

# **DALUM PAPIR A/S UNDER FRIVILLIG LIKVIDATION**

**Sivlandsvænget 27B, 1. 5260 Odense S**

**CVR NR. 20 28 41 96**

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**Annual report 2018**

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**Approved by the company's general  
meeting on 5 of July 2019**

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## ENTITY DETAILS

### Entity

Dalum Papir A/S under frivillig likvidation  
Sivlandvænget 27 B, 1.  
5260 Odense S  
Central Business Registration No: 20284196  
Registered in: Odense  
Financial year: 01.01.2018-31.12.2018

### Liquidators

Marc Jean Pierre Sénéchal

Louis Marie Christophe Basse

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
Postboks 10  
5100 Odense C

## STATEMENT BY LIQUIDATORS ON THE ANNUAL REPORT

We have today considered and approved the annual report of Dalum Papir A/S under frivillig likvidation for the financial year 2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 -31.12.2018.

We believe that the liquidator's 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, 26th June 2019

### Liquidators

Marc Jean Pierre Sénéchal

A handwritten signature in black ink, consisting of a vertical stroke on the left, a horizontal stroke extending to the right, and a short diagonal stroke at the end.

Louis Marie Christophe Basse

A handwritten signature in black ink, featuring a large, stylized capital letter 'C' followed by a smaller, less distinct signature.

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dalum Papir A/S under frivillig likvidation

### **Adverse opinion**

We have audited the financial statements of Dalum Papir A/S under frivillig likvidation for the financial year 1 January to 31 December 2018, which comprise a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity for 2018 and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Because of the significance of the circumstances specified in the Basis for adverse opinion paragraph, the financial statements, in our opinion, do not give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

### **Basis for adverse opinion**

The financial statements are presented on the assumption that the Company is a going concern. As mentioned in note 1 to the financial statements, the Company's ability to continue as a going concern requires that the French Parent (Arjowiggins Papers S.A.S) is capable of repaying the Group's debt of DKK 10.8 million to Dalum Papir A/S under frivillig likvidation. The possibility of voluntary liquidation of Dalum Papir A/S under frivillig likvidation is conditional on the existing receivables from the Group of DKK 10.8 million are being paid. However, the French Parent is subject to insolvency proceedings and, consequently, we assess that there is a significant risk attached to the valuation of the receivables from the Group of DKK 10.8 million and with it the Company's ability to enter into voluntary liquidation. As a result of the circumstances specified, we qualify the valuation of the amount receivable as well as the Company's ability to enter into voluntary liquidation.

Moreover, we found that VAT has been neither reported nor settled on all or part of the selling price in connection with the sale of the Company's property in 2018. We assess that the Company should have reported and settled the VAT on all or part of the selling price. Consequently, a liability for the non-reported VAT has not been recognised. The value of the lacking VAT liability has not been finally calculated, but we estimate it to be a maximum amount of DKK 5.9 million depending on the allocation of the selling price. We qualify the unrecognised liability.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with

## INDEPENDENT AUDITOR'S REPORT

the International Ethics Standards Board of 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 adverse opinion.

### **Liquidator's responsibilities for the financial statements**

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

### **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 judgement and maintain professional scepticism 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.

## INDEPENDENT AUDITOR'S REPORT

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Liquidator.
- Conclude on the appropriateness of Liquidator'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

### **Statement on the Liquidator's commentary**

Liquidator is responsible for the Liquidator's commentary.

Our opinion on the financial statements does not cover the Liquidator's commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Liquidator's commentary and, in doing so, consider whether the Liquidator's commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Liquidator's commentary provides the information required under the Danish Financial Statements Act.

## INDEPENDENT AUDITOR'S REPORT

As stated in the Basis for adverse opinion paragraph, we have modified our opinion on the financial statements given that we disagree with Liquidator that the financial statements have been presented on the assumption that the Company is a going concern. For the same reason, we have concluded that the Liquidators commentary is materially misstated, as we believe the Liquidators commentary should have reflected this circumstance.

