
R. Færch Plast A/S

Rasmus Færchs Vej 1, DK-7500 Holstebro

Annual Report for 1 January - 31 December 2015

CVR No 13 72 35 40

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/4 2016

Arne Vraalsen
Chairman



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of R. Færch Plast A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Holstebro, 1 March 2016


Executive Board



Lars Gade Hansen
CEO



Henning Sandal
COO




Jakob Wulff Moeskjær
CSO, (Appointed 8 June 2015)

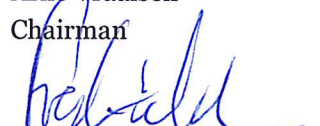


Tom Sand-Kristensen
CFO, (Appointed 15 February
2016)

Board of Directors




Arne Vraalsen
Chairman



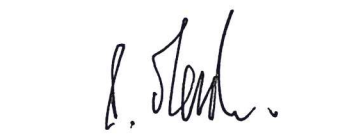
Nils Frederik von Oelreich



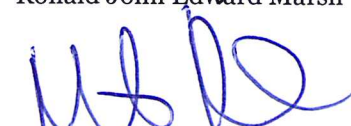
Mark Dujardin



Mads Munkholt Ditlevsen



Ronald John Edward Marsh




Morten Hummelose



Brian Trolldtoft Pedersen
Staff Representative



Erik Mortensen
Staff Representative



Torben Toft Jensen
Staff Representative

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholders of R. Færch Plast A/S

Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of R. Færch Plast A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements and Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements and the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

Opinion

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 December 2015 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Aarhus, 1 March 2016

PricewaterhouseCoopers


Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jesper Lund

State Authorised Public Accountant



Lars Østergaard

State Authorised Public Accountant

Company Information

The Company

R. Færch Plast A/S
Rasmus Færchs Vej 1
DK-7500 Holstebro

Telephone: + 45 99 10 10 10
Facsimile: + 45 99 10 10 99
Website: www.færchplast.com

CVR No: 13 72 35 40
Financial period: 1 January - 31 December
Municipality of reg. office: Holstebro

Supervisory Board

Arne Vraalsen, Chairman
Mark Dujardin
Ronald John Edward Marsh
Nils Fredrik von Oelreich
Mads Munkholt Ditlevsen
Morten Hummelose
Brian Trolldoft Pedersen
Erik Mortensen
Torben Toft Jensen

