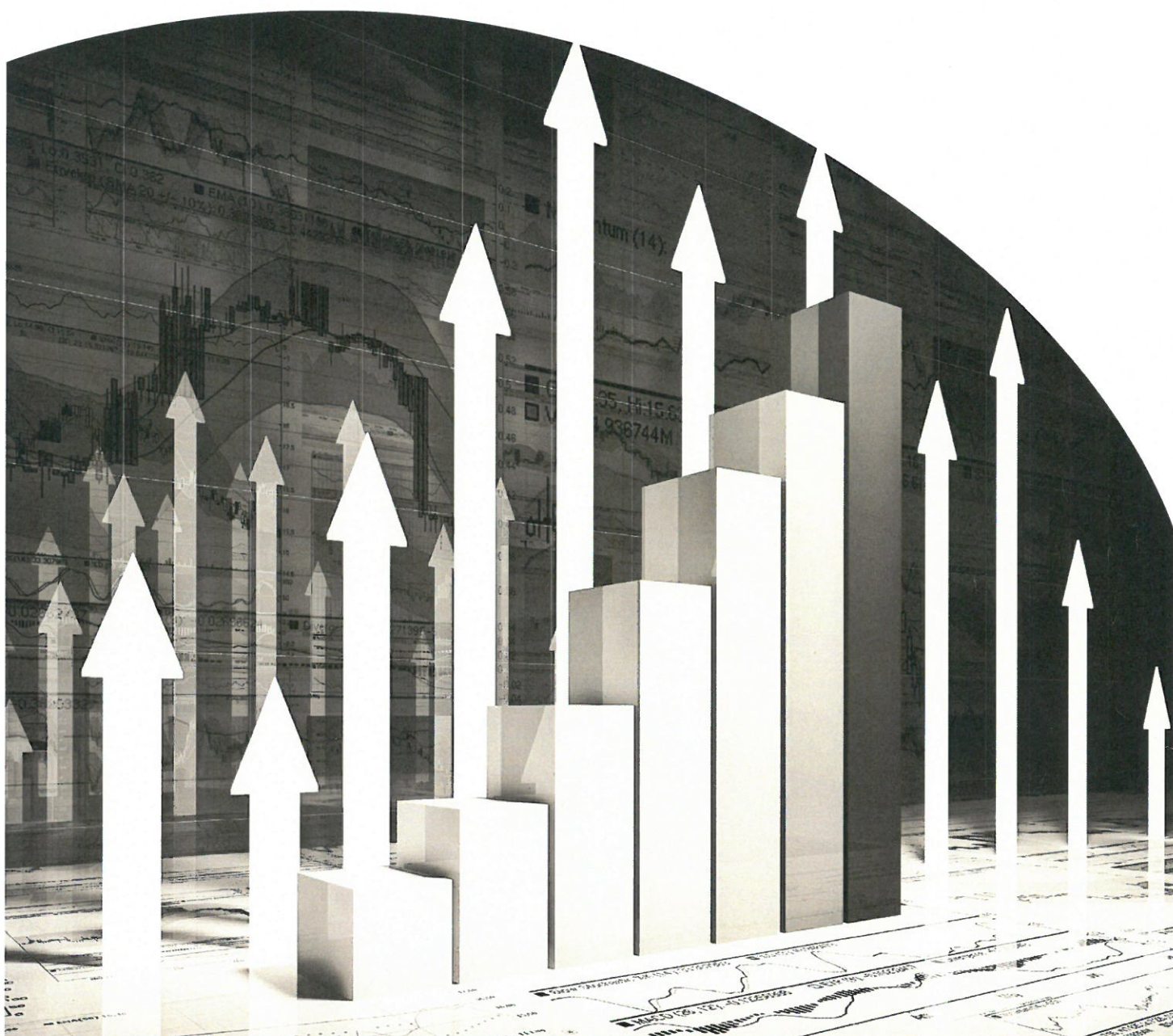


Skamol A/S

# Annual report



# 2014

Approved at the annual general meeting  
13/4-2015

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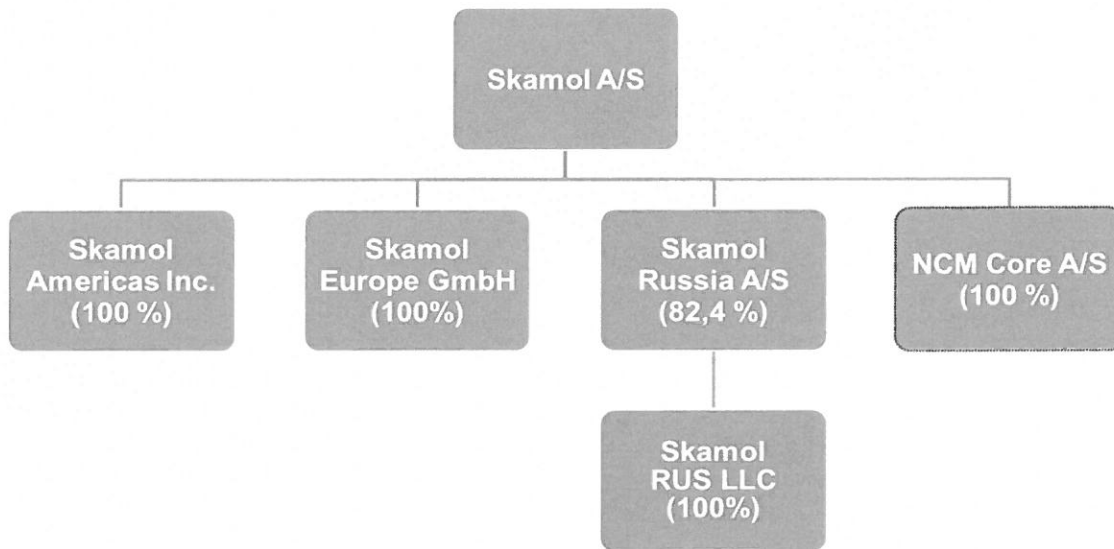
Chairman, Bo Rygaard

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## CORPORATE OVERVIEW

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Companies without operational activity are marked with a dashed box.

The companies Skamol Europe GmbH and Skamol Americas Inc. are sales companies.

## ADDRESSES

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Skamol A/S	Østergade 58-60, 7900 Nykøbing Mors, Denmark Telephone : +45 97 72 15 33 Facsimile : +45 97 72 49 75
Skamol Americas Inc. -Owner share 100%	1701, South Boulevard, Charlotte, NC 28203 Telephone : +1 704 544 1015 Facsimile : +1 704 544 1239
Skamol Europe GmbH -Owner share 100%	Promenadestrasse 1, 41460 Neuss, Tyskland
NCM Core A/S -Owner share 100%	Østergade 58-60, 7900 Nykøbing Mors, Denmark Telephone : +45 98 25 25 26 Facsimile : +45 98 25 25 34
Skamol Russia A/S -Owner share 82,4 %	Østergade 58-60, 7900 Nykøbing Mors, Denmark Telephone : +45 97 72 15 33 Facsimile : +45 97 72 49 75
Skamol RUS LLC -Owner share 100 %	12 Lomonosova Street, Inza, Ulyanovskaya Oblast 433031, Russian Federation

## KEY FIGURES 2010-2014

### Skamol A/S

DKK mio.	2014	2013	2012	2011	2010
1. Gross turnover	324	316	305	333	270
2. Net turnover	323	316	303	334	270
3. EBITDA (adjusted)	77	80	77	74	41
4. EBIT	51	50	58	55	21
5. Net financials etc.	-3	-8	1	-3	-3
6. Profit/loss before tax	47	42	59	52	18
7. Net profit/loss after tax	34	28	44	35	12
8. Balance sheet total	371	409	357	329	315
9. Share capital	43	43	43	43	43
10. Equity	243	217	201	156	120
11. Equity incl. Minorities	247	224	208	162	127
12. Net assets	279	297	284	260	243
13. Investments in property, plant and equipment	13	10	8	8	16
14. Investments in intangible assets	2	0	7	8	14
15. Net debt	22	64	66	88	109
16. Cash flows from operating activities	58	63	47	69	24
17. Cash flows from investing activities	-13	-11	-13	-16	-27
18. Available cash flow	45	52	34	53	-3
19. Number of fulltime employees	379	385	404	419	445
20. EBITDA margin	24%	25%	25%	22%	15%
21. Profit margin	16%	16%	19%	16%	8%
22. ROIC (return on invested capital)	14%	13%	15%	16%	6%
23. Debt ratio	8%	21%	23%	34%	45%
24. Solidity incl. Minority interests	67%	55%	58%	49%	40%
25. Return on equity in %	15%	13%	25%	26%	10%
26. Return on equity incl. Minorities in %	14%	13%	24%	25%	10%

Key figures have been calculated in accordance with the recommendations by the Danish Society of Financial Analysts. Ebitda (adjusted) result before depreciations and interests adjusted for one-off items.