### **Violation of the Danish Value Added Tax Act**

During the year, the Company prepared incorrect VAT returns as the company did not report VAT on the sale of the Company's property, which, in our opinion, is a violation of the Danish Value Added Tax Act, by which Liquidator can be held responsible.

Odense, 26th June 2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Jan Larsen  
State-Authorised  
Public Accountant  
MNE no 16541

Heino Hyllested Tholsgaard  
State-Authorised  
Public Accountant  
MNE no 34511



## LIQUIDATORS COMMENTARY

### **Primary activities**

As in previous years, the company is a sales company for the Arjowiggins Group, which now manages some of the sales for the group.

### **Development in activities and finances**

Profit for the year is DKK 526.805, which Liquidators considers satisfactory under the circumstances.

The company and the group do not agree with the auditor that the company has violated the Danish Value Added Tax Act.

### **Outlook**

It is expected that the Company will be shut down by voluntary liquidation in 2019.

### **Events after the balance sheet date**

The company is after the balance sheet date entered in voluntary liquidation. Besides that no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## ACCOUNTING POLICIES APPLIED

### **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.

### **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 at tributable 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.

## ACCOUNTING POLICIES APPLIED

### 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. 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, Liquidators, 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 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 APPLIED**

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

Gain and losses on the disposal of property and plant 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 2018**

<u>Note</u>		2017	<u>DKK'000</u>
	Revenue	<u>6.031.426</u>	<u>6.007</u>
	Gross profit	6.031.426	6.007
2	Administrative expenses	-5.040.226	-4.463
3	Other external expenses	<u>-666.234</u>	<u>-955</u>
	Operating profit	324.966	589
4	Other financial income	204.590	4
5	Other financial expenses	<u>-2.751</u>	<u>-174</u>
	<b>PROFIT (LOSS)</b>	<b><u>526.805</u></b>	<b><u>419</u></b>
Appropriation of profit:			
	Retained earnings	<u>526.805</u>	<u>419</u>
		<b><u>526.805</u></b>	<b><u>419</u></b>

## BALANCE SHEET AT 31. DECEMBER 2018

## ASSETS

<u>Note</u>		2017 <u>DKK'000</u>
	Land and buildings	0    23.584
6	Property, plant and equipment	0    23.584
	Other investment assets	104.341    104
	Fixed asset investments	104.341    104
	<b>FIXED ASSETS</b>	<b>104.341    23.688</b>
	Trade receivables	0    8
	Receivables from group enterprises	10.803.207    2.928
	Other receivables	205.754    221
	Prepayments	28.936    0
	<b>RECEIVABLES</b>	<b>11.037.897    3.157</b>
	<b>CASH</b>	<b>524.242    1.636</b>
	<b>TOTAL CURRENT ASSETS</b>	<b>11.562.139    4.793</b>
	<b>TOTAL ASSETS</b>	<b>11.666.480    28.481</b>

## BALANCE SHEET AT 31. DECEMBER 2018

## EQUITY AND LAIBILITIES

<u>Note</u>		2017
		<u>DKK'000</u>
7	Contributed capital	745.570
	Retained earnings	9.221.100
	<b>EQUITY</b>	<b>9.966.670</b>
	Trade payables	141.727
	Payables to group enterprises	0
	Prepayments	746.600
	Other payables	811.483
	<b>SHORT-TERM LIABILITIES OTHER THAN PROVISIONS</b>	<b>1.699.810</b>
	<b>LIABILITIES OTHER THAN PROVISIONS</b>	<b>1.699.810</b>
	<b>LIABILITIES AND EQUITY</b>	<b>11.666.480</b>

