

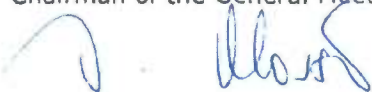
Danapak Flexibles A/S

**Central Business Registration
No 61 72 53 18**

Annual report 2016

The Annual General Meeting adopted the annual report on 3 April 2017.

Chairman of the General Meeting



Please note that Danish decimal and digit grouping symbols have been used in the Annual report.

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Danapak Flexibles A/S

Company details

Company

Danapak Flexibles A/S
Strudsbergsvej 3, DK-4200 Slagelse
Central Business Registration No: 61 72 53 18
Financial year: 1 January – 31 December
Registered in: Slagelse

Phone: +45 65 48 00 00
Internet: www.danapakflexibles.com
E-mail: info@danapakflex.com

Board of Directors

Jakob Mosser
Markus Petersen
Lars W. Hyltdgaard
Ole Kokborg (ER)
Henrik Nordkvist (ER)

Executive Board

Lars W. Hyltdgaard

Company auditors

Ernst & Young
Godkendt Revisionspartnerselskab



Statement by the Executive Board and Board of Directors

Today, the Executive Board and the Board of Directors have discussed and approved the annual report of Danapak Flexibles A/S for the financial year 1 January – 31 December 2016.

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


It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Slagelse 29 March 2017

Executive Board:



Lars W. Hyldegaard
Chief Executive Officer

Board of Directors:



Jakob Mosser
Chairman



Markus Petersen



Lars W. Hyldegaard



Ole Kokborg



Henrik Nordkvist



Independent auditor's report

To the shareholders of Danapak Flexibles A/S

Opinion

We have audited the financial statements of Danapak Flexibles A/S for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and 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 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management 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, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.
- 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 Company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management'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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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 Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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.

Based on our procedures, we conclude that the Management's review is in accordance with the 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 29 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim R. Mortensen
State Authorised
Public Accountant



Andy Philipp Gottig
State Authorised
Public Accountant

Management's review

Financial highlights	2012	2013	2014	2015	2016
	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>
Key figures					
Revenue	386,6	388,8	367,2	373,2	369,8
EBITDA	12,2	19,7	11,0	15,5	26,9
Operating profit/loss (EBIT)	1,0	11,6	2,9	4,7	14,6
Net financials	-3,9	-3,4	-5,1	-1,6	-2,5
Result before tax (EBT)	-2,9	8,2	-2,2	3,1	12,1
Net profit/loss for the year	7,6	21,5	1,0	4,6	9,6
Balance sheet					
Balance sheet total	207,4	214,3	195,4	232,9	217,9
Equity	24,9	46,4	93,0	97,7	106,9
Cash flows					
Investments in (items of) property, plant and equipment	7,3	6,0	11,8	4,4	18,7
Number of employees					
	220,0	198,0	187,0	176,0	179,0
Ratios					
EBIT-margin (%)	0,3	3,0	0,8	1,3	3,9
Return on Equity (%)	36,1	60,3	1,4	4,8	9,4
Equity share (%)	12,0	21,7	47,6	41,9	49,1

Financial- and key figures are calculated in accordance with "Recommendations and key figures 2015" of Finansforeningen and generally acknowledged calculations principles.

EBIT-margin $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Net turnover}}$

Return on Equity % $\frac{\text{Net result for the year} \times 100}{\text{Average equity}}$

Equity share $\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

Management's review

Primary activities

The activities of the Company are development, production and marketing of flexible packaging products primarily for the dairy, pharmaceutical and food industries. The Company has its own Product Technology Centre, which is developing products for these sectors.

The Company's plant is located in Slagelse in Denmark. The plant meets the highest hygienic standards and is certified according to ISO9001, ISO22000, ISO50001 and Global Standard for Packaging and Packaging material (BRC/IOP).

Equity and Ownership

The company is owned by Schur Flexibles Holding GesmbH, Austria.

Development in activities and finances

Net result for the year was a gain of DKK 9,6 mill. EBIT a gain of DKK 14,6 mill.

