Jacob Holm & Sons AG

Annual Report for 2015

Contents

Report of the auditor
to the Board of Directors of
Jacob Holm & Sons AG
Basel

Report of the auditor on the consolidated financial statements

On your instructions, we have audited the consolidated financial statements of Jacob Holm & Sons AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with International Financial Reporting Standards (IFRS).

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Thomas Brüderlin	Korbinian Petzi
Audit expert	Audit expert

Basel, 29 April 2016

Enclosure:

- Consolidated financial statements (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes)

Consolidated Income Statement 1 January - 31 December

	Note	2015	2014
		CHF '000	CHF '000
Revenue	4	**341'476**	**217'742**
Cost of goods sold	5	-300'832	-194'980
Gross profit		**40'644**	**22'762**
Sales and marketing expenses	5	-5'332	-2'908
Administrative expenses	5	-21'638	-11'335
Operating profit		**13'674**	**8'519**
Other operating income and expenses	10	118	2
Profit before financial income and expenses and special items		**13'792**	**8'521**
Special items, net	6	-873	-7'371
Financial income	11	3'957	10'940
Financial expenses	12	-5'787	-7'968
Profit before tax		**11'089**	**4'122**
Tax on profit for the year	13	2'490	1'980
Net profit for the year		**8'599**	**2'142**

Consolidated Statement of Comprehensive Income 1. January - 31 December

	2015	2014
	CHF '000	CHF '000
Statement of Comprehensive Income 1 January - 31 December		
Net profit for the year	8'599	2'142
Items that may be subsequently reclassified to profit or loss		
Exchange adjustment, foreign companies	-42	2'994
Comprehensive income	**8'557**	**5'136**

Consolidated Balance Sheet at 31 December

Assets

	Note	2015	2014
		CHF '000	CHF '000
Goodwill		13'510	13'463
Customer lists, know-how, patents, licenses and trademarks		3'941	4'413
Software		6'343	152
Intangible fixed assets under construction		189	667
Intangible fixed assets	14	**23'983**	**18'695**
Land and buildings		39'746	30'757
Plant and machinery		108'367	58'636
Other fixtures and fittings, tools and equipment		3'167	1'403
Property, plant and equipment under construction		2'781	50'810
Property, plant and equipment	15	**154'061**	**141'606**
Other receivables		152	144
Deferred tax asset	21	2'706	5'865
Financial fixed assets		**2'858**	**6'009**
Non-current assets		**180'902**	**166'310**
Inventories	16	**30'364**	**30'256**
Corporation tax	17	925	7
Trade receivables	18	47'228	55'123
Bonds at fair value through profit and loss		1'910	9'031
Other receivables	18	4'327	9'938
Prepayments		556	528
Receivables		**54'946**	**74'627**
Cash at bank and in hand		**3'841**	**10'560**
Current assets		**89'151**	**115'443**
Assets		**270'053**	**281'753**

Consolidated Balance Sheet at 31 December

Equity and liabilities

	Note	2015	2014
		CHF '000	CHF '000
Share capital	19	250	250
Exchange adjustments		2'952	2'994
Retained earnings		64'660	56'061
Equity		**67'862**	**59'305**
Bond	20	74'671	79'926
Credit institutions	24	41'735	38'463
Provisions for deferred tax	21	8'244	11'358
Provisions for other staff obligations	22	870	904
Provisions for other liabilities and charges	23	990	989
Non-current liabilities		**126'510**	**131'640**
Current portion of non-current liabilities	24	10'329	6'406
Credit institutions	24	22'471	23'631
Trade payables		25'744	37'158
Payables, plant and machinery		4'123	8'579
Payables to related companies	30	14	181
Corporation tax	25	1'751	1'978
Other payables		11'249	12'875
Current liabilities		**75'681**	**90'808**
Liabilities		**202'191**	**222'448**
Equity and liabilities		**270'053**	**281'753**
Fee to auditors appointed at the annual general meeting	8		
Contingent liabilities and other financial obligations	28		
Financial risks	29		
Related parties	30		
Development costs	31		
Post balance sheet events	32		
Business Combinations	33		

Statement of Changes in Equity, Group 1 January - 31 December

	Share capital	Exchange adjustments	Retained earnings	Total
	CHF '000	CHF '000	CHF '000	CHF '000
Equity				
Equity at 1 January 2015	250	2'994	56'061	59'305
Comprehensive income for the year	0	-42	8'599	8'557
Dividends	0	0	0	0
Equity at 31 December 2015	**250**	**2'952**	**64'660**	**67'862**
Equity at 1 January 2014	100	0	169	269
Additions from contribution in kind	150	0	53'750	53'900
Comprehensive income for the year	0	2'994	2'142	5'136
Dividends	0	0	0	0
Equity at 31 December 2014	**250**	**2'994**	**56'061**	**59'305**

Consolidated Cash Flow Statement

	Note	2015	2014
		CHF '000	CHF '000
Net profit for the year		8'599	2'142
Adjustments of non-cash items	26	18'062	8'050
Change in working capital	27	-556	-2'922
Cash flows from operating activities before financial income and expenses and tax		26'105	7'270
Financial income		983	10'940
Financial expenses		-5'225	-7'968
Corporation tax paid		-3'304	-68
Cash flows from operating activities		**18'559**	**10'174**
Purchase of intangible fixed assets		-6'653	-688
Purchase of property, plant and equipment		-31'551	-43'828
Purchase of financial fixed assets		-14	-1'351
Sale of property, plant and equipment		54	70
Purchase of bonds at fair value through profit and loss		0	-9'101
Sale of bonds at fair value through profit and loss		6'150	0
Acquisition of business combinations	33	498	-63'095
Cash flows from investing activities		**-31'516**	**-117'993**
Change in accounts with related parties		-167	96
Raising of non-current loans		13'365	107'676
Repayment of non-current loans		-6'216	-7'337
Cash flows from financing activities		**6'982**	**100'435**
Change in cash and cash equivalents		**-5'975**	**-7'384**
Cash and cash equivalents at 1 January		-13'071	355
Cash and cash equivalents via contribution in kind		0	-5'347
Exchange adjustment of cash at bank and in hand at 1 January		416	-695
Cash and cash equivalents at 31 December		**-18'630**	**-13'071**

specified as follows:

Cash at bank and in hand	3'841	10'560
Credit institutions (current liabilities)	-22'471	-23'631
	-18'630	**-13'071**

Notes to the Annual Report, Group

1 Accounting Policies

The Annual Report of Jacob Holm & Sons AG for 2015 is prepared in accordance with International Financial Reporting Standards (IFRS).

The Annual Report for 2015 is presented in CHF ’000.

The applied accounting policies are unchanged compared to the previous year.

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing the consolidated financial statement.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. Reduces the number of categories of financial assets to two; amortised cost and fair value. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement. Furthermore, hedge accounting is simplified and net positions can be hedged.

IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16, “Leases”, which amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. The Group expects to implement the standard when it becomes effective. The Group is in the process of examining the effect of the standard, which cannot yet be calculated.

The IASB has approved further new standards and interpretations that are not relevant to Jacob Holm & Sons AG and will have no effect on the Financial Statements.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Jacob Holm & Sons AG and its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the group companies by combining items of a uniform nature, and elimination is made of intercompany income and expenses, intercompany accounts as well as profits and losses on transactions between the consolidated companies. The results of foreign group companies are translated into Swiss Franc at average exchange rates. The balance sheets are translated into Swiss Franc at the exchange rates at the balance sheet date. Exchange adjustments in this connection are made over the statement of comprehensive income.

Business combinations

On acquisition of subsidiaries including acquisition of subsidiaries under common control, the acquisition method is applied.

Purchase price of acquired assets, liabilities and contingent liabilities are initially measured at fair value at the time of acquisition. Identifiable intangible fixed assets are recognised if they can be separated and the fair value can be measured reliably. Deferred tax is recognised on re-measurements made. Any remaining positive differences between the cost and the fair value of assets, liabilities and contingent liabilities acquired are recognised in intangible fixed assets in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment on an annual basis.

Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swiss Franc which is the parent company's functional and presentation currency.

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

Balance sheet items including goodwill for consolidated companies that do not have Swiss France as their functional currency are translated into Swiss Franc at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for the month. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Income Statement

Revenue and recognition of income

Revenue from sale of goods is measured at fair value of the consideration received net of goods sold excluding VAT and net of provisions for returns, discounts, etc.

Revenue from the sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities. In general the recognition of revenue is done when the goods are delivered in accordance with the agreed upon contractual terms.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories and distribution expenses including salaries to distribution staff.

Cost of goods sold also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Sales and marketing expenses

Sales and marketing expenses comprise costs in the form of salaries to sales staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the companies, including gains and losses on disposals of intangible fixed assets and property, plant and equipment as well as subsidies received which do not directly relate to the purchase of non-current assets.

Special items

Special items comprise income and expenses outside normal operations which are at the same time non-recurring income and expenses. Special items comprise income and expense arising from events and transactions such as due diligence re. potential acquisitions, integration costs and larger restructuring or organisational changes.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities and amortisation of financial assets and liabilities.

Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the expenses relating to the asset. All other financial expenses are recognised in expenses in the financial year in which they were incurred.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use or for sale.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to items recognised in other comprehensive income is recognised in other comprehensive income and tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Balance Sheet

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's operating segments. The allocation is completed no later than at the end of the reporting period following the acquisition.

Goodwill is tested for impairment annually or on indication of impairment In the event of impairment, the carrying amount is written down to the value in use. Impairment charges on goodwill are not reversed.

Customer lists, know-how, patents and licenses, trademarks and software are measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life, which are;

Customer lists, know-how, patents and licenses	3-10 years
Trademarks	20 years
Software	3-5 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the purchase price and costs which are directly attributable to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises directly attributable costs for labour, materials, components and sub-suppliers. The cost price of new product lines comprise costs related to the commissioning of the production line up until the point in time where the production line is ready for commercial production. Commissioning costs comprise costs such as test runs and repair and maintenance activities.

The initial estimate of the costs of dismantling assets for which there is a legal obligation to dismantle at the end of the useful life of the asset is included as part of the cost price of the asset.

Income from the sale of products during the commissioning period is set off against the cost of the asset.

Government grants received are set off against the cost of assets qualifying for the subsidy.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Spare parts included in plant and machinery are depreciated over 5 years.

Gains or losses from the sale of property, plant and equipment are calculated as the difference between the selling price net of selling expenses and the carrying amount at the time of the sale. Gains or losses from current replacement of property, plant and equipment are recognised in other operating income and expenses in the income statement.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Impairment losses are reversed to the extent that changes have taken place in the assumptions or estimates leading to the write-down for impairment. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had, had it not been written down for impairment. Impairment on goodwill is not reversed.

Financial fixed assets

Other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Bonds at fair value through profit or loss

Bonds at fair value through profit or loss are financial assets held for trading. Bonds are classified in this category if acquired principally for the purpose of selling in the short term.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as directly attributable labour and production costs. These costs also comprise maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance-sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items where temporary differences – apart from business acquisitions – have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement unless the deferred tax relates to equity entries.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Staff obligations

Wages and salaries, social security contributions, paid absence and sickness absence, bonuses and non-monetary contributions are recognised in the financial year in which the Group's employees have performed the related work. Expenses relating to the Group's long-term staff benefits are accrued so that they follow the performance of work by the employees concerned.

The Group's pension schemes comprise defined contribution plans.

Moreover, provisions are made for seniority based bonuses earned over the employment period.

Provisions

Provisions are recognised when – as a result of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprise mainly dismantling cost related to assets held on leased land.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. At the measurement of provisions, discounting is made of the expenses necessary to settle the liability if this has a material effect on the measurement of the liability.

Financial liabilities

Mortgage credit loans and loans from credit institutions are initially recognised at fair value net of transaction expenses incurred.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method

Non-closely related embedded derivatives such as certain prepayment options are separated from the host liability contract and accounted for as stand-alone derivative financial instruments.

Other liabilities comprising trade payables and other liabilities are also measured at amortised cost.

Cash Flow Statement

The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit for the year adjusted for non-cash operating items, changes in working capital, financial income/expenses and corporation tax paid.

Notes to the Annual Report, Group

1 Accounting Policies (continued)

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible fixed assets, property, plant and equipment as well as financial fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise the item "Cash at bank and in hand" under current assets net of current credits with banks that constitute an integrated part of the Group's current cash management.

The cash flow statement cannot be immediately derived from the information provided in these financial statements.

Segment information

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the financial reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Net profit is the measurement reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

In presenting information on the basis of geographical markets the information is based on the geographical location of the enterprises in each segment.

Accounting policies relevant only for the parent company

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Parent Company Financial Statements.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

2 Significant accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management believes are reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by nature, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Deferred tax asset

The French plant has improved the product mix as well as production efficiency by upgrading the production lines. Further, the organisation has been changed to reflect the changing demands. On this basis, the Group has evaluated the amount which can be utilised over the next 5 years. The Group has recognised a deferred tax asset of approx. CHF 3m primarily relating to a tax loss carry-forward in France.

Impairment Goodwill

Goodwill is not amortised but is subject to an annual impairment test. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2015. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rates and terminal growth rates. The use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. The assumptions for significant goodwill amounts are set out in note 14.

3 Segment information

The Jacob Holm Industries segment produces and sells non-woven roll-goods.

The Sontara segment produces and sells non-woven in converted and roll-goods form.

The TWIG segment sells non-woven by-products.

The Headquarter segment consists of the Danish and Swiss holding and management companies Jacob Holm & Sønner Holding A/S, Jacob Holm & Sønner A/S and Jacob Holm & Sons AG.

No operating segments have been aggregated.

Notes to the Annual Report, Group

3 Segment information (continued)

2015 Income statement	Jacob Holm Industries CHF '000	Sontara CHF '000	TWIG CHF '000	Headquarter CHF '000	Eliminations CHF '000	Group CHF '000
Revenue						
Inter-segment revenue	833	0	0	5'933	-6'766	0
External revenue	143'561	195'014	2'573	328	0	341'476
EBITDA	6'082	22'094	741	-901	-519	27'497
Depreciation, amortization and impairment losses	8'132	5'286	14	298	0	13'730
Special items	0	378	0	495	0	873
Financial income	497	8	15	7'932	-4'495	3'957
Financial expenses	-1'436	-3'400	-16	-5'430	4'495	-5'787
Income tax income/expense	2'379	2'273	81	-2'116	-127	2'490
Profit or loss	-5'344	10'764	645	2'926	-392	8'599
Balance sheet						
Non-current assets *- including investment in property, plant and equipment*	132'845	44'710	43	315'063	-311'759	180'902
Additions to non-current assets	23'233	10'482	2	1'204	0	34'921
Current assets	33'269	70'796	1'404	8'539	-24'857	89'151
Total assets	166'114	115'506	1'447	323'602	-336'616	270'053
Non-current liabilities	60'733	27'237	0	78'703	-40'163	126'510
Current liabilities	48'178	44'194	592	7'575	-24'858	75'681
Total Liabilities	108'911	71'431	592	86'278	-65'021	202'191

2014 Income statement	Jacob Holm Industries CHF '000	Sontara CHF '000	TWIG CHF '000	Headquarter CHF '000	Eliminations CHF '000	Group CHF '000
Revenue						
Inter-segment revenue	688	0	0	3'748	-4'436	0
External revenue	150'407	64'938	2'397	0	0	217'742
EBITDA	10'047	7'989	700	-842	587	18'481
Depreciation, amortization and impairment losses	8'362	1'363	5	143	0	9'873
Special items	0	6'022	74	1'275	0	7'371
Financial income	410	0	14	13'404	-2'888	10'940
Financial expenses	1'333	3'382	3	6'138	-2'888	7'968
Income tax income/expense	160	-54	82	1'648	144	1'980
Profit or loss	507	-2'724	550	3'366	443	2'142
Balance sheet						
Non-current assets *- including investment in property, plant and equipment*	122'989	40'155	57	282'309	-279'200	166'310
Additions to non-current assets	48'965	2'779	23	401	0	52'168
Current assets	35'252	112'945	1'573	65'468	-99'795	115'443
Total assets	158'241	153'100	1'630	347'777	-378'995	281'753
Non-current liabilities	50'547	33'717	0	91'196	-43'820	131'640
Current liabilities	49'936	87'500	666	9'122	-56'416	90'808
Total Liabilities	100'483	121'217	666	100'318	-100'236	222'448

Performance of the operating segments and decisions about resources to be allocated are made on the basis of EBITDA.

