

Schades A/S

Øster Fælled Vej 5
7800 Skive

CVR no. 38 97 82 17

Annual report 2016

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

on 22nd May 2017



chairman of the annual general meeting

Byung Gub Yang

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Group chart	7
Management's review	8
Financial highlights for the Group	8
Operating review	9
Consolidated financial statements and parent company financial statements 1 January – 31 December	11
Income statement	11
Balance sheet	12
Cash flow statement	17
Notes	18

Statement by the Board of Directors and the Executive Board

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

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

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

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

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

Skive, 5 May 2017
Executive Board:

Marcel Bergmann
Managing Director

Erling Sørensen

Yang Gab Byung

Board of Directors:

Sang Hun Lee
Chairman

Dae Kwon Seo

Younghoon Seo

Jun Hee Park



Independent auditor's report

To the shareholders of Schades A/S

Opinion

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 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



Independent auditor's report

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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



Independent auditor's report

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

Aarhus, 5 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

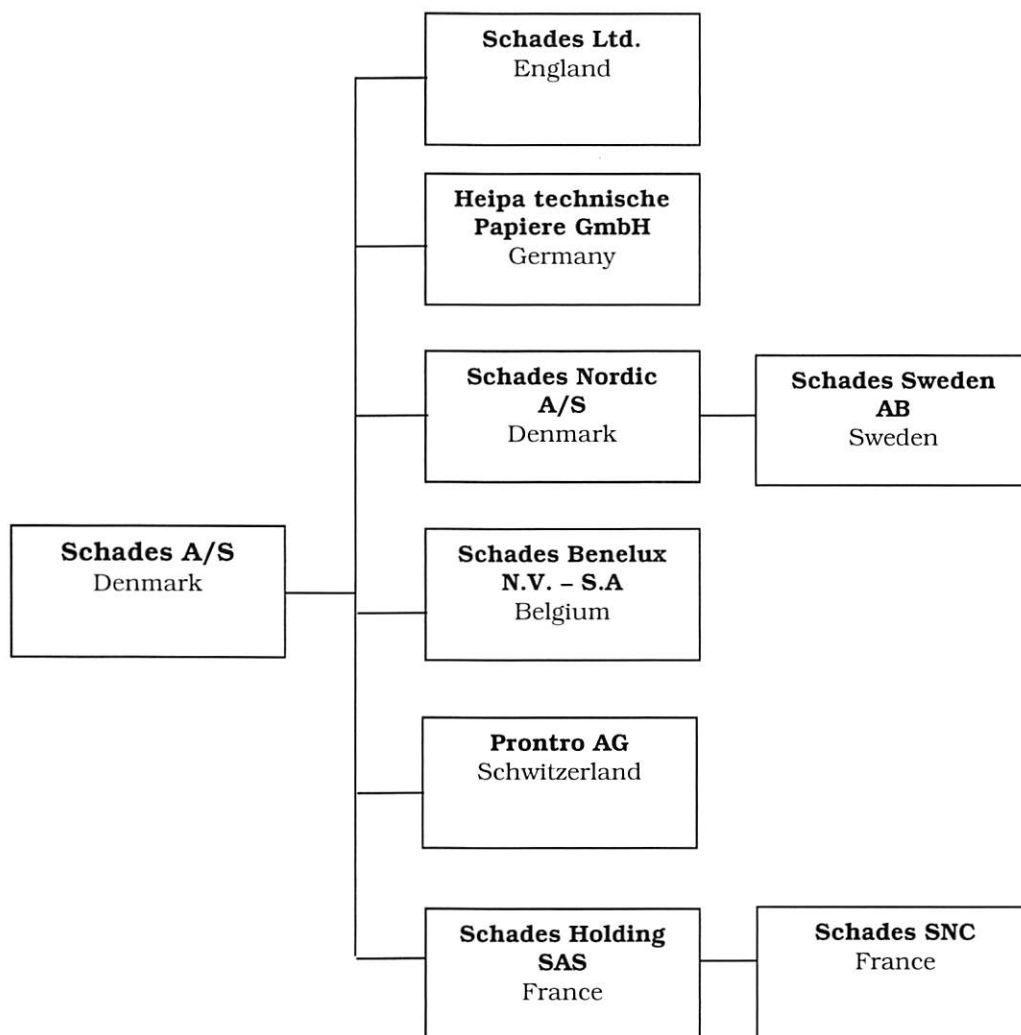
A handwritten signature in blue ink, appearing to read 'Anette Hartz'.