Compared to 2015 the turnover decreased by 1%. The special situation from 2015 on the pharmaceutical market, where the world's only supplier of a special raw material "Barex" announced that production would cease, meant a stock building reaction amongst our customers in 2015. Turnover for the pharma market was, as a consequence of this, 15% lower in 2016.

During 2016 we had a break through within packaging material for tobacco, introducing a new specification developed in our Product Technology Centre for a large tobacco customer. Turnover in this segment increased by DKK 29 mill.

The Company applied for and was granted a ISO50001 certificate and made commitment towards the Danish Energy Agency to identify and implement energy saving procedures and/or investments. In relation to this the Company receives in a 3 year period refunds from the Agency. In 2016 this refund amounted to DKK 0,7 mill.

In 2015 production on the plant in the City of Horsens ceased and in 2016 the buildings and remaining machinery were sold at a gain of DKK 10,9 mill.

Financial expenses are higher than last year, where exchange rate differences were a net gain of DKK 0,4 mill, whilst in 2016 exchange rate differences were a net loss of DKK 0,6 mill. The losses are related to bank deposits, receivables and payables in EUR. Exposures in EUR are not hedged.

Although the EBITDA improved by DKK 1 mill. on a lower turnover, the result is not considered satisfactory. The Company will continue a high focus on introducing new products to the market and expect a growth in especially the pharmaceutical and tobacco market in 2017.

Particular risks

Business risks

A major part of the turnover is covered by long term customer contracts, which reduces the business risk. Management has attention on reducing risks, coming from raw materials, energy supply and other areas, by innovation, dual suppliers and other measures.

Financial exposure

A part of the Company's loan portfolio is subject to variable interest rates. The risk for increase in interest rate has been covered by an interest SWAP. A movement in interest rates of 1% p.a. will affect finance costs insignificantly.

Currency risks

The major currencies are DKK and EUR. Occasional major exposures in other currencies are covered by forward contracts.

Credit risks

The credit risk related to all major customers is evaluated regularly. The Company has taken out a credit insurance covering all trade accounts receivable except for a small group of selected customers. For many year's the losses on outstanding accounts receivable have been very limited.

Intellectual capital resources

The Company employs highly specialized personnel. The staff resources have in 2016 occasionally been in-sufficient since it has been difficult to get qualified personnel – especially personnel with an engineer background.

Environmental performance

The results of the year have been fine and are specified in the CSR report of the Company. There are no cases in relation to the authorities.

Research and development activities

The Company carries out development projects for technical applications in the research and development center of the company.

Costs for development projects are included under intangible assets to the extent the projects comply with the criteria for recognition of these activities.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would negatively influence the evaluation of this annual report or the financial position at 31. December 2016 of the company.

Outlook

The Company is expecting to improve the result in 2017 compared to 2016 through increasing turnover and effect from efficiency improvements and less costs after having sold the building in Horsens.

Corporate Social responsibility (CSR)/diversity in Management

The Company's statement on the Corporate Social responsibility and diversity in Management is obtainable via the Company's homepage www.danapakflex.com/en/about-us/csr or on direct link <http://danapakflex.com/en/files/2017/04/CSR-report-2016.pdf>



Accounting policies of Danapak Flexibles A/S for 2016

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment
2. Reserve for development costs

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Re 2: An amount corresponding to development costs recognized are in future tied up in a special reserve under equity called "Reserve for development costs". The amount is tied up in a special reserve, which cannot be used to distribute dividend or cover losses. If the development costs recognised are sold or in some other way no longer form part of the Company's operations, the reserve will be dissolved or reduced by a transfer directly to distributable reserves under equity. If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be re-established. The reserve for development costs is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

None of the above changes affects the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last 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.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other

payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

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

Cost of raw materials and consumables

Cost of raw materials and consumables comprises direct and indirect costs of raw materials and consumables incurred to earn revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise expenses for wages and salaries, social costs, pensions etc. for the employees of the Company.

