Jacob Holm & Sønner Holding A/S

c/o Bech-Bruun Advokatfirma
Langelinie Allé 35
DK-2100 København Ø

Annual Report for 2015

CVR No 28 15 69 60

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27 April 2016.

Chairman

Contents

Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Jacob Holm & Sønner Holding A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements included in the executive order on IFRS issued by the Danish Commerce and Companies Agency. We consider the accounting policies applied appropriate and the accounting estimates reasonable.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the issues addressed by the Review as well as a description of the most significant risks and elements of uncertainty facing the Group.

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

Jyderup 27 April 2016

Executive Board

Martin Mikkelsen

Supervisory Board

Nils Thomas Weincke (Chairman)	Richard Sand (Vice-chairman)	Martin Mikkelsen

Christian Peter Søberg Jarnov

Independent Auditor's Report

To the Shareholder of Jacob Holm & Sønner Holding A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Jacob Holm & Sønner Holding A/S for the financial year 1 January to 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act, and for such internal control as 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company 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 whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company 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 Company'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 evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Independent Auditor's Report

Opinion

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 financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

København 27 April 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Jens Otto Damgaard
State Authorised Public Accountant

Tue Stensgård Sørensen
State Authorised Public Accountant

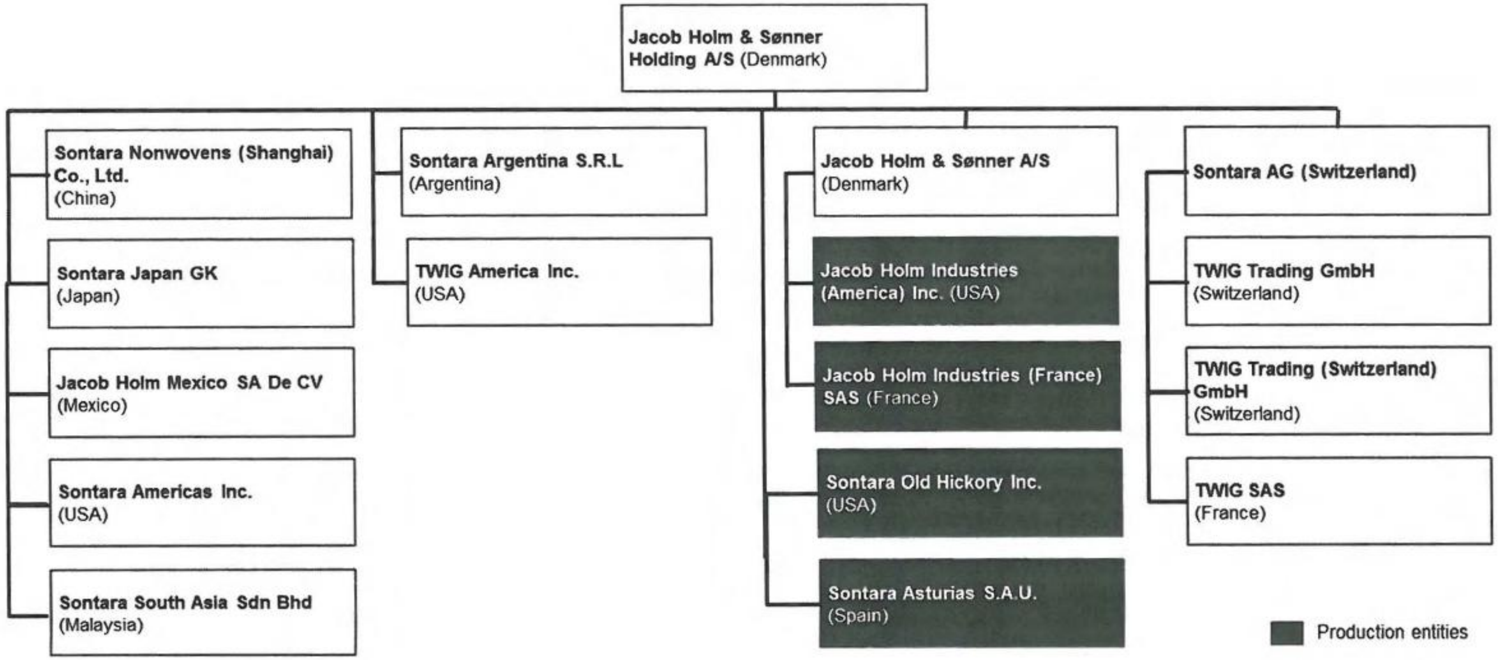
Management's Review

Company Information

The Company	Jacob Holm & Sønner Holding A/S c/o Bech-Bruun Advokatfirma Langelinie Allé 35 DK-2100 København Ø	
	CVR No.: Financial year: Municipality of reg. office:	28 15 69 60 1. January – 31 December Copenhagen
Ownership	The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the share capital or at least 5% of the votes: Jacob Holm & Sons AG Picassoplatz 8 CH-4052 Basel	
Supervisory Board	Nils Thomas Weincke (Chairman) Richard Sand (Vice-chairman) Martin Mikkelsen Christian Peter Søberg Jarnov	
Executive Board	Martin Mikkelsen	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	
Consolidated Financial Statements	The Group is included in the Group Annual Report of the immediate Parent Company Jacob Holm & Sons AG and in the ultimate Parent Company Ammon Ammon AG. The Group Annual Report of Jacob Holm & Sons AG may be obtained at the following address: Jacob Holm & Sons AG Picassoplatz 8 CH-4052 Basel	

Management's Review

Group Chart



Management's Review

Review

Main activity of the Group
The Group manufactures nonwoven products for performance applications in hygiene, personal care, beauty care, health care and industrial end-use.

Development in the financial year
2014 was characterized by two major events, that have had significant impact in 2015, namely the acquisition of the Sontara® assets from DuPont and the installation of the new production line in the group's facility in Asheville, USA.

The fiscal year 2015 reflected the first full year of operations post the acquisition of the Sontara® business unit. The business unit was fully integrated into the Group by April 1st, 2015 and contributed DKK 1.355 million of revenue to the Group.

The new proprietary production line in Asheville, USA, was inaugurated in June 2015 and started initial commercial production in the 3rd quarter 2015.

The second half of the fiscal year 2015 was impacted by the global economic unrest in general and the slow-down in China more specifically.

The P&L is mirroring the significant change in the USD exchange rate. Approximately two-thirds of the Group's revenue is denominated in USD.

The 2015 revenue amounted to DKK 2.370 million reflecting a growth of 77%.

The profit of the Group amounted to DKK 65 million, and EBITDA before special items amounted to DKK 196 million. The parent company obtained a profit of DKK 3 million, which includes net financial items of DKK 5 million.

Group Management considers the results satisfactory under the circumstances and notes that these results are the highest achieved in the past decade.

The Group's equity has increased by DKK 78 million to DKK 453 million, whereas equity of the Parent Company amounts to DKK 196 million. A dividend of DKK 30 million was distributed during 2015.

Cash flows from operating activities in the year amounted to DKK 136 million. The Group's tied-up working capital has increased by DKK 4 million.

Cash flows from investing activities totaled a negative DKK 217 million. Business combinations contributed DKK 3 million, and total investments in property, plant and equipment amounted to DKK 187 million, of which the majority has been spent on the new production line in Asheville, USA.

Cash flows from financing activities contributed positively with DKK 37 million. During the year, non-current loans of DKK 93 million have been raised. Total installments on long term loans amount to DKK 43 million in 2015.

The net effect on the Group's cash and cash equivalents in 2015 was a negative DKK 44 million.

Liquidity
The Group has access to guaranteed un-utilised credit facilities necessary to absorb expected sales increases as well as any fluctuations in tied-up capital due to increasing raw material prices. Further, the Group expects a continued tight control of tied-up working capital.

Management's Review

Financial risks

Foreign exchange risks
The Group's currencies used for payment are mostly distributed between EUR, USD and SEK. A natural hedge of the USD exposure of the European sales is sought obtained through purchases in the same currency. Apart from this, there is no hedging of positions in foreign currency in connection with other operating activities and for the time being the Group's policy is not to hedge in excess of the natural hedging.

Exchange adjustment of investments in foreign subsidiaries is recognised directly in equity. As a main rule, related exchange risks are not hedged as it is the Group's opinion that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Bond
The Bond issued 1 April 2014 and with maturity date on 3 April 2019 has a floating interest rate and is among others subject to the following financial covenants;
- Debt/EBITDA ratio
- Interest coverage ratio
- Minimum liquidity

Credit facilities
The Group's existing agreements regarding credit lines run partly with and partly without any time limit. Credit lines with time limit are basically irrevocable on the part of the bank. Credit lines without time limit follow the bank's terms of business as regards termination both on the part of the bank and on the part of the Group. In general, there are no terms relating to annual renegotiation.

Expected development for 2016
The Group's result for the first quarter of 2016 came out in line with expectations.

The forecast for 2016 based among others on certain foreign exchange rates and raw material price assumptions reflect a turnover in the range of USD 400 million (app. DKK 2,6 billion) with a relevant EBITDA number in relation to the turnover and an increase compared to 2015. The result is primarily dependent on the continued profitable utilization of the Group's existing production lines.

The Group is continually investing in all its production assets to protect and increase both capability and competitiveness and constantly pursues relevant avenues for further expansion of turnover and profitability.

Statutory statement of social responsibility cf. the Danish Financial Statements Act section 99 (a)
Health & Safety
The Group's policies in the area of health & safety and in relation to the Group's employees have strong focus on establishing and ensuring a healthy and safe working environment to prevent accidents and injuries, and generally on creating positive relations to the place of work.