Anette Hartz
State Authorised
Public Accountant

A handwritten signature in blue ink, appearing to read 'Michael Mortensen'.

Michael Mortensen
State Authorised
Public Accountant

Group chart



100% owned unless otherwise stated

Management's review

Financial highlights for the Group

DKK'000	2016	2015	2014	2013	2012
Revenue	610,570	637,354	599,152	612,499	633,840
Gross profit	75,653	68,167	69,907	80,667	85,252
Ordinary operating profit/loss	2,011	-24,554	-2,217	17,450	20,034
Financial income and expenses	-2,058	-1,298	-821	-1,842	-2,967
Profit/loss before tax	-47	-25,852	-1,396	15,608	17,067
Profit/loss for the year	206	-27,362	-6,427	6,334	15,338
Fixed assets	60,999	66,684	65,813	56,243	54,063
Current assets	245,621	226,274	280,382	282,068	221,941
Total assets	306,620	292,958	346,195	338,311	276,004
Share capital	60,000	48,750	50,000	11,185	10,169
Equity	109,206	97,464	136,228	146,552	137,941
Provisions	16,934	6,270	5,895	3,036	3,874
Current liabilities other than provisions	180,480	189,224	204,072	188,536	133,697
Investment in property, plant and equipment	6,612	7,158	9,911	2,665	4,109
Depreciation on property, plant and equipment	6,416	12,276	11,780	9,058	11,114
Cash flows from operating activities	-45,199	35,709	23,477	-971	18,202
Cash flows from investing activities	-7,524	-15,689	-22,310	-12,423	-1,890
Cash flows from financing activities	96,844	-12,358	0	5,462	-19,691
Total cash flows	44,121	7,662	1,167	-7,932	-3,379
Gross margin	12.4%	10.7%	11.7%	13.2%	13.5%
Operating margin	0.3%	-3.8%	-0.4%	2.8%	3.2%
Return on assets	0.2%	-7.7%	-0.6%	5.7%	7.4%
Current ratio	136.1%	119.6%	137.4%	149.6%	166.0%
Return on equity	0.2%	-23.8%	-9.4%	4.5%	11.3%
Solvency ratio	35.6%	33.3%	39.4%	43.3%	50.0%
Average number of full-time employees	204	205	196	182	206

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financial items} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short term creditors}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Comparative figures for the period 2012-2014 have not been restated.

Management's review

Operating review

The Group's principal activities

The Group's 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 within food retail, in the food industry and by logistic providers.

Development in activities and financial position

During the period under review, the Group generated revenue of DKK 611 million. Further, gross profit amounted to DKK 76 million. Revenue and gross profit are primarily affected by forex exchange rate fluctuations primarily in GBP. Volume and market share are substantially unchanged.

Profit from ordinary activities before financial expenses and tax came in at DKK 2.0 million as against a negative DKK 24.6 million in 2015.

Results for the year after tax came in at DKK 0.2 million as against a negative DKK 27.4 million in 2015. The results did not live up to expectations because of forex exchange rate fluctuations.

As of 31 December 2016, equity amounted to DKK 109.2 million. The Group's solvency ratio was 35.6% as against 33.3% at the end of 2015.

The Group's company in the UK has recognised a loss of DKK 9.1 million in the actuarial report for the pension scheme. This amount has been booked against the equity.

Outlook

The Company expects to report an increase in revenue for 2016. For 2017, a minor profit is expected, but is subject to uncertainty as a consequence of fluctuations 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.

The development in the pension obligation for the pension scheme in UK is subject to uncertainty.

Financial risks

The Company's activities pose financial risks arising from debtors, cash and cash equivalents and credits at credit institutions in Danish as well as in foreign currencies.

