

# Synbra Danmark A/S


Tvilhovej 8-10  
Glejbjerg  
Denmark

CVR no. 25 04 43 98

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting

on May 30 2017

  
\_\_\_\_\_  
chairman of the annual general meeting

## **Contents**

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	7
Company details	7
Financial highlights for the Group	8
Operating review	9
Consolidated financial statements and parent company financial statements 1 January – 31 December	11
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Cash flow statement	15

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Synbra Danmark A/S for the financial year 1 January – 31 December 2016.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.


We recommend that the annual report be approved at the annual general meeting.

Glejbjerg, 30 May 2017  
Executive Board:



Rik Prosper Dobbelaere

Board of Directors:



Jozef H. Verstegen  
Chairman



Rik Prosper Dobbelaere



Steffen Busk Jespersen



## **Independent auditor's report**

### **To the shareholders of Synbra Danmark A/S**

#### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Synbra Danmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

#### **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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the consolidated financial statements and the parent company financial statements**

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



## **Independent auditor's report**

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements**

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



## **Independent auditor's report**

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Management's review**

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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





## Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, 30 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A blue ink signature of Nikolaj Møller Hansen, written in a cursive style.

Nikolaj Møller Hansen  
State Authorised  
Public Accountant

A blue ink signature of Elife Savas, written in a cursive style.

Elife Savas  
State Authorised  
Public Accountant

**Synbra Danmark A/S**  
Annual report 2016  
CVR no. 25 04 43 98

## **Management's review**

### **Company details**

Synbra Danmark A/S  
Tvilhovej 8-10  
Glejbjerg  
Denmark

Telephone: +45 79 79 81 11

CVR no.: 25 04 43 98  
Established: 15 November 1999  
Registered office: Vejen  
Financial year: 1 January – 31 December

### **Board of Directors**

Jozef H. Verstegen (Chairman)  
Rik Prosper Dobbelaere  
Steffen Busk Jespersen

### **Executive Board**

Rik Prosper Dobbelaere

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark



## Management's review

### Financial highlights for the Group

DKK'000	2016	2015	2014	2013	2012
Gross profit	61,878	45,201	49,424	44,031	36,635
Profit/loss before financial income and expenses	5,899	880	4,625	1,650	-3,711
Profit/loss from financial income and expenses	-1,091	-1,164	-1,295	-1,606	-1,658
<b>Profit/loss for the year</b>	<b>3,664</b>	<b>-274</b>	<b>2,355</b>	<b>524</b>	<b>-4,144</b>
Total assets	100,127	97,842	106,595	108,540	107,156
Investment in property, plant and equipment	10,374	5,966	6,308	2,246	9,832
<b>Equity</b>	<b>42,804</b>	<b>39,140</b>	<b>39,414</b>	<b>37,059</b>	<b>36,535</b>
Current ratio	161.5%	154.0%	107.4%	143.3%	144.5%
Return on equity	8.9%	-0.7%	6.2%	1.4%	-10.7%
Rate of return	5.9%	0.9%	4.3%	1.5%	-3.5%
Solvency ratio	42.7%	40.0%	37.0%	34.1%	34.1%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Rate of return	$\frac{\text{Profit before financial income and expenses and tax} \times 100}{\text{Assets}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

## Management's review

### Operating review

#### Principal activities of the Group

The Group is primarily engaged in the manufacturing and sale of packaging and technical products made from EPS (Expandable Polystyrene) and EPS insulating material:

The production facilities are situated in Denmark.

The products of the Group are mainly sold in Denmark, Germany and Sweden.

#### Development in activities and financial position

Profit before financial income and expenses amounted to DKK 5,899 thousand against a profit of DKK 880 last year.

Profit for the year after tax represented DKK 3,664 thousand against a loss of DKK 274 thousand last year.

Management considers the profit for the year to be at a satisfactory level but not in line with forecast.

Synbra Danmark A/S is a party to a finance agreement within the Synbra Group. We refer to additional information in note 13.

#### *Environment*

The Group prepares an environmental statement for the production site placed in Tvilho in Denmark. The overall objective is to avoid any accidents which may cause damage to persons, technical equipment and surroundings. It is of crucial importance that all group activities in Denmark take place with the lowest possible environmental strain on the surroundings and with a high safety standard.

#### **Outlook**

Management expects to enjoy a positive development in activities during the coming financial year.

For 2017, the Company expects the earnings capacity of the subsidiary to be positive.

#### *Risks*

The Group's most significant operating risk relates to its ability to be strongly positioned on its domestic market.