NOPAT	=	Operating profit/loss after tax	Debt ratio	=	$\frac{\text{Net debt} * 100}{\text{Net assets}}$
Net assets	=	Non-current assets + working capital	Return on equity in %	=	$\frac{\text{Net profit/loss for the year} * 100}{\text{Average equity}}$
Net debt	=	Interest-bearing debt - cash and cash equivalents and investments	Operating margin	=	$\frac{\text{Operating profit} * 100}{\text{Turnover}}$
ROIC	=	$\frac{\text{NOPAT} * 100}{\text{net assets}}$	EBITDA margin	=	$\frac{\text{Operating profit before depreciation} * 100}{\text{Turnover}}$



# Skamol A / S

Group - Skamol CVR nr. 41 33 37 15

## Board of directors

Bo Rygaard, Chairman  
Thomas Broe-Andersen, Partner in FSN Capital  
Jussi Salokangas, Director in FSN Capital  
Curt Germundsson  
Mette Feldstedt, employee representative  
Jørgen Bak, employee representative

All board members except the employee representatives are designated by FSN Capital.

## Managements

Jesper Kirkeby Hansen, CEO  
Per Rahbech, CFO  
Claus Arne Jørgensen, COO

## Auditors

PricewaterhouseCoopers  
Chartered Public Accountants

## Group structure

The parent company directly above the company in the group-structure is:  
FSN SKA A/S, Nykøbing Mors.

At the balance sheet date Skamol AS was owned by:

FSN Capital III Limited Partnership owned 95.0 % of the Skamol-group through FSN SKA A/S.

The remaining part of the Skamol-group was owned by other investors (2.6 %) and members of the managing staff (2.4 %).

## General guidelines

FSN SKA A/S observes the guidelines for working out of the annual report worked out by DVCA (Danish Venture Capital and Private Equity Association).

Information about DVCA, see [www.dvca.dk](http://www.dvca.dk)

Information about FSN-Capital, see [www.fsncapital.no](http://www.fsncapital.no)

Information aboutom Skamol, see [www.skamol.com](http://www.skamol.com)

## Corporate Governance

In 2014, a total of 6 board meetings were held in Skamol. Board committees have not been established.

The general meeting has not adopted specific authorizations for e.g. allocations.

## **Objectives and strategy**

2014 was yet another reasonable year for Skamol. Despite continued difficult conditions for several of the industries and markets, Skamol is serving, the turnover increased, and Skamol realised the highest turnover in the past three years.

The company has great ambitions to expand the market significantly, but progress in a difficult year with limited growth is considered an indication of that the chosen strategy is the right one for Skamol.

Skamol's business is based on the production of high temperature insulation based on the materials Moler, Vermiculite and Calcium Silicate. Besides this, the company produces and sells a number of other high-temperature products - including some trade products.

The company's Management and Board are continuously evaluating the overall strategy for Skamol, and within a number of years this strategy shall secure a significant growth within high-temperature insulation for the primary aluminium industry, cement and steel production and other high-temperature industries, as well as the supply of insulation materials to producers of stoves and fireplaces. With a few adjustments, the company continues the direction, which was stipulated for the company in 2013 in connection with FSN's acquisition of the company.

In 2014 Skamol has geared the company for continued growth. Investments have been made in employees for development, sales and marketing, and at more of the company's plants capacity has been increased ongoing so that the growth goals can be fulfilled.

Skamol's strategy is aimed at growth in areas of the world with a high potential growth of Skamol products, including the BRIK countries.

Skamol's largest exposure within the BRIK area is the Russian market. Here Skamol has its own production facilities via the company Skamol RUS LLC. Skamol RUS LLC sells its products to the Russian market and within the CIS region, and to a smaller extent to the rest of the world.

Of course, Russia's actual financial crisis has affected Skamol. The many sanctions due to the crisis between Ukraine and Russia, followed by the drop in the oil price, have resulted in heavy slowdown in the Russian economy. This has had the result that only a few larger projects are carried through, and at the same time there is an increasing risk of non-payment of already implemented projects.

In other words, it is very risky to operate on the Russian market. Skamol is fully focused on identifying risks best

possible and at the same take advantage of the market possibilities, which the devaluation of the RUR gives rise to on the world market.

As part of the company's DNA, Skamol continues working with optimisation projects in all shapes and sizes. This shows through ongoing investments in machines and equipment, but also in the form of projects standardising administrative procedures and processes across business area within both production and management, where tools as VSM (value stream mapping) have been applied.

## **Market development and sales**

Skamol's turnover was DKK 324 million in 2014 against DKK 315 million in 2013. The increase in turnover was expected to be higher, but difficult market conditions within among others Aluminium and the Cement and Steel Industry caused challenges for this part of our business just as geographical areas as Russia and Ukraine affected the turnover negatively in the financial year. Finally, the warm weather in a number of Skamol's central markets resulted in lower sales than expected of fireplaces, wood stoves and products for mould prevention.

The turnover in 2014 is the second highest in Skamol's history, but is not satisfactory in the light of Skamol's growth ambitions.

## **Manufacturing and Product Development**

Also in 2014, Skamol has carried through a number of investment projects in order to increase the capacity and reduce production costs. Identified bottlenecks in production are eliminated determinedly in order to reduce wasted time resulting in reduced costs and increased production. At the same time, the company keeps focus on reducing the energy costs, as they continue accounting for a considerable part of the total production costs for the company.

Lean courses are being held and contribute to the elimination of bottlenecks, reduced changeover times, fewer product types and so on. Again contributing to create a more efficient production for the company.

Further, the company has implemented an innovation model, which secures an efficient process concerning development of new products, and the company has invested in new pilot plant and analysis equipment at Skamol's laboratories.

Futher, Skamol has a goal to secure access to raw materials at a competitive price by having access to at least two main suppliers of important raw materials.

## Risk Management

The company focuses on both internal and external risks.

The Board defines the overall framework for managing interest rates and exchange rate risks and the company's insurance policy is also approved by the Board.

Internal risks are eliminated through policies and procedures that address the issues. Furthermore, the company works with risk management through internal KPI follow-up, among others through follow-up on unsaleable stocks.

As regards the Russian market, the company is continuously reporting about identified risks directly to the Board, and the Board secures the right focus and attention to this very important market for Skamol.

The development of Skamol's IT infrastructure is also an important priority for the company, and in 2014 projects have been implemented to secure that the company's IT infrastructure is further upgraded and up-to-date so that Skamol's employees at any time have the necessary tools to be able to work safely and efficiently.

Skamol has also identified a number of further focus areas to be worked on during the next years to continue the optimisation of the IT infrastructure.

Also in 2014 the person-dependence was reduced through the standardisation of work routines, which has been implemented in several departments. Further, the company works with job rotation so that backup of key functions is secured optimally. Also in 2014, the staff upgrade continued, and this is an important prerequisite for securing the growth strategy, which Skamol intends to carry through.

