

# **Jacob Holm & Sønner A/S**

*c/o Bech-Bruun Advokatfirma  
Langelinie Allé 35  
DK-2100 København Ø*

## **Annual Report for 2015**

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CVR No 13 86 86 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26 May 2016.

Chairman



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## Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Jacob Holm & Sønner A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements included in the executive order on IFRS issued by the Danish Commerce and Companies Agency. We consider the accounting policies applied appropriate and the accounting estimates reasonable.

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

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

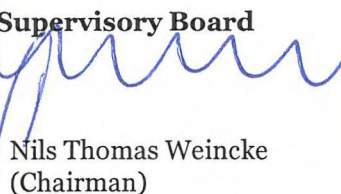
Jyderup 26 May 2016

### Executive Board




Martin Mikkelsen

### Supervisory Board



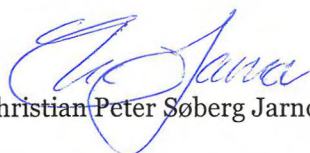
Nils Thomas Weincke  
(Chairman)



Richard Sand  
(Vice-chairman)



Martin Mikkelsen



Christian Peter Søberg Jarnov

# **Independent Auditor's Report**

To the Shareholders of Jacob Holm & Sønner A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of Jacob Holm & Sønner A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies. The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 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 are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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.

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

The audit has not resulted in any qualification.

## Independent Auditor's Report

### Opinion

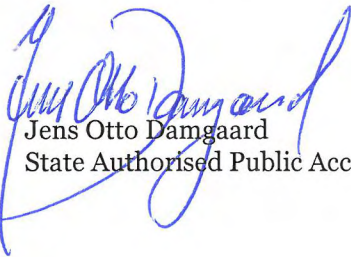
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

København 26 May 2016

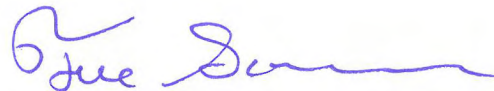
**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 3377 1231



Jens Otto Damgaard  
State Authorised Public Accountant



Tue Stensgård Sørensen  
State Authorised Public Accountant

# Management's Review

## Company Information

<b>The Company</b>	Jacob Holm & Sønner A/S c/o Bech-Bruun Advokatfirma Langelinie Allé 35 DK-2100 København Ø
	CVR No.: 13 86 86 11
	Financial year: 1. January – 31 December
	Municipality of reg. office: Copenhagen

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

Jacob Holm & Sønner Holding A/S  
c/o Bech-Bruun Advokatfirma  
Langelinie Allé 35  
DK-2100 København Ø

**Supervisory Board** Nils Thomas Weincke (Chairman)  
Richard Sand (Vice-chairman)  
Martin Mikkelsen  
Christian Peter Søberg Jarnov

**Executive Board** Martin Mikkelsen

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Consolidated

**Financial Statements** The Company is included in the Group Annual Report of the immediate Parent Company Jacob Holm & Sønner Holding A/S and in the ultimate Parent Company Ammon Ammon AG.

The Group Annual Report of Jacob Holm & Sønner Holding A/S may be obtained at the following address:

Jacob Holm & Sønner Holding A/S  
c/o Bech-Bruun Advokatfirma  
Langelinie Allé 35  
DK-2100 København Ø

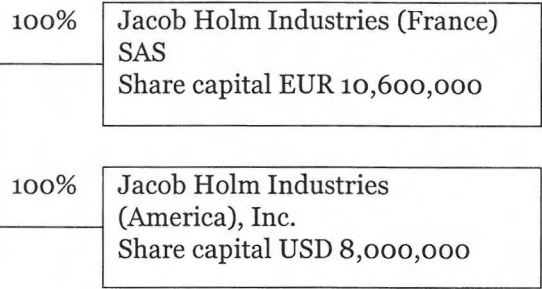
# Management's Review

## Group Chart

### Parent Company

Jacob Holm & Sønner A/S  
Share capital DKK 32,511,560

### Subsidiaries



## Income Statement 1 January - 31 December

	Note	2015 DKK '000	2014 DKK '000
<b>Revenue</b>	3	0	0
Administrative expenses		-460	-498
<b>Profit before financial income and expenses</b>		-460	-498
Financial income	6	8.574	3.554
Financial expenses	7	0	-654
<b>Profit before tax</b>		8.114	2.402
Tax on profit for the year	8	-14.625	1.344
<b>Net profit for the year</b>		22.739	1.058

## Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	22.739	1.058
<b>Comprehensive income</b>	22.739	1.058



## Balance Sheet at 31 December

### Assets

	Note	2015 DKK '000	2014 DKK '000
Investments in subsidiaries	9	610.093	559.819
Other receivables	11	0	21.603
<b>Non-current assets</b>		<b>610.093</b>	<b>581.422</b>
Receivables from group companies		25.963	9.916
Receivables from related companies		0	1.791
Other receivables		0	19
<b>Receivables</b>		<b>25.963</b>	<b>11.726</b>
<b>Cash at bank and in hand</b>		<b>68</b>	<b>61</b>
<b>Current assets</b>		<b>26.031</b>	<b>11.787</b>
<b>Assets</b>		<b>636.124</b>	<b>593.209</b>

### Equity and liabilities

Share capital	12	32.512	32.512
Retained earnings		546.652	523.913
<b>Equity</b>		<b>579.164</b>	<b>556.425</b>
Provisions for deferred tax	13	25.055	36.709
<b>Non-current liabilities</b>		<b>25.055</b>	<b>36.709</b>
Payables to group companies		31.808	0
Corporation tax	14	34	0
Other payables		63	75
<b>Current liabilities</b>		<b>31.905</b>	<b>75</b>
<b>Liabilities</b>		<b>56.960</b>	<b>36.784</b>
<b>Equity and liabilities</b>		<b>636.124</b>	<b>593.209</b>
Main activity of the Company	3		
Guarantees	17		
Financial risks	18		
Related parties	19		

## Cash Flow Statement

	Note	2015 DKK '000	2014 DKK '000
Net profit for the year		22.739	1.058
Adjustments of non-cash items	15	-23.199	-1.556
Change in working capital	16	7	-24
Cash flows from operating activities before financial income and expenses		-453	-522
Financial income		8.574	3.554
Financial expenses		0	-654
Corporation tax received		3.005	0
<b>Cash flows from operating activities</b>		<b>11.126</b>	<b>2.378</b>
Investments in subsidiaries		-50.274	0
<b>Cash flows from investing activities</b>		<b>-50.274</b>	<b>0</b>
Change in accounts with group companies		37.364	-31.891
Change in accounts with related companies		1.791	-1.191
<b>Cash flows from financing activities</b>		<b>39.155</b>	<b>-33.082</b>
<b>Change in cash and cash equivalents</b>		<b>7</b>	<b>-30.704</b>
Cash and cash equivalents at 1 January		61	30.765
<b>Cash and cash equivalents at 31 December</b>		<b>68</b>	<b>61</b>
specified as follows:			
Cash at bank and in hand		68	61
		<b>68</b>	<b>61</b>

## Statement of Changes in Equity 1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
<b>Equity</b>			
Equity at 1 January 2015	32.512	523.913	556.425
Comprehensive income for the year	0	22.739	22.739
<b>Equity at 31 December 2015</b>	<b>32.512</b>	<b>546.652</b>	<b>579.164</b>
Equity at 1 January 2014	32.512	522.855	555.367
Comprehensive income for the year	0	1.058	1.058
<b>Equity at 31 December 2014</b>	<b>32.512</b>	<b>523.913</b>	<b>556.425</b>

Paid dividends per share in 2015 amounts to DKK 0.

Only the share capital is restricted. Other reserves may be distributed.

# Notes to the Annual Report

## 1 Accounting Policies

The Annual Report of Jacob Holm & Sønner A/S for 2015 is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements included in the executive order on IFRS issued by the Danish Commerce and Companies Agency.

The Annual Report for 2015 is presented in DKK '000.

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

### **New standards, amendments and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing the consolidated financial statement.

**IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. Reduces the number of categories of financial assets to two; amortised cost and fair value. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement. Furthermore, hedge accounting is simplified and net positions can be hedged.

**IFRS 15, 'Revenue from contracts with customers'** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

**IFRS 16, "Leases"**, which amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. The Group expects to implement the standard when it becomes effective. The Group is in the process of examining the effect of the standard, which cannot yet be calculated.

The IASB has approved further new standards and interpretations that are not relevant to Jacob Holm & Sønner A/S and will have no effect on the Financial Statements.

### **Foreign currencies**

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences 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.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

Balance sheet items including goodwill for consolidated companies that do not have DKK as their functional currency are translated into DKK at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for the month. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

### Income Statement

#### Revenue and recognition of income

Revenue consists of dividend from subsidiaries.

#### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

#### 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 and amortisation of financial assets and liabilities.

Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the expenses relating to the asset. All other financial expenses are recognised in expenses in the financial year in which they were incurred.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use or for sale.

#### Tax on profit for the year

Tax for the year consists of current tax for the year and 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

### Balance Sheet

#### Financial fixed assets

#### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Financial Statements.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

#### 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.

#### Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

#### Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance-sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items where temporary differences – apart from business acquisitions – have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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 recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries 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 unless the deferred tax relates to equity entries.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

The Company is jointly taxed with the Danish group company. Foreign group companies are not comprised by the joint taxation.

The tax effect of the joint taxation is allocated to both profits and losses in proportion to the taxable income. The jointly taxed companies have adopted the on-account taxation scheme.

### Financial liabilities

Mortgage credit loans and loans from credit institutions are initially recognised at fair value net of transaction expenses incurred. Subsequently, the financial liabilities are measured at amortised cost corresponding to capitalised value by use of the effective rate of interest so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other liabilities comprising trade payables and other liabilities are also measured at amortised cost.

### Cash Flow Statement

The cash flow statement shows 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 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 for the year adjusted for non-cash operating items, changes in working capital, financial income/expenses and corporation tax paid.

#### Cash flows from investing activities

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

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from Group companies and related companies.

#### Cash and cash equivalents

Cash and cash equivalents comprise the item "Cash at bank and in hand" under current assets net of current credits with banks that constitute an integrated part of the current cash management.

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

## Notes to the Annual Report

### 2 Significant accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

#### *Investment in subsidiaries*

Jacob Holm Industries (France) SAS has recognised a pre-tax loss of DKK 11,243k for 2015. A profit is expected for 2016. The Company has historically had fluctuating results and has periodically been unprofitable. The Company has improved the product mix as well as production efficiency by upgrading the production lines. Further, the organisation has been changed to reflect changing demands. Impairment test relating to investment in subsidiaries is described in note 10. The use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods.

### 3 Main activity of the Company

The Company engages in industrial activities, commercial activities and investment activities and to own and administrate real estate.

	2015	2014
	DKK '000	DKK '000
<b>4 Revenue</b>		
Dividend from subsidiaries	0	0
	<b>0</b>	<b>0</b>
<b>5 Expenses classified by type</b>		
Administrative expenses	460	498
	<b>460</b>	<b>498</b>
Classified by type as follows:		
Other external expenses	460	498
	<b>460</b>	<b>498</b>
<b>6 Financial income</b>		
Exchange adjustments	3.201	0
Interest intercompany accounts	846	1.255
Other financial income	4.527	2.299
	<b>8.574</b>	<b>3.554</b>

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

Other financial income includes guarantee commission charged to Group companies.



## Notes to the Annual Report

	2015	2014
	DKK '000	DKK '000
<b>7 Financial expenses</b>		
Interest	0	0
Exchange adjustments	0	654
	<b>0</b>	<b>654</b>

Interest relates to loans received and payables measured at amortised cost.

## 8 Tax on profit for the year

Current tax on profit for the year	34	0
Change in deferred tax	-14.659	1.344
	<b>-14.625</b>	<b>1.344</b>
Tax on profit for the year is specified as follows:		
Calculated 23,5% / 24,5% tax on profit for the year before tax	1.907	588
Tax effect of:		
Lower tax rate on deferred tax	-120	0
Change in retaxation liability	-16.412	0
Adjustment of valuation deferred tax	0	756
	<b>-14.625</b>	<b>1.344</b>
<b>Effective tax rate for the year</b>	<b>-180,24%</b>	<b>55,95%</b>

Jacob Holm Industries (France) SAS has written down the value of a tax loss carry-forward in order to reflect the value of losses to be utilised within the next 5 years. Following this, the Parent company has made a reassessment of its retaxation liability resulting in a change in the retaxation liability of DKK 16.412.

## 9 Investments in subsidiaries

	Share capital '000	Currency	Ownership %
Jacob Holm Industries (France) SAS, France	10.600	EUR	100%
Jacob Holm Industries (America), Inc., USA	8.000	USD	100%
		2015	2014
		DKK '000	DKK '000
Cost at 1 January		559.819	559.819
Additions for the year		50.274	0
Cost at 31 December		<b>610.093</b>	<b>559.819</b>

# Notes to the Annual Report

## 10 Impairment test relating to investments in subsidiaries

The carrying amount of investments in subsidiaries is distributed as follows:

	2015	2014
	DKK '000	DKK '000
Jacob Holm Industries (France) SAS, France	243.194	243.194
Jacob Holm Industries (America), Inc., USA	366.899	316.625
	<b>610.093</b>	<b>559.819</b>

At 31 December 2015, Management reviewed the carrying amount of Jacob Holm Industries (France) SAS, following impairment indications.

The recoverable amount is based on the value in use at 31 December 2015. The impairment test proved that there is no need for impairment of investments in subsidiaries.

The value in use is based on future expected cash flows on the basis of budgets and estimates approved by Management for the financial year 2016. The value is primarily sensitive to the assumptions made regarding contribution margin and discount rate used.

In the impairment test a discount rate (WACC) of 6,5 % and a growth rate in the terminal period of 1,5 % have been used.

Headroom is approximately 10% of value in use and discount rate can increase 0,5% before an impairment is needed. Furthermore, the EBITDA margin could decrease 0,4% before an impairment is needed.

	2015	2014
	DKK '000	DKK '000
<b>11 Other receivables</b>		
Loans to related parties	0	21.603
	<b>0</b>	<b>21.603</b>

## 12 Share capital

The share capital consists of the following share classes:

A-shares (1,151,890 shares of DKK 10)	11.519	11.519
B-shares (2,099,266 shares of DKK 10)	20.993	20.993
	<b>32.512</b>	<b>32.512</b>

A-shares give the right to 10 votes for each share amount of DKK 10, and B-shares give the right to one vote for each share amount of DKK 10.

Otherwise no shares carry any special rights.

## Notes to the Annual Report

	2015	2014
	DKK '000	DKK '000
<b>13 Provisions for deferred tax</b>		
Deferred tax at 1 January	36.709	35.365
Change in deferred tax, see note 8	-14.659	1.344
Change in deferred tax from the use of tax loss carry-forward by jointly taxed company	3.005	0
Deferred tax at 31 December	<u>25.055</u>	<u>36.709</u>
Deferred tax relates to:		
Tax loss carry-forward	-3.252	-8.010
Retaxation relating to utilised losses in foreign subsidiary	28.307	44.719
<b>Non-current part</b>	<u><b>25.055</b></u>	<u><b>36.709</b></u>
<b>14 Corporation tax</b>		
Accrued corporation tax at 1 January	0	0
Tax on operating profit, see note 8	34	0
Tax paid	0	0
Accrued corporation tax at 31 December	<u><b>34</b></u>	<u><b>0</b></u>
<b>15 Cash flow statement - adjustments of non-cash items</b>		
Financial income	-8.574	-3.554
Financial expenses	0	654
Tax on profit for the year	-14.625	1.344
	<u><b>-23.199</b></u>	<u><b>-1.556</b></u>
<b>16 Cash flow statement - change in working capital</b>		
Change in other receivables	19	-19
Change in trade payables etc	-12	-5
	<u><b>7</b></u>	<u><b>-24</b></u>

## Notes to the Annual Report

	2015	2014
	DKK '000	DKK '000
<b>17 Guarantees</b>		
As security for term loans and a revolving facility provided to a subsidiary, a guarantee has been provided of	420.583	369.388
As security for a credit line provided by a supplier to a subsidiary, a guarantee has been provided of	21.173	18.972
As security for a bond issued by the Parent Company, the Company is guaranteeing	527.800	510.900
As security for a bond issued by the Parent Company, the Company has pledged all shares in subsidiaries		

## 18 Financial risks

### Credit risk

The Company is not exposed to any credit risks on Group external receivables. The Group internal receivables are not due for payment.

### Liquidity risk

The analysis of due dates is stated on the basis of category and class broken down on due date.

2015

DKK '000

	< 1 year	1-5 years	Total	Carrying amount	Fair value
Measured at amortised cost:					
Payables to group companies	31.808	0	31.808	31.808	31.808
Other short-term liabilities	97	0	97	97	97
<b>Financial liabilities</b>	<b>31.905</b>	<b>0</b>	<b>31.905</b>	<b>31.905</b>	<b>31.905</b>
Loans and receivables:					
Receivables from group companies	25.963	0	25.963	25.963	25.963
Other receivables	0	0	0	0	0
Cash at bank and in hand	68	0	68	68	68
<b>Financial assets</b>	<b>26.031</b>	<b>0</b>	<b>26.031</b>	<b>26.031</b>	<b>26.031</b>
<b>Net cash outflow</b>	<b>-5.874</b>	<b>0</b>	<b>-5.874</b>	<b>-5.874</b>	<b>-5.874</b>

The deficit is expected to be covered via future earnings and additional funds provided by the Parent.

\*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

# Notes to the Annual Report

## 18 Financial risks (continued)

2014

DKK '000

	<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>Total</u>	<u>Carrying amount</u>	<u>Fair value</u>
Measured at amortised cost:					
Other short-term liabilities	75	0	75	75	75
<b>Financial liabilities</b>	<b>75</b>	<b>0</b>	<b>75</b>	<b>75</b>	<b>75</b>
Loans and receivables:					
Receivables from group companies	9.916	0	9.916	9.916	9.916
Receivables from related companies	23.394	0	23.394	23.394	23.394
Other receivables	19	0	19	19	19
Cash at bank and in hand	61	0	61	61	61
<b>Financial assets</b>	<b>33.390</b>	<b>0</b>	<b>33.390</b>	<b>33.390</b>	<b>33.390</b>
<b>Net cash outflow</b>	<b>33.315</b>	<b>0</b>	<b>33.315</b>	<b>33.315</b>	<b>33.315</b>

\*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

### Market risk

Accounts with Group companies are interest bearing.

The Company's currency used for settlement is primarily DKK, USD and CHF. No financial instruments are used to hedge positions in foreign currency.

### Exposure at 31 December 2015:

DKK '000

Currency	<u>Payment /expiry</u>	<u>Receivables</u>	<u>Payables</u>	<u>Bank and credit-institutions</u>	<u>Net position</u>
USD	< 1 year	25.963	0	3	25.966
EUR	< 1 year	0	0	51	51
		25.963	0	54	26.017

## Notes to the Annual Report

### 18 Financial risks (continued)

#### Exposure at 31 December 2014:

DKK '000					
Currency	Payment /expiry	Receivables	Payables	Bank and credit- institutions	Net position
USD	< 1 year	0	0	13	13
CHF	< 1 year	1.791	0	0	1.791
CHF	> 1 year	21.603	0	0	21.603
EUR	< 1 year	0	0	2	2
		<u>23.394</u>	<u>0</u>	<u>15</u>	<u>23.409</u>

A 10 % increase in USD towards all currencies would mean a positive change in net position of DKK 2,597k (2014: DKK 1k), which would affect the profit for the year before tax and corresponding impact on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2015 towards all other currencies will entail a positive change of profit for the year before tax of DKK 0k (2014: DKK 2,339k) and a similar effect on equity.

#### Capital management

The objective of the Company's capital management is to ensure the Company's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

# Notes to the Annual Report

## 19 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Poul M. Mikkelsen, Rebstockrain 16, CH-6006 Luzern	Controlling shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
PMM Holding (Luxembourg) AG, 5, rue Guillaume Kroll, L-1882 Luxembourg	Parent company
Jacob Holm & Sønner Holding, c/o Bech-Bruun Advokatfirma Langelinie Allé 35, DK-2100 København Ø	Parent company
<b>Other related parties</b>	
Jacob Holm Industries (America) Inc., 1265 Sand Hill Road, Candler, NC 28715, USA	Subsidiary
Jacob Holm Industries (France) SAS, Rue Henri Seiller, Zone Industrielle, F-68360 Soultz	Subsidiary
PMM Holding AG, Rebstockrain 16, CH-6006 Luzern	Sister Company
Sontara AG, Picassoplatz 8, CH-4052 Basel	Sister Company
TWIG Trading GmbH, Picassoplatz 8, CH-4052 Basel	Sister Company
TWIG Trading (Switzerland) GmbH, Picassoplatz 8, CH-4052 Basel	Sister Company
TWIG SAS, Rue Henri Seiller, Zone Industrielle, F-68360 Soultz	Sister Company
Sontara Old Hickory Inc., 615 South DuPont Highway, Dover, County of Kent, Delaware, 19901, USA	Sister Company
Sontara Asturias S.A.U., Madrid, calle Montesa, número 35, escalera izquierda 4º derecha (28006), Spain	Sister Company
Sontara Japan GK, Nagata-Cho 2- Chome, Chiyoda-Ku, Tokyo 100-6111, Japan	Sister Company
Jacob Holm Mexico SA De CV, Bosque de Ciruelos No. 180, PP 101, Colonia Bosques de las Lomas, Delegación Miguel Hidalgo, México, Distrito Federal, 11700	Sister Company
Sontara Americas Inc., 615 South DuPont Highway, Dover, County of Kent, Delaware, 19901, USA	Sister Company
Sontara South Asia Sdn Bhd, Symphony Corporatehouse Sdn Bhd, Level 8 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Sister Company

## Notes to the Annual Report

### 19 Related parties (continued)

Sontara Argentina S.R.L., 1210 Maipú St., 8th Floor, office 850 Buenos Aires, Argentina	Sister Company
Sontara Nonwovens (Shanghai) Co., Ltd., Room 503-07, Floor 5, Building 1, No. 1438, Hongqiao Road, Changning District, Shanghai China	Sister Company
Dønnerup A/S, c/o Bech-Bruun Advokatfirma, Langelinie Allé 35 DK-2100 København Ø	Sister Company

#### Transactions

Purchases of management services amounted to DKK 372k (2014: DKK 372k) in financial year 2015.

The company has charged interest on group receivables of DKK 846k (2014: DKK 1.255k) in financial year 2015.

Further, the company has charged guarantee fees of DKK 4.527k (2014: DKK 2.299k) in financial year 2015. The company is guaranteeing for loan and credit facilities as well as a supplier credit provided to a subsidiary .

All transactions have been effected on an arm's length basis.

	2015 DKK '000	2014 DKK '000
<b>Receivables from group companies</b>		
Jacob Holm Industries (America), Inc.	25.963	0
Jacob Holm & Sønner Holding A/S	0	9.916
	<b>25.963</b>	<b>9.916</b>
<b>Payables to group companies</b>		
Jacob Holm & Sønner Holding A/S	31.808	0
	<b>31.808</b>	<b>0</b>