter til kompositt industrien i Europa og Midtøsten. Konsernet har et produksjonsanlegg i Fredrikstad i Norge som ivaretas av konsernselskapet Reichhold AS. Selskapet har forretningsadresse i Sandefjord.

### *Principal activity*

*Reichhold Norway AS is a holding company with subsidiaries that develop, manufacture and sell unsaturated polyester resins and gelcoats to the composite industry in Europe and the Middle East. The group has a production site in Fredrikstad, Norway which is managed by the subsidiary Reichhold AS. The company's business address is Sandefjord.*

### Redegjørelse for årsregnskapet

Årsoppgjøret er avlagt under forutsetning om fortsatt drift. Til grunn for antagelsen ligger resultatprognoser for år 2018 og konsernets langsiktige strategi.

Det blir ikke utarbeidet eget konsernregnskap for Reichhold Norway AS, da selskapet inngår i konsernregnskapet til Coöperatie Reichhold Holdings U.A., Nederland.

Selskapets årsresultat i 2017 ble TNOK -783 mot TNOK 57 i 2016. Resultatet består hovedsakelig av renter og urealisert agio på bankmidler. Totalkapitalen utgjorde ved årets utgang TNOK 269,978 mot TNOK 270,718 i 2016. Egenkapitalandelen var 99.9%, uendret fra 2016. Kontantstrøm fra operasjonell drift ble TNOK -756 mot TNOK 72 i 2016. Likviditetsrisiko anses lav og siden selskapet ikke driver egen virksomhet eksisterer ingen eksponering mot kredittrisiko.

Etter styrets oppfatning gir årsregnskapet en rettvisende oversikt over utvikling og resultat av foretakets virksomhet og dets stilling pr. 31.12.2017. Det har ikke inntruffet forhold av vesentlig betydning for stilling og resultat etter regnskapsårets slutt.

### *The accounts*

*The annual accounts are made based on the assumption of continued operations. The basis for the assumption is the budget for 2018 and the group's long term strategy.*

*Reichhold Norway AS does not prepare group accounts since the company is included in the consolidated financial statements of Coöperatie Reichhold Holdings U.A., The Netherlands.*

*The year 2017 resulted in a loss of TNOK -783 against TNOK 57 in 2016. The loss is mainly unrealized gain on bank funds. Total capital at year end was TNOK 269,978 against TNOK 270,718 in 2016. The equity ratio was 99.9 %, unchanged from 2016. Cash flow from operating activities was TNOK -756 against TNOK 72 in 2016. The liquidiy risk is considered to be low and the company is not exposed to credit risk.*

*In the opinion of the board, the annual accounts present fairly the company's development and position as of 31 December 2017. No events have occurred after the balance sheet date to this date, which would materially influence the evaluation of this management report.*

### Personale

Selskapet har ingen ansatte. Konsernet har som målsetning å være en arbeidsplass der det råder full likestilling og hvor alle har samme muligheter uavhengig av kultur og etnisk bakgrunn.

### *Personell*

*The company has no employees. The Group aims to be a workplace with equal opportunities across cultural, ethnic and gender divides.*

### Miljørapportering

Selskapet forurenser ikke det ytre miljø, men konsernets produksjonsanlegg i Norge er konsesjonsbelagt når det gjelder utslipp til vann og luft. Dette er nærmere omtalt i årsberetningen til Reichhold AS.

### *Environmental reporting*

*The company does not pollute the environment. The company's subsidiary with production site in Norway is subject to licenses regarding industrial effluents into water and air. This is further mentioned in the management report of Reichhold AS.*

### Fremtidig utvikling

Det europeiske komposittmarkedet viste en moderat vekst i 2017 som har fortsatt inn i 2018.

Selskapet risiko er i hovedsak knyttet til utviklingen i dattersselskapene.

I mai 2017 fullførte Reichhold konsernet en fusjon med Polynt Group. Det nye konsernet Polynt-Reichhold Group er et globalt selskap innen Intermediates, Coating og Composite Resins, Thermoset Compounds, Gel-coats og nisjespesialiteter. Black Diamond Capital Management, LLC og Investindustrial er likeverdige investorer i den nye gruppen.

Som en del av fusjonen er det foretatt en omorganisering i den norske delen av virksomheten. Fra 1. november 2017 vil Reichhold fortsatt produsere sine produkter ved sitt anlegg i Fredrikstad, men alt salg ut til eksterne kunder vil gå gjennom det nyopprettede selskapet Polynt Composites Norway AS. Selskapet består av tidligere ansatte fra Reichhold AS. Reichhold sin forskningsavdeling og administrasjon er også flyttet over til Polynt Composites Norway AS slik at Reichhold AS er et rendyrket produksjonsselskap.

### *Development in activities and finances*

*The European Composites market showed a moderate growth in 2017 which has continued into 2018.*

*The company's risk is mainly related to the development of the subsidiaries.*

*In May 2017, The Reichhold Group completed a business combination with the Polynt Group. The new Polynt-Reichhold Group is a global company in teh Intermediates, Coating and Composite Resins, Theermoset Compounds, Gel-coats and niche Specialties with more than €2 billion in revenues. Black Diamond Capital Management, LLC and Investindustrial are equal investors in the new Group.*

*As part of the merger, a reorganization has been undertaken in the Norwegian part of the business. From 1. November 2017, Reichhold will continue to manufacture its products at its facility in Fredrikstad, but all sales to external customers will go through the newly created company Polynt Composties Norway AS. The company consists of former employees of Reichhold AS. Reichhold's research department and administration have also moved to Polynt Composites Norway AS, so Reichhold AS is a unmitigated production company.*

### Disponering av resultat

Styret i Reichhold Norway AS foreslår følgende disponering av årsresultatet på NOK -782 603:

Overført fra annen egenkapital: NOK 782 603

### *Allocation of the result*

The Board in Reichhold Norway AS proposes the following distribution of the year-end result of NOK -782 603:

Transferred from retained earnings: NOK 782 603

Sandefjord, 29. juni 2018 / *June 29 2018*

Egil Holtmon

Egil Holtmon
Styrets leder/*Chairman*

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Til generalforsamlingen i Reichhold Norway AS

# Uavhengig revisors beretning

## Uttalelse om revisjonen av årsregnskapet

### Konklusjon

Vi har revidert Reichhold Norway AS' årsregnskap som viser et underskudd på kr 783.000. Årsregnskapet består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2017, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

### Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

KPMG

*Revisors beretning - 2017*
*Reichhold Norway AS*

## Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av tap er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Sandefjord 2. juli 2018
KPMG AS

Thomas Sørhaug

John Thomas Sørhaug
*Statsautorisert revisor*

# Coöperatie Reichhold Holdings Netherlands U.A.

Annual report for the year ended December 31, 2017

# Contents

## Annual report

# Director's report

The Board of Directors of the company hereby presents its director's report for the financial year ended on 31 December 2017. The results presented in this director's report reflect the consolidated accounts of Coöperatie Reichhold Holdings Netherlands U.A. ("Dutch Coop"). Unless otherwise indicated or required by the context, as used in this report, the terms "we," "us," "our," "the Company" or "Reichhold" refer to Dutch Coop.

## General information

Coöperatie Reichhold Holdings Netherlands U.A. ("Dutch Coop"), was incorporated on February 25, 2015 in Rotterdam, The Netherlands. Dutch Coop is a private limited liability company under Dutch law and is listed under number 854940315 in the Trade Register. Dutch Coop is a holding company that owns a group of legal entities operating with the trade name "Reichhold". Prior to May 17, 2017, the Dutch Coop was 99% owned by Reichhold Cayman, LP ("Cayco 1") and 1% owned by Reichhold Cayman, Ltd. ("Cayco 2"). Both Cayco 1 and Cayco 2 ("Caycos") are domiciled in the Cayman Islands and are owned by 23 different investment funds. Investment funds comprising 93% of the ownership of Caycos are managed by three investment managers: Black Diamond Capital Management ("Black Diamond"), JP Morgan Asset Management and Simplon.

All wholly owned and majority-owned subsidiaries of Dutch Coop are consolidated herein. References to "the Company" or to "Reichhold" in this report are used to refer to the consolidated accounts of Dutch Coop.

On May 17, 2017, the Company completed a business combination with the Polynt Group ("Polynt"). Prior to the combination, Polynt was wholly owned by funds managed by Investindustrial. Black Diamond funds and Investindustrial funds are equal investors in the newly combined company (the "Polynt/Reichhold Group" or the "Group") and, collectively, majority stakeholders. To effect the merger, Caycos transferred their ownership in Dutch Coop to Speciality Chemicals International Ltd. ("SCIL"), a company incorporated in England, in exchange for ordinary shares of SCIL. SCIL indirectly owns Dutch Coop as well as all Polynt companies. SCIL is ultimately 91% owned by funds managed by Black Diamond and Investindustrial, with the remaining 9% being ultimately owned by the other investors in Caycos (i.e., those besides Black Diamond). In connection with the May 17, 2017 merger, the Company received capital contributions totalling USD 80,242, of which USD 66,068 was in the form of cancelled obligations under the Dutch NPA and US NPA and USD 14,174 was in cash.

The Company is a diversified manufacturer of chemical resins with operations in North America, South America, Europe, the Middle East and Asia. The Company's products are intermediate chemicals sold to a broad base of customers primarily for industrial purposes. Many of the Company's chemical raw materials are commodity items subject to fluctuations in cost, which the Company may or may not be able to pass along to its customers. A substantial majority of net sales are to customers located in the United

States of America ("U.S."), Canada, Europe, Asia, Brazil and Mexico. The Polynt/Reichhold Group's worldwide headquarters are located in Scanzorosciate, Italy.

We derive our revenue from our two principal product lines: composites and coatings. Composites sales are sales of unsaturated polyester and other resins, gelcoats and bonding pastes, and coatings sales are sales of resins and other polymers for coatings and graphic arts applications. The composites business represented 76% and the coatings business represented 24% of our net sales for the year ended December 31, 2017.

Our composites products are used in such applications as marine manufacturing, tub and shower components, energy windmill blades, solid surface applications, pipe manufacturing and automotive manufacturing.

Coatings revenue is derived from a mixture of different chemistries including alkyd resins, acrylic resins, epoxy resins, polyester resins and urethanes.

Our cost of goods sold includes raw material costs, outbound freight expense and manufacturing costs. The cost to procure raw materials that we use in producing our finished goods is by far the largest component of our cost of goods sold. During the year ended December 31, 2017, raw materials accounted for 81% (2016: 79%) of cost of goods sold, manufacturing costs represented 14% (2016: 16%) of cost of goods sold and outbound freight represented 5% (2016: 5%) of cost of goods sold.

## Financial information

The accompanying financial statements are for the year ended 31 December 2017. The comparative figures represent the year ended 31 December 2016.

Financial performance 2017

For the year ended 31 December 2017, the Company reported net sales of $926.8 million (2016: $872.3 million), operating profit of $34.8 million and net income of $7.8 million (2016: operating profit of $44.0 million and net loss of $4.4 million).

Net cash used in operations during 2017 was $5.5 million (2016: $35.5 million), and the Company enjoyed ample liquidity throughout the year. Net working capital as of December 31, 2017 was $168.8 million (2016: $201.0 million), including cash and cash equivalents of $39.4 million (2016: $85.7 million). The solvency ratio (equity divided by total assets) as at the balance sheet date is 0.37 (2016: 0.15). Management believes that, based on current levels of operations and anticipated growth and economic recovery, cash flows from operations, together with our existing cash balances and availability under existing lines of credit, are adequate for at least the next two years to make required payments on our indebtedness, to fund anticipated capital expenditures and to satisfy our working capital requirements.

Dutch Note Purchase and Guaranty Agreement

On 31 March 2015, one of the Company's Dutch subsidiaries entered an Amended and Restated Note Purchase and Guaranty Agreement ("Dutch NPA") providing for the amendment and restatement of outstanding senior secured notes ("A&R Notes") totalling USD 90,599 and the issuance of new senior secured notes ("New Notes") totalling USD 54,086 which were funded on 1 April 2015 with an original issue discount

("OID") of 6%. The holders of the A&R Notes and the New Notes consisted of various investment funds that became owners of the Company on 1 April 2015. The A&R Notes bore interest at 12%, payable quarterly, but gave the Company the option to pay up to 6% interest by issuing additional notes ("PIK"). The New Notes bore interest at 15%, payable quarterly, with the option to PIK up to 7% interest. Both the A&R Notes and the New Notes, as amended, had a maturity date of 31 March 2018, but the notes were either converted to equity or paid off in full on May 17, 2017 in connection with the merger described in the General notes. The A&R Notes required the payment of an exit fee equal to 6% of the face value of the outstanding principal balance of the notes, exclusive of PIK interest, upon repayment of the notes. The Dutch NPA contained customary covenants, including provisions restricting the granting of liens, asset dispositions, investments, indebtedness, transactions with affiliates, dividends, distributions and capital expenditures. Additionally, the Dutch NPA contained covenants regarding the provision of financial and other information. As of 31 December 2016, the Company was in compliance with these debt covenants.

