

# schades

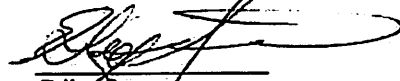
## **Schades A/S**

Øster Fælled Vej 5  
7800 Skive

CVR-nr. 38 97 82 17

Annual report 2015

Approved at the Annual General  
Meeting on 30-05-2016



Erling Sørensen

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## Company information

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Web: www.schades.com  
CVR nr. 38 97 82 17  
Registered office : Skive

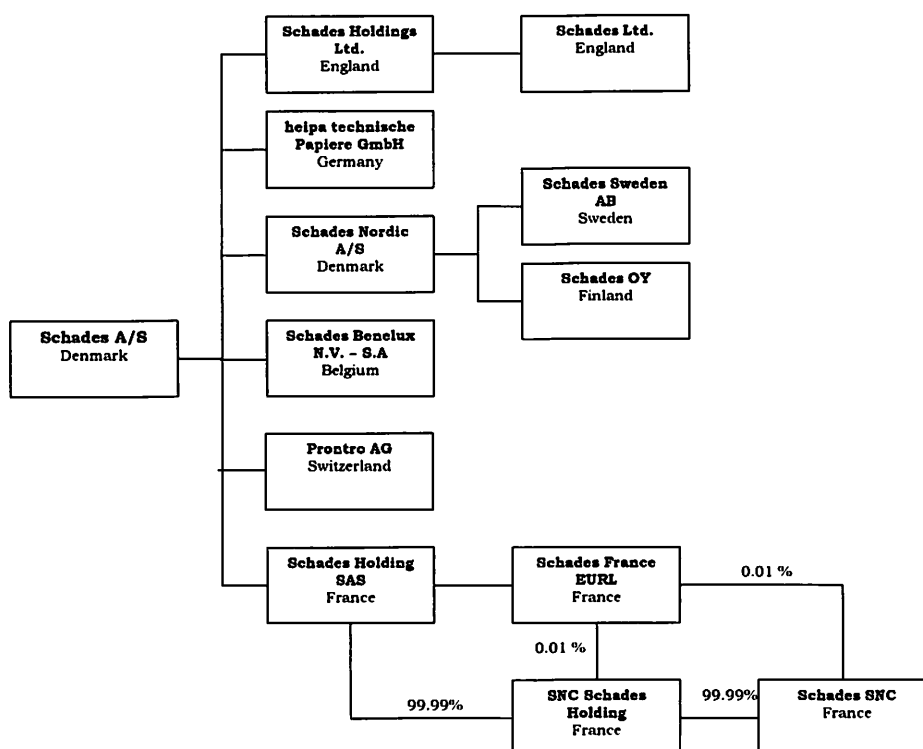
### Board of Directors:

Sang Hun Lee  
(Chairman)  
Sung Bum Kang  
Jun Hee Park  
Younghoon Seo

### Board of Executives:

Jun Hee Park  
(Managing Director)  
Marcel Bergmann  
Sun Jong Kim  
Erling Sørensen

## Group chart



100% owned unless otherwise stated

## Group Key figures and ratios

DKK'000

### Key figures

	2015	2014	2013	2012	2011
Net turnover	637,354	599,152	612,499	633,840	611,879
Gross profit	68,167	69,907	80,667	85,252	64,601
Operating income before special items	-24,554	-2,217	17,450	20,034	5,330
Special items	0	0	0	0	4,762
Net financial expenses	-1,298	821	-1,842	-2,967	-3,231
Profit before tax	-25,852	-1,396	15,608	17,067	6,861
Profit for the year	-27,758	-6,427	6,334	15,338	1,578

Non-current assets	66,684	65,813	56,243	54,063	62,002
Current assets	226,274	280,382	282,068	221,941	200,704
<b>Total assets</b>	<b>292,958</b>	<b>346,195</b>	<b>338,311</b>	<b>276,004</b>	<b>262,706</b>
Share capital	48,750	50,000	11,185	10,169	10,169
<b>Equity</b>	<b>97,464</b>	<b>136,228</b>	<b>146,552</b>	<b>137,941</b>	<b>133,406</b>
Provisions	6,270	5,895	3,036	3,874	3,697
Non-current liabilities	0	0	187	492	6,691
Current liabilities	189,224	204,072	188,536	133,697	118,912
Net interest-bearing liabilities	40,323	48,852	50,454	42,443	45,722

Investment in property, plant and equipment	7,158	9,911	2,665	4,109	5,563
Depreciation on non-current assets	12,276	11,780	9,058	11,114	11,997

Cash flow from operating activities	35,709	23,477	-971	18,202	26,806
Cash flow from investment activities	-15,689	-22,310	-12,423	-1,890	-5,390
Cash flow from financing activities	-12,358	0	5,462	19,691	0
<b>Total cash flow</b>	<b>7,662</b>	<b>1,167</b>	<b>-7,932</b>	<b>-3,379</b>	<b>21,416</b>

<b>Average number of employees</b>	<b>205</b>	<b>196</b>	<b>182</b>	<b>206</b>	<b>194</b>
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### Key figures

	2015	2014	2013	2012	2011
Gross profit ratio	10.7%	11.7%	13.2%	13.5%	10.6%
Operating profit ratio	-3.9%	-0.4%	2.8%	3.2%	1.6%
Return on assets	-7.7%	-0.6%	5.7%	7.4%	1.9%
Current ratio	119.6%	137.4%	149.6%	166.0%	168.8%
Solvency ratio	33.3%	39.4%	43.3%	50.0%	50.8%
Return on equity	-23.8%	-9.4%	4.5%	11.3%	1.2%