Through 2014 Skamol has carried through employee satisfaction surveys globally for all employees. The surveys showed that the employee satisfaction in Skamol is high in general, and it is considered possible for Skamol to retain the huge knowledge among the key employees also in future. At the same time, the satisfaction surveys also form the basis of the work with a number of initiatives to increase the employee satisfaction further in the company.

The company has also addressed external risks and in 2014 continued the work to secure raw material supplies by securing minimum two suppliers of selected raw materials.

## Financial Risks

For the whole Skamol Group the interest-bearing debt amounted to DKK 230 million at the end of 2014. This

is a reduction of the interest-bearing debt of DKK 61 million compared to 2013.

Compared to the established drawing right, Skamol has a cash position of totally DKK 45 million at the end of 2014.

The company follows a financial policy, which operates with a low risk profile so that currency and credit risks only occur due to commercial circumstances.

As an international company, Skamol Group is exposed to risks related to currency transactions in connection with the purchase and sale of goods and services. It is Group policy to undertake identification of currency risks on current transactions. Skamol Group's main currencies are EUR, USD and RUR. The EUR is not secured. The currency contracts at exchange rates applicable at balance date has a negative value for the company of DKK 1.2 million.

The costs of Skamol's Russian subsidiary are primarily in RUR, whereas sales are approximately 90 % in RUR and the rest in EUR and USD, which means that Skamol's total earnings are sensitive to fluctuations in the exchange rate of the RUR. During all of 2014, RUR has shown sign of weakness concurrently with the challenges for the Russian economy, and the currency has been devalued by 50 % through 2014.

Through 2014, Skamol has partly placed excess liquidity generated in Skamol RUS in EUR in order to meet the uncertainty caused by the RUR. At the same time, remaining Russian currency has been deposited at highest possible interest with Skamol's main bank.

It is Group policy to optimize the loan portfolio through continuous adjustments and to carry out an ongoing assessment of optimization opportunities.

## Result, Balance and Cash Flow

*The figures in brackets are 2013-figures*

The turnover increased in 2014 to DKK 324 million (DKK 316 million), while EBITDA was DKK 75.8 million (DKK 74.8 million) corresponding to 23.4 % (23.7 %) of the turnover. EBITDA before non-recurrent expenditures (adjusted EBITDA) amounted to DKK 76.5 million (DKK 80.1 million) corresponding to 23.6 % (25.3 %) of the turnover. Depreciations were DKK 25.3 million (DKK 25 million). EBIT was DKK 50.5 million (DKK 49.8 million). The result before tax was DKK 47.2 million (DKK 42.2 million).

The total balance was DKK 371 million (DKK 409 million).

Regarding the remuneration of Executive Board and Supervisory Board, refer to financial statement note 4.

### **Outlook for 2015**

Skamol is optimistic about the development for the coming year, and the company expects increasing turnover in the years to come, including an increasing activity in 2015.

The expectations for a positive development in the global economy, and especially the American, are considered to create better growth conditions for Skamol. It is expected that this more than compensate the negative growth anticipated at the East European market.

Several of Skamol's primary application areas are cyclic and for several years they have been characterised by modest growth. Several of these segments show positive trends, which are expected to create more projects causing increasing activity for Skamol.

At the same time it is expected that the company will start seeing positive results as a result of the pro-active market focus implemented by the company during the last two years.

Overall, Skamol still estimates that there is a large growth potential for Skamol's products worldwide. Skamol is a company, which via its products can help the customers and the surroundings to a more green profile through energy and emission reducing provisions, as this is also an important part of the political agenda.

In 2015 Skamol expects a continued increase in EBITDA compared to 2014, and a positive cash flow from operations.

### **Incidents after status**

After the closing of the financial year no occurrences have affected the annual accounts.



### Corporate Social Responsibility

Skamol recognises its responsibility to contribute to sustainable development and sees a good correlation between taking on social responsibility, while the company's growth and earnings increase. Skamol wants to be known as a model company, also as regards the company's CSR.

Skamol's CSR work is based on the company's core business, Skamol's values, FSN Capital's Code of Conduct, and principles of the UN Global Compact. Skamol ensures compliance with human rights and workers' rights through Skamol Code of Conduct, based on UN guidelines for corporate work. Skamol attaches importance to ensuring a good and safe working environment and high safety standards in the production plants and at a risk-based supervision all three plants in Denmark have achieved a green smiley by the Labour Inspectorate.

Skamol undertakes to meet the applicable environmental legislation, in a fruitful co-operation with public partners, and to work on sustainable use of raw materials and energy resources, including the reduction of waste and losses in the production processes. In 2014 initiatives have been made, which have reduced the need to deposit waste to the lowest level ever measured, and now a larger part of the remaining part of the waste - which cannot be reused - is sold to third party, which reduces the remaining part to be deposited.

### Environment & Energy Consumption

Skamol complies with FSN Capital's Code of Conduct.

Skamol's environmental impacts are seen mainly in connection with consumption of energy, and the consequent emission of among others CO<sub>2</sub>, and mining of Moler.

Installations for reduction of environmental impacts in the form of dust filtration and sludge treatment plants are found as integral and monitored parts of the production. In principle, as much filtered material as possible is reused, whereas waste that cannot be reused in Skamol is sold as raw material to other companies or as a last resort is disposed in controlled landfills.

Also in 2015 projects will be initiated to reduce energy consumption and environmental impact.

Skamol has a strong focus on reducing the company's impact on internal and external environment. This is done continuously in production through the reduction of waste production and recycling where possible.

In 2014 Skamol implemented a project, where surplus heat from the Calcium Silicate Plant via pipelines will lead to Fur, an island in the Limfjord, and be used by the district heating customers at the island, an advantage

for the environment, the company, and the district heating customers. The project is a clear example showing that Skamol seeks alternative ways in the efforts to create energy saving solutions to the benefit of the environment. In all, the expectation is a reduced emission of more than 1,500 tons CO<sub>2</sub> corresponding to the emission from approximately 200 households at Fur.

Skamol also focuses on reducing the consumption of energy and resources both by developing new products and by changing processes.

Skamol monitors greenhouse gases such as CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub> which are all emitted from Skamol's plants. As a minimum, the company's production is carried out in compliance with the requirements of relevant authorities for environmental and occupational safety. If at key areas no demands are formulated by the authorities, the company evaluates the need to set requirements. For all production sites targets are set for improvement in the environmental and safety areas and plans are made for achieving these goals. The progress is closely monitored to ensure that the objectives are met.

The production of Skamol's products results in relatively high energy consumption and involves the excavation of natural resources in sensitive areas. Skamol considers it top priority for the company that the production is undertaken with the utmost consideration of sustainability and accountability.

In 2014 Skamol was granted permission to increase the production capacity at the Calcium Silicate Plant from 38,000 to 50,000 m<sup>3</sup> in good agreement with the authorities.

Skamol's products are heat insulating and therefore aimed to reduce energy consumption during use. The amount of energy used for production of a Skamol product, is typically saved within the first day of use, while the life of the products typically is between 5 and 25 years. For this reason Skamol products fit very well into the global goals of increased awareness on energy saving measures.

The excavation of Moler is carried out according to excavation and restoration plans established on a voluntary basis in cooperation with a working group with members from the Moler producers, Ministry of Environment, Conservation Authority and relevant municipalities. The working group monitors the excavation and restoration work and holds an annual meeting to explain the activities of the past year and plans for the coming year. The diatomaceous deposits are on the candidate list to the UNESCO World Heritage of natural heritage, and it is therefore important that the excavation and restoration is carried out in respect for nature.

### **Employee Relations and Relations to the Surrounding Society**

At the end of 2014 Skamol employed 379 employees. Of these, 160 employees in Denmark, 213 employees in Russia and 5 employees in the U.S. 1 was employed with Skamol Europe. Compared to 2013, the total number of employees dropped by 6.

The number of employees in Russia is expected to decrease, while the number of employees in Denmark is expected to increase slightly.