US Note Purchase and Guaranty Agreement

Also on 31 March 2015, the Company's two US subsidiaries entered an Amended and Restated Note Purchase and Guaranty Agreement ("US NPA") providing for the amendment and restatement of outstanding senior secured notes ("US Notes") totalling USD 53,192 which were assumed in the Acquisition. The holders of the US Notes consisted of various investment funds that became owners of the Company on 1 April 2015. The US Notes bore interest at 12%, payable quarterly. The US Notes, as amended, had a maturity date of 31 March 2018, but the US notes were either converted to equity or paid off in full on May 17, 2017 in connection with the merger described in the General notes. The US NPA contained covenants very similar to those in the Dutch NPA. The Company was in compliance with the US NPA covenants as of 31 December 2016.

GSO USD Loans

On May 17, 2017, in connection with the merger described in the General notes, several companies in the new Group, including two of the Company's subsidiaries, entered a Facility Agreement with various financial institutions, of which some are managed by GSO, and all of which were unrelated to the Company. The Facility Agreement provided for the issuance of US dollar loans to the Group totalling USD 199,226 and for the issuance of Euro loans totalling EUR 229,837. The Company's subsidiaries borrowed US dollar loans totalling USD 109,464, and the remaining loans were borrowed by its affiliates. The GSO USD Loans bear interest at a rate equal to the 3-Month LIBOR, subject to a 1.0% floor, plus a margin, with interest payable quarterly. The GSO USD Loans mature on 15 May 2024, with annual mandatory prepayments equal to a portion of excess cash flow, as defined in the Facility Agreement, beginning in 2019. Additionally, voluntary prepayments are allowed provided that all loans outstanding under the Facility Agreement are prepaid on a pro rata basis. In October 2017 the Group elected to prepay a portion of its Facility Agreement loans and the Company prepaid principal totalling USD 563. Additionally, one of the Company's US affiliates, Polynt Composites USA Inc., prepaid principal totalling USD 8,601 plus accrued interest of USD 68 on the Company's behalf and entered into a loan agreement with the Company for that amount on October 31, 2017 (see below). The other borrowers under the Facility Agreement also made prepayments in October such that the Group's total remaining Facility Agreement borrowings outstanding as of 31 December 2017 was USD 182,547 and EUR 210,595. All borrowings under the Facility Agreement are guaranteed by most of the Company's subsidiaries and are secured by the equity and certain assets of those subsidiaries. The Facility Agreement contains customary affirmative and negative covenants. As of December 31, 2017, the Group was in compliance with all covenants of the Facility Agreement.

Loan Payable to US Affiliate

In connection with the GSO USD Loan prepayment described above, one of the Company's Dutch subsidiaries entered into a loan agreement with Polynt Composites USA Inc. on 31 October 2017. Under the terms of the loan agreement, the Company borrowed USD 8,669 with a repayment date of 29 September 2022, but early prepayments are allowed. The loan bears interest at a rate equal to 1-year LIBOR plus a margin, with interest payable annually on October 16 of each year.

China Working Capital Loan

On 31 October 2014, one of the Company's Chinese subsidiaries entered into a working capital loan contract with a Chinese bank. The working capital loan was paid off in full on its maturity date of 30 October 2017. The variable interest rate on the loan was 6.18% at December 31, 2016 and the loan was secured by the property, plant and equipment in Tianjin, China.

Revolving Credit Facility

In connection with the May 17, 2017 merger and refinancing, the Company and several of its affiliates entered into a Super Senior Revolving Facility Agreement with various financial institutions unrelated to the Company providing for a Revolving Credit Facility ("RCF") in the amount of EUR 60,000. The RCF is a multicurrency facility available both as loans and letters of credit. The Company's outstanding borrowings as of December 31, 2017 are all denominated in USD. Total RCF borrowings by the Company and its affiliates outstanding at December 31, 2017 amounted to EUR 28,150. Interest on the RCF borrowings accrues at a rate equal to the relevant LIBOR plus a margin. The RCF terminates on May 17, 2023. All borrowings under the RCF are guaranteed by most of the Company's subsidiaries and are secured by the equity and certain assets of those subsidiaries. The RCF contains customary affirmative and negative covenants. The RCF also contains a "springing" financial covenant requiring the consolidated Group to maintain a net leverage ratio of super senior indebtedness to EBITDA, as defined in the RCF agreement, of 0.75:1 or less. The springing financial covenant is tested only when the aggregate amount of all outstanding loans at the end of the relevant quarter is equal or greater than 35% of the total amount of commitments under the facility and any breach would act as a drawstop to new borrowings only. As of December 31, 2017, the Group was in compliance with all covenants of the RCF.

Significant risks and uncertainties

Management has identified the following factors which could present significant risks or uncertainties for the Company:

- exposure to fluctuations in the supply and price of raw materials or energy;
- our failure to develop new products and production technologies on a timely basis;
- our failure to protect our intellectual property rights and if third parties claim that we are in violation of their intellectual property rights;
- a spill, fire, natural disaster or other catastrophe or unscheduled downtime at one of our manufacturing facilities;
- industry trends, including changes in buying, inventory and other business practices by customers;
- our substantial indebtedness;
- our future profitability;
- an increase in competition within the markets in which we operate;
- changes in general or regional economic conditions;
- changes in international political or economic conditions;
- our relationships with our employees;
- the impact of current and future laws, particularly environmental laws and laws regulating hazardous materials;
- our environmental, health and safety obligations;
- changes in pension fund investment performance, assumption, legislation or regulatory action regarding the underfunding of our pension plans;
- our ability to maintain effective internal controls;
- volatility in currency exchange rates; and
- adverse outcomes from on-going or future litigation

To manage these risks, the Company has extensive operating policies in place, and adherence to these policies is required. The Company also maintains insurance to cover potential losses above what management views as a tolerable level. Management believes that the Company's internal controls are adequate to prevent material misstatement of its reported financial results.

## Financial and non-financial performance indicators

The Company uses a variety of non-financial performance indicators, particularly those measuring safety, productivity and environmental stewardship. Management also relies on a number of financial performance indicators, with sales volume, contribution margin, per-unit costs and earnings before interest, taxes, depreciation and amortization ("EBITDA") being the most critical.

## Environmental and personnel-related information

As a member of the chemical industry, the Company faces significant exposure from actual and potential claims and lawsuits involving environmental, product liability and health and safety matters, some of which involve substantial amounts. The effect of the final resolution of environmental matters and the Company's obligations for environmental remediation and compliance could change significantly due to the uncertainty concerning both the amount and timing of future expenditures and due to regulatory or technological changes. Although the Company believes that its provisions are adequate, there can be no assurance that the amount of capital expenditures and other expenses, which will be required relating to remedial actions and compliance with applicable environmental laws, will not exceed the amounts reflected in its provisions or will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Many of the Company's employees are members of collective bargaining units. The Company has generally maintained good relationships with its employees and the collective bargaining units to which they belong.

## Information regarding financial instruments

The Company is exposed to the following risks arising from the use of financial instruments:

— Credit risk resulting from both normal trading transactions with customers and financing activities

— Liquidity risk that the Company will encounter difficulty in meeting its obligations associated with it financial liabilities

— Market risk related to interest and foreign exchange rates as the Company operates in countries with different currencies and uses financial instruments that accrue interest.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environmental in which all employees understand their roles and responsibilities.

With respect to its trade and other receivables, the Company's exposure to credit risk is primarily influenced by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. Management's review includes external ratings, if they are available, financial statement review, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed at least annually. Most of the Company's customers have been transacting with the Company for more than five years.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of its subsidiaries. The functional currencies of the Company's subsidiaries are primarily the U.S. dollar, Euro, Brazilian real, British pound, Mexican peso, Canadian dollar, Norwegian krone and Czech koruna. Generally, borrowings are denominated in the functional currency of the borrower. This provides an economic hedge without the use of derivatives. With respect to other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The Company does not use derivative to manage its foreign currency exposure. Financial instruments are only used to mitigate to risks and not for speculation purposes

Most of the Company's interest-bearing financial liabilities carry fixed interest rates. The Company does not account for any of its financial liabilities at fair value through profit or loss, and the Company does not use derivatives to manage its interest rate exposure.

## Research and development information

The Company conducts research and development related to the development of new products and processes, as well as improvements of existing products and processes. The Company's research and development work is primarily conducted at its five technology centers located in the United States, Norway, Brazil, Mexico and China.

## Information regarding social aspects of operating the business

The Company is committed to being the preferred and responsible supplier of both conventional and speciality products to an increasingly diverse group of global customers. To serve these global customers, the Company has expanded into rapidly growing markets.

The Company is dedicated to providing customers with the most innovative, highest quality value-added products and services possible. This is achieved by offering the broadest global manufacturing presence. With technical and research facilities located around the world, innovation is combined with manufacturing facilities and a sales and distribution network that is far reaching.

Reichhold's treatment of customers, suppliers and employees should illustrate the company's belief in these simple values:

- Operate Ethically and Legally

Ensuring that a company and its representatives operate in a legal and ethical fashion should be a given value, but we choose to highlight the importance of both in an era when some companies try to draw sharp distinctions between what is legal and what is ethical.

Reichhold does not tolerate unethical or illegal conduct by its employees. We put ethics ahead of short-term financial gains, which we believe will create loyalty when customers are treated fairly and equitably.

- Create Value for Our Customers

Reichhold achieves success only when our customers succeed. We strive to create value for customers through innovative products, unmatched customer service and value-added services which all combine to give our customers the tools they need for success in the markets they serve.

## Information concerning application of code of conduct

The Company maintains a code of conduct and a Foreign Corrupt Practices policy and requires compliance with these policies by all employees. Employees in positions of significant influence are required to undergo training on the Foreign Corrupt Practices Act.

## Information on unbalanced male/female ratio in board of management and supervisory board

The Company currently has only one member on its board of directors. This board member is a male. While the Company desires to have a more gender-balanced board, careful consideration is given to ensure that its board members are qualified, with a preference for Dutch residents.

The Company does not have a Supervisory Board.

## Outlook

Management expects its business to be stable in 2018, with a financial and operating performance comparable to that of 2017. The integration of the Company's business with that of Polynt is going well and resulting synergies are expected to have a favourable impact on the Company's performance in future years.

## Subsequent events

*Lender Assignment of USD Loans to Related Party*

In January 2018, the holder of 45% of the Company's outstanding USD Loans assigned its interest in such loans to eight funds which are managed by Black Diamond.

Rotterdam, the Netherlands

June 30, 2018

The Board of Directors:

Gerheij M. Verheij

# Consolidated balance sheet as at 31 December 2017

*(before profit appropriation)*

| | | **31 December 2017** | | 31 December 2016 | |
|---|---|---|---|---|---|
| | | **USD** | **USD** | USD | USD |
| **Fixed assets** | | | | | |
| Intangible fixed assets | *1* | **9,504** | | 10,194 | |
| Tangible fixed assets | *2* | **94,134** | | 89,711 | |
| Financial fixed assets | *3* | **28,456** | | 12,336 | |
| | | | **132,094** | | 112,241 |
| **Current assets** | | | | | |
| Inventories | *4* | **78,723** | | 68,044 | |
| Trade receivables and prepayments | *5* | **182,177** | | 154,980 | |
| Cash and cash equivalents | *6* | **39,439** | | 85,675 | |
| | | | **300,339** | | 308,699 |
| | | | **432,433** | | 420,940 |
| **Group equity** | *7* | | | | |
| Shareholders' equity | | **160,431** | | 62,145 | |
| Minority interests | | **-** | | - | |
| | | | **160,431** | | 62,145 |
| **Provisions** | *8* | | **39,903** | | 40,309 |
| **Long-term liabilities** | *9* | | **100,590** | | 1,274 |
| **Current liabilities** | *10* | | **131,509** | | 317,212 |
| | | | **432,433** | | 420,940 |

# Consolidated profit and loss account 2017

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | **USD** | **USD** | USD | USD |
| **Net turnover** | *13* | **926,814** | | 872,259 | |
| Cost of sales | | **(801,757)** | | (741,535) | |
| **Gross margin on turnover** | | | **125,057** | | 130,724 |
| Selling, general and administrative expenses | | **(66,021)** | | (76,331) | |
| Research and development expenses | | **(5,329)** | | (5,533) | |
| Restructuring costs | | **(18,882)** | | (4,832) | |
| **Total operating expenses** | | | **(90,232)** | | (86,696) |
| **Net result on turnover** | | | **34,825** | | 44,028 |
| Interest receivable and similar income | *15* | **3,329** | | 2,551 | |
| Interest payable and similar charges | *15* | **(23,218)** | | (40,559) | |
| Loss on sale of investments | *15* | **-** | | (1,071) | |
| | | | **(19,889)** | | (39,079) |
| **Result before tax** | | | **14,936** | | 4,949 |
| Tax on result | *16* | **(7,132)** | | (9,126) | |
| | | | **(7,132)** | | (9,126) |
| **Result after tax** | | | **7,804** | | (4,177) |
| Minority interests | | | **-** | | 268 |
| **Net result** | | | **7,804** | | (4,445) |