Environment and climate
The Group's policies in the area of environment and climate aim at constantly improving our environmental efforts within the framework of what is technically and financially possible. Besides compliance with current rules and regulations, it means that we promote environmental consciousness and integrate environmental considerations in our activities. This implies, for example, the development and use of sustainable production processes and products as well as a reduction of the consumption of both raw materials and energy resources. Lower consumption of raw materials and energy mean less climate impact. This is done both internally in the Group and in the current dialogue with our business partners.

Human rights
The Group respects human rights. The Group's Code of Conduct and policies have a strong focus on establishing and ensuring a professional, safe and secure working environment for its employees.

Management's Review

Initiated activities

Health & Safety
The Group assumes social responsibility for its employees and the surrounding society. This is done by implementing safety measures in the production units and ensuring current dialogue with and on the health & safety of the employees.

Environment and climate
The Group's activities in the environmental area concentrate on preventing negative environmental impact. This is done through the use of sustainable production processes and, if possible, the use of raw materials that are environmentally neutral. The Group also performs current follow-up to ensure that the actual consumption and environmental impact correspond to expectations and that current legislation is complied with.

Achieved and expected results

Health & Safety
The number of accidents in the production units resulting in absence has decreased from 7 in 2014 to 6 in 2015. The number of accidents without absence increased from 5 in 2014 to 13 in 2015. This development needs to be seen in the light of an increase in the average number of employees in 2014 of 324 to 556 in 2015.

The Group aims at continuously reducing the number of working accidents through current improvements of the working environment.

Environment and climate
Investments in 2015 and in previous years have contributed to a continued reduction of waste.
The Group expects continued improvement of the utilization of its raw materials.

Statutory statement regarding the underrepresented gender cf. the Danish Financial Statements Act section 99 (b)

Target for the Board of Directors
Jacob Holm & Sønner Holding A/S intends to achieve a more balanced gender representation on the Board of Directors over time. Candidates will be assessed on basis of qualification needed in order to supplement the rest of the Board of Directors and the Group going forward. Currently, the target is set at having one woman on the Board of Directors within the end of 2019 latest.

The representation of women on the Board of Directors is 0% at the moment. Change in the Board of Directors depends on the development in the Group, and in 2015 there has been no opportunity to expand the Board.

Neither the parent holding company nor any of the Danish subsidiaries are obligated to report on policies regarding the underrepresented gender in remaining levels of management. The exception is due to the parent holding company having less than 50 employees. As such no policies have been disclosed in these financial statements.

Management's Review

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000	2011 DKK '000
Key figures					
Income statement					
Revenue	2.369.955	1.337.435	945.181	981.573	1.023.333
Operating profit	101.795	56.382	31.811	48.699	44.930
Profit before financial income and expenses and special items	102.611	56.304	30.505	48.564	44.663
Special items, net	-2.625	-37.439	-2.526	-6.272	-4.798
Net financials	-16.645	16.843	-4.528	-7.144	-15.891
Profit before tax	83.341	35.708	23.451	35.148	23.974
Tax on profit for the year	-17.993	-13.282	-4.539	-13.802	-10.385
Net profit for the year	65.348	22.426	18.912	21.346	13.589
Balance sheet					
Balance sheet total	1.833.989	1.731.325	663.610	649.143	691.446
Equity	453.318	374.771	328.265	318.399	299.173
Cash flows from:					
- operating activities	136.032	57.904	72.935	109.355	35.198
- investing activities	-216.691	-708.297	-53.213	-11.521	-10.201
- including investment in property, plant and equipment	-217.399	-266.594	-60.340	-10.984	-14.413
- financing activities	36.870	606.998	16.153	-80.224	-47.475
Change in cash and cash equivalents for the year	-43.789	-43.395	35.875	17.610	-22.478
Number of employees	556	324	222	222	225
Ratios in percent					
Profit margin	4,3	4,2	3,2	4,9	4,4
Return on assets	5,6	3,3	4,6	7,5	7,0
Solvency ratio	24,7	21,6	49,5	49,0	43,3
Liquidity ratio	119,8	133,1	130,6	121,1	119,3
Return on equity	15,8	6,4	5,8	6,9	4,7

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see next page.

Management's Review

Performance measures and Financial ratios

Performance measures referred to in the annual report are defined as follows:

EBITDA: Operating profit + amortization of intangible assets, depreciation of property, plant and equipment and +/- losses and gains on disposal of intangible assets and property, plant and equipment.

Financial ratios are calculated as follows:

Profit margin $= \dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$

Return on assets $= \dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$

Solvency ratio $= \dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

Liquidity ratio $= \dfrac{\text{Current assets x 100}}{\text{Current liabilities}}$

Return on equity $= \dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Consolidated Income Statement 1 January - 31 December

	Note	2015 DKK '000	2014 DKK '000
Revenue	4	**2.369.955**	**1.337.435**
Cost of goods sold	5	-2.088.941	-1.197.481
Gross profit		**281.014**	**139.954**
Sales and marketing expenses	5	-36.913	-18.189
Administrative expenses	5	-142.306	-65.383
Operating profit		**101.795**	**56.382**
Other operating income and expenses	10	816	-78
Profit before special items and financial income and expenses		**102.611**	**56.304**
Special items, net	6	-2.625	-37.439
Operating profit		**99.986**	**18.865**
Financial income	11	26.729	67.302
Financial expenses	12	-43.374	-50.459
Profit before tax		**83.341**	**35.708**
Tax on profit for the year	13	17.993	13.282
Net profit for the year		**65.348**	**22.426**

Consolidated Statement of Comprehensive Income 1. January - 31 December

	2015 DKK '000	2014 DKK '000
Statement of Comprehensive Income 1 January - 31 December		
Net profit for the year	65.348	22.426
Items that may be subsequently reclassified to profit or loss		
Exchange adjustment, foreign companies	43.199	24.080
Comprehensive income	**108.547**	**46.506**

Consolidated Balance Sheet at 31 December

Assets

	Note	2015	2014
		DKK'000	DKK'000
Goodwill		93.222	83.334
Customer lists, know-how, patents and licenses		12.686	13.456
Software		43.594	805
Intangible fixed assets under construction		0	3.325
Intangible fixed assets	14	**149.502**	**100.920**
Land and buildings		274.252	190.387
Plant and machinery		747.725	362.956
Other fixtures and fittings, tools and equipment		17.772	5.679
Property, plant and equipment under construction		19.188	314.512
Property, plant and equipment	15	**1.058.937**	**873.534**
Other receivables		615	608
Deferred tax asset	21	16.699	35.156
Financial fixed assets		**17.314**	**35.764**
Non-current assets		**1.225.753**	**1.010.218**
Inventories	16	**209.509**	**187.282**
Receivables from related companies	30	706	17.912
Corporation tax	17	6.282	17
Trade receivables	18	325.382	341.212
Bonds at fair value through profit and loss		13.178	55.902
Other receivables	18	25.531	52.422
Prepayments		3.838	3.267
Receivables		**374.917**	**470.732**
Cash at bank and in hand		**23.810**	**63.093**
Current assets		**608.236**	**721.107**
Assets		**1.833.989**	**1.731.325**

Consolidated Balance Sheet at 31 December

Equity and liabilities

	Note	2015	2014
		DKK'000	DKK'000
Share capital	19	1.000	1.000
Exchange adjustments		76.686	33.487
Retained earnings		375.632	340.284
Equity		**453.318**	**374.771**
Bond	20	515.227	494.741
Credit institutions	24	287.976	238.089
Provisions for deferred tax	21	56.880	70.303
Provisions for other staff obligations	22	6.005	5.594
Provisions for other liabilities and charges	23	6.830	6.120
Non-current liabilities		**872.918**	**814.847**
Current portion of non-current liabilities		71.273	39.655
Credit institutions	24	154.823	144.176
Trade payables		172.906	221.412
Payables, plant and machinery		28.448	53.106
Corporation tax	25	12.082	12.241
Other payables		68.221	71.117
Current liabilities		**507.753**	**541.707**
Liabilities		**1.380.671**	**1.356.554**
Equity and liabilities		**1.833.989**	**1.731.325**

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Statement of Changes in Equity, Group 1 January - 31 December

	Share capital	Exchange adjustments	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity				
Equity at 1 January 2015	1.000	33.487	340.284	374.771
Comprehensive income for the year	0	43.199	65.348	108.547
Dividends	0	0	-30.000	-30.000
Equity at 31 December 2015	**1.000**	**76.686**	**375.632**	**453.318**
Equity at 1 January 2014	1.000	9.407	317.858	328.265
Comprehensive income for the year	0	24.080	22.426	46.506
Dividends	0	0	0	0
Equity at 31 December 2014	**1.000**	**33.487**	**340.284**	**374.771**

Paid dividends per share in 2015 amounts to DKK 30 (DKK 0 in 2014)

Only the share capital is restricted. Other reserves may be distributed.

