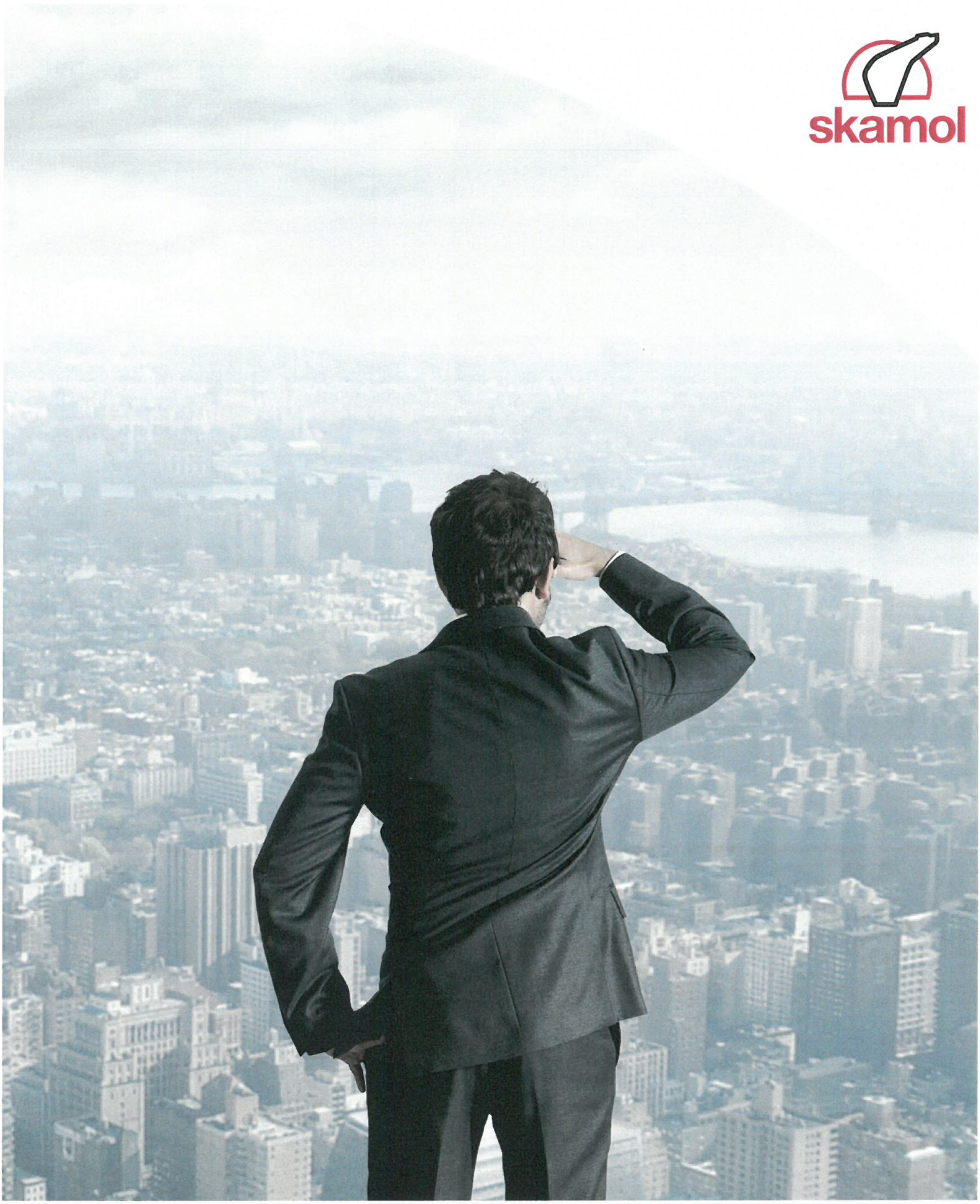

Skamol A/S

Annual report 2016

Approved at the annual general meeting 10/5 2017

Østergade 58-60, 7900 Nykøbing Mors, Denmark, CVR 41 33 37 15, www.skamol.com

Chairman, Bo Rygaard

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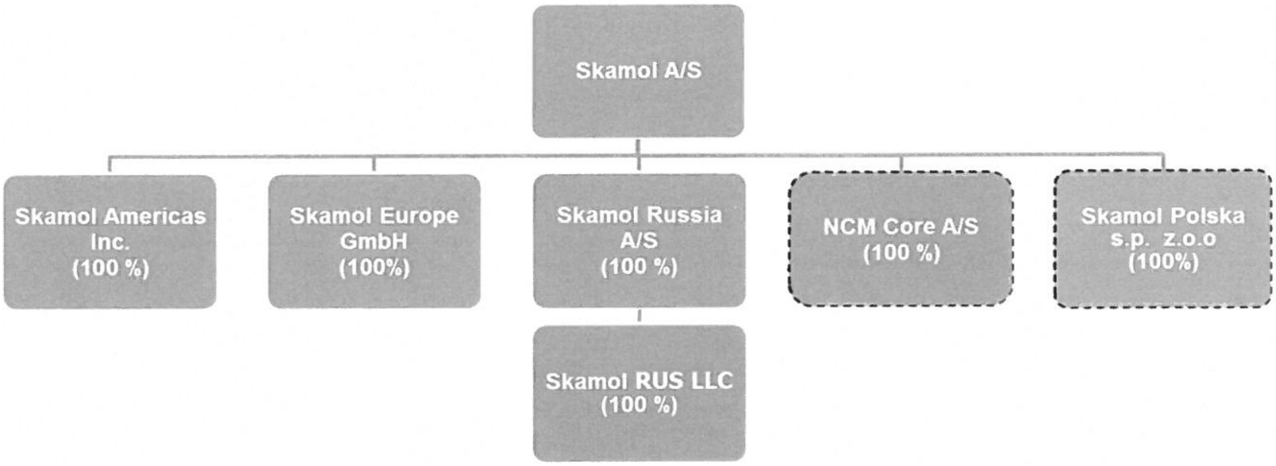
CORPORATE OVERVIEW



Companies without operational activity are marked with a dashed box.
The companies Skamol Europe GmbH and Skamol Americas Inc. are sales companies.