# Consolidated statement of comprehensive income 2017

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | USD | USD | USD | USD |
| **Net result** | 7,804 | | (4,445) | |
| Re-measurement of defined benefit obligation | 1,758 | | (1,837) | |
| Translation differences on foreign operations | 9,352 | | (2,278) | |
| **Total of items recognised directly in shareholders' equity** | | 11,110 | | (4,115) |
| **Total result** | | 18,914 | | (8,560) |

# Consolidated cash flow statement 2017

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | **USD** | **USD** | USD | USD |
| **Result after tax** | | | **7,804** | | (4,177) |
| Adjusted for: | | | | | |
| — Depreciation/amortisation | *1,2* | **7,821** | | 6,919 | |
| — Change in provisions for doubtful accounts | | **(367)** | | 531 | |
| — Loss on sale of assets | | **7,303** | | - | |
| — Loss on sale of joint venture interest | *15* | **-** | | 1,071 | |
| — Loss on asset impairments | *1,2* | **1,287** | | 588 | |
| — Changes in provisions and employee benefits obligations | *8* | **(2,685)** | | (1,587) | |
| — Changes in working capital | *4,5,10* | **(27,633)** | | 7,170 | |
| — Net finance costs | *15* | **19,889** | | 38,008 | |
| — Tax expense | *16* | **7,132** | | 9,126 | |
| Cash flow from business operations | | **20,551** | | 57,649 | |
| Interest received | | **2,985** | | 2,551 | |
| Interest paid | | **(16,683)** | | (18,146) | |
| Income taxes paid | | **(11,378)** | | (6,592) | |
| **Cash flow from operating activities** | | | **(4,525)** | | 35,462 |
| — Tangible fixed assets | *2* | **(15,060)** | | (12,194) | |
| — Cash of Reichhold Turkey, net proceeds received from sale | *15* | **-** | | (1,609) | |
| — Change in loans receivable | | **(1,775)** | | 3,700 | |
| Other | | **(2)** | | - | |
| Change in restricted cash balance | | **511** | | (388) | |
| **Cash flow from investing activities** | | | **(16,326)** | | (10,491) |
| Proceeds from short-term borrowings | *9* | **64,529** | | 10,587 | |
| Repayments of short-term borrowings | *9* | **(40,260)** | | (15,311) | |
| Proceeds from issuance of long-term debt | *9* | **109,464** | | - | |
| Repayment of long-term debt | *9* | **(163,291)** | | (4,513) | |
| Capital contribution from shareholders | | **14,174** | | - | |

| | | | | | |
|---|---|---|---|---|---|
| Expenses paid on behalf of shareholder | *17* | **-** | | (7,867) | |
| Debt issuance costs paid | *9* | **(11,169)** | | (274) | |
| **Cash flows from financing activities** | | | **(26,553)** | | (17,378) |
| **Net cash flow** | | | **(47,404)** | | 7,593 |
| Exchange rate and translation differences on cash and cash equivalents | | | **1,168** | | (4,600) |
| **Changes in cash and cash equivalents** | | | **(46,236)** | | 2,993 |

# Notes to the 2017 consolidated financial statements

## General

### Reporting entity and relationship with parent company (companies)

Coöperatie Reichhold Holdings Netherlands U.A. (“Dutch Coop”), was incorporated on February 25, 2015 in Rotterdam, The Netherlands. Dutch Coop is a private limited liability company under Dutch law and is listed under number 854940315 in the Trade Register. Dutch Coop is a holding company that owns a group of legal entities operating with the trade name “Reichhold”. Prior to May 17, 2017, the Dutch Coop was 99% owned by Reichhold Cayman, LP (“Cayco 1”) and 1% owned by Reichhold Cayman, Ltd. (“Cayco 2”). Both Cayco 1 and Cayco 2 (“Caycos”) are domiciled in the Cayman Islands and are owned by 23 different investment funds. Investment funds comprising 93% of the ownership of Caycos are managed by three investment managers: Black Diamond Capital Management (“Black Diamond”), JP Morgan Asset Management and Simplon.

All wholly owned and majority-owned subsidiaries of Dutch Coop are consolidated herein. References to “the Company” or to “Reichhold” in this report are used to refer to the consolidated accounts of Dutch Coop.

On May 17, 2017, the Company completed a business combination with the Polynt Group (“Polynt”). Prior to the combination, Polynt was wholly owned by funds managed by Investindustrial. Black Diamond funds and Investindustrial funds are equal investors in the newly combined company (the “Polynt/Reichhold Group”) and, collectively, majority stakeholders. To effect the merger, Caycos transferred their ownership in Dutch Coop to Speciality Chemicals International Ltd. (“SCIL”), a company incorporated in England, in exchange for ordinary shares of SCIL. SCIL indirectly owns Dutch Coop as well as all Polynt companies. SCIL is ultimately 91% owned by funds managed by Black Diamond and Investindustrial, with the remaining 9% being ultimately owned by the other investors in Caycos (i.e., those besides Black Diamond). In connection with the May 17, 2017 merger, the Company received capital contributions totalling USD 80,242, of which USD 66,068 was in the form of cancelled obligations under the Dutch NPA and US NPA and USD 14,174 was in cash.

The Company is a diversified manufacturer of chemical resins with operations in North America, South America, Europe, the Middle East and Asia. The Company’s products are intermediate chemicals sold to a broad base of customers primarily for industrial purposes. Many of the Company’s chemical raw materials are commodity items subject to fluctuations in cost, which the Company may or may not be able to pass along to its customers. A substantial majority of net sales are to customers located in the United States of America (“U.S.”), Canada, Europe, Asia, Brazil and Mexico. The Polynt/Reichhold Group’s worldwide headquarters are located in Scanzorosciate, Italy.

### Financial Reporting period

These financial statements cover the year 2017, which ended at the balance sheet date of 31 December 2017. The comparative figures represent the year ended 31 December 2016.

### Basis of preparation

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The accounting policies applied for measuring assets and liabilities and the determination of result are based on the historical cost convention, unless otherwise stated in the further principles.

### Application of Section 402, Book 2 of the Netherlands Civil Code

The financial information of the company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account of the company exclusively states the share of the result of participating interests after tax and the general result after tax.

### Going concern

The Company enjoyed ample liquidity throughout 2017, and its net working capital as of December 31, 2017 was $168,830. Management believes that, based on current levels of operations and anticipated growth and economic recovery, cash flows from operations, together with the existing cash balances and availability under existing lines of credit, are adequate for at least the next two years to make required payments on the Company indebtedness, to fund anticipated capital expenditures and to satisfy Company working capital requirements. As such these financial statements have been prepared on the basis of the going concern assumption.

### Events after the balance sheet date

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are prepared are recognised in the financial statements.

# Accounting policies

## General

The figures for 2016 have been reclassified where/if necessary in order to make them comparable to current year's presentation. It concerns the following reclassifications:

- Obligations, primarily related to asset retirements, in the amount of $0.6 million reclassified from long term liabilities to provisions;
- Prepaid land use rights in the amount of $2.8 million reclassified from financial fixed assets to intangible fixed assets

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably.

An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability.

An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognized when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

The financial statements are presented in U.S. dollars, the company's functional currency. All financial information in USD has been rounded to the nearest thousand.

## Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumption:

— Impairment of financial assets

— Valuation of inventory

— Provisions

— Valuation of pension plan assets

— Defined benefit obligations

— Valuation of deferred income tax assets and liabilities

## Consolidation principles

### *Consolidation scope*

The consolidated financial statements include the financial data of the company, its subsidiaries in the group, other group companies and other companies over which the company can exercise control or of which it conducts the central management. Subsidiaries are participating interests in which the company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors. Group companies are participating interests in which the company has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether controlling interest exists, potential voting rights are taken into account that can be exercised in such a way that they will provide the company with more or less influence.

Interests exclusively held with the view to resale are exempted from consolidation if the intention to resale was already present at the acquisition date, resale within one year is probable and at the acquisition date (or shortly thereafter) other indicators are being met. These interests are presented as current assets, under securities (exclusively held for sale).

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

For an overview of the consolidated group companies, please refer below:

| Name | Registered Office | Ownership Interest |
|---|---|---|
| Reichhold Holdings International B.V. | Naaldwijk, The Netherlands | 100.0% |
| Reichhold Finance B.V. | Naaldwijk, The Netherlands | 100.0% |
| Reichhold B.V. | Spijkenisse, The Netherlands | 100.0% |
| Reichhold Industries Limited | Vancouver, Canada | 100.0% |
| Reichhold LLC | Wilmington, DE, U.S. | 100.0% |
| Reichhold LLC2 | Wilmington, DE, U.S. | 100.0% |
| Reichhold do Brazil | Sao Paulo, Brazil | 100.0% |
| Reichhold Resinas Sineticas Ltda. | Sao Paulo, Brazil | 100.0% |
| Reichhold Investimentos Ltda. | Sao Paulo, Brazil | 100.0% |
| Reichhold Quimica Mexico, SA de CV | Atlacomulco, Mexico | 100.0% |
| Reichhold Inc. | Panama | 100.0% |
| Reichhold Inc. (branch) | Jebel Ali Free Zone, UAE | 100.0% |
| Reichhold Holding Hong Kong Ltd. | Hong Kong | 99.9% |
| Reichhold Mauritius Ltd. | Ebene, Republic of Mauritius | 100.0% |
| Reichhold Trading (Beijing) Ltd. | Beijing, China | 100.0% |
| Reichhold Polymers (Tianjin) Ltd. | Tianjin, China | 100.0% |
| Reichhold UK Limited | Mitcham, U.K. | 100.0% |
| Reichhold AS | Sandefjord, Norway | 100.0% |
| Reichhold Norway AS | Sandefjord, Norway | 100.0% |
| Reichhold SAS | Etain, France | 100.0% |
| Reichhold France SAS | Etain, France | 100.0% |
| Reichhold Srl | Parma, Italy | 100.0% |
| Reichhold Danmark A/S | Copenhagen, Denmark | 100.0% |
| Reichhold CZ, s.r.o. | Usti nad Labem, Czech Republic | 100.0% |
| Reichhold GmbH | Hamburg, Germany | 100.0% |
| Reichhold India Private Limited | Pune, India | 100.0% |

### *Business combinations*

A business combination is a transaction whereby the group obtains control over the assets and liabilities and the activities of the acquired party.

Business combinations are accounted for using the 'purchase accounting' method on the date that control is transferred to the group (the acquisition date). The transaction price is the cash consideration or equivalent thereof agreed as part of the acquisition, or the fair value at the acquisition date of other consideration transferred. Transaction costs that are directly attributable to the business combination are also included in the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration.

The group recognises the identifiable assets and liabilities of the acquiree at the acquisition-date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the group (assets) or settlement will result in an outflow of resources embodying economic benefits (liabilities), and the cost or fair value of it can be measured with reliability.

Refer to the accounting policy under the heading Intangible fixed assets for the recognition of positive or negative goodwill resulting from a business combination.

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. Such an adjustment will also result in an adjustment to (positive or negative) goodwill with retrospective effect.

*Consolidation method*

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

In the consolidated financial statements, intragroup shareholdings, debts, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

Subsidiaries are consolidated in full, whereby the minority interest is presented separately within group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, make good the losses. The minority interest in the result is deducted from group result on a separate line item in the consolidated profit and loss account.

## Principles for the translation of foreign currency

*Transactions in foreign currencies*

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in the profit and loss account in the period in which they arise. Exempted from this are exchange differences on monetary items that are part of a net investment in a foreign operation (see below).

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost, are translated into USD at the exchange rates applying on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at current value, are converted into euros at the exchange rates at the time when the actual current value is determined. Exchange rate differences arising from the translation are directly recognised in equity as part of the revaluation reserve.

*Foreign operations*

The assets and liabilities that are part of the net investment in a foreign operation are translated into USD at the exchange rate prevailing at the balance sheet date. The revenues and expenses of such a foreign operation are translated into U.S. dollars at the exchange rate on the transaction date. Currency translation differences are recognised in the translation reserve within equity. Goodwill resulting from the acquisition of a foreign operation and fair value adjustments made at the acquisition date are translated into U.S. dollars at the exchange rate at the balance sheet date.

When a foreign operation is fully or partially sold, the corresponding cumulative amount is transferred from the translation reserve to the profit and loss account.

## Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to those of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract.

Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

*Loans granted and other receivables*

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses.

*Long-term and current liabilities and other financial commitments*

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.