## **Management's review**

### **Operating review**

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

No significant events have occurred after the balance sheet date, which are considered to have a material effect on the assessment of the consolidated financial statements and the parent company financial statements.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Income statement

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
<b>Gross profit</b>	2	61,878	45,201	0	0
Distribution costs	2	-42,112	-33,398	0	0
Administrative expenses	2	-13,705	-10,923	-13	-13
Other operating costs		-162	0	0	0
<b>Profit/loss before financial income and expenses</b>		5,899	880	-13	-13
Income from investment in subsidiary	3	0	0	5,495	1,538
Financial income		0	5	0	0
Financial expenses	4	-1,091	-1,169	-2,335	-2,356
<b>Profit/loss before tax</b>		4,808	-284	3,147	-831
Tax on profit/loss for the year	5	-1,144	10	517	557
<b>Profit/loss for the year</b>	6	3,664	-274	3,664	-274

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	Group		Paren Company	
		2016	2015	2016	2015
<b>ASSETS</b>					
<b>Fixed assets</b>					
<b>Property, plant and equipment</b>					
	7				
Land and buildings		21,878	24,978	0	0
Plant and machinery		11,951	8,939	0	0
Fixtures and fittings, tools and equipment		978	1,014	0	0
Property, plant and equipment under construction		2,692	1,406	0	0
		<u>37,499</u>	<u>36,337</u>	<u>0</u>	<u>0</u>
<b>Investments</b>					
Investments in subsidiaries	3	0	0	94,584	89,089
		<u>0</u>	<u>0</u>	<u>94,584</u>	<u>89,089</u>
<b>Total fixed assets</b>		<u>37,499</u>	<u>36,337</u>	<u>94,584</u>	<u>89,089</u>
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		3,832	3,353	0	0
Finished goods and goods for resale		9,953	7,559	0	0
		<u>13,785</u>	<u>10,912</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		47,568	44,468	0	0
Receivables from group entities		0	0	0	0
Other receivables		326	162	0	0
Prepayments	8	78	1,459	0	0
Corporation tax		0	1,028	0	0
		<u>47,972</u>	<u>47,117</u>	<u>0</u>	<u>0</u>
<b>Cash at bank and in hand</b>	9	<u>871</u>	<u>3,476</u>	<u>0</u>	<u>0</u>
<b>Total current assets</b>		<u>62,628</u>	<u>61,505</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>		<u>100,127</u>	<u>97,842</u>	<u>94,584</u>	<u>89,089</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	10	1,000	1,000	1,000	1,000
Revaluation reserves		768	1,896	0	0
Transferred to retained earnings		41,036	36,244	41,804	38,140
<b>Total equity</b>		<b>42,804</b>	<b>39,140</b>	<b>42,804</b>	<b>39,140</b>
<b>Provisions</b>					
Deferred tax	11	2,621	2,438	0	0
<b>Total provisions</b>		<b>2,621</b>	<b>2,438</b>	<b>0</b>	<b>0</b>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Bank loans	12	15,919	15,926	15,919	15,926
Lease liabilities		0	411	0	0
		<u>15,919</u>	<u>16,337</u>	<u>15,919</u>	<u>15,926</u>
<b>Current liabilities other than provisions</b>					
Current portion of long-term liabilities other than provisions	12	2,813	2,998	2,813	2,806
Bank loans		95	588	0	0
Trade payables		9,038	14,308	0	0
Payables to group entities		13,429	9,512	33,048	31,217
Corporation tax		107	0	0	0
Other payables		13,301	12,521	0	0
		<u>38,783</u>	<u>39,927</u>	<u>35,861</u>	<u>34,023</u>
<b>Total liabilities other than provisions</b>		<b>54,702</b>	<b>56,264</b>	<b>51,780</b>	<b>49,949</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100,127</b>	<b>97,842</b>	<b>94,584</b>	<b>89,089</b>
<b>Contractual obligations, contingencies, etc.</b>					
Related parties	13				
	14				

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Group			
	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2016	1,000	1,896	36,244	39,140
Revaluation reserve moved	0	-1,128	1,128	0
Profit for the year	0	0	3,664	3,664
<b>Equity at 31 December 2016</b>	<b>1,000</b>	<b>768</b>	<b>41,036</b>	<b>42,804</b>

DKK'000	Parent company		
	Share capital	Retained earnings	Total
Equity at 1 January 2016	1,000	38,140	39,140
Profit for the year	0	3,664	3,664
<b>Equity at 31 December 2016</b>	<b>1,000</b>	<b>41,804</b>	<b>42,804</b>



## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Cash flow statement

DKK'000	Note	Group	
		2016	2015
Profit/loss for the year		3,664	-274
Depreciation, amortisation and impairment losses		5,238	7,087
Other adjustments of non-cash operating items	15	292	721
Cash generated from operations before changes in working capital		9,194	7,534
Changes in working capital	16	-4,195	7,527
Cash generated from operations		4,999	15,061
Interest income		0	5
Interest expense		-1,091	-1,169
Corporation tax paid		982	-547
<b>Cash flows from operating activities</b>		<b>4,890</b>	<b>13,350</b>
Acquisition of property, plant and equipment		-10,374	-5,966
Disposal of property, plant and equipment		3,975	625
<b>Cash flows from investing activities</b>		<b>-6,399</b>	<b>-5,341</b>
Increase of long-term debt		0	15,695
Repayment of long-term debt		-418	0
Proceeds from incurring mortgage debt		-185	0
Increase in payables to credit institutions		0	1,969
Repayment of debt to intercompany		0	-5,329
<b>Cash flows from financing activities</b>		<b>-603</b>	<b>12,335</b>
<b>Cash flows for the year</b>		<b>-2,112</b>	<b>20,344</b>
Cash and cash equivalents at the beginning of the year		2,888	-17,456
<b>Cash and cash equivalents at year end</b>		<b>776</b>	<b>2,888</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Synbra Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Group has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

#### Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Synbra Danmark A/S, and subsidiaries in which the Company directly or indirectly holds more than 50% of the votes or in some other way exercises control.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross profit

Referring to section 32 of the Danish Financial Statements Act, the Company's revenue, production costs and other operating income are aggregated into one item called Gross profit.

#### Revenue

Revenue from the sale of goods and finished goods is included in the income statement when the delivery and transfer of risk to the purchaser have taken place before the end of the year, and if the income can be made up reliably and is expected to be received.

#### Production costs

Production costs comprise costs incurred to generate revenue for the year, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year.

#### Distribution costs

Costs incurred to sell and distribute goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of property, plant and equipment.

##### Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of and property, plant and equipment.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, expenses pertaining to finance leases, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Synbra Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation, of the consolidated financial statement and up to the date on which they exit the consolidation.

Synbra Danmark A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the joint taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expenses in relation to the profit/loss for the year is recognised in the income statement and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Property, plant and equipment

Property, plant and equipment is recognised at cost. Land is not depreciated.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Buildings, incl. installations, plant and machinery, fixtures and fitting, tools and equipment are recognised at cost plus revaluation and less depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, energy consumption, staff and depreciation of machinery used.

Revaluation of non-current assets was made with reference to a reassessment of the value of the assets at the date of acquisition.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

The estimated useful lives are as follows:

Buildings	10-50 years
Plant and machinery	8-12 years
Fixtures and fittings, tools and equipment	2-8 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Leases

All other leases are treated as operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined as the present value of the forecasted net cash flows from the use of the asset or the group of assets, including forecasted net cash flows from the disposal of the asset or group of assets after the end of the useful life.

##### Investments in subsidiaries

Investments in subsidiaries are measured in the parent company according to the equity method.

The share of the subsidiaries' results after tax for the year is recognised in the income statement of the parent company under the item "income from investments in subsidiary".

Investments in subsidiaries are measured in the parent company's balance sheet at the proportionate share of the entities' net asset value calculated in accordance with the parent company's accounting policies plus or minus unrealised intra-group profits and losses.

The difference between cost and the net asset value in the enterprise acquired is computed at the date of acquisition. Any positive differences are capitalised in the balance sheet of the Parent Company under the item "investments in subsidiary".

##### Inventories

Raw materials and consumables are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Finished goods are measured at the lower of the cost plus indirect production overheads and net realisable value.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise costs for factory administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

#### Prepayments

Prepayments comprise prepayment of costs incurred concerning subsequent financial years.

#### Equity

##### *Dividends*

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Corporation tax and deferred tax

In its capacity as the administrative company, Synbra Danmark A/S is liable for its subsidiaries' corporation taxes to the tax authorities concurrently with the payment of joint taxation contributions by the subsidiaries.



## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contributions payable and receivable is recognised in the balance sheet as "Corporation tax".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Finance lease also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

#### Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

## **Consolidated financial statements and parent company financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Cash flows from operating activities**

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

##### **Cash flows from investing activities**

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of property, plant and equipment and investments.

##### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term marketable securities which can be freely converted into cash and which are subject to an insignificant risk of changes in value reduced by current liabilities in the form of bank loans.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
<b>2 Staff costs and incentive schemes</b>				
Wages and salaries	51,400	49,272	0	0
Pension contribution	4,181	4,021	0	0
Other social security costs	2,325	2,147	0	0
	<u>57,906</u>	<u>55,440</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>136</u>	<u>133</u>	<u>0</u>	<u>0</u>

Referring to section 98 b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.