ADDRESSES

Skamol A/S	Østergade 58-60, DK-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, Germany
NCM Core A/S -Owner share 100%	Østergade 58-60, DK-7900 Nykøbing Mors, Denmark Telephone : +45 98 25 25 26 Facsimile : +45 98 25 25 34
Skamol Russia A/S -Owner share 100%	Østergade 58-60, DK-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
Skamol Polska s.p. z.o.o -Owner share 100%	ul. Technologiczna 2a/1.06, 45-839 Opole, Poland

Skamol A/S

DKK mio.		**2016**	2015	2014	2013	2012
1.	Gross turnover	**316**	337	324	316	305
2.	Net turnover	**315**	336	323	316	303
3.	EBITDA (adjusted)	**79**	76	77	80	77
4.	EBIT	**49**	48	51	50	58
5.	Net financials etc.	**-1**	-2	-3	-8	1
6.	Profit/loss before tax	**49**	45	47	42	59
7.	Net profit/loss for the year	**34**	33	34	28	44
8.	Balance sheet total	**342**	353	371	409	357
9.	Share capital	**43**	43	43	43	43
10.	Equity	**238**	275	243	217	201
11.	Equity incl. minorities	**238**	279	247	224	208
12.	Net assets	**268**	261	279	297	284
13.	Net addition of property, plant and equipment	**29**	11	13	10	8
14.	Net addition of intangible assets	**12**	1	2	0	7
15.	Net interest-bearing debt	**-10**	-25	22	64	66
16.	Cash flows from operating activities	**73**	62	58	63	47
17.	Cash flows from investing activities	**-42**	-12	-13	-11	-13
18.	Free cash flow	**32**	50	45	52	34
19.	Number of fulltime employees	**372**	380	379	385	404
20.	EBITDA margin	**25%**	23%	24%	25%	25%
21.	Profit margin	**16%**	14%	16%	16%	19%
22.	ROIC (return on invested capital)	**14%**	14%	14%	13%	15%
23.	Debt ratio	**-4%**	-10%	8%	21%	23%
24.	Solidity incl. minority interests	**70%**	79%	67%	55%	58%
25.	Return on equity in %	**13%**	13%	15%	13%	25%
26.	Return on equity incl. minorities in %	**13%**	13%	14%	13%	24%

Key figures have been calculated in accordance with the recommendations by the Danish Society of Financial Analysts.

Ebitda (adjusted) profil/loss before depreciation amortisation and interest adjusted for one-off items.

NOPAT = Operating profit/loss after tax

Net assets = Non-current assets + working capital

Net debt = Interest-bearing debt - cash and cash equivalents and investments

ROIC = $\frac{\text{NOPAT * 100}}{\text{net assets}}$

Debt ratio = $\frac{\text{Net debt * 100}}{\text{Net assets}}$

Return on equity in % = $\frac{\text{Net profit/loss for the year * 100}}{\text{Average equity}}$

Operating margin = $\frac{\text{Operating profit * 100}}{\text{Turnover}}$

EBITDA margin = $\frac{\text{Operating profit before depreciation * 100}}{\text{Turnover}}$

Board of Directors
Bo Rygaard, Chairman
Nicholas Nehmzow Hjorth
Curt Germundson
Marcus Christer Egelstig
Klaus Hermann Franz
Mette Feldstedt, employee representative
Jørgen Bak, employee representative

All board members except the employee representatives have been appointed by FSN Capital.

Management
Karsten Lundgaard, CEO
Poul Erik Kamstrup, CFO
Claus Arne Jørgensen, CTO

Auditors
PricewaterhouseCoopers

Group structure
The company is included in the consolidated financial statements of FSN SKA A/S, Østergade 58-60
Nykøbing Mors, CVR No 32 34 79 67
At the balance sheet date Skamol A/S was owned by:
FSN Capital III Limited Partnership owned 65,0 % of the Skamol-group through FSN SKA A/S.
Danica Pension a division of the private equity fund Danske Invest Institutional, owns 19.8 % of the Skamol Group through FSN SKA A/S. Pensam Liv owns 11.8 % of the Skamol Group through FSN SKA A/S
The remaining part of the Skamol group was owned by other investors (2.1 %)
and management employees (1.3 %).

General guidelines
FSN SKA A/S observes the guidelines for the preparation of the annual report laid down.

DVCA (Danish Venture Capital and Private Equity Association).

Information about DVCA, see www.dvca.dk

Information about FSN Capital, see www.fsncapital.no

Information about Skamol, see www.skamol.com

Corporate Covernance

In 2016, a total of 8 board meetings were held in Skamol. Board committees have not been established.

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

The Group's activities
Sales to segments within Industry and Building.