Comparative figures for 2011 - 2013 relates to Schades Holding A/S which was merged with Schades A/S as at 1 January 2014 (Downstream merger)

### Calculation of Financial Ratios

$$\text{Gross profit ratio} = \frac{\text{Gross profit} \times 100}{\text{Net turnover}}$$

$$\text{Operating profit ratio} = \frac{\text{Operating income} \times 100}{\text{Net turnover}}$$

$$\text{Return on assets} = \frac{\text{Profit before financial items} \times 100}{\text{Average assets}}$$

$$\text{Current ratio} = \frac{\text{Current assets} \times 100}{\text{Short-term creditors}}$$

$$\text{Solvency ratio} = \frac{\text{Capital and reserves at year-end} \times 100}{\text{Total liabilities at year-end}}$$

$$\text{Return on equity} = \frac{\text{Profit for purposes of analysis} \times 100}{\text{Average capital and reserves}}$$

## Management's Review

### Main activity

The Groups main activity is production and marketing of documentation paper rolls used in payment systems, as well as production and marketing of self adhesive labels used in the food-retail, food industry and by logistic providers.

### CSR

The company has not formulated specific policies on social responsibility

### Diversity

We believe our future competitiveness relies on the ability to attract and retain diverse workforce. The goal is set to increase the number of female managers eventually the number of management levels.

#### Ambition and strategy 2016-2020:

Broadening out talent pool and looking beyond traditional sources

Motivating diverse people and supporting them in reaching their full potential

	2015	2018	2020
Board members	0%	0%	25%
Directors	0%	10%	20%
Manager level	36%	40%	50%

#### Outlook for 2016:

- Increase the candidates of female executives

#### Key actions 2015:

Update and concretization of diversity policy

### Group development in activities and finance

The Group achieved during the period a turnover of DKK 637.3. Further gross profit amounted to DKK 68,2. The turnover and gross profit are affected by increasing costs of raw paper and high competition from competitors.

The profit on ordinary activities before financial expenses and tax amounted to DKK -24.6 mill compared with DKK -2.2 mill. in 2014.

The profit for the year after tax amounted to DKK -27.8 mill. Compared with DKK -6.4 mill. in 2014. The profit did not live up to the expectation because of higher prices on raw materials and higher fixed costs.

As of December 31, 2015 equity amounted to DKK 97.5 mill. The Group's solvency ratio is 33.3% compared with 39.4% at the end of 2014.

### Environment

There are no particular environmental impact based on the group's productions.

### Financial risks

The company's activities involve financial in connection with debtors, cash and cash equivalents and credits at credit institutions in Danish as well as in foreign currency.

The fluctuations in exchange rates have had a negative influence on the company's profit. The Group is to some extent exposed to changes in interest rates as well as fluctuations in currency exchange rates have influence on the company's cash flow.

The company's receivables are split in a way that the credit risk is not unusual.

The company is not speculating in foreign currency and displays cash only under a commercial aspect.

### Unusual circumstances

Fundamental errors have been identified and corrected in the statutory financial statements for 2015. The fundamental errors relate to deferred tax assets of DKK 8.7 million which have been corrected and inventory valuation of DKK 4.4 million in 2014 which has been corrected.

The effect of the identified errors was recognised directly in equity at the beginning of the comparative year by DKK 5.9 million and DKK 2.8 million in 2014, and the comparative figures and key figures have been restated.

The effect of the inventory valuation was recognised in the comparative figures and key figures in the financial statements.

### Expectation for 2016

The company expect higher turnover than for 2015. For 2016 a minor profit is expected, but is subject to uncertainty as a consequence of fluctuation in currency exchange rates on the Group's main markets, and the general development in the world economy especially the development in the energy costs.

### Events after the balance sheet date

After the balance sheet date the group has renewed its credit facilities in a new bank.

**Statement by the board of Directors and the executive Board**

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Schades A/S for the financial year 1 January - 31 December 2015.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year 1 January - 31 December 2015.

In our opinion the Management's review includes a fair review of the development in the Group's and the Parent Company's operation and financial matters, of the result for the year and of the Group's and the Parent Company's financial position.

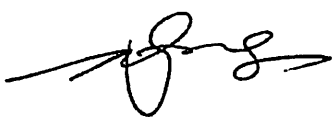
We recommend that the Annual Report be approved at the annual general meeting

Skive, 30. May 2016

Board of Executives



Marcel Bergmann



Jun Hee Park  
Managing Director



Suk Jong Kim



Erling Sorensen

Board of Directors



Sang Hun Lee  
(Chairman)



Sung Bum Kang



Jun Hee Park



Younghoon Seo

## Independent Auditor's Report

To the Shareholders of Schades A/S

KPMG

Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V

Telefon 70 70 77 60  
www.kpmg.dk  
CVR-nr. 25 57 81 98

### Independent auditor's report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Schades A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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

### 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 as to 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 parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

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

Aarhus, 30 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab



Anette Harritz

State Authorised Public Accountant



Michael Mortensen

State Authorised Public Accountant

## ACCOUNTING POLICIES

The Annual Report of Schades A/S for 2015 has been prepared in accordance with the Danish Financial Statements Act regarding reporting class C companies (big).

The accounting policies are unchanged from last year.

### Fundamental errors

The Company has identified fundamental errors in the following two areas that affect previously presented annual reports:

During the consolidation process, deferred tax assets were recognised in the balance sheets of two subsidiaries, although no supporting calculation was available and no assessment of utilisation had been documented. This has subsequently been corrected, and the deferred tax assets have been reduced by DKK 8.7 million, which is the amount recognised in the opening balance.

The effect of the identified errors was recognised directly in equity at the beginning of the comparative year by DKK 5.9 million and DKK 2.8 million in 2014, and the comparative figures have been restated.

At the end of 2014, a credit note of DKK 4.4 million, which is expected to be fraudulent, was recognised as inventory and as production costs. This has been corrected so inventory at the end of 2014 was reduced by DKK 4.4 million, and production costs were increased correspondingly. The equity at year end 2014 was reduced by DKK 4.4 million.

The effect of the identified error has been recognised in the comparative figures in the financial statements and in key figures.

### Recognition and measurement

Assets are recognized in the Statement of financial position when it is probable that future economic benefits will flow to the Group and when the value of the asset can be measured reliably.

Liabilities are recognized in the Statement of financial position when entered or when likely and when the measurement of the value of the liabilities is reliable.

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

Allowances are made for predictable gains, losses and risks that arise before presentation of the Annual Report and which confirm or invalidate circumstances that existed at the Balance Sheet date.

Profit is recognised in the Income Statement as earned, including value adjustments of financial

assets and liabilities measured at fair value or amortised cost. Expenses paid to obtain the year's earnings, including depreciation, write-downs, provisions for liabilities and reversal of amounts, formerly recognised in the Income Statement, due to changes in accounting policies, are also recognised in the Income Statement.

### Group Financial Statements

The Group Financial Statements include the parent company Schades A/S and subsidiaries.

The Group Financial Statements have been prepared on the basis of the Financial Statements of Schades A/S and subsidiaries by aggregating similar items. The Financial Statements used in the consolidation are prepared in accordance with Group accounting policies.

On consolidation, inter-company income and expenses, participating interests in subsidiaries, inter-company transactions, dividend and realised as well as unrealised gains and losses from transactions between the consolidated companies are eliminated.

The Parent Company's participating interests in subsidiaries are set off against the proportionate share of the market value of the subsidiaries' net assets and liabilities at the time of acquisition (past equity method).

In connection with acquisition of new companies the acquisition method is applied, according to which the newly acquired companies' identified assets and liabilities are measured at fair value at the date of acquisition. Provisions are made for expenses related to decided and published restructuring in the newly acquired company in connection with the acquisition. The tax effect of the revaluation is taken into consideration.

Positive differences (goodwill) between the acquisition price and the fair value of acquired identified assets and liabilities including restructuring provisions are recognised under intangible assets and are amortised systematically in the income statement after an individual assessment of the economic life, based on management experience for the individually business units. Goodwill is reviewed for impairment when events or changed conditions indicate that the carrying amount may not be recoverable. Impairments are recognised in the income statement if carrying amount exceeds the net present value of the business unit or activity to which goodwill relates. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.



## ACCOUNTING POLICIES CONTINUED

### Foreign currency translation

Transactions in foreign currency are initially translated at periodic average rates, fairly reflecting the rates on the transaction dates. Exchange differences arising between the average rate and the rate on the payment day are recognised in the Income Statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been paid at the Balance Sheet date are translated by applying the exchange rates at the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the transaction date or the measured value in the last Financial Statement is recognised in the Income Statement as financial income or expenses.

Foreign subsidiaries' Income Statement are translated into DKK at periodic average rates. Statement of financial position items are translated by using year-end rates. Exchange rate adjustments of independent foreign subsidiaries' equity at the beginning of the year and exchange rate adjustments of Income Statement from periodic average rates to year-end rates are recognised in equity.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values.

Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

### Income Statement

#### Net turnover

Net turnover from sale of goods and own production is recognised in the Income Statement if delivery and transfer of risk have taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net turnover is recognised less VAT, indirect taxes and all kind of discounts granted in connection with the sale.

Schades Group does not disclose any segment information, as Schades Group only operates within one business segment and one European market.

#### Production costs

Production costs comprise cost of goods sold and other costs such as depreciation and staff costs incurred in order to reach the year's net turnover. Production costs include direct and indirect production costs.

#### Selling and distribution costs

Selling and distribution costs comprise costs for distribution of costs of goods sold, sales staff, advertising, exhibitions and depreciation, etc.

#### Administrative expenses

Administrative expenses comprise costs for administrative staff, management, offices, office expenses and depreciation, etc. Other operating income and expenses.

#### Other operating income and expenses

Other operating income and expenses comprise accounting items of secondary nature relative to the Group's primary business purpose.

## ACCOUNTING POLICIES CONTINUED

### Results in subsidiaries

The proportionate share of results of ordinary activities after taxation in subsidiaries is recognised under results of ordinary activities before taxation.

### Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses regarding transactions and debts denominated in foreign currencies and additions and reimbursements related to the Danish Scheme for Payment of Tax on Account, etc. financial income and expenses are recognised with the amounts related to the financial year.

### Tax on results for the year

Tax for the year comprises current tax and the year's change in deferred tax, is recognised in the Income Statement with the part related to results for the year. The Groups Danish companies are Jointly taxed. The Danish corporation tax is allocated to their taxable incomes (full division with refund regarding tax losses).

### The Statement of Financial position

#### Intangible fixed assets

Intangible fixed assets, which include software, are measured at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the expected useful lives of the assets of 2-5 years. Amortisation of goodwill is provided over the estimated useful lives of the assets of 5-10 years, which is fixed on the basis of experience gained by the Management. Amortisation of strategic acquisitions exceed 5 years. Intangible fixed assets are written down to the recoverable amount if this is lower than the carrying amount and not temporary.

#### Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation on buildings. Land and buildings are written down to the recoverable amount if this is lower than the carrying amount and not temporary.

Technical plant and machinery, including assets held on finance leases, other plant, machinery and equipment and leasehold improvements are measured at cost less accumulated depreciation. Technical plant and machinery are written down to the recoverable amount if this is lower than the carrying amount and not temporary.

The costs of lease agreements are the lower of the fair values and present values of future lease payments. When calculating the

present value of the lease, the internal interest rate is used as discount rate or an approximated value hereof.

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

The expected useful lives are:

Buildings	25 years
Technical plant and machinery	5-8 years
Other plant, machinery and Equipment	3-5 years

Gains and losses arising from disposals of property, plant and equipment are measured as the difference between the selling price less sales cost and the carrying amount at the time of disposal.

### Financial fixed assets

Participating interests in subsidiaries are measured by the equity method at the proportionate ownership interests of the companies' equity stated according to the parent company's accounting policies adjusted for unrealised intercompany gains and losses.

Other shares are measured at cost, as no market value can be determined.

### Inventories

Raw materials, consumables and goods for resale are measured at cost using the FIFO formula. Inventories are written down to the net realisation value of the value is lower than the cost price.

Work in progress and produced goods are measured at cost comprised by cost of raw materials and consumables with addition of manufacturing costs and other external costs directly and indirectly related to the goods.

If the expected selling price of inventories, less any completion costs and costs from executing the sale (net realisation value), is lower than cost, inventories are written down to the net realisable value.

### Receivables

Receivables are recognised in the Statement of financial position when all material advantages and risks are transferred to the buyer, usually at the time of delivery.

Receivables are measured at amortised cost, which usually equals the nominal value less write-downs to meet expected losses. The need for write-downs to meet expected losses is calculated on the basis of an individual assessment of the receivables.

## **ACCOUNTING POLICIES CONTINUED**

### **Prepayments and accrued income**

Prepayments and accrued income comprise incurred expenses and income related to the following financial year.

### **Dividend**

Proposed dividend is recognised as a liability at the time of adoption at the general meeting (declaration of dividend). Dividend expected to be distributed for the financial year is disclosed as a special item under equity.

### **Corporation tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the Statement of financial

position as tax calculated on the taxable income adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax comprises the difference between the carrying amount and tax values and is recognised as provisions. If the deferred tax becomes a tax asset, the item is recognised under current assets with the value at which the tax asset is expected to be realised.

Deferred tax is measured on the basis of the tax rules and rates in force in the respective countries at the Statement of financial position date at the time when the deferred tax is expected to crystallize as current tax. Changes in deferred tax due to changes in tax rates are recognised in the Income Statement.

### **Other provisions**

Provisions are recognised when the Group, as a consequence of previous events, has a legal or actual obligation and when it is likely that the fulfilment of the obligation will lead to an outflow of financial resources in the Group.

Provisions are made for restructuring when decided at the Statement of financial position date, at the latest. Other provisions include pending disputes, incentive fees and provisions for uncovered pension obligations in a foreign companies, based on an actuarial calculation.

### **Financial liabilities**

Debts to credit institutions are recognised at received proceeds less transaction costs when borrowed.

The capitalised value of residual finance leases is recognised as financial liabilities.

Other liabilities including payables to suppliers, subsidiaries and associated companies and other debts are measured at amortised cost, which in materiality equals nominal values.

### **Leasing**

Machinery held under finance leases are recognised in the Statement of financial position

as tangible fixed assets and depreciated over the expected useful lives. Depreciation is recognised in the Income Statement. Correspondingly, lease obligations are recognised as liabilities in the Statement of financial position.

Lease payments regarding operational leases are recognised over the term of the contracts in the Income Statement.

### **Group cash flow statement**

The cash flow statement shows the Group's cash flows and cash and cash equivalents at the beginning and end of the year.

### **Cash flow from operating activities**

Cash flow from operating activities is disclosed indirectly and computed as the year's result adjusted for non-liquid operating items, changes in working capital, payments related to financial items and corporation taxes.

### **Cash flow from investing activities**

Cash flow from investing activities comprises payments related to acquisition and disposal of fixed assets.

### **Cash flow for financing activities**

Cash flow for financing activities comprises payments to and from shareholders, raising and payment of instalments on mortgage debts and other long-term debts.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and easy-to-sell securities with insignificant risk of value adjustments less short-term bank loans that mature on demand and are part of the ongoing cash management.

### **Segment information**

The company's activities do not diverse from each other, and therefore there are not given particular segment information.

## Income Statement

Parent Company		Note	DKK'000	Group	
2014	2015			2015	2014
0	0		<b>Net turnover</b>	637,354	599,152
0	0		Production costs	<u>569,187</u>	<u>529,245</u>
0	0		<b>Gross profit</b>	68,167	69,907
0	0		Selling and distribution costs	56,451	45,231
<u>9,138</u>	<u>15,777</u>		Administrative expenses	<u>36,270</u>	<u>26,893</u>
-9,138	-15,777		<b>Operating income</b>	-24,554	-2,217
<u>7,435</u>	<u>9,574</u>		Other operational income	<u>0</u>	<u>0</u>
-1,703	-6,203		<b>Operating income</b>	-24,554	-2,217
-7,835	-23,951	1	Profit after tax in subsidiaries	-	-
5,361	3,255	2	Financial income	1,297	4,133
<u>1,749</u>	<u>1,859</u>	3	Financial expenses	<u>2,595</u>	<u>3,312</u>
-5,926	-28,758		<b>Profit before tax</b>	-25,852	-1,396
<u>-501</u>	<u>1,000</u>	4	Tax on ordinary profit	<u>-1,906</u>	<u>-5,031</u>
<u><u>-6,427</u></u>	<u><u>-27,758</u></u>		<b>Profit for the year</b>	<u><u>-27,758</u></u>	<u><u>-6,427</u></u>
<b>Proposed distribution of profit/loss</b>					
8,000	0		Proposed dividend for the financial year		
<u>-14,427</u>	<u>-27,758</u>		Retained earnings		
<u><u>-6,427</u></u>	<u><u>-27,758</u></u>				

## Statement of Financial Position as of 31 December

Parent Company		Note	DKK'000	Group	
2014	2015			2015	2014
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible fixed assets</b>					
		<b>5</b>			
0	0		Goodwill	925	1,202
16,993	13,881		Software	13,933	17,067
<u>16,993</u>	<u>13,881</u>			<u>14,858</u>	<u>18,269</u>
<b>Property, plant and equipment</b>					
		<b>6</b>			
0	0		Land and buildings	21,559	23,073
0	0		Plant and machinery	19,721	18,720
1,308	817		Operating equipment and fixtures and fittings	1,425	2,124
0	0		Tangible fixed assets in course of construction	495	2,408
<u>1,308</u>	<u>817</u>			<u>43,200</u>	<u>46,325</u>
<b>Fixed asset investments</b>					
0	0	<b>7</b>	Deposits	1,183	1,219
0	7,443	<b>8</b>	Other shares	7,443	0
126,436	113,281	<b>1</b>	Participating interests in subsidiaries	-	-
<u>126,436</u>	<u>120,724</u>			<u>8,626</u>	<u>1,219</u>
<u>144,737</u>	<u>135,422</u>		<b>Total non-current assets</b>	<u>66,684</u>	<u>65,813</u>
<b>Current assets</b>					
<b>Inventories</b>					
0	0		Raw materials and consumables	31,956	84,115
0	0		Finished goods and goods for resale	49,753	36,068
<u>0</u>	<u>0</u>			<u>81,709</u>	<u>120,183</u>
<b>Receivables</b>					
0	0		Trade receivables	106,637	134,005
46,158	37,205		Receivable from group companies	0	19
603	1,676	<b>10</b>	Deferred tax asset	1,870	603
2,026	1,115		Corporation tax	1,658	595
298	1,277		Other debtors	7,339	3,194
0	0		Prepayments and accrued income	61	295
<u>49,085</u>	<u>41,273</u>			<u>117,565</u>	<u>138,711</u>
0	828		<b>Cash and cash equivalents</b>	27,000	21,488
<u>49,085</u>	<u>42,101</u>		<b>Total current assets</b>	<u>226,274</u>	<u>280,382</u>
<u>193,822</u>	<u>177,523</u>		<b>TOTAL ASSETS</b>	<u>292,958</u>	<u>346,195</u>

## Statement of Financial Position as of 31 December

Parent Company		Note	DKK'000	Group	
2014	2015			2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
50,000	48,750	9	Share capital	48,750	50,000
8,000	0		Proposed dividend	0	8,000
<u>78,228</u>	<u>48,714</u>		Retained earnings	<u>48,714</u>	<u>78,228</u>
<u>136,228</u>	<u>97,464</u>		<b>Total Equity</b>	<u>97,464</u>	<u>136,228</u>
<b>Provisions</b>					
0	0	10	Deferred tax	1,983	2,004
<u>0</u>	<u>0</u>	11	Other provisions	<u>4,287</u>	<u>3,891</u>
<u>0</u>	<u>0</u>		<b>Total provisions</b>	<u>6,270</u>	<u>5,895</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
<u>0</u>	<u>0</u>		Credit institutions	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>		<b>Total Non-current liabilities</b>	<u>0</u>	<u>0</u>
<b>Current liabilities</b>					
53,243	51,614		Credit institutions	67,323	70,340
732	740		Trade creditors	32,989	39,004
0	0		Corporation tax	3,240	1,954
3,490	27,384		Payable to group companies	65,669	78,172
<u>129</u>	<u>321</u>		Other payables	<u>20,003</u>	<u>14,602</u>
<u>57,594</u>	<u>80,059</u>			<u>189,224</u>	<u>204,072</u>
<u>57,594</u>	<u>80,059</u>		<b>Total liabilities</b>	<u>189,224</u>	<u>204,072</u>
<u>193,822</u>	<u>177,523</u>		<b>TOTAL EQUITY AND LIABILITIES</b>	<u>292,958</u>	<u>346,195</u>
		12	<b>Contingent liabilities, guarantees and mortgages</b>		
		16	<b>Management and employees</b>		
		17	<b>Fees to the auditors appointed at the Annual General Meeting</b>		
		18	<b>Related parties</b>		

## Statement of changes in equity

### Group

	Special reserve	Share capital	Retained Earnings	Proposed dividend	Total
<b>Equity 1.1.2014</b>		50,000	101,608		151,608
Correction			-5,898		-5,898
<b>Corrected balance as of 1.1.2014</b>	0	50,000	95,710	0	145,710
Net profit for the year			-14,427	8,000	-6,427
Hedge accounting			-215		-215
Tax effect of Hedge accounting			54		54
Actuarial losses			-4,004		-4,004
Exchange adjustment relating to foreign subsidiaries			1,110		1,110
<b>Equity 1.1.2015</b>	0	50,000	78,228	8,000	136,228
Dividend paid				-8,000	-8,000
Purchase own shares			-4,358		-4,358
Change in capital	1,250	-1,250			0
Net profit for the year			-27,758		-27,758
Dissolvement of special reserve	-1,250		1,250		0
Exchange adjustment relating to foreign subsidiaries			1,352		1,352
<b>Equity 31.12.2015</b>	0	48,750	48,714	0	97,464
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Share capital at 1 January	50,000	50,000	50,000	50,000	50,000
Void of shares	-1,250	0	0	0	0
<b>Share capital at 31 December</b>	<u>48,750</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

The shares has been acquired from minority shareholder leaving Hansol Denmark ApS as the sole shareholder of Schades A/S.