*Impairment of financial assets*

A financial asset that is *not* stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. Those individually significant assets found not to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

Impairment losses below (amortised) cost of investments in equity instruments that are stated at fair value through profit or loss, are recognised directly in profit or loss.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

*Offsetting financial instruments*

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

## Intangible fixed assets

Intangible fixed assets are stated at acquisition or construction cost, less accumulated amortisation and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the profit and loss account.

The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

*Goodwill*

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Company's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses. Internally generated goodwill is not capitalised.

Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition.

The capitalised positive goodwill is amortised on a straight-line basis over the estimated useful life, determined at 5 years.

In case of a full or partial sale of a participating interest, the positive goodwill that can be allocated to the sold part is written off proportionally (in case of capitalised goodwill) or reversed (in case of goodwill charged directly against shareholders' equity) and is charged to the book result. In the latter case, a useful life of 5 years is assumed in determining the amount to be reversed.

Negative goodwill (i.e., the surplus of the interest in fair values of the identifiable assets and liabilities at the acquisition date over the cost of acquisition) is recognised as a separate accrual.

To the extent that negative goodwill relates to expected future losses and expenses that are identified in the acquisition plan and that can be determined reliably, that portion of the negative goodwill is credited to the profit and loss account when those future losses and expenses occur.

To the extent that negative goodwill relates to expected future losses and expenses that are identified in the acquisition plan and that can be determined reliably, and the expected losses and expenses are not recognised in the period in which they were expected, the portion of the negative goodwill that does not exceed the fair values of the identifiable non-monetary assets is systematically credited to the profit and loss account in proportion to the weighted average of the remaining useful life of the acquired depreciable fixed assets, and the portion that exceeds the fair values of the identifiable non-monetary assets is immediately credited to the profit and loss account.

To the extent that negative goodwill does not relate to expected future losses and expenses that can be determined reliably at the acquisition date, the portion of the negative goodwill not exceeding the fair values of the identifiable non-monetary assets is systematically credited to the profit and loss account over the weighted average useful life of the acquired amortisable assets, and the portion that exceeds the fair values of the identifiable non-monetary assets is immediately credited to the profit and loss account.

### *Prepayments on intangible fixed assets*

Prepayments on intangible fixed assets are valued at cost. Prepayments on intangible fixed assets are not amortised.

## Tangible fixed assets

Land and buildings, plant and equipment, other fixed operating assets, tangible fixed assets under construction and prepayments on tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses.

The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use.

Expenditure is only capitalised when it extends the useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Investment grants are deducted from the cost of the assets to which the grants relate.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Land, tangible fixed assets under construction and prepayments on tangible fixed assets are not depreciated. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The following useful lives are applied:

| | |
|---|---|
| — Buildings: | 10 – 40 years |
| — Leasehold improvements | shorter of the estimated useful life or the remaining term of related leases. |
| — Other fixed operating assets: | 5 – 40 years |

Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset and/or future performance units regarding the asset.

Tangible fixed assets, for which the company and its group companies possess the economic ownership under a financial lease, are capitalised. The obligation arising from the financial lease contract is recognised as a liability. The interest included in the future lease instalments is charged to the profit and loss account during the term of the finance lease contract.

Assets retired from active use are stated at the lower of book value or net realisable value.

## Financial fixed assets

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realized in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

The further accounting policies for other financial fixed assets are included under the heading Financial instruments.

## Impairments of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

— intangible assets that have not been put into use yet;

— intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

### Disposal of fixed assets

Fixed assets available for sale are stated at the lower of their carrying amount and net realisable value.

### Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes the expenses for acquisition or manufacture, plus other expenditure to bring the inventories to their present location and condition. The lower net realizable value is determined by individual assessment of the inventories.

Components of inventories that are not interchangeable are measured based on individual specific costs. Goods produced for a specific project are measured based on individual specific costs.

Raw materials and consumables are carried at the lower of cost, determined in accordance with the first-in, first-out (FIFO) principle, and market value.

Finished products are stated at cost on the basis of weighted average prices comprising cost of used raw materials and consumables and the other costs directly attributable to manufacture such as labor and manufacturing overhead.

Goods available for sale are stated at cost. The costs of purchase include the purchase price and additional expenditure, such as import duties, transport and other costs directly attributable to the acquisition of inventory.

Trade discounts, rebates and indemnities (to be) received in connection with purchasing are deducted from the costs of purchase.

### Receivables and securities

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

### Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves.

### Revaluation reserve

Increases in the value of assets that are stated at fair value are included in the revaluation reserve. An exception to this are financial instruments and other investments that are stated at current value; increases in the value of such assets are recognised directly in the profit and loss account. In addition, a revaluation reserve is established for such assets with a corresponding charge against other reserves if frequent market quotations are not available.

The revaluation reserve is established per individual asset. It is not to exceed the difference between the carrying value based on historical cost and the carrying value based on fair value. The revaluation reserve is reduced by any realised revaluation (in connection with systematic depreciation or amortisation of the asset). Decreases in the value of the asset in question other than due to systematic depreciation or amortisation are charged against the revaluation reserve.

If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves. Any related deferred tax liability, calculated at the current tax rate, is offset against the revaluation reserve.

## Minority interests

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the company's measurement principles.

If the losses attributable to the minority interest of third parties exceed the minority interest of third parties in the shareholders' equity of the consolidated companies, the difference - as well as any further losses - will be fully charged to Company, unless and insofar as the minority shareholder is committed to assume responsibility for those losses and is able to do so. If the consolidated companies once again generate profit, these profits will fully be debited to the Company, until the losses for which it has assumed responsibility have been recovered.

## Provisions

### *General*

A provision is recognised if the following applies:

— the company has a legal or constructive obligation, arising from a past event; and

— the amount can be estimated reliably;

— it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are stated at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

*Provision for restructuring costs*

A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganization. A valid expectation exists when the implementation of the reorganization has been started, or when the main elements of the plan have been announced to those for whom the reorganization will have consequences.

The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the company.

*Provision for recovery*

For costs of recovery that are caused by performing activities, a provision is built up as the activities occur. Additions to the provision are charged to the profit and loss account. The amount is the best estimate of the expenditure necessary to settle the liability.

Costs of recovery that are caused by installing the asset, are recognised by building up a provision during the useful life of the asset. Additions to the provision are charged to the profit and loss account. The amount of the provision to be built up is the best estimate of the expenditure necessary to settle the liability.

*Provision for environment*

The provision for clearance of existing environmental pollution is recognised if obliged by the legislation of the country where the pollution occurs. The provision relates to the expected amount for the clearance from the moment that it is virtually certain that such legislation will come into force.

The Company records a liability for losses associated with environmental remediation and product liability obligations when such losses are probable and reasonably estimable. The estimated losses from environmental remediation obligations generally are recognized no later than upon completion of a remedial feasibility study. The Company's environmental provisions include the costs of remedial investigation and feasibility studies, remedial and corrective actions, regulatory oversight costs and the cost of operation and maintenance of the remedial action plan. Such provisions are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Recoveries of environmental remediation and product liability costs from other parties are recorded as assets when their receipt is deemed probable unless the recovery is the subject of ongoing litigation. Due to the uncertainties inherent with legal contingencies, cost recoveries resulting from legal settlements of environmental and product liability matters are recognized when cash payment is received by the Company.

*Provision for uncertain tax positions*

The Company recognizes a provision for an uncertain income tax position when it is more likely than not that the position will not be sustained and will result in an outflow of benefits. Estimated interest and penalties associated with uncertain tax positions are reported as a component of income tax provision in the consolidated profit and loss account.

*Provision for claims, disputes and lawsuits*

A provision for claims, disputes and lawsuits is established when it is expected that the Company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

### Long-term liabilities

The valuation of long-term liabilities is explained under the heading ‘Financial instruments’.

### Current liabilities

The valuation of current liabilities is explained under the heading ‘Financial instruments’.

### Revenue recognition

*Sale of goods*

Sales are recognized at the time title and all risks of ownership transfer to the customer and when no additional performance obligations related to the products shipped to the customer exist. At such time, the following four revenue recognition criteria are met:

- persuasive evidence of an arrangement exists,
- delivery has occurred,
- the selling price is fixed or determinable
- and collectability is reasonably assured.

The price of these goods is allocated to the same period. Shipping terms vary, typically depending on industry practices common to the geographical region in which the sale is made. In the U.S. and Canada, shipping terms are generally free on board (“FOB”) shipping point. Sales originating in the Company’s USD open facilities generally have shipping terms of FOB destination. In Latin America, shipping terms of both FOB shipping point and FOB destination are used. Taxes that are collected from customers and remitted to governmental authorities are excluded from revenues.

### Cost of sales

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

### Research and Development

Research and development expenses relate to the development of new products and processes, as well as improvements of existing products and processes, and are charged to expense as incurred.

### Shipping and Handling Costs

Freight expense incurred when shipping products to customers is included as a component of cost of goods sold in the accompanying consolidated statement of profit and loss.

### Advertising Costs

Advertising costs include costs of advertising, public relations, trade shows, direct mailings and other activities designed to enhance demand for the Company's products. Advertising costs are expensed as incurred and are reported in selling, general and administrative expenses in the accompanying consolidated statement of profit and loss.

### Employee benefits/pensions

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the company.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For disability risks that are insured, a provision is recognised for the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the company. If no reliable estimate can be made of the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the entity to be paid in the future, no provision is recognised.

### *Bonus plans*

A liability is recorded for bonus plans based on relevant performance plans. The liability is recorded as such under the current liabilities.

### *Foreign pension plans*

For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the liability as at balance sheet date. As allowed by the Dutch Accounting Standards Board in RJ 271.101, the Company integrally and consistently applies the standards applicable under US GAAP to pensions and other post-retirement benefits.

### *Termination benefits*

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Company is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits are included as part of the restructuring provision. See the policy under the heading Provisions.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

## Leasing

The company may enter into financial and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

*Financial leases*

If the company acts as a lessee in a finance lease, at the inception of the lease the leased asset (and the related obligation) is accounted for in the balance sheet at fair value of the leased property or, if lower, the present value of the minimum lease payments. Both values are determined at the time of entering into the lease agreement. The interest rate used in calculating the present value is the interest rate implicit in the lease. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent measurement of the leased property are described under the heading "Tangible fixed assets". If there is no reasonable certainty that the company will obtain ownership of a leased property at the end of the lease term, the property is depreciated over the shorter of the lease term and the useful life of the property.

The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges during the lease term are allocated to each period as such that its results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recognised as an expense in the period that the conditions of payment are met.

*Operating leases*

If the company acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

## Interest receivable and similar income and interest payable and similar charges

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Premium, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortized value of the debt(s) is recognised (on balance). The amounts of the premium that are not yet recognised in the profit and loss account and the redemption premiums already recognised in the profit and loss account, are recognised as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt(s) to which they relate.

Additional costs associated with the use of more than customary supplier credit are recognised as interest expense.

Interest on debts associated with an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (qualifying assets) is included in the production cost of an asset, if the future benefits related to that asset are expected to be large enough to cover the carrying amount of that item, including the allocated interest, and the economic benefits can be determined sufficiently reliable.

The interest is calculated on the basis of the interest payable on borrowings specifically for the production, less investment income on temporary investment of the borrowings. If the production is financed by loans that cannot be attributed specifically to the production of certain assets, the interest to be capitalized is calculated by multiplying the cost of production with the weighted interest rate on those loans, taking into account the period of production. The amount of expenditure on production comprises amounts allocated to the production, net of instalments received from purchasers and government grants and similar facilities received relating to the investment in the relevant asset. The amount of interest to be capitalized is not higher than the interest due for that period.

If the amount of the expected ultimately to be capitalized cost of the qualifying asset exceeds the recoverable amount, an impairment loss is recognised.

### Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, a provision for deferred tax liabilities is recognised.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

### Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated into USD using the weighted average exchange rates at the dates of the transactions. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

### Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

— The fair value of listed financial instruments is determined on the basis of the exit price.

— The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

## 1 Intangible fixed assets

Movements in intangible fixed assets were as follows:

| | Goodwill | Computer software | Prepaid Land Use Rights | Other intangible assets | Total |
|---|---|---|---|---|---|
| | USD | USD | USD | USD | USD |
| Balance as at 1 January 2017: | | | | | |
| — Purchase price | 5,955 | 3,138 | 3,032 | 1,298 | 13,423 |
| — Accumulated amortisation and impairment | (2,084) | (736) | (246) | (163) | (3,229) |
| — Carrying amount | 3,871 | 2,402 | 2,786 | 1,135 | 10,194 |
| Changes in carrying amount: | | | | | |
| — Investments | - | 563 | - | - | 563 |
| — Dispositions | - | (7) | - | | (7) |
| — Exchange rate differences | - | 58 | 178 | 85 | 321 |
| — Amortisation | (1,191) | (249) | (30) | (97) | (1,567) |
| — Balance | (1,191) | 365 | 148 | (12) | (690) |
| Balance as at 31 December 2017: | | | | | |
| — Purchase price | 5,955 | 3,752 | 3,210 | 1,383 | 14,300 |
| — Accumulated amortisation and impairment | (3,275) | (985) | (276) | (260) | (4,796) |
| — Carrying amount | 2,680 | 2,767 | 2,934 | 1,123 | 9,504 |

The goodwill results from Dutch Coop's acquisition of Reichhold Holdings International B.V., Reichhold Industries Ltd. ("Reichhold Canada") and Reichhold LLC on April 1, 2015. The goodwill is being amortized over a useful life of 5 years.