Consolidated Cash Flow Statement

	Note	2015 DKK '000	2014 DKK '000
Net profit for the year		65.348	22.426
Adjustments of non-cash items	26	128.187	51.159
Change in working capital	27	-4.046	-32.359
Cash flows from operating activities before financial income and expenses and tax		189.489	41.226
Financial income		8.893	67.302
Financial expenses		-39.468	-50.459
Corporation tax paid		-22.882	-165
Cash flows from operating activities		**136.032**	**57.904**
Purchase of intangible fixed assets		-45.718	-4.021
Purchase of property, plant and equipment		-217.399	-266.594
Purchase of financial fixed assets		21	-8.299
Sale of property, plant and equipment		222	78
Purchase of bonds at fair value through profit and loss		0	-55.902
Sale of bonds at fair value through profit and loss		42.724	0
Acquisition of business combinations	33	3.459	-373.559
Cash flows from investing activities		**-216.691**	**-708.297**
Change in accounts with related parties		17.206	-9.316
Raising of non-current loans		92.848	661.380
Repayment of non-current loans		-43.184	-45.066
Dividend paid		-30.000	0
Cash flows from financing activities		**36.870**	**606.998**
Change in cash and cash equivalents		**-43.789**	**-43.395**
Cash and cash equivalents at 1 January		-81.083	-32.565
Exchange adjustment of cash at bank and in hand at 1 January		-6.141	-5.123
Cash and cash equivalents at 31 December		**-131.013**	**-81.083**
specified as follows:			
Cash at bank and in hand		23.810	63.093
Credit institutions (current liabilities)		-154.823	-144.176
		-131.013	**-81.083**

Notes to the Annual Report, Group

1 Accounting Policies

The Annual Report of Jacob Holm & Sønner Holding A/S for 2015 is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements included in the executive order on IFRS issued by the Danish Commerce and Companies Agency.

The Annual Report for 2015 is presented in DKK '000.

The applied accounting policies are unchanged compared to the previous year.

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing the consolidated financial statement.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Reduces the number of categories of financial assets to two; amortised cost and fair value. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement. Furthermore, hedge accounting is simplified and net positions can be hedged.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16, "Leases", which amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. The Group expects to implement the standard when it becomes effective. The Group is in the process of examining the effect of the standard, which cannot yet be calculated.

The IASB has approved further new standards and interpretations that are not relevant to Jacob Holm & Sønner Holding A/S and will have no effect on the Financial Statements.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Jacob Holm & Sønner Holding A/S and its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the group companies by combining items of a uniform nature, and elimination is made of intercompany income and expenses, intercompany accounts as well as profits and losses on transactions between the consolidated companies. The results of foreign group companies are translated into Danish kroner at average exchange rates. The balance sheets are translated into Danish kroner at the exchange rates at the balance sheet date. Exchange adjustments in this connection are made over the statement of comprehensive income.

Business combinations

On acquisition of subsidiaries including acquisition of subsidiaries under common control, the acquisition method is applied.

Purchase price of acquired assets, liabilities and contingent liabilities are initially measured at fair value at the time of acquisition. Identifiable intangible fixed assets are recognised if they can be separated and the fair value can be measured reliably. Deferred tax is recognised on re-measurements made. Any remaining positive differences between the cost and the fair value of assets, liabilities and contingent liabilities acquired are recognised in intangible fixed assets in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment on an annual basis.

Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Danish Kroner which is the parent company's functional and presentation currency.

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Balance sheet items including goodwill for consolidated companies that do not have DKK as their functional currency are translated into DKK at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for the month. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

Income Statement

Revenue and recognition of income

Revenue from sale of goods is measured at fair value of the consideration received net of goods sold excluding VAT and net of provisions for returns, discounts, etc.

Revenue from the sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities. In general the recognition of revenue is done when the goods are delivered in accordance with the agreed upon contractual terms.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc. as well as operation, administration and management of factories and distribution expenses including salaries to distribution staff.

Cost of goods sold also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Sales and marketing expenses

Sales and marketing expenses comprise costs in the form of salaries to sales staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the companies, including gains and losses on disposals of intangible fixed assets and property, plant and equipment as well as subsidies received which do not directly relate to the purchase of non-current assets.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Special items

Special items comprise income and expenses outside normal operations which are at the same time non-recurring income and expenses. Special items comprise income and expense arising from events and transactions such as due diligence re. potential acquisitions, integration costs and larger restructuring or organisational changes.

Financial income and expenses

Financial income and expenses comprise interest income and expense including amortisation of transaction cost and premium/discounts (effective interest method), financial expenses in respect of finance leases, realised and unrealised exchange adjustments and fair value changes on securities.

Financial expenses directly attributable to the purchases or construction of a qualifying asset are included as part of the cost price of to the asset. All other financial expenses are recognised in the income statement.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to items recognised in other comprehensive income is recognised in other comprehensive income and tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's operating segments. The allocation is completed no later than at the end of the reporting period following the acquisition.

Goodwill is tested for impairment annually or on indication of impairment In the event of impairment, the carrying amount is written down to the value in use. Impairment charges on goodwill are not reversed.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Customer lists, know-how, patents and licenses and software are measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life, which are;

Customer lists, know-how, patents and licenses	3-10 years
Software	3-5 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the purchase price and costs which are directly attributable to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises directly attributable costs for labour, materials, components and sub-suppliers. The cost price of new product lines comprise costs related to the commissioning of the production line up until the point in time where the production line is ready for commercial production. Commissioning costs comprise costs such as test runs and repair and maintenance activities.

The initial estimate of the costs of dismantling assets for which there is a legal obligation to dismantle at the end of the useful life of the asset is included as part of the cost price of the asset.

Income from the sale of products during the commissioning period is set off against the cost of the asset.

Government grants received are set off against the cost of assets qualifying for the subsidy.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Spare parts included in plant and machinery are depreciated over 5 years.

Gains or losses from the sale of property, plant and equipment are calculated as the difference between the selling price net of selling expenses and the carrying amount at the time of the sale. Gains or losses from current replacement of property, plant and equipment are recognised in other operating income and expenses in the income statement.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Impairment losses are reversed to the extent that changes have taken place in the assumptions or estimates leading to the write-down for impairment. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had, had it not been written down for impairment. Impairment on goodwill is not reversed.

Financial fixed assets

Other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Bonds at fair value through profit or loss

Bonds at fair value through profit or loss are financial assets held for trading. Bonds are classified in this category if acquired principally for the purpose of selling in the short term.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in sales price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as directly attributable labour and production costs. These costs also comprise maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance-sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences arising on the initial recognition of an asset or a liability which is not acquired in a business combination and which does neither affect profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement unless the deferred tax relates to equity entries.

The Company is jointly taxed with the Danish group company. Foreign group companies are not comprised by the joint taxation.

The tax effect of the joint taxation is allocated to both profits and losses in proportion to the taxable income. The jointly taxed companies have adopted the on-account taxation scheme.

Staff obligations

Wages and salaries, social security contributions, paid absence and sickness absence, bonuses and non-monetary contributions are recognised in the financial year in which the Group's employees have performed the related work. Expenses relating to the Group's long-term staff benefits are accrued so that they follow the performance of work by the employees concerned.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

The Group's pension schemes comprise defined contribution plans.

Moreover, provisions are made for seniority based bonuses earned over the employment period under the projected unit credit method. The effect of re-measuring the liability due to changes in actuarial assumptions is recognised in the income statement.

Provisions

Provisions are recognised when – as a result of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprise mainly dismantling cost related to assets held on leased land.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. At the measurement of provisions, discounting is made of the expenses necessary to settle the liability if this has a material effect on the measurement of the liability.

Financial liabilities

Mortgage credit loans and loans from credit institutions are initially recognised at fair value net of transaction expenses incurred.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method

Non-closely related embedded derivatives such as certain prepayment options are separated from the host liability contract and accounted for as stand-alone derivative financial instruments.

Other liabilities comprising trade payables and other liabilities are also measured at amortised cost.

Cash Flow Statement

The cash flow statement presents cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible fixed assets, property, plant and equipment as well as financial fixed asset investments.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise the item "Cash at bank and in hand" under current assets net of current credits with banks that constitute an integrated part of the Group's current cash management.

The cash flow statement cannot be immediately derived from the information provided in these financial statements.

Segment information

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the financial reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Net profit is the measurement reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

In presenting information on the basis of geographical markets the information is based on the geographical location of the enterprises in each segment.

Accounting policies relevant only for the parent company

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Parent Company Financial Statements.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Notes to the Annual Report, Group

2 Significant accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management believes are reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by nature, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Deferred tax asset

The French plant has improved the product mix as well as production efficiency by upgrading the production lines. Further, the organisation has been changed to reflect the changing demands. On this basis, the Group has evaluated the amount which can be utilised over the next 5 years. The Group has recognised a deferred tax asset of DKK 17m primarily relating to a tax loss carry-forward in France.

Impairment Goodwill

Goodwill is not amortised but is subject to an annual impairment test. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2015. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rates and terminal growth rates. The use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. The assumptions for significant goodwill amounts are set out in note 14.

3 Segment information

The Jacob Holm Industries segment produces and sells non-woven roll-goods.

The Sontara segment produces and sells non-woven in converted and roll-goods form.

The TWIG segment sells non-woven by-products.

The Headquarter segment consists of the Danish holding and management companies Jacob Holm & Sønner Holding A/S and Jacob Holm & Sønner A/S.

No operating segments have been aggregated.

