

NORDIC WOODFIBRE AF 1988 A/S

Industrivej 16

4652 Hårlev

Business Registration No

11938132

Annual report 2018

The Annual General Meeting adopted the annual report on 25.04.2019

Chairman of the General Meeting

Name: Gerhard Hahn

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Entity details

Entity

NORDIC WOODFIBRE AF 1988 A/S

Industrivej 16

4652 Hårlev

Central Business Registration No (CVR): 11938132

Registered in: Stevns

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Gerhard Helmar Dieter Hahn

Klaus Nørholm Jørgensen

Ernst Hahn

Executive Board

Klaus Nørholm Jørgensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NORDIC WOODFIBRE AF 1988 A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Stevns, 25.04.2019

Executive Board

Klaus Nørholm Jørgensen

Board of Directors

Gerhard Helmar Dieter Hahn

Klaus Nørholm Jørgensen

Ernst Hahn

Independent auditor's extended review report

To the shareholders of NORDIC WOODFIBRE AF 1988 A/S

Conclusion

We have performed an extended review of the financial statements of NORDIC WOODFIBRE AF 1988 A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 25.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Tim Kjær-Hansen
State Authorised Public Accountant
Identification No (MNE) mne23295

Morten Dandanell Kiærskou
State Authorised Public Accountant
Identification No (MNE) mne33749

Management commentary

Primary activities

The Company's main activity is manufacturing of woodfibre-based industrial packaging material, primarily for the cable, steel and aluminium industry.

Development in activities and finances

Results for the year shows a profit of DKK 427 thousand after tax. Reference is made to the income statement for the period 1 January to 31 December 2018 and the balance sheet at 31 December 2018.

The results for the year are assessed by Management to be satisfactory.

Particular risks

The financial statements have been prepared on a going concern basis, as the Company has received a subordination agreement from the Parent relating to the loan granted of DKK 7,533 thousand running for a minimum of 12 months from the balance sheet date, confirming that the loan will not be withdrawn.

The parent company has further, if necessary, committed to contribute to Nordic Woodfibre af 1988 A/S the cash funds necessary for Nordic Woodfibre af 1988 A/S to meet its obligations as they mature.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit	2	6.707.655	7.068.991
Distribution costs		(2.732.586)	(3.327.613)
Administrative expenses		(3.086.257)	(3.309.909)
Operating profit/loss		888.812	431.469
Other financial income		284.706	151.634
Other financial expenses	3	(639.087)	(898.667)
Profit/loss before tax		534.431	(315.564)
Tax on profit/loss for the year	4	(107.149)	52.420
Profit/loss for the year		427.282	(263.144)
Proposed distribution of profit/loss			
Retained earnings		427.282	(263.144)
		427.282	(263.144)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Land and buildings		8.974.841	9.315.301
Plant and machinery		4.930.804	5.421.875
Other fixtures and fittings, tools and equipment		119.680	220.175
Property, plant and equipment	5	<u>14.025.325</u>	<u>14.957.351</u>
Other investments		0	840
Fixed asset investments		<u>0</u>	<u>840</u>
Fixed assets		<u>14.025.325</u>	<u>14.958.191</u>
Raw materials and consumables		2.825.193	2.586.008
Manufactured goods and goods for resale		693.211	939.339
Inventories		<u>3.518.404</u>	<u>3.525.347</u>
Trade receivables		2.306.202	4.685.628
Receivables from group enterprises		156.149	182.804
Other receivables		471.164	450.013
Prepayments		146.564	199.549
Receivables		<u>3.080.079</u>	<u>5.517.994</u>
Cash		<u>1.763.697</u>	<u>351.675</u>
Current assets		<u>8.362.180</u>	<u>9.395.016</u>
Assets		<u>22.387.505</u>	<u>24.353.207</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	6	2.950.000	2.950.000
Retained earnings		<u>5.481.432</u>	<u>5.054.150</u>
Equity		<u>8.431.432</u>	<u>8.004.150</u>
Deferred tax		<u>842.440</u>	<u>879.728</u>
Provisions		<u>842.440</u>	<u>879.728</u>
Mortgage debt		2.630.548	2.902.098
Bank loans		300.000	680.000
Payables to group enterprises		<u>7.532.842</u>	<u>7.524.918</u>
Non-current liabilities other than provisions	7	<u>10.463.390</u>	<u>11.107.016</u>
Current portion of long-term liabilities other than provisions	7	640.820	638.472
Payables to other credit institutions		332.805	2.117.406
Trade payables		927.362	1.070.951
Income tax payable		143.902	0
Other payables		<u>605.354</u>	<u>535.484</u>
Current liabilities other than provisions		<u>2.650.243</u>	<u>4.362.313</u>
Liabilities other than provisions		<u>13.113.633</u>	<u>15.469.329</u>
Equity and liabilities		<u>22.387.505</u>	<u>24.353.207</u>
Going concern	1		
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Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.950.000	5.054.150	8.004.150
Profit/loss for the year	0	427.282	427.282
Equity end of year	2.950.000	5.481.432	8.431.432