Computer software with a carrying value of USD 2,547 as of 31 December 2017 (2016: USD 2,043) has been pledged as collateral for credit facilities.

Other intangible assets consist of trade names and technology, recognized as a result of the acquisition of Reichhold Canada. These intangible fixed assets are being amortized over a period of 14 years.

## 2 Tangible fixed assets

Movements in tangible fixed assets were as follows:

| | Land and Buildings and leasehold improvement USD | Plant and equipment USD | Prepayments and operating assets under construction USD | Total USD |
|---|---|---|---|---|
| Balance as at 1 January 2017: | | | | |
| —Purchase price | 48,919 | 48,383 | 2,772 | 100,074 |
| —Accumulated depreciation and impairment | (2,276) | (8,087) | - | (10,363) |
| —Carrying amount | 46,643 | 40,296 | 2,772 | 89,711 |
| Changes in carrying amount: | | | | |
| —Beginning balance reclassification | - | (1,130) | 1,130 | - |
| —Investments | 1,057 | 9,088 | 4,885 | 15,030 |
| —Disposals | (3,745) | (1,793) | - | (5,538) |
| —Depreciation | (1,375) | (4,879) | - | (6,254) |
| —Impairment | (326) | (961) | - | (1,287) |
| —Exchange rate differences | 1,444 | 902 | 126 | 2,472 |
| —Balance | (2,945) | 1,227 | 6,141 | 4,423 |
| Balance as at 31 December 2017: | | | | |
| —Purchase price | 46,923 | 51,975 | 8,913 | 107,811 |
| —Accumulated depreciation and impairment | (3,225) | (10,452) | - | (13,677) |
| —Carrying amount | 43,698 | 41,523 | 8,913 | 94,134 |

Buildings and leasehold improvements are subject to annual depreciation from 2.5 - 10% per year. Plant and equipment are subject to annual depreciation from 2.5 - 20%.

During 2017 management determined that certain assets totalling USD 1,130 that were reported as plant and equipment in the 2016 financial statements were in fact still under construction and not yet depreciating as of December 31, 2016, so that amount has been reclassified in the table above.

Property, plant and equipment with a carrying value of USD 76,442 as of 31 December 2017 (2016: 79,454) have been pledged as collateral for credit facilities.

## 3 Financial fixed assets

Financial fixed assets consist of following:

| | 2017 USD | 2016 USD |
|---|---|---|
| Deferred tax assets | **2,570** | 3,359 |
| Prepaid pension assets | **63** | 83 |
| Receivable due from shareholder | **11,581** | - |
| Loan due from Brazilian affiliate | **1,721** | - |
| Prepaid rent (U.S.) | **1,750** | 1,750 |
| Cash deposits | **747** | 590 |
| Recoverable VAT balances (India) | **7,108** | 4,832 |
| Other recoverable taxes (Brazil) | **2,535** | 813 |
| Other long term receivables | **381** | 909 |
| | **28,456** | **12,336** |

## Deferred tax assets

The deferred tax assets relate to the recognised unused tax loss carry-forwards and deductible temporary differences.

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

| | **2017** | | 2016 | |
|---|---|---|---|---|
| | **Gross amount USD** | **Tax effect USD** | Gross amount USD | Tax effect USD |
| Deductible temporary differences | **17,600** | **5,118** | 45,002 | 6,347 |
| Tax losses | **126,389** | **35,434** | 108,705 | 30,363 |
| | **143,989** | **40,552** | **153,707** | **36,710** |

Tax losses for which no deferred tax asset was recognized as of 31 December expire as follows:

| | **2017** | | **2016** | |
|---|---|---|---|---|
| | **Total USD** | **Expiration** | **Total USD** | **Expiration** |
| Expire | **77,059** | 2018-2026 | 72,055 | 2017-2025 |
| Never expire | **49,330** | | 36,650 | |
| | **126,389** | | 108,705 | |

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Receivable due from shareholder

During 2015-2017 the Company paid legal and professional fees related to the May 17, 2017 merger. Prior to May 2017, the Company recorded the fees as a current receivable from Cayco 1. However, in connection with the merger, the receivable for the fees was assigned from Cayco 1 to SCIL, and the Company reclassified the receivable from current assets to non-current financial fixed assets. A settlement date for the receivable has not been established.

### Loan due from Brazilian affiliate

During 2017 the Company's Brazilian subsidiary made two loans totalling BRL 5,700 to a Polynt affiliate in Brazil. The total balance of the loans as of December 31, 2017 was equivalent to USD 1,721. The loans are interest-free and mature in 2021.

## 4 Inventories

| | **2017 USD** | 2016 USD |
|---|---|---|
| Raw materials and consumables | **38,775** | 33,247 |
| Finished products and goods for resale | **38,952** | 34,389 |
| Work in progress | **996** | 408 |
| | **78,723** | **68,044** |

During 2017, inventories of USD 649,138 (2016: USD 570,504) were recognized as an expense during the year and included in cost of goods sold. Inventories are presented net of reserves for obsolescence and shrinkage totaling USD 4,463 as of 31 December 2017 (2016: USD 3,928).

Inventories with a carrying value of USD 26,905 as of 31 December 2017 (2016: 55,485) have been pledged as collateral for credit facilities.

## 5 Trade receivables and prepayments

| | **2017 USD** | 2016 USD |
|---|---|---|
| Trade receivables – third party | **127,522** | 122,005 |
| Trade receivables – related parties | **33,742** | 60 |
| Provision for bad debts | **(6,969)** | (7,045) |
| Insurance claim receivable | **10,554** | 9,183 |
| Amounts receivable from shareholders | **24** | 8,453 |
| Prepaid income taxes | **3,655** | 3,954 |
| VAT receivable | **2,111** | 2,218 |
| Other prepaid taxes in Brazil | **814** | 4,305 |
| Prepaid expenses | **2,148** | 3,548 |
| Advance payments to suppliers | **1,661** | 2,032 |
| Other prepayments and receivables | **3,376** | 2,669 |
| Restricted cash | **3,539** | 3,598 |
| | **182,177** | 154,980 |

### Trade receivables

Trade receivables of USD 49,751 (2016: USD 83,142) have been pledged as collateral for liabilities to credit institutions.

### Trade receivables – Related Parties

Related party receivables primarily consist of receivables for products sold to various Polynt entities. During the fourth quarter of 2017, several of the Company's manufacturing sites entered tolling arrangements with various Polynt entities. Under these tolling arrangements, the Reichhold plants sell their products to the Polynt entities in exchange for a tolling fee, and the Polynt entities then sell the products to the ultimate third-party customer.

### Insurance claim receivable

The insurance claim receivable relates to a product liability claim made by a former customer. See Note 8, provision for environmental and legal obligations.

### Accounts receivable from shareholder

As of December 31, 2016, the Company had a receivable of USD 8,453 from Cayco 1 for legal fees paid by the Company on behalf of Cayco 1. Of legal fees paid on behalf of Cayco 1, USD 7,867 was paid during 2016 and USD 586 was paid during 2015. No interest was charged on the accounts receivable from shareholders. In May 2017, $870 of the receivable from Cayco 1 was settled with a dividend distribution, and the remaining balance was assigned by Cayco 1 to SCIL in connection with the merger. The receivable from SCIL is reported as a financial fixed asset in the Company's 2017 balance sheet.

### Other prepaid taxes in Brazil

Other prepaid taxes in Brazil primarily consist of recoverable ICMS taxes. The decrease in the balance during 2017 was partially due to a reclassification of the balance to non-current assets based on the expected recovery date. The remaining decrease was due to taxes recovered during the year.

### Restricted cash

Restricted cash mainly consists of cash used to collateralize a short-term credit facility for a foreign subsidiary and to secure guarantees provided to foreign tax authorities. The amount has a predominantly short-term nature.

## 6 Cash and cash equivalents

Cash and cash equivalents include cash in banks and all highly liquid investments with original maturities of three months or less at the time of purchase.

Deposits included under cash and cash equivalents only represent deposits that are available on demand.

Cash and cash equivalents totalling USD 14,163 (2016: USD 74,549) have been pledged as collateral for credit facilities.

## 7 Group equity

For a detailed explanation to the share of the legal entity in the group equity, reference is made to the notes in the shareholders' equity in the company-only financial statements.

## 8 Provisions

Movements in provisions can be specified as follows:

| | Deferred tax liabilities | Environmental and legal provisions | Provision for uncertain income tax positions | Restructuring | Pension plans | Other provisions | Total |
|---|---|---|---|---|---|---|---|
| | USD | USD | USD | USD | USD | USD | USD |
| **Balance as at 1 January 2017** | **4,047** | **24,087** | **4,047** | **-** | **4,517** | **3,611** | **40,309** |
| Changes: | | | | | | | |
| —Provisions made during the year | 25 | 119 | 1,045 | 7,124 | - | 825 | 9,138 |
| —Provisions used during the year | (2,227) | - | - | - | (3,678) | (522) | (6,427) |
| —Provisions reversed during the year | - | - | (2,742) | - | - | (2,654) | (5,396) |
| —Exchange rate differences | 132 | 1,390 | 246 | 69 | 332 | 110 | 2,279 |
| **Balance as at 31 December 2017** | **1,977** | **25,596** | **2,596** | **7,193** | **1,171** | **1,370** | **39,903** |
| Reported as: | | | | | | | |
| —Current | - | 11,782 | - | 7,193 | - | - | 18,975 |
| —Noncurrent | 1,977 | 13,814 | 2,596 | - | 1,171 | 1,370 | 20,928 |
| | **1,977** | **25,596** | **2,596** | **7,193** | **1,171** | **1,370** | **39,903** |

## Provision for deferred tax liabilities

The provision for deferred tax liabilities comprises the tax effect of the taxable temporary differences between the profit determination for financial reporting purposes and for tax purposes.

## Provision for restructuring

The provision for restructuring includes USD 2,177 for the estimated costs to idle the Company's plant in Houston, TX, which is expected to be idled during 2018. The remaining restructuring provision balance of 5,016 represents accrued severance costs for headcount reductions being implemented to achieve synergies from the May 2017 merger.

## Pension plans

The pension provision contains the provision for the pension commitments to the employees.

The Company maintains several defined benefit pension plans covering employees in Mexico, Norway and the United Kingdom, as well as defined post-employment benefit plans in Italy and Dubai. Benefits under these plans are based primarily on years of service and employees' compensation near retirement (in the case of the pension plans) or termination (in the case of the post-employment plans). The Company's funding policy is to contribute, at a minimum, the statutorily required amount for the pension plans. The post-employment plans are not pre-funded. In 2018, the Company expects to contribute approximately USD 1,400 to its defined benefit pension and post-employment plans. The Company's investment strategy for its plan assets is to manage the assets to pay retirement benefits to plan participants while minimizing cash contributions from the Company over the life of the plans. This is accomplished by preserving capital through diversification in high-quality investments and earning an acceptable long-term rate of return consistent with an acceptable degree of risk, while considering the liquidity needs of the plans.

Changes in the net defined benefit liability and its components for the year ended 31 December 2017 were as follows:

| | Defined Benefit Obligation USD | Fair Value of Plan Assets USD | Net Defined Benefit Liability USD |
|---|---|---|---|
| Balance—beginning of year | 27,312 | (22,878) | 4,434 |
| **Included in profit or loss:** | | | |
| Service cost | 524 | - | 524 |
| Interest cost (income) | 721 | (504) | 217 |
| | 1,245 | (504) | 741 |
| **Included in other comprehensive income:** | | | |
| Remeasurement loss (gain): | | | |
| Actuarial loss (gain) arising from: | | | |
| - demographic assumptions | (5,975) | - | (5,975) |
| - financial assumptions | 961 | - | 961 |
| - experience adjustment | (571) | - | (571) |
| Return on plan assets excluding interest income | - | 3,729 | 3,729 |
| Effect of movements in exchange rates | 2,146 | (1,878) | 268 |
| | (3,439) | 1,851 | (1,588) |
| **Other:** | | | |
| Employer contributions | - | (1,322) | (1,322) |
| Participant contributions | 26 | (26) | - |
| Benefits paid | (2,486) | 2,486 | - |
| Liability transferred with sale | (1,157) | - | (1,157) |
| | (3,617) | 1,138 | (2,479) |
| Balance—end of year | 21,501 | (20,393) | 1,108 |
| **Recorded in the statement of financial position as:** | | | |
| Net defined benefit asset | | | (63) |
| Net defined benefit liability | | | 1,171 |
| | | | $ 1,108 |

The following table summarizes the fair value of the Company's total pension plan assets as of 31 December 2017 and 2016:

| | 2017 USD | 2016 USD |
|---|---|---|
| Debt securities: | | |
| Non-U.S. governments | 597 | 429 |
| Total fixed income securities | 597 | 429 |
| Managed composite funds | 19,796 | 22,449 |
| Total | 20,393 | 22,878 |

The principal assumptions used for the purposes of the actuarial valuations are provided below:

| | 2017 | 2016 |
|---|---|---|
| Discount rate (weighted average) | 2.46 % | 2.78 % |
| Rate of compensation increase (weighted average) | 2.77 % | 2.92 % |

At 31 December 2017, the weighted average duration of the defined benefit obligation was 16.1 years (2016: 21.8 years).