Other operating expenses

Other operating expenses comprise items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies as well as amortisation premium/allowance on mortgage debt etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the group company Schur Flexibles Denmark A/S. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Development projects

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and is not to exceed 10 years.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	20 - 30 years
Plant and machinery	7 - 12 years
Other fixtures and fittings, tools and Equipment	3 - 7 years
Computing equipment	3 - 4 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Leases

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

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered 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 liabilities relating to operating leases and other leases are disclosed under "Contractual obligations and contingencies, etc.".

Impairment of non-current assets

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

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

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing

process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost less write-downs assessed for bad debt losses based on individual assessments.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less depreciation/write-downs and taxes. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Liabilities

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities are recognised at amortised cost.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, and payment of dividends.

Cash and cash equivalents comprise of cash in hand and at banks.

Segment information

Information is disclosed by geographical market. Segment information is based on the Company's accounting policies, risks and internal financial management.

Profit and Loss Statement 2016

		2016	2015
	Notes	DKK '000	DKK '000
Revenue	1	369.844	373.166
Change in inventories of finished goods and work in progress		-8.353	3.814
Other operating income	2	<u>11.841</u>	<u>473</u>
		373.332	377.453
Costs of raw materials and consumables		-193.174	-204.247
Other external expenses	5	<u>-64.739</u>	<u>-68.483</u>
Gross profit		115.419	104.723
Staff costs	3	-88.109	-89.185
Depreciation	4	-12.252	-10.800
Other operating expenses		<u>-429</u>	<u>0</u>
Operating profit/loss (EBIT)		14.629	4.738
Financial income/expenses net	6	<u>-2.491</u>	<u>-1.569</u>
Profit/loss before tax (EBT)		12.138	3.169
Tax on profit/loss for the year	7	<u>-2.526</u>	<u>1.400</u>
Net profit/loss for the year (EAT)		<u><u>9.612</u></u>	<u><u>4.569</u></u>
Proposed distribution of profit/loss	21		

Balance sheet

Assets		2016	2015
	Notes	DKK '000	DKK '000
Intangible fixed assets			
Development projects in progress	8	<u>499</u>	<u>827</u>
Tangible fixed assets			
Land and buildings	9	20.682	30.761
Plant and machinery	9	44.833	37.685
Other fixtures, tools and equipment	9	345	535
Fixed assets under construction	9	<u>0</u>	<u>43</u>
Property, plant and equipment		<u>65.860</u>	<u>69.024</u>
Non-current assets		<u>66.359</u>	<u>69.851</u>
Current assets			
Raw materials and consumables		38.431	37.439
Work in progress		20.835	21.318
Finished goods / goods for resale		23.080	30.950
Prepayment for goods		<u>2.488</u>	<u>6.768</u>
Inventories		<u>84.834</u>	<u>96.475</u>
Trade receivables		46.048	52.664
Receivables from affiliated companies		13.313	936
Receivables from joint taxation		0	1.897
Income tax receivable	13	318	0
Deferred tax asset	10	1.352	3.416
Other receivables		2.393	2.919
Prepayments		<u>2.223</u>	<u>2.008</u>
Receivables		<u>65.647</u>	<u>63.840</u>
Cash and cash equivalents		<u>1.082</u>	<u>3.339</u>
Current assets		<u>151.563</u>	<u>163.654</u>
Assets		<u>217.922</u>	<u>233.505</u>

