

Baltic Packaging A/S
Kirstinehøj 4, 2770 Kastrup

Company reg. no. 70 71 03 15

Annual report
1 January - 31 December 2015

The annual report have been submitted and approved by the general meeting on the 10 May 2016.

Preben König
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Baltic Packaging A/S for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kastrup, 10 May 2016

Managing Director

Stig Wall-Gremstrup

Board of directors

Preben Edvard Kønig

Lars Erik Sebbelov

Claus Resen Steenstrup

Arne Gillin

The independent auditor's reports

To the shareholder of Baltic Packaging A/S

Report on the annual accounts

We have audited the annual accounts of Baltic Packaging A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management's review

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

Copenhagen, 10 May 2016

Beierholm Statsautoriseret Revisionspartnerselskab

CVR-nr. 32 89 54 68

Jan Nygaard
State Authorised Public Accountant

Company data

The company

Baltic Packaging A/S
Kirstinehøj 4
2770 Kastrup

Company reg. no. 70 71 03 15
Financial year: 1 January - 31 December

Board of directors

Preben Edvard Kønig
Lars Erik Sebbelov
Claus Resen Steenstrup
Arne Gillin

Managing Director

Stig Wall-Gremstrup

Auditors

Beierholm Statsautoriseret Revisionspartnerselskab
Nørre Farimagsgade 11
1364 København K

Lawyer

Kønig & Partnere Advokatfirma, Amaliegade 22, 1256 København K

Parent company

Lars Erik Sebbelov Holding ApS

Management's review

The significant activities of the enterprise

As previous years, the main activities comprise production and sale of a wide variety of quality product within the chemical/technical tin packaging, which is delivered to paint and varnish industries domestically and abroad.

Development in activities and financial matters

The gross profit for the year is DKK 16.617.000 against DKK 24.301.000 last year. The results from ordinary activities after tax are DKK -7.029.000 against DKK -2.542.000 last year.

After the move from the previous residence at Amager Strandvej, Baltic Packaging A/S has had its residence at Kirstinehøj 4 in Kastrup and the company now has experienced a full year of production at the new address.

The result of the year has been influenced by the expenses incurred in connection with the move of the factory.

The primary result of the accounting year has been satisfactory and the management expects the positive development to continue in the following years.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit	16.617.070	24.300.610
1 Staff costs	-17.070.444	-16.064.531
2 Depreciation and writedown relating to tangible fixed assets	-2.451.893	-1.750.392
3 Other operating costs	-5.237.612	-9.256.139
Results before net financials	-8.142.879	-2.770.452
4 Other financial income	14.293	43.808
5 Other financial costs	-867.618	-398.263
Results before tax	-8.996.204	-3.124.907
6 Tax on ordinary results	1.967.633	583.322
Results for the year	-7.028.571	-2.541.585
Proposed distribution of the results:		
Dividend for the financial year	0	400.000
Allocated from results brought forward	-7.028.571	-2.941.585
Distribution in total	-7.028.571	-2.541.585

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Fixed assets		
7 Land and property	0	19.669.143
8 Production plant and machinery	8.400.403	3.500.261
Tangible fixed assets in total	8.400.403	23.169.404
Other debtors	6.500	1.536.000
Financial fixed assets in total	6.500	1.536.000
Fixed assets in total	8.406.903	24.705.404
Current assets		
Raw materials and consumables	5.254.279	4.021.298
Work in progress	4.578.992	4.617.039
Manufactured goods and trade goods	1.461.450	1.596.935
Inventories in total	11.294.721	10.235.272
Trade debtors	4.403.800	6.481.506
10 Deferred tax assets	3.533.846	1.566.213
11 Receivable corporate tax	0	1.200.000
Other debtors	234.064	3.426.975
Accrued income and deferred expenses	156.147	206.851
Debtors in total	8.327.857	12.881.545
Cash funds	1.581.439	7.614.313
Current assets in total	21.204.017	30.731.130
Assets in total	29.610.920	55.436.534

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Equity			
12	Contributed capital	1.000.000	5.000.000
13	Results brought forward	13.638.111	21.393.588
14	Proposed dividend for the financial year	0	400.000
	Equity in total	<u>14.638.111</u>	<u>26.793.588</u>
Liabilities			
	Mortgage debt	0	7.803.688
	Other debts	<u>575.205</u>	<u>671.587</u>
	Long-term liabilities in total	<u>575.205</u>	<u>8.475.275</u>
	Short-term part of long-term liabilities	0	487.713
	Bank debts	1.828.349	0
	Trade creditors	3.878.127	13.229.660
	Debt to group enterprises	4.108.528	2.238.317
	Other debts	4.038.621	3.444.113
	Accrued expenses and deferred income	<u>543.979</u>	<u>767.868</u>
	Short-term liabilities in total	<u>14.397.604</u>	<u>20.167.671</u>
	Liabilities in total	<u>14.972.809</u>	<u>28.642.946</u>
	Equity and liabilities in total	<u>29.610.920</u>	<u>55.436.534</u>
Mortgage and securities			
16	Contingencies		
17	Related parties		

Notes

All amounts in DKK.