### Parent company

	Special reserve	Share capital	Retained Earnings	Proposed dividend	Total
<b>Equity 1.1.2014</b>		50,000	101,608		151,608
Correction			-5,898		-5,898
<b>Corrected balance as of 1.1.2014</b>	0	50,000	95,710	0	145,710
Net profit for the year			-14,427	8,000	-6,427
Hedge accounting			-215		-215
Tax effect of Hedge accounting			54		54
Actuarial losses			-4,004		-4,004
Exchange adjustment relating to foreign subsidiaries			1,110		1,110
<b>Equity 1.1.2015</b>	0	50,000	78,228	8,000	136,228
Dividend paid				-8,000	-8,000
Purchase own shares			-4,358		-4,358
Change in capital	1,250	-1,250			0
Net profit for the year			-27,758		-27,758
Dissolvement of special reserve	-1,250		1,250		0
Exchange adjustment relating to foreign subsidiaries			1,352		1,352
<b>Equity 31.12.2015</b>	0	48,750	48,714	0	97,464

## Group cash flow statement

Note	DKK'000	Group	
		2015	2014
	<b>Net profit</b>	-27,758	-6,427
13	Adjustments	19,098	14,342
14	Changes in working capital	48,814	22,839
	Cash flow from operating activities before financial items	40,154	30,754
	Interest receivable and similar income	1,297	174
	Interest payable and similar expenses	-2,595	-4,483
	Cash flow from operating activities	38,856	26,445
	Corporation tax paid	-3,147	-2,968
	<b>Cash flow from operating activities</b>	<b>35,709</b>	<b>23,477</b>
	Additions of intangible fixed assets	-1,204	-9,595
	Additions of property, plant and equipment	-7,158	-9,911
	Additions of investments	-7,443	0
	Disposal of property, plant and equipment	80	0
	Acquisition of subsidiary excl. cash and cash equivalents	0	-2,779
	Additions on deposits	36	-25
	<b>Cash flow from investing activities</b>	<b>-15,689</b>	<b>-22,310</b>
	Paid out dividend	-8,000	0
	Purchase of own shares	-4,358	0
	<b>Cash flow from financing activities</b>	<b>-12,358</b>	<b>0</b>
	<b>Change in cash and cash equivalents</b>	<b>7,662</b>	<b>1,167</b>
	Adjustment in exchange rates, cash funds	867	435
	Available funds at the beginning of the year	-48,852	-50,454
15	<b>Available cash and cash equivalents at the end of the year</b>	<b>-40,323</b>	<b>-48,852</b>



## Notes

Note	DKK'000				
1			<b>Participating interests in subsidiaries</b>		
	<b>2014</b>	<b>2015</b>			
	223,049	225,865	Cost at 1 January		
	2,816	0	Additions / disposals		
	<u>225,865</u>	<u>225,865</u>	<b>Cost at 31 December</b>		
	-72,726	-99,429	Adjustments at 1 January		
	-5,898	0	Corrections		
	-7,835	-23,951	Profit for the year after tax		
	1,110	1,352	Exchange rate adjustments		
	-10,000	-10,000	Dividend		
	-4,080	0	Equity entries in subsidiaries		
	<u>-99,429</u>	<u>-132,028</u>	<b>Adjustments at 31 December</b>		
	<u>126,436</u>	<u>93,837</u>	<b>Carrying amount at 31 December</b>		
0	-19,444	Participating interests in subsidiaries with negative carrying amount			
<u>126,436</u>	<u>113,281</u>	Participating interests in subsidiaries with positive carrying amount			
<u>126,436</u>	<u>93,837</u>				
<b>Company names</b>		<b>Reg. office</b>	<b>Ownership</b>	<b>Share capital DKK'000</b>	
Schades Holdings Ltd.		England	100%	13,479	
Schades Holding S.A.		Frankrig	100%	11,194	
Schades Nordic A/S		Danmark	100%	13,636	
Schades Benelux N.V.-S.A.		Belgien	100%	2,776	
heipa technische Papiere GmbH		Tyskland	100%	82,341	
Prontro AG		Switzerland	100%	1,656	
2			<b>Financial income</b>		
	<b>2014</b>	<b>2015</b>		<b>2015</b>	<b>2014</b>
	3,162	1,035	Gain on exchange rates	1,290	4,133
	2,199	2,220	Interest from subsidiaries	0	0
	0	0	Other interest receivable	7	0
<u>5,361</u>	<u>3,255</u>		<u>1,297</u>	<u>4,133</u>	
3			<b>Financial expenses</b>		
	<b>2014</b>	<b>2015</b>		<b>2015</b>	<b>2014</b>
	0	35	Loss on exchange rates	35	455
	1,749	1,824	Other interest payable	2,560	2,857
<u>1,749</u>	<u>1,859</u>		<u>2,595</u>	<u>3,312</u>	
4			<b>Tax on profit for the year</b>		
	<b>2014</b>	<b>2015</b>		<b>2015</b>	<b>2014</b>
	-501	1,000	Tax on profit for the year	-1,906	-5,031
	<u>-501</u>	<u>1,000</u>	<b>Tax on profit for the year</b>	<u>-1,906</u>	<u>-5,031</u>
	-1,492	0	Which can be specified as follows:	-545	-5,824
	1,005	1,073	Tax on taxable income for the year	-1,288	1,834
	-28	0	Adjustment of deferred tax	0	-1,055
	14	-73	Equity entries	-73	14
	<u>-501</u>	<u>1,000</u>	Adjustment of tax previous year		
			<b>Tax on profit for the year</b>	<u>-1,906</u>	<u>-5,031</u>