Notes to the Annual Report, Group

3 Segment information (continued)

2015 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**TWIG** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue						
Inter-segment revenue	5.786	0	0	3.528	-9.314	0
External revenue	997.316	1.354.764	17.875	0	0	2.369.955
EBITDA	42.250	153.485	5.148	-1.518	-3.606	195.759
Depreciation, amortization and impairment losses	56.490	36.726	97	0	0	93.313
Special items	0	2.625	0	0	0	2.625
Financial income	3.452	57	102	50.719	-27.601	26.729
Financial expenses	-9.973	-23.619	-114	-37.269	27.601	-43.374
Income tax income/expense	16.529	15.792	560	-14.004	-884	17.993
Profit or loss	-37.125	74.781	4.479	25.936	-2.723	65.348
Balance sheet						
Non-current assets						
- including investment in property, plant and equipment	916.631	308.501	298	1.303.790	-1.303.467	1.225.753
Additions to non-current assets	160.310	72.328	13	6.071	0	238.722
Current assets	229.556	488.495	9.689	50.560	-170.064	608.236
Total assets	1.146.187	796.996	9.987	1.354.350	-1.473.531	1.833.989
Non-current liabilities	490.325	187.938	0	543.048	-277.123	944.188
Current liabilities	261.155	304.942	4.088	36.362	-170.064	436.483
Total Liabilities	751.480	492.880	4.088	579.410	-447.187	1.380.671

2014 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**TWIG** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue						
Inter-segment revenue	4.229	0	0	2.371	-6.600	0
External revenue	923.846	398.864	14.725	0	0	1.337.435
EBITDA	61.711	49.068	4.301	-2.029	3.606	116.657
Depreciation, amortization and impairment losses	51.359	8.375	31	0	0	59.765
Special items	0	36.983	456	0	0	37.439
Financial income	2.516	0	87	79.928	-15.229	67.302
Financial expenses	8.188	20.773	20	36.707	-15.229	50.459
Income tax income/expense	981	-332	504	12.129	0	13.282
Profit or loss	3.111	-16.731	3.377	29.946	2.723	22.426
Balance sheet						
Non-current assets						
- including investment in property, plant and equipment	761.304	248.559	353	1.231.454	-1.231.452	1.010.218
Additions to non-current assets	303.093	17.205	141	11	0	320.450
Current assets	218.210	699.130	9.737	117.981	-323.951	721.107
Total assets	979.514	947.689	10.090	1.349.435	-1.555.403	1.731.325
Non-current liabilities	312.886	208.705	0	534.455	-241.199	814.847
Current liabilities	309.105	541.625	4.124	35.974	-349.121	541.707
Total Liabilities	621.991	750.330	4.124	570.429	-590.320	1.356.554

Performance of the operating segments and decisions about resources to be allocated are made on the basis of EBITDA.

Notes to the Annual Report, Group

3 Segment information (continued)

Geographic allocation

	2015 DKK '000	2014 DKK '000
Revenue		
Denmark	1.584	609
EU	609.238	423.683
USA/Canada	1.240.464	629.663
APAC	399.297	192.579
Other	119.372	90.901
Total revenue	**2.369.955**	**1.337.435**
Non-current assets other than deferred tax assets, by area		
Denmark	0	0
EU	183.891	175.688
USA/Canada	876.468	698.210
APAC	117	104
Other	148.578	101.060
Total non-current assets other than deferred tax assets	**1.209.054**	**975.062**

4 Revenue

	2015 DKK '000	2014 DKK '000
Sale of goods	2.369.955	1.337.435
	2.369.955	**1.337.435**

5 Expenses classified by nature

	2015 DKK '000	2014 DKK '000
Production costs	1.980.218	1.136.773
Distribution costs	108.723	60.708
Cost of goods sold	2.088.941	1.197.481
Sales and marketing expenses	36.913	18.189
Administrative expenses	142.306	65.383
Other income and expenses	-816	78
Special items, net	2.625	37.439
	2.269.969	**1.318.570**
Classified by nature as follows:		
Expenses for raw materials and consumables	1.324.976	770.703
Other external expenses	543.039	340.554
Staff expenses	308.641	147.549
Depreciation and amortisation	93.313	59.764
	2.269.969	**1.318.570**

Notes to the Annual Report, Group

	2015	2014
	DKK '000	DKK '000

6 Special items, net

Special items, costs:

	2015	2014
Due diligence costs regarding acquisitions of business	0	19.214
Integration costs regarding acquired businesses	2.625	18.225
	2.625	**37.439**

Special items, are all external expenses.

7 Staff expenses

Staff expenses are included in the Group's production costs, distribution costs, sales and marketing and administrative expenses as follows:

	2015	2014
Wages and salaries	229.446	111.277
Pensions defined contribution plans	14.319	5.541
Other social security expenses	64.876	30.731
	308.641	**147.549**

Key management compensation

	2015	2014
Salaries and other short-term employee benefits	3.933	2.930
	3.933	**2.930**

Key management consist of the executive and supervisory board.

	2015	2014
Average number of full-time employees	**556**	**324**

Staff expenses are included in the functions presented on the face of the income statement as follows:

	2015	2014
Cost of goods sold	236.563	116.762
Sales and marketing expenses	22.012	9.288
Administrative expenses	50.066	21.499
	308.641	**147.549**

Notes to the Annual Report, Group

	2015	2014
	DKK '000	DKK '000

8 Fee to auditors appointed at the general meeting

	2015	2014
Audit fee	3.603	1.661
Tax consultancy	3.805	2.779
Non-audit services	3.464	1.632
Total	**10.872**	**6.072**
Fee to other audit firms		
Audit fee	124	0
Tax consultancy	171	0
Other assurance statements	54	0
Non-audit services	414	143
Total	**763**	**143**

9 Depreciation and amortisation

	2015	2014
Depreciation and amortisation for the year are specified as follows:		
Customer lists, know-how, patents and licences	2.329	687
Software	6.473	688
Buildings	12.454	8.632
Plant and machinery	67.747	47.688
Other fixtures and fittings, tools and equipment	4.310	2.069
	93.313	**59.764**
Depreciation and amortisation are distributed on the individual cost groups as follows:		
Cost of goods sold	82.531	57.369
Sales and marketing expenses	2.689	1.228
Administrative expenses	8.093	1.167
	93.313	**59.764**

Notes to the Annual Report, Group

	2015	2014
	DKK '000	DKK '000

10 Other operating income and expenses

	2015	2014
Other operating income:		
Subsidies	90	101
Gains on disposals of non-current assets	24	0
Management fee	650	488
Other	312	0
	1.076	589
Other operating expenses:		
Loss on disposals of non-current assets	-260	-366
Other	0	-301
	-260	-667
	816	**-78**

11 Financial income

	2015	2014
Interest	1.813	4.505
Exchange adjustments	24.099	62.797
Other	817	0
	26.729	**67.302**

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

12 Financial expenses

	2015	2014
Interest	31.540	37.251
Exchange adjustments	6.420	13.208
Other	5.414	0
	43.374	**50.459**

Interest income and expense relate to loans received and payables measured at amortised cost.

Notes to the Annual Report, Group

	2015	2014
	DKK '000	DKK '000

13 Tax on profit for the year

	2015	2014
Current tax on profit for the year	18.444	11.545
Change in deferred tax	-1.419	1.818
Change in tax previous years	968	-81
	17.993	**13.282**

Tax on profit for the year is specified as follows:

	2015	2014
Calculated 23,5% / 24,5% tax on profit for the year before tax	19.585	8.742
Tax effect of:		
Higher/lower tax rate in foreign companies	-9.705	3.467
Tax on non-deductible expenses and non-taxable income	-1.302	648
Adjustment of valuation deferred tax	8.447	693
Adjustment of tax previous years	968	-268
	17.993	**13.282**
Effective tax rate for the year	**21,59%**	**37,20%**

14 Intangible fixed assets

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2015				
Cost at 1 January	83.334	14.220	17.458	3.325
Exchange adjustment at year-end rate	9.558	1.623	1.321	381
Additions from business combination	330	0	0	0
Additions for the year	0	0	45.433	0
Transfer between items	0	0	3.706	-3.706
Disposals for the year	0	0	0	0
Cost at 31 December	93.222	15.843	67.918	0
Amortisation at 1 January	0	764	16.653	0
Exchange adjustment at year-end rate	0	64	1.198	0
Amortisation for the year	0	2.329	6.473	0
Amortisation at 31 December	0	3.157	24.324	0
Carrying amount at 31 December	**93.222**	**12.686**	**43.594**	**0**
Amortised over		**10 years**	**3-5 years**	

Notes to the Annual Report, Group

14 Intangible fixed assets (continued)

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2014				
Cost at 1 January	0	72	15.521	0
Exchange adjustment at year-end rate	539	92	1.215	0
Additions from business combination	82.795	14.056	0	0
Additions for the year	0	0	722	3.325
Cost at 31 December	83.334	14.220	17.458	3.325
Amortisation at 1 January	0	72	14.764	0
Exchange adjustment at year-end rate	0	5	1.201	0
Amortisation for the year	0	687	688	0
Amortisation at 31 December	0	764	16.653	0
Carrying amount at 31 December	**83.334**	**13.456**	**805**	**3.325**
Amortised over		**10 years**	**3-5 years**	

The Group has performed impairment test of Goodwill per 31 December 2015. Goodwill was recognised in April 2014 as part of the acquisition of the TWIG Group as well as a subsequent acquisition of Sontara Argentina in 2015.

The Group has performed the impairment test on the basis of overall valuation of the TWIG Group. The conclusion was that there was no need for impairment.

The valuation of the TWIG Group was prepared on basis of the approved budget for 2016 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 5,7%.

At year-end Management has assessed that the key assumption used to determinate value in use of the TWIG Group is the available volume of by-products to this Group. The 2016 budget includes a conservative level of volume. As a result of this, cash-flow used to determine the fair value is at a conservative level which is explaining why the WACC includes no risk-premium.

Based on the conservative cash-flow, it is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

Notes to the Annual Report, Group

15 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2015				
Cost at 1 January	286.303	820.496	34.846	314.512
Exchange adjustment at year-end rate	18.122	53.106	1.473	35.758
Additions from business combination	0	0	0	0
Additions for the year	760	31.781	10.867	146.610
Transfer between items	82.330	389.994	5.368	-477.692
Disposals for the year	-55	-1.549	-1.818	0
Cost at 31 December	387.460	1.293.828	50.736	19.188
Depreciation at 1 January	95.916	457.540	29.167	0
Exchange adjustment at year-end rate	4.877	21.994	1.225	0
Depreciation and impairment losses for the year	12.454	67.747	4.310	0
Disposals for the year	-39	-1.178	-1.738	0
Depreciation at 31 December	113.208	546.103	32.964	0
Carrying amount at 31 December	**274.252**	**747.725**	**17.772**	**19.188**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2015 includes interest of DKK 7.864k.

The carrying amount of plant and machinery at 31 December 2015 includes interest of DKK 18.383k.

During the year, the Group has capitalised borrowing costs amounting to DKK 14.230k on qualifying assets. The average interest rate applied was 3.87% p.a.

15 Property, plant and equipment
(continued)

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2014				
Cost at 1 January	226.444	612.582	31.854	49.610
Exchange adjustment at year-end rate	16.061	34.009	1.330	5.983
Additions from business combination	40.052	103.048	4	0
Additions for the year	3.746	11.414	200	321.513
Transfer between items	0	60.405	2.189	-62.594
Disposals for the year	0	-962	-731	0
Cost at 31 December	286.303	820.496	34.846	314.512
Depreciation at 1 January	83.070	392.068	26.706	0
Exchange adjustment at year-end rate	4.214	18.264	1.123	0
Depreciation and impairment losses for the year	8.632	47.688	2.069	0
Disposals for the year	0	-480	-731	0
Depreciation at 31 December	95.916	457.540	29.167	0
Carrying amount at 31 December	**190.387**	**362.956**	**5.679**	**314.512**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2014 includes interest of DKK 3.634k.

The carrying amount of plant and machinery at 31 December 2014 includes interest of DKK 2.687k.

During the year, the Group has capitalised borrowing costs amounting to DKK 5.050k on qualifying assets. The average interest rate applied was 4.78% p.a.

		2015	2014
		DKK '000	DKK '000

16 Inventories

	2015 DKK '000	2014 DKK '000
Raw materials and consumables	62.540	45.921
Finished goods	146.969	141.361
	209.509	**187.282**
Raw materials and consumables expensed for the year	1.324.976	1.265.898
Inventories expected to be sold after more than 1 year amount to	0	0
Write-down on inventories for the year amounts to	25.556	3.052
Reversed write-down on inventories for the year amounts to	4.898	1.853

Subsequent sales have shown that there was no need for the write-down.

17 Corporation tax

	2015 DKK '000	2014 DKK '000
Corporation tax receivable at 1 January	17	0
Exchange adjustment at year-end rate	-283	0
Tax on operating profit, see note 13	-4.071	0
Tax refunded/paid	10.619	17
Corporation tax receivable at 31 December	**6.282**	**17**

18 Receivables

	2015 DKK '000	2014 DKK '000
Trade receivables	325.474	342.813
Bad debt provision	-92	-1.601
Trade receivables, net	325.382	341.212
Other receivables	25.531	52.422
	350.913	**393.634**

Bad debt provision

	2015 DKK '000	2014 DKK '000
Bad debt provision at 1 January	1.601	0
Exchange adjustment at year-end rate	180	0
Additions for the year	40	1.601
Disposals for the year:		
- Applied	-584	0
- Reversed	-1.145	0
Bad debt provision at 31 December	**92**	**1.601**

	2015 DKK '000	2014 DKK '000

19 Share capital

The share capital consists of the following classes of shares:

	2015 DKK '000	2014 DKK '000
A-shares (358,688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640,881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100.

Otherwise no shares carry any special rights.

20 Bond

In 2014, the parent company issued a series of bonds in the amount of SEK 650m. The Bonds were listed on the Oslo Børs on March 10, 2016.

The interest coupon on the par value of the Bonds payable from and including, the issue date is three months STIBOR plus a margin of 5,25 %.

The Bond matures in full on 3 April 2019. The Company may redeem the bond issue in whole or in part at any time. The redemption price is:

From the issue date to April 2016 the present value is par value and remaining interest payments discounted at 50 basis point over the comparable Swedish Government bonds.

April 2016 to April 2017	104 % of par value
April 2018 to final maturity	102 % of par value

The holders cannot call the bond unless the covenants set out in the bond agreement are not complied with. The Bond is subject to three covenants:
- Debt/EBITDA ratio
- Interest coverage ratio
- minimum liquidity

21 Deferred tax

	2015 DKK '000	2014 DKK '000
Deferred tax at 1 January	35.147	29.947
Exchange adjustment at year-end rate	3.283	3.382
Additions from business combination	-125	0
Change in deferred tax, see note 13	1.876	1.818
Deferred tax at 31 December	**40.181**	**35.147**
Deferred tax relates to:		
Inventories	-2.567	-3.587
Other current assets	1.244	326
Other liabilities	-2.621	-738
Current part	**-3.944**	**-3.999**
Intangible assets	-8.101	0
Property, plant and equipment	59.335	55.573
Other liabilities	-3.343	-647
Tax loss carry-forward	-56.937	-60.499
Retaxation relating to utilised losses in foreign subsidiary	28.307	44.719
Non-current part	**19.261**	**39.146**
Unrecognized deferred tax asset	**24.864**	**0**
Deferred tax, net	**40.181**	**35.147**
which breaks down as follows:		
Deferred tax asset	-16.699	-35.156
Provisions for deferred tax liability	56.880	70.303
	40.181	**35.147**

The Group's recognised tax loss is subject to varying conditions and is expected fully utilised for set-off against positive taxable income within a 5 year period.

One of the entities to which the tax loss carry-forward relates to, realised a tax loss for assessment year 2015. Management has prepared detailed forecasts for the coming financial years for the entity in question and has reassessed the expected time frame for utilisation of the tax loss carry-forward. It is Management's assessment that the taxable income will increase in the coming financial years due to increasing earnings.

Management has chosen to derecognise the part of the tax loss carry-forward which relates to the period after 5 years as there is some uncertainty as to the timing of utilizing the tax loss carry-forward.

Notes to the Annual Report, Group

22 Other staff obligations

The Group offers part of the employees to participate in pension schemes in the form of defined contribution plans.

The provision for other staff obligations primarily includes seniority based bonuses for employees calculated by an actuary taking into account the expected turnover among employees, wage increases etc. A discount factor of 2,03% has been used against 1,80% in 2014.

As the obligation is uncertain as regards the time of settlement, no breakdown of time of maturity can be made. The entire obligation has therefore been classified as a non-current liability.

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	5.594	4.885
Exchange adjustment at year-end rate	25	-12
Additions for the year	551	689
Disposals for the year	-10	-606
Discount effect	-155	638
Balance at 31 December	**6.005**	**5.594**

23 Provisions for other liabilities and charges

The liability relates to an estimated liability regarding dismantling of assets held on leased land.

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	6.120	0
Exchange adjustment at year-end rate	710	204
Additions for the year	0	5.916
Balance at 31 December	**6.830**	**6.120**

24 Credit institutions

	2015 DKK '000	2014 DKK '000
Payment due later than 5 years	0	0
Payment due 1-5 years	287.976	238.089
Non-current credit institutions	**287.976**	**238.089**
Payment due within 1 year	226.096	183.831
	514.072	**421.920**

Credit institutions primarily includes term loans granted to the Plant in Asheville, NC with a total of DKK 349m of which DKK 283m is due between 1-5 years. These term loans are USD denominated and with variable interest.

The covenants comprise measurements on specific financial ratios, including solvency, EBITDA in relation to fixed charges (interest, instalments, income tax, dividend and capital expenditure) and the cover of revolving credit by working capital.

25 Corporation tax

	2015 DKK '000	2014 DKK '000
Accrued corporation tax at 1 January	12.241	0
Addition from acquisition of subsidiaries	36	857
Exchange adjustment at year-end rate	374	68
Tax on operating profit, see note 13	15.341	11.464
Adjustment of tax previous years	-3.647	0
Tax paid	-12.263	-148
Accrued corporation tax at 31 December	**12.082**	**12.241**

26 Cash flow statement - adjustments non-cash items

	2015 DKK '000	2014 DKK '000
Financial income	-26.729	-67.302
Financial expenses	43.374	50.459
Depreciation, amortisation and impairment losses, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	93.549	60.130
Tax on profit for the year	17.993	13.282
Exchange gain/loss on intercompany accounts	0	-5.410
	128.187	**51.159**

Notes to the Annual Report, Group

	2015	2014
	DKK '000	DKK '000

27 Cash flow statement - change in working capital

	2015	2014
Change in inventories	-2.298	-15.090
Change in receivables	78.923	-172.185
Change in other provisions	386	566
Change in payables	-81.057	154.350
	-4.046	**-32.359**

28 Contingent liabilities and other financial obligations

Mortgages

	2015	2014
As security for credit institution, mortgage deeds registered to the mortgagor have been issued totalling	605.527	543.562

The mortgage deeds registered to the mortgagor are secured on land and buildings as well as the related plant and machinery at a carrying amount of DKK 844.814k (at 31 December 2014: DKK 365.288k).

	2015	2014
As security for credit institution, a mortgage on movable property has been issued totalling	14.174	14.136

The mortgage deed on movable property is secured on intangible fixed assets and property plant and machinery at a carrying amount of DKK 89.163k (at 31 December 2014: DKK 80.499k).

As security for credit institutions, security has moreover been provided in current assets at a carrying amount of DKK 192.086k (at 31 December 2014 DKK 164.589k).

