

AVRE 12 DK APS UNDER FRIVILLIG LIKVIDATION

C/O Gorrissen Federspiel Silkeborgvej 2 8000 Aarhus C

CVR NR. 39 54 74 49

Annual report for the period 03.05.2018 – 31.12.2018

**Approved by the company's general
meeting on 5 of July 2019**

TABLE OF CONTENTS

	Page
Entity details	2
Statement by liquidators on the annual report	3
Independent auditor's reports	4-7
Liquidators commentary	8
Accounting policies applied	9-10
Income statement	11
Balance sheet	12-13
Statement of changes in equity for 2018	14
Notes	15

ENTITY DETAILS

Entity

Avre 12 DK ApS under frivillig likvidation
Silkeborgvej 2
8000 Aarhus C
Central Business Registration No: 39547449
Registered in: Odense
Financial year: 03.05.2018-31.12.2018

Liquidators

Marc Jean Pierre Sénéchal

Louis Marie Christophe Basse

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

STATEMENT BY LIQUIDATORS ON THE ANNUAL REPORT

The Liquidators have today considered and approved the annual report of Avre 12 DK ApS under frivillig likvidation for the financial year 03.05.18 – 31.12.18.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 03.05.2018 -31.12.2018.

We believe that the liquidator's commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

France, 26th June 2019

Liquidators

Marc Jean Pierre Sénéchal

Louis Marie Christophe Basse



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Avre 12 DK ApS under frivillig likvidation

Adverse opinion

We have audited the financial statements of Avre 12 DK ApS under frivillig likvidation for the financial year 3 May to 31 December 2018, which comprise a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Because of the significance of the circumstances specified in the Basis for adverse opinion paragraph, the financial statements, in our opinion, do not give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 3 May to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for adverse opinion

The financial statements are presented on the assumption that the Company is a going concern. As mentioned in note 1 to the financial statements, the Company's ability to continue as a going concern requires that the French Parent (Arjowiggins SAS) is capable of repaying the Group's debt of DKK 1.5 million to the Company, just as the assumption that the Company is a going concern is conditional on the continuance of the Parent's financing of its operations. However, the French Parent is subject to insolvency proceedings and, consequently, we assess that there is a significant risk attached to the valuation of the amount receivable of DKK 1.5 million and with it the Company's ability to continue as a going concern. As a result of the circumstances specified, we qualify the valuation of the amount receivable as well as the Company's ability to continue as a going concern.

Moreover, we believe that the Company should be registered for VAT given that its acquisition of land and buildings held for sale, in our view, is considered an activity subject to VAT. Consequently, no VAT receivable has been recognised regarding the non-reported input VAT. The value of the lacking VAT receivable has not been finally calculated, but we estimate it to be a maximum amount of DKK 5.9 million depending on the allocation of the purchase price. We qualify the unrecognised VAT receivable.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of

INDEPENDENT AUDITOR'S REPORT

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

Liquidator's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these 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 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.

INDEPENDENT AUDITOR'S REPORT

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Liquidator.
- Conclude on the appropriateness of Liquidator's use of the going concern basis of accounting in preparing the 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 Liquidators commentary

Liquidator is responsible for the Liquidators commentary.

Our opinion on the financial statements does not cover the Liquidators commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Liquidators commentary and, in doing so, consider whether the Liquidators commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Liquidators commentary provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

As stated in the Basis for adverse opinion paragraph, we have modified our opinion on the financial statements given that we disagree with Liquidator that the financial statements have been presented on the assumption that the Company is a going concern. For the same reason, we have concluded that the Liquidators commentary is materially misstated, as we believe the Liquidators commentary should have reflected this circumstance.

Violation of the Danish Value Added Tax Act

During the year, the Company was not registered for VAT and, consequently, VAT returns were not prepared, which, in our opinion, is a violation of the Danish Value Added Tax Act, by which Liquidator can be held responsible.