Balance sheet

Equity and Liabilities

		2016	2015
	Notes	DKK '000	DKK '000
Equity			
Share Capital	11	125.000	125.000
Retained earnings		<u>-18.095</u>	<u>-27.265</u>
Equity		<u>106.905</u>	<u>97.735</u>
Longterm liabilities other than provisions			
Longterm debt to affiliated companies		0	22.388
Mortgage	12	27.978	29.249
Financial lease obligation	12	<u>5.557</u>	<u>0</u>
Longterm liabilities other than provisions		<u>33.535</u>	<u>51.637</u>
Short-term liabilities other than provisions			
Current portion of long-term liabilities other than provisions	12	1.725	1.747
Current portion of financial lease obligation	12	2.340	0
Trade payables		28.811	32.897
Income tax payable	13	0	743
Amounts owed to affiliated companies		1.339	3.684
Payables related to joint taxation		656	0
Other payables		23.166	24.264
Prepayments received		<u>19.445</u>	<u>20.798</u>
Short-term liabilities other than provisions		<u>77.482</u>	<u>84.133</u>
Liabilities other than provisions		<u>111.017</u>	<u>135.770</u>
Equity and Liabilities		<u>217.922</u>	<u>233.505</u>
Special items	14		
Contractual obligations and contingencies	15		
Mortgage and collateral	16		
Related parties	17		
Ownership	18		
Group	19		

Statement of changes in Equity for 2016

	Share Capital DKK '000	Retained earnings DKK '000	Proposed dividends for the year DKK '000	Total DKK '000
Equity at 01.01.2015	125.000	-31.983	-	93.017
Value adjustments				
Financial instruments, after tax		149		149
Net profit/loss for the year 2015	-	4.569		4.569
Equity at 01.01.2016	<u>125.000</u>	<u>-27.265</u>	<u>-</u>	<u>97.735</u>
Value adjustments				
Financial instruments, after tax		-442		-442
Net profit/loss for the year 2016		9.612		9.612
Equity at 31.12.2016	<u>125.000</u>	<u>-18.095</u>	<u>-</u>	<u>106.905</u>

Cash flow statement for 2016

	<u>DKK '000</u>	<u>DKK '000</u>
Operating profit/loss (EBIT)	14.629	4.738
Depreciation and gain/loss on sale of fixed assets	1.826	10.748
Tax paid/received from joint taxation	<u>1.155</u>	<u>3.494</u>
	17.610	18.980
Change in working capital		
Inventories	11.641	-28.156
Trade accounts receivables	6.616	-13.455
Ongoing balances with affiliated companies	-14.722	494
Other receivables, prepayment and accruals	311	721
Trade accounts payable	-4.086	3.427
Other short term debts	<u>-3.017</u>	<u>23.864</u>
Cash flow from change in working capital	<u>-3.257</u>	<u>-13.105</u>
Financial expenses, paid	<u>-2.491</u>	<u>-1.569</u>
Cash flow from operations	11.862	4.306
Development projects in progress	-101	-827
Acquisition of property, plant, equipment and finance lease	-18.658	-4.427
Sale of property, plant and equipment	<u>20.425</u>	<u>52</u>
Cash flow from investing activities	<u>1.666</u>	<u>-5.202</u>
Change, long-term liabilities other than provisions	6.603	-13.619
Change, balances with affiliated companies	-22.388	22.388
Change, short term bank debt	-	-4.606
Cash flows from financing activities	<u>-15.785</u>	<u>4.163</u>
Change in cash and cash equivalents	<u>-2.257</u>	<u>3.267</u>
Cash and cash equivalents at 01.01.2016	3.339	72
Change in cash and cash equivalents	<u>-2.257</u>	<u>3.267</u>
Cash and cash equivalents at 31.12.2016	<u>1.082</u>	<u>3.339</u>

Notes

	2016 DKK '000	2015 DKK '000
1. Net Revenue		
Net revenue, Denmark	112.060	110.438
Net revenue, outside Denmark	257.784	262.728
Net revenue	<u>369.844</u>	<u>373.166</u>
	2016 DKK '000	2015 DKK '000
2. Other operating income		
Gain on sale of property, plant and equipment	10.855	52
Subsidie related to energy savings	696	420
Other items	290	1
Other operating income	<u>11.841</u>	<u>473</u>
	2016 DKK '000	2015 DKK '000
3. Staff costs		
Salaries and wages	-78.661	-79.733
Pension costs	-7.778	-7.634
Other social security costs	-1.670	-1.818
Staff costs	<u>-88.109</u>	<u>-89.185</u>
Average number of employees	179	176
Salaries and fees paid to Executive board and Board of Directors	<u>2.555</u>	<u>2.342</u>

Management and a number of key staff have performance related (cash) bonus agreements with the company.