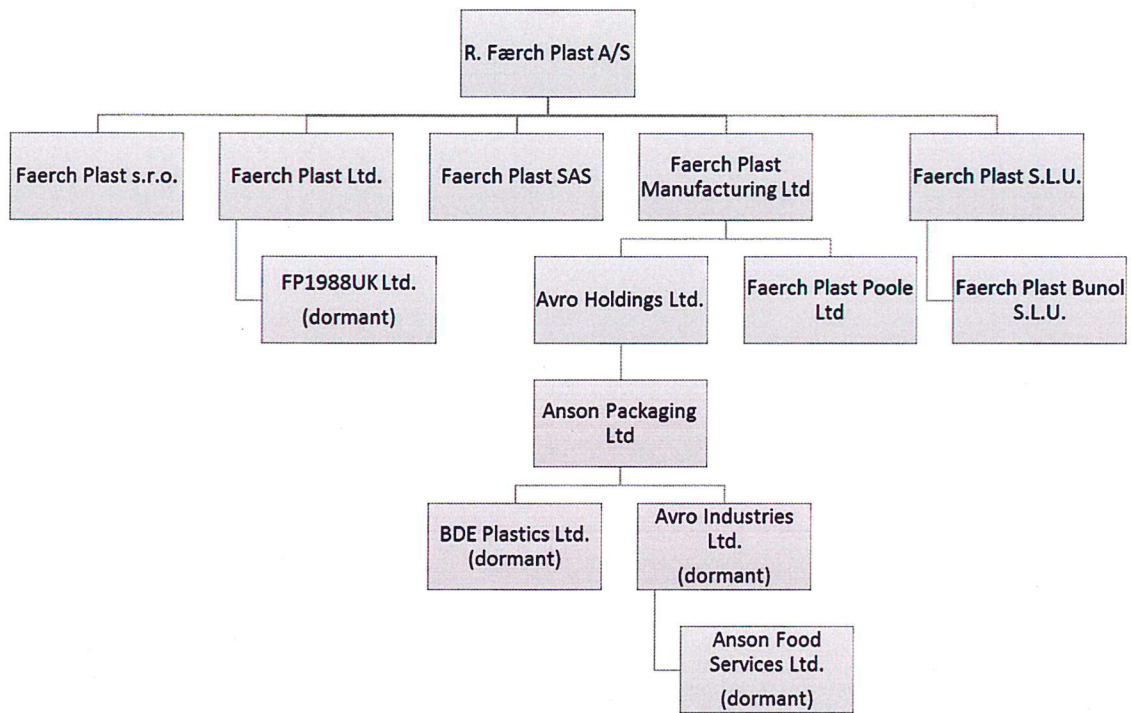
Executive Board

Lars Gade Hansen
Henning Sandal
Jakob Wulff Moeskjær
Tom Sand-Kristensen

Auditors

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

Group Chart



All subsidiaries are 100 % owned by R. Færch Plast A/S

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	1.606.527	1.166.471	1.082.586	1.064.046	1.009.261
EBITDA*	362.862	269.101	236.200	220.900	183.600
EBITA**	266.617	179.720	153.257	142.545	109.556
Operating profit	232.330	153.753	140.641	138.696	98.766
Profit before financial income and expenses (EBIT)	224.034	150.256	138.728	136.641	96.389
Net financials	-8.852	-10.637	-1.759	-3.982	-2.598
Net profit for the year	164.087	106.288	117.134	105.472	73.885
Balance sheet					
Balance sheet total	2.108.346	1.079.451	970.613	986.862	884.094
Equity	834.357	579.034	481.164	439.103	402.105
Cash flows					
Cash flows from:					
- operating activities	203.885	227.235	187.721	168.199	110.189
- investing activities	-842.710	-104.972	-120.357	-119.426	-104.842
including investment in property, plant and equipment	-415.423	-96.679	-114.307	-111.452	-102.834
- financing activities	637.409	0	-123.232	-81.317	-89.961
Change in cash and cash equivalents for the year	-1.416	122.263	-55.868	-32.544	-84.614
Average number of employees	821	510	494	512	476
Number of employees end of year	1.121	522	485	512	476
Ratios					
Profit margin	13,9%	12,9%	12,8%	12,8%	9,6%
EBITDA margin*	22,6%	23,1%	21,8%	20,8%	18,2%
EBITA margin**	16,6%	15,4%	14,2%	13,4%	10,9%
Solvency ratio	39,6%	53,6%	49,6%	44,5%	45,5%
Return on equity	23,2%	20,1%	25,5%	25,1%	17,9%

Financial Highlights

*EBITDA is defined as earnings before interest, tax, depreciation and amortisation adjusted for share of accounting items "other operating income" and "expenses of a one-off nature".

**EBITA is defined as earnings before interest, tax and amortisation adjusted for share of accounting items "other operating income" and "expenses of a one-off nature".

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The Company's main activity is to develop, produce and sell rigid plastic packaging to be used in the food industry and the retail trade. The products are produced through own extruding of plastic sheet and subsequent thermoforming.

Objective and strategy

R. Færch Plast A/S is a leading supplier of rigid plastic packaging to the European food industry. The Company is known for quality, credibility, responsibility and reliability of delivery.

Development in activities and financial position

The income statement of the Group for 2015 shows a profit of DKK'000 164,087, and at 31 December 2015 the balance sheet of the Group shows equity of DKK'000 834,357.

The Group's revenue amounted to DKK 1,606.5 million (2014: DKK 1,166.5 million). Profit before financial income and expenses amounts to DKK 224.0 million (2014: DKK 150.3 million). Profit for the year amounts to DKK 164.1 million (2014: DKK 106.3 million).

The results are satisfactory and above expectations. Revenue increased by 37.7% (2014: 7.7%). The growth is higher than last year primarily due to strong organic growth from sales to existing and new customers (4.5% in revenue and 5.8% based on quantity) as well as the result of acquisitions (33.2%). The positive development in results is moreover supported by continuing improved production and supply chain efficiencies.

Equity at 31 December 2015 amounts to DKK 834.4 million (2014: DKK 579.0 million). No dividend has been paid in the financial year.

Total investments amount to DKK 842.7 million (2014: DKK 105.0 million). Investments for the year is a result of the acquisitions in UK and Spain (DKK 676.6 million.), capacity investments and investments made to optimise cost structures and production processes of DKK 166.1 million.

Acquisitions in both UK and Spain

In 2015 the Group has continued its strong organic growth above market level and for the first time in-organic through the acquisitions of UK based Anson Packaging and Sealed Air's European Food Business. The ownership and the Board of Directors has made it possible for the management to follow a more offensive growth strategy through acquisitions supplementing and complementing the organic growth realized over the years.

In April 2015 Anson Packaging (UK) was acquired. The company has a strong position in packaging for the food to go, dairy dessert and bakery segments. In combination with Færch's leading role in CPET packaging for ready meals, the acquisition provides the Group with the ability to serve the customers with a larger and broader product portfolio.

In November 2015 Sealed Air's European Food Business was acquired. The acquisition comprised the

Management's Review

activities of the Poole (UK) and Bunol (Spain) manufacturing sites which have innovative solutions within the fresh meat and skin pack sector.

The two successful acquisitions strengthen the Groups position as a market leader in the manufacturing of high performance packaging solutions. Anson Packaging and Sealed Air have both been strong performing companies in their respective market segments of Cold Food & Snacks and Fresh Meat. Combined with the strong position in the traditional Ready Meals the consolidation will have a positive impact both on product portfolio and extended footprint in Southern Europe and UK.

Product development

R. Færch Plast A/S develops the optimum solution to meet customers' demands based on its high-level technical competence within packaging and knowledge of materials, processes and tools. Furthermore, work is in progress relating to materials and processes in order to continuously increase the efficiency and to reduce the environmental impact. Total expenses of DKK 10.6 million incurred concerning such projects were capitalised under intangible assets during the year.

The Company has won a prestigious industry Worldstar award during 2015 with The MAPET® II recyclable mono packaging concept for the top sealing of meat, poultry and fish.

Intellectual capital resources

The Company's competitiveness originates in its detailed knowledge of the customers' individual needs and production requirements, strong competencies within development of new market adjusted quality products, a high hygiene level and a cost effective and flexible production set-up at the seven factories. The Company's objective is to continue to retain and attract the most competent and engaged employees in each market.

Ownership and capital structure

R. Færch Plast A/S is a limited company incorporated and operating under Danish Law. The company's share capital is owned 100 % by Færch Plast Group A/S. Færch Plast Group A/S' share capital is indirectly owned by funds advised by EQT. EQT VI Limited holds 92.6 % of the shares in Færch Plast Group A/S through Ferguson S.a.r.l, and 6.4 % of the shares are held by members of the Board of Directors and the Executive Board (management). The remaining 1 % of the shares are owned by other shareholders. Investments by members of the Board of Directors, the management and employees are made on market terms. For information about the shareholder, reference is made to www.eqt.se.

New entities

In 2015 the acquisition of Anson Packaging and Sealed Air's European Food Tray Business (Faerch Plast Bunol S.L.U. and Faerch Plast Poole Ltd) has both strengthened the product portfolio and ensured that Færch Plast are able to service customers across Europe.

Corporate Governance

The Board of Directors and Executive Board of R. Færch Plast are responsible for ensuring that the

Management's Review

Company's management structure and control systems are appropriate and function satisfactorily.

The basis for the management's work includes the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association, and rules of procedure for the Board of Directors and Executive Board, as well as generally accepted practice for companies of the same size as R. Færch Plast A/S. Being controlled by a member of the Danish Venture Capital and Private Equity Association (DVCA), R. Færch Plast is also subject to the guidelines issued by the DVCA on 'Responsible Ownership and Good Corporate Governance'. The guideline can be found on the website: www.dvca.dk.

Board work

The Board of Directors held 6 meetings in 2015 and a number of ad hoc strategy sessions.

The meetings included ongoing follow-up on Færch Plast's corporate strategy, its organization and underlying action plans. The Executive Board briefs the Board of Directors on the Group's financial development on an ongoing basis.

Board of directors

In 2015, R. Færch Plast A/S Board of Directors has 9 members, 6 elected by the General Meeting and 3 elected by the employees. All members of the Board of Directors act in the interest of R. Færch Plast A/S.

Arne Vraalsen (chairman), GM elected member since 2014

- Education: Bachelor Business Administration (civiløkonom) from Uppsala University, Sweden
- Born: 1962
- Current position: Investor and professional advisor
- Other Board positions: Chairman of YTAB Group AB, Chairman of MMAB Group AB

Ronald John Edward Marsh, GM elected member since 2014

- Education: Scholarship to Balliol College, Oxford University
- Born: 1950
- Current position: Professional advisor
- Other Board positions: Chairman of Polypipe Group PLC, Non-Executive Director of British Polythene Industries PLC, Chairman of the Packaging Federation.

Nils Fredrik von Oelreich, GM elected member since 2014

- Education: Master of Business Administration with majors in International Business and Finance from Stockholm School of Economics, Stockholm, Sweden
- Born: 1961
- Current position: CEO of Candyking Holding AB
- Other Board positions: Candyking Holding AB
- Chairman of the Audit Committee of Færch Plast Group A/S

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Mads Munkholt Ditlevsen, GM elected member since 2014

- Education: M.Sc. in Finance and Accounting from Copenhagen Business School and Case Western Reserve University, Ohio
- Born: 1976
- Current position: Partner at EQT Partner A/S and responsible advisor to EQT VI for the investment in Færch Plast Group A/S
- Other Board positions: Atos Medical AB, HusCompagniet A/S
- Member of the Audit Committee of Færch Plast Group A/S

Morten Hummellose, GM elected member since 2014

- Education: M.Sc. Economics, University of Copenhagen M.Sc. Finance, University of London
- Born: 1971
- Current position: Head of EQT Partners in Denmark
- Other Board positions: Zebra A/S, EQT Partners A/S
- Other advisory positions: NAC Turbo Limited

Mark Dujardin, GM elected member since 2015

- Education: Business Economic BA, Hons
- Born: 1964
- Current position: Chairman of Anson Packaging Ltd.
- Other Board positions: Horta Properties Limited, Horta Investments Limited, Roland Gardens and Loxegen
-

Brian Troldtoft Pedersen, employee elected member since 1999

- Education: Electro Mechanic
- Born: 1963
- Current position: Thermoform Technician
- Other Board positions: Currently no other board positions

Erik Mortensen, employee elected member since 2011

- Education: Business Diploma (Merconom in accounting)
- Born: 1954
- Current position: HSE-coordinator
- Other Board positions: Currently no other board positions

Torben Toft Jensen, employee elected member since 2015

- Education: Metalworker and Auto Mechanic
- Born: 1970
- Current position: Repair operative
- Other Board positions: Currently no other board positions

The wide variety of relevant competences and experience represented on the Board of Directors can be summarized as follows: international business and industry experience; M&A experience; financial competency; consumer goods experience; customer relationship experience combined with innovation

Management's Review

and out-of-the box thinking.

The Board of Directors has an international profile with some diversification in relation to age. The Board of Directors aims to further strengthen diversification in relation to gender. R. Færch Plast A/S will endeavour that at least one of the six members elected by the shareholders should be of the underrepresented gender. This target should be reached within a three-year period.

People

In 2015 the number of employees in Faerch Plast group increased to 1.121 from 522 the year before. The increase of 115% mainly reflects the acquisition of Anson Packaging and the Sealed Air's European Food Business. The increase is also reflecting the growth of the company with increased production capacity and a strengthening of resources at the headquarters.

Staff turnover	Group*	R. Færch Plast A/S
Staff turnover white collar in per cent (leavers)	10.62%	8.26%
Staff turnover white collar in per cent (starters)	14.16%	14.05%
Staff turnover		
Staff turnover blue collar in per cent (leavers)	10.90%	5.80%
Staff turnover blue collar in per cent (starters)	20.70%	2.07%
Total number of employees		
Blue collar and white collar workers - beginning of year	522	363
Blue collar and white collar workers - end of year	1.121	364

*Total incl. R. Færch Plast A/S.

Internal Control and risk management

The Board of Directors and management are responsible for ensuring that the structure and control systems in the Group are suitable and function satisfactorily. The Board of Directors regularly assesses the overall and specific risks associated with the business and operation, and seeks to ensure that such risks are managed in a proactive and efficient manner.

A detailed annual planning and budget process has been established and variances are monitored on a monthly basis. This includes particular attention to development in sales and earnings. To ensure high quality in the financial reporting systems, the Board of Directors and Executive Board have adopted policies, procedures and guidelines for financial reporting including follow-up on variance from budgets and use of Group accounting policies and reporting instructions.

The responsibility for maintaining sufficient and efficient internal control and risk management in connection with financial reporting lies with the Executive Board. The Board of Directors has assessed the Group's existing control environment and concluded that it is adequate at the current stage in the company's development.

Management's Review

Corporate Social Responsibility (CSR)

R. Færch Plast is committed to show responsibility in all aspects of the trays life cycle - from purchase, development, design and food safety, to production, work environment, distribution and disposal/recycling.

Based on an assessment of the R. Færch Plast's CSR strategy targets the five focus areas are:

- Use of recycled plastics – R. Færch Plast is the leading producer of recycled plastic and is helping to raise awareness of the waste challenge faced by the industry. R. Færch Plast has developed a cradle-to-cradle concept for a range of plastics
- Climate – want to offer innovative and sustainable products that help protect the environment. Energy optimisation is a key area at all factories
- Food safety – the standard is high and the legislative and regulatory requirements in this area are always met or exceeded
- Ethics and integrity – the organisation acts as a proper and responsible company and supports international anti-corruption efforts and is dedicated to upholding the highest standards
- Employees – a safe workplace with focus on the well-being and development of employees

The CSR report for 2015 present's information according to section 99a and 99b of the Danish Financial Statements Act can be found on the Company's website: www.færchplast.com/dk/csr/csr-rapportering/Pages/default.aspx.

Audit Committee

The Board of Directors has set up an Audit Committee in 2015.

The purpose of the Committee is to act in an advisory capacity to the Board of R. Færch Plast A/S in matters to review the adequacy of the Group's financial reporting, internal controls and compliance with prescribed law.

Business risks

The Management of R. Færch Plast A/S has made an assessment of the internal and external business risks. Some of the risks can have a significant impact on the performance of the business. The risks evaluated as being particularly important at current time are:

- Raw material prices – the main cost element represents around 30 % of the turnover. To minimize the risk the group can pass on 65 % of the price variances to customers
- Dependence of customers – the variety of customer and the unique tools for customers reduce the risk of losing customers
- Integration of new entities – a successful integration of the new entities is paramount to ensure continuous growth and increase in operating profit.

Financial risk

Færch Plast's main financial risk relates to exchange rate and tax.

Management's Review

Currency risks

The reporting currency is Danish Kroner, which is closely linked to the Euro within a narrow range of $\pm 2,25\%$. However, a large part of the invoiced sales are in GBP. The group has a surplus of approximately GBP 45 million yearly. Exchange risk in relation to the GBP is therefore the company's biggest financial risk, and the risk has grown in importance due to the acquisition of Anson Packaging Ltd. and Faerch Plast Poole Ltd. To manage the exchange risk the company has obtained debt related to the acquisitions in GBP as well hedges expected future cash flow in GBP as per the financial procedures approved by the Board of Directors.