Notes to the Annual Report, Group

	2015	2014
	CHF '000	CHF '000

3 Segment information (continued)

Geographic allocation

	2015	2014
Revenue		
Switzerland	724	101
EU	87'926	69'077
USA/Canada	178'598	102'513
APAC	57'769	31'353
Other	16'459	14'698
Total revenue	**341'476**	**217'742**
Non-current assets other than deferred tax assets, by area		
Switzerland	21'511	19'246
EU	26'651	28'382
USA/Canada	127'024	112'796
APAC	17	17
Other	22	5
Total non-current assets other than deferred tax assets	**175'225**	**160'446**

4 Revenue

	2015	2014
Sale of goods	341'148	217'742
Royalties	328	0
	341'476	**217'742**

5 Expenses classified by type

	2015	2014
Production costs	285'182	185'096
Distribution costs	15'650	9'884
Cost of goods sold	300'832	194'980
Sales and marketing expenses	5'332	2'908
Administrative expenses	21'638	11'335
Other income and expenses	-118	-2
Special items, net	873	7'371
	328'557	**216'592**
Classified by type as follows:		
Expenses for raw materials and consumables	190'726	125'474
Other external expenses	77'281	55'475
Staff expenses	46'820	25'770
Depreciation and amortisation	13'730	9'873
	328'557	**216'592**

6 Special items, net

	2015	2014
	CHF '000	CHF '000
Special items, costs:		
Due diligence costs regarding acquisitions of business	0	3'128
Integration costs regarding acquired businesses	873	4'012
Restructuring projects	0	231
	873	**7'371**

Special items, are all external expenses.

7 Staff expenses

Staff expenses are included in the Group's production costs, distribution costs, sales and marketing and administrative expenses as follows:

	2015	2014
Wages and salaries	35'143	19'632
Pensions defined contribution plans	2'161	996
Other social security expenses	9'516	5'142
	46'820	**25'770**
Average number of full-time employees	**568**	**331**

Staff expenses are distributed on the individual cost groups as follows:

	2015	2014
Cost of goods sold	34'121	19'010
Sales and marketing expenses	3'276	1'625
Administrative expenses	9'423	5'135
	46'820	**25'770**

Notes to the Annual Report, Group

	2015	2014
	CHF '000	CHF '000

8 Fee to auditors appointed at the general meeting

	2015	2014
Audit fee	566	276
Tax consultancy	719	847
Non-audit services	499	288
Total	**1'784**	**1'411**
Fee to other audit firms		
Audit fee	18	0
Tax consultancy	25	0
Other assurance statements	8	0
Non-audit services	60	23
Total	**111**	**23**

9 Depreciation and amortisation

	2015	2014
Depreciation and amortisation for the year are specified as follows:		
Customer lists, know-how, patents, licences and trademarks	472	158
Software	942	114
Buildings	1'793	1'405
Plant and machinery	9'752	7'764
Other fixtures and fittings, tools and equipment	771	432
	13'730	**9'873**
Depreciation and amortisation are distributed on the individual cost groups as follows:		
Cost of goods sold	11'882	9'340
Sales and marketing expenses	395	207
Administrative expenses	1'453	326
	13'730	**9'873**

Notes to the Annual Report, Group

	2015	2014
	CHF '000	CHF '000

10 Other operating income and expenses

	2015	2014
Other operating income:		
Subsidies	13	17
Gains on disposals of non-current assets	25	9
Management fee	94	79
Other	23	5
	155	110
Other operating expenses:		
Loss on disposals of non-current assets	-37	-59
Other	0	-49
	-37	-108
	118	**2**

11 Financial income

	2015	2014
Interest	200	716
Exchange adjustments	3'639	10'224
Other	118	0
	3'957	**10'940**

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

12 Financial expenses

	2015	2014
Interest	4'544	5'675
Exchange adjustments	927	2'293
Other	316	0
	5'787	**7'968**

Interest and exchange adjustments relate to loans received and payables measured at amortised cost.

Notes to the Annual Report, Group

13 Tax on profit for the year

	2015 CHF '000	2014 CHF '000
Current tax on profit for the year	2'831	1'880
Change in deferred tax	224	111
Change in tax previous years	-565	-11
	2'490	**1'980**
Tax on profit for the year is specified as follows:		
Calculated 11% tax on profit for the year before tax	1'683	453
Tax effect of:		
Higher/lower tax rate in foreign companies	103	1'318
Tax on non-deductible expenses and non-taxable income	-651	106
Adjustment of valuation deferred tax	1'920	114
Adjustment of tax previous years	-565	-11
	2'490	**1'980**
Effective tax rate for the year	**22.45%**	**48.03%**

14 Intangible fixed assets

	Goodwill	Customer lists, know-how, patents, licenses and trademarks	Software	Intangible fixed assets under construction
	CHF '000	CHF '000	CHF '000	CHF '000
2015				
Cost at 1 January	13'463	4'583	2'845	667
Exchange adjustment at year-end rate	0	-1	-50	0
Additions from business combination	47	0	0	0
Additions for the year	0	0	6'549	59
Transfer between items	0	0	537	-537
Disposals for the year	0	0	0	0
Cost at 31 December	13'510	4'582	9'881	189
Amortisation at 1 January	0	170	2'693	0
Exchange adjustment at year-end rate	0	-1	-97	0
Amortisation for the year	0	472	942	0
Amortisation at 31 December	0	641	3'538	0
Carrying amount at 31 December	**13'510**	**3'941**	**6'343**	**189**
Amortised over		**10 years**	**3-5 years**	

14 Intangible fixed assets (continued)

	Goodwill	Customer lists, know-how, patents, licenses and trademarks	Software	Intangible fixed assets under construction
	CHF '000	CHF '000	CHF '000	CHF '000
2014				
Cost at 1 January	0	0	0	122
Exchange adjustment at year-end rate	0	0	155	0
Additions from business combination	13'463	4'571	0	0
Additions from contribution in kind	0	12	2'549	0
Additions for the year	0	0	141	545
Cost at 31 December	13'463	4'583	2'845	667
Amortisation at 1 January	0	0	0	0
Exchange adjustment at year-end rate	0	0	154	0
Additions from contribution in kind	0	12	2'425	0
Amortisation for the year	0	158	114	0
Amortisation at 31 December	0	170	2'693	0
Carrying amount at 31 December	**13'463**	**4'413**	**152**	**667**
Amortised over		**10 years**	**3-5 years**	

The Group has performed impairment test of Goodwill per 31 December 2015. Goodwill was recognised in April 2014 as part of the acquisition of the TWIG Group as well as a subsequent acquisition of Sontara Argentina in 2015.

The Group has performed the impairment test on the basis of overall valuation of the TWIG Group. The conclusion was that there was no need for impairment.

The valuation of the TWIG Group was prepared on basis of the approved budget for 2016 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 5,7%.