## Provision for environmental and legal obligations

In connection with its environmental and legal matters, the Company has provided reserves for specific matters primarily in the U.S., Canada and Brazil. The environmental and legal provisions comprise of the following as at 31 December:

| | 2017 USD | 2016 USD |
|---|---|---|
| Environmental matters | **4,542** | 4,404 |
| PBGC claim | **10,500** | 10,500 |
| Product liability claim | **10,554** | 9,183 |
| | **25,596** | 24,087 |

These costs have been classified as a component of selling, general and administrative expenses in the accompanying consolidated statement of operations.

Environmental matters

Being active in the chemical industry, the Company faces significant exposure from actual and potential claims and lawsuits involving environmental, product liability and health and safety matters, some of which involve substantial amounts. The effect of the final resolution of environmental matters and the Company's obligations for environmental remediation and compliance could change significantly due to the uncertainty concerning both the amount and timing of future expenditures and due to regulatory or technological changes. Although the Company believes that its reserves are adequate, there can be no assurance that the amount of capital expenditures and other expenses, which will be required relating to remedial actions and compliance with applicable environmental laws, will not exceed the amounts reflected in its reserves or will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Pension Benefit Guarantee Corporation ("PBGC") claim

In March 2015, the Pension Benefit Guaranty Corporation ("PBGC") asserted two claims against the Company totalling USD 118,798 resulting from the termination of the Reichhold, Inc. pension plan and alleged pension plan liabilities. The PBGC also asserted a third claim in the amount of USD 628, but payment of this claim would reduce the amount of the other claim. Reichhold, Inc. was the predecessor US operating company in the Reichhold group that filed Chapter 11 reorganization proceedings on 30 September 2014. On 1 April 2015 the operating assets of Reichhold, Inc. were purchased by the Company but the obligation for the pension plan was not assumed by the Company. The pension plan was terminated by agreement between the PBGC and Reichhold, Inc. dated 25 February 2015, making the PBGC the statutory trustee of the pension plan. In connection with its claim, the PBGC filed liens in the District of Columbia in the amount of USD 22,560 against the assets of certain of the Company's subsidiaries. In May 2015, the Company offered the PBGC a 15-year note in the amount of USD 6,000 to settle their claim, but such offer was not accepted by the PBGC. Discussions are ongoing between the Company's management and the PBGC regarding the claim. The Company recorded a liability of USD 10,500 in its opening balance sheet representing management's best estimate of the Company's ultimate obligation related to the PBGC claim.

Product Liability Claim

The product liability claim relates to a claim brought against the Company in 2005 by a former customer. The claimant is a French boat manufacturer and claims damages resulting from an osmosis problem with boats built using resin supplied by the Company. Since the initial onset of the 2005 claim, three expert surveyors have been appointed by the Commercial Court of La Rochelle and the Poitiers Court of Appeals to conduct a forensic analysis in order to apportion liability between the claimant and Reichhold. Reichhold and the claimant have been in settlement discussions, and the Company has provided reserves based on its best estimate of the ultimate obligation of the Company for this matter. The Company has insurance coverage and management believes that it has satisfied its deductible(s) under the relevant insurance policy(ies). Management believes that the insurance reimbursement is virtually certain and has recorded a receivable from its insurer for the full amount of the provision as an insurance claim receivable in other receivables.

## Provisions for uncertain income tax positions

As of 31 December 2017 the Company had provisions totalling USD 2,596 (2016: 4,047) for uncertain tax positions including interests and penalties. Management does not expect the provision for uncertain tax positions to change significantly within the next 12 months.

## Other provisions

The other provisions recorded primarily relate to labor and non-income tax litigation in Brazil and asset retirement obligations.

## 9 Long-term liabilities

| | 2017 USD | 2016 USD |
|---|---|---|
| Long-term debt payable to related parties: | | |
| A&R Notes issued under Dutch NPA | - | 103,341 |
| New Notes issued under Dutch NPA | - | 60,566 |
| US Notes | - | 55,575 |
| Loan payable to US Affiliate | **8,669** | - |
| Total long-term debt payable to related parties | **8,669** | 219,482 |
| Less current maturities | - | (219,482) |
| Total long-term debt payable to related parties – less current maturities | **8,669** | - |
| Other long-term debt: | | |
| GSO USD Loans | **90,658** | - |
| China working capital loan | - | 5,038 |
| Less current maturities | - | (5,038) |
| Other long-term debt – less current maturities | **90,658** | - |
| Other long-term liabilities: | | |
| Deferred rent | **1,241** | 1,216 |
| Other | **22** | 58 |
| Total other long-term liabilities | **1,263** | 1,274 |
| Total long-term liabilities | **100,590** | 1,274 |

Dutch Note Purchase and Guaranty Agreement

On 31 March 2015, one of the Company's Dutch subsidiaries entered an Amended and Restated Note Purchase and Guaranty Agreement ("Dutch NPA") providing for the amendment and restatement of outstanding senior secured notes ("A&R Notes") totalling USD 90,599 and the issuance of new senior secured notes ("New Notes") totalling USD 54,086 which were funded on 1 April 2015 with an original issue discount ("OID") of 6%. The holders of the A&R Notes and the New Notes consisted of various investment funds that became owners of the Company on 1 April 2015. The A&R Notes bore interest at 12%, payable quarterly, but gave the Company the option to pay up to 6% interest by issuing additional notes ("PIK"). The New Notes bore interest at 15%, payable quarterly, with the option to PIK up to 7% interest. Both the A&R Notes and the New Notes, as amended, had a maturity date of 31 March 2018, but the notes were either converted to equity or paid off in full on May 17, 2017 in connection with the merger described in the General notes. The A&R Notes required the payment of an exit fee equal to 6% of the face value of the outstanding principal balance of the notes, exclusive of PIK interest, upon repayment of the notes. The Dutch NPA contained customary covenants, including provisions restricting the granting of liens, asset dispositions, investments, indebtedness, transactions with affiliates, dividends, distributions and capital expenditures. Additionally, the Dutch NPA contained covenants regarding the provision of financial and other information. As of 31 December 2016, the Company was in compliance with these debt covenants.

US Note Purchase and Guaranty Agreement

Also on 31 March 2015, the Company's two US subsidiaries entered an Amended and Restated Note Purchase and Guaranty Agreement ("US NPA") providing for the amendment and restatement of outstanding senior secured notes ("US Notes") totalling USD 53,192 which were assumed in the Acquisition. The holders of the US Notes consisted of various investment funds that became owners of the Company on 1 April 2015. The US Notes bore interest at 12%, payable quarterly. The US Notes, as amended, had a maturity date of 31 March 2018, but the US notes were either converted to equity or paid off in full on May 17, 2017 in connection with the merger described in the General notes. The US NPA contained covenants very similar to those in the Dutch NPA. The Company was in compliance with the US NPA covenants as of 31 December 2016.

GSO USD Loans

On May 17, 2017, in connection with the merger described in the General notes, several companies in the new Group, including two of the Company's subsidiaries, entered a Facility Agreement with various financial institutions, of which some are managed by GSO, and all of which were unrelated to the Company. The Facility Agreement provided for the issuance of US dollar loans to the Group totalling USD 199,226 and for the issuance of Euro loans totalling EUR 229,837. The Company's subsidiaries borrowed US dollar loans totalling USD 109,464, and the remaining loans were borrowed by its affiliates. The GSO USD Loans bear interest at a rate equal to the 3-Month LIBOR, subject to a 1.0% floor, plus a margin, with interest payable quarterly. The GSO USD Loans mature on 15 May 2024, with annual mandatory prepayments equal to a portion of excess cash flow, as defined in the Facility Agreement, beginning in 2019. Additionally, voluntary prepayments are allowed provided that all loans outstanding under the Facility Agreement are prepaid on a pro rata basis. In October 2017 the Group elected to prepay a portion of its Facility Agreement loans and the Company prepaid principal totalling USD 563. Additionally, one of the Company's US affiliates, Polynt Composites USA Inc., prepaid principal totalling USD 8,601 plus accrued interest of USD 68 on the Company's behalf and entered into a loan agreement with the Company for that amount on October 31, 2017 (see below). The other borrowers under the Facility Agreement also made prepayments in October such that the Group's total remaining Facility Agreement borrowings outstanding as of 31 December 2017 was USD 182,547 and EUR 210,595. All borrowings under the Facility Agreement are guaranteed by most of the Company's subsidiaries and are secured by the equity and certain assets of those subsidiaries. The Facility Agreement contains customary affirmative and negative covenants. As of December 31, 2017, the Group was in compliance with all covenants of the Facility Agreement.

Loan Payable to US Affiliate

In connection with the GSO USD Loan prepayment described above, one of the Company's Dutch subsidiaries entered into a loan agreement with Polynt Composites USA Inc. on 31 October 2017. Under the terms of the loan agreement, the Company borrowed USD 8,669 with a repayment date of 29 September 2022, but early repayments are allowed. The loan bears interest at a rate equal to 1-year LIBOR plus a margin, with interest payable annually on October 16 of each year.

China Working Capital Loan

On 31 October 2014, one of the Company's Chinese subsidiaries entered into a working capital loan contract with a Chinese bank. The working capital loan was paid off in full on its maturity date of 30 October 2017. The variable interest rate on the loan was 6.18% at December 31, 2016 and the loan was secured by the property, plant and equipment in Tianjin, China.

## 10 Current liabilities

| | **2017** | 2016 |
|---|---|---|
| | **USD** | USD |
| Debt payable to shareholders (note 9) | **-** | 219,482 |
| Borrowings under revolving credit facility | **24,000** | - |
| Accounts payable and accrued expenses | **95,431** | 81,364 |
| Current maturity of China working capital loan | **-** | 5,038 |
| Employee benefits | **7,552** | 7,590 |
| Other short term borrowings | **2,977** | 2,798 |
| Income tax liability | **496** | 857 |
| Accrued interest | **745** | - |
| Other current liabilities | **308** | 83 |
| | **131,509** | 317,212 |

Other short-term borrowings as of 31 December 2017 primarily consisted of borrowings under a short-term credit facility in India. The average interest rate on these borrowings was 9.8% as of 31 December 2017. Other short-term borrowings as of 31 December 2016 consisted of borrowings under short-term credit facilities in India and Mexico with an average interest rate of 8.6%.

Revolving Credit Facility

In connection with the May 17, 2017 merger and refinancing, the Company and several of its affiliates entered into a Super Senior Revolving Facility Agreement with various financial institutions unrelated to the Company providing for a Revolving Credit Facility ("RCF") in the amount of EUR 60,000. The RCF is a multicurrency facility available both as loans and letters of credit. The Company's outstanding borrowings as of December 31, 2017 are all denominated in USD. Total RCF borrowings by the Company and its affiliates outstanding at December 31, 2017 amounted to EUR 28,150. Interest on the RCF borrowings accrues at a rate equal to the relevant LIBOR plus a margin. The RCF terminates on May 17, 2023. All borrowings under the RCF are guaranteed by most of the Company's subsidiaries and are secured by the equity and certain assets of those subsidiaries. The RCF contains customary affirmative and negative covenants. The RCF also contains a "springing" financial covenant requiring the consolidated Group to maintain a net leverage ratio of super senior indebtedness to EBITDA, as defined in the RCF agreement, of 0.75:1 or less. The springing financial covenant is tested only when the aggregate amount of all outstanding loans at the end of the relevant quarter is equal or greater than 35% of the total amount of commitments under the facility and any breach would act as a drawstop to new borrowings only. As of December 31, 2017, the Group was in compliance with all covenants of the RCF.

## 11 Financial instruments

### General

During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company.

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk resulting from both normal trading transactions with customers and financing activities;
- Liquidity risk that the Company will encounter difficulty in meeting its obligations associated with it financial liabilities;
- Market risk related to interest and foreign exchange rates as the Company operates in countries with different currencies and uses financial instruments that accrue interest.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environmental in which all employees understand their roles and responsibilities.

### Credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. With respect to its trade and other receivables, the Company's exposure to credit risk is primarily influenced by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. Management's review includes external ratings, if they are available, financial statement review, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed at least annually. Most of the Company's customers have been transacting with the Company for more than five years.

In accordance with the Company's policy, an allowance for doubtful accounts has been provided for 100% of the receivables over 180 days past due and 50% of the receivables 91-180 days past due. Additionally, specific allowances have been provided for certain balances less than 90 days past due based on management's estimate of their collectability. The Company's exposure to credit risk among its customers is not highly concentrated. The Company's cash, cash equivalents and restricted cash balances are all held with highly reputable banks and financial institutions.

## Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## Market risk

Market risk is the risk that the change in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, which optimizing the return.

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of its subsidiaries. The functional currencies of the Company's subsidiaries are primarily the U.S. dollar, Euro, Brazilian real, British pound, Mexican peso, Canadian dollar, Norwegian krone and Czech koruna. Generally, borrowings are denominated in the functional currency of the borrower. This provides an economic hedge without the use of derivatives. With respect to other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The Company does not use derivative to manage its foreign currency exposure.

Most of the Company's interest-bearing financial liabilities carry fixed interest rates. The Company does not account for any of its financial liabilities at fair value through profit or loss, and the Company does not use derivatives to manage its interest rate exposure.

## Fair value

The fair value of most of the financial instruments stated on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. The fair value of the long-term debt stated on the 2017 balance sheet is approximately equal to its carrying value. The fair value of the long-term liabilities stated on the 2016 balance sheet can be specified as follows:

| | Fair value 2016 USD | Carrying amount 2016 USD |
|---|---|---|
| **Long-term liabilities** | | |

| | Fair value 2016 USD | Carrying amount 2016 USD |
|---|---|---|
| A&R Notes issued under Dutch NPA | 96,550 | 103,341 |
| New Notes issued under Dutch NPA | 59,090 | 60,566 |
| US Notes issued under US NPA | 54,900 | 55,575 |
| | **210,540** | **219,482** |

The fair value shown above represents the present value of future cash-flows discounted using an interest rate that would apply at the balance sheet date for similar loans, including a risk premium for each individual loan. The average percentage used in 2016 was 17.3%.

## 12 Off-balance sheet assets and liabilities

### Lease commitments

The Company has operating leases primarily for land, office buildings, transportation and computer equipment. The majority of the leases provide that the Company pay taxes, maintenance and certain other operating expenses applicable to the leased assets. Management expects that, during the normal course of business, the majority of its leases that expire will be renewed or replaced by other leases.

Future minimum rental payments under non-cancellable finance and operating leases at December 31, 2017 are as follows:

| | **Finance leases USD** | **Operating leases USD** |
|---|---|---|
| Less than 1 year | 13 | 2,333 |
| Between 1 year & 5 years | 22 | 9,661 |
| More than 5 years | - | 3,453 |
| | 35 | 15,447 |
| Less amount representing interest | (2) | |
| Total finance lease obligations | 33 | |
| Less current portion of finance lease obligations | (12) | |
| Long-term portion of finance lease obligation | 21 | |

The Company leases its headquarters and research and development facility ("HQ") located in Durham, North Carolina from an unrelated real estate company. This lease, which expires in January 2025, is accounted for as an operating lease.

Rental expense under operating leases, including contingent rentals and net of rental income, was USD 5,766 for the year ended 31 December 2017. Net rental expense related to production facilities of USD 2,531 for the year ended 31 December 2017 has been included in cost of goods sold in the accompanying consolidated statement of profit or loss. The remaining net rental expense has been included in selling, general and administrative expenses in the accompanying consolidated statement of profit or loss.

### Claims

The Company is involved in various legal proceedings generally incidental to its business. While the result of any litigation contains an element of uncertainty, management presently believes that the outcome of any known pending or threatened legal proceeding or claim not previously discussed in these financial statements, or all of them combined, based on facts presently known, will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

### Environmental contingency: Burlington, Ontario

In the late 1980s, the Company, at the request of the Ontario Ministry of the Environment ("MOE"), conducted environmental investigations at a site in Burlington, Ontario, Canada which the Company formerly used for the blending and packaging of pesticide products and now leases to a third party. The results indicated the presence of a variety of contaminants at levels exceeding government standards in soils and groundwater, with the primary contaminant of concern being arsenic. The MOE requested that the Company take a variety of remedial actions in the early 1990s at the site. While the Company complied with certain requests, in 1992 the Company informed the MOE that the Company would refuse to comply with further MOE requests on the grounds that the MOE should pursue the former owner whom the Company believes is the appropriate party to remediate such contamination. To date, while the regional authority currently requires monitoring of site discharges to the sanitary sewer, the MOE has not required further investigation or remediation of the site. Due to uncertainties associated with the litigation and the potential for the MOE to require future investigation or remediation, the costs of which are unknown, the Company is unable to reasonably estimate the future costs, if any, that may be associated with further investigation or remediation of the site.

### PIK promissory note

On 31 March 2015 one of the Company's Dutch subsidiaries issued a pay-in-kind promissory note in the amount of $80,000 (the "PIK Promissory Note") to Cayco 1. Interest on the PIK Promissory Note accrues at 2.45% and is payable only in the form of PIK interest. The PIK Promissory Note matures on 31 March 2025. However, prior to the May 2017 amendment mentioned below, so long as the Dutch NPA was not in default, the PIK Promissory Note would automatically be cancelled upon the repayment or refinancing of the Dutch NPA. Due to the contingent nature of the PIK Promissory Note, the Company's management deemed the obligation to pay the note and any related interest costs as remote and did not record a liability or the related interest expense in the Company's 2016 financial statements.

In connection with the May 2017 merger transaction, the PIK Promissory Note was amended to make its cancellation contingent on the Group's post-merger debt instead of the Dutch NPA, and the amended PIK Promissory Note was contributed by Cayco 1 to Dutch Coop with both parties acknowledging that the contribution represented no actual value. As such, the Company has not recorded an asset or liability for the PIK Promissory Note in its 2017 financial statements.

### Guarantees

As disclosed in Notes 9 and 10, the Company has guaranteed borrowings of its affiliates under the Facility Agreement and the Revolving Credit Facility. In addition to these two facilities, the Company has guaranteed borrowings by certain of its Polynt affiliates under an Indenture dated May 17, 2017 which provided for the issuance of floating rate notes ("the Italian Notes") totaling EUR 197,001. The Italian Notes have a maturity date of 15 May 2024. A portion of the Italian Notes was repaid in October 2017, and the remaining balance outstanding as of December 31, 2017 was EUR 180,508.

## 13 Net turnover

The breakdown of net turnover by revenue category is as follows:

| | **2017 USD** | 2016 USD |
|---|---|---|
| Product sales – third party | **897,634** | 879,062 |
| Product sales – Polynt affiliates | **27,275** | - |
| Freight revenue | **2,585** | 1,998 |
| Tolling fee revenue – Polynt affiliates | **5,065** | - |
| Royalty income | **1,540** | 841 |
| Discounts and allowances | **(7,285)** | (9,642) |
| Net turnover | **926,814** | **872,259** |

The Company is a diversified manufacturer of chemical resins with operations in North America, South America, Europe and Asia. The Company's products are intermediate chemicals sold to a broad base of customers primarily for industrial purposes. The Company's organizational structure is based on its products offered and markets served. As of 31 December 2017, the organizational structure consisted of three geographic regions which align with its reportable segments: Americas, Europe and Asia.

The breakdown of net turnover by region is as follows:

| | **2017 USD** | 2016 USD |
|---|---|---|
| The Americas | **608,284** | 558,794 |
| Europe | **206,228** | 225,812 |

| | | |
|---|---|---|
| Asia | **117,264** | 93,143 |
| Eliminations | **(4,962)** | (5,490) |
| Net turnover | **926,814** | **872,259** |

Customer Concentration

Net sales include sales of USD 111,795 (2016: USD 92,503) to one customer. No other customer accounted for more than 10% of the Company's net sales.

Geographic Areas

Net sales to external customers by geographic region are provided in the table below. For purposes of this presentation, sales are attributed to the geographic area based on the country in which the Company's individual selling entities reside.

| | **2017 USD** | 2016 USD |
|---|---|---|
| The Netherlands | **2,505** | 5,112 |
| United States | **388,987** | 366,673 |
| Brazil | **92,703** | 79,254 |
| Rest of World | **442,619** | 421,220 |
| Net turnover | **926,814** | **872,259** |

## 14 Wages, salaries and social security charges

The expenses recognized as part of the operating result of the group during the year, include the following wages, salaries, social security charges and accruals for long-term benefits:

| | **2017 USD** | 2016 USD |
|---|---|---|
| Wages and salaries | **83,294** | 78,654 |
| Social security charges | **12,005** | 13,856 |
| Accruals for long-term benefits | **1,225** | 2,184 |
| | **96,524** | 94,694 |

Wages and salaries include an amount of USD 7,777 related to the restructuring provision (see Notes 8 and 15). The average number of employees of the group during 2017, converted to full-time equivalents, 1,233 (2016: 1,322). The average number of employees working abroad during 2017 amounted to 1,218 (2016: 1,306).

## 15 Restructuring costs

Restructuring costs are non-recurring costs associated with restructuring activities. Total restructuring costs for the years ended 31 December are as follows:

| | **2017** **USD** | 2016 USD |
|---|---|---|
| Professional fees | **481** | 3,314 |
| Asset impairment losses | **1,438** | 588 |
| Severance costs related to workforce reductions | **7,777** | 613 |
| Loss on sale of plant in Etain, France | **7,281** | - |
| Exit costs related to pending shut-down of plant in Houston, TX, USA | **2,025** | - |
| Other, net | **(120)** | 317 |
| Total finance income | **18,882** | 4,832 |

## 16 Financial income and expense

Financial income and expense for the periods ending 31 December consist of the following:

| | **2017** **USD** | 2016 USD |
|---|---|---|
| Finance income on: | | |
| Cash and cash equivalents | **2,985** | 2,551 |
| Net foreign exchange gain | **344** | - |
| Total finance income | **3,329** | 2,551 |
| Finance expenses on: | | |
| Interest expenses | **(23,218)** | (39,556) |
| Net foreign exchange loss | **-** | (1,003) |
| Loss on sale of investments | **-** | (1,071) |
| Net finance costs | **(19,889)** | (39,079) |

### Loss on sale of joint venture interest

Prior to August 2016 the Company owned an 80% interest in a joint venture named Reichhold Kimya Sanayi ve Ticaret Anonim Sirketi ("Reichhold Turkey"). Effectively 20% of Reichhold Turkey was owned by Volantis, a Turkish corporation. Reichhold Turkey is engaged in sales and marketing of coatings and composites resins in Turkey. During 2016 the Company sold its 80% interest in Reichhold Turkey to Volantis and recorded a loss on the sale in the amount of USD 1,071.

## 17 Taxation on result of ordinary activities

The components of (loss) income before income taxes and the income tax provision are as follows for the periods ended 31 December:

| | **2017 USD** | 2016 USD |
|---|---|---|
| (Loss) income before income taxes: | | |
| Netherlands | **(18,190)** | (30,088) |
| Rest of World | **33,126** | 35,037 |
| Total | **14,936** | 4,949 |
| Income tax (benefit) provision: | | |
| Netherlands | **-** | (71) |
| Rest of World | **7,132** | 9,197 |
| Total | **7,132** | 9,126 |
| Current provision | **8,256** | 4,219 |
| Deferred (benefit) provision | **(1,124)** | 4,907 |
| Total | **7,132** | 9,126 |

The analysis and movement of deferred tax assets (liabilities) presented in the consolidated statement of financial position as of 31 December 2017 is as follows:

| | **1 January 2017 USD** | **Recognized in Profit or Loss USD** | **Recognized in OCI USD** | **31 December 2017 USD** |
|---|---|---|---|---|
| Deferred income tax assets (liabilities) related to: | | | | |
| Property, plant and equipment | (4,407) | 343 | - | (4,064) |
| Intangible assets | (294) | 23 | - | (271) |
| Inventories | 1,143 | 91 | - | 1,234 |
| Bad debt provision | 330 | (205) | - | 125 |
| Employee benefits | 1,284 | 949 | - | 2,233 |
| Other temporary differences | (79) | 555 | 157 | 633 |
| Provision for environmental risks | 132 | 8 | - | 140 |
| Carry forward tax loss / tax credit | 1,203 | (640) | - | 563 |
| | (688) | 1,124 | 157 | 593 |

A reconciliation of the Company's differences between income taxes computed at the Netherlands statutory rate of 25% and the income tax provision is presented in the table below for the period ended 31 December 2017:

| | 2017 USD | 2016 USD |
|---|---|---|
| Result before tax | **14,936** | 4,949 |
| Income tax using the applicable tax rate in the Netherlands | **3,734** | 1,235 |
| Tax effect of: | | |
| —Other applicable tax rates abroad | **2,823** | 2,537 |
| —Tax exempt income | **(218)** | - |
| —Non-deductible expenses | **63** | 846 |
| —Tax impact of incentives | **(77)** | (108) |
| Changes in recognition of deferred tax assets | **2,650** | 3,477 |
| Adjustment for prior periods | **39** | 760 |
| Change in tax rates | **(158)** | - |
| Other | **(1,724)** | 379 |
| Tax on result | **7,132** | **9,126** |

## 18 Transactions with related parties

As of December 31, 2017, the Company had a non-current receivable of USD 13,302 from SCIL. As of December 31, 2016, the Company had a current receivable of 8,453 from Cayco 1. Both receivables were created as the Company paid for legal and professional fees related to merger. Merger-related fees paid by the Company on behalf of Cayco totalled USD 586 in 2015, USD 7,867 in 2016 and USD 3,999 in 2017. Prior to the merger, the fees were paid on behalf of Cayco 1 but Cayco 1 assigned receivables totalling USD 11,581 to SCIL in connection with the merger. The Company distributed the remaining receivable of USD 870 to Cayco 1 in May 2017.

