

Dalum Papir A/S
Central Business Registration No
20284196
Sivlandvænget 27 B
5260 Odense S

Annual report 2015

The Annual General Meeting adopted the annual report on 19.05.2016

Chairman of the General Meeting

Name: Alain Gourjon

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Entity details

Entity

Dalum Papir A/S
Sivlandvænget 27 B
5260 Odense S

Central Business Registration No: 20284196

Registered in: Odense

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Alain Gourjon, chairman

Agnes Roger

Philippe Lacombe

Executive Board

Agnes Roger

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dalum Papir A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

France, 19.05.2016

Executive Board

Agnes Roger

Board of Directors

Alain Gourjon
chairman

Agnes Roger

Philippe Lacombe

Independent auditor's reports

To the owners of Dalum Papir A/S

Report on the financial statements

We have audited the financial statements of Dalum Papir A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

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 about whether the financial statements are free from material misstatement.

An audit involves performing 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter affecting the financial statements

Without modifying our opinion we refer to note 1 to the financial statements as the measurement of the Company's assets is subject to material uncertainties as a result of the closure of production. Divestment of land and buildings has not been completed. The Company's land and buildings has a booked value of DKK 24m.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Odense, 19.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Jan Larsen
State Authorised Public Accountant

Heino Tholsgaard
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

After the closure of the production facilities in 2012 of Dalum Papir A/S the focus has been on liquidating the majority of assets as well as maintaining the buildings still under ownership. The company has its main activities in Odense and the company has after the closure of the production facilities become an administration company for the Arjowiggins Group, which now manages some of the sales for the Group.

The company has a strong environmental profile and is environmentally certified according to ISO 14001 and EMAS.

In addition the Group's products have received a number of labels, including the German Blue Angel and the EU Flower.

To support this profile the entire process around sale and dismantling of the process equipment has been done as a minimum according to all guidelines and rules set forward by the authorities and no points have been raised. This is also applicable for all scrapping that has been done via certified companies.

Dalum Papir A/S has since July 1st 2007 been part of the French Arjowiggins Group, and is 100% owned by Arjowiggins Le Bourray SAS.

Development in activities and finances

Arjowiggins has continued to manufacture paper in the range and quality of both the Danish and other markets previously serviced by Dalum. A Danish sales and marketing department is maintained and will ensure that Danish customers in the future can be sure to get the same great quality and service.

Products and Development

As production is stopped there is no more development of product.

Investments

There has been no investments in 2015.

During 2015 the project with the focus of identifying future use for the land has been continued. This project will continue in 2016.

IT

The Company's IT structure is for the most part transferred to the Group's data center in France.

Management commentary

Environment

Dalum Papir A/S is certified according to ISO 14001 and EMAS Regulation. The Group's products are based on environmentally friendly recycling of waste paper and are therefore mainly marketed to businesses and public institutions, who emphasizes on environmental argument in their procurement policy.

To support this profile the entire process around sale, dismantling and scrapping of the process equipment has been done as a minimum according to all guidelines and rules set forward by the authorities and no points have been raised.

Economy

Profit for the year was DKK 0.4m which was DKK -0.7m compared to DKK 1.1m the year before.

Equity at 31.12.2015 was DKK 7.7m against DKK 7.3m the previous year.

The performance meets the expectations.

Special risks

Operation

There will inherently be no risk associated with continued operation. The scrapping of any redundant equipment will continue to be conducted according to strict environmental and safety standards.

Outlook

The main future focus will be serving the Nordic markets through our customer service team and the continuing of the development project for the land in Dalum.

The shareholders of Dalum Papir A/S has through a capital increase and reduction of share capital in 2013 guarantee both a positive equity and the company's continued operation, that does no longer includes production, but only the sale / distribution of the Group's product range.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year, but there has been a few changes as a result of changing the Danish Financial Statements Act governing reporting class.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue is measured ex. discounts and bonuses etc. and is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end.

Accounting policies

Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Revenue also includes intercompany recharges.

Administrative expenses

Administrative expenses comprise expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment or at recoverable amount if this is lower.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Accounting policies

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Land	0 years
Buildings	30 years
Fixtures and fitting	3-5 years

Gain and losses on the disposal of property, plant and equipment are recognised in the income statement as other operating income or on other operation expenses.

