

Agerlandsvej 1 8800 Viborg

Tlf. 86 62 92 22 Fax 86 62 93 75 E-mail: uw@uw.dk

Netværk: RevisorGruppen Danmark

Danrec A/S

Vandværksvej 5, 7470 Karup J

Company reg. no. 16 17 17 00

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 31 March 2016.

Detlev Soppert
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

	Page
Reports	
Management's report	1
The independent auditor's reports	2
Management's review	
Company data	4
Management's review	5
Annual accounts 1 January - 31 December 2015	
Accounting policies used	6
Profit and loss account	9
Balance sheet	10
Notes	12

Management's report

The board of directors and the executive board have today presented the annual report of Danrec A/S for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Karup, 1 March 2016

Executive board

Peter Aarup Dahse Detlev Soppert

Board of directors

Peter Adam Martin Andreas Gruner Karsten Panow

The independent auditor's reports

To the shareholder of Danrec A/S

Report on extended review of the annual accounts

We have performed extended review of the annual accounts of Danrec A/S for the financial year 1 January to 31 December 2015. The annual accounts comprise accounting policies used, profit and loss account, balance sheet and notes, and they are prepared in accordance with the Danish Financial Statements Act

The management's responsibility for the annual accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts. We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms and with the ethical requirements of the Danish Institute of State Authorised Public Accountants and that we plan and perform our audit procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the annual accounts.

Our extended review has not resulted in any comments.

Opinion

Based on the work performed, it is our opinion that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

The independent auditor's reports

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the extended review of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Viborg, 1 March 2016

Ullits & Winther

State Authorised Public Accountants CVR-nr. 32 09 32 72

Bo Skårup Sørensen State Authorised Public Accountant

Company data

The company Danrec A/S

Vandværksvej 5 7470 Karup J

Company reg. no.: 16 17 17 00 Established: 1 March 1992

Domicile: Viborg Municipality
Financial year: 1 January - 31 December

Board of directors Peter Adam

Martin Andreas Gruner

Karsten Panow

Executive board Peter Aarup Dahse

Detley Soppert

Auditors Ullits & Winther Statsautoriseret Revisionspartnerselskab

Agerlandsvej 1 8800 Viborg

Parent company DAW Beteiligungs GmbH

Management's review

The principal activities of the company

Like previous years, the principal activity is the treatment of regranulates with output in the shape of finished plates.

Development in activities and financial matters

The profit and loss account covers the period 1 January to 31 December 2015 and shows a result of DKK 817.742 against a result of DKK 2.276.129 last year. The balance sheet shows equity of DKK 3.816.867.

The management finds the result satisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Danrec A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies used

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings 30 years
Technical plants and machinery 3-22 years
Other plants, operating assets, fixtures and furniture 3-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Leasing contracts

Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Inventories

Inventories are measured at cost. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Debtors

Debtors are measured at face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

Note	2	2015	2014
	Gross profit	4.375.784	3.180.834
1	Staff costs	-2.140.163	-1.977.427
	Depreciation and writedown relating to tangible fixed assets	-723.121	-748.252
	Results before net financials	1.512.500	455.155
	Financial income from group enterprises	0	2.511.473
	Financial income	21.581	11.528
2	Financial costs	-482.339	-627.027
	Results before tax	1.051.742	2.351.129
3	Tax on ordinary results	-234.000	-75.000
	Results for the year	817.742	2.276.129
	Proposed distribution of the results:		
	Disposed to retained earnings	817.742	2.276.129
	Distribution in total	817.742	2.276.129

Balance sheet 31 December

Note	<u>e</u>	2015	2014
	Fixed assets		
4	Land and property	5.740.345	0
4	Production plant and machinery	1.791.446	2.458.530
4	Other plants, operating assets, and fixtures and furniture	24.333	29.625
	Tangible fixed assets in total	7.556.124	2.488.155
	Fixed assets in total	7.556.124	2.488.155
	Current assets		
	Raw materials and consumables	1.424.537	879.559
	Manufactured goods and trade goods	4.458.644	4.497.044
	Inventories in total	5.883.181	5.376.603
	Trade debtors	1.830.235	1.461.950
	Amounts owed by group enterprises	210.432	67.136
	Deferred tax assets	3.264.000	3.498.000
	Other debtors	62.722	0
	Accrued income and deferred expenses	15.664	11.654
	Debtors in total	5.383.053	5.038.740
	Cash funds	622.068	209.780
	Current assets in total	11.888.302	10.625.123
	Assets in total	19.444.426	13.113.278

Balance sheet 31 December

	Equity and liabilities		
Not	<u>e</u>	2015	2014
	Equity		
5	Share capital	500.000	500.000
6	Retained earnings	3.316.867	2.499.125
	Equity in total	3.816.867	2.999.125
	Liabilities		
	Subordinate loan capital	6.403.325	6.418.396
	Debt to group enterprises	7.148.999	2.811.121
7	Long-term liabilities in total	13.552.324	9.229.517
	Trade creditors	1.505.142	368.556
	Debt to group enterprises	36.360	126.676
	Other debts	533.733	389.404
	Short-term liabilities in total	2.075.235	884.636
	Liabilities in total	15.627.559	10.114.153
	Equity and liabilities in total	19.444.426	13.113.278

⁸ Contingencies

⁹ Related parties

Notes

7 111 u	mounts in DXX.		
		2015	2014
1.	Staff costs		
	Salaries and wages	1.692.807	1.545.936
	Pension costs	391.547	377.229
	Other costs for social security	55.809	54.262
		2.140.163	1.977.427
	Average number of employees	5	5
2.	Financial costs		
	Financial costs, group enterprises	469.247	621.574
	Other financial costs	13.092	5.453
		482.339	627.027
3.	Tax on ordinary results		
	Adjustment for the year of deferred tax	234.000	75.000
		234.000	75.000

All amounts in DKK.

4. Tangible fixed assets

		Land and buildings	Production plant and machinery	Other plants, operating assets, and fixtures and furniture
	Cost opening balance	0	13.303.975	1.778.748
	Additions	5.748.360	42.730	0
	Cost closing balance	5.748.360	13.346.705	1.778.748
	Depreciation and writedown opening balance	0	10.845.445	1.749.123
	Depreciation of the year	8.015	709.814	5.292
	Depreciation and writedown closing			
	balance	8.015	11.555.259	1.754.415
	Book value closing balance	5.740.345	1.791.446	24.333
			31/12 2015	31/12 2014
5.	Share capital			
	Share capital opening balance		500.000	500.000
			500.000	500.000

The share capital consists of 500 shares, each with a nominal value of DKK 1,000. No shares hold particular rights.

6. Retained earnings

	3.316.867	2.499.125
Retained earnings or loss of the year	817.742	2.276.129
Retained earnings opening balance	2.499.125	222.996

All amounts in DKK.

7. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2015	Debt in total 31 Dec 2014
Subordinate loan capital Long-term debt to group	0	0	6.403.325	6.418.396
entreprises	0	0	7.148.999	2.811.121
	0	0	13.552.324	9.229.517

8. Contingencies

Contingent liabilities

The usual guarantee liabilities as to goods and services rest upon the company.

9. Related parties

Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

DAW Beteiligungs GmbH, Germany