	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
4. Depreciation		
Buildings	-1.768	-1.882
Plant and machinery	-10.294	-8.781
Other fixtures and fittings, tools and equipment	<u>-190</u>	<u>-137</u>
Depreciation	<u><u>-12.252</u></u>	<u><u>-10.800</u></u>
	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
5. Fees to auditors appointed at the General Meeting		
Fee for statutory audit	208	201
Fee for tax assistance	10	10
Other fees	<u>72</u>	<u>28</u>
Fees to aditors appointed at the General Meeting	<u><u>290</u></u>	<u><u>239</u></u>
	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
6. Financial expenses, net		
Other financial income	<u>987</u>	<u>1.427</u>
Financial income	<u><u>987</u></u>	<u><u>1.427</u></u>
Interest expenses, affiliated companies	-388	-429
Financial expenses - refinancing	-398	-290
Other financial expenses	<u>-2.692</u>	<u>-2.277</u>
Financial expenses	<u><u>-3.478</u></u>	<u><u>-2.996</u></u>
Financial expenses, net	<u><u>-2.491</u></u>	<u><u>-1.569</u></u>

	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
7. Tax on profit/loss for the year		
Current tax from joint taxation/ current tax on profit for the year	-463	1.327
Change in dererred tax	<u>-2.063</u>	<u>73</u>
Tax on profit for the year	<u><u>-2.526</u></u>	<u><u>1.400</u></u>

The Company has received DKK 1.286k from joint taxation in 2016 (2015: DKK 3.363k)

	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
8. Intangible assets		
Development projects in progress		
Costs at 01.01.2016	827	-
Additions	101	827
Disposals	<u>-429</u>	<u>-</u>
Costs at 31.12.2016	<u><u>499</u></u>	<u><u>827</u></u>
Depreciation and impairment losses at 01.01.2016	-	-
Depreciation for the year	-	-
Reversal relating to disposals	<u>-</u>	<u>-</u>
Depreciation and impairment losses at 31.12.2016	<u><u>-</u></u>	<u><u>-</u></u>
Carrying amount at 31.12.2016	<u><u>499</u></u>	<u><u>827</u></u>

9. Tangible fixed assets	Land and buildings	Plant and machinery	Other fixtures etc	Assets in progress
Property, plant and equipment	DKK '000	DKK '000	DKK '000	DKK '000
Costs at 01.01.2016	79.844	340.811	10.134	43
Additions	1.259	17.442		-43
Disposals	<u>-20.823</u>	<u>-40.976</u>	<u>-807</u>	
Costs at 31.12.2016	<u>60.280</u>	<u>317.277</u>	<u>9.327</u>	<u>-</u>
Depreciation and impairment losses at 01.01.2016	-49.083	-303.126	-9.599	-
Depreciation for the year	-1.768	-10.294	-190	
Reversal relating to disposals	<u>11.253</u>	<u>40.976</u>	<u>807</u>	
Depreciation and impairment losses at 31.12.2016	<u>-39.598</u>	<u>-272.444</u>	<u>-8.982</u>	<u>-</u>
Carrying amount at 31.12.2016	<u>20.682</u>	<u>44.833</u>	<u>345</u>	<u>-</u>
Hereof Financial leasing assets	<u>-</u>	<u>8.486</u>	<u>-</u>	<u>-</u>
Carrying amount at 31.12.2015	<u>30.761</u>	<u>37.685</u>	<u>535</u>	<u>43</u>
Hereof Financial leasing assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			tax asset DKK '000	tax asset DKK '000
			<u>2016</u>	<u>2015</u>
10. Deferred tax				
Deferred tax at 01.01.2016			3.416	3.343
Changes for the year			-2.063	73
Changes related to prior years			<u>-1</u>	<u>-</u>
Deferred tax at 31.12.2016			<u>1.352</u>	<u>3.416</u>

The deferred tax asset consists tax depreciation in excess of book value. The deferred tax asset is expected to be used in positive taxable income during the next 3-5 years.