Skamol's Board has outlined target figures for number of under-represented sex in the top management segment. It is the Board's goal that if possible the mix of the Board shall be balanced so that each sex as a minimum is represented by 1/3 of the complete Board. This goal is not met, as the Board is made up by one woman (employee representative) and five men.

Skamol also has a fixed goal for the number of under-represented sex in the other management segments. It is the company's goal to obtain a balanced make-up between male and female managers.

In 2014 there was a change on a single management position. Here a female manager was appointed.

Skamol has not yet obtained a balanced make-up between male and female managers. This is expected to take a number of years and will form part of the basis for decisions in connection with recruitment and advancements of new managers.

Skamol has worked out guidelines with regard to values and ethics. In this way, the company has mutual Codes of Conduct applicable for all employees as regards ethical guidelines and Code of Conduct. A thoroughly works has been made to implement the Code of Conduct among all Skamol's employees, regardless of workplace and type of work.

Skamol complies with the guidelines in the Code of Conduct, based on UN and EU human rights conventions and the ILO (International Labour Organization) conventions protecting labour rights and child labour. This means that Skamol does not tolerate forced labour, child labour and the employment of minors, and that any form of discrimination in employment and working conditions is prohibited. Skamol does not tolerate discrimination under any circumstance, and employees have the right freely to organize, express themselves and participate in or choose people to collective bodies for both cooperation and safety at work. According to Danish legislation the employee representatives participate in the board's work in Skamol A/S, see below.

Skamol regularly visits its key suppliers, focusing on their compliance with the ILO conventions.

Wages and working conditions are determined in Denmark, through national and local agreements. In Russia, the terms and rights are to a greater extent determined by legislation, regulations and codes. As a minimum, Skamol adheres to national law applicable for working hours and freedom. In Russia an action plan for CSR issues has been made and the progress shown in the annual CSR report. Since Skamol's takeover of the company at the end of 2009, a wide range of CSR related improvements have been implemented at the company. For instance, the welfare facilities, such as bathing facilities etc. have been greatly improved, canteen facilities have been provided, office facilities have been refurbished recently with access to air conditioning at the workstations, excessive noise and dust reduced activity in production have been implemented, and energy saving measures are being, and has been, implemented in production.

Skamol constantly seeks to ensure the right people for the right jobs. This is done through performance reviews and HR audits, where the strengths and weaknesses and possible development potential and requirements are identified.

Skamol intends to secure knowledge resources on a level, which creates a competitive advantage for the company. Therefore, Skamol focuses on competency development, both on group and individual level, where this can contribute to creating a stronger Skamol in future. In 2014 Skamol has worked with 5S, Lean and process training at all plants to obtain a further competency development in the company's production plants.

Interviews with sick employees are carried out in order to maintain their connection to the company, while the reasons for any work accidents are analysed in order to reduce risks. In 2013 Skamol has had two work-related injuries with sickness absenteeism.

Skamol's cooperation organisation, The Works Council, has an ongoing focus on job satisfaction and employee satisfaction. This topic is a fixed item on the agenda for all meetings. Besides, Skamol has decided to measure the development in employee satisfaction regularly, and this was carried through for the entire organisation in 2014. Benchmark showed that the employee satisfaction in Skamol is at a satisfactorily high level, but it also showed that there is room for improvements in certain departments. To secure this, a number of initiatives have been launched.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

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In December, Skamol RUS celebrated the 5 years anniversary for Skamol's acquisition of the plant through a number of events at the plant and in Inza. All initiatives, which contribute to create greater satisfaction with and pleasure in being employed with Skamol RUS.

### **Corruption**

Skamol does not allow corruption in any form. Thus, it is not allowed Skamol employees to accept gifts or the like exceeding triviality level. It is also not allowed Skamol employees to provide improper benefits to customers, business partners, authorities or similar. Likewise, requests for bribes are rejected.

### **Management**

Since 2013, FSN Capital is the owner of Skamol. FSN Capital holds 95 % of the share capital. In 2014 the Board was composed of the following members:

Bo Rygaard, Chairman  
Curt Germundsson  
Thomas Broe-Andersen  
Jussi Salokangas  
Mette Feldstedt, employee representative  
Jørgen Bak, employee representative

Employee representatives are elected for the Skamol A/S Board of Directors. The company complies with the notice about employee representation in public and private companies of the 1st July 2010. The latest election of employee representatives took place in 2011. Two employee representatives are elected to the Board of Skamol A/S. Election of employee representatives for Skamol's Board will take place again in 2015.

## ACCOUNTING POLICIES

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### **Basis of accounting**

The Annual Report for 2014 has been prepared in accordance with the Statements Act for large companies reporting class C. The Annual Report is reported in DKK.

### **Recognition and Measurement**

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

### **Basis of consolidation**

The consolidated financial statements include FSN SKA A/S (the Parent) and the subsidiaries in which the Parent has direct or indirect stake in the form of at least 50 per cent of the voting rights or in any other way has control. The corporate structure is shown on page 1. Furthermore, enterprises which are owned and managed together with others and in which the parties exercise their control jointly are included through pro rata consolidation in the consolidated financial statements. Pro rata consolidated companies are included in the consolidated financial statements with a share equal to the Group's shareholding in these companies.

The consolidated financial statements are prepared based on the audited financial statements of the parent company, subsidiaries and pro rata consolidated companies through a consolidation of items of similar nature. Intra-group income and expenditure, shareholdings, balances, dividends and unrealised profits and losses have been eliminated.

Income statements of subsidiaries are translated at average exchange rates and balance sheets are translated at the closing exchange rate. Exchange differences arising on translation of subsidiaries' equity beginning of the year and from the translation of subsidiaries' income statements at average exchange rates are recognised directly in equity. On acquisition of new subsidiaries and affiliates, the difference between purchase price and the acquired company's net asset value is calculated at the time of acquisition, after the individual assets and liabilities are adjusted to fair value (purchase method). Positive differences (goodwill) are recognised under intangible assets and depreciated over the expected life, which can represent up to 20 years.

Minority interests include the share of subsidiaries' profit/loss after tax and equity attributable to minority shareholders.

The subsidiary Skamol RUS LLC is consolidated into the accounts based on the management report received. The data have not been reviewed by local accountants, but include operating results for one month only.

### **Foreign currency translation**

The Group's Danish companies convert transactions in foreign currency during the year at average rates. Gains and losses arising between the average and the price of pay-day are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the closing exchange rates. Differences between the closing rate and average rate are recognised in the income statement.

Currency exchange translations of loans and lending in foreign currencies that are considered as security or as addition to investments in foreign subsidiaries are recognised directly in equity.

### **Derivative financial instruments**

Derivative financial instruments are measured at initial recognition in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables as assets or in other payables under liabilities.

Changes from cost to fair value of derivative financial instruments that are designated and effective as hedges of expected future transactions related to buying and selling in foreign currency are recognised in equity under retained earnings. If the expected future transaction results in the recognition of assets or liabilities, amounts that are recognised in equity will be transferred from equity and recognised in the cost of the asset or the liability. If future transactions result in income or expenses, amounts that are recognised in equity will be transferred to the income statement. The transfer happens in the same period in which the hedged transaction is implemented.

### **Profit and Loss Account**

#### **Gross turnover**

Gross turnover includes the year's invoiced turnover deducted VAT if delivery and passing of risk to buyer have taken place before the end of the. Revenue is recorded net of discounts that are directly related to sales.

#### **Production costs**

Comprise the consumption of raw materials, including delivery costs, repairs and maintenance, payroll, remuneration and other costs in the production.

#### **Other operating income**

Includes income of a secondary nature in relation to the companies' main objectives, including profit/loss of non-commercial derivative instruments, the disposal of fixed assets and royalties.

#### **External costs**

Include costs incurred in connection with marketing and sales, including rental costs, advertising, office costs, loss on receivables on goods, IT-operations and canteen costs. These costs also include costs incurred in respect of development projects, where such costs do not fulfil the capitalisation requirements. Also included are costs incurred on an ongoing basis in connection with the maintenance of registration rights in respect of the Group's products.