Objectives and strategy
The company's Executive Board and Board of Directors are continuously evaluating Skamol's strategy, and 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.

Skamol's strategy has been clarified through a clear identity: Skamol is technical insulation systems. This is reflected in the segments and industries, Skamol is approaching, and in Skamol's future organisation, which is divided into two focus areas: Industry and Building. This clarification and organisation will support Skamol's future growth.

Market development and sales
In 2016 Skamol's turnover was DKK 316 million against DKK 337 million in 2015.

Despite the decrease in turnover, Skamol succeeded in increasing the earnings at EBITDA level.

Manufacturing and product development
Also in 2016, Skamol has carried through a number of investment projects in order to increase the capacity and reduce production costs.

On the basis of an increased growth in the demand for Calcium Silicate, it was decided in 2016 to increase the capacity through the building of a new plant in Poland, which will be finished at the end of 2017.

Besides this, Skamol is continuously working on the introduction of new products to the market.

Further, 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.

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 obsolete stocks.

The development of Skamol's IT infrastructure is also an important priority for the company, and in 2016 projects have been implemented to secure that the company's IT infrastructure is further upgraded and up-to-date so that Skamol's employees have at any time the necessary tools available.

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 2016 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 2016, the staff upgrade continued, and this is an important prerequisite for securing the growth strategy.

Financial risks
For the whole Skamol Group inclusive of the parent company FSN SKA the interest-bearing debt amounted to DKK 138 million at the end of 2016. This is a reduction of the interest-bearing debt of DKK 49 million compared with 2015.

Compared to the established drawing right, Skamol has a cash position of totalling DKK 45 million at the end of 2016.

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

As an international Group, the 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 hedge currency risks on current transactions. The Skamol Group's main currencies are EUR, USD and RUR. EUR is not hedged.

The costs of Skamol's Russian subsidiary are primarily in RUR, whereas sales are approximately 90% in RUR and the rest in EUR, which means that the Skamol Group as regards earnings in the Russian business is sensitive to fluctuations in the exchange rate of RUR. During all of 2016, RUR has continued the weak position towards other currencies.

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

Profit/loss, balance sheet and cash flow
The figures in brackets are 2015 figures
In 2016 the turnover decreased to DKK 316 million (DKK 337 million), while EBITDA was DKK 75.0 million (DKK 73.2 million) corresponding to 23.7% (21.7%) of the turnover. EBITDA before non-recurring expenditures (adjusted EBITDA) amounted to DKK 79.1 million (DKK 76.4 million) corresponding to 25.0 % (22.7%) of the turnover. Depreciation and amortisation were DKK 25.8 million (DKK 25.6

million). EBIT was DKK 49.2 million (DKK 47.5 million). The profit before tax was DKK 48.5 million (DKK 45.2 million).

The total assets were DKK 388 million (DKK 353 million).

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

Deviations compared to outlook for 2016
As expected the Group's earnings increased in 2016 compared to 2015, together with a positive cash flow from operations.

In 2016 an increase in turnover was expected, which, however, became a reduction in turnover due to less project sales and more difficult market conditions than expected.

Outlook for 2017
Skamol expects increasing turnover and earnings in the coming years, including 2017.

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

Overall, Skamol believes that there is a large growth potential for Skamol's products worldwide.

In 2017 Skamol expects a continued increase in EBITDA compared to 2016, and a positive cash flow from operations.

Subsequent events
After the closing of the financial year no subsequent events have occurred, which have a material impact on Skamol's financial position.

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's 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 Danish Working Environment Authority.

Skamol undertakes to meet the applicable environmental legislation, in 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 2016 initiatives have again 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_2, 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 2017 the work with reduction of energy consumption and environmental impact will continue.

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.

Skamol's project from 2014 concerning the use of surplus heat from the Calcium Silicate plant to the district heating customers at Fur, an Island in the Limfjord, functions as intended and are of mutual benefit for the environment, the residents at Fur and Skamol. 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.

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_2, NO_x and SO_x 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. Skamol considers it top priority for the company that the production is undertaken with the utmost consideration of sustainability and accountability.

Skamol's prôducts 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, the Danish Ministry of Environment, The Danish Agency for Culture and Palaces 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 years. 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 are carried out in respect for nature.

Employee Relations and Relations to the Surrounding Society
At the end of 2016 Skamol employed 372 employees. Of these, 155 were employed in Denmark, 211 were employed in Russia and 3 were employed in the U.S. 1 was employed with Skamol Europe and 1 with Skamol

Polska. Compared to 2015, the total number of employees decreased by 8.

Looking-forward, the number of employees is expected to remain unchanged.

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

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

Skamol has not yet obtained a balanced ratio 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 a common Code of Conduct applicable for all employees as regards ethical guidelines and Code of Conduct. A thoroughly work 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 circumstances, and employees have the right freely to organise, express themselves and participate in or choose people to collective bodies for both co-operation 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 to working hours and freedom. 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 reducing activities in production have been implemented, and energy saving measures are being, and have 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 at group and individual levels where this can contribute to creating a stronger Skamol in future.

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.

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 2016. Benchmark shows that the employee satisfaction in Skamol is at a satisfactorily high level, and especially increasing in the Russian organisation. However, in certain departments there is still room for improvements. To secure this, a number of initiatives have been launched.

Fight against Corruption
Skamol does not allow corruption in any form. Thus, it is not allowed Skamol employees to accept gifts or the like exceeding the 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.

Work of the Supreme Management Body
Since the beginning of 2013, FSN Capital is the owner of Skamol.

In 2016 the Board of Directors was composed of the following members:

Bo Rygaard, Chairman, joined 03.09.2013
Suneel Regulla, joined 13.04.2015
Curt Germundsson, joined 08.02.2013
Marcus Christer Egelstig, joined 30.10.2015
Klaus Hermann Franz, joined 31.08.2015
Mette Feldstedt, employee representative, joined 24.02.2010
Jørgen Bak, employee representative, joined 01.12.2013

Changes in 2017:
Suneel Regulla, joined 13.04.2015, left 10.01.2017
Nicholas Nehmzow Hjorth, joined 10.01.2017

Employee representatives are elected for the Skamol A/S Board of Directors. The company complies with the executive order on employee representation in public and private companies of 1 July 2010. The latest election of employee representatives took place in 2015. Two employee representatives are elected to the Board of Directors of Skamol A/S. Election of employee representatives for Skamol's Board of Directors will take place again in 2019.

Basis of preparation
The Annual Report for 2016 has been prepared in accordance with the Danish Financial Statements Act for large companies of reporting class C. The Annual Report is reported in DKK.

Recognition and measurement
The Annual Report is prepared based on historical cost convention.

Earnings are included in the income statement as they are earned. In addition to this valuation adjustments of financial assets and liabilities, measured at fair value or amortised cost price, are included. Included in the income statement are also all costs defrayed to obtaining the earnings of the year, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimate of amounts, which have previously been included in the income statement.

Assets are included in the balance sheet, when it is likely that future economic advantages will accrue to the company, and the value of the asset can be measured reliably.

Liabilities are included in the balance sheet, when it is likely that future economic advantages will be deducted from the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each single item below.

Certain financial assets and liabilities are measured at amortised cost, by which a constant effective interest rate is included over the maturity period. Amortised cost is calculated as original cost less any repayments and plus/less the accumulative amortisation of the difference between cost and the nominal amount. In this way capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner are used as measurement currency. All other currencies are considered foreign currencies.

Basis of consolidation
The consolidated financial statements include FSN SKA A/S (the Parent) and the subsidiaries in which the Parent directly or indirectly holds more than 50% of the votes or in any other way exercise 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 financial statements of the parent company, subsidiaries and pro rata consolidated companies through a consolidation of items of a similar nature. Intra-group income and expenditure, shareholdings, balances, dividends and unrealised intercompany profits and losses have been eliminated.

Income statements of foreign 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 have been adjusted to fair value (purchase method). Positive differences (goodwill on consolidation) are recognised in intangible assets and amortised 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 subsidiaries Skamol Rus LLC A/S and Skamol Polska Sp. z.o.o are consolidated into the financial statements based on the received Management Reporting. The data used have been reviewed by local accountants.

On statement of group results and group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet.

Minority interests are recognised at the carrying amount of the acquired assets and liabilities at the time of acquisition of the subsidiaries.

Foreign currency translation
The Group's Danish companies translate transactions in foreign currency during the year at average exchange rates. Gains and losses arising between the average exchange rates and the rates at the dates of payment 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.

Exchange adjustments of loans and lending in foreign currencies that are considered security or addition to investments in foreign subsidiaries are recognised directly in equity.

Derivative financial instruments
Derivative financial instruments are initially recognised 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 as liabilities.

Changes from cost to fair value of derivative financial instruments that are designated and qualify 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 is made in the same period in which the hedged transaction is implemented.

Income statement

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

Production costs
Comprise the consumption of raw materials, including landed 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 trade receivables, IT operations and canteen costs. These costs also include costs incurred in respect of development projects, where such costs do not meet 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.

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

Income from investments in subsidiaries
The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses
Include interest, return and price adjustment of portfolio investments (securities etc) as well as extra payments and repayment under the on-account taxation scheme.

Balance sheet

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 on a straight-line basis 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 amortisation. Capitalisation requires that sufficient certainty exists that future earnings can cover the development costs.

Property, plant and equipment
Property, plant and equipment 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 assets includes direct and indirect expenses incurred in respect of wages and salaries, consumption of materials and subcontractors.

Interest expenses on loans raised directly to fund the production of property, plant and equipment are recognised in cost during the production period. All indirectly attributable borrowing costs are recognised in the income statement.

Depreciation is calculated on a straight-line basis over the expected useful life as stated below:

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

The depreciation period and residual value are reassessed annually.

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 assets and property, plant and equipment

The carrying amounts of intangible assets and property, plant and equipment are assessed on a continuing basis to decide whether there is any indication of impairment other than that expressed by 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. Goodwill is amortised over 20 years, which is considered to give a true and fair view.

Fixed asset investments

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 "Share of profit/loss in subsidiaries" and "Share of profit/loss in associates".

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated in accordance with the accounting policies of the parent company with deduction or addition of unrealised intercompany profits or losses and with addition of goodwill on consolidation.

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

Inventories
Inventories are measured at the lower of cost and net realisable value. 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 costs. Indirect production costs include labour costs in production, maintenance and depreciation, etc. Financing costs are not included.

The inventory of strategic spare parts has been capitalised and included at cost.

Receivables
Receivables are measured at amortised cost, which for short-term non-interest-bearing receivables and floating-rate loans usually corresponds to the nominal value. Write down is made to a lower net realisable value. Net realisable value is determined based on an individual assessment of each receivable.