Odense, 26th June 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jan Larsen
State-Authorised
Public Accountant
MNE no 16541

Heino Hyllested Tholsgaard
State-Authorised
Public Accountant
MNE no 34511

LIQUIDATORS COMMENTARY

Primary activities

The company's prime activity is purchase and sale of properties.

Development in activities and finances

The loss for the year is DKK 1.543.130, which Liquidators considers unsatisfactory under the circumstances. The company has received a group contribution on DKK 1.543.130 during the year.

Outlook

It is expected that the Company will sell its property and land in 2019 and hereafter will be shut down by a voluntary liquidation in 2019.

The company and the group do not agree with the auditor that the company has violated the Danish Value Added Tax Act.

Events after the balance sheet date

The company is after the balance sheet date entered in voluntary liquidation. Besides that no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

ACCOUNTING POLICIES APPLIED

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts at tributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

ACCOUNTING POLICIES APPLIED

Income statement

Administrative expenses

Administrative expenses comprise expenses for administrative staff, Liquidator, office premises and office expenses, and depreciation.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Land buildings

Land and buildings held for sale booked under inventory are stated at cost.

Receivables

Receivables are measured at amortised cost. Write-downs is made for bad debt losses.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

**INCOME STATEMENT FOR THE
PERIOD 03.05.2018 - 31.12.2018**

Note

Properties costs	-139.958
Gross profit	-139.958
Other external expenses	-338.503
Operating profit	-478.461
2 Other financial expenses	-1.064.669
PROFIT (LOSS)	-1.543.130
Appropriation of profit:	
Retained earnings	-1.543.130
	-1.543.130

BALANCE SHEET AT 31. DECEMBER 2018**ASSETS**Note

Land and buildings	<u>23.822.517</u>
3 INVENTORIES	<u>23.822.517</u>
Receivables from group enterprises	<u>1.543.130</u>
RECEIVABLES	<u>1.543.130</u>
CASH	<u>200.000</u>
TOTAL CURRENT ASSETS	<u>25.565.647</u>
TOTAL ASSETS	<u>25.565.647</u>

BALANCE SHEET AT 31. DECEMBER 2018**EQUITY AND LAIBILITIES**Note

Contributed capital	<u>200.000</u>
EQUITY	<u>200.000</u>
Trade payables	12.749
Payables to group enterprises	25.317.898
Other payables	<u>35.000</u>
SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	<u>25.365.647</u>
LIABILITIES OTHER THAN PROVISIONS	<u>25.365.647</u>
LIABILITIES AND EQUITY	<u><u>25.565.647</u></u>

- 1 Going concern
- 4 Contingent liabilities
- 5 Transaction with related parties

STATEMENT OF CHANGES IN EQUITY FOR 2018

	Contributed capital	Retained earnings	Proposed dividend	<u>Total</u>
Equity 03.05.18	200.000	0	0	200.000
Profit/loss for the year	0	-1.543.130		-1.543.130
Group contribution	0	1.543.130	0	1.543.130
Equity end of year	<u>200.000</u>	<u>0</u>	<u>0</u>	<u>200.000</u>

NOTES

1 Going concern

The company's equity is positive of DKK 0.2 million at 31 December 2018. However the equity is conditional on the value of the receivables from group enterprises of DKK 1.5 million. If the amount receivable is written down to DKK 0 as a result of the financial situation of the Parent and the Group, the Company's equity will be the lost.

Liquidator expects that the Parent's and the Group's ability to repay the amount receivable is unharmed, for which reason it is not written down.

Consequently, the annual report is presented on the assumption that the Company is a going concern.

2 Other financial expenses

Financial expenses from group enterprises	<u>1.064.669</u>
	<u>1.064.669</u>

3 Inventories

Inventories consist of land and buildings held for sale.

4 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Antalis A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

5 Transaction with related parties

During the year, the Company acquired a building of DKK 23.6 million from the sister subsidiary Dalum Papir A/S. The acquisition was made at the book value recognised in the sister subsidiary, and Management believes the transaction took place on an arm's length basis.