

**Vita Polymers Denmark  
A/S**  
Thyrasvej 12  
6862 Tistrup  
Central Business Registration No  
12379447

**Annual report 2016**

The Annual General Meeting adopted the annual report on 10.05.2017

**Chairman of the General Meeting**

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Name: Shaina Jabbar

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## Entity details

### Entity

Vita Polymers Denmark A/S  
Thyrasvej 12  
6862 Tistrup

Central Business Registration No: 12379447  
Founded: 01.08.1988  
Registered in: Varde  
Financial year: 01.01.2016 - 31.12.2016

Phone: 75291900  
Website: [www.vitasheetgroup.com](http://www.vitasheetgroup.com)  
E-mail: [sales@vitasheetgroup.dk](mailto:sales@vitasheetgroup.dk)

### Board of Directors

Matthias Arpad Bela von Buzay, chairman  
Jørn Peder Carstensen Haahr  
Thomas Vincent Harkins  
Henry Thorstein Haaning  
Niels Marius Nielsen

### Executive Board

Jørn Peder Carstensen Haahr

### Bank

Sydbank  
Kongensgade 62  
6700 Esbjerg

### Lawyer

Plesner  
Amerika Plads 37  
2100 København Ø

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Dokken 8  
Postbox 200  
6701 Esbjerg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Vita Polymers Denmark A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Tistrup, 31.03.2017

### Executive Board

Jørn Peder Carstensen Haahr

### Board of Directors

Matthias Arpad Bela von Buzay  
chairman

Jørn Peder Carstensen Haahr

Thomas Vincent Harkins

Henry Thorstein Haaning

Niels Marius Nielsen

## Independent auditor's report

### To the shareholders of Vita Polymers Denmark A/S

#### Opinion

We have audited the financial statements of Vita Polymers Denmark A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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

#### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 audit of the financial statements

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

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## Independent auditor's report

### 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 audit 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 audit 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 the 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.

Esbjerg, 31.03.2017

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

John Lindvig Christiansen  
State Authorised Public Accountant

## Management commentary

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	134.398	126.443	120.377	121.453	121.488
Gross profit/loss	17.902	15.313	12.354	11.605	7.972
Operating profit/loss	3.035	746	(2.988)	(1.775)	(5.026)
Net financials	(159)	403	390	41	119
Profit/loss for the year	2.876	1.149	(2.598)	(1.734)	(4.907)
Total assets	56.821	40.544	53.290	64.932	70.811
Investments in property, plant and equipment	603	785	40	448	1.339
Equity	18.196	15.320	34.171	36.769	38.504
Cash flows from (used in) operating activities	3.207	14.876	(1.331)	2.673	2.427
Cash flows from (used in) investing activities	(603)	(755)	(40)	(433)	(1.353)
Cash flows from (used in) financing activities	382	(20.000)	0	(5.985)	4.589
Employees in average	60	54	51	46	45
<b>Ratios</b>					
Gross margin (%)	13,3	12,1	10,3	9,6	6,6
Net margin (%)	2,1	0,9	(2,2)	(1,4)	(4,0)
Return on equity (%)	17,2	4,6	(7,3)	(4,6)	(12,7)
Equity ratio (%)	32,0	37,8	64,1	56,6	54,4

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The company's aim is to carry business within production, trade and industry and other related business.

### Development in activities and finances

In the macroeconomic situation VITA POLYMERS DENMARK A/S has been able to maintain its volume and to maintain its position as a serious supplier of thermoplastic sheets, foil and monofilaments. This has been achieved by means of a goal-oriented targeting of the European markets.

The Company has realised a profit of DKK 2,876k for the financial year 2016 compared with a profit in 2015 of DKK 1,149k. Revenue was at the same level in 2017 as in 2016.

The Company has seen a cash flow of DKK 2,986k in 2016, which is specified as follows:

Ordinary activities, DKK 3,207

Investing activities, DKK (603)

Financing activities, DKK 382

### Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2016 of the Company and the results of the activities and cash flows of the Company for the financial year for 2016 have not been affected by any unusual events.

### Outlook

In 2017 a moderate increasing volume of sales and level of earnings is expected. It is also expected that the profit in 2017 will increase moderate compared to 2016.

### Particular risks

#### Operating risks

The Company has entered into agreements with the necessary suppliers so that stable supplies are ensured.

#### Market risks

Regarding the company's raw materials there may occur price fluctuations. As price fluctuations on raw materials are to a great extent included in the sales price of the finished products and as the Company does not operate with fixed price agreements, this is not considered a major risk.

