Sapa Precision Tubing Tønder A/S

Hydrovej 6, 6270 Tønder, Denmark

CVR-no. 37 48 84 10

Annual report 2015

The annual report has been approved at the company's annual general meeting on May 17 2016 As chairman of the annual general meeting <u>Slin Wind</u>

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	4
Company details	4
Operating review	6
Financial statements 1 January – 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Cash flow statement	13
Notes 14	

Tommy Seeberg

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today presented the annual report for the financial year 1 January – 31 December 2015 of Sapa Precision Tubing Tønder A/S.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the matters addressed therein.

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

May 10 2016 Tønder, **Executive Board**

Peter W. Johnsen Chief executive Officer

Board of Directors:

M Sergio Luiz Vendrasco

Chairman

Viviann Mathiesen employee representative

Esben Gotlieb Husted Jensen employee representative

Peter W. Johnsen

Independent auditors' report

To the shareholder of Sapa Precision Tubing Tønder A/S

We have audited the financial statements of Sapa Precision Tubing Tønder A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, May 10, 2016 ERNST & YOUNG Godkendt Revisionspartnerselskab CVR-nr. 30 70 02 28

John Lesbo

State Authorised Public Accountant

Morten Østergaard Koch State Authorised Public Accountant

Management's review

Company details	
Name	

Name Address, zip code, city	Sapa Precision Tubing Tønder A/S Hydrovej 6, 6270 Tønder, Denmark
CVR no. Established Registered office Financial year	37 48 84 10 12 September 1957 Tønder 1 January 2015 – 31 December 2015
E-mail	ptt@sapagroup.com
Telephone Telefax	+45 74 72 03 04 +45 74 72 33 13
Board of Directors	Sergio Luiz Vendrasco, Chairman Peter W. Johnsen Tommy Seeberg Viviann Mathiesen, employee representative Esben Gotlieb Husted Jensen, employee representative
Executive Board	Peter W. Johnsen, Chief Executive Officer
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33, 6700 Esbjerg

DKK'000	2015	2014	2013	2012	2011
Key figures	1 040 770	887,780	831,268	840,229	956,125
Revenue	1,040,778	,		235,795	268,492
Gross profit	302,470	274,300	256,701 58,236	37.612	55,830
Operating profit/loss from ordinary activities	57,308	37,596		,	55,850 664
Financial income and financial expenses	-2,424	-755	-294	-1,744	
Profit/loss from ordinary activities	54,884	36,841	57,942	35,868	56,494
Profit/loss from ordinary activities after tax	42,114	27,844	43,632	27,316	42,250
	100 191	195,366	117,440	130,276	137,779
Non-current assets	190,181 336,351	340,814	302,751	288,135	343.355
Current assets	,	536.180	420,191	418,411	481,134
Total assets	526,532		35,000	35.000	35,000
Share capital	35,000	35,000	,	256,694	271,378
Equity	143,283	301,169	273,325	2,601	211,378
Provisions	2,246	1,215	2,679	,	-
Non-current liabilities other than provisions	201,452	1,341	1,192	32,114	33,752
Current liabilities other than provisions	179,551	232,455	142,995	127,002	176,004
Cash flows from operating activities	33,405	122.390	67,419	86.150	71,137
Cash flows from investing activities	-33,626	-121.995	-8,133	-16,608	-15,210
Portion relating to investment in property, plant and	00,020	121,000	0,200	,	
equipment	-33,626	-121,995	-8,133	-16,608	-15,210
Cash flows from financing activities	221	-1,047	-58,658	-69,201	-55.898
Total cash flows	0	-652	628	341	29
Operating margin	5.5 %	4.2 %	7.0 %	4.5 %	5.8 %
Return on invested capital	25.8 %	13.0 %	21.8 %	14.2 %	20.9 %
Gross margin	29.1 %	30.9 %	30.9 %	28.1 %	28.1 %
Current ratio	187.3 %	146.6 %	211.8 %	226.9 %	227.4 %
Solvency ratio	27.3 %	56.2 %	65.0 %	61.3 %	56.4 %
Return on equity	19.0 %	9.7 %	16.5 %	10.3 %	15.9 %
Average number of full-time employees	346	406	388	407	427

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Operating review

Main activities

The Company's main activity is development, manufacturing, processing, sale and delivery of precision drawn aluminium tubes, extruded tubes, multiport extrusions and structural parts primarily for the European market.

Development in activities and financial position

Profit before tax for 2015 was DKK 54,884 thousand, which is satisfactory taking into consideration the market conditions.

Intellectual capital

The ambition of being market leader and on front of the technological development means that the Company is marked by a dynamic knowledge environment in rapid change, which in particular is important when it comes to gathering and sharing new knowledge. Besides, the knowledge of each employee plays a major role.

In order still to be able to deliver and develop competitive products and solutions it is crucial that the Company can recruit and maintain employees with a high education level. As a goal for this, the composition and the turnover of employees are important indicators. The employee part with high education level is 12%, which is satisfactory. The turnover of employees in 2015 was 4.9%, which is acceptable.

The critical business processes are development and optimisation of products and processes according to market needs and management of quality and margins. In order to secure that the customer gets the agreed service, it is a demand that the different methods and procedures are documented. Business processes are controlled by KPIs as OTD and PPM. In the financial year, the agreed-upon delivery time was fully complied with. The number of customer claims in relation to the deliveries was reduced to 165 PPM in 2015.

Particular risks

General risks

The Company's major operational risk is related to the ability to be strongly positioned on the markets where the products are sold. During the financial year, the Company has maintained its market shares on the main markets within the European automotive industry.

Furthermore, it is important for the Company all the time to be on front of the technological development within the activity area of the Company. Consequently, the Company has maintained an appropriate investment level of new equipment (2015: DKK 33,874 thousand, 2014: DKK 26,752 thousand).

Financial risks

Due to operations, investments and funding, the Company is exposed to changes in exchange rates and interest. The parent company is centrally controlling the financial risks in the Company and coordinates the Company's control of the cash flow, including raising of funds and placing of excess liquidity. The Company is following a financial policy that operates with a low risk profile, so that the exchange rate, the interest and credit risks only arise based on commercial conditions.

The Company's use of derivative financial instruments is regulated through a written policy approved by the board and through internal procedures, which i.a. fix the limits of cover and which derivative financial instruments can be used.

Exchange rate risks

The activities are influenced by changes in exchange rates, as the turnover primarily is invoiced in foreign exchange, whereas the costs, including salaries, are paid in DKK. 99% of the Company's turnover comes from other countries than Denmark; primarily European countries.

The Company's foreign exchange risks, which are seen as low, are primarily covered by matching of receipts and outflow in same currency.

Credit risks

Credit risks related to financial assets correspond to the values included in the balance sheet. The Company has no major risks concerning a single customer or partner. Risks related to product guarantees towards customers are minimised by insurance

cover. The Company's policy of taking credit risks implies that all major customers and other partners are continuously credit rated.

Business with customers in Asia is made via letter of credit.

Liquidity

It is company policy that the raising of funds and placing of excess liquidity are centrally controlled by the parent company to an appropriate extent. The Company has furthermore a goal for stand-by liquidity in form of excess liquidity and irrevocable credits, which at any time should be at the disposal of the Company.

Environment and working environment

Sapa Precision Tubing Tønder A/S is an environmentally conscious enterprise striving to reduce its environmental impact from its operations.

The Company has been certified to the ISO 14001 Environmental Management Standard since 1998, and expect ISO 50.001 certification in 2016.

Working conditions

Last year we had one work-related injuries with subsequent short-time absence.

We work continuously on maintaining and improving employee safety through increased employee involvement.

Research and development

The Sapa Group's precision tubing sector has a common development centre, PTTC, which handles research and development activities in the sector.

Events after the balance sheet date

From the day of the balance sheet and until today there have been no events that have major impact on the evaluation of the annual report.

Outlook

The growth of the European automotive industry does not seem to increase significantly in 2016, and it is expected that there will be an excess capacity on the market causing a further intensification of the competition.

In the financial year 2013, Hydro's extruding activities were separated out and incorporated in a joint venture company, Sapa, together with the extruding activities in Orkla.

As part of forecast synergies of the merger, it was decided to close down the Belgian tube extruder and to transfer customers and activities to the company in Tønder in spring 2014.

In 2016, the management team consequently expects to report results considerably up on 2015.

As in previous years, there are some uncertain factors related to the development of the exchange rate. The mentioned expectations are based on an unchanged exchange rate for 2016.

Corporate Social Responsibility (CSR)

SAPA Precision Tubing Tønder A/S' statement on CSR according to §99a of the Danish Financial Statements Act is given in the ultimate parent company, SAPA AS', Sustainability Report 2015.

Human rights

Sapa has agreed a Code of Conduct which all employees are to observe and act upon.

The Company is i.a. under an obligation to respect and support human rights for all persons who may be affected by the Company's operations. These human rights are defined in UN's Universal Declaration of Human Rights and related documents.

The Company is obliged to have an inclusive working culture and appreciates and acknowledges that all human are unique and valuable and must be respected for their individual abilities and opinions.

Goals and policies for the underrepresented gender

Sapa's objective is that at least 20% of board members elected by the general assembly shall be women at the latest at the ordinary general assembly of the financial year 2017. Status p.t. is that none of the not employee elected board members are women, because it has not been possible to find suitable female candidates.

At other management levels, including the management team, middle management and department managers, p.t. 35% are female managers, and it is Sapa's objective to secure a more equal distribution.

To fulfil the above mentioned objective the company has started a row of initiatives to promote and support the development of female talents and managers. The initiatives includes among other things career development conversations and plans to promote female talents and incentive to female talents'/managers' participation in networks – as well internal as external. At the recruiting of managers the aim is to attract as well female as male applicants.

Financial statements 1 January - 31 December

Income statement

Notes	DKK'000	2015	2014
2	Revenue	1,040,778	887,780
	Changes in inventories of finished goods, work in progress and goods for resale Other operating income Costs of raw materials and consumables Other external costs	-7,979 1,675 -632,534 -99,470	25,197 2,409 -541,418 -99,668
3 7,8	Gross profit Staff costs Depreciation and impairment losses Other operating costs	302,470 -201,579 -38,812 -4,771	274,300 -188,794 -44,067 -3,843
4 5	Operating profit Financial income Financial expenses	57,308 2,231 -4,655	37,596 998 -1,753
6	Profit/loss before tax Tax on profit/loss	54,884 -12,770	36,841 -8,997
	Profit/loss for the year	42,114	27,844

Proposed profit appropriation/distribution of loss Dividends Retained earnings	35,000 7,114	200,000 -172,156
Netamet cumingo	42,114	27,844

Financial statements 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	ASSETS		2014
	Non-current assets		
7	Intangible assets		
	Goodwill	46,394	61,045
		46,394	61,045
8	Property, plant and equipment		
0	Land and buildings	20,820	20.014
	Plant and machinery	39,829 98,758	38,614
	Fixtures and fittings, other plant and equipment	58,758 151	69,049 420
	Property, plant and equipment under construction	5,049	26,238
		143,787	134,321
	Total non-current assets	190,181	195,366
	Current assets		100,000
	Inventories		
	Raw materials and consumables	71,389	59,181
	Work in progress	24,461	33,830
	Finished goods and goods for resale	60,588	59,198
		156,438	152,209
	Receivables		
	Trade receivables	116,500	112,186
	Receivables from group enterprises	57,288	74,407
	Corporation tax	3,953	0
	Other receivables	1,135	802
	Prepayments	1,029	1,202
		179,905	188,597
	Cash	8	8
	Total current assets	336,351	340,814
	TOTAL ASSETS	526,532	536,180

Financial statements 1 January - 31 December

10000			100	
Del				a a t
Dd	ar	ice	SI	neet

Notes	DKK'000	2015	2014
	EQUITY AND LIABILITIES Equity		
	Share capital	35,000	35,000
	Retained earnings	73,283	66,169
	Proposed dividends	35,000	200,000
	Total equity	143,283	301,169
9	Provisions Provisions for deferred tax	2,246	1,215
10	Liabilities Non-current liabilities		
	Payables to group enterprises	200,000	0
	Bonus	1,165	1,025
	Deferred income	287	316
		201,452	1,341
	Current liabilities	299	190
10	Current portion of non-current liabilities	118,719	125.671
	Trade payables	24,778	63,230
	Payables to group enterprises	24,110	4,461
	Corporation tax Other payables	35,755	38,903
		179,551	232,455
	Total liabilities	381,003	233,796
	TOTAL EQUITY AND LIABILITIES	526,532	536,180

Guarantees, contingent items, etc.
Charges, collateral and contractual obligations
Fees to auditors appointed at the annual general meeting

14 Related parties

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015 Dividends paid Proposed dividends	35,000 0 0	66,169 0 7,114	200,000 -200,000 35,000	301,169 -200,000 42,114
Equity at 31 December 2015	35,000	73,283	35,000	143,283

The share capital comprises one share of DKK 35,000 thousand.

Cash flow statement

Notes	DKK'000	2015	2014
	Operating profit/loss	57,308	37,596
	Depreciation and impairment losses	38,826	44,125
	Depreciation, re-invoiced	-14	-58
	Cash generated from operations (operating activities) before changes in		
	working capital	96,120	81,663
	Changes in inventories	-4,229	-43,625
	Changes in receivables	12,645	4,910
	Changes in trade and other payables, etc.	-48,554	96,229
		55.982	139,177
	Cash generated from operations (operating activities)	2,231	998
	Interest income, etc.	-4,655	-1,753
	Interest expense, etc.	-4,461	-10,032
	Corporation tax paid Account tax paid	-15,692	-6,000
	Cash flows from operating activities	33,405	122,390
		0	-73.254
	Acquisition of goodwill	-33,875	-48,867
	Acquisition of property, plant and equipment Disposal of property, plant and equipment	249	126
	Cash flows from investing activities	-33,626	-121,995
		200,221	-1,047
	Long term debts Dividends paid	-200,000	0
	Cash flows financing activities	221	-1,047
		0	-652
	Net cash flows from operating, investing and financing activities Opening cash and cash equivalents	8	660
	Closing cash and cash equivalents	8	8

Notes

1 Accounting policies

The annual report of Sapa Precision Tubing Tønder A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised on the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised on the balance sheet when the Company has a legal or constructive obligation, and an outflow of economic benefits is probable and the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

When assets and liabilities are recognised and measured, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, while costs are recognised at the amounts relating to the relevant financial year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the transaction date and the rate at the day of payment and the balance sheet is recognised in the income statement as financial income or financial expenses. Property, plant and equipment and intangible assets, inventories and non-monetary assets acquired in foreign currencies are translated at historical cost.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place. Revenue is measured ex. VAT and taxes in relation to the sale and is measured at the fair value of the consideration laid down.

Other external costs

Costs incurred in distributing goods sold, sale, marketing, administration, premises, bad debts, etc. are recognised as other external costs.

Research costs and costs of development projects not complying with the criteria for recognition on the balance sheet are recognised as other external costs. In addition, provisions for bad debts on contract work in progress are recognised as other external costs.

Staff costs

Staff costs include payroll, social security contributions, pensions, etc. for the Company's staff.

Other operating income and operating costs

Other operating income and operating costs comprise items secondary to the principal activities of the enterprise, including lease income, licence fees, etc.

Extraordinary income and expenses

Extraordinary income and expenses comprise income and expenses arising from events or transactions that are clearly distinct from the ordinary activities, are not within the control of the Company, and are not expected to recur frequently or regularly.

Financial income and expenses

Financial income and expenses comprise interest income and expense on assets and payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme etc.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement and directly in equity. In addition, the tax expense relating to entries recognised directly in equity.

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

Deferred tax is measured on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with its Danish group companies. The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income (full absorption with refunds for tax losses).

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a amortisation period of 5 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-30 years
Plant and machinery	3-15 years
Fixtures and fittings, other plant and equipment	3-10 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as a correction of depreciation and impairment or under other operating income to the extent that the sales price exceeds initial cost.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation/impairment of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Write-down is made for bad debt losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity - dividends

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

Non-current liabilities other than provisions

Non-current liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the non-current liabilities are measured at amortised cost. Accordingly, the difference between the proceeds and the nominal value to be repaid is recognised in the income statement as a financial expense using the effective interest rate over the term of the loan.

Deferred income

Deferred income comprises payments received concerning income in subsequent years. Deferred income is recognised at cost.

Cash flow statement

The cash flow statement, which is presented according to the indirect method, shows the Company's cash flows from operating, investing and financing activities for the year and the cash and cash equivalents at the beginning and end of the year.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises, activities and investments as well as the acquisition, development, optimisation and disposal, etc. of intangible assets and property, plant and equipment, including the acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash less short-term bank loans.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Financial ratios Operating margin

Return on invested capital

Gross margin

Current ratio

Solvency ratio

Operating profit/loss x 100 Revenue

> Operating profit/loss x 100 Average invested capital

Gross profit/loss x 100 Revenue

Current assets x 100 Current liabilities

Equity year end Total equity and liabilities at year end

Return on equity

Profit/Loss from ordinary activities after tax x 100 Average Equity

	DKK'000	2015	2014
2	Revenue Export markets Domestic markets	1,035,972 4,806	880,422 7,358
		1,040,778	887,780
3	Staff costs		
•	Payroll	180,476	169,018
	Pensions	18,410	17,644
	Other social security costs	2,693	2,132
		201,579	188,794
	Remuneration of the Board of Directors and the Executive Board Incl. pension DKK 268 thousand (2014: DKK 262 thousand)	0.000	
	nici, pension DKK 208 thousand (2014: DKK 262 thousand)	2,202	2,291
	Average number of full-time employees	346	406
4	Financial income		
	Financial income from group enterprises Other financial income	30	1
		2,201	997
		2,231	998
5	Financial expenses		
-	Financial expenses to group enterprises	3,085	0
	Other financial expenses	1,570	1,753
		4,655	1,753
6	Tax on profit/loss from ordinary activities		
	Calculated tax on the taxable income for the year Adjustments for the year of deferred tax	11,739	10,461
	Augustinents for the year of deferred tax	1,031	-1,464
		12,770	8,997

7 Intangible assets DKK'000	Goodwill
Cost at 1 January 2015 Additions Transferred	73,254 0 0
Cost at 31 December 2015	73,254
Impairment losses and amortisation at 1 January 2015 Amortisation	-12,209 -14,651
Impairment losses and amortisation at 31 December 2015	-26,860
Carrying amount at 31 December 2015	46,394
Amortised over	5 years

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant, etc.	Property, plant and equipment under construc- tion	Total
Cost at 1 January 2015	141,212	486,871	2,708	26,726	657,517
Transferred	0	26,726	0	-26,726	0
Additions	4,503	24,323	0	5,049	33,875
Disposals	-350	-16,187	-636	0	-17,173
Cost at 31 December 2015	145,365	521,733	2,072	5,049	674,219
Depreciation 1 January 2015	-102,598	-418,311	-2,287	0	-523,196
Disposals	254	16,098	586	0	16,938
Depreciation	-3,192	-20,762	-220	0	-24,174
Depreciation at 31 December 2015	-105,536	-422,975	-1,921	0	-530,432
Carrying amount at 31 December 2015	39,829	98,758	151	5,049	143,787

The cost of land and buildings as well as of plant and machinery includes financing costs of DKK 253 thousand and DKK 95 thousand.

Depreciation for the year in the income statement of DKK 38,812 thousand includes profit from disposal of non-current assets of DKK 14 thousand.

9 Provisions for deferred tax

DKK'000	2015	2014
Intangible assets	-1,745	-880
Property, plant and equipment	3,827	2,111
Current assets	601	600
Liabilities other than provisions	-437	-616
	2,246	1,215

10 Non-current liabilities

		Total liabilities			
DKK'000	Total liabilities at 1/1 2015	at 31/12 2015	Instalment next year	Non-current portion	Unpaid debt after five years
Payables to group enterprises	0	200,000	0	200,000	0
Bonus	1,186	1,435	270	1,165	0
Deferred income	345	316	29	287	171
	1,531	201,751	299	201,452	171

11 Guarantees, contingent liabilities, etc.

None.

12 Charges, collateral, contractual liabilities, etc.

The company has issued an owner's mortgage of DKK 30,000 thousand secured upon the property registered under title number 584 Tved Under Tønder. The mortgage is held by the Company.

The Company has entered into operating leases for cars and trucks. The lease liability for the residual lease term 2016-2019 represents DKK 3,829 thousand.

The Company has entered into standard leases for three factory buildings. The period of notice does not exceed 12 months.

The Company has concluded standard business contracts for the purchase and sale of aluminium for delivery in 2016.

The Company is jointly taxed with other Danish companies in the Sapa Group. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit.

	DKK'000	2015	2014
13	Fees to auditors appointed at the annual general meeting		
	Statutory audit services	269	239
	Tax advisory services	0	25
	Non-audit services	0	64
		269	328

14 Shareholder and group matters

The following shareholder is registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital.

The company has entered into a derivative financial instrument regarding sale of 2,000 tonnes aluminium at market average price for January 2016.

The company has entered into a derivative financial instrument regarding purchase of 2,000 tonnes aluminium at marke price for February 2016.

Sapa Extrusion Danmark A/S, Bygmestervej 7, 6270 Tønder, Denmark (parent company)

Group matters

Sapa Precision Tubing Tønder A/S is included in the consolidated financial statements of Sapa AS, Oslo, Norway.

The consolidated financial statements are obtainable from Sapa AS, P.O. Box 81, 0101 Oslo, Norway.