At year-end Management has assessed that the key assumption used to determinate value in use of the TWIG Group is the available volume of by-products to this Group. The 2016 budget includes a conservative level of volume. As a result of this, cash-flow used to determine the fair value is at a conservative level which is explaining why the WACC includes no risk-premium.

Based on the conservative cash-flow, it is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

15 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	CHF '000	CHF '000	CHF '000	CHF '000
2015				
Cost at 1 January	46'253	132'552	6'731	50'810
Exchange adjustment at year-end rate	-2'133	-5'943	-366	-46
Additions from business combination				
Additions from contribution in kind				
Additions for the year	110	4'606	1'832	21'248
Transfer between items	11'932	56'521	778	-69'231
Disposals for the year	-8	-224	-448	0
Cost at 31 December	56'154	187'512	8'527	2'781
Depreciation at 1 January	15'496	73'916	5'328	0
Exchange adjustment at year-end rate	-875	-4'352	-303	0
Additions from contribution in kind				
Depreciation and impairment losses for the year	1'793	9'752	771	0
Disposals for the year	-6	-171	-436	0
Depreciation at 31 December	16'408	79'145	5'360	0
Carrying amount at 31 December	**39'746**	**108'367**	**3'167**	**2'781**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2015 includes interest of CHF 1.139k.

The carrying amount of plant and machinery at 31 December 2015 includes interest of CHF 2.664k.

During the year, the Group has capitalised borrowing costs amounting to CHF 2.048k on qualifying assets. The average interest rate applied was 3.87% p.a.

Notes to the Annual Report, Group

15 Property, plant and equipment
(continued)

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	CHF '000	CHF '000	CHF '000	CHF '000
2014				
Cost at 1 January	0	0	845	0
Exchange adjustment at year-end rate	1'994	3'840	127	835
Additions from business combination	6'470	16'647	1	0
Additions from contribution in kind	37'183	100'617	5'230	8'146
Additions for the year	606	11'603	815	51'941
Disposals for the year	0	-155	-287	-10'112
Cost at 31 December	46'253	132'552	6'731	50'810
Depreciation at 1 January	0	0	642	0
Exchange adjustment at year-end rate	450	1'841	108	0
Additions from contribution in kind	13'641	64'389	4'385	0
Depreciation and impairment losses for the year	1'405	7'764	432	0
Disposals for the year	0	-78	-239	0
Depreciation at 31 December	15'496	73'916	5'328	0
Carrying amount at 31 December	**30'757**	**58'636**	**1'403**	**50'810**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2014 includes interest of CHF 587k.

The carrying amount of plant and machinery at 31 December 2014 includes interest of CHF 434k.

During the year, the Group has capitalised borrowing costs amounting to CHF 816k on qualifying assets. The average interest rate applied was 4.78% p.a.

Notes to the Annual Report, Group

	2015	2014
	CHF '000	CHF '000

16 Inventories

	2015	2014
Raw materials and consumables	9'064	7'419
Finished goods	21'300	22'837
	30'364	**30'256**
Raw materials and consumables expensed for the year	190'726	206'095
Inventories expected to be sold after more than 1 year amount to	0	0
Write-down on inventories for the year amounts to	3'679	497
Reversed write-down on inventories for the year amounts to	705	302

Subsequent sales have shown that there was no need for the write-down.

17 Corporation tax

	2015	2014
Corporation tax receivable at 1 January	7	0
Exchange adjustment at year-end rate	-35	0
Tax on operating profit, see note 13	-586	0
Tax refunded/paid	1'539	7
Corporation tax receivable at 31 December	**925**	**7**

18 Receivables

	2015	2014
Trade receivables	47'241	55'382
Bad debt provision	-13	-259
Trade receivables, net	47'228	55'123
Other receivables	4'327	9'938
	51'555	**65'061**

Bad debt provision

	2015	2014
Bad debt provision at 1 January	259	0
Exchange adjustment at year-end rate	-1	0
Additions for the year	6	259
Disposals for the year:		
- Applied	-85	0
- Reversed	-166	0
Bad debt provision at 31 December	**13**	**259**

Notes to the Annual Report, Group

	2015	2014
	CHF '000	CHF '000

19 Share capital

Share capital has developed as follows:

	2015	2014
1 January	250	100
Increase via contribution in kind	0	150
31 December	**250**	**250**

20 Bond

The Group Company Jacob Holm & Sønner Holding A/S has issued a series of bonds in the amount of SEK 650m in 2014. The Bonds were listed on the Oslo Børs on March 10, 2016.

The interest coupon on the par value of the Bonds payable from and including, the issue date is three months STIBOR plus a margin of 5,25 %.

The Bond matures in full on 3 April 2019. The Company may redeem the bond issue in whole or in part at any time. The redemption price is:

From the issue date to April 2016 the present value is par value and remaining interest payments discounted at 50 basis point over the comparable Swedish Government bonds.

April 2016 to April 2017	104 % of par value
April 2018 to final maturity	102 % of par value

The holders cannot call the bond unless the covenants set out in the bond agreement are not complied with. The Bond is subject to three covenants:
- Debt/EBITDA ratio
- Interest coverage ratio
- Minimum liquidity

	2015	2014
	CHF '000	CHF '000

21 Deferred tax

	2015 CHF '000	2014 CHF '000
Deferred tax at 1 January	5'493	0
Exchange adjustment at year-end rate	-159	465
Additions from business combination	-20	0
Additions from contribution in kind	0	4'917
Change in deferred tax, see note 13	224	111
Deferred tax at 31 December	**5'538**	**5'493**
Deferred tax relates to:		
Inventories	-372	-579
Other current assets	180	53
Other liabilities	-380	-119
Current part	**-572**	**-645**
Intangible assets	-1'174	0
Property, plant and equipment	8'599	8'978
Other liabilities	-484	-105
Tax loss carry-forward	-4'933	-9'959
Retaxation relating to utilised losses in foreign subsidiary	4'102	7'224
Non-current part	**6'110**	**6'138**
Deferred tax, net	**5'538**	**5'493**
which breaks down as follows:		
Deferred tax asset	-2'706	-5'865
Provisions for deferred tax liability	8'244	11'358
	5'538	**5'493**
Unrecognized deferred tax asset	**3'604**	**0**

The Group's recognised tax loss is subject to varying conditions and is expected fully utilised for set-off against positive taxable income within a 5 year period.

One of the entities to which the tax loss carry-forward relates to, realised a tax loss for assessment year 2015. Management has prepared detailed forecasts for the coming financial years for the entity in question and has reassessed the expected time frame for utilisation of the tax loss carry-forward. It is Management's assessment that the taxable income will increase in the coming financial years due to increasing earnings.

Management has chosen to derecognise the part of the tax loss carry-forward which relates to the period after 5 years as there is some uncertainty as to the timing of utilizing the tax loss carry-forward.

Notes to the Annual Report, Group

22 Other staff obligations

The Group offers part of the employees to participate in pension schemes in the form of defined contribution plans.

The provision for other staff obligations primarily includes seniority based bonuses for employees calculated by an actuary taking into account the expected turnover among employees, wage increases etc. A discount factor of 2,03% has been used against 1,80% in 2014.

As the obligation is uncertain as regards the time of settlement, no breakdown of time of maturity can be made. The entire obligation has therefore been classified as a non-current liability.

	2015	2014
	CHF '000	CHF '000
Balance at 1 January	904	0
Exchange adjustment at year-end rate	-90	-15
Additions from contribution in kind	0	802
Disposals for the year	-2	-98
Discount effect	-22	103
Additions for the year	80	112
Balance at 31 December	**870**	**904**

23 Provisions for other liabilities and charges

The liability relates to an estimated liability regarding dismantling of assets held on leased land.

Balance at 1 January	989	0
Exchange adjustment at year-end rate	1	33
Additions for the year	0	956
Balance at 31 December	**990**	**989**

24 Credit institutions

Payment due later than 5 years	0	0
Payment due 1-5 years	41'735	38'463
Non-current credit institutions	**41'735**	**38'463**
Payment due within 1 year	32'800	30'037
	74'535	**68'500**

Credit institutions primarily includes term loans granted to the Plant in Asheville, NC with a total of CHF 51m of which CHF 41m is due between 1-5 years. These term loans are USD denominated and with variable interest.