Receivables

Receivables are measured at amortised cost. Write-downs is made for bad debt losses.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Revenue		9,746,408	15,977
Gross profit/loss		9,746,408	15,977
Administrative costs	2	(5,190,720)	(4,644)
Other operating expenses	3	(3,871,062)	(8,665)
Operating profit/loss		684,626	2,668
Other financial income	4	10,776	70
Other financial expenses	5	(298,584)	(1,603)
Profit/loss for the year		396,818	1,135
Proposed distribution of profit/loss			
Retained earnings		396,818	1,135
		396,818	1,135

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Land and buildings		23,583,857	23,584
Other fixtures and fittings, tools and equipment		<u>0</u>	<u>400</u>
Property, plant and equipment	6	<u>23,583,857</u>	<u>23,984</u>
Deposits		<u>101,615</u>	<u>101</u>
Fixed asset investments		<u>101,615</u>	<u>101</u>
Fixed assets		<u>23,685,472</u>	<u>24,085</u>
Trade receivables		13,022	12
Other short-term receivables		<u>197,762</u>	<u>193</u>
Receivables		<u>210,784</u>	<u>205</u>
Cash		<u>311,176</u>	<u>1,025</u>
Current assets		<u>521,960</u>	<u>1,230</u>
Assets		<u>24,207,432</u>	<u>25,315</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	7	745,570	746
Retained earnings		<u>6,988,693</u>	<u>6,592</u>
Equity		<u>7,734,263</u>	<u>7,338</u>
Trade payables		101,735	183
Debt to group enterprises		15,624,580	16,962
Other payables		<u>746,854</u>	<u>832</u>
Current liabilities other than provisions		<u>16,473,169</u>	<u>17,977</u>
Liabilities other than provisions		<u>16,473,169</u>	<u>17,977</u>
Equity and liabilities		<u><u>24,207,432</u></u>	<u><u>25,315</u></u>
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	8		
Contingent assets	9		
Contingent liabilities	10		
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Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	745,570	6,591,875	7,337,445
Profit/loss for the year	0	396,818	396,818
Equity end of year	745,570	6,988,693	7,734,263

Notes

1. Uncertainty relating to recognition and measurement

As a result of the adjustment of the capacity in the European paper marked The Arjowiggins Group decided by the end of 2012 to shut down their production in Denmark. The company's land, buildings and machinery will subsequently be disposed. The task has been initiated by the end of 2012, but due to market conditions the sale of the land and buildings has not yet concluded. All the machinery has been sold by the end of 2013.

At 31 December 2015, the carrying amounts of land and buildings (carrying amount of DKK 24m) is based on a previously sales prospect from a real estate agent.

	2015	2014
	DKK	DKK'000
2. Staff costs		
Wages and salaries	3,016,951	2,793
Pension costs	357,725	485
Other social security costs	52,958	123
Other staff costs	406,066	578
	3,833,700	3,979
Number of employees at balance sheet date	6	9

There have not been paid salaries for management in 2015.

3. Other operating expenses

Other operating expenses consist of:

	2015	2014
	DKK	DKK'000
Other restructuring expenses	3,871,062	8,600
	3,871,062	8,600

	2015	2014
	DKK	DKK'000
4. Other financial income		
Interest income	1,169	0
Exchange rate adjustments	9,607	70
	10,776	70

Notes

	2015 DKK	2014 DKK'000			
5. Other financial expenses					
Financial expenses from group enterprises	280,738	1,522			
Interest expenses	149	0			
Exchange rate adjustments	16,773	78			
Other financial expenses	924	3			
	298,584	1,603			
	Land and buildings DKK	Other fix- tures and fittings, tools and equipment DKK			
6. Property, plant and equipment					
Cost beginning of year	106,995,879	2,143,000			
Cost end of year	106,995,879	2,143,000			
Depreciation and impairment losses beginning of the year	(83,412,022)	(1,743,000)			
Impairment losses for the year	0	(400,000)			
Depreciation and impairment losses end of the year	(83,412,022)	(2,143,000)			
Carrying amount end of year	23,583,857	0			
	Number	Par value DKK	Nominal value DKK		
7. Contributed capital					
Share of 1 EUR	100,000	7.46	745,570		
	100,000		745,570		
	2015 DKK	2014 DKK	2013 DKK	2012 DKK	2011 DKK
Changes in contributed capital					
Contributed capital beginning of year	745,570	745,570	45,250,000	45,250,000	45,250,000
Increase of capital	0	0	745,570	0	0
Decrease of capital	0	0	(45,250,000)	0	0
Contributed capital end of year	745,570	745,570	745,570	45,250,000	45,250,000

Notes

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK'000</u>
8. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>378,651</u>	<u>372</u>

9. Contingent assets

The company has 31 December 2015 a tax asset consisting of loss carryforwards that have not been booked due to uncertainty about the exploitation within a period of 3 to 5 years.

10. Contingent liabilities

The company is part of a cash pool arrangement with other entities in the Arjowiggins Group. The company has on the balance sheet date a debt in DKK 18m relation to the scheme.

The Company participates in a Danish joint taxation arrangement in which Antalis A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Besides the above no other contingencies exist.

11. Assets charged and collateral

None.

12. Related parties with control

Dalum Papir A/S is 100% owned by Sequana, Boulogne-Billancourt, France.

Information concerning related parties is according to the Danish Financial Statement Act not disclosed, because all transactions are concluded at arm's length.

13. Ownership

Dalum Papir A/S is 100% owned by Arjowiggins Le Bourray S.A.S., Saint Mars La Briere, France.

Arjowiggins Le Bourray S.A.S. is part of the Arjowiggins Group and Sequana, France.