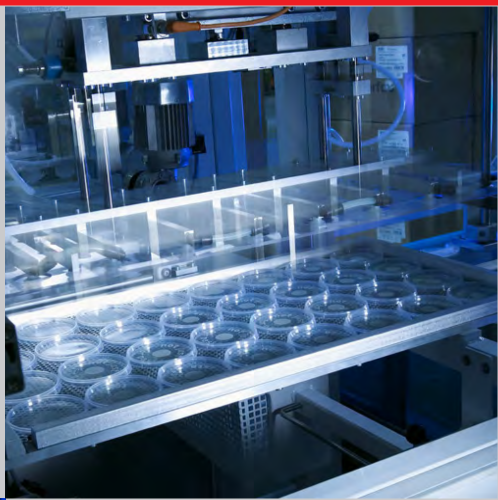
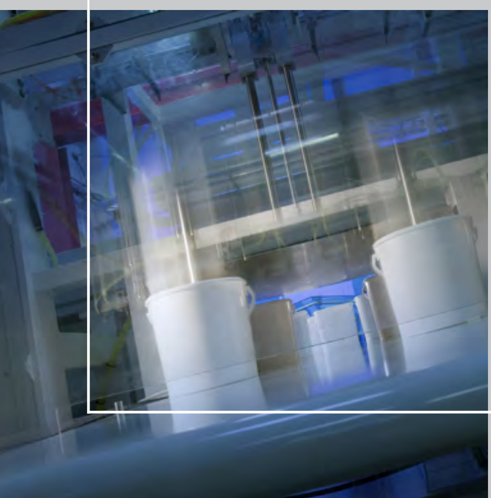
Annual Report | 2010

Superfos Industries a/s





Superfos® – *part of your day*

Contents

Statement by the Board of Directors and the Executive Board and independent auditors' report

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Superfos Industries a/s and the Superfos Industries Group for the financial year 1 January to 31 December 2010.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2010.

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

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

Taastrup, 31 January 2011

Executive Board

Hans Pettersson
President & CEO

René Valentin
Executive Vice President & CFO

Benny Nielsen
Executive Vice President, Technology

Board of Directors

Waldemar Schmidt
Chairman

Gerard De Geer
Deputy Chairman

Mads Ryum Larsen

Torben Bjerre-Madsen

Thomas Hofvenstam

Erik Ingemarsson

Statement by the Board of Directors and the Executive Board and independent auditors' report

Independent auditors' report

To the shareholders of Superfos Industries a/s

We have audited the consolidated financial statements and the parent company financial statements of Superfos Industries a/s for the financial year 1 January – 31 December 2010, pp. 14-51. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and cash flow statement and statement of changes in equity for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review prepared in accordance with the Danish Financial Statements Act and provided a statement hereon.

Management's responsibility

Management is responsible for the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Statement by the Board of Directors and the Executive Board and independent auditors' report

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2010.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Taastrup, 31 January 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer	Per Ejsing Olsen
State Authorised	*State Authorised*
Public Accountant	*Public Accountant*

Management's review

Company details

Superfos Industries a/s
Spotorno Allé 8
DK-2630 Taastrup
Denmark

Telephone:	+45 59 11 11 10
Fax:	+45 59 11 11 80
Website:	www.superfos.com
E-mail:	superfos@superfos.com

Reg. No.:	21 67 06 77
Registered office:	Høje Taastrup

Board of Directors

Waldemar Schmidt (Chairman)
Gerard De Geer (Deputy Chairman)
Mads Ryum Larsen
Torben Bjerre-Madsen
Thomas Hofvenstam
Erik Ingemarsson

Executive Board

Hans Pettersson, President & CEO
René Valentin, Executive Vice President & CFO
Benny Nielsen, Executive Vice President, Technology

