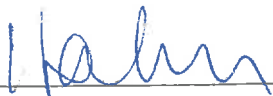


Nordic Woodfibre af 1988 A/S
Central Business Registration No
11938132
Industrivej 16
4682 Hårlev

Annual report 2015

The Annual General Meeting adopted the annual report on 26.05.2016

Chairman of the General Meeting



Name: Gerhard Hahn

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Entity details

Entity

Nordic Woodfibre af 1988 A/S

Industrivej 16

4682 Hårlev

Central Business Registration No: 11938132

Registered in: Stevns

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Gerhard Hahn

Klaus Nørholm Jørgensen

Ib Møller

Executive Board

Ib Møller

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 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 26.05.2016

Executive Board



Ib Møller

Board of Directors



Gerhard Hahn



Klaus Nørholm Jørgensen



Ib Møller

Independent auditor's reports

To the owners of Nordic Woodfibre af 1988 A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Nordic Woodfibre af 1988 A/S for the financial year 1 January to 31 December 2015. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. 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.

This requires that we comply with the Danish Public Accountants Act and the ethical rules of FSR – Danish Auditors and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

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

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.

The extended review has not resulted in any qualification.

Opinion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the extended review of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 26.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Tim Kjær-Hansen
State Authorised Public Accountant



Morten Kiærskou
State Authorised Public Accountant

CVR-nr. 33963556

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 show a profit of DKK 2,989 thousand after tax. Reference is made to the income statement for the period 1 January to 31 December 2015 and the balance sheet at 31 December 2015.

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 7,528 thousand running for a minimum of 12 months from the balance sheet date, confirming that the loan will not be withdrawn.

Events after the balance sheet date

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

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 for 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 one 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.

Accounting policies

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.

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 expenses

Administrative expenses 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.

Income taxes

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.

Accounting policies

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. Straightline 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

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.

Accounting policies

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.

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 financial expenses.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit	2	12.115.341	8.201
Distribution costs		(5.179.557)	(3.629)
Administrative costs		<u>(2.525.752)</u>	<u>(2.272)</u>
Operating profit/loss		4.410.032	2.300
Other financial income	3	32.908	1.668
Other financial expenses	4	<u>(957.547)</u>	<u>(1.471)</u>
Profit/loss from ordinary activities before tax		3.485.393	2.497
Tax on profit/loss from ordinary activities	5	<u>(777.977)</u>	<u>(569)</u>
Profit/loss for the year		<u>2.707.416</u>	<u>1.928</u>
Proposed distribution of profit/loss			
Retained earnings		<u>2.707.416</u>	<u>1.928</u>
		<u>2.707.416</u>	<u>1.928</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Land and buildings		9.996.222	10.337
Plant and machinery		6.377.692	6.076
Other fixtures and fittings, tools and equipment		384.914	485
Property, plant and equipment	6	<u>16.758.828</u>	<u>16.898</u>
Other investments		840	1
Fixed asset investments		<u>840</u>	<u>1</u>
Fixed assets		<u>16.759.668</u>	<u>16.899</u>
Raw materials and consumables		3.208.005	2.992
Manufactured goods and goods for resale		382.434	1.159
Inventories		<u>3.590.439</u>	<u>4.151</u>
Trade receivables		5.261.793	3.662
Receivables from group enterprises		7.009	89
Other short-term receivables		294.816	348
Prepayments		206.412	121
Receivables		<u>5.770.030</u>	<u>4.220</u>
Cash		<u>1.462.665</u>	<u>459</u>
Current assets		<u>10.823.134</u>	<u>8.830</u>
Assets		<u>27.582.802</u>	<u>25.729</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	7	2.950.000	2.950
Retained earnings		5.562.797	2.856
Equity		8.512.797	5.806
Provisions for deferred tax		996.868	219
Provisions		996.868	219
Mortgage debts		3.443.886	3.714
Bank loans		1.440.000	1.820
Payables to group enterprises		7.527.999	7.673
Non-current liabilities other than provisions		12.411.885	13.207
Current portion of long-term liabilities other than provisions		633.274	631
Bank loans		0	1.066
Other credit institutions		3.221.669	2.991
Trade payables		1.219.225	1.209
Other payables		587.084	600
Current liabilities other than provisions		5.661.252	6.497
Liabilities other than provisions		18.073.137	19.704
Equity and liabilities		27.582.802	25.729
Going concern	1		
Assets charged and collateral	8		
Ownership	9		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	2.950.000	2.855.381	5.805.381
Profit/loss for the year	0	2.707.416	2.707.416
Equity end of year	2.950.000	5.562.797	8.512.797

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 7,528 thousand running for a minimum of 12 months from the balance sheet date, confirming that the loan will not be withdrawn.

	2015	2014
	DKK	DKK'000
2. Staff costs		
Wages and salaries	4.123.613	3.782
Pension costs	216.508	194
Other social security costs	16.780	17
	4.356.901	3.993
Average number of employees	12	12
	2015	2014
	DKK	DKK'000
3. Other financial income		
Interest income	314	0
Other financial income	32.594	1.668
	32.908	1.668
	2015	2014
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	231.448	230
Interest expenses	318.124	955
Other financial expenses	407.975	286
	957.547	1.471
	2015	2014
	DKK	DKK'000
5. Tax on ordinary profit/loss for the year		
Change in deferred tax for the year	777.977	569
	777.977	569

Notes

	Land and buildings DKK	Plant and machinery DKK	Other fix- tures and fittings, tools and equipment DKK
6. Property, plant and equipment			
Cost beginning of year	14.613.714	11.880.326	1.727.444
Additions	0	768.402	32.215
Cost end of year	14.613.714	12.648.728	1.759.659
Depreciation and impairment losses beginning of the year	(4.277.030)	(5.803.578)	(1.243.115)
Depreciation for the year	(340.462)	(467.458)	(131.630)
Depreciation and impairment losses end of the year	(4.617.492)	(6.271.036)	(1.374.745)
Carrying amount end of year	9.996.222	6.377.692	384.914
		Number	Nominal value DKK
7. Contributed capital			
Ordinary shares		2.950	2.950.000
		2.950	2.950.000

The contributed capital has remained unchanged for the last 5 years.

8. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

	2014 DKK	2013 DKK'000
Carrying amount of mortgaged property	9.996.222	10.337
Carrying amount of mortgaged production facilities, etc	6.377.692	6.077
Carrying amount of other fixtures and fittings, tools and equipment	137.694	182

As security for bank debt, mortgage deed totalling DKK 16,870,738 has been registered relating to production facilities and the property and other fixed assets.

The Company has mortgaged and pledged as security its debtors. A guarantee cover account has been set up in this connection if debtors do not meet payment obligations.

Notes

9. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Ib Møller Holding ApS, Kildehøjvej 15A, 3460 Birkerød
Knüppel Verpackung GmbH & co KG

Consolidation

The Company is included in the consolidated financial statements of Knüppel Verpackung GmbH & co KG. The consolidated financial statements can be obtained at request.