Tax

By operating business globally, transfer pricing disputes with tax authorities may occur. R. Færch Plast's policy is to pursue a competitive tax level in a responsible way, which means paying relevant tax in jurisdictions where its business activity generates profit. To manage uncertainties regarding tax, R. Færch Plast has transfer pricing agreements on market terms.

Expectations to the future

Continuous growth is expected in 2016, and consequently the earnings level is expected to be higher than in 2015.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Revenue	1	1.606.527	1.166.471	1.299.421	1.166.471
Change in inventories of finished goods, work in progress and goods for resale		10.872	-1.020	7.760	-1.869
Other operating income		1.163	1.167	1.698	1.023
Expenses for raw materials and consumables		-748.435	-540.969	-734.157	-637.207
Other external expenses		-165.760	-133.922	-159.576	-155.645
Gross profit		704.367	491.727	415.146	372.773
Staff expenses	2	-352.986	-240.273	-202.232	-186.085
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-117.888	-96.534	-66.117	-68.480
Other operating expenses		-9.459	-4.664	-3.648	-3.567
Profit before financial income and expenses		224.034	150.256	143.149	114.641
Income from investments in subsidiaries		0	0	53.706	28.349
Financial income	4	61.362	1.832	30.420	-991
Financial expenses	5	-70.214	-12.469	-26.516	-10.257
Profit before tax		215.182	139.619	200.759	131.742
Tax on profit for the year	6	-51.095	-33.331	-36.672	-25.454
Net profit for the year		164.087	106.288	164.087	106.288

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Reserve for net revaluation under the equity method	30.422	-34.222
Retained earnings	<u>133.665</u>	<u>140.510</u>
	<u>164.087</u>	<u>106.288</u>

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Completed development projects		15.299	13.537	15.262	13.483
Goodwill		405.100	0	0	0
Intangible assets	7	420.399	13.537	15.262	13.483
Land and buildings		345.845	274.798	160.384	161.874
Plant and machinery		491.151	319.439	176.147	194.380
Property, plant and equipment in progress		112.002	24.423	35.812	15.970
Property, plant and equipment	8	948.998	618.660	372.343	372.224
Investments in subsidiaries	9	0	0	373.282	235.094
Fixed asset investments		0	0	373.282	235.094
Fixed assets		1.369.397	632.197	760.887	620.801
Inventories	10	230.298	141.002	116.906	99.934
Trade receivables		378.014	207.691	232.072	207.603
Receivables from group enterprises		0	0	280.215	100.013
Other receivables		21.072	6.249	17.912	5.963
Deferred tax asset		8.796	10.752	0	0
Corporation tax		2.328	436	53	0
Prepayments		32.700	4.598	4.286	3.735
Receivables		442.910	229.726	534.538	317.314
Cash at bank and in hand		65.741	76.526	27.572	65.969
Currents assets		738.949	447.254	679.016	483.217
Assets		2.108.346	1.079.451	1.439.903	1.104.018

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Share capital		73.000	72.000	73.000	72.000
Reserve for net revaluation under the equity method		0	0	61.598	24.310
Retained earnings		761.357	507.034	699.759	482.724
Equity	11	834.357	579.034	834.357	579.034
Provision for deferred tax		28.029	21.631	20.683	19.179
Provisions		28.029	21.631	20.683	19.179
Mortgage loans		194.367	194.367	194.367	194.367
Credit institutions		12.985	0	0	0
Lease obligations		622	0	0	0
Payables to group enterprises		530.945	0	0	0
Long-term debt	12	738.919	194.367	194.367	194.367
Credit institutions	12	35.819	6.413	30.096	1.815
Lease obligations	12	431	0	0	0
Trade payables		181.074	94.146	77.197	77.837
Payables to group enterprises	12	44.203	60.000	154.393	123.180
Corporation tax		53.402	15.412	52.283	12.926
Other payables		157.217	101.094	69.198	88.326
Deferred income		34.895	7.354	7.329	7.354
Short-term debt		507.041	284.419	390.496	311.438
Debt		1.245.960	478.786	584.863	505.805
Liabilities and equity		2.108.346	1.079.451	1.439.903	1.104.018
Contingent assets, liabilities and other financial obligations	13				
Fee to auditors appointed at the general meeting	14				
Related parties and ownership	15				

Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	72.000	0	0	507.034	579.034
Cash capital increase	1.000	68.448	0	0	69.448
Exchange adjustments relating to foreign entities	0	0	0	6.866	6.866
Fair value adjustment of hedging instruments	0	0	0	19.896	19.896
Tax on adjustment of hedging instruments	0	0	0	-4.974	-4.974
Net profit for the year	0	0	0	164.087	164.087
Transfer from share premium account	0	-68.448	0	68.448	0
Equity at 31 December	73.000	0	0	761.357	834.357