During 2017 several of the Company's manufacturing sites began tolling products for its Polynt affiliates. The products tolled for the Polynt affiliates were then sold by Polynt to third party customers to which the Company had directly sold prior to the tolling arrangement. During 2017 the Company recorded product sales of USD 27,275 and tolling fees of USD 5,065 from its Polynt affiliates. As of December 31, 2017, the Company had accounts receivable due from its Polynt affiliates totalling USD 27,225.

During 2017 the Company's Brazilian subsidiary made two loans totalling BRL 5,700 to a Polynt affiliate in Brazil. The total balance of the loans as of December 31, 2017 was equivalent to USD 1,721. The loans are interest-free and mature in 2021.

A significant portion of the Company's long-term debt in 2016 was owed to shareholders (see Note 9).

The remuneration of the managing and supervisory directors is included in Note 28.

## 19 Auditor's fees

The following fees were charged by the auditors to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

| | **KPMG Accountants N.V.** | **Other KPMG network** | **Total KPMG** |
|---|---|---|---|
| | **2017 USD** | **2017 USD** | **2017 USD** |
| Audit of the financial statements | 85 | 653 | 738 |
| Other audit engagements | - | - | - |
| Tax-related advisory services | - | - | - |
| Other non-audit services | - | - | - |
| | 85 | 653 | 738 |

| | **KPMG Accountants N.V.** | **Other KPMG network** | **Total KPMG** |
|---|---|---|---|
| | 2016 USD | 2016 USD | 2016 USD |
| Audit of the financial statements | 262 | 1,596 | 1,858 |
| Other audit engagements | - | - | - |
| Tax-related advisory services | 11 | 31 | 42 |
| Other non-audit services | 220 | 18 | 238 |
| | 493 | 1,645 | 2,138 |

# Company balance sheet as at 31 December 2017

*(before profit appropriation)*

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | **USD** | **USD** | USD | USD |
| **Fixed assets** | | | | | |
| Intangible fixed assets | *20* | **2,680** | | 3,871 | |
| Financial fixed assets | *21* | **160,037** | | 105,241 | |
| | | | **162,717** | | 109,112 |
| **Current assets** | | | | | |
| Receivables | | **128** | | 117 | |
| Cash and cash equivalents | | **8** | | 8 | |
| | | | **136** | | 125 |
| | | | **162,853** | | 109,237 |
| **Shareholders' equity** | *22* | | | | |
| Share premium reserve | | **172,714** | | 93,496 | |
| Revaluation reserve | | **2,783** | | 1,025 | |
| Foreign currency translation reserve | | **(7,670)** | | (17,022) | |
| Statutory reserves | | **5,683** | | 4,620 | |
| Other reserves | | **(20,883)** | | (15,529) | |
| Result after tax financial year | | **7,804** | | (4,445) | |
| | | | **160,431** | | 62,145 |
| **Provisions** | *23* | | **-** | | 45,483 |
| **Long-term liabilities** | *24* | | **317** | | 317 |
| **Current liabilities** | *25* | | **2,105** | | 1,292 |
| | | | **162,853** | | 109,237 |

# Company profit and loss account 2017

| | Note | 2017 USD | 2016 USD |
|---|---|---|---|
| Share of result of participating interests after tax | 22 | **9,797** | (1,906) |
| Other result after tax | | **(1,993)** | (2,539) |
| **Net result** | | **7,804** | (4,445) |

# Notes to the 2017 Company financial statements

## General

The legal entity is part of a fiscal unity for corporate income tax with Reichhold Holdings International B.V. and Reichhold Finance B.V.

The Company financial statements are part of the 2017 financial statements of the group. For the Company profit and loss account, use has been made of the exemption pursuant to Section 2:402 of the Netherlands Civil Code. The company-only financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

In so far as no further explanation is provided of items in the Company balance sheet and the Company profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

## Reporting period

These financial statements cover the year 2017, which ended at the balance sheet date of 31 December 2017. Comparative financial statements are provided for 2016.

## Accounting policies

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

## Financial instruments

In the Company financial statements, financial instruments are presented on the basis of their legal form.

### Participating interests in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Coöperatie Reichhold Holdings Netherlands U.A. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the Company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

### Share of result of participating interests

This item concerns the company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

## 20 Intangible fixed assets

| | Goodwill USD | Total USD |
|---|---|---|
| Balance as at 1 January 2017: | | |
| —Purchase price | 5,955 | 5,955 |
| —Accumulated amortisation and impairment | (2,084) | (2,084) |
| —Carrying amount | 3,871 | 3,871 |
| Changes in carrying amount: | | |
| —Exchange rate differences | - | - |
| —Amortisation | (1,191) | (1,191) |
| —Balance | (1,191) | (1,191) |
| Balance as at 31 December 2017: | | |
| —Purchase price | 5,955 | 5,955 |
| —Accumulated amortisation and impairment | (3,275) | (3,275) |
| —Carrying amount | 2,680 | 2,680 |

Goodwill is amortized on a straight-line basis over the 5-year useful life. The goodwill results from the 2015 acquisition of 99.1% of the shares in Reichhold Holdings International B.V., Reichhold Industries Ltd. ("Reichhold Canada") and Reichhold LLC.

## 21 Financial fixed assets

| | 2017 USD | 2016 USD |
|---|---|---|
| Participating interests in group companies | 160,025 | 105,229 |
| Accounts receivable from group companies | 12 | 12 |
| | 160,037 | 105,241 |

The Company has the following capital interests:

| Name | Legal address | Share of issued capital % |
|---|---|---|
| Reichhold Holdings International B.V. | Naaldwijk, The Netherlands | 100% |
| Reichhold Industries Limited | Vancouver, Canada | 100% |
| Reichhold LLC2 | Wilmington, DE, U.S. | 100% |

As of 31 December 2016, participating interest Reichhold Holdings International B.V. ("RHIBV") had a negative net asset value and was valued at nil with a provision created for its negative equity because the company guarantees the debt of participating interest RHIBV. RHIBV's net asset value was positive as of 31, December 2017, and the provision for negative equity was released during 2017.

A summary of the movements of participations in group companies is given below:

| | 2017 USD | 2016 USD |
|---|---|---|
| Carrying value, beginning of period | **105,229** | 94,519 |
| Movements: | | |
| Capital contributions | **80,242** | - |
| Share in result of associated companies | **9,797** | (1,906) |
| (Decrease)/increase in provision for subsidiaries with negative equity | **(45,483)** | 16,731 |
| Exchange rate differences | **9,352** | (2,278) |
| Other changes in equity | **1,758** | (1,837) |
| Dividend distribution | **(870)** | - |
| Carrying value, end of period | **160,025** | **105,229** |

## 22 Shareholders' equity

| | Share premium reserve | Revaluation reserve | Foreign currency translation reserve | Other statutory reserves | Other reserves | Unappro-priated result | Total |
|---|---|---|---|---|---|---|---|
| | USD | USD | USD | USD | USD | USD | USD |
| Balance as at 1 January 2016 | **93,496** | **2,862** | **(14,744)** | **4,235** | - | **(15,144)** | **70,705** |
| Changes in financial year 2016: | | | | | | | |
| —Appropriation of result | - | - | - | **385** | **(15,529)** | 15,144 | - |
| —Result for the year | - | - | - | - | - | (4,445) | **(4,445)** |
| —Translation differences | - | - | (2,278) | - | - | - | **(2,278)** |
| —Remeasurement of defined benefit obligation | - | (1,837) | - | - | - | - | **(1,837)** |
| Balance as at 31 December 2016 | **93,496** | **1,025** | **(17,022)** | **4,620** | **(15,529)** | **(4,445)** | **62,145** |
| Changes in financial year 2017: | | | | | | | |
| —Appropriation of result | - | - | - | 1,063 | (5,508) | 4,445 | - |
| —Result for the year | - | - | - | - | - | 7,804 | **7,804** |
| —Capital contributions | 80,242 | - | - | - | - | - | **80,242** |
| —Dividends paid | - | - | - | - | (870) | - | **(870)** |
| —Translation differences | - | - | 9,352 | - | - | - | **9,352** |
| —Remeasurement of defined benefit obligation | - | 1,758 | - | - | - | - | **1,758** |
| Balance as at 31 December 2017 | **173,738** | **2,783** | **(7,670)** | **5,683** | **(21,907)** | **7,804** | **160,431** |

### Foreign currency translation reserve

Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this statutory reserve. In the case of the sale of a participating interest, the associated accumulated exchange differences are taken to other reserves.

### Statutory reserves

In accordance with Section 2:389 sub 6 of the Netherlands Civil Code, a statutory reserve has been created amounting to $5,683 (31 December 2016: $4,620) for the amount of the net positive results for which the Company cannot effect distribution and for any direct increases recognised in equity, since its first valuation. This statutory reserve must be used to offset losses, and must be replaced with future earnings. This reserve may also be used to increase capital stock but the balance must be restored from future earnings.

### Unappropriated result

The result after tax for 2017 is included in the item unappropriated result within equity.

*Proposal for result appropriation*

During the General Meeting the directors will propose to appropriate the result after tax for 2017 representing income of 7,804 to other reserves.

## 23 Provisions

Provisions are related to the negative net asset value of certain participations in group companies. The movement in the provisions is as follows:

| | **2017 USD** | 2016 USD |
|---|---|---|
| Balance, beginning of period | **45,483** | 28,752 |
| Purchases | **-** | - |
| Capital contributions to subsidiaries | **(58,520)** | - |
| Share in result of associated companies | **309** | 12,212 |
| Share in exchange rate impact of associated companies | **(8,278)** | 2,682 |
| Share in other equity movement of associated companies | **(1,758)** | 1,837 |
| Excess provision due to positive equity | **22,764** | - |
| | **-** | 45,483 |

## 24 Long-term liabilities

| | **2017** | 2016 |
|---|---|---|

| | USD | USD |
|---|---|---|
| Amounts due to group companies | **317** | 317 |
| | **317** | 317 |

## 25 Current liabilities

| | 2017 USD | 2016 USD |
|---|---|---|
| Accounts payable | **272** | 590 |
| Amounts due to group companies | **1,833** | 702 |
| | **2,105** | 1,292 |

## 26 Off-balance sheet assets and liabilities

The legal entity is part of a fiscal unity for corporate income tax with Reichhold Holdings International B.V. and Reichhold Finance B.V. and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

## 27 Employee benefits and number of employees

During the 2017 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to nil people (2016: 0 people).

## 28 Remuneration of managing and supervisory directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the company, its subsidiaries and consolidated other companies amounted to USD 1,982 (2016: USD 3,008) for managing directors and former managing directors. During 2017, one director resigned from his role in the company. Total directors' remuneration in 2017 declined as a result.

Payment of the bonus to directors wholly depends on achieving certain performance targets. These targets are based on Company, regional and individual performance metrics that have been set for each individual director, depending on the role. In 2017 the incentive plans paid on an annual basis (semi-annually in 2016), and the costs were accrued rateably throughout the year based on expected performance for the year. For the financial years 2016 and 2017 the targets set for the directors have partially been realized.

In 2017 and 2016 no loans, advances or guarantees were granted by the Company to the managing directors.

## 29 Subsequent events

*Lender Assignment of USD Loans to Related Party*

In January 2018, the holder of 45% of the Company's outstanding USD Loans assigned its interest in such loans to eight funds which are managed by Black Diamond.

# Signing of the financial statements

Rotterdam, 15 May 2018

Management board:

Gerard M. Verheij

# Other information

## Auditor's report

Reference is made to the auditor's report as included hereinafter.

## Provisions in the Articles of Association governing the appropriation of profit

Under article 20 of the Company's articles of association, the result is at disposal of the General Meeting of Shareholders, which can allocate said result either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.