The fluctuations in exchange rates have had a negative influence on the Company's results. The Group is, to some extent, exposed to changes in interest rates, and fluctuations in exchange rates also have an influence on the Company's cash flows.

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

Management's review

Operating review

The Company does not speculate in foreign currency and present cash only from a commercial aspect.

Environmental matters

There is no particular environmental impact from the Group's production.

Development activities

The Group and the Company have no specific development activities.

Corporate social responsibility

The Group and the Company has not formulated specific policies on social responsibility including impact on climate, human rights and environment.

Goals and policies for the underrepresented gender

We believe our future competitiveness relies on the ability to attract and retain a diverse workforce. The goals are to:

- increase the number of females on the Management.
- broaden out talent pool and looking beyond traditional sources.
- motivate diverse people and supporting them in reaching their full potential.

The ambition for 2020 is that female board members are to account for 25% of the board members. No female board members served on the Board of Directors in 2016

Outlook for 2017:

- Increase the number of female managers to 40%

Key actions in 2016:

The diversity policy was adopted by the Board of Directors. Overall Schades A/S recruits candidates for executive positions within the Hansol Group, which sets the limits for possible diversity. However, during 2016, we hired a female manager and provided an executive training program by having a senior female manager attending the Hansol Group Strategic Meeting held in Korea.

Events after the balance sheet date

After the balance sheet date, the Group has negotiated its credit facilities matured in April-May 2017 and got new offers or letter of intent for matured agreements. Further the parent has issued a guarantee to the main banks.

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

Income statement

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
Revenue		610,570	637,354	0	0
Production costs	2,3,4	-534,917	-569,187	0	0
Gross profit		75,653	68,167	0	0
Distribution costs	2,4	-49,401	-56,451	0	0
Administrative expenses	2,3,4,5	-24,241	-35,874	-11,249	-15,777
Ordinary operating profit/loss		2,011	-24,158	-11,249	-15,777
Other operating income		0	0	5,684	9,574
Operating profit/loss		2,011	-24,158	-5,565	-6,203
Income from equity investments in group entities, net of tax	6	0	0	4,406	-23,555
Other financial income	7	1,473	1,297	1,473	3,255
Other financial expenses	8	-3,531	-2,595	-1,856	-1,859
Profit/loss before tax		-47	-25,456	-1,542	-28,362
Tax on profit/loss for the year	9	253	-1,906	1,748	1,000
Profit/loss for the year	10	206	-27,362	206	-27,362

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

Balance sheet

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
ASSETS					
Fixed assets					
Intangible assets					
	3				
Goodwill		647	925	0	0
Software		10,681	13,933	10,681	13,881
		<u>11,328</u>	<u>14,858</u>	<u>10,681</u>	<u>13,881</u>
Property, plant and equipment					
	4				
Land and buildings		20,419	21,559	0	0
Plant and machinery		18,657	19,721	0	0
Fixtures and fittings, tools and equipment		1,047	1,425	0	817
Property, plant and equipment under construction		0	495	0	0
		<u>40,123</u>	<u>43,200</u>	<u>0</u>	<u>817</u>
Investments					
Equity investments in group entities	6	0	0	122,900	113,281
Deposits		1,278	1,183	0	0
Other investments		8,270	7,443	8,270	7,443
		<u>9,548</u>	<u>8,626</u>	<u>131,170</u>	<u>120,724</u>
Total fixed assets		<u>60,999</u>	<u>66,684</u>	<u>141,851</u>	<u>135,422</u>
Current assets					
Inventories					
Raw materials and consumables		47,311	31,956	0	0
Finished goods and goods for resale		39,015	49,753	0	0
		<u>86,326</u>	<u>81,709</u>	<u>0</u>	<u>0</u>