Notes

1. Going concern

The financial statements have been prepared on a going concern basis, as the Company has received a subordination agreement from the Parent relating to the loan granted of DKK 7,533 thousand running for a minimum of 12 months from the balance sheet date, confirming that the loan will not be withdrawn.

The parent company has further, if necessary, committed to contribute to Nordic Woodfibre af 1988 A/S the cash funds necessary for Nordic Woodfibre af 1988 A/S to meet its obligations as they mature.

	2018	2017
	DKK	DKK
2. Staff costs		
Wages and salaries	3.630.393	4.016.505
Pension costs	315.667	235.346
Other social security costs	14.143	16.534
	3.960.203	4.268.385
Average number of employees	10	11

	2018	2017
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	300.691	300.177
Other interest expenses	270.797	286.258
Other financial expenses	67.599	312.232
	639.087	898.667

	2018	2017
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	143.902	0
Change in deferred tax	(36.753)	(52.420)
	107.149	(52.420)

Notes

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	
5. Property, plant and equipment				
Cost beginning of year	14.613.714	12.688.083	1.805.578	
Cost end of year	14.613.714	12.688.083	1.805.578	
Depreciation and impairment losses beginning of year	(5.298.413)	(7.266.208)	(1.585.403)	
Depreciation for the year	(340.460)	(491.071)	(100.495)	
Depreciation and impairment losses end of year	(5.638.873)	(7.757.279)	(1.685.898)	
Carrying amount end of year	8.974.841	4.930.804	119.680	
		Number	Nominal value DKK	
6. Contributed capital				
Ordinary shares		2.950	2.950.000	
		2.950	2.950.000	
	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
7. Liabilities other than provisions				
Mortgage debt	260.820	258.472	2.630.548	1.615.522
Bank loans	380.000	380.000	300.000	0
Payables to group enterprises	0	0	7.532.842	0
	640.820	638.472	10.463.390	1.615.522

Notes

8. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties, production facilities and other fixed assets.

	2018	2017
	DKK	DKK'000
Carrying amount of mortgaged property	8.974.841	9.315
Carrying amount of mortgaged production facilities, etc The Company has mortgaged and pledged as security its debtors.	4.930.804	5.422
Other fixed assets	400.000	400

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Knüppel Verpackung GmbH & co KG

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises a summary of revenue and production costs in accordance with section 32 of the Danish Financial Statements Act.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts relating to the sale.

Accounting policies

Production costs

Production costs comprise direct and indirect costs incurred to achieve revenue, including costs for raw materials, consumables and production staff as well as development costs and depreciation.

Distribution costs

Distribution costs comprise costs incurred for distribution of the Entity's sold products, including wages and salaries for sales staff, advertising costs and depreciation.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's Management and administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as depreciation.

Other financial income

Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	8-20 years
Other fixtures and fittings, tools and equipment	3-5 years

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise securities which are measured at fair value at the balance sheet date.

Inventories

Inventories are measured at the lower of cost, using the FIFO method, and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials consumables direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables. Changes in the fair value of derivative financial instruments are recognised in the income statement as financial income or expenses.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax