

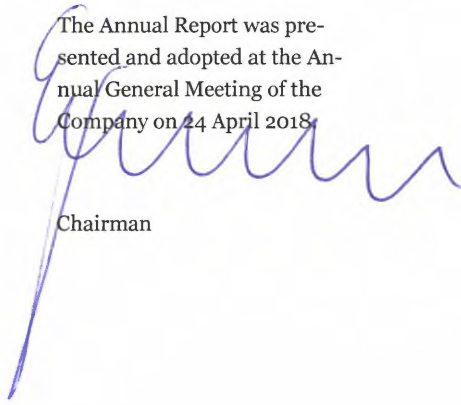
Jacob Holm & Sønner A/S

*c/o Accura Advokatpartnerselskab
Tuborg Boulevard 1
DK-2900 Hellerup*

Annual Report for 2017

CVR No 13 86 86 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 April 2018.



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 2017.

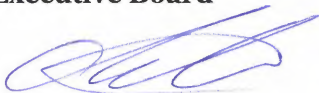
The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as further requirements in the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the accounting estimates reasonable.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations and cash flows for 2017.

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

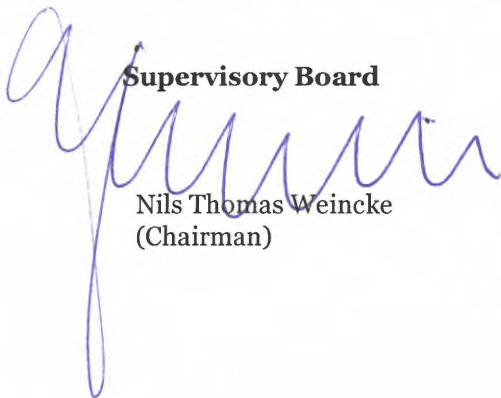
Jyderup 24 April 2018

Executive Board

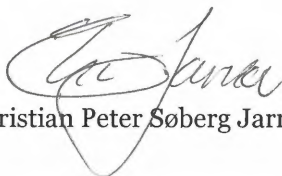


Martin Mikkelsen

Supervisory Board



Nils Thomas Weincke
(Chairman)



Christian Peter Søberg Jarnov



Martin Mikkelsen

Independent Auditor's Report

To the Shareholders of Jacob Holm & Sønner A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Jacob Holm & Sønner A/S for the financial year 1 January - 31 December 2017, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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


Independent Auditor's Report

Hellerup, 24 April 2018


PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jens Otto Damgaard
State Authorised Public Accountant
mne9231



Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Company information

Company Information

The Company	Jacob Holm & Sønner A/S c/o Accura Advokatpartnerselskab Tuborg Boulevard 1 DK-2900 Hellerup
	CVR No.: 13 86 86 11
	Financial year: 1. January – 31 December
	Municipality of reg. office: Gentofte

Supervisory Board Nils Thomas Weincke (Chairman)
Christian Peter Søberg Jarnov
Martin Mikkelsen

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 Accura Advokatpartnerselskab
Tuborg Boulevard 1
DK-2900 Hellerup

Company information

Group Chart

Parent Company

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

Subsidiaries

100% Jacob Holm Industries (France)
SAS
Share capital EUR 10,600,000

100% Jacob Holm Industries
(America), Inc.
Share capital USD 8,000,000

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2017</u> DKK '000	<u>2016</u> DKK '000
Administrative expenses		-442	-448
Profit before financial income and expenses		-442	-448
Financial income	5	4.927	7.998
Financial expenses	6	-164.037	-2.419
Profit before tax		-159.552	5.131
Tax on profit for the year	7	19.589	-1.193
Net profit for the year		-139.963	3.938

Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	-139.963	3.938
Comprehensive income	-139.963	3.938

Balance Sheet at 31 December

Assets

	Note	2017 DKK '000	2016 DKK '000
Investments in subsidiaries	8	677.694	647.639
Non-current assets		677.694	647.639
Receivables from group companies		50.922	50.760
Receivables		50.922	50.760
Cash at bank and in hand		57	12
Current assets		50.979	50.772
Assets		728.673	698.411

Equity and liabilities

Share capital	10	32.512	32.512
Retained earnings		410.627	550.590
Equity		443.139	583.102
Provisions for deferred tax	11	6.693	26.282
Non-current liabilities		6.693	26.282
Payables to group companies		278.779	88.965
Corporation tax	12	0	0
Other payables		62	62
Current liabilities		278.841	89.027
Liabilities		285.534	115.309
Equity and liabilities		728.673	698.411

Main activity of the Company	3
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Related parties	17

Cash Flow Statement

	Note	2017 DKK '000	2016 DKK '000
Net profit for the year		-139.963	3.938
Adjustments of non-cash items	13	139.521	-4.386
Change in working capital	14	0	-1
Cash flows from operating activities before financial income and expenses		-442	-449
Financial income		4.927	7.998
Financial expenses		-16.378	-2.419
Corporation tax paid		0	0
Cash flows from operating activities		-11.893	5.130
Investments in subsidiaries		-177.714	-37.546
Cash flows from investing activities		-177.714	-37.546
Change in accounts with related companies		189.652	32.360
Cash flows from financing activities		189.652	32.360
Change in cash and cash equivalents		45	-56
Cash and cash equivalents at 1 January		12	68
Cash and cash equivalents at 31 December		57	12
specified as follows:			
Cash at bank and in hand		57	12
		57	12

Statement of Changes in Equity 1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity			
Equity at 1 January 2017	32.512	550.590	583.102
Comprehensive income for the year	0	-139.963	-139.963
Equity at 31 December 2017	32.512	410.627	443.139
Equity at 1 January 2016	32.512	546.652	579.164
Comprehensive income for the year	0	3.938	3.938
Equity at 31 December 2016	32.512	550.590	583.102

Paid dividends per share in 2017 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 2017 is prepared in accordance with International Financial Reporting Standards (IFRS) and further requirements in the Danish Financial Statements Act.

The Annual Report for 2017 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 2018, and have not been applied in preparing the consolidated financial statement.

IFRS 9, 'Financial instruments' addresses the requirements for recognition and measurement, impairment, derecognition and general hedge accounting. A new credit loss model has replaced the incurred loss impairment model used in IAS 39. The standard becomes effective from 2018, and the Group will implement the standard when it becomes effective. The implementation of IFRS 9 will have no effect on the income statements and balance sheets for 2017 and previous years.

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 and becomes effective from 2018. The Group will implement the standard when it becomes effective. The Group assess that there will be no impact on the Group from 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

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligations on finance leases, which are 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.

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.

Impairment test - investment in subsidiaries

An impairment test has been performed on the investment in subsidiaries in Jacob Holm Industries (America) Inc. and Jacob Holm Industries (France) SAS. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2017. The use of different estimates or when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. Impairment test relating to investment in subsidiaries are described in note 9.

3 Main activity of the Company

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

	2017 DKK '000	2016 DKK '000
4 Expenses classified by type		
Administrative expenses	442	448
	442	448
Classified by type as follows:		
Other external expenses	442	448
	442	448
5 Financial income		
Interest intercompany accounts	2.188	1.902
Exchange adjustments	0	1.923
Other financial income	2.739	4.173
	4.927	7.998

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

	2017	2016
	DKK '000	DKK '000
6 Financial expenses		
Impairment charge subsidiary	147.659	0
Interest intercompany accounts	7.729	2.419
Exchange adjustments	8.649	0
	164.037	2.419

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

7 Tax on profit for the year

Current tax on profit for the year	0	-34
Change in deferred tax	-19.589	1.227
	-19.589	1.193
Tax on profit for the year is specified as follows:		
Calculated 22,0% tax on profit for the year before tax	-35.101	1.129
Tax effect of:		
Change in retaxation liability	-16.973	98
Non-deductible impairment charge	32.485	0
Adjustment of tax previous years	0	-34
	-19.589	1.193
Effective tax rate for the year	12,28%	23,25%

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 16.973k.

8 Investments in subsidiaries

	Share capital '000	Currency	Ownership %	Carrying amount DKK '000	Equity DKK '000	Result DKK '000
Jacob Holm Industries (France) SAS, France	10.600	EUR	100%	243.194	132.418	-5.535
Jacob Holm Industries (America), Inc., USA	8.000	USD	100%	434.500	355.187	-66.147
				677.694	487.605	-71.682

Notes to the Annual Report

8 Investments in subsidiaries (continued)

	2017	2016
	DKK '000	DKK '000
Cost at 1 January	647.639	610.093
Additions for the year	177.714	37.546
Cost at 31 December	825.353	647.639
Impairment at 1 January	0	0
Impairment for the year	147.659	0
Impairment at 31 December	147.659	0
Carrying amount at 31 December	677.694	647.639

9 Impairment test relating to investments in subsidiaries

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

Jacob Holm Industries (France) SAS, France	243.194	243.194
Jacob Holm Industries (America), Inc., USA	434.500	404.445
	677.694	647.639

At 31 December 2017, Management reviewed the carrying amount of Jacob Holm Industries (France) SAS and Jacob Holm Industries (America) Inc.

The recoverable amount is based on the value in use at 31 December 2017. The impairment test proved that there is a need for impairment of investment in the subsidiary Jacob Holm Industries (America), Inc., USA .

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 2018. The value is primarily sensitive to the assumptions made regarding contribution margin and discount rate used. The recoverable amount for Jacob Holm Industries (America), Inc. amounts to DKK 435 mio. The recoverable amount for Jacob Holm Industries (France) SAS amounts to DKK 282 mio.

In the impairment test for Jacob Holm Industries (France) SAS a discount rate (WACC) of 5.75 % and a growth rate in the terminal period of 1.5 % have been used.

Headroom is approximately 16% of value in use and discount rate can increase 0.5 % before an impairment is needed.

In the impairment test for Jacob Holm Industries (America) Inc a discount rate (WACC) of 6.5 % and a growth rate in the terminal period of 2 % have been used.

The impairment test resulted in an impairment of DKK 148 mio. The impairment was a result of new capital injections in Jacob Holm Industries (America), Inc. increasing the cost.

Notes to the Annual Report

	2017 DKK '000	2016 DKK '000
10 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
	<u>32.512</u>	<u>32.512</u>
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.		
11 Provisions for deferred tax		
Deferred tax at 1 January	26.282	25.055
Change in deferred tax, see note 7	-19.589	1.227
Deferred tax at 31 December	<u>6.693</u>	<u>26.282</u>
Deferred tax relates to:		
Tax loss carry-forward	-2.616	0
Retaxation relating to utilised losses in foreign subsidiary	9.309	26.282
Non-current part	<u>6.693</u>	<u>26.282</u>
12 Corporation tax		
Accrued corporation tax at 1 January	0	34
Tax on operating profit, see note 7	0	-34
Tax paid	0	0
Accrued corporation tax at 31 December	<u>0</u>	<u>0</u>

Notes to the Annual Report

	2017	2016
	DKK '000	DKK '000
13 Cash flow statement - adjustments of non-cash items		
Financial income	-4.927	-7.998
Financial expenses	164.037	2.419
Tax on profit for the year	-19.589	1.193
	<u>139.521</u>	<u>-4.386</u>

14 Cash flow statement - change in working capital

Change in other receivables	0	0
Change in trade payables etc	0	-1
	<u>0</u>	<u>-1</u>

15 Guarantees

As security for term loans and a revolving facility provided to a subsidiary, a guarantee has been provided of	164.082	347.539
As security for a bond issued by the Parent Company, the Company is guaranteeing	744.000	505.700
As security for a bond issued by the Parent Company, the Company has pledged all shares in subsidiaries		

16 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.

Notes to the Annual Report

16 Financial risks (continued)

2017

DKK '000

	<u>< 1 year</u>	<u>1-5 years</u>	<u>Total</u>	<u>Carrying amount</u>	<u>Fair value</u>
Measured at amortised cost:					
Payables to group companies	278.779	0	278.779	278.779	278.779
Other short-term liabilities	62	0	62	62	62
Financial liabilities	278.841	0	278.841	278.841	278.841
Loans and receivables:					
Receivables from group companies	50.922	0	50.922	50.922	50.922
Cash at bank and in hand	57	0	57	57	57
Financial assets	50.979	0	50.979	50.979	50.979
Net cash outflow	-227.862	0	-227.862	-227.862	-227.862

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.

2016

DKK '000

	<u>< 1 year</u>	<u>1-5 years</u>	<u>Total</u>	<u>Carrying amount</u>	<u>Fair value</u>
Measured at amortised cost:					
Payables to group companies	88.965	0	88.965	88.965	88.965
Other short-term liabilities	62	0	62	62	62
Financial liabilities	89.027	0	89.027	89.027	89.027
Loans and receivables:					
Receivables from group companies	50.760	0	50.760	50.760	50.760
Cash at bank and in hand	12	0	12	12	12
Financial assets	50.772	0	50.772	50.772	50.772
Net cash outflow	-38.255	0	-38.255	-38.255	-38.255

*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

16 Financial risks (continued)

Market risk

Accounts with Group companies are interest bearing.

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

Exposure at 31 December 2017:

DKK '000

Currency	Payment /expiry	Receivables	Payables	Bank and credit- institutions	Net position
USD	< 1 year	50.922	0	1	50.923
EUR	< 1 year	0	0	48	48
		50.922	0	49	50.971

Exposure at 31 December 2016:

DKK '000

Currency	Payment /expiry	Receivables	Payables	Bank and credit- institutions	Net position
USD	< 1 year	50.760	0	5	50.765
EUR	< 1 year	0	0	4	4
		50.760	0	9	50.769

A 10 % increase in USD towards all currencies would mean a positive change in net position of DKK 5,092k (2016: DKK 5,077k), which would affect the profit for the year before tax and corresponding impact 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

17 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	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 Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Parent company
Other related parties	
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, Büelweg 9, CH-6442 Gersau	Sister Company
Sontara AG, Picassoplatz 8, CH-4052 Basel	Sister Company
TWIG America Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA	Sister Company
TWIG SAS, Rue Henri Seiller, Zone Industrielle, F-68360 Soultz	Sister Company
Sontara Old Hickory Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, 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., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, 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
Sontara Argentina S.R.L., 1210 Maipú St., 8th Floor, office 850 Buenos Aires, Argentina	Sister Company

Notes to the Annual Report

17 Related parties (continued)

Sontara Nonwovens (Shanghai) Co., Ltd., Room 503-07, Floor 5, Building 1, No. 1438, Hongqiao Road, Changning District, Shanghai China	Sister Company
Sontara Hong Kong Limited, Suite 1201, Tower 2, The Gateway, 25 Canton Rd TST KLN, Hong Kong	Sister Company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1 DK-2900 Hellerup	Sister Company

Transactions

Purchases of management services amounted to DKK 372k (2016: DKK 373k) in financial year 2017.

The company has charged interest on group receivables of DKK 2.188k (2016: DKK 1.902k) in financial year 2017.

Further, the company has charged guarantee fees of DKK 2.739k (2016: DKK 4.173k) in financial year 2017. The company is guaranteeing for loan and credit facilities provided to a subsidiary .

Finally, the company has been charged interest on group payables of DKK 7.729k (2016: DKK 2.419k) in financial year 2017.

	2017 DKK '000	2016 DKK '000
Receivables from group companies		
Jacob Holm Industries (America), Inc.	50.922	50.760
	50.922	50.760
Payables to group companies		
Jacob Holm & Sønner Holding A/S	278.779	88.965
	278.779	88.965