	2015	2014
	CHF '000	CHF '000

24 Credit institutions (continued)

The covenants comprise measurements on specific financial ratios, including solvency, EBITDA in relation to fixed charges (interest, instalments, income tax, dividend and capital expenditure) and the cover of revolving credit by working capital.

25 Corporation tax

	2015	2014
Accrued corporation tax at 1 January	1'978	35
Addition from acquisition of subsidiaries	0	141
Exchange adjustment at year-end rate	-130	-6
Tax on operating profit, see note 13	2'245	1'869
Adjustment of tax previous years	-565	0
Tax paid	-1'777	-61
Accrued corporation tax at 31 December	**1'751**	**1'978**

26 Cash flow statement - adjustments non-cash items

	2015	2014
Financial income	-3'957	-10'940
Financial expenses	5'787	7'968
Depreciation, amortisation and impairment losses, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	13'742	9'923
Tax on profit for the year	2'490	1'980
Exchange gain/loss on intercompany accounts	0	-881
	18'062	**8'050**

27 Cash flow statement - change in working capital

	2015	2014
Change in inventories	-331	-2'457
Change in receivables	12'131	-29'487
Change in other provisions	56	92
Change in payables	-12'412	28'930
	-556	**-2'922**

	2015	2014
	CHF '000	CHF '000

28 Contingent liabilities and other financial obligations

Mortgages

As security for credit institution, mortgage deeds registered to the mortgagor have been issued totalling	87'757	87'813

The mortgage deeds registered to the mortgagor are secured on land and buildings as well as the related plant and machinery at a carrying amount of CHF 122,437k (at 31 December 2014: CHF 59,013k).

As security for credit institution, a mortgage on movable property has been issued totalling	2'054	2'284

The mortgage deed on movable property is secured on intangible fixed assets and property plant and machinery at a carrying amount of CHF 12.922k (at 31 December 2014: CHF 13,005k).

As security for credit institutions, security has moreover been provided in current assets at a carrying amount of CHF 27,839k (at 31 December 2014: CHF 26,589k).

Obligations under operating leases

Obligations under operating leases primarily comprise agreements entered into concerning the lease of operational equipment. The leases run until June 2019 at the latest.

Obligations under operating leases break down as follows according to due date:

Minimum payments	2015	2014
	CHF '000	CHF '000
0-1 year	121	21
1-5 years	150	3
>5 years	0	0
	271	**24**

Lease expenses recognised amount to CHF 127k (2014: CHF 73k).

Notes to the Annual Report, Group

28 Contingent liabilities and other financial obligations (continued)

Obligations under rental agreements

Obligations under rental agreements primarily comprise agreements entered into concerning the renting of warehouse and office space. The rentals run until February 2018 at the latest.

Obligations under rental agreements break down as follows according to due date:

Minimum payments	2015	2014
	CHF '000	CHF '000
0-1 year	2'022	112
1-5 years	2'470	449
>5 years	0	28
	4'492	**589**

Rental expenses recognised amount to CHF 1.893k (2014: CHF 593k).

Contractual obligations

The Group has entered into agreements on delivery of property, plant and equipment with a remaining obligation of	493	13'818

Notes to the Annual Report, Group

29 Financial risks

Credit risk

Credit risk arises from cash and cash equivalents, bond investments as well as credit exposure to customers and other outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Current follow-up is made on outstanding accounts in accordance with the Group's trade receivables procedures. Where uncertainty arises as to a customer's ability or willingness to pay, and it is estimated that the trade receivable is subject to risk, a bad debt provision is made.

Credit quality

Credit insurance has been taken out in respect of a part of the Group's trade receivables as part of a factoring agreement not qualifying for derecognition. The total amount included under the factoring agreement amounts to CHF 13m (2014: CHF 13m) and the associated liability amounts to CHF 10m (2014: CHF 11m).

At the balance sheet date the outstanding amount covered by credit insurance is approx. CHF 9m (2014: CHF 13m).

Generally the Group's trade receivables is concentrated on a smaller number of customers of which several are highly rated large multinational customers which supports the low bad debt provision.

The overdue balance on trade receivables is specified as follows at 31 December 2015:

CHF '000	0-15 days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	4'497	297	194	856	5'844
Overdue receivables subject to impairment	0	0	0	13	13
	4'497	297	194	869	5'857
Bad debt provision	0	0	0	-13	-13
	4'497	297	194	856	5'844

Notes to the Annual Report, Group

29 Financial risks (continued)

The overdue balance on trade receivables is specified as follows at 31 December 2014:

CHF '000	0-15 days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	4'872	3'201	240	2'183	10'496
Overdue receivables subject to impairment	0	0	0	93	93
	4'872	3'201	240	2'276	10'589
Bad debt provision	0	0	0	-93	-93
	4'872	3'201	240	2'183	10'496

Liquidity risk

The Group ensures sufficient cash resources by entering into framework agreements for current overdraft facilities. Existing agreements with agreed upon repayment terms cannot be terminated by the banks unless there is a breach of the covenants stated in the loan agreements.

In the event of breach of a covenant the Group has the right to remedy without undue delay, respectively the bank is entitled to terminate part or all of the outstanding loan facilities, should the Group not be able to do so.

Two covenants regarding credit institution loans have been in breach during 2015. A solvency ratio has been violated at the end of Q1 and Q2 2015 as well as the EBITDA in relation to fixed charges has been violated at the end of Q2, Q3 and Q4 2015. The bank has waived the breaches which are caused by a delay of a large capex project. In order to avoid similar issues in 2016, the company has been negotiating an amendment to the credit agreement with the credit institution.

Some of the Group's credit facilities are variable due to the fact that some of the Group's credit lines are based on the amount of the Group's trade receivables and inventory.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

The cash need is expected covered by the current liquidity surplus from operations, bonds at fair value, unutilised credits as well as via refinancing or new non-current loans.

Notes to the Annual Report, Group

29 Financial risks (continued)

2015

CHF '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	4'016	83'054	0	87'070	0	74'671	76'493
Credit institutions	34'310	44'332	0	78'642	0	74'535	74'535
Payables to related companies	14	0	0	14	0	14	14
Trade payables	25'744	0	0	25'744	0	25'744	25'744
Other short-term liabilities	17'032	0	0	17'032	0	17'032	17'032
Financial liabilities	**81'116**	**127'386**	**0**	**208'502**	**0**	**191'996**	**193'818**
Loans and receivables:							
Trade receivables	47'241	0	0	47'241	0	47'241	47'228
Other receivables	5'252	152	0	5'404	0	5'404	5'404
Cash at bank and in hand	3'841	0	0	3'841	0	3'841	3'841
	56'334	**152**	**0**	**56'486**	**0**	**56'486**	**56'473**
Net cash outflow	**-24'782**	**-127'234**	**0**	**-152'016**	**0**	**-135'510**	**-137'345**
Bonds at fair value through profit and loss	**1'910**	**0**	**0**	**1'910**	**0**	**1'910**	**1'910**
Unutilised credits						8'690	8'690

2014

CHF '000

	< 1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Bond	5'798	98'915	0	104'713	0	82'536	82'536
Credit institutions	30'038	38'463	0	68'501	0	68'501	68'501
Payables to related companies	181	0	0	181	0	181	181
Trade payables	37'159	0	0	37'159	0	37'159	37'159
Other short-term liabilities	23'430	0	0	23'430	0	23'430	23'430
Financial liabilities	**96'606**	**137'378**	**0**	**233'984**	**0**	**211'807**	**211'807**
Loans and receivables:							
Trade receivables	55'382	0	0	55'382	0	55'382	55'123
Other receivables	9'938	0	0	9'938	0	9'938	9'938
Cash at bank and in hand	10'560	0	0	10'560	0	10'560	10'560
Financial assets	**75'880**	**0**	**0**	**75'880**	**0**	**75'880**	**75'621**
Net cash outflow	**-20'726**	**-137'378**	**0**	**-158'104**	**0**	**-135'927**	**-136'186**
Bonds at fair value through profit and loss	**9'031**	**0**	**0**	**9'031**	**0**	**9'031**	**9'031**
Unutilised credits						6'856	6'856

Notes to the Annual Report, Group

29 Financial risks (continued)

Fair value of bond investments is based on quoted prices (level 1). Fair value of the issued bond is based on an indicative price published by a Broker (level 2). Fair value of floating rate loans from credit institutions is based on an assessment of the current margin on such loan arrangements (level 2). Fair value of cash and cash equivalents and short term receivables and payables is determined to equal the nominal amount.

Market risk

The Group's credits and bonds are floating-rate credits and bonds, which exposes the Group to fluctuations in interest rates. It is Group policy that all financing of working capital and investments in non-current assets take place at floating interest rate.

No derivative financial instruments are used to hedge interest rate risk.

Based on interest-bearing debt at the balance sheet date, an increase in the SEK market rate by 1% would decrease the profit for the year before tax of CHF 765k (2014: CHF 825k) and an increase in all other market rates by 1% would decrease the profit for the year before tax of CHF 745k (2014: CHF 685k).

The Group's currencies used for payment are mostly distributed between EUR and USD. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2015

The below balances represents the net Group exposure for each individual currency. Accordingly, where an entity reports in the stated currency, it has been excluded in the balance shown.

CHF '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	50'534	-19'044	-768	30'722
USD	> 1 year	0	-2'988	0	-2'988
EUR	< 1 year	5'491	-7'034	747	-796
CHF	< 1 year	14'335	-109	9	14'235
SEK	< 1 year	0	0	1	1
SEK	> 1 year	0	0	-76'493	-76'493
Other	< 1 year	483	-33	67	517
		70'843	-29'208	-76'437	-34'802

Notes to the Annual Report, Group

29 Financial risks (continued)

Exposure at 31 December 2014

CHF '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	113'462	-102'588	-13'598	-2'724
USD	> 1 year	0	-5'843	-36'756	-42'599
EUR	< 1 year	24'727	-23'231	-7'362	-5'866
EUR	> 1 year	0	0	-1'707	-1'707
JPY	< 1 year	1'187	-487	672	1'372
SEK	< 1 year	0	-1'181	1'233	52
SEK	> 1 year	0	0	-82'536	-82'536
Other	< 1 year	2'146	-3'599	-80	-1'533
		141'522	-136'929	-140'134	-135'541

As the individual group companies primarily operate in their individual functional currencies, the Group's profit is primarily sensitive to changes in exchange rates related to intercompany accounts and receivables/ payables denominated in other currencies than the functional currency.

The two currencies to which profit/loss of the Group is most sensitive is USD and SEK.

A 10% increase in USD compared to the exchange rate at 31 December 2015 towards all other currencies will entail a positive change of profit for the year before tax of CHF 2,773k (2014: negative change of CHF 4,532k) and a similar effect on equity.

A 10% increase in SEK compared to the exchange rate at 31 December 2015 towards all other currencies will entail a negative change of profit for the year before tax of CHF 7,649k (2014: negative change of CHF 8,248k) and a similar effect on equity.

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

The Group's capital management is also partly governed by loan agreements which include requirements to financial ratios. These financial ratios are affected by the size of the capital, that a reduction will reduce the ratios.

Total capital makes up the equity shown in the consolidated balance sheet.

Notes to the Annual Report, Group

30 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Rebstockrain 16, CH-6006 Luzern	Controlling shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 5, rue Guillaume Kroll, L-1882 Luxembourg	Parent company
Other related parties	
PMM Holding AG, Rebstockrain 16, CH-6006 Luzern	Sister company
Dønnerup A/S, c/o Bech-Bruun Advokatfirma, Langelinie Allé 35 DK-2100 København Ø	Sister company

Transactions

Besides intercompany transactions that have been eliminated in the Consolidated Financial Statements, related party transactions comprise purchases of management services from the related company PMM Holding (Luxembourg) AG.

Purchases of management services amounted to CHF 742k (2014: CHF 643k) in financial year 2015.

The Group has charged management services in the amount of CHF 94k (2014: CHF 79k) to Dønnerup A/S.
Dønnerup A/S has charged rental expenses in the amount of CHF 99k (2014: CHF 62k).

All transactions have been effected on an arm's length basis.

Payables to related companies

Ammon Ammon AG	14	0
PMM Holding (Luxembourg) AG	0	181
	14	**181**

31 Development costs

Development costs for the year recognised in the income statement under production costs amount to CHF 903k in 2015 against CHF 741k in 2014.

32 Post balance sheet events

There have been no material events after the balance sheet date.

Notes to the Annual Report, Group

33 Business Combination

In 2015, the Group performed an acquisition which has been accounted for by the acquisition method. The results of the acquired business has been included in the consolidated financial statements as from the date of acquisition.

Sontara Argentina Srl was acquired from Group Management at cost.

	Acquired shares	Acquisition date	Acq. Price
			CHF '000
Sontara Argentina Srl	100%	21.05.2015	925

Fair value on acquisition date	Sontara
	CHF '000
Deferred tax asset	18
Inventory	399
Accounts receivable	171
Other receivables	117
Cash at Bank	1'423
Accounts payable	-996
Other short-term liabilities	-255
Identifiable net assets	877
Goodwill	48
Acquisition price	925
Cash acquired	-1'423
Net cash-flow from acquisition	**-498**
Acquisition price is divided as follows:	
Cash	925
Contingent consideration	0
	925
Transaction costs included in special items	0

Notes to the Annual Report, Group

33 Business Combination (continued)

Sontara Argentina

Description of acquired activities

As of 21 May 2015, the Sontara Argentina entity was acquired from Group Management through a share purchase and sale agreement. The acquired entity is part of the Sontara segment. The acquisition is in line with Jacob Holms strategy to consolidate all Sontara activities and will strengthen the Groups competitive position in the nonwovens industry. The acquired entity has been fully integrated into the Group. The purchase price of CHF 925k was paid in cash and pertains mainly to net working capital (CHF -426k), cash (CHF 1,423 million) and liabilities (CHF 255k).

At the time of acquiring the Sontara activities in 2014, the Argentina activities could not be part of the acquisitio due to lack of permission from the local authorities. Accordingly, the Argentina activities were acquired directly by Group management with the aim of transferring the ownership to the Jacob Holm Group as soon as all permissions were in place. The shares have been transferred at cost.

Revenue and net result from acquired activities

The acquired company has, on a stand-alone basis, reported annual net sales revenue of CHF 1,184k and a net result of CHF -193k.

The acquired company has been included in the consolidation with net sales revenue of CHF 843k and a net result of CHF -201k.