	2015	2014
As security for credit institution, the Group has provided surety with a maximum amount of	0	2.976

Notes to the Annual Report, Group

28 Contingent liabilities and other financial obligations (continued)

Obligations under operating leases

Obligations under operating leases primarily comprise agreements entered into concerning the lease of operational equipment. The leases run until June 2019 at the latest.

Obligations under operating leases break down as follows according to due date:

Minimum payments	2015	2014
	DKK '000	DKK '000
0-1 year	833	132
1-5 years	1.032	16
>5 years	0	0
	1.865	**148**

Lease expenses recognised amount to TDKK 883 (2014: TDKK 446)

Obligations under rental agreements

Obligations under rental agreements primarily comprise agreements entered into concerning the renting of warehouse and office space. The rentals run until February 2018 at the latest.

Obligations under rental agreements break down as follows according to due date:

Minimum payments	2015	2014
	DKK '000	DKK '000
0-1 year	13.178	8.474
1-5 years	14.524	0
>5 years	0	0
	27.702	**8.474**

Rental expenses recognised amount to TDKK 12.249 (2014: TDKK 3.075)

Contractual obligations

The Group has entered into agreements on delivery of property, plant and equipment with a remaining obligation of	3.403	85.532

Notes to the Annual Report, Group

29 Financial risks

Credit risk

Credit risk arises from cash and cash equivalents, bond investments as well as credit exposure to customers and other outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Current follow-up is made on outstanding accounts in accordance with the Group's trade receivables procedures. Where uncertainty arises as to a customer's ability or willingness to pay, and it is estimated that the trade receivable is subject to risk, a bad debt provision is made.

Credit quality

Credit insurance has been taken out in respect of a part of the Group's trade receivables as part of a factoring agreement not qualifying for derecognition. The total amount included under the factoring agreement amounts to DKK 92 m (2014: DKK 82m) and the associated liability amounts to DKK 72m (2014: DKK 71m).

At the balance sheet date the outstanding amount covered by credit insurance is approx. DKK 64m (2014: DKK 82m).

Generally the Group's trade receivables is concentrated on a smaller number of customers of which several are highly rated large multinational customers which supports the low bad debt provision.

The overdue balance on trade receivables is specified as follows at 31 December 2015:

DKK '000	0-15 days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	31.026	2.052	1.337	5.910	40.325
Overdue receivables subject to impairment	0	0	0	92	92
	31.026	2.052	1.337	6.002	40.417
Bad debt provision	0	0	0	-92	-92
	31.026	2.052	1.337	5.910	40.325

29 Financial risks (continued)

The overdue balance on trade receivables is specified as follows at 31 December 2014:

DKK '000	0-15 days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	30.159	19.815	1.483	13.511	64.968
Overdue receivables subject to impairment	0	0	0	575	575
	30.159	19.815	1.483	14.086	65.543
Bad debt provision	0	0	0	-575	-575
	30.159	19.815	1.483	13.511	64.968

Liquidity risk

The Group ensures sufficient cash resources by entering into framework agreements for current overdraft facilities. Existing agreements with agreed upon repayment terms cannot be terminated by the banks unless there is a breach of the covenants stated in the loan agreements.

In the event of breach of a covenant the Group has the right to remedy without undue delay, respectively the bank is entitled to terminate part or all of the outstanding loan facilities, should the Group not be able to do so.

Two covenants regarding credit institution loans has been in breach during 2015. A solvency ratio has been violated at the end of Q1 and Q2 2015 as well as the EBITDA in relation to fixed charges has been violated at the end of Q2, Q3 and Q4 2015. The bank has waived the breaches which are caused by a delay of a large capex project. In order to avoid similar issues in 2016, the company has been negotiating an amendment to the credit agreement with the credit institution.

Some of the Group's credit facilities are variable due to the fact that some of the Group's credit lines are based on the amount of the Group's trade receivables and inventory.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

The cash need is expected covered by the current liquidity surplus from operations, bonds at fair value, unutilised credits as well as via refinancing or new non-current loans.

Notes to the Annual Report, Group

29 Financial risks (continued)

2015

DKK '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	27.710	573.075	0	600.785	0	515.227	527.800
Credit institutions	236.513	305.890	0	542.403	0	514.072	514.072
Trade payables	172.906	0	0	172.906	0	172.906	172.906
Other short-term liabilities	108.122	0	0	108.122	0	108.122	108.122
Financial liabilities	**545.251**	**878.965**	**0**	**1.424.216**	**0**	**1.310.327**	**1.322.900**
Loans and receivables:							
Receivables from related companies	706	0	0	706	0	706	706
Trade receivables	325.474	0	0	325.474	0	325.474	325.382
Other receivables	31.814	615	0	32.429	0	32.429	32.429
Cash at bank and in hand	23.810	0	0	23.810	0	23.810	23.810
Financial assets	**381.804**	**615**	**0**	**382.419**	**0**	**382.419**	**382.327**
Net cash outflow	**-163.447**	**-878.350**	**0**	**-1.041.797**	**0**	**-927.908**	**-940.573**
Bonds at fair value through profit and loss	**13.178**	**0**	**0**	**13.178**	**0**	**13.178**	**13.178**
Unutilised credits						59.963	59.963

Fair value of bond investments is based on quoted prices (level 1). Fair value of the issued bond is based on an indicative price published by a Broker (level 2). Fair value of floating rate loans from credit institutions is based on an assessment of the current margin on such loan arrangements (level 2). Fair value of cash and cash equivalents and short term receivables and payables is determined to equal the nominal amount.

2014

DKK '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	28.171	597.883	0	626.054	0	510.900	510.900
Credit institutions	191.552	252.490	0	444.042	0	421.919	421.919
Payables to group companies							
Payables to related companies	12.222	0	0	12.222	0	12.222	12.222
Trade payables	221.412	0	0	221.412	0	221.412	221.412
Other short-term liabilities	136.462	0	0	136.462	0	136.462	136.462
Financial liabilities	**589.819**	**850.373**	**0**	**1.440.192**	**0**	**1.302.915**	**1.302.915**
Loans and receivables:							
Receivables from related companies	30.134	0	0	30.134	0	30.134	30.134
Trade receivables	342.813	0	0	342.813	0	342.813	342.813
Other receivables	52.439	0	0	52.439	0	52.439	52.439
Cash at bank and in hand	63.093	0	0	63.093	0	63.093	63.093
Financial assets	**488.479**	**0**	**0**	**488.479**	**0**	**488.479**	**488.479**
Net cash outflow	**-101.340**	**-850.373**	**0**	**-951.713**	**0**	**-814.436**	**-814.436**
Bonds at fair value through profit and loss	**55.902**	**0**	**0**	**55.902**	**0**	**55.902**	**55.902**
Unutilised credits						41.567	41.567

Notes to the Annual Report, Group

29 Financial risks (continued)

Market risk

The Group's credits and bonds are floating-rate credits and bonds, which exposes the Group to fluctuations in interest rates. It is Group policy that all financing of working capital and investments in non-current assets take place at floating interest rate.

No derivative financial instruments are used to hedge interest rate risk.

Based on interest-bearing debt at the balance sheet date, an increase in the SEK market rate by 1% would decrease the profit for the year before tax of DKK 5.278k (2014: DKK 5.109k) and an increase in all other market rates by 1% would decrease the profit for the year before tax of DKK 5.141k (2014: DKK 4.219k).

The Group's currencies used for payment are mostly distributed between EUR and USD. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2015

The below balances represents the net Group exposure for each individual currency. Accordingly, where an entity reports in the stated currency, it has been excluded in the balance shown.

	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	348.196	-127.962	-5.758	214.476
USD	> 1 year	0	-20.612	0	-20.612
EUR	< 1 year	37.700	-47.589	4.711	-5.178
CHF	< 1 year	98.915	-750	59	98.224
SEK	< 1 year	0	0	7	7
SEK	> 1 year	0	0	-527.800	-527.800
Other	< 1 year	3.334	0	454	3.788
		488.145	-196.913	-528.327	-237.095

Notes to the Annual Report, Group

29 Financial risks (continued)

Exposure at 31 December 2014

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	702.226	-634.680	-83.500	-15.954
USD	> 1 year	0	-36.170	-227.524	-263.694
EUR	< 1 year	150.859	-135.691	-46.499	-31.331
EUR	> 1 year	0	0	-10.565	-10.565
CHF	< 1 year	133.416	-111.449	-2.039	19.928
JPY	< 1 year	7.349	-3.012	4.163	8.500
SEK	< 1 year	0	-7.311	7.636	325
SEK	> 1 year	0	0	-510.900	-510.900
Other	< 1 year	459	-3.619	296	-2.864
		994.309	-931.932	-868.932	-806.555

Due to the fixed rate policy conducted by the Danish National Bank in respect of the EUR, it is assessed that foreign currency positions in EUR do not entail a risk of material impact due to changes in the EUR rate.

As the individual group companies primarily operate in their individual functional currencies, the Group's profit is primarily sensitive to changes in exchange rates related to intercompany accounts and receivables/ payables denominated in other currencies than the functional currency.

The two currencies to which profit/loss of the Group is most sensitive is USD and SEK.

A 10% increase in USD compared to the exchange rate at 31 December 2015 towards all other currencies will entail a positive change of profit for the year before tax of DKK 19.386k (2014: negative change of DKK 22.160k) and a similar effect on equity.

A 10% increase in SEK compared to the exchange rate at 31 December 2015 towards all other currencies will entail a negative change of profit for the year before tax of DKK 52.779k (2014: negative change of DKK 51.058k) and a similar effect on equity.