Parent Company

Equity at 1 January	72.000	0	24.310	482.724	579.034
Cash capital increase	1.000	68.448	0	0	69.448
Exchange adjustments relating to foreign entities	0	0	6.866	0	6.866
Fair value adjustment of hedging instruments	0	0	0	19.896	19.896
Tax on adjustment of hedging instruments	0	0	0	-4.974	-4.974
Net profit for the year	0	0	30.422	133.665	164.087
Transfer from share premium account	0	-68.448	0	68.448	0
Equity at 31 December	73.000	0	61.598	699.759	834.357

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2015 DKK'000	2014 DKK'000
Net profit for the year		164.087	106.288
Adjustments	16	172.323	137.199
Change in working capital	17	-112.056	5.036
Cash flows from operating activities before financial income and expenses		224.354	248.523
Financial income		40.990	1.832
Financial expenses		-49.842	-12.467
Cash flows from ordinary activities		215.502	237.888
Corporation tax paid		-11.617	-10.653
Cash flows from operating activities		203.885	227.235
Purchase of intangible assets		-428.502	-9.020
Purchase of property, plant and equipment		-415.423	-96.679
Sale of property, plant and equipment		1.215	727
Cash flows from investing activities		-842.710	-104.972
Raising of loans from credit institutions		18.104	0
Lease obligations incurred		1.053	0
Raising of loans from group enterprises		548.804	0
Cash capital increase		69.448	0
Cash flows from financing activities		637.409	0
Change in cash and cash equivalents		-1.416	122.263
Cash and cash equivalents at 1 January		10.113	-112.150
Cash and cash equivalents at 31 December		8.697	10.113
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		65.741	76.526
Payables to/receivables from group enterprises		-26.344	-60.000
Credit institutions		-30.700	-6.413
Cash and cash equivalents at 31 December		8.697	10.113

Notes to the Annual Report

	Group		Parent Company	
	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
1 Revenue				
Geographical segments				
Revenue, Scandinavia	273.799	278.384	268.338	278.384
Revenue, other	1.332.728	888.087	1.031.083	888.087
	1.606.527	1.166.471	1.299.421	1.166.471
2 Staff expenses				
Wages and salaries	313.891	215.674	181.166	166.812
Pensions	24.725	19.268	20.293	18.538
Other social security expenses	14.370	5.331	773	735
	352.986	240.273	202.232	186.085
Including remuneration to :				
Executive Board	13.240	12.887	16.054	12.887
Board of Directors	1.200	1.088	1.200	1.088
	14.440	13.975	17.254	13.975
Average number of employees	821	510	372	349

Remuneration to the executive board includes provision for remuneration in the periode of notice.

Notes to the Annual Report

	Group		Parent Company	
	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	21.643	7.153	8.789	7.134
Depreciation of property, plant and equipment	96.245	89.381	57.328	61.346
	117.888	96.534	66.117	68.480
Which is specified as follows:				
Completed development projects	8.808	7.153	8.789	7.134
Goodwill	12.835	0	0	0
Land and buildings	7.963	12.933	4.765	8.259
Plant and machinery	88.282	76.448	52.563	53.087
	117.888	96.534	66.117	68.480
4 Financial income				
Interest received from group enterprises	32.740	0	26.244	1.103
Other financial income	28.622	1.832	4.176	-2.094
	61.362	1.832	30.420	-991
5 Financial expenses				
Interest paid to group enterprises	21.858	2.847	2.443	3.463
Other financial expenses	48.356	9.622	24.073	6.794
	70.214	12.469	26.516	10.257

Notes to the Annual Report

	Group		Parent Company	
	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
6 Tax on profit for the year				
Current tax for the year	38.851	23.293	30.900	19.738
Deferred tax for the year	15.982	6.465	9.510	2.143
Adjustment of tax concerning previous years	1.236	-107	1.236	-107
	56.069	29.651	41.646	21.774
which breaks down as follows:				
Tax on profit for the year	51.095	33.331	36.672	25.454
Tax on changes in equity	4.974	-3.680	4.974	-3.680
	56.069	29.651	41.646	21.774

7 Intangible assets

Group

	Completed development projects	Goodwill
	DKK'000	DKK'000
Cost at 1 January	29.025	6.642
Exchange adjustment	6	0
Additions for the year	0	417.934
Transfers for the year	10.568	0
Cost at 31 December	39.599	424.576
Impairment losses and amortisation at 1 January	15.488	6.642
Exchange adjustment	4	-1
Amortisation for the year	8.808	12.835
Impairment losses and amortisation at 31 December	24.300	19.476
Carrying amount at 31 December	15.299	405.100

Notes to the Annual Report

7 Intangible assets (continued)

Parent Company

	Completed development projects DKK'000
Cost at 1 January	28.815
Transfers for the year	10.568
Cost at 31 December	39.383
Impairment losses and amortisation at 1 January	15.332
Amortisation for the year	8.789
Impairment losses and amortisation at 31 December	24.121
Carrying amount at 31 December	15.262