#### Foreign exchange risks

The Company's foreign exchange policy is to monitor exchange rates closely and act accordingly. The Company has not entered into speculative currency positions.

## Management commentary

### Interest rate risks

No agreement has been concluded on fixed interest. In the financial year the Company has only had a positive balance on the Company's bank accounts.

### Credit risks

The Company has no material risks relating to an individual customer or liaison partner. A major part of the Company's customers have been credit insured.

### Intellectual capital resources

The Company's staff currently participates in internal and external courses. It remains a decisive factor that the Company is able to recruit and maintain employees with the right capabilities. All employees are recorded in a database which is currently updated with the employees' education and training.

### Research and development activities

The development of new products and the improvement of current products are an ongoing process in the Company. Development costs are expensed currently.

### 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 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	134.398	126.443
Production costs	2, 3	<u>(116.496)</u>	<u>(111.130)</u>
<b>Gross profit/loss</b>		<b>17.902</b>	<b>15.313</b>
Distribution costs	2	(8.567)	(7.047)
Administrative costs	2	<u>(6.300)</u>	<u>(7.520)</u>
<b>Operating profit/loss</b>		<b>3.035</b>	<b>746</b>
Other financial income	4	557	826
Other financial expenses	5	<u>(716)</u>	<u>(423)</u>
<b>Profit/loss for the year</b>	6	<u><b>2.876</b></u>	<u><b>1.149</b></u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Land and buildings		5.275	5.483
Plant and machinery		4.747	3.991
Other fixtures and fittings, tools and equipment		906	757
<b>Property, plant and equipment</b>	7	<u><b>10.928</b></u>	<u><b>10.231</b></u>
 <b>Fixed assets</b>		 <u><b>10.928</b></u>	 <u><b>10.231</b></u>
 Raw materials and consumables		 12.368	 9.908
Manufactured goods and goods for resale		5.267	4.983
<b>Inventories</b>		<u><b>17.635</b></u>	<u><b>14.891</b></u>
 Trade receivables		 16.729	 11.861
Other receivables	8	788	415
Prepayments	9	648	560
<b>Receivables</b>		<u><b>18.165</b></u>	<u><b>12.836</b></u>
 <b>Cash</b>		 <u><b>10.093</b></u>	 <u><b>2.586</b></u>
 <b>Current assets</b>		 <u><b>45.893</b></u>	 <u><b>30.313</b></u>
 <b>Assets</b>		 <u><b>56.821</b></u>	 <u><b>40.544</b></u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	10	15.486	15.486
Retained earnings		2.710	(166)
<b>Equity</b>		<b>18.196</b>	<b>15.320</b>
Bank loans		199	0
<b>Non-current liabilities other than provisions</b>		<b>199</b>	<b>0</b>
Current portion of long-term liabilities other than provisions		183	0
Bank loans		9.271	4.750
Trade payables		24.878	16.486
Payables to group enterprises		0	307
Other payables	11	4.094	3.681
<b>Current liabilities other than provisions</b>		<b>38.426</b>	<b>25.224</b>
<b>Liabilities other than provisions</b>		<b>38.625</b>	<b>25.224</b>
<b>Equity and liabilities</b>		<b>56.821</b>	<b>40.544</b>
Unrecognised rental and lease commitments	13		
Contingent assets	14		
Contingent liabilities	15		
Mortgages and securities	16		
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## Statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	15.486	(166)	15.320
Profit/loss for the year	0	2.876	2.876
<b>Equity end of year</b>	<b>15.486</b>	<b>2.710</b>	<b>18.196</b>