Auditors

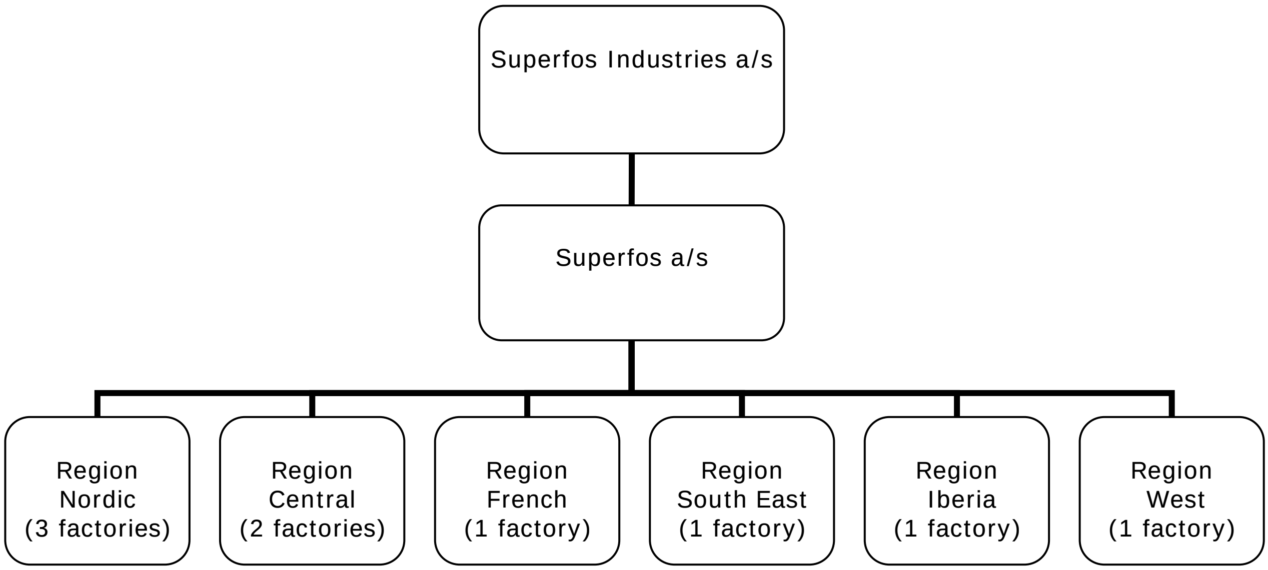
KPMG
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting of the Company is held on 31 January 2011, at 4.00 pm, in Taastrup.

Management's review

Activities and structure at 31 December 2010



The Superfos Group, in which Superfos Industries a/s is the parent company, develops, manufactures and markets a broad range of injection-moulded plastic-packaging products.

Activities are undertaken from 9 factories in Europe and a number of sales offices which in the aggregate employ 1,322 people.
The Company is operated and managed in regions. Overall responsibility for purchasing categories that are deemed to be of particular strategic importance is placed centrally.

In addition, the jointly managed North African company Galion is included in the Superfos Group. Galion's activities are undertaken from the main factory in Tunisia and a minor satellite factory in Algeria.

The legal structure of the Group is shown in note 13 to the parent company financial statements.

Management's review

Financial highlights

(EUR million)	2010	2009	2008	2007	2006
Profit and loss account					
Net turnover	331	324	362	360	342
Gain on sale of business	(0)	30	0	0	0
Profit before financial items and tax (EBIT)	**19**	**56**	**14**	**14**	**8**
Financial items	(2)	(5)	(14)	(10)	(9)
Profit or loss before tax (EBT)	**17**	**51**	**0**	**4**	**(1)**
Net profit or loss for the year (EAT)	**11**	**43**	**(7)**	**1**	**(7)**
Balance sheet					
Assets					
Fixed assets	166	171	210	224	204
Current assets	113	119	107	134	108
Total assets	**279**	**291**	**317**	**358**	**312**
Equity and liabilities					
Equity	166	153	106	98	99
Provisions	13	12	13	14	13
Long-term debt	22	35	115	137	119
Short-term debt	78	90	82	109	81
Total equity and liabilities	**279**	**291**	**317**	**358**	**312**
Average number of employees	1,322	1,452	1,549	1,523	1,597
Cash flows					
Cash flows from operating activities	22	58	26	30	24
Investments in tangible fixed assets	18	19	20	31	26
Business acquisitions and disposals (-)	1	(51)	0	28	(17)
Key financial figures and ratios					
Operating profit margin (%)	5.7	17.3	3.8	3.9	4.1
Solvency ratio (%)	59.6	52.7	33.4	27.3	31.7
Net interest-bearing debt	41	42	132	156	134

For the computation of key financial figures and ratios, the following definitions have been applied:

Operating profit margin: $\frac{\text{Profit before financial items and tax X 100}}{\text{Net turnover}}$

Solvency ratio: $\frac{\text{Equity ex. non-controlling interests at year-end X 100}}{\text{Total assets}}$

Net interest-bearing debt: Interest-bearing liabilities less cash and cash equivalents and other current assets that can readily be converted into cash

Management's review

Activities
Superfos Industries a/s was founded in 1999 for the purpose of acquiring the total share capital of Superfos a/s.

The Company pursues no activities other than the ownership of Superfos a/s which is the parent company of the Superfos a/s Group.

The activities in the Superfos Industries Group comprise the development, manufacture and marketing of a broad range of injection-moulded plastic-packaging products.

Activities are undertaken from nine factories (2009: 10 factories) as well as a number of sales offices in Europe which in the aggregate employed 1,322 people in 2010 (2009: 1,285 people). In addition, the jointly managed North African company Galion is included in the Superfos Group.
Mid-2010, the production in the Finnish factory in Pori was discontinued and transferred to other production entities. The sales and distribution activities in the Finnish market remain unchanged. Superfos has activities in 24 countries in Europe and North Africa.

Turnover
Group turnover came to EUR 331.0 million (2009: EUR 324.0 million).