# ACCOUNTING POLICIES

## Staff Costs

Comprise payrolls and social costs for staff in sales, technology and management.

## Profit/Loss before Tax

Include interest income, revaluation of portfolio investments (securities etc.) and allowances according to the on-account tax rules.

## Balance sheets

### Intangible assets

#### Excavation rights, know-how and goodwill

Excavation rights, know-how and goodwill are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated linearly over the expected life of the assets, which constitutes 5 to 20 years.

#### Development projects

Costs related to development projects, including costs to achieve sales and registration rights etc., are recognised - if certain criteria are met - under intangible assets and measured at cost less accumulated depreciation and amortisation. Activation requires adequate security for future expenses.

### Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost includes purchase price and costs directly attributable to the acquisition until the date when the asset is ready to be put into operation. The cost of own production of non-current assets includes direct and indirect expenses incurred in respect of wages and salaries, consumption of materials and subcontractors.

Interest expenses on loans taken directly to fund the production of tangible fixed assets are recognised in cost during the production period. All indirectly attributable borrowing costs are recognised in income statement

Depreciation is calculated linearly over the expected lifetime as stated below:

Office and laboratory buildings, residential and rental properties, garages	50 years
Production and factory buildings, roads	15-50 years
Technical plants and machinery	8-20 years
Fixtures and fittings, tools and equipment	3-5 years
Own Moler deposits	20 years

Leases in respect of property, plant and equipment in which the individual enterprises have all the material risks and rewards of ownership (finance leases), are recognised in the balance sheet at the time of acquisition at the present value of future lease payments.

### Impairment of intangible and tangible fixed assets

The carrying amount of intangible and tangible fixed assets are assessed on a continuing basis to decide whether there is an indication of impairment losses in excess of what is expressed in the amortisation and depreciation. In such cases, the asset's recoverable amount is assessed and the asset is written down to the lower of this recoverable amount and the carrying amount. The recoverable amount of the asset is stated as the higher of the expected net selling price and the estimated value in use.

### Financial assets

#### Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured according to the equity method.

The proportionate share of profit/loss for the year, adjusted for unrealised intra-group gains or losses, is recognised under the items "Income from subsidiaries" and "Share of profit/loss in associates".

The balance includes under "Investments in subsidiaries" and "Investments in associates" the pro rata ownership share of the net asset value calculated in accordance with the parent's accounting practices, minus or plus unrealised intra-group gains or losses, plus goodwill.

The total net revaluation of investments in subsidiaries and associates is transferred for profit sharing to "Reserve for net revaluation under the equity method Reserve for net revaluation in accordance with the equity method" under equity.

#### Inventories

Inventories are stated at the lower of cost and net realisable value according to the average cost formula. The net realisable value is assessed on an individual basis.

Cost of finished goods and work in progress comprises labour costs, raw materials and energy plus indirect production overheads. Indirect production costs include labour costs in production, maintenance and depreciation etc. Financing costs are not included.

Stock of strategic spare parts are capitalized and included at cost price.

#### Receivables

Receivables are measured at amortised cost, which for short unremunerated receivables and floating-rate loans usually corresponds to the nominal value. A write down to net realizable value is performed, if this value is lower. Net realizable value is determined based on an individual assessment of individual receivables.

## ACCOUNTING POLICIES

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### Securities (current assets)

The securities portfolio consists of unlisted shares. This item is classified as trading book and is measured at fair value at balance sheet date.

### Equity

#### Dividend

Dividend is recognised as a liability at the time of adoption by the general meeting. Proposed dividend for the financial year is shown as a separate item under equity.

#### Provisions

Provisions are recognised when the Company as a result of events occurring before or on the balance sheet date has a legal or constructive obligation, and it is likely that it will lose economic benefits to settle the obligation.

#### Corporation tax and deferred tax

The parent company is jointly taxed with all Danish group companies. Tax on taxable income is distributed to Danish companies in proportion to their taxable income (full distribution with reimbursement of fiscal deficit). The jointly taxed companies are included in the interim tax-quota scheme.

Current tax payable is based on the taxable profit for the year. The Group's tax liability is calculated using the tax rates at the balance sheet date. The tax for the year, comprising the expected current tax for the year and deferred tax for the year, is recognised in the income statement with the portion attributable to the profit/loss for the year and directly in equity with the portion attributable to items recognised directly in equity.

Current tax is recognised in the balance under receivables where excess on-account tax has been paid and under payables where the on-account tax paid does not cover the current tax.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities when transactions do not affect the tax or accounting result.

The carrying amount of deferred tax assets is reviewed on the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, provided they relate to taxes levied by the same taxation authority and when the

Group intends to settle current tax assets and liabilities on a net basis.

### Liabilities

All the Company's liabilities are scheduled to be held to maturity, and thus measured at amortised cost.

### Leasing

Lease commitments relating to finance leases are recognised in the balance sheet as liabilities and measured at the time of contract at the present value of future lease payments. After the initial recognition the lease obligations will be measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised in the income statement over the duration of the lease as a financial cost.

Lease payments under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

For other payables, the amortised cost is equivalent to the nominal value.

### Cash flow statement

The cash flow statement is presented using the indirect method based on net profit and shows cash flows for the year divided into cash flows from operating, investing and financing activities.

Cash flows from operating activities are calculated as profit before tax adjusted for non cash items and changes in working capital, deducted interest paid and tax.

Cash flows from investing activities include cash flows from purchases and sales of fixed assets.

Cash flows from financing activities include cash flows from the raising and repayment of long term debt, profit sharing and dividends.

Cash and cash equivalents comprise cash and investments less the share of the short-term bank debt included in the Company's continuous liquidity management.

The cash flow statement cannot be compiled exclusively on the basis of the published financial statements.

# INCOME STATEMENT AT JANUARY 1-DECEMBER 31

DKK 1,000	Note	Group		Parent	
		2014	2013	2014	2013
<b>Gross turnover</b>	1	<b>323.874</b>	315.525	<b>287.858</b>	280.373
<b>Net turnover</b>		<b>322.977</b>	315.708	<b>286.961</b>	280.556
Production costs	2	<b>-171.433</b>	-175.203	<b>-158.340</b>	-162.029
<b>Gross profit/loss</b>		<b>151.544</b>	140.505	<b>128.621</b>	118.527
Other operating income	3	<b>125</b>	78	<b>2.309</b>	60
External costs	5	<b>-25.045</b>	-22.969	<b>-20.938</b>	-21.212
Staff costs	2,4	<b>-50.771</b>	-42.762	<b>-40.827</b>	-34.583
<b>Operation profit (EBITDA)</b>		<b>75.853</b>	74.852	<b>69.165</b>	62.792
Depreciation and amortization		<b>-25.315</b>	-25.033	<b>-19.945</b>	-19.526
<b>Profit before financing costs (EBIT)</b>		<b>50.538</b>	49.819	<b>49.220</b>	43.266
Share of profit/loss in subsidiaries		-	-	<b>-2.652</b>	99
Financials	6	<b>-3.322</b>	-7.554	<b>-150</b>	-3.630
<b>Profit/loss before tax</b>		<b>47.216</b>	42.265	<b>46.418</b>	39.735
Tax on profit/loss for the year	7	<b>-13.929</b>	-14.202	<b>-13.131</b>	-11.672
<b>Net profit/loss after tax</b>		<b>33.287</b>	28.063	<b>33.287</b>	28.063
Share of profit/loss attributable to minority interests		<b>509</b>	34	<b>509</b>	34
<b>Share of profit/loss for the year, Skamol A/S</b>		<b>33.796</b>	28.097	<b>33.796</b>	28.097
<b>Proposed appropriation of profits:</b>					
Revenue		-	-	-	-
Transferred to retained profits		<b>33.796</b>	28.097	<b>33.796</b>	28.097
<b>Total</b>		<b>33.796</b>	28.097	<b>33.796</b>	28.097