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 economic benefits must be given up to settle the obligation.

Corporation tax and deferred tax
The parent company is jointly taxed with all Danish group companies. Tax on the income subject to joint taxation is allocated to Danish companies in proportion to their taxable income (full allocation with credit for tax losses). The jointly taxed companies have adopted the on-account taxation 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 sheet 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 amount and the tax base of assets and liabilities. Deferred tax liabilities are generally recognised for all temporary differences for tax purposes, and deferred tax assets are recognised to the extent that it is probable that tax loss carry-forwards may be set off against taxable profits. 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 profit/loss for tax or accounting purposes.

The carrying amount of deferred tax assets is reassessed at the balance sheet date and written down to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred asset to be utilised.

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.

Lease commitments
Lease commitments relating to finance leases are recognised in the balance sheet as liabilities and measured at the time of entering into the contract at the present value of future lease payments. After the initial recognition the lease commitments 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 term of the lease as a financial cost.

Lease payments under operating leases are charged to the income statement 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 for the year 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 at bank and in hand 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.

		Group		Parent	
DKK 1,000	Note	2016	2015	2016	2015
Gross turnover	1	**316.217**	336.902	**288.198**	304.215
Net turnover		**315.353**	336.246	**287.334**	303.559
Production costs	2	**-161.233**	-184.137	**-154.591**	-173.552
Gross profit/loss		**154.120**	152.109	**132.743**	130.007
Other operating income	3	**220**	202	**204**	67
External costs	4	**-26.715**	-26.132	**-21.938**	-22.625
Staff costs	5	**-52.577**	-53.011	**-45.471**	-45.508
Operation profit (EBITDA)		**75.048**	73.168	**65.538**	61.941
Depreciation and amortisation		**-25.847**	-25.631	**-20.628**	-20.465
Profit before financing costs (EBIT)		**49.201**	47.537	**44.910**	41.476
Share of profit/loss in subsidiaries		**-**	-	**-1.304**	1.585
Financial income and expenses	6	**-660**	-2.371	**3.433**	-125
Profit/loss before tax		**48.541**	45.166	**47.039**	42.936
Tax on profit/loss for the year	7	**-14.493**	-11.490	**-12.991**	-9.260
Net profit/loss after tax		**34.048**	33.676	**34.048**	33.676
Proposed distribution of profit for the year:					
Dividend		**15.000**	75.000	**15.000**	75.000
Share of profit/loss attributable to minority interests		**239**	-243	**239**	-243
Transferred to retained earnings		**18.809**	-41.081	**18.809**	-41.081
Total		**34.048**	33.676	**34.048**	33.676

BALANCE SHEET AT DECEMBER 31

ASSETS

		Group		Parent	
DKK 1,000	Note	2016	2015	2016	2015
Non-current assets					
Intangible assets	8				
Goodwill		**117.203**	119.830	**62.608**	61.075
Excavation rights		**565**	563	**270**	295
Developments projects		**959**	1.332	**959**	1.332
Projects in progress		**1.115**	702	**1.115**	702
Total intangible assets		**119.842**	122.427	**64.952**	63.404
Property, plant and equipment	9				
Land and buildings		**49.818**	45.859	**42.125**	40.923
Plant and machinery		**61.126**	60.604	**55.400**	57.473
Fixtures and fittings, tools and equipment		**4.901**	2.992	**3.765**	2.325
Prepayment for property, plant and equipment and property, plant and equipment under construction		**11.932**	1.987	**432**	1.987
Total property, plant and equipment		**127.777**	111.442	**101.722**	102.708
Fixed asset investments					
Investments in subsidiaries	10	**-**	-	**45.903**	41.510
Receivables from subsidiaries	10	**-**	-	**50.089**	60.924
Deferred tax asset	7	**2.870**	2.980	**-**	-
Total fixed asset investments		**2.870**	2.980	**95.992**	102.434
Total non-current assets		**250.489**	236.849	**262.666**	268.546
Current assets					
Inventories	11	**35.438**	37.735	**31.858**	35.792
Receivables					
Trade receivables		**36.867**	32.020	**35.802**	30.197
Other receivables		**3.846**	2.653	**1.037**	1.787
Total receivables		**40.713**	34.673	**36.839**	31.984
Cash at bank and in hand		**15.654**	44.233	**3.960**	34.515
Total current assets		**91.805**	116.641	**72.657**	102.291
Total assets		**342.294**	353.490	**335.323**	370.837

BALANCE SHEET AT DECEMBER 31

LIABILITIES AND EQUITY

		Group		Parent	
DKK 1,000	Note	2016	2015	2016	2015
Equity					
Share capital		**43.095**	43.095	**43.095**	43.095
Retained earnings		**180.223**	156.790	**180.223**	156.790
Proposed dividend for the year		**15.000**	75.000	**15.000**	75.000
Equity		**238.318**	274.885	**238.318**	274.885
Minority interests	12	**-**	3.623	**-**	3.623
Total equity		**238.318**	278.508	**238.318**	278.508
Provisions					
Deferred tax	7	**9.319**	6.849	**8.261**	6.077
Pension obligations		**559**	591	**-**	-
Total provisions		**9.878**	7.440	**8.261**	6.077
Long-term debt					
Long-term lease commitment		**1.030**	5.353	**1.030**	5.353
Total long-term debt		**1.030**	5.353	**1.030**	5.353
Current liabilities					
Long-term debt falling due within one year		**4.324**	7.214	**4.324**	7.214
Trade payables		**31.469**	30.748	**26.335**	30.061
Prepayments, customers		**927**	259	**-**	-
Payables to groupenterprises		**-**	6.305	**359**	25.540
Payable to parent company	10	**28.931**	-	**28.931**	-
Other payables		**17.430**	13.392	**16.967**	12.918
Income taxes payable		**9.987**	4.271	**10.798**	5.166
Total current liabilities		**93.068**	62.189	**87.714**	80.899
Total debt		**94.098**	67.542	**88.744**	86.252
Total liabilities and equity		**342.294**	353.490	**335.323**	370.837

CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31

		Group	
DKK 1,000	Note	2016	2015
EBITDA		**75.048**	76.418
Other adjustments	13	**3.947**	-4.597
Change in working capital	14	**1.684**	-1.354
Cash flows from ordinary activities		**80.679**	70.467
Corporation tax paid		**-7.435**	-8.820
Cash flows from operating activities		**73.244**	61.647
Purchase of intangible assets	8	**-12.272**	-926
Purchase of property, plant and equipment	9	**-29.296**	-11.009
Purchase of fixed asset investments		**-8**	-
Cash flows from investing activities		**-41.576**	-11.935
Free cash flows		**31.668**	49.712
Raising and repayment of long-term debt, net		**-7.213**	-7.520
Balance, group enterprises		**22.626**	-40.606
Interest paid		**-660**	-2.371
Dividend paid		**-75.000**	-
Cash flows from financing activities		**-60.247**	-50.497
Change in cash and cash equivalents		**-28.579**	-785
Cash and cash equivalents	15	**44.233**	45.018
Cash at bank and in hand at December 31		**15.654**	44.233
Security	16		
Contractual commitments guarentees and contingent liabilities	17		
Related parties	18		

The company has unused drawing rights of DKK 30.0 million at December 31, 2016

STATEMENT OF CHANGES IN EQUITY

Amounts are DKK 1,000 unless otherwise stated

Parent and Group

	Share capital	Retained earnings	Proposed dividend for the financial year	Development costs	Total
Equity at January 1, 2016	43.095	156.790	75.000		274.885
Dividend paid			-75.000		-75.000
Exchange rate adjustment related to subsidiaries and associates hedging		4.823			4.823
Adjustment of hedging at fair value, end of year		-438			-438
Tax on changes in equity		-			-
Net profit/loss for the year		19.048	15.000		34.048
Capitalised development cost for the year		-2.135		2.135	-
Equity at December 31, 2016	43.095	178.088	15.000	2.135	238.318
Equity at January 1, 2015	43.095	199.994			243.089
Exchange rate adjustment related to subsidiaries and associates		-2.459			-2.459
Adjustment of hedging at fair value, end of year		659			659
Tax on changes in equity		164			164
Net profit/loss for the year		-41.567	75.000		33.433
Equity at December 31,2015	43.095	156.790	75.000		274.885

The share capital consists of 430,950 shares of DKK 100 each.

Amounts are DKK 1,000 unless otherwise stated

Note 1. Gross turnover	Group		Parent	
	2016	2015	2016	2015
NAFTA- countries	**22.478**	26.749	**17.352**	22.291
Europe	**94.773**	124.550	**125.242**	96.091
The Nordic countries	**71.112**	70.187	**73.189**	70.187
Other	**127.854**	115.416	**72.415**	115.646
Total	**316.217**	336.902	**288.198**	304.215

Note 2. Production costs	Group		Parent	
	2016	2015	2016	2015
Product consumption	**120.378**	144.145	**118.668**	138.444
Write-down of inventories	**2.900**	359	**2.900**	359
Staff costs	**37.955**	39.634	**33.024**	34.749
Total	**161.233**	184.137	**154.592**	173.552

Note 3. Other operating income	Group		Parent	
	2016	2015	2016	2015
Proceeds on disposal of non-current assets	**153**	25	**145**	-
Other income	**67**	177	**59**	67
Total	**220**	202	**204**	67

Note 4. External expenses

Cost moreover include the following audit fee.

Fee to autitors appointed by the general meeting

	Group		Parent	
	2016	2015	2016	2015
Audit of annual report	**283**	265	**243**	225
Audit, other services	**45**	166	**45**	166
Other audit firms, audit of annual report	**76**	65	**-**	-
Other audit firms, other services	**130**	154	**-**	-
Total	**534**	650	**288**	391

Note 5. Staff costs

Staff costs include the following main items:	Group		Parent	
	2016	2015	2016	2015
Remuneration to the Executive Board	**5.056**	4.846	**5.056**	4.846
Other wages and salaries	**73.213**	75.351	**62.621**	64.106
Remuneration to the Board of Directors	**702**	613	**702**	613
Social security expenses	**5.013**	5.315	**4.405**	4.662
Pension	**7.164**	6.519	**5.712**	6.031
Total staff costs	**91.148**	92.644	**78.496**	**80.258**
Staff costs are distributed as follows:				
Production costs	**37.955**	39.634	**33.024**	34.749
Sales & administrative costs	**53.194**	53.011	**45.472**	45.508
Total staff costs	**91.148**	92.644	**78.496**	80.257

The executive Board and other executives have company cars at their disposal.