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

Balance sheet

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
ASSETS (continued)					
Current assets (continued)					
Receivables					
Trade receivables		121,704	106,637	0	0
Receivables from related parties		9,791	0	37,399	37,205
Deferred tax asset	11	166	1,870	0	1,676
Corporation tax		0	1,658	618	1,115
Other receivables		12,657	7,339	791	1,277
Prepayments		212	61	0	0
		<u>144,530</u>	<u>117,565</u>	<u>38,808</u>	<u>41,273</u>
Cash at bank and in hand		<u>14,765</u>	<u>27,000</u>	<u>0</u>	<u>828</u>
Total current assets		<u>245,621</u>	<u>226,274</u>	<u>38,808</u>	<u>42,101</u>
TOTAL ASSETS		<u>306,620</u>	<u>292,958</u>	<u>180,659</u>	<u>177,523</u>

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

Balance sheet

DKK'000	Note	Group		Parent Company	
		2016	2015	2016	2015
EQUITY AND LIABILITIES					
Equity					
	12				
Share capital		60,000	48,750	60,000	48,750
Reserve for net revaluation according to the equity method		0	0	0	0
Retained earnings		49,206	48,714	49,206	48,714
Total equity		109,206	97,464	109,206	97,464
Provisions					
Provisions for deferred tax	11	4,152	1,983	2,260	0
Other provisions	13	12,782	4,287	0	0
Total provisions		16,934	6,270	2,260	0
Liabilities other than provisions					
Current liabilities other than provisions					
Credit institutions		85,573	67,323	57,200	51,614
Trade payables		25,444	32,989	691	740
Payables to related parties		44,042	65,669	11,066	27,384
Other payables, including taxes payable		25,421	23,243	236	321
		180,480	189,224	69,193	80,059
Total liabilities other than provisions		180,480	189,224	69,193	80,059
TOTAL EQUITY AND LIABILITIES		306,620	292,958	180,659	177,523

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

Statement of changes in equity

DKK'000	Group				
	Share capital	Special reserve	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	50,000	0	78,228	8,000	136,228
Capital decrease	-1,250	1,250	0	0	0
Dissolution of special reserve	0	-1,250	1,250	0	0
Adjustment of pension obligation	0	0	-396	0	-396
Correction due to purchase of own shares	0	0	-4,358	0	-4,358
Transferred over the profit appropriation/distribution of loss	0	0	-27,362	0	-27,362
Exchange rate adjustment, foreign subsidiary	0	0	1,352	0	1,352
Dividends paid out	0	0		-8,000	-8,000
Equity at 1 January 2016	48,750	0	48,714	0	97,464
Transferred over the profit appropriation/distribution of loss	0	0	206	0	206
Adjustment of pension obligation	0	0	-9,086	0	-9,086
Capital contributions	11,250	0	11,250		22,500
Exchange rate adjustment, foreign subsidiary	0	0	-1,878	0	-1,878
Equity at 31 December 2016	60,000	0	49,206	0	109,206

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

Statement of changes in equity

DKK'000	Parent Company					Total
	Share capital	Special reserve	Net revaluation according to the equity method	Retained earnings	Proposed dividends	
Equity at 1 January 2015	50,000	0	0	78,228	8,000	136,228
Capital decrease	-1,250	1,250	0	0	0	0
Dissolution of special reserve	0	-1,250	0	1,250	0	0
Adjustment of pension obligation	0	0	0	-396	0	-396
Transferred over the profit appropriation/distribution of loss	0	0	0	-27,362	0	-27,362
Correction due to purchase of own shares	0	0	0	-4,358	0	-4,358
Exchange rate adjustment, foreign subsidiary	0	0	0	1,352	0	1,352
Dividends paid out	0	0	0	0	-8,000	-8,000
Equity at 1 January 2016	48,750	0	0	48,714	0	97,464
Transferred over the profit appropriation/distribution of loss	0	0	0	206	0	206
Adjustment of pension obligation	0	0	0	-9,086	0	-9,086
Capital contribution	11,250	0	0	11,250	0	22,500
Exchange rate adjustment, foreign subsidiary	0	0	0	-1,878	0	-1,878
Equity at 31 December 2016	60,000	0	0	49,206	0	109,206

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

Cash flow statement

DKK'000	Note	Group	
		2016	2015
Profit/loss for the year		206	-27,362
Other adjustments of non-cash operating items	14	16,538	18,702
Cash generated from operations before changes in working capital		16,744	-8,660
Changes in working capital	15	-59,298	48,814
Cash generated from operations		-42,554	40,154
Interest income		1,473	1,297
Interest expense		-3,531	-2,595
Corporation tax paid		-587	-3,147
Cash flows from operating activities		-45,199	35,709
Acquisition of intangible assets	3	-1,454	-1,204
Acquisition of property, plant and equipment	4	-6,612	-7,158
Disposal of property, plant and equipment		1,464	80
Acquisition of other investments		-827	-7,443
Additions/disposal on deposits		-95	36
Cash flows from investing activities		-7,524	-15,689
External financing:			
Proceeds from borrowings		74,344	0
Shareholders:			
Paid out dividends		0	-8,000
Capital contributions		22,500	0
Purchase of own shares in subsidiaries		0	-4,358
Cash flows from financing activities		96,844	-12,358
Cash flows for the year		44,121	7,662
Cash and cash equivalents at the beginning of the year		-40,323	-48,852
Change in cash and cash equivalents		44,121	7,662
Adjustments in exchange rates		-262	867
Cash and cash equivalents at year end	16	3,536	-40,323

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

Notes

1 Accounting policies

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

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

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.
- Going forward, unlisted equity investments are measured at cost. Previously, these were measured at fair value. Pursuant to the transition provisions, the recognised fair value in the annual report for 2015 is considered deemed cost of the equity investments. Comparative figures for the income statement and balance sheet have not been restated.
- The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Previously, the uniting of interests was considered to have taken place at the beginning of the financial year with restatement of comparative figures.
- Going forward, intangible assets will be amortised over the useful life. Previously, the maximum period of amortisation was 20 years.
- Going forward, adjustments of unfunded pension obligation are recognised directly in equity. Previously adjustments were recognised in the income statement.
- Explanation of the accounting effect of the transition to the amended Danish Financial Statements Act:

DKK'000	Group 2015	Parent Company 2015
Effect on:		
Profit/loss	396	396
Total assets	0	0
Equity	-396	-396

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

Notes

1 Accounting policies (continued)

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Schades A/S, and subsidiaries in which Schades A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 7.

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

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

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

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

Notes

1 Accounting policies (continued)

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Foreign currency translation

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

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

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

Revenue from sale of goods 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. Revenue is recognised less VAT, indirect taxes and all kind of discounts granted in connection with the sale.

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

Notes

1 Accounting policies (continued)

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

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

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

Other operating income and expenses

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

Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

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

Notes

1 Accounting policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets, which include software and goodwill, are measured at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the expected useful lives of the assets of 2-10 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 and longest for strategically acquired entities.

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.

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

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

Notes

1 Accounting policies (continued)

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.

Expected useful lives are:

Buildings	25 years
Plant and machinery	5-8 years
Fixtures and fittings, tools and equipment	3-5 years

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

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

Property, plant and equipment under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

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.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

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

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

Notes

1 Accounting policies (continued)

Investments in group entities and associates

Equity investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in subsidiaries and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Other securities and equity investments

Other securities and equity investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at cost if securities are un-listed.

Impairment of fixed assets

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

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

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

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

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

Notes

1 Accounting policies (continued)

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 are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

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

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

Notes

1 Accounting policies (continued)

Equity

Dividends

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

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Dividends that are expected to be received before the balance sheet date are not tied to the reserve.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

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.

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.

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

Notes

1 Accounting policies (continued)

Provisions are made for restructuring when decided at the Statement of financial position date, at the latest. Other provisions include provision for unfunded pension obligations in foreign subsidiary, based on an actuarial calculation. Adjustment of unfunded pension obligation is recognised directly in equity.

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.

Liabilities including payables to suppliers, subsidiaries and associated companies and other debts are measured at amortised cost.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

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 from 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.

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

Notes

1 Accounting policies (continued)

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.