1 Going Concern

8 Unrecognised rental and lease commitments

9 Contingent assets

10 Contingent liabilities

11 Assets charged and collateral

12 Related parties with control

13 Transaction with related parties

14 Ownership

## STATEMENT OF CHANGES IN EQUITY FOR 2018

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Proposed dividend</b>	<b><u>Total</u></b>
Equity beginning of year	745.570	8.694.295	0	9.439.865
Profit/loss for the year	<u>0</u>	<u>526.805</u>	<u>0</u>	<u>526.805</u>
<b>Equity end of year</b>	<b><u>745.570</u></b>	<b><u>9.221.100</u></b>	<b><u>0</u></b>	<b><u>9.966.670</u></b>



## NOTER

**1 Going Concern**

In the financial year 2018, the Company realised a profit of DKK 0.5 million, thus having positive equity of DKK 10 million at 31 December 2018. However, the profit is conditional on the value of the receivables from group enterprises of DKK 10.8 million. If the amount receivable is written down to DKK 0 as a result of the financial situation of the Parent and the Group, the Company's equity will be lost.

Liquidator expects that the Parent's and the Group's ability to repay the amount receivable is unharmed, for which reason it is not written down.

Consequently, the annual report is presented on the assumption that the Company is a going concern

		2017
		<u>DKK'000</u>
<b>2 Staff costs</b>		
Wages and salaries	3.205.701	2.962
Pension costs	332.903	314
Other social security costs	24.929	43
Other staff costs	<u>183.936</u>	<u>127</u>
	<u>3.747.469</u>	<u>3.446</u>
Number of employees at balance sheet date	6	6
There have not been paid salaries for management in 2018.		
<b>3 Other operating expenses</b>		
Other operating expenses consist of:		
Other restructuring expenses	<u>666.234</u>	<u>955</u>
	<u>666.234</u>	<u>955</u>
<b>4 Other financial income</b>		
Financial income from group enterprises	189.721	0
Exchange rate adjustments	<u>14.869</u>	<u>4</u>
	<u>204.590</u>	<u>4</u>

## NOTER

	2017	
	<u>DKK'000</u>	
<b>5 Other financial expenses</b>		
Financial expenses from group enterprises	0	168
Interest expenses	2.751	2
Exchange rate adjustments	0	2
Other financial expenses	0	2
	<u>2.751</u>	<u>174</u>
		<u>Land and building</u>
<b>6 Property, plant and equipment</b>		
Cost beginning of year		106.995.879
Disposals		<u>-106.995.879</u>
Cost end of year		<u>0</u>
Depreciation and impairment losses beginning of the year		-83.412.022
Reversal regarding disposals		<u>83.412.022</u>
Depreciation and impairment losses end of the year		<u>0</u>
Carrying amount end of year		<u>0</u>

## NOTER

<b>7 Contributed capital</b>	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>		
Share of 1 EUR	100.000	7,46	745.570		
<b>DKK</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributed capital 01.01.	745.570	745.570	745.570	745.570	745.570
Increase of capital	0	0	0	0	0
Decrease of capital	0	0	0	0	0
<b>Contributed capital 31.12.</b>	<u>745.570</u>	<u>745.570</u>	<u>745.570</u>	<u>745.570</u>	<u>745.570</u>

<b>8 Unrecognised rental and lease commitments</b>	<u>2017</u>	<u>DKK'000</u>
Commitments under rental agreements or leases until expiry	403.728	134

**9 Contingent assets**

The company has 31 December 2018 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 receivable in DKK 10,8m 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 for income taxes etc. For the jointly taxed companies and 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

**NOTER****12 Related parties with control**

Dalum Papir A/S under frivillig likvidation 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 Transaction with related parties**

During the year, the Company sold its property at DKK 23.6 million to the sister subsidiary Avre 12 DK ApS. The sale was made at book value, and Management believes the transaction took place on an arm's length basis.

**14 Ownership**

Dalum Papir A/S under frivillig likvidation is 100% owned by Arjowiggins Papers S.A.S., Boulogne-Billancourt, France.

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