8 Property, plant and equipment

Group

	Land and buildings DKK'000	Plant and machinery DKK'000	Property, plant and equipment in progress DKK'000
Cost at 1 January	397.491	1.213.268	24.423
Exchange adjustment	5.278	9.276	1.143
Additions for the year	71.174	153.960	200.857
Disposals for the year	-597	-1.011	0
Transfers for the year	3.735	100.118	-114.421
Cost at 31 December	477.081	1.475.611	112.002
Impairment losses and depreciation at 1 January	122.693	893.829	0
Exchange adjustment	786	2.918	0
Depreciation for the year	7.963	88.282	0
Reversal of impairment and depreciation of sold assets	-206	-569	0
Impairment losses and depreciation at 31 December	131.236	984.460	0
Carrying amount at 31 December	345.845	491.151	112.002

Notes to the Annual Report

8 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Plant and machinery	Property, plant and equipment in progress
	DKK'000	DKK'000	DKK'000
Cost at 1 January	262.703	965.345	15.970
Additions for the year	0	0	68.768
Disposals for the year	-597	-11.995	0
Transfers for the year	3.666	34.692	-48.926
Cost at 31 December	<u>265.772</u>	<u>988.042</u>	<u>35.812</u>
Impairment losses and depreciation at 1 January	100.829	770.965	0
Depreciation for the year	4.765	52.563	0
Reversal of impairment and depreciation of sold assets	-206	-11.633	0
Impairment losses and depreciation at 31 December	<u>105.388</u>	<u>811.895</u>	<u>0</u>
Carrying amount at 31 December	<u>160.384</u>	<u>176.147</u>	<u>35.812</u>

Notes to the Annual Report

	Parent Company	
	2015	2014
	DKK'000	DKK'000
9 Investments in subsidiaries		
Cost at 1 January	210.784	208.576
Additions for the year	100.900	2.208
Cost at 31 December	<u>311.684</u>	<u>210.784</u>
Value adjustments at 1 January	24.310	55.911
Exchange adjustment	6.866	2.621
Net profit for the year	53.706	28.349
Dividend to the Parent Company	<u>-23.284</u>	<u>-62.571</u>
Value adjustments at 31 December	<u>61.598</u>	<u>24.310</u>
Carrying amount at 31 December	<u>373.282</u>	<u>235.094</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Faerch Plast Ltd.	Sutton, UK	GBP 75k	100%
Faerch Plast s.r.o.	Liberec, CZ	CZK 500,200k	100%
Faerch Plast SAS	Semoy, France	EUR 10k	100%
Faerch Plast Manufacturing Ltd.	Durham, UK	GBP 6,000k	100%
Faerch Plast S.L.U.	Bunol, Spain	EUR 4,500 K	100%

All foreign subsidiaries are recognised and measured as separate entities.

	Group		Parent Company	
	2015	2014	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000
10 Inventories				
Raw materials and consumables	87.335	45.792	41.766	32.554
Work in progress	45.099	38.916	25.560	27.635
Finished goods and goods for resale	97.864	56.294	49.580	39.745
	<u>230.298</u>	<u>141.002</u>	<u>116.906</u>	<u>99.934</u>

Notes to the Annual Report

11 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK'000
A-shares	13	13.000
B-shares	60	60.000
		<u>73.000</u>

The share capital has developed as follows:

	<u>2015</u> DKK'000	<u>2014</u> DKK'000	<u>2013</u> DKK'000	<u>2012</u> DKK'000	<u>2011</u> DKK'000
Share capital at 1 January	72.000	72.000	72.000	72.000	72.000
Capital increase	1.000	0	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	<u>73.000</u>	<u>72.000</u>	<u>72.000</u>	<u>72.000</u>	<u>72.000</u>

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	139.496	157.817	139.496	157.817
Between 1 and 5 years	54.871	36.550	54.871	36.550
Long-term part	<u>194.367</u>	<u>194.367</u>	<u>194.367</u>	<u>194.367</u>
Within 1 year	0	0	0	0
	<u>194.367</u>	<u>194.367</u>	<u>194.367</u>	<u>194.367</u>

Notes to the Annual Report

12 Long-term debt (continued)

	Group		Parent Company	
	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Credit institutions				
Between 1 and 5 years	12.985	0	0	0
Long-term part	12.985	0	0	0
Within 1 year	5.119	0	0	0
Other short-term debt to credit institutions	30.700	6.413	30.096	1.815
Short-term part	35.819	6.413	30.096	1.815
	48.804	6.413	30.096	1.815
Lease obligations				
Between 1 and 5 years	622	0	0	0
Long-term part	622	0	0	0
Within 1 year	431	0	0	0
	1.053	0	0	0
Payables to group enterprises				
After 5 years	402.859	0	0	0
Between 1 and 5 years	128.086	0	0	0
Long-term part	530.945	0	0	0
Within 1 year	17.859	0	0	0
Other short-term debt to group enterprises	26.344	60.000	154.393	123.180
Short-term part	44.203	60.000	154.393	123.180
	575.148	60.000	154.393	123.180

Notes to the Annual Report

13 Contingent assets, liabilities and other financial obligations	Group		Parent Company	
	2015	2014	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000

Security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	160.384	161.874	160.384	161.874
Plant and machinery with a carrying amount of maximum	176.147	194.380	176.147	194.380

Contractual obligations

To hedge interest rate risks, the Group and the Parent Company have concluded contracts of

194.898	195.596	194.898	195.596
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The Parent Company and the Group have concluded contracts concerning sale of foreign exchange at a countervalue of DKK 260,381 k.