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
2 Staff costs				
Wages and salaries	59,009	65,313	1,277	2,710
Pensions	10,892	1,368	47	124
Other social security costs	3,600	4,019	7	15
	<u>73,501</u>	<u>70,700</u>	<u>1,331</u>	<u>2,849</u>
Average number of full-time employees	<u>204</u>	<u>205</u>	<u>1</u>	<u>3</u>

Staff costs are recognised in the consolidated financial statements and the parent company financial statements as follows

Production costs	39,773	41,961	0	0
Distribution costs	19,214	17,921	0	0
Administrative expenses	14,514	10,818	1,331	2,849
	<u>73,501</u>	<u>70,700</u>	<u>1,331</u>	<u>2,849</u>

Staff costs of the Group and the Parent Company include no remuneration of the Parent Company's Executive Board. Their salary is part of their remuneration from other group companies. The Parent company paid DKK 1,699 thousand of management fee, which is mainly represented by the remuneration for management function performed.

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

Notes

3 Intangible assets

DKK'000	Group		
	Software	Goodwill	Total
Cost at 1 January 2016	23,893	8,054	31,947
Additions	1,454	0	1,454
Cost at 31 December 2016	25,347	8,054	33,401
Amortisation and impairment losses at 1 January 2016	9,960	7,129	17,089
Exchange rate adjustment in foreign subsidiaries	29	0	29
Amortisation	4,677	278	4,955
Amortisation and impairment losses at 31 December 2016	14,666	7,407	22,073
Carrying amount at 31 December 2016	10,681	647	11,328

Amortisation in the Group can be specified as follows:

Production costs	22	0	22
Administrative expenses	4,655	278	4,933
	4,677	278	4,955

DKK'000	Parent Company	
	Software	Total
Cost at 1 January 2016	23,893	23,893
Additions	1,454	1,454
Cost at 31 December 2016	25,347	25,347
Amortisation and impairment losses at 1 January 2016	9,960	9,960
Exchange rate adjustment in foreign subsidiaries	29	29
Amortisation	4,677	4,677
Amortisation and impairment losses at 31 December 2016	14,666	14,666
Carrying amount at 31 December 2016	10,681	10,681

Amortisation in the Group can be specified as follows:

Production costs	22	22
Administrative expenses	4,655	4,655
	4,677	4,677

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

Notes

4 Property, plant and equipment

DKK'000	Group				Total
	Land and buildings	Plant and machinery	Operating equipment and fixtures and fittings, etc.	Property, plant and equipment under construction	
Cost at 1 January 2016	53,224	149,234	9,189	495	212,142
Exchange rate adjustments in foreign entities	-1,359	-7,367	-178	0	-8,904
Additions	760	4,615	1,237	0	6,612
Disposals	0	-20,692	-5,523	-495	-26,710
Cost at 31 December 2016	52,625	125,790	4,725	0	183,140
Depreciation and impairment losses at 1 January 2016	31,665	129,513	7,764	0	168,942
Exchange rate adjustments in foreign entities	-992	-6,506	-159	0	-7,657
Depreciation	1,533	4,105	778	0	6,416
Depreciation on disposals	0	-19,979	-4,705	0	-24,684
Depreciation and impairment losses at 31 December 2016	32,206	107,133	3,678	0	143,017
Carrying amount at 31 December 2016	20,419	18,657	1,047	0	40,123

Depreciation in the Group can be specified as follows:

Production costs	5,929
Distribution costs	103
Administrative expenses	384
	<u>6,416</u>

	Parent Company	
Cost at 1 January 2016	1,471	1,471
Disposals	-1,471	-1,471
Cost at 31 December 2016	0	0
Depreciation and impairment losses at 1 January 2016	654	654
Depreciation on disposals	-654	-654
Depreciation and impairment losses at 31 December 2016	0	0
Carrying amount at 31 December 2016	0	0

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

Notes

5 Fees to auditor appointed at the general meeting

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
Total fees to KPMG				
Statutory audit	801	801	41	40
Tax assistance	15	15	0	0
Other assurance engagements	245	142	0	0
Non-audit services	571	309	195	20
	<u>1632</u>	<u>1,267</u>	<u>236</u>	<u>60</u>