**Notes cont.**

**Note** **DKK'000**

**5 Intangible fixed assets**

	<b>Group</b>		
	Software	Goodwill	Total
Cost at 1 January 2015	22,685	8,054	41,718
Exchange rate adjustments in foreign subsidiaries	4	0	4
Additions	1,204	0	1,204
Disposals	0	0	0
<b>Cost at 31 December 2015</b>	<b>23,893</b>	<b>8,054</b>	<b>42,926</b>
Amortisation at 1 January 2015	5,618	6,852	16,930
Exchange rate adjustments in foreign subsidiaries	3	0	3
Disposals	0	0	0
Amortisations	4,339	277	4,616
<b>Amortisations at 31 December 2015</b>	<b>9,960</b>	<b>7,129</b>	<b>21,549</b>
<b>Carrying amount at 31 December 2015</b>	<b>13,933</b>	<b>925</b>	<b>21,377</b>
<b>Carrying amount at 31 December 2014</b>	<b>17,067</b>	<b>1,202</b>	<b>18,269</b>

**Parent company**

	Software	Goodwill	Total
	Cost at 1 January 2015	21,241	6,667
Additions	1,205	0	1,205
Disposals	0	0	0
<b>Cost at 31 December 2015</b>	<b>22,446</b>	<b>6,667</b>	<b>29,113</b>
Amortisation at 1 January 2015	4,249	6,667	10,916
Disposals	0	0	0
Amortisations	4,316	0	4,316
<b>Amortisations at 31 December 2015</b>	<b>8,565</b>	<b>6,667</b>	<b>15,232</b>
<b>Carrying amount at 31 December 2015</b>	<b>13,881</b>	<b>0</b>	<b>13,881</b>
<b>Carrying amount at 31 December 2014</b>	<b>16,993</b>	<b>0</b>	<b>16,993</b>

Amortisation has been included under the following items in the income statement.

2014	2015		2015	2014
0	0	Production costs	0	0
0	0	Selling and distribution costs	0	0
4,248	4,316	Administrative expenses	4,616	4,463
<b>4,248</b>	<b>4,316</b>		<b>4,616</b>	<b>4,463</b>

Notes cont.

Note	DKK'000				
<b>6</b>	<b><u>Property, plant and equipment</u></b>				
	<b>Group</b>				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Tangible fixed assets in course of construction	Total
Cost at 1 January 2015	52,164	143,751	9,352	2,408	207,675
Exchange rate adjustments in foreign subsidiaries	604	3,170	110	0	3,884
Additions	456	6,152	55	495	7,158
Disposals	0	-3,839	-327	-2,408	-6,574
<b>Cost at 31 December 2015</b>	<b>53,224</b>	<b>149,234</b>	<b>9,190</b>	<b>495</b>	<b>212,143</b>
Depreciation at 1 January 2015	29,091	125,031	7,228	0	161,350
Exchange rate adjustments in foreign subsidiaries	413	2,792	80	0	3,285
Disposals	0	-3,026	-326	0	-3,352
Depreciations	2,161	4,716	783	0	7,660
<b>Depreciation at 31 December 2015</b>	<b>31,665</b>	<b>129,513</b>	<b>7,765</b>	<b>0</b>	<b>168,943</b>
<b>Carrying amount at 31 December 2015</b>	<b>21,559</b>	<b>19,721</b>	<b>1,425</b>	<b>495</b>	<b>43,200</b>
<b>Carrying amount at 31 December 2014</b>	<b>23,073</b>	<b>18,720</b>	<b>2,124</b>	<b>2,408</b>	<b>46,325</b>
	<b>Parent Company</b>				
				Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015				1,471	0
Additions				0	0
Disposals				0	0
<b>Cost at 31 December 2015</b>				<b>1,471</b>	<b>1,471</b>
Depreciation at 1 January 2015				163	163
Disposals				0	0
Depreciations				491	491
<b>Depreciation at 31 December 2015</b>				<b>654</b>	<b>654</b>
<b>Carrying amount at 31 December 2015</b>				<b>817</b>	<b>817</b>
<b>Carrying amount at 31 December 2014</b>				<b>1,308</b>	<b>1,308</b>
Depreciation has been included under the following items in the profit income statement.					
	<b>2014</b>	<b>2015</b>		<b>2015</b>	<b>2014</b>
	0	0	Production costs	6,859	6,912
	0	0	Selling and distribution costs	134	53
	163	491	Administrative expenses	667	352
	<b>163</b>	<b>491</b>		<b>7,660</b>	<b>7,317</b>