**BALANCE SHEET AS AT DECEMBER 31**

**ASSETS**

DKK 1,000	Note	Group		Parent	
		2013	2012	2013	2012
<b>Non-current assets</b>					
<b>Intangible assets</b>					
	8				
Goodwill		<b>129.362</b>	138.895	<b>66.447</b>	71.820
Excavation rights		<b>657</b>	876	<b>320</b>	345
Projects		<b>2.966</b>	2.801	<b>2.966</b>	2.801
Projects in progress		<b>372</b>	1.007	<b>372</b>	1.007
<b>Total intangible assets</b>		<b>133.357</b>	143.579	<b>70.105</b>	75.973
<b>Property, plant and equipment</b>					
	9				
Land and buildings		<b>44.914</b>	46.252	<b>39.567</b>	39.283
Technical plant and machinery		<b>61.179</b>	66.575	<b>57.662</b>	61.563
Fixtures and fittings, tools and equipment		<b>3.151</b>	2.402	<b>2.560</b>	1.497
Plant under construction		<b>6.086</b>	6.482	<b>6.070</b>	6.457
<b>Total property, plant and equipment</b>		<b>115.330</b>	121.711	<b>105.859</b>	108.800
<b>Financial assets</b>					
Investments in subsidiaries	10	-	-	<b>40.870</b>	51.482
Payable from subsidiaries		-	-	<b>61.883</b>	43.830
Deferred tax asset	7	<b>3.002</b>	2.919	-	-
<b>Total financial assets</b>		<b>3.002</b>	2.919	<b>102.753</b>	95.312
<b>Total non-current assets</b>		<b>251.689</b>	268.209	<b>278.717</b>	280.085
<b>Current assets</b>					
<b>Inventories</b>	11	<b>35.069</b>	38.600	<b>32.361</b>	32.295
<b>Receivables</b>					
Trade receivables		<b>37.768</b>	32.841	<b>34.630</b>	31.085
Other receivables		<b>1.639</b>	2.683	<b>753</b>	1.190
<b>Total receivables</b>		<b>39.407</b>	35.524	<b>35.383</b>	32.275
<b>Cash at bank and in hand</b>		<b>45.018</b>	67.112	<b>37.488</b>	61.711
<b>Total current assets</b>		<b>119.494</b>	141.236	<b>105.232</b>	126.281
<b>Total assets</b>		<b>371.183</b>	409.445	<b>383.949</b>	406.366



# BALANCE SHEET AS AT DECEMBER 31

## LIABILITIES

DKK 1,000	Note	Group		Parent	
		2013	2012	2013	2012
<b>Equity</b>					
Share capital	12	43.095	43.095	43.095	43.095
Retained earnings		199.994	174.326	199.994	174.326
<b>Total equity</b>		<b>243.089</b>	217.421	<b>243.089</b>	217.421
<b>Minority interests</b>	13	<b>3.902</b>	6.167	<b>3.902</b>	6.167
<b>Provisions</b>					
Deferred tax	7	7.706	7.128	7.048	7.040
Retirement benefit obligations		589	597	-	-
<b>Total provisions</b>		<b>8.295</b>	7.725	<b>7.048</b>	7.040
<b>Non-current liabilities</b>					
Long-term bank debt	14	12.567	20.087	12.567	20.087
<b>Total non-current liabilities</b>		<b>12.567</b>	20.087	<b>12.567</b>	20.087
<b>Current liabilities</b>					
Long-term debt falling due within one year		7.520	7.281	7.520	7.281
Trade payables		35.713	32.890	34.278	31.608
Amounts due to affiliated company		2.161	1.090	-	-
Payables to associates		46.911	103.397	63.854	103.482
Payables to subsidiaries		9.945	11.089	9.656	10.982
Income taxes payable		1.080	2.298	2.035	2.298
<b>Total current liabilities</b>		<b>103.330</b>	158.045	<b>117.343</b>	155.651
<b>Total debt</b>		<b>115.897</b>	178.132	<b>129.910</b>	175.738
<b>Total liabilities</b>		<b>371.183</b>	409.445	<b>383.949</b>	406.366

## CASH FLOW STATEMENT AT JANUARY 1-DECEMBER 31

DKK 1,000	Note	Group	
		2013	2012
Net profit/loss for the year after tax		76.503	80.052
Other adjustment	16	-10.838	-7.188
Change in working capital	14	2.398	5.423
<b>Cash flows from ordinary activities</b>		<b>68.063</b>	<b>78.287</b>
Income taxes paid		-10.008	-15.224
<b>Cash flows from operating activities</b>		<b>58.055</b>	<b>63.063</b>
Acquisition of intangible assets	8	-1.505	-17
Acquisition of property, plant and equipment	9	-11.555	-11.139
<b>Cash flows from investing activities</b>		<b>-13.060</b>	<b>-11.156</b>
<b>Available cash flows</b>		<b>44.995</b>	<b>51.907</b>
Raising and repayment of long-term debt, net		-7.281	-7.220
Extraordinary repayment of debt		-	51.907
Balance associated companies		-56.486	103.397
Interests paid		-3.322	-7.554
<b>Cash flows from financing activities</b>		<b>-67.089</b>	<b>140.530</b>
<b>Change in Cash at bank and in hand</b>		<b>-22.094</b>	<b>42.227</b>
Cash at bank and in hand at January 1	15	67.112	24.885
<b>Cash at bank and in hand at December 31</b>		<b>45.018</b>	<b>67.112</b>
Security	17		
Contractual, surety and contingent liabilities	18		
Related parties	19		

## EQUITY STATEMENT

Amounts are DKK 1,000 unless otherwise stated

### Parent and Group

	Share capital	Retained earnings	Proposed dividend for the financial year	Total
Equity at January 1, 2014	43.095	174.326	-	217.421
Exchange rate adjustment related to subsidiaries and associates		-7.860		-7.860
Adjustment of security instruments at fair value, end of year		-357		-357
Tax on changes in equity		89		89
Net profit/loss for the year		33.796		33.796
Equity at December 31, 2014	43.095	199.994	-	243.089
Equity at January 1, 2013	43.095	158.289	-	201.384
Merger P-SKA and SKH		-8.525		-8.525
Exchange rate adjustment related to subsidiaries and associates		-2.635		-2.635
Adjustment of security instruments at fair value, end of year		-993		-993
Tax on changes in equity		93		93
Net profit/loss for the year		28.097		28.097
Equity at December 31, 2013	43.095	174.326	-	217.421

## NOTES ON THE ACCOUNTS 2014

Amounts are DKK 1,000 unless otherwise stated

Note 1. Revenue	Group		Parent	
	2014	2013	2014	2013
NAFTA- countries	19.633	20.413	15.314	20.413
Europe	115.957	118.301	114.887	115.680
The Nordic countries	73.276	67.378	73.275	67.378
Other	115.008	109.433	84.382	76.902
<b>Total</b>	<b>323.874</b>	<b>315.525</b>	<b>287.858</b>	<b>280.373</b>

Note 2. Production costs	Group		Parent	
	2014	2013	2014	2013
Product consumption	131.334	133.105	123.781	126.492
Write-down of inventories	10	475	10	475
Personnel costs	40.089	41.623	34.549	35.062
<b>Total</b>	<b>171.433</b>	<b>175.203</b>	<b>158.340</b>	<b>162.029</b>

Note 3. Other operating income	Group		Parent	
	2014	2013	2014	2013
Proceeds on disposal of non-current assets	55	6	2.237	6
Other income	70	72	72	54
<b>Total</b>	<b>125</b>	<b>78</b>	<b>2.309</b>	<b>60</b>

### Note 4. Expenses

Personnel costs include the following main items:

	Group		Parent	
	2014	2013	2014	2013
Remuneration to Board of Executives and Board of Directors	4.998	4.876	4.998	4.876
Other wages and salaries	73.561	68.267	59.508	54.224
Remuneration to the Board	563	422	563	422
Social security expenses	5.234	5.031	4.520	4.608
Retirement benefit contributions and insurance	6.504	5.789	5.788	5.515
<b>Total staff costs</b>	<b>90.860</b>	<b>84.385</b>	<b>75.377</b>	<b>69.645</b>

Personnel costs are distributed as follows:

	Group	Parent
Production costs	40.089	34.550
Sales & administrative costs	50.771	40.827
<b>Personnel costs total</b>	<b>90.860</b>	<b>75.377</b>

Members of the Board of Executives and other senior executives have a company car at their disposal.