## Cash flow statement 2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Operating profit/loss		3.035	745
Amortisation, depreciation and impairment losses		(94)	378
Working capital changes	12	425	13.349
<b>Cash flow from ordinary operating activities</b>		<b>3.366</b>	<b>14.472</b>
Financial income received		557	826
Financial income paid		(716)	(422)
<b>Cash flows from operating activities</b>		<b>3.207</b>	<b>14.876</b>
Acquisition etc of property, plant and equipment		(603)	(785)
Sale of property, plant and equipment		0	30
<b>Cash flows from investing activities</b>		<b>(603)</b>	<b>(755)</b>
Loans raised		510	0
Instalments on loans etc		(128)	0
Cash decrease of capital		0	(20.000)
<b>Cash flows from financing activities</b>		<b>382</b>	<b>(20.000)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>2.986</b>	<b>(5.879)</b>
Cash and cash equivalents beginning of year		(2.164)	3.715
<b>Cash and cash equivalents end of year</b>		<b>822</b>	<b>(2.164)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		10.093	2.586
Short-term debt to banks		(9.271)	(4.750)
<b>Cash and cash equivalents end of year</b>		<b>822</b>	<b>(2.164)</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Revenue</b>		
Denmark	5.860	9.457
Other contries	128.538	116.986
	<b>134.398</b>	<b>126.443</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	26.776	22.981
Pension costs	1.898	1.663
Other social security costs	560	543
Other staff costs	616	199
	<b>29.850</b>	<b>25.386</b>
Average number of employees	<b>60</b>	<b>54</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Depreciation on property, plant and equipment	357	378
Profit/loss from sale of intangible assets and property, plant and equipment	(451)	0
	<b>(94)</b>	<b>378</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Other financial income</b>		
Financial income arising from group enterprises	0	402
Interest income	93	258
Exchange rate adjustments	464	166
	<b>557</b>	<b>826</b>



## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Other financial expenses</b>		
Interest expenses	291	190
Exchange rate adjustments	425	233
	<b>716</b>	<b>423</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Retained earnings	2.876	1.149
	<b>2.876</b>	<b>1.149</b>

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>7. Property, plant and equipment</b>			
Cost beginning of year	45.329	87.966	2.652
Additions	0	443	160
Disposals	0	(495)	0
<b>Cost end of year</b>	<b>45.329</b>	<b>87.914</b>	<b>2.812</b>
Depreciation and impairment losses beginning of the year	(39.846)	(83.975)	(1.895)
Depreciation for the year	(208)	(138)	(11)
Reversal regarding disposals	0	946	0
<b>Depreciation and impairment losses end of the year</b>	<b>(40.054)</b>	<b>(83.167)</b>	<b>(1.906)</b>
<b>Carrying amount end of year</b>	<b>5.275</b>	<b>4.747</b>	<b>906</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Other receivables</b>		
Other receivables	788	415
	<b>788</b>	<b>415</b>

## Notes

### 9. Prepayments

Prepayments comprise prepaid expenses for 2017.

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
<b>10. Contributed capital</b>			
Ordinary Shares	15.486	1000	15.486
	<b>15.486</b>		<b>15.486</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>11. Other payables</b>		
VAT and duties	0	397
Wages and salaries, personal income taxes, social security costs, etc payable	1.109	909
Holiday pay obligation	2.392	1.818
Other costs payable	593	557
	<b>4.094</b>	<b>3.681</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>12. Change in working capital</b>		
Increase/decrease in inventories	(2.744)	(3.682)
Increase/decrease in receivables	(5.235)	15.531
Increase/decrease in trade payables etc	8.404	1.500
	<b>425</b>	<b>13.349</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>13. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>701</b>	<b>995</b>

### 14. Contingent assets

The company has a deferred tax asset of DKK 11,447 thousand, which has not been recognised as a deferred tax asset in the balance sheet, as it is uncertain whether or when the tax asset can be utilised.

## Notes

### 15. Contingent liabilities

Vita Polymers Denmark A/S has entered into forward exchange contracts to hedge future goods purchased in USD by DKK 938 thousand. Compared to the forward price at the balance sheet date, the contracts have a positive value of approximately DKK 46 thousand. The contracts run out in the first half year of 2017.

### 16. Mortgages and securities

As Security for the debt to Sydbank a company charge has been made of nominal 3 m DKK. The company charge includes receivables from sale, stock, operating fixture and equipment.

Accounting value of the assets charged, 40.018 T.DKK

A receivables floating charge on receivables (arising from trade receivables) has been provided as security for the balance with Midt Factoring A/S.

The carrying amount of trade receivables borrowed against is DKK 11,853k at 31.12.2016.

### 17. Related parties with controlling interest

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:

VitasheetGroup GmbH, Jülich, Germany

### 18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: DUBAG Deutsche Unternehmensbeteiligungen GmbH, München, Tyskland (former DUBAG Deutsche Unternehmensbeteiligungen AG)

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: VitasheetGroup GmbH, Jülich, Germany

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-sized).

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.

### 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 classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

## Accounting policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

### **Income statement**

#### **Revenue**

Revenue from the sale of manufactured goods and goods for resale 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 and is measured at fair value of the consideration fixed.

#### **Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

#### **Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses.

#### **Administrative costs**

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

#### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies etc.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies etc.

### **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.

## Accounting policies

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	10-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

### 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 of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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.

### 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.

## Accounting policies

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.