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

The Group's capital management is also partly governed by loan agreements which include requirements to financial ratios. These financial ratios are affected by the size of the capital, that a reduction will reduce the ratios.

Total capital makes up the equity shown in the consolidated balance sheet.

Notes to the Annual Report, Group

30 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Rebstockrain 16, CH-6006 Luzern	Controlling shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 5, rue Guillaume Kroll, L-1882 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Rebstockrain 16, CH-6006 Luzern	Sister company
Dønnerup A/S, c/o Bech-Bruun Advokatfirma, Langelinie Allé 35 DK-2100 København Ø	Sister company

Transactions

Besides intercompany transactions that have been eliminated in the Consolidated Financial Statements, related party transactions comprise purchases of management services from the related company Jacob Holm & Sons AG.

Purchases of management services amounted to DKK 37.563k (2014: DKK 23.945) in financial year 2015 whereas sales of management services amounted to DKK 11.646 in financial year 2015 (2014: DKK 1.700k).

Further, the Consolidated Financial Statements includes a financial expense of DKK 3.217k from guarantee fee charges related to the Parent Company's guarantee regarding the issued Bond. The Parent Company is guaranteeing an amount of up to SEK 650m (2014: DKK 2.420k).

Finally, the Consolidated Financial Statements includes interest income of DKK 421k from loans granted to the Parent Company, Jacob Holm & Sons AG (2014: DKK 110k).

Compensation to key management is disclosed in note 7.

The Group has charged management services in the amount of DKK 650k (2014: DKK 488k) to Dønnerup A/S. Dønnerup A/S has charged rental expenses in the amount of DKK 685k (2014: DKK 381k).

All transactions have been effected on an arm's length basis.

Notes to the Annual Report, Group

30 Related parties (continued)

Receivables from related parties

	2015	2014
	DKK '000	DKK '000
Jacob Holm & Sons AG	706	17.912
	706	**17.912**

31 Development costs

Development costs for the year recognised in the income statement under production costs amount to DKK 6.272k in 2015 against DKK 4.552k in 2014.

32 Post balance sheet events

There have been no material events after the balance sheet date.

Notes to the Annual Report, Group

33 Business Combination

In 2015, the Group performed an acquisition which has been accounted for by the acquisition method. The results of the acquired business has been included in the consolidated financial statements as from the date of acquisition.

Sontara Argentina Srl was acquired from Group Management at cost.

	Acquired shares	Acquisition date	Acq. Price
			DKK '000
Sontara Argentina Srl	100%	21.05.2015	6.428

Fair value on acquisition date	Sontara
	DKK '000
Deferred tax asset	125
Inventory	2.771
Accounts receivable	1.187
Other receivables	816
Cash at Bank	9.887
Accounts payable	-6.920
Other short-term liabilities	-1.768
Identifiable net assets	6.098
Goodwill	330
Acquisition price	6.428
Cash acquired	-9.887
Net cash-flow from acquisition	**-3.459**
Acquisition price is divided as follows:	
Cash	6.428
Contingent consideration	0
	6.428
Transaction costs included in special items	0

Notes to the Annual Report, Group

33 Business Combination (continued)

Sontara Argentina

Description of acquired activities

As of 21 May 2015, the Sontara Argentina entity was acquired from Group Management through a share purchase and sale agreement. The acquired entity is part of the Sontara segment. The acquisition is in line with Jacob Holms strategy to consolidate all Sontara activities and will strengthen the Groups competitive position in the nonwovens industry. The acquired entity has been fully integrated into the Group. The purchase price of DKK 6 million was paid in cash and pertains mainly to net working capital (DKK -3 million), cash (DKK 10 million) and liabilities (DKK 2 million).

At the time of acquiring the Sontara activities in 2014, the Argentina activities could not be part of the acquisitic due to lack of permission from the local authorities. Accordingly, the Argentina activities were acquired directly by Group management with the aim of transferring the ownership to the Jacob Holm Group as soon as all permissions were in place. The shares have been transferred at cost.

Revenue and net result from acquired activities

The acquired company has, on a stand-alone basis, reported annual net sales revenue of DKK 8 mio. and a net result of DKK -1 mio.

The acquired company has been included in the consolidation with net sales revenue of DKK 6 mio. and a net result of DKK -1 mio.

34 Dividends per share

A dividend in respect of the year ended 31 December 2015 of DKK 20 per share, amounting to a total dividend of DKK 20 million, is to be proposed at the annual general meeting on 10 May 2016. These financial statements do not reflect this dividend payable.

Parent Company Income Statement 1 January - 31 December

	Note	2015	2014
		DKK '000	DKK '000
Revenue	1	**4.178**	**2.858**
Administrative expenses		-5.234	-4.390
Profit before financial income and expenses and special items		**-1.056**	**-1.532**
Financial income	4	42.144	76.375
Financial expenses	5	-37.269	-36.054
Profit before tax		**3.819**	**38.789**
Tax on profit for the year	6	620	9.901
Net profit for the year		**3.199**	**28.888**

Parent company Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	3.199	28.888
Comprehensive income	**3.199**	**28.888**

Parent Company Balance Sheet at 31 December

Assets

	Note	2015	2014
		DKK '000	DKK '000
Investments in subsidiaries	7	416.574	407.985
Receivables from group companies		251.161	263.648
Financial fixed assets		**667.735**	**671.633**
Non-current assets		**667.735**	**671.633**
Receivables from group companies		31.808	13.246
Corporation tax	8	3.162	0
Bonds at fair value through profit and loss		13.178	55.902
Other receivables		757	5.529
Prepayments		269	0
Receivables		**49.174**	**74.677**
Cash at bank and in hand		**1.318**	**9.913**
Current assets		**50.492**	**84.590**
Assets		**718.227**	**756.223**

Parent Company Balance Sheet at 31 December

Equity and liabilities

	Note	2015 DKK '000	2014 DKK '000
Share capital	9	1.000	1.000
Retained earnings		194.776	221.577
Proposed dividend for the year		0	0
Equity		**195.776**	**222.577**
Bond		515.227	494.741
Provisions for deferred tax	10	2.766	3.005
Non-current liabilities		**517.993**	**497.746**
Credit institutions		0	8.474
Payables to group companies		0	9.916
Payables to related companies		750	1.216
Corporation tax	11	1.754	6.896
Other payables		1.954	9.398
Current liabilities		**4.458**	**35.900**
Liabilities		**522.451**	**533.646**
Equity and liabilities		**718.227**	**756.223**

Contingent liabilities	14
Financial risks	15
Related parties	16
Dividends per share	17

Statement of Changes in Equity, Parent Company
1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity			
Equity at 1 January 2015	1.000	221.577	222.577
Comprehensive income for the year	0	3.199	3.199
Dividends	0	-30.000	-30.000
Equity at 31 December 2015	**1.000**	**194.776**	**195.776**
Equity at 1 January 2014	1.000	192.689	193.689
Comprehensive income for the year	0	28.888	28.888
Dividends	0	0	0
Equity at 31 December 2014	**1.000**	**221.577**	**222.577**

Paid dividends per share in 2015 amounts to DKK 30 (DKK 0 in 2014)

Only the share capital is restricted. Other reserves may be distributed.

Parent Company Cash Flow Statement

	Note	2015	2014
		DKK '000	DKK '000
Net profit for the year		3.199	28.888
Adjustments of non-cash items	12	-4.255	-30.420
Change in working capital	13	-2.941	3.855
Cash flows from operating activities before financial income and expenses and special items		-3.997	2.323
Financial income		59.044	76.375
Financial expenses		-33.363	-36.054
Corporation tax paid		-9.163	0
Cash flows from operating activities		**12.521**	**42.644**
Purchase of financial fixed assets		-8.589	-214.655
Purchase of bonds at fair value through profit and loss		0	-55.902
Sale of bonds at fair value through profit and loss		42.724	0
Cash flows from investing activities		**34.135**	**-270.557**
Change in accounts with group companies		-15.992	-266.605
Change in accounts with related companies		-466	1.216
Raising of non-current loans		-319	494.741
Dividend paid		-30.000	0
Cash flows from financing activities		**-46.777**	**229.352**
Change in cash and cash equivalents		**-121**	**1.439**
Cash and cash equivalents at 1 January		1.439	0
Cash and cash equivalents at 31 December		**1.318**	**1.439**
specified as follows:			
Cash at bank and in hand		1.318	9.913
Credit institutions (current liabilities)		0	-8.474
		1.318	**1.439**

Notes to the Annual Report, Parent Company

		2015 DKK '000	2014 DKK '000
1	**Revenue**		
	Management fee	4.178	2.858
		4.178	**2.858**
2	**Expenses classified by type**		
	Administrative expenses	5.234	4.390
		5.234	**4.390**
	Classified by type as follows:		
	Other external expenses	2.818	2.639
	Staff expenses	2.416	1.751
		5.234	**4.390**
3	**Staff expenses**		
	Wages and salaries	2.396	1.734
	Pensions	0	0
	Other social security expenses	20	17
		2.416	**1.751**
	Key management compensation		
	Salaries and other short-term employee benefits	513	518
		513	**518**
	Average number of full-time employees	**3**	**2**
	Staff expenses are distributed on the individual cost groups as follows:		
	Administrative expenses	2.416	1.751
		2.416	**1.751**

Notes to the Annual Report, Parent Company

		2015 DKK '000	2014 DKK '000
4	**Financial income**		
	Interest	1.386	4.372
	Exchange adjustments	17.124	60.358
	Interest intercompany accounts	22.823	11.645
	Other financial income	811	0
		42.144	**76.375**