6 Investments

DKK'000	Parent Company	
	2016	2015
Equity investments in subsidiaries		
Cost at 1 January	225,865	225,865
Additions	45,537	0
Cost at 31 December	<u>271,402</u>	<u>225,865</u>
Adjustments at at 1 January	-132,028	-99,429
Profit for the year after tax	4,406	-23,555
Exchange rate adjustments	-1,794	1,352
Equity adjustment of pension obligation	-9,086	-396
Paid out dividends	-10,000	-10,000
Adjustments at 31 December	<u>-148,502</u>	<u>-132,028</u>
Carrying amount at 31 December	<u>122,900</u>	<u>93,837</u>
Equity investments in subsidiaries with negative carrying amount	<u>0</u>	<u>-19,444</u>
Equity investments in subsidiaries with positive carrying amount	<u>122,900</u>	<u>113,281</u>
Portion relating to the remaining balance (non-amortised goodwill)	<u>647</u>	<u>925</u>
Company name	Reg. office	Ownership
Schades Holding Ltd.	England	100%
Schades Holding S.A.	France	100%
Schades Nordic A/S	Denmark	100%
Schades Benelux N.V.-S.A.	Belgium	100%
Heipa technische Papiere GmbH	Germany	100%
Pronto AG	Switzerland	100%

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

Notes

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
7 Financial income				
Foreign exchange gains	1,436	1,290	1,436	1,035
Interest from subsidiaries	0	0	0	2,220
Other interest income	37	7	37	0
	<u>1,473</u>	<u>1,297</u>	<u>1,473</u>	<u>3,255</u>
8 Financial expenses				
Foreign exchange losses	-718	-35	-135	-35
Other interest expense	-2,813	-2,560	-1,721	-1,824
	<u>-3,531</u>	<u>-2,595</u>	<u>-1,856</u>	<u>-1,859</u>
9 Tax on profit/loss for the year				
DKK'000				
	2016	2015	2016	2015
Current tax for the year	855	545	-618	0
Adjustment of tax previous years	-330	73	-438	73
Deferred tax adjustment for the year	-778	1,288	-692	-1,073
	<u>-253</u>	<u>1,906</u>	<u>-1,748</u>	<u>-1,000</u>
10 Proposed profit appropriation/ distribution of loss				
Retained earnings	206	-27,758	206	-27,758
	<u>206</u>	<u>-27,758</u>	<u>206</u>	<u>-27,758</u>

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

Notes

11 Deferred tax

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
Deferred tax asset	166	1,870	0	1,676
Provisions for deferred tax	-4,152	-1,983	-2,260	0
Deferred tax position	-3,986	-113	-2,260	1,676
Deferred tax at 1 January	-113	-1,401	1,676	603
Deferred tax adjustment for the year in the income statement	778	1,288	692	1,073
Reduction of Danish corporation tax rate to 22% in 2016, including adjustment of tax in respect of previous years	-4,651	0	-4,628	0
	-3,986	-113	-2,260	1,676

12 Share capital

The share capital consists of:
60,000 (2015: 48,750) shares of DKK 100.
All shares rank equally.

13 Other provisions

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
Opening liabilities at 1 January	4,287	3,891	0	0
Provisions for the year	8,495	396	0	0
Other provisions at 31 December	12,782	4,287	0	0
The provisions are expected to be activated as follows:				
0-1 years	0	0	0	0
1-5 years	0	0	0	0
>5 years	12,782	4,787	0	0
	12,782	4,787	0	0

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

Notes

DKK'000	Group	
	2016	2015
14 Other adjustments		
Loss/gain	3,362	3,222
Tax on profit/loss for the year	-253	1,906
Depreciation and amortisation	11,371	12,276
Interest receivable and similar income	-1,473	-1,297
Interest payable and similar expenses	3,531	2,595
	<u>16,538</u>	<u>18,702</u>
15 Changes in working capital		
Change in inventories	-4,617	38,474
Change in receivables	-15,067	27,368
Change in receivables from related parties	-9,791	
Change in other debtors	-5,469	-3,911
Change in trade and other payables	-2,727	-614
Changes in payables to related parties	-21,627	-12,503
	<u>-59,298</u>	<u>-17,028</u>
16 Cash and cash equivalents		
Cash and cash equivalents and loans at 31 December comprise:		
Credit institutions, overdraft	-11,229	-67,323
Cash at bank and in hand	14,765	27,000
Cash and cash equivalents at 31 December	<u>3,536</u>	<u>-40,323</u>