### 3 Investments in subsidiaries

DKK'000	Parent Company		Profit/loss for the year
	2016	2015	
Cost at 1 January	<u>243,589</u>	<u>243,589</u>	
Value adjustment at 1 January	-154,500	-156,036	
Adjustment	0	-2	
Share of profit for the year after tax	<u>5,495</u>	<u>1,538</u>	
Value adjustment at 31 December	<u>-149,005</u>	<u>-154,500</u>	
<b>Carrying amount at 31 December</b>	<u>94,584</u>	<u>89,089</u>	
Name and registered office	Ownership	Equity	
Styropack A/S, Vejen	100 %	DKK'000	DKK'000
<b>Equity at 31 December 2016</b>		<u>94,584</u>	<u>5,495</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
<b>4 Financial expenses</b>				
Financial expenses from group entities	-479	-550	-1,868	-1,830
Other financial expenses	-612	-619	-467	-526
	<u>-1,091</u>	<u>-1,169</u>	<u>-2,335</u>	<u>-2,356</u>
<b>5 Tax on profit/loss for the year</b>				
Total tax for the year	-955	-370	517	557
Adjustment of deferred tax	-183	336	0	0
Adjustment change in tax rate	0	23	0	0
Adjustment prior year tax	-6	21	0	0
	<u>-1,144</u>	<u>10</u>	<u>517</u>	<u>557</u>
<b>6 Proposed profit appropriation/ distribution of loss</b>				
Transferred to retained earnings	3,664	-274	3,664	-274
	<u>3,664</u>	<u>-274</u>	<u>3,664</u>	<u>-274</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 7 Property, plant and equipment

DKK'000	Group				
	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2016	47,345	105,874	3,251	1,406	157,876
Additions during the year	214	6,501	967	2,692	10,374
Disposals during the year	-2,273	-3,059	-1,283	0	-6,615
Reclassification	0	1,406	0	-1,406	0
Cost at 31 December 2016	45,286	110,722	2,935	2,692	161,635
Revaluations at 1 January 2016	2,527	0	0	0	2,527
Depreciation at 1 January 2016	24,894	96,934	2,237	0	124,065
Reversed depreciation on disposals for the year	-590	-1,368	-682		-2,640
Depreciation during the year	1,631	3,205	402	0	5,238
Depreciation at 31 December 2016	25,935	98,771	1,957	0	126,663
<b>Carrying amount at 31 December 2016</b>	<b>21,878</b>	<b>11,951</b>	<b>978</b>	<b>2,692</b>	<b>37,499</b>

#### 8 Prepayments

Prepayments consists of prepaid expenses.

#### 9 Cash at bank and in hand

The Company has a bank account registered as a deed account. The bank account amount, DKK 609 thousand, is tied up until the sale of property has been finalised.

#### 10 Share capital

The share capital consists of 1 share of a nominal value of DKK 1,000 thousand.

The share capital has remained unchanged for the past five years.

All shares rank equally.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 11 Deferred tax

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
Deferred tax at 1 January	2,438	2,774	0	0
Deferred tax adjustment for the year in the income statement	183	-336	0	0
	<u>2,621</u>	<u>2,438</u>	<u>0</u>	<u>0</u>

#### 12 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

	2016 DKK'000
Bank loans:	
0-1 years	2,813
1-5 years	<u>15,919</u>
<b>Total non-current liabilities other than provisions</b>	<u><b>18,732</b></u>

Collateral is disclosed in note 13.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 13 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company has entered into purchase agreements in the order of DKK 830 thousand. In June 2015, Synbra Holding B.V. entered into a three-year senior Facility Agreement. In relation to this, the shares in Styropack A/S have been provided as collateral to the lenders.

The company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed unit. The jointly taxed entities' total known net liability to SKAT is disclosed in the financial statements of the administrative company, Synbra Danmark A/S (CVR No. 25 04 43 98). Any subsequent corrections to the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

##### Operating lease obligations

The Company has entered into operating leases with a remaining term of 1-103 months and an average monthly lease payments of DKK 96 thousand, totalling DKK 9,833 thousand.

#### 14 Related parties

Synbra Danmark A/S' related parties comprise the following:

##### Control

Synbra International B.V., Zeedijk 25, Etten-Leur, the Netherlands.

The company is fully owned by Synbra International B.V.

Synbra Danmark A/S is part of the consolidated financial statements of Synbra International B.V., the Netherlands, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Synbra International B.V. can be obtained by contacting the Company.



## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 14 Related parties (continued)

##### Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

	2016 DKK'000
<b>15 Other adjustments</b>	
Financial expenses	-1,091
Tax on profit/loss for the year	1,144
Gains on the disposal of fixed assets	-162
Provisions	-183
	<hr/> -292 <hr/>
<b>16 Changes in working capital</b>	
Change in inventories	-2,873
Change in receivables	-856
Change in trade and other payables	-466
	<hr/> -4,195 <hr/>