		2015 DKK '000	2014 DKK '000
5	**Financial expenses**		
	Interest / commission intercompany accounts	3.633	3.329
	Interest	32.027	26.853
	Other financial expenses	1.609	5.872
		37.269	**36.054**

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

		2015 DKK '000	2014 DKK '000
6	**Tax on profit for the year**		
	Current tax on profit for the year	1.754	6.896
	Change in deferred tax	-789	3.005
	Adjustment tax previous years	-345	0
		620	**9.901**
	Tax on profit for the year is specified as follows:		
	Calculated 23,5% / 24,5% tax on profit for the year before tax	897	9.503
	Tax effect of:		
	Non-taxable income and expenses	14	752
	Adjustment of valuation deferred tax	54	-354
	Adjustment tax previous years	-345	0
		620	**9.901**
	Effective tax rate for the year	**16,23%**	**25,53%**

Notes to the Annual Report, Parent Company

7 Investments in subsidiaries

	Share capital	Currency	Ownership %	Carrying amount	Equity
	'000			DKK '000	DKK '000
Jacob Holm & Sønner A/S, Denmark	32.512	DKK	100%	193.330	579.163
Sontara AG, Switzerland	100	CHF	100%	155.925	231.632
Sontara Asturias S.A.U, Spain	1.000	EUR	100%	26.052	27.573
Jacob Holm Mexico SA De CV, Mexico	1.500	MXN	99%	619	3.985
Sontara Japan GK, Japan	10.000	JPY	100%	1.119	4.265
Sontara South Asia Sdn Bhd, Malaysia	0	MYR	100%	0	67
Sontara Old Hickory Inc, USA	0	USD	100%	29.161	40.962
Sontara America Inc, USA	0	USD	100%	2.898	12.741
Sontara Argentina S.R.L., Argentina	8.393	ARS	100%	6.420	3.227
Sontara Nonwovens (Shanghai) Co., Ltd., China	1.000	CNY	100%	1.050	630
TWIG America Inc., USA	0	USD	100%	0	0
				416.574	**904.245**

	2015	2014
	DKK '000	DKK '000
Cost at 1 January	407.985	193.330
Additions for the year	8.589	214.655
Cost at 31 December	416.574	407.985

8 Corporation tax

Corporation tax receivable at 1 January	0	0
Tax on operating profit, see note 6	0	0
Tax refunded/paid	3.162	0
Corporation tax receivable at 31 December	**3.162**	**0**

9 Share capital

The share capital consists of the following share classes:

A-shares (358.688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640.881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100.

Otherwise no shares carry any special rights.

Notes to the Annual Report, Parent Company

	2015	2014
	DKK '000	DKK '000

10 Provisions for deferred tax

	2015	2014
Deferred tax at 1 January	3.005	0
Change in deferred tax, see note 6	-789	3.005
Change in deferred tax from the use of tax loss carry-forward by jointly taxed company	550	0
Deferred tax at 31 December	2.766	3.005
Deferred tax relates to:		
Tax loss carry-forward	0	3.005
Other current assets	2.766	0
Non-current portion	**2.766**	**3.005**

11 Corporation tax

	2015	2014
Accrued corporation tax at 1 January	6.896	0
Tax on operating profit, see note 6	1.409	6.896
Adjustment of tax previous years	-3.555	0
Tax paid	-2.996	0
Accrued corporation tax at 31 December	**1.754**	**6.896**

12 Cash flow statement - adjustments of non-cash items

	2015	2014
Financial income	-42.144	-76.375
Financial expenses	37.269	36.054
Tax on profit for the year	620	9.901
	-4.255	**-30.420**

13 Cash flow statement - change in working capital

	2015	2014
Change in receivables	4.502	-5.529
Change in payables	-7.443	9.384
	-2.941	**3.855**

	2015	2014
	DKK '000	DKK '000

14 Contingent liabilities

	2015	2014
As security for the Bond issued by the Company, intercompany loan agreements have been assigned to the Bondholders of	251.161	263.648
As security for the Bond issued by the Company, all shares in direct and indirect subsidiaries have been pledged.		
As security for credit institution, the Company has provided surety with a maximum amount of	54.640	34.224

15 Financial risks

Credit risk

For a description of the credit risk, please see note 29 to the Annual Report of the Group.

Liquidity risk

For a description of the liquidity risk, please see note 29 to the Annual Report of the Group.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

2015

DKK '000

	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:						
Bond	27.710	573.075	600.785	0	515.227	527.800
Credit institutions	0	0	0	0	0	0
Payables to related companie	750	0	750	0	750	750
Other short-term liabilities	3.707	0	3.707	0	3.707	3.707
Financial liabilities	**32.167**	**573.075**	**605.242**	**0**	**519.684**	**532.257**
Loans and receivables:						
Receivables from group companies	282.969	0	282.969	0	282.969	282.969
Other receivables	3.919	0	3.919	0	3.919	3.919
Cash at bank and in hand	1.318	0	1.318	0	1.318	1.318
Financial assets	**288.206**	**0**	**288.206**	**0**	**288.206**	**288.206**
Net cash outflow	**256.039**	**-573.075**	**-317.036**	**0**	**-231.478**	**-244.051**
Bonds at fair value through profit and loss	**13.178**	**0**	**13.178**		**13.178**	**13.178**

Fair value of the Bond is based on an indicative price published by a Broker (level 2).

15 Financial risks (continued)

2014

DKK '000

	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost						
Bond	28.171	597.883	626.054	0	510.900	510.900
Credit institutions	8.474	0	8.474	0	8.474	8.474
Payables to group companies	9.916	0	9.916	0	9.916	9.916
Payables to related companie	1.216	0	1.216	0	1.216	1.216
Other short-term liabilities	16.292	0	16.292	0	16.292	16.292
Financial liabilities	**64.069**	**597.883**	**661.952**	**0**	**546.798**	**546.798**
Loans and receivables:						
Receivables from group companies	276.894	0	276.894	0	276.894	276.894
Other receivables	5.490	0	5.490	0	5.490	5.490
Cash at bank and in hand	9.913	0	9.913	0	9.913	9.913
Financial assets	**292.297**	**0**	**292.297**	**0**	**292.297**	**292.297**
Net cash outflow	**228.228**	**-597.883**	**-369.655**	**0**	**-254.501**	**-254.501**
Bonds at fair value through profit and loss	**55.902**	**0**	**55.902**		**55.902**	**55.902**

*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

Market risk

Interest on accounts with related companies are interest bearing.

The Company's currency used for payment is primarily SEK, USD and CHF. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2015:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	152.246	-684	377	151.939
EUR	< 1 year	319	-18	35	336
CHF	< 1 year	98.915	-750	60	98.225
SEK	< 1 year	0	0	7	7
SEK	> 1 year	0	0	-527.800	-527.800
Other	< 1 year	0	0	349	349
		251.480	-1.452	-526.972	-276.944

Notes to the Annual Report, Parent Company

15 Financial risks (continued)

Exposure at 31 December 2014:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	188.803	-132	-6197	182.474
EUR	< 1 year	4.079	-83	1.743	5.739
CHF	< 1 year	90.424	-372	-415	89.637
SEK	< 1 year	0	-7.311	7.636	325
SEK	> 1 year	0	0	-510.900	-510.900
Other	< 1 year	83	-2.456	-487	-2.860
		283.389	-10.354	-508.620	-235.585

A 10% increase in SEK compared to the exchange rate at 31 December 2015 towards all other currencies will entail a negative change of profit for the year before tax of DKK 52.779k (2014: negative change of DKK 51.058k) and a similar effect on equity.

A 10% increase in USD compared to the exchange rate at 31 December 2015 towards all other currencies will entail a positive change of profit for the year before tax of DKK 15.194k (2014: DKK 18.227k) and a similar effect on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2015 towards all other currencies will entail a positive change of profit for the year before tax of DKK 9.823k (2014: DKK 8.964k) and a similar effect on equity.

Capital management

The objective of the Company's capital management is to ensure the Company's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

Total capital makes up the equity shown in the balance sheet.

Notes to the Annual Report, Parent Company

16 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Rebstockrain 16, CH-6006 Luzern	Controlling shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 5, rue Guillaume Kroll, L-1882 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Rebstockrain 16, CH-6006 Luzern	Sister company
Dønnerup A/S, c/o Bech-Bruun Advokatfirma, Langelinie Allé 35 DK-2100 København Ø	Sister company

Transactions

Besides intercompany transactions that have been eliminated in the Consolidated Financial Statements, related party transactions comprise purchases of management services from the related company Jacob Holm & Sons AG.

Purchases of management services amounted to DKK 372k (2014: DKK 372k) in financial year 2015.

Further, the Financial Statements includes a financial expense of DKK 3.217k (2014: DKK 2.420) from guarantee fee charges related to the Parent company's guarantee regarding the issued Bond. The Parent company is guaranteeing an amount of up to SEK 650m.

The company has charged management services in the amount of DKK 650k (2014: DKK 488k) to Dønnerup A/S. Dønnerup A/S has charged rental expenses in the amount of DKK 685k (2014: DKK 381k).

All transactions have been effected on an arm's length basis.

Payables to related companies

	2015 DKK '000	2014 DKK '000
Jacob Holm & Sons AG	750	1.216
	750	**1.216**

17 Dividends per share

A dividend in respect of the year ended 31 December 2015 of DKK 20 per share, amounting to a total dividend of DKK 20 million, is to be proposed at the annual general meeting on 10 May 2016. These financial statements do not reflect this dividend payable.