17 Contractual obligations, contingencies, etc.

Contingent assets

As at 31 December 2016 the Group has unrecognised deferred tax assets on tax losses amounting to DKK 8.6 million, which was originated in subsidiaries in the UK and France. Deferred tax assets on tax losses was not recognised as there are some uncertainties regarding utilisation.

Contingent liabilities

Group is a party to a few pending lawsuits. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position.

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

Notes

17 Contractual obligations, contingencies, etc. (continued)

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. The jointly taxed entities' total net liability to SKAT amounted to DKK 871 thousand at 31 December 2016. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Operating lease obligations

The Group has entered into a number of operating leases with a remaining term up to 6 years and an average monthly lease payments of DKK 227 thousand, totalling DKK 16,2 million (2015: DKK 17,5 million).

18 Mortgages and collateral

Parent company

The Parent company has issued a joint and several guarantee to the Schades Group's Danish and German companies' engagements with banks, which as at 31 December 2016 showed a liability of DKK 3.8 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 1.7 million on Schades Group Swiss companies debt with the bank.

Group

A company charge for commitments a floating charge of DKK 20 million for the credit line of the first priority with the liability of DKK 2.3 million as at 31 December 2016 and a floating charge of DKK 10 million for the credit line of the second priority with the nil liability as at 31 December 2016 on intangible assets, fixed assets (book value DKK 2.3 million as at 31 December 2016), inventory (book value DKK 22,6 million as at 31 December 2016) and debtors (book value DKK 12.1 million as at 31 December 2016) in the Danish Company Schades Nordic A/S, has been granted to the Danish banks regarding open credit.

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

Notes

19 Related parties

Schades A/S' related parties comprise the following:

Control

Hansol Denmark ApS
Øster Fælled Vej 5
7800 Skive

Hansol Denmark ApS holds the majority of the share capital in the Company.

Schades A/S is part of the consolidated financial statements of Hansol Denmark ApS, registered office, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Hansol Denmark ApS can be obtained on www.cvr.dk.

Schades A/S is part of the consolidated financial statements of Hansol Paper Ltd., Seoul, Korea, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Hansol Paper Ltd. can be obtained by contacting the Company.

Other related parties

The Group's and the Company's related parties are the parent company, subsidiaries and other companies of the same group as well as members of the Executive Board and the Board of Directors.

Related party transactions

DKK'000	2016
Related party transactions	
Group	
Management fee expenses	-1,699
Revenue from other related parties	9,583
Revenue from ultimate parent	8
Purchase of goods from ultimate parent	-34,419
Purchase of goods from other related parties	-252,367
	<u>-278,894</u>
Parent Company	
Management fee income from subsidiaries	5,684
Income from equity investments in subsidiaries	4,680
Management fee expenses to ultimate parent	-1,699
	<u>8,665</u>

Remuneration of Management is disclosed in note 2.

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

Notes

19 Related parties (continued)

DKK'000	2016
Related party balances	
Group	
Account receivables from ultimate parent	498
Account receivables from parent	3,742
Account receivables from other related parties	5,551
	<u>9,791</u>
Account payables to ultimate parent	-1,936
Account payables to other related parties	-42,106
	<u>-44,042</u>
Parent Company	
Account receivables from subsidiaries	33,376
Account receivables from parent	3,742
Account receivables from other related parties	281
	<u>37,399</u>
Account payables to subsidiaries	-11,066
	<u>-11,066</u>

Group and Parent Company

The ultimate Parent Company has provided a guarantee for credit facilities of a total of EUR 7.2 million.

Parent Company

Guarantee provided to subsidiaries for credit facilities of EUR 9.2 million.