The Parent Company and the Group have concluded contracts with a number of suppliers. The contracts do not entail any obligations other than those normally involved in trading relationships.

The Parent Company and the Group have concluded operating leases with a remaining obligation over the term of DKK 11.414k. The leases have remaining terms of up to 60 months.

Contingent liabilities

The Parent Company has issued suretyships towards the subsidiary Faerch Plast s.r.o. limited to CZK 9,000k and EUR 1,000k, respectively.

The Parent Company has issued suretyship towards the subsidiary Faerch Plast Manufacturing Ltd.

The Parent Company has placed 100% of the shares in its subsidiaries and their subsidiaries as security with the Parent Company, Færch Plast Group A/S's, credit institutions.

The Group has placed all assets in its subsidiaries as security with the Parent Company, Færch Plast Group A/S's, credit institutions.

The Parent Company and its subsidiaries have issued irrevocably and unconditionally jointly and severally guarantees towards the Parent Company, Færch Plast Group A/S', credit institutions.

Notes to the Annual Report

13 Contingent assets, liabilities and other financial obligations (continued)

The Parent Company and the Group is not involved in any lawsuits which are expected to have a material effect on the financial position of the Company.

	Group		Parent Company	
	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
14 Fee to auditors appointed at the general meeting				
Audit fee to PricewaterhouseCoopers	1.689	938	500	485
Other assurance engagements	110	0	110	0
Tax advisory services	780	498	780	284
Other services	1.310	737	645	536
	3.889	2.173	2.035	1.305

15 Related parties and ownership

Basis

Controlling interest

Færch Plast Group A/S Holstebro, Denmark	Parent Company
The Company's subsidiaries, see group chart page 5	Subsidiaries

Transactions

Related parties with significant influence comprise group enterprises as well as the Board of Directors and the Executive Board of the Company and the group enterprises.

Pursuant to section 98c(1) of the Danish Financial Statements Act, the Company does not disclose any information on transactions with related parties

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Færch Plast Group A/S, Holstebro, Denmark

Notes to the Annual Report

15 Related parties and ownership (continued)

Consolidated Financial Statements

The Company's Annual Report is included in the Consolidated Financial Statements of Færch Plast Group A/S, Holstebro, Denmark, CVR No 32 30 84 49.

The Group Annual Report of Færch Plast Group A/S may be obtained at the following address:

Færch Plast Group A/S
Rasmus Færchs vej 1
DK-7500 Holstebro

Notes to the Annual Report

	Group	
	2015	2014
	DKK'000	DKK'000
16 Cash flow statement - adjustments		
Financial income	-61.362	-1.832
Financial expenses	70.214	12.469
Depreciation, amortisation and impairment losses, including losses and gains on sales	117.506	97.369
Tax on profit for the year	51.095	33.331
Exchange adjustment	-5.130	-4.138
	<u>172.323</u>	<u>137.199</u>
17 Cash flow statement - change in working capital		
Change in inventories	-89.296	-3.279
Change in receivables, etc.	-213.248	-22.812
Change in trade payables, etc.	170.592	45.846
Fair value adjustments of hedging instruments	19.896	-14.719
	<u>-112.056</u>	<u>5.036</u>

Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of R. Færch Plast A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Consolidated and Parent Company Financial Statements for 2015 are presented in DKK'000.

The accounting policies applied are unchanged compared to the previous year.

Depreciation periods have in 2015 been changed for some categories of tangible fixed assets. This change in accounting estimates has increased profit before tax for 2015 by DKK 11,427k for the parent company and DKK 23,928k for the Group, respectively.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, R. Færch Plast A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Accounting Policies

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Accounting Policies

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Segment reporting

Segment information is presented relating to the distribution of revenue on business segments and geographical segments.

Based on this, it is the Company's assessment that it has one business segment which is "production and sale of plastic packaging" and two geographical segments which are "Scandinavia" and "other countries".

Income Statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Accounting Policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit for the year

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

Balance Sheet

Intangible assets

Acquired goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at five years.

Costs incurred in connection with development projects are recognised as assets if they are expected to bring future economic benefits. Other development costs are expensed as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit. The period of amortisation is three years.

Accounting Policies

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years
Plant and machinery	1-20 years

Assets costing less than DKK 50k are expensed in the year of acquisition.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

Accounting Policies

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Prepayments

Prepayments comprise prepaid expenses concerning subscriptions.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Accounting Policies

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Current asset investments", "Cash at bank and in hand", "Short term receivables from and payables to group enterprises" and the portion of the liability "Credit institutions" which constitutes overdraft facilities.

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
EBITA margin	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$