**Notes cont.**

Note	DKK'000			
7	<b>Deposits</b>			
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	0	0	1,219	1,194
	<u>0</u>	<u>0</u>	<u>-36</u>	<u>25</u>
	<u>0</u>	<u>0</u>	<u>1,183</u>	<u>1,219</u>
8	<b>Other shares</b>			
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	0	0	0	0
	<u>0</u>	<u>7,443</u>	<u>7,443</u>	<u>0</u>
	<u>0</u>	<u>7,443</u>	<u>7,443</u>	<u>0</u>
9	<b>Equity</b>			
	The share capital comprises: 48,750,000 shares of DKK 1			
	<b>Own shares</b>			
	In 2015 Shades A/S bought own shares with a value of DKK 1,250,000 for a total of DKK 4,358 thousand. The shares amount to 2,5% of the share capital and bought from a minority shareholder. Own shares were afterwards voided.			
10	<b>Deferred tax</b>			
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	603	1,676	1,870	603
	<u>0</u>	<u>0</u>	<u>-1,983</u>	<u>-2,004</u>
	<u>603</u>	<u>1,676</u>	<u>-113</u>	<u>-1,401</u>
	-333	-1,073	-1,288	1,834
	<u>-672</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>-1,005</u>	<u>-1,073</u>	<u>-1,288</u>	<u>1,834</u>
	A non recognized deferred tax asset in the group exists amounting to DKK 9 million.			
11	<b>Other provisions</b>			
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	0	0	4,287	3,891
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>4,287</u>	<u>3,891</u>
	Anticipated maturity of other provisions are:			
			0	0
			0	0
			<u>4,287</u>	<u>3,891</u>
			<u>4,287</u>	<u>3,891</u>

## Notes cont.

Note	DKK'000		
<b>12</b>	<b><u>Contingent liabilities, guarantees and mortgages</u></b>		
	<b>Parent company:</b>		
	The company has issued a joint and several guarantee to the Schades Groups Danish and German companies engagements with banks, which as per 31.12.2015 showed a liability at DKK 15 million.		
	There is via bank made payment guarantee of DKK 3,7 million on Schades Group French companies debt with the bank and a payment guarantee of DKK 3,5 million on Schades Group Swiss companies debt with the bank.		
	Danish Group companies are jointly and severally liable for tax on Danish consolidated taxable income, etc. The total amount of income tax payable is included in the Annual Report for Schades A/S, which acts as the administration company in relation to joint taxation. Danish Group companies are also liable jointly and severally for Danish withholding taxes in the form of dividend tax, royalty tax and withholding tax. Any subsequent corrections to corporate taxes and withholding taxes may lead to a higher liability for the Company.		
	<b>Group:</b>		
	A company charge for commitments a floating charge of DKK 20 million on intangible fixed assets, fixed assets (book value DKK 2,5 million), inventory (book value DKK 16,7 million) and debtors (book value DKK 6,8 million) in the danish Company Schades Nordic A/S, has been granted to the bank regarding a bank debt of DKK 62 million.		
	The group is part in a lawsuit. It is the view of the management that this lawsuit will not affect the financial position group nor the parent company significantly.		
	The Group's Danish subsidiary has signed a rental agreement with the remaining 7 years of tenure. Annual rent is DKK 2,2 million		
	Other lease commitments represent DKK 0,8 million.		
<b>13</b>	<b><u>Adjustments</u></b>	<b>2015</b>	<b>2014</b>
	Depreciation/Amortisation	12,276	11,780
	Loss / gain	3,222	0
	Pension obligation	396	-1,328
	Interest receivable and similar income	-1,297	-4,133
	Interest payable and similar expenses	2,595	3,312
	Tax on the profit for the year	1,906	4,711
		<u>19,098</u>	<u>14,342</u>
<b>14</b>	<b><u>Changes in working capital</u></b>	<b>2015</b>	<b>2014</b>
	Changes in inventories	38,474	15,861
	Changes in receivables	27,368	-3,257
	Changes in other debtors	-3,911	5,259
	Change in balance with group companies	-12,503	20,149
	Changes in short term debts	-614	-15,173
		<u>48,814</u>	<u>22,839</u>

**Notes cont.**

<b>Note</b>	<b>DKK'000</b>			
<b>15</b>	<b><u>Cash and cash equivalents at the end of the year</u></b>			
			<b><u>2015</u></b>	<b><u>2014</u></b>
		Cash and cash equivalents	27,000	21,488
		Credit institutions	-67,323	-71,942
			<b><u>-40,323</u></b>	<b><u>-50,454</u></b>
<b>16</b>	<b><u>Management and employees</u></b>			
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b>Classified by type:</b>			
	946	2,710	65,313	54,375
	33	124	1,368	1,015
	<u>2</u>	<u>15</u>	<u>4,019</u>	<u>2,077</u>
	<b><u>981</u></b>	<b><u>2,849</u></b>	<b><u>70,700</u></b>	<b><u>57,467</u></b>
	<b>Classified by function:</b>			
	0	0	41,961	31,542
	0	0	17,921	16,370
	<u>981</u>	<u>2,849</u>	<u>10,818</u>	<u>9,555</u>
	<b><u>981</u></b>	<b><u>2,849</u></b>	<b><u>70,700</u></b>	<b><u>57,467</u></b>
	<u>1</u>	<u>3</u>	<u>205</u>	<u>196</u>
		<b>Average number of employees</b>	<b><u>205</u></b>	<b><u>196</u></b>

There has been paid no salary to the members of the Board of Directors.  
The salary for the Executive Board amounts to DKK 1.9 million (2014 DKK 2.6 million), a part of the salary has been paid by other Group Companies

<b>17</b>	<b><u>Fees to the auditors appointed at the Annual General Meeting</u></b>			
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	84	40	801	630
	0	0	142	5
	10	0	15	101
	<u>8</u>	<u>20</u>	<u>309</u>	<u>509</u>
	<b><u>102</u></b>	<b><u>60</u></b>	<b><u>1,267</u></b>	<b><u>1,245</u></b>

**18** **Related parties**  
Schades A/S related parties with controlling interest consists of:

Hansol Denmark A/S  
Øster Fælled Vej 5  
DK 7800 Skive

Ultimative parent company is Hansol paper Ltd., 23RD FL,B-Pine Avenue BLD, Eluji Street 100 Jung Gu, Seoul 100-192, Korea.

The annual report for Hansol Paper can be acquired by contacting the company.