Report on the Review of
Financial statements
to the Board of Directors of
Jacob Holm & Sons AG
Basel

Introduction

We have reviewed the accompanying financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes) of Jacob Holm & Sons AG for the period ended 31 December 2015. The Board of Directors is responsible for the preparation and presentation of this financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2400, "Review of financial statements". A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements have not been prepared, in all material respects, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers AG

Thomas Brüderlin

Korbinian Petzi

Basel, 29 April 2016

Enclosure:

- Financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, CH-4002 Basel, Switzerland
Telefon: +41 58 792 51 00, Telefax: +41 58 792 51 10, www.pwc.ch

Parent Company Income Statement 1 January - 31 December

	Note	2015	2014
		CHF '000	CHF '000
Revenue	1	**5'753**	**3'362**
Cost of goods sold	2	-135	-23
Gross profit		**5'618**	**3'339**
Sales and marketing expenses	2	-184	-141
Administrative expenses	2	-6'413	-3'858
Operating profit		**-979**	**-660**
Other operating income and expenses		0	14
Profit before financial income and expenses and special items		**-979**	**-646**
Special items, net	3	-495	-1'275
Dividend income	5	4'212	0
Financial income	6	631	391
Financial expenses	7	-65	-162
Profit before tax		**3'304**	**-1'692**
Tax on profit for the year	8	-100	-183
Net profit for the year		**3'404**	**-1'509**

Parent company Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	3'404	-1'509
Comprehensive income	**3'404**	**-1'509**

Parent Company Balance Sheet at 31 December

Assets

	Note	2015	2014
		CHF '000	CHF '000
Patents and trademarks		2'103	2'240
Software		25	23
Intangible fixed assets under construction		189	130
Intangible fixed assets	9	**2'317**	**2'393**
Other fixtures and fittings, tools and equipment		593	486
Property, plant and equipment	10	**593**	**486**
Investments in subsidiaries	11	122'850	122'850
Other receivables		63	46
Deferred tax asset	12	285	185
Financial fixed assets		**123'198**	**123'081**
Non-current assets		**126'108**	**125'960**
Receivables from related companies		109	1'975
Corporation tax		14	4
Trade receivables		71	0
Other receivables		627	1'468
Receivables		**821**	**3'447**
Cash at bank and in hand		**390**	**368**
Current assets		**1'211**	**3'815**
Assets		**127'319**	**129'775**

Parent Company Balance Sheet at 31 December

Equity and liabilities

	Note	2015	2014
		CHF '000	CHF '000
Share capital	13	250	250
Retained earnings		124'764	121'360
Equity		**125'014**	**121'610**
Loan due to related company		0	3'490
Non-current liabilities		**0**	**3'490**
Credit institutions		33	340
Trade payables		685	1'389
Payables to related companies		225	1'545
Other payables		1'362	1'401
Current liabilities		**2'305**	**4'675**
Liabilities		**2'305**	**8'165**
Equity and liabilities		**127'319**	**129'775**

Contingent liabilities	16
Financial risks	17
Related parties	18

Statement of Changes in Equity, Parent Company
1 January - 31 December

	Share capital	Retained earnings	Total
	CHF '000	CHF '000	CHF '000
Equity			
Equity at 1 January 2015	250	121'360	121'610
Comprehensive income for the year	0	3'404	3'404
Dividends	0	0	0
Equity at 31 December 2015	**250**	**124'764**	**125'014**
Equity at 1 January 2014	100	169	269
Additions from contribution in kind	150	122'700	122'850
Comprehensive income for the year	0	-1'509	-1'509
Dividends	0	0	0
Equity at 31 December 2014	**250**	**121'360**	**121'610**

Parent Company Cash Flow Statement

	Note	2015	2014
		CHF '000	CHF '000
Net profit for the year		3'404	-1'509
Adjustments of non-cash items	14	-390	-278
Change in working capital	15	27	947
Cash flows from operating activities before financial income and expenses and special items		3'041	-840
Financial income		631	391
Financial expenses		-65	-162
Corporation tax paid		-10	-42
Cash flows from operating activities		**3'597**	**-653**
Purchase of intangible fixed assets		-72	-32
Purchase of property, plant and equipment		-257	-425
Purchase of financial fixed assets		-17	0
Sale of property, plant and equipment		22	57
Acquisition of business combinations		0	-2'286
Cash flows from investing activities		**-324**	**-2'686**
Increase in accounts with group companies		0	2'916
Decrease in accounts with group companies		-2'777	0
Increase in accounts with related companies		0	96
Decrease in accounts with related companies		-167	0
Cash flows from financing activities		**-2'944**	**3'012**
Change in cash and cash equivalents		**329**	**-327**
Cash and cash equivalents at 1 January		28	355
Cash and cash equivalents at 31 December		**357**	**28**
specified as follows:			
Cash at bank and in hand		390	368
Credit institutions (current liabilities)		-33	-340
		357	**28**

Notes to the Annual Report, Parent Company

	2015	2014
	CHF '000	CHF '000

1 Revenue

	2015	2014
Royalty fee	328	0
Management fee	5'425	3'362
	5'753	**3'362**

2 Expenses classified by type

	2015	2014
Production costs	135	23
Cost of goods sold	135	23
Sales and marketing expenses	184	141
Administrative expenses	6'413	3'858
Other income and expenses	0	-14
Special items, net	495	1'275
	7'227	**5'283**
Classified by type as follows:		
Other external expenses	4'039	2'993
Staff expenses	2'890	2'147
Depreciation and amortisation	298	143
	7'227	**5'283**

3 Special items, net

Special items, costs:

	2015	2014
Integration costs regarding acquired businesses	495	1'044
Restructuring projects	0	231
	495	**1'275**

Special items, are all external expenses.

Notes to the Annual Report, Parent Company

	2015	2014
	CHF '000	CHF '000

4 Staff expenses

	2015 CHF '000	2014 CHF '000
Wages and salaries	2'573	1'881
Pensions	103	97
Other social security expenses	214	169
	2'890	**2'147**
Average number of full-time employees	**13**	**7**
Staff expenses are distributed on the individual cost groups as follows:		
Cost of goods sold	68	0
Sales and marketing expenses	107	113
Administrative expenses	2'715	2'034
	2'890	**2'147**

5 Dividend income

	2015 CHF '000	2014 CHF '000
Jacob Holm & Sønner Holding A/S	4'212	0
	4'212	**0**

6 Financial income

	2015 CHF '000	2014 CHF '000
Interest	0	0
Exchange adjustments	170	0
Interest/commission intercompany accounts	461	391
	631	**391**

7 Financial expenses

	2015 CHF '000	2014 CHF '000
Interest/provision intercompany accounts	61	18
Interest	4	1
Exchange adjustments	0	143
	65	**162**

Interest relates to loans received and payables measured at amortised cost.

	2015	2014
	CHF '000	CHF '000

8 Tax on profit for the year

	2015 CHF '000	2014 CHF '000
Current tax on profit for the year	0	0
Change in deferred tax	-100	-185
Adjustment tax previous years	0	2
	-100	**-183**
Tax on profit for the year is specified as follows:		
Calculated 11% tax on profit for the year before tax	363	-186
Tax effect of:		
Tax on non-deductible expenses and non-taxable income	-463	
Adjustment of valuation deferred tax	0	1
Adjustment tax previous years	0	2
	-100	**-183**
Effective tax rate for the year	**-3.03%**	**10.82%**

9 Intangible fixed assets

	Patents and trademarks	Software	Intangible fixed assets under construction
	CHF '000	CHF '000	CHF '000
2015			
Cost at 1 January	2'286	25	130
Additions for the year	0	13	59
Disposals for the year	0	0	0
Cost at 31 December	2'286	38	189
Amortisation at 1 January	46	2	0
Amortisation for the year	137	11	0
Disposals for the year	0	0	0
Amortisation at 31 December	183	13	0
Carrying amount at 31 December	**2'103**	**25**	**189**
Amortised over	**10-20 years**	**3-5 years**	
2014			
Cost at 1 January	0	0	122
Additions from business combination	2'286	0	0
Additions for the year	0	25	8
Disposals for the year	0	0	0
Cost at 31 December	2'286	25	130
Amortisation at 1 January	0	0	0
Amortisation for the year	46	2	0
Disposals for the year	0	0	0
Amortisation at 31 December	46	2	0
Carrying amount at 31 December	**2'240**	**23**	**130**
Amortised over	**10-20 years**	**3-5 years**	