In the course of the year, the average number of employees was 160 in the parent company and 379 in the group.

	2013	arrivals	departures	2014
Skamol A/S	156	25	-21	160
USA	3	2	-	5
Skamol Europe	-	1	-	1
Skamol RUS	226	20	-33	213
<b>total</b>	<b>385</b>	<b>48</b>	<b>-54</b>	<b>379</b>

### Note 5. Expenses external

Remuneration of auditors elected by the general meeting	Group		Parent	
	2014	2013	2014	2013
Audit of annual report	233	189	190	189
Audit, other services	118	75	65	75
Other audit firms, audit of annual report	26	125	-	-
Other audit firms, other services	51	58	-	-
<b>Total</b>	<b>427</b>	<b>447</b>	<b>255</b>	<b>264</b>



## NOTES ON THE ACCOUNTS 2014

Amounts are DKK 1,000 unless otherwise stated

Note 6. Net financials	Group		Parent	
	2014	2013	2014	2013
<b>Interest receivable and similar income</b>				
Interest income from Group companies	-	-	3.901	3.941
Interest receivable	336	357	105	48
Capital gains, currency	1.765	816	1.384	798
<b>Total</b>	<b>2.101</b>	<b>1.173</b>	<b>5.390</b>	<b>4.787</b>
<b>Interest payable and similar expenses</b>				
Interest payable to affiliates	-3.069	-4.397	-3.313	-4.604
Interest payable	-842	-1.732	-719	-1.215
Capital losses, currency	-1.512	-2.598	-1.508	-2.598
<b>Total</b>	<b>-5.423</b>	<b>-8.727</b>	<b>-5.540</b>	<b>-8.417</b>
<b>Total net financials</b>	<b>-3.322</b>	<b>-7.554</b>	<b>-150</b>	<b>-3.630</b>

Note 7. Tax	Group		Parent	
	2014	2013	2014	2013
Current tax	13.826	12.974	13.035	9.734
Change in deferred tax and tax asset	199	877	191	1.587
Adjustment relating to previous years	-185	444	-185	444
<b>Tax for the year</b>	<b>13.840</b>	<b>14.295</b>	<b>13.041</b>	<b>11.765</b>
Broken down as follows:				
Income tax	13.929	14.202	13.131	11.672
Tax on equity changes	-89	93	-89	93
	<b>13.840</b>	<b>14.295</b>	<b>13.041</b>	<b>11.765</b>

Deferred tax and deferred tax asset	Deferred tax Group		Deferred tax asset Parent	
	2014	2013	2014	2013
Intangible non-current assets	674	664	654	634
Property, plant and equipment	5.634	4.890	5.152	4.125
Inventories and internal profit	2.026	2.531	1.968	2.048
Other	-3.627	-3.877	-726	233
	<b>4.707</b>	<b>4.208</b>	<b>7.048</b>	<b>7.040</b>
Broken down as follows:				
Deferred tax asset	-2.999	-2.919	-	-
Deferred tax	7.706	7.127	7.048	7.040
	<b>4.707</b>	<b>4.208</b>	<b>7.048</b>	<b>7.040</b>

Of the total change, the rate of exchange effect for USD and RUB accounts for 632 T.DKK

## NOTES ON THE ACCOUNTS 2014

Amounts are DKK 1,000 unless otherwise stated

Note 8. Intangible assets	Group				Parent			
	Goodwill	Excavation rights	Development projects	Dev.projects in progress	Goodwill	Excavation rights	Development projects	Dev.projects in progress
<b>Cost price</b>								
At January 1	159.836	4.196	5.048	1.007	77.188	3.555	5.048	1.007
Exchange rate adjustment	-	-223	-	-	-	-	-	-
Disposals during the year	-	-	-	-1.007	-	-	-	-1.007
Additions during the year	-	27	2.140	372	-	-	2.140	372
Cost price at December 31	159.836	4.000	7.188	372	77.188	3.555	7.188	372
<b>Amortisation and impairment losses</b>								
At January 1	20.941	3.320	2.247	0	5.368	3.210	2.247	-
Exchange rate adjustment	-	-38	-	-	-	-	-	-
Amortisation for the year	9.533	61	1.975	-	5.373	25	1.975	-
At December 31	30.474	3.343	4.222	-	10.741	3.235	4.222	-
Carrying amount at December 31	129.362	657	2.966	372	66.447	320	2.966	372

Note 9. Property, plant and equipment	Group				
	Land and buildings	Technical plant and machinery	Fixtures, tools and equipment	Property, plant and equipment under construction /prepayment	Property, plant and equipment total
<b>Cost price</b>					
At January 1	90.157	258.066	26.501	6.482	381.206
Exchange rate adjustment	-2.640	-2.381	-693	-9	-5.723
Disposals during the year	-3	-794	-114	-6.457	-7.368
Additions during the year	2.239	7.545	2.158	6.070	18.012
At December 31	89.753	262.436	27.852	6.086	386.127
<b>Depreciation and impairment losses</b>					
At January 1	43.905	191.491	24.099	-	259.495
Exchange rate adjustment	-213	-636	-378	-	-1.227
Disposals during the year	-1	-792	-116	-	-909
Additions during the year	1.148	11.194	1.096	-	13.438
At December 31	44.839	201.257	24.701	-	270.797
Carrying amount at December 31	44.914	61.179	3.151	6.086	115.330

Note 9. Property, plant and equipment	Parent				
	Land and buildings	Technical plant and machinery	Fixtures, tools and equipment	Property, plant and equipment under construction /prepayment	Property, plant and equipment total
<b>Cost price</b>					
At January 1	82.571	251.225	24.005	6.457	364.258
Disposals during the year	-	-1.890	-109	-6.457	-8.456
Additions during the year	1.299	6.831	1.887	6.070	16.087
At December 31	83.870	256.166	25.783	6.070	371.889
<b>Depreciation and impairment losses</b>					
At January 1	43.288	189.662	22.508	-	255.458
Disposals during the year	-	-1.891	-109	-	-2.000
Additions during the year	1.015	10.733	824	-	12.572
At December 31	44.303	198.504	23.223	-	266.030
Carrying amount at December 31	39.567	57.662	2.560	6.070	105.859
Of which finance leases T. DKK.	37,194				

Cash valuation at October 2012 for land and buildings represents to the parent company 45,572

## NOTES ON THE ACCOUNTS 2014

Amounts are DKK 1,000 unless otherwise stated

Note 10. Financial assets	Group			Parent			
	Invest- ments in associates	Receiv- ables in associates	Financial assets Total	Capital share in subsidiaries	Invest- ments in associates	Receiv- ables in associates	Financial assets Total
<b>Cost price</b>							
At January 1	-	-	-	85.814	-	43.830	129.644
At December 31	-	-	-	85.814	-	44.940	130.754
<b>Re- and devaluation</b>							
At January 1	-	-	-	-34.332	-	-	-34.332
Exchange rate adjustment	-	-	-	-7.960	-	-	-7.960
Depreciation	-	-	-	-2.652	-	-	-2.652
At December 31	-	-	-	-44.944	-	-	-44.944
Carrying amount at December 31	-	-	-	40.870	-	44.940	85.810

### Parent company investments in subsidiaries and associates at December 31, 2014

		Equity currency	Result currency	Equity	Profit/loss for year	Investment
Skamol Americas Inc., Charlotte, USA	USD	2.822	51	17.003	294	100%
Skamol Europe GmbH, Meerbusch, Tyskland	EUR	117	8	871	56	100%
NCM Core, Vodskov, Danmark				1.031	-25	100%
Skamol Russia A/S, Nykøbing Mors				22.088	-2.885	82%