	2015	2014
1. Staff costs		
Salaries and wages	15.144.547	14.412.731
Pension costs	966.780	809.667
Other costs for social security	231.860	194.991
Other staff costs	727.257	647.142
	17.070.444	16.064.531
 Average number of employees	 39	 35
2. Depreciation and writedown relating to tangible fixed assets		
Depreciation on buildings	316.037	710.201
Depreciation on plants, operating assets, fixtures and furniture	2.135.856	1.040.191
	2.451.893	1.750.392
3. Other operating costs		
In the accounting year, the company has incurred significant expenses and resources in connection with the relocation of the factory to its new address as well as reorganisation of the company.		
4. Other financial income		
Interest, banks	125	15.175
Interest, trade debtors	-6.068	16.225
Exchange differences	20.228	12.408
Reimbursement, corporate tax	8	0
	14.293	43.808
5. Other financial costs		
Other interest costs	867.618	398.263
	867.618	398.263

Notes

All amounts in DKK.

	2015	2014
6. Tax on ordinary results		
Deferred tax provision	-1.967.633	-583.322
	-1.967.633	-583.322
7. Land and property		
Cost 1 January 2015	20.379.344	0
Additions during the year	3.422.561	20.379.344
Disposals during the year	-23.801.905	0
Cost 31 December 2015	0	20.379.344
Depreciation and writedown 1 January 2015	-710.201	0
Depreciation for the year	-316.037	-710.201
Reversal of depreciation, amortisation and writedown, assets disposed of	1.026.238	0
Depreciation and writedown 31 December 2015	0	-710.201
Book value 31 December 2015	0	19.669.143
8. Production plant and machinery		
Cost 1 January 2015	69.906.837	66.844.862
Acquisition	7.035.999	2.875.240
Transfer	0	186.736
Cost 31 December 2015	76.942.836	69.906.838
Depreciation and writedown 1 January 2015	-66.406.577	-65.366.386
Depreciation for the year	-2.135.856	-1.040.191
Depreciation and writedown 31 December 2015	-68.542.433	-66.406.577
Book value 31 December 2015	8.400.403	3.500.261

Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
9. Tangible assets under construction and prepayments for tangible assets		
Cost 1 January 2015	0	186.737
Transfers	<u>0</u>	<u>-186.737</u>
Cost 31 December 2015	<u>0</u>	<u>0</u>
10. Deferred tax assets		
Deferred tax assets 1 January 2015	1.566.213	982.891
Deferred tax provision	<u>1.967.633</u>	<u>583.322</u>
	<u>3.533.846</u>	<u>1.566.213</u>
11. Receivable corporate tax		
Receivable corporate tax 1 January 2015	1.200.000	-352.275
Paid income tax during the financial year	-1.200.000	352.275
Paid tax on account for the present year	<u>0</u>	<u>1.200.000</u>
	<u>0</u>	<u>1.200.000</u>
12. Contributed capital		
Contributed capital 1 January 2015	5.000.000	5.000.000
Capital reduction	<u>-4.000.000</u>	<u>0</u>
	<u>1.000.000</u>	<u>5.000.000</u>

The share capital consists of 50.000 shares, each with a nominal value of DKK 100. No shares hold particular rights.

Notes

All amounts in DKK.

	31/12 2015	31/12 2014
13. Results brought forward		
Results brought forward 1 January 2015	21.393.588	24.335.173
Profit or loss for the year brought forward	-7.028.571	-2.941.585
Distributed extraordinary dividend adopted during the financial year.	-14.726.906	0
Transfer in connection with capital decrease	4.000.000	0
Contribution from parent company	10.000.000	0
	13.638.111	21.393.588

14. Proposed dividend for the financial year

Dividend 1 January 2015	400.000	400.000
Distributed dividend	-400.000	-400.000
Dividend for the year	0	400.000
	0	400.000

15. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2015	Debt in total 31 Dec 2014
Mortgage debt	0	0	0	8.291.401
	0	0	0	8.291.401

16. Contingencies

Joint taxation

Lars Erik Sebbelov Holding ApS, company reg. no 30235983 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Notes

All amounts in DKK.

17. Related parties

Controlling interest

Lars Erik Sebbelov Holding ApS
Gartnersvinget 4
3220 Tisvildeleje

Majority shareholder

Accounting policies used

The annual report for Baltic Packaging A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30 years
Technical plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

As regards self-constructed assets, the cost comprises costs for materials, components, deliveries from sub suppliers, direct wages expenditure, and indirect production costs.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Baltic Packaging A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Liabilities concerning investment property are measured at fair value. Value adjustments are recognised in the profit and loss account in the item "Value adjustments concerning property".

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.