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	CHF '000
2015	
Cost at 1 January	1'102
Additions for the year	257
Disposals for the year	-184
Cost at 31 December	1'175
Depreciation at 1 January	616
Depreciation and impairment losses for the year	150
Disposals for the year	-184
Depreciation at 31 December	582
Carrying amount at 31 December	**593**
Depreciated over	**3-10 years**
2014	
Cost at 1 January	845
Additions for the year	425
Disposals for the year	-168
Cost at 31 December	1'102
Depreciation at 1 January	642
Depreciation and impairment losses for the year	95
Disposals for the year	-121
Depreciation at 31 December	616
Carrying amount at 31 December	**486**
Depreciated over	**3-10 years**

Notes to the Annual Report, Parent Company

11 Investments in subsidiaries

	Share capital	Currency	Ownership %	Equity
	'000			CHF '000
Jacob Holm & Sønner Holding A/S, Denmark	1'000	DKK	100%	65'698
				65'698

	2015	2014
	CHF '000	CHF '000
Cost at 1 January	122'850	0
Addition from contribution in kind	0	122'850
Cost at 31 December	122'850	122'850

12 Deferred tax asset

	2015	2014
Deferred tax at 1 January	185	0
Change in deferred tax, see note 8	100	185
Deferred tax at 31 December	285	185
Deferred tax relates to:		
Tax loss carry-forward	285	185
Non-current portion	**285**	**185**

13 Share capital

Share capital has developed as follows:

	2015	2014
1 January	250	100
Increase via contribution in kind	0	150
31 December	**250**	**250**

Notes to the Annual Report, Parent Company

	2015	2014
	CHF '000	CHF '000

14 Cash flow statement - adjustments of non-cash items

	2015	2014
Financial income	-631	-391
Financial expenses	65	162
Depreciation, amortisation and impairment losses, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	276	134
Tax on profit for the year	-100	-183
	-390	**-278**

15 Cash flow statement - change in working capital

	2015	2014
Change in receivables	771	-1'455
Change in payables	-744	2'402
	27	**947**

16 Contingent liabilities

	2015	2014
As security for a bond issued by the Subsidiary, the Company is guaranteeing	76'493	82'536

As security for the Bond issued by the Company, all shares in direct and indirect subsidiaries have been pledged.

	2015	2014
As security for credit institution, the Company has provided surety with a maximum amount of	7'919	6'731

Obligations under rental agreements

Obligations under rental agreements primarily comprise agreements entered into concerning the rent of office space. The lease run until 2020 at the latest.

Obligations under rental agreements break down as follows according to due date:

Minimum payments

	2015	2014
0-1 year	112	112
1-5 years	365	449
>5 years	0	28
	477	**589**

Rental expenses recognised amount to CHF 118k (2014: CHF 92k)

Notes to the Annual Report, Parent Company

17 Financial risks

Credit risk

For a description of the credit risk, please see note 29 to the Annual Report of the Group.

Liquidity risk

For a description of the liquidity risk, please see note 29 to the Annual Report of the Group.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

2015						
CHF '000						
	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:						
Credit institutions	33	0	33	0	33	33
Payables to group companies	211	0	211	0	211	211
Payables to related companie	14	0	14	0	14	14
Trade payables	685	0	685	0	685	685
Other short-term liabilities	1'362	0	1'362	0	1'362	1'362
Financial liabilities	**2'305**	**0**	**2'305**	**0**	**2'305**	**2'305**
Loans and receivables:						
Receivables from group companies	109	0	109	0	109	109
Trade receivables	71		71	0	71	71
Other receivables	641	63	704	0	704	704
Cash at bank and in hand	390	0	390	0	390	390
Financial assets	**1'211**	**63**	**1'274**	**0**	**1'274**	**1'274**
Net cash outflow	**-1'094**	**63**	**-1'031**	**0**	**-1'031**	**-1'031**

17 Financial risks (continued)

2014						
CHF '000						
	< 1 year	1-5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:						
Credit institutions	340	0	340	0	340	340
Payables to group companies	1'364	3'490	4'854	0	4'854	4'854
Payables to related companie	181	0	181	0	181	181
Trade payables	1'389	0	1'389	0	1'389	1'389
Other short-term liabilities	1'401	0	1'401	0	1'401	1'401
Financial liabilities	**4'675**	**3'490**	**8'165**	**0**	**8'165**	**8'165**
Loans and receivables:						
Receivables from related companies	1'975	0	1'975	0	1'975	1'975
Other receivables	1'472	0	1'472	0	1'472	1'472
Cash at bank and in hand	368	0	368	0	368	368
Financial assets	**3'815**	**0**	**3'815**	**0**	**3'815**	**3'815**
Net cash outflow	**-860**	**-3'490**	**-4'350**	**0**	**-4'350**	**-4'350**

*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

Market risk

Interest on accounts with related companies are interest bearing.

The Company's currency used for payment is primarily CHF, USD and EUR. No financial instruments are used to hedge positions in foreign currency.

Exposure at 31 December 2015:

CHF '000					
Currency	Payment/ expiry	Receivables	Payables	Bank and credit-institutions	Net position
USD	< 1 year	71	-499	66	-362
EUR	< 1 year	27	-137	64	-46
Other	< 1 year	0	-33	1	-32
		98	-669	131	-440

Notes to the Annual Report, Parent Company

17 **Financial risks** (continued)

Exposure at 31 December 2014:

CHF '000					
Currency	Payment/ expiry	Receivables	Payables	Bank and credit-institutions	Net position
USD	< 1 year	16	-55	-108	-147
EUR	< 1 year	356	-1'310	150	-804
SEK	< 1 year	383	-181	0	202
Other	< 1 year	0	0	1	1
		755	-1'546	43	-748

A 10% increase in USD towards all currencies would mean a negative change in net position of CHF 36k (2014: a negative change of CHF 15k) respectively, which would affect the profit for the year before tax and corresponding impact on equity.

A 10% increase in EUR towards all currencies would mean a negative change in net position of CHF 5k (2014: a negative change of CHF 80k), which would affect the profit for the year before tax and corresponding impact on equity.

Capital management

The objective of the Company's capital management is to ensure the Company's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

Total capital makes up the equity shown in the balance sheet.

Notes to the Annual Report, Parent Company

18 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Rebstockrain 16, CH-6006 Luzern	Controlling shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
PMM Holding (Luxembourg) AG, 5, rue Guillaume Kroll, L-1882 Luxembourg	Parent company
Other related parties	
PMM Holding AG, Rebstockrain 16, CH-6006 Luzern	Sister company
Dønnerup A/S, c/o Bech-Bruun Advokatfirma, Langelinie Allé 35 DK-2100 København Ø	Sister company

Transactions

Besides intercompany transactions that have been eliminated in the Consolidated Financial Statements, related party transactions comprise purchases of management services from the related company PMM Holding (Luxembourg) AG.

Purchases of management services amounted to CHF 742k (2014: CHF 643) in financial year 2015.

Further, the Financial Statements includes a financial income of CHF 461k (2014: CHF 391k) from guarantee fee charges related to the guarantee regarding the Bond issued by Jacob Holm & Sønner Holding A/S. The Company is guaranteeing an amount of up to SEK 650m.

The company has been charged management services in the amount of CHF 0k (2014: CHF 29k) from Dønnerup A/S. Dønnerup A/S has charged rental expenses in the amount of CHF 0k (2014: CHF 8k).

All transactions have been effected on an arm's length basis.

Receivables from related companies

	2015	2014
	CHF '000	CHF '000
Jacob Holm & Sønner Holding A/S	109	197
Jacob Holm Industries (Americas), Inc.	0	21
Sontara AG	0	1'757
	109	**1'975**

Notes to the Annual Report, Parent Company

18 Related parties (continued)

Payables to related companies

	2015	2014
	CHF '000	CHF '000
Ammon Ammon AG	14	0
PMM Holding (Luxembourg) AG	0	181
Jacob Holm & Sønner A/S	0	3'779
Jacob Holm Industries (France) SAS	16	1'064
Sontara AG	106	0
Sontara Old Hickory, Inc.	89	0
TWIG Trading GmbH	0	2
TWIG Trading Switzerland GmbH	0	9
	225	**5'035**