Note 11. Inventories	Group		Parent	
	2014	2013	2013	2012
Finished goods	<b>25.459</b>	29.109	<b>23.341</b>	23.604
Raw materials	<b>8.134</b>	8.126	<b>7.707</b>	7.384
Packaging materials	<b>1.476</b>	1.365	<b>1.312</b>	1.307
Total	<b>35.069</b>	38.600	<b>32.361</b>	32.295

Note 12. Equity	Group		Parent	
	2014	2013	2013	2012
Share capital (430.950 shares of 100 DKK each)	<b>43.095</b>	43.095	<b>43.095</b>	43.095

Note 13. Minority interests	Group	
	2013	2012
At January 1	<b>6.167</b>	6.742
Exchange rate adjustment	<b>-1.756</b>	-541
Share of profit/loss for the year	<b>-509</b>	-34
At December 31	<b>3.902</b>	6.167

## NOTES ON THE ACCOUNTS 2014

Amounts are DKK 1,000 unless otherwise stated

<b>Note 14. Changes in working capital</b>	<b>Group</b>	
	2014	2013
Change in receivables	-3.883	9.667
Change in inventories	3.531	-1.437
Change in trade payables etc.	2.750	-2.807
<b>Total</b>	<b>2.398</b>	<b>5.423</b>

<b>Note 15. Liquidity</b>	<b>Group</b>	
	2014	2013
Liquidity at January 1, 2011	68.938	66.807
Exchange rate adjustment	-	2.131
Liquidity at December 31, 2011	68.938	68.938
<b>Liquidity at December 31 includes</b>		
Cash	45.018	67.112
Bank debt	-	-
Liquidity at December 31	45.018	67.112

<b>Note 16. Other adjustments</b>	<b>Group</b>	
	2014	2013
Exchange rate adjustments subsidiaries etc.	-7.860	-1.935
Other	-2.978	-5.253
<b>Total</b>	<b>-10.838</b>	<b>-7.188</b>

### **Note 17. Provision of securities.**

Provision of securities has been entered into a Grouplevel in the parent company, FSN SKA A/S

### **Note 18. Contractual, guarantee and contingent liabilities**

The parent company has guarantee obligation for restoration of Moler areas to the amount of 750.

The parent company has guarantee obligation for product security to the amount of 2,885.

The parent company has lease obligation in the amount of 1,839 for the years 2015-2019.

The Group's Danish companies are jointly and severally liable for the tax of the Group's jointly taxed revenue and so on.

The total amount of due corporation tax appears from the Annual Report for FSN SK A/S being the trust corporation as regards group taxation.

Further, the Group's Danish companies are jointly and severally liable for Danish taxes at source such as dividend tax, royalty tax and tax on unearned income.

Possible later revisions of the corporation taxes and taxes at source may imply that the company's liability increases to a larger amount.

### **Note 19. Related parties**

As from 1/2-2013 near partner with controlling interest on the company includes FSN Capital III Limited Partnership, which via a majority holding in FSN SKA A/S holds the majority of the voting rights in the parent company Skamol A/S.

Related parties with significant influence include affiliates and associates, as well as the Board of Directors and Managements of the Company.

Group internal transactions made with affiliated companies and pro rata consolidated associated company have been eliminated in the Group accounts of the company or Skamol Holding A/S. Transactions with Management include remuneration, as explained in separate note.

## Management's endorsement

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The Board of Directors has today discussed and approved the annual report for 2014 for Skamol A/S.

The annual report has been prepared in accordance with Statements Act. We consider the applied accounting policies to be appropriate and the accounting estimates to be sound.

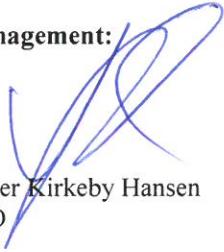
We also consider the overall presentation of the annual report to be accurate.

On this basis we find that the annual report gives a true picture of the Group's assets and liabilities, the financial position and results of the Group's operations and cash flows.

The annual report has been submitted for approval of the general meeting.

Nykøbing Mors, April 13, 2015


### Management:



Jesper Kirkeby Hansen  
CEO

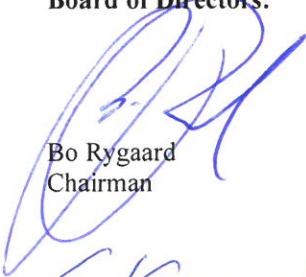


Per Rahbech  
CFO



Claus Arne Jørgensen  
CTO

### Board of Directors:



Bo Rygaard  
Chairman



Thomas Broe-Andersen



Jussi Salokangas



Curt Germundsson



Mette Feldstedt  
Employee representative



Jørgen Bak  
Employee representative



# Independent Auditor's Report

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## To the Shareholders of Skamol A / S

We have audited the annual report of Skamol A/S for the financial year January 1 – December 31, 2014, which comprises income statement, balance sheet, equity statement, cash flow statement, notes and accounting policies. The annual report has been prepared in accordance with the Financial Statements Act. The Management Review, which is not covered by the audit, has also been prepared in accordance with the Financial Statements Act.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of this annual report in accordance with the Statements Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Management is also responsible for preparation of Management's Review in accordance with the Statements Act.

### Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish auditing standards. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the annual report.

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

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the annual report gives a true and fair view of the company and the group's assets, liabilities and financial position as at December 31, 2014 and of the results and the cash flows of the group and the parent company for the financial year January 1, 2014 – December 31, 2014 in accordance with the Statements Act.

### Statement on Management's Review

We have read the Management's Review according to the Accounts Act. We have made no further actions in addition to the completed audit of the annual report. On this basis, we believe that the information contained in the Management's Review is consistent with the annual report.

Nykøbing Mors, April 13, 2015

PricewaterhouseCoopers

Chartered Public Accountants



Peter Christensen

State Authorised Public Accountant



Martin Furbo

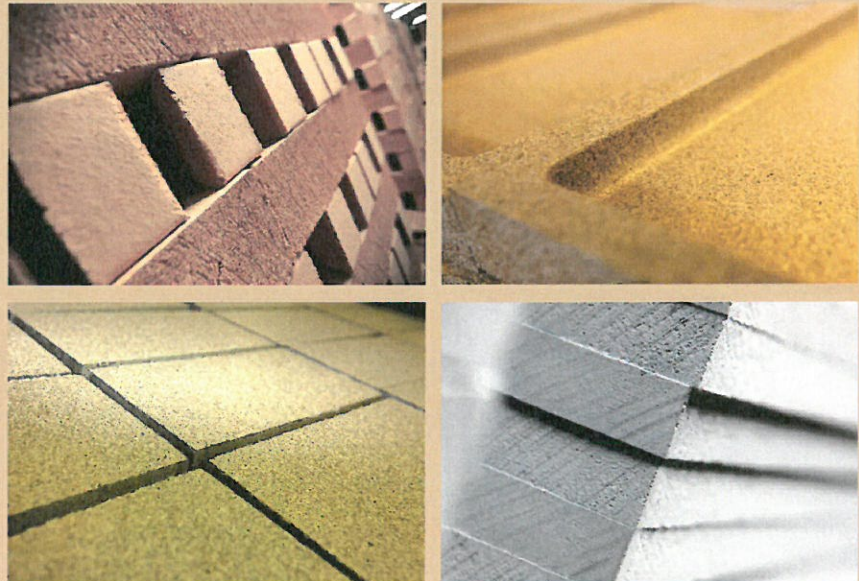
State Authorised Public Accountant





Skamol is a Danish based manufacturer of high performance insulation materials used by a wide range of industries across the globe. We are a solid company with more than 100 years of insulation experience, but remain focused on the

foundation of our business; applications and innovation. We continuously strive for product excellence and a true commitment towards our many customers across industries. Visit us at [www.skamol.com](http://www.skamol.com)



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