Turnover for 2009 includes turnover of EUR 29.5 million generated by the American activity which was disposed of at the end of the year. The Group's turnover for continuing operations thus increased by 12%, corresponding to EUR 36.5 million compared to 2009.

A significant part of the increase in turnover is attributable to increasing selling prices as a result of constantly increasing prices in 2010 for copolymer, the Group's key performance factor. The selling price increases have been realised in accordance with the agreements entered into with the customers, which means that the price increases are subject to a market-related time lag between the time when the increase in raw materials prices and the resulting adjustment of selling prices. In addition, a number of euro-based currencies have experienced a favourable development in exchange rates, which has also increased turnover.

The Group realised sales volumes 5% above the 2009 level. Sales of plastic packaging for building and construction-related segments as well as for the food segments contribute to the positive development. The increase in turnover is primarily attributable to the fact that new businesses have been won from competing plastic packaging technologies and that a conversion has taken place from other non-plastic-based packaging.

Earnings – EBIT and continuing EBITA
Group EBIT was EUR 19.0 million (2009: EUR 56.1 million).

At year end 2009, the American activity was disposed of to Berry Plastics Cooperation. The overall effect on EBIT (profit and earnings for the year) in 2009 attributable to the American activities amounted to EUR 36.4 million.
Moreover, 2009 was affected by an amount of EUR 3.6 million related to the recognition of a share-based compensation programme granted to a number of the Group's executive employees.

Apart from the above, EBIT for 2009 for the continuing operations amounted to EUR 23.3 million. EBIT for 2010 of EUR 19.0 million thus represents a decrease of EUR 4.3 million compared to 2009.

2009 saw a significant decrease in raw materials prices, which had a positive effect on earnings as a result of the market-related time lag between the decrease in raw materials prices and the resulting adjustment of selling prices. This positive effect on earnings was not repeated in 2010 which on the contrary saw constantly increasing raw materials prices, which consequently had a negative effect on earnings.

The overall negative effect of the fluctuations in raw materials prices on earnings for 2010 was material, but has mainly been absorbed by additional earnings related to the increase in sales volumes. The underlying business has thus developed satisfactorily, and therefore the decrease in EBIT of EUR 4.3 million is primarily attributable to the above fluctuations in raw materials prices.

The closing of the Finnish factory in Pori has not materially affected earnings.

The Group posted continuing EBITA of EUR 23.6 million (2009: EUR 27.7 million).

	2010 EUR 000	2009 EUR 000
Turnover	330.988	323.981
Disposal of the American activity	0	(29.492)
Turnover form continuing activities	**330.988**	**294.489**
EBITDA	45.589	87.352
Gain on disposal of the American activity	65	(30.425)
EBITDA in the American operation disposed of	0	(9.175)
Recognised theoretical market value of share programme	0	3.553
Continuing EBITDA	45.654	51.305
Depreciation of tangible fixed assets	(22.014)	(23.567)
Continuing EBITA	**23.640**	**27.738**
Operating profit margin EBITA	**7,1 %**	**9,4 %**

The Group posted continuing EBITDA of EUR 45.6 million against EUR 51.3 million in 2009. As previously described, the decrease of EUR 5.7 million is solely attributable to fluctuations in raw materials prices – a positive effect in 2009, which has not been repeated, and a negative effect in 2010.

The Group posted continuing EBITDA of EUR 23.6 million in 2010 against EUR 27.7 million in 2009. The decrease was caused by the factors mentioned above in relation to EBITDA.

The forecast in the annual report for 2009 of a minor increase in the activity level and a somewhat more modest profit before financial items and tax (EBIT) for 2010 has therefore been met.

Knowledge resources

The Group endeavours to use effective and automated production processes to secure a product quality that constantly meets the various segments' specific requirements for plastic packaging – an effort mainly targeted at customers in the food industry as well as the building and construction sector.

This calls for a continuously high competence level throughout all stages of the production process, and the ongoing updating of the skills and knowledge of the Group's technicians is therefore a major focus area. Training courses are provided in-house as well as at our suppliers of injection-moulding machines and robots.

Management's review

Environment and hygiene

The production of injection-moulded plastic packaging is primarily based on granulate of the polypropylene (PP) type. This granulate is not a pollutant in itself. Packaging produced of PP or a similar granulate is converted into CO_2 and water in connection with complete incineration and, therefore, does not have an impact on the environment other than actual carbon dioxide emissions during such a process of destruction. Through a wide spectrum of product development initiatives, continuous work is being done to reduce the weight of the packaging products and, in that manner, cut potential CO_2 emissions. Product development targeted at improving the barrier properties of plastic packaging and, therefore, enabling them to compete with both metal and glass packaging, has been materialised and marketed in 2009.

Seen from a carbon dioxide perspective, such a conversion towards plastic packaging will imply reduced CO_2 emissions in both the production and transport stages.
In 2008, Superfos developed a CO_2 calculator to compute and inform customers of the total environmental impact