At year end, the number of staff in the parent company was 155 and in the group 372 broken down by the following geographical areas:

	2015	arrivals	departures	2016
Denmark	162	28	-35	155
USA	4	-	-1	3
Skamol Europe	1	1	-	2
Skamol Polska	-	1	-	1
Skamol RUS	213	32	-34	211
Total	380	62	-70	372

Amounts are DKK 1,000 unless otherwise stated

Note 6. Financial income and expenses	Group 2016	Group 2015	Parent 2016	Parent 2015
Income				
Interest income from group enterprises	**880**	-	**4.369**	3.712
Other interest income	**375**	278	**-**	13
Exchange gain	**1.520**	3.132	**-**	1.685
Total	**2.774**	3.410	**4.369**	5.410
Expenses				
Interest payable to group companies	**-**	-1.030	**-**	-1.230
Other interest expenses	**-1.052**	-565	**-936**	-452
Exchange loss	**-2.382**	-4.187	**-**	-3.853
Total	**-3.434**	-5.781	**-936**	-5.535
Total financial income and expenses	**-660**	-2.371	**3.433**	-125

Note 7. Tax	Group 2016	Group 2015	Parent 2016	Parent 2015
Current tax	**11.533**	11.734	**10.808**	10.403
Change in deferred tax and tax asset	**2.461**	-468	**2.184**	-979
Withholding tax	**499**	389	**-**	-
Tax for the year	**14.493**	11.654	**12.991**	9.425
Distributed as follows:				
Tax on profit for the year	**14.493**	11.490	**12.991**	9.260
Tax on equity changes	**-**	164	**-**	164
	14.493	11.654	**12.991**	9.425

Deferred tax and deferred tax asset	Deferred tax Group 2016	Deferred tax Group 2015	Deferred tax asset Parent 2016	Deferred tax asset Parent 2015
Intangible non-current assets	**173**	-918	**160**	-934
Property, plant and equipment	**7.996**	6.416	**7.072**	5.793
Inventories and internal profit	**2.303**	2.423	**2.133**	2.290
Other	**-4.023**	-4.051	**-1.104**	-1.071
	6.449	3.869	**8.261**	6.077
Broken down as follows:				
Deferred tax asset	**-2.870**	-2.980	**-**	-
Deferred tax	**9.319**	6.849	**8.261**	6.077
	6.449	3.869	**8.261**	6.077
At January 1	**3.869**	4.707	**6.077**	7.048
Adjustment for the year	**2.580**	-838	**2.184**	-971
At December 31	**6.449**	3.869	**8.261**	6.077

Adjustment for the year includes exchange adjustment.

Deferred tax includes minor foreign tax losses expected to be utilised within the coming years.

Note 8. Intangible assets	Group Goodwill	Group Excavation rights	Group Development projects	Group Dev.projects in progress	Parent Goodwill	Parent Excavation rights	Parent Development projects	Parent Dev.projects in progress
Cost								
At January 1	159.836	2.930	7.627	702	77.188	2.537	7.627	702
Exchange rate adjustment	-	92	-	-	-	-	-	-
Disposals for the year	-	-0	-2.004	-702	-	-	-2.004	-702
Additions for the year	6.906	0	1.020	1.115	6.906	-	1.020	1.115
Cost at December 31	166.742	3.022	6.643	1.115	84.094	2.537	6.643	1.115
Amortisation and impairment losses								
At January 1	40.006	2.367	6.294	-	16.114	2.242	6.294	-
Exchange rate adjustment	-	30	-	-	-	-	-	-
Disposals for the year	-	-	-2.004	-	-	-	-2.004	-
Additions for the year	9.533	60	1.394	-	5.372	25	1.394	-
At December 31	49.539	2.457	5.684	-	21.486	2.267	5.684	-
Carrying amount at December 31	117.203	565	959	1.115	62.608	270	959	1.115

Development projects: test centre, market research and the project in Poland.

Amounts are DKK 1,000 unless otherwise stated

Note 9. Property, plant and equipment — **Group**

	Land and buildings	Plant and machinery	Fixtures, tools and equipment	Property, plant and equipment under construction /prepayment	Property, plant and equipment total
Cost					
At January 1	91.826	272.612	28.221	1.987	394.646
Exchange rate adjustment	1.303	1.484	422	-	3.209
Disposals for the year	-	-7.960	-586	-1.987	-10.533
Additions for the year	4.112	12.138	3.102	11.932	31.283
At December 31	97.241	278.274	31.159	11.932	418.605
Depreciation and impairment losses					
At January 1	45.967	212.008	25.230	-	283.205
Exchange rate adjustment	143	748	263	-	1.154
Disposals for the year	-	-7.952	-586	-	-8.539
Additions for the year	1.312	12.344	1.351	-	15.007
At December 31	47.422	217.148	26.258	-	290.827
Carrying amount at December 31	49.818	61.126	4.901	11.932	127.777
Including net finance leases at DKK. 19,175k					

At 1 October 2012, the public land assessment value of Danish land and buildings amounts to DKK 44,322k for the parent company.

Note 9. Property, plant and equipment — **Parent**

	Land and buildings	Plant and machinery	Fixtures, tools and equipment	Property, plant and equipment under construction /prepayment	Property, plant and equipment total
Cost					
At January 1	86.282	266.300	26.231	1.987	380.801
Disposals for the year	-	-7.927	-348	-1.987	-10.262
Additions for the year	2.303	9.515	2.588	432	14.837
At December 31	88.585	267.887	28.471	432	385.375
Depreciation and impairment losses					
At January 1	45.360	208.826	23.906	-	278.092
Disposals for the year	-	-7.927	-348	-	-8.275
Additions for the year	1.100	11.588	1.148	-	13.836
At December 31	46.460	212.487	24.707	-	283.653
Carrying amount at December 31	42.125	55.400	3.765	432	101.722
Including net finance leases T. DKK. 19,175k					

At 1 October 2012, the public land assessment value of Danish land and buildings amounts to DKK 44,322k for the parent company.