11. Share capital

The share capital comprises 125.000 shares at DKK 1.000. No shares carries special voting rights.

	2012 DKK '000	2013 DKK '000	2014 DKK '000	2015 DKK '000	2016 DKK '000
Share capital 01.01.	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>
Share capital 31.12	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>

12. Long term debt	Due less than 1 year DKK '000	Due between 1 and 5 years DKK '000	Due more than 5 years DKK '000	Total DKK '000
Mortgage debt	1.725	6.918	21.060	29.703
Financial leasing obligation	<u>2.340</u>	<u>5.557</u>	<u>-</u>	<u>7.897</u>
Long term debt 31.12.2016	<u>4.065</u>	<u>12.475</u>	<u>21.060</u>	<u>37.600</u>
Long term debt 31.12.2015	<u>1.747</u>	<u>29.376</u>	<u>22.261</u>	<u>53.384</u>

	2016 DKK '000	2015 DKK '000
13. Income tax payable/receivable		
Income taxes payable at 01.01	743	131
Current tax for the year	463	-42
Current tax on equity	-125	42
Current tax from joint taxation	1.309	612
Income taxes paid during the year	<u>-2.708</u>	<u>-</u>
Income tax payable/receivable 31.12	<u>-318</u>	<u>743</u>

14. Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items, which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by sale of building and machinery from the plant in the City of Horsens, which was closed in 2015, that in the opinion of the Board of Directors do not form part of the operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	2016 <u>DKK '000</u>	2015 <u>DKK '000</u>
Other operating income		
Gain from sale of machinery	2.787	-
Gain from sale of Land, building and installations	<u>8.068</u>	<u>-</u>
	<u>10.855</u>	<u>-</u>

15. Contractual obligations and contingencies

The company is jointly taxed with the affiliated company Schur Flexibles Denmark A/S. As the administrative company, together with the affiliated company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

16. Mortgages and collateral

The mortgage comprises the plant in Slagelse. Carrying amount of mortgaged plant 20,7 million DKK (2015: 30,8 mill. DKK).

In 2015 Danapak Flexibles entered into a financing agreement that applies for the entire Schur Flexibles Group. Danapak Flexibles has acceded to the entire financing agreement of EUR 56 million as a guarantor. Danapak Flexibles guarantee obligations are limited to an amount equal to the company's equity where payments under the guarantee should be requested.

A Company charge of DKK 50 million secured upon operating equipment, inventories and trade receivables has been registered, the Company charge is in possession of the Company.

17. Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in Danapak Flexibles A/S:

<u>Name</u>	<u>Registered Office</u>	<u>Basis of influence</u>
Schur Flexibles Holding GesmbH	Austria	Immediate Parent
Schur Flexibles GmbH	Germany	Group Parent
Atlas Flexibles GmbH	Germany	Ultimate Parent

Transactions with related parties:

	2016	2015
	<u>DKK '000</u>	<u>DKK '000</u>
Sales of goods and services to group companies	14.438	12.851
Purchase of goods and services from companies	6.811	9.441
Purchase of services from immediate parent	4.923	4.301
Interest income from group parent	93	1
Interest expenses to group parent	531	499
Gain from sale of fixed assets to group companies	2.787	11
Receivable from group parent (cash pool)	11.436	90
Receivables from other group companies	1.877	935
Payables to group companies	1.339	3.314
Loan from group parent	-	22.387

18. Ownership

The Company has registered Schur Flexibles Holding GesmbH, Weilburgstrasse 16a, A-2500 Baden as shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital.

19. Group

Danapak Flexibles A/S is included in the consolidated financial statements of Schur Flexibles GmbH, Romerstrasse 12, D-87437 Kempten.

20. Proposed distribution of profit/loss

	2016	2015
	<u>DKK '000</u>	<u>DKK '000</u>
Retained earnings	<u>9.612</u>	<u>4.569</u>
	<u>9.612</u>	<u>4.569</u>