Amounts are DKK 1,000 unless otherwise stated

Note 10. Fixed asset investments

	Group			Parent			
	Investments in associates	Receivables in associates	Fixed assets Total	Investments in subsidiaries	Investments in associates	Receivables from associates	Fixed assets Total
Cost							
At January 1	-	-	-	85.814	-	41.689	127.503
Additions for the year	-	-	-	8	-	8.041	8.049
At December 31	-	-	-	85.822	-	49.730	135.552
Revaluation and impairment losses							
At January 1	-	-	-	-44.305	-	-	-44.305
Exchange rate adjustment	-	-	-	5.712	-	-	5.712
Profit/loss for the year after tax	-	-	-	-1.326	-	-	-1.326
At December 31	-	-	-	-39.919	-	-	-39.919
Carrying amount at December 31	-	-	-	45.903	-	49.730	95.633
Including goodwill DKK 54,595k							
Including receivable						50.089	
Including debt						-359	
Carrying amount at December 31						49.730	

Parent company investments in subsidiaries and associates at December 31, 2016

		Equity currency	Profit/loss currency	Equity	Profit/loss for year	Investment
Skamol Americas Inc., Charlotte, USA	USD	2.925	61	20.626	418	100%
Skamol Europe GmbH, Meerbusch, Germany	EUR	135	17	1.003	85	100%
Skamol Polaka s.p.z.o.o., Poland	PLN	-30	-35	-51	-59	100%
NCM Core A/S, Vodskov, Denmark				991	1	100%
Skamol Russia A/S, Nykøbing Mors, Denmark				23.703	-1.771	100%
Internal inventories profit				-369	22	

Note 11. Inventories

	Group		Parent	
	2016	2015	2016	2015
Finished goods	**24.110**	30.221	**21.072**	28.624
Raw materials	**9.250**	5.763	**9.007**	5.630
Packaging materials	**2.077**	1.751	**1.779**	1.539
Total	**35.438**	37.735	**31.858**	35.792

Note 12. Minority interests

	Group	
	2016	2015
At January 1	**3.623**	3.902
Disposals for the year	**-3.933**	0
Exchange rate adjustment	**550**	-522
Share of profit/loss for the year	**-239**	243
At December 31	**-**	3.623

Amounts are DKK 1,000 unless otherwise stated

Note 13. Other adjustments	Group	
	2016	2015
Exchange rate adjustments subsidiaries etc.	**4.823**	-2.459
Other	**-876**	-2.139
Total	**3.947**	-4.598

Note 14. Changes in working capital	Group	
	2016	2015
Change in receivables	**-6.040**	4.734
Change in inventories	**2.297**	-2.666
Change in trade payables etc.	**5.427**	-3.420
Total	**1.684**	-1.352

Note 15. Cash and cash equivalents	Group	
	2016	2015
Cash and cash equivalents at January 1	**44.233**	45.018
Cash and cash equivalents at December 31	**44.233**	45.018
Cash and cash equivalents at December 31 includes		
Cash at bank and in hand	**15.654**	44.233
Cash and cash equivalents at December 31	**15.654**	44.233

Note 16. Provision of security.

Provision of security has been entered into at group level in the parent company, FSN SKA A/S.

Note 17. Contractual, commitments, guarantees and contingent liabilities

A guarentee in the amount of DKK 750k with respect to the restoration of Moler areas and a guarentee in the amount of DKK 1,742k with respect to product security are incumbent on the parent company.

An operating lease commitment of DKK 2,067k for the years 2017-2021 is incumbent on the parent company.

The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc.

The total amount of accrued corporation tax appears from the Annual Report of FSN SKA A/S, which is the management in the joint 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 corrections to the corporation taxes and taxes at source may imply that the company's liability increases to a larger amount.

Note 18. Related with

Related parties with controlling interest in the company include FSN Capital III Limited Partnership, which via a majority holding in 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 groupenterprises and associates, as well as the Board of Directors and the Executive Board of the Company.

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

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

Today the Board of Directors approved the annual report of Skamol A/S for 2016.

The annual report has been prepared in accordance with the Danish Financial 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 and fair view of the Group and parent company's assets and liabilities, the financial position and results of the Group and parent company's operations and cash flows.

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

Nykøbing Mors, April 18, 2017

Executive Board:

Karsten Lundgaard
CEO

Poul Erik Kamstrup
CFO

Claus Arne Jørgensen
CTO

Board of Directors:

Bo Rygaard
Chairman

Nicholas Nehmzow Hjorth

Curt Germundsson

Marcus Christer Egelstig

Klaus Hermann Franz

Mette Feldstedt
Employee representative

Jørgen Bak
Employee representative

Independent Auditor's Report

To the Shareholders of Skamol A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Skamol A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.
Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Skive, 18 April 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Furbo	Allan Christensen
State Authorised Public Accountant	State Authorised Public Accountant

What is Skamol?
Skamol is
technical insulation systems

Skamol purpose
We create unique value
within technical insulation
systems

Skamol vision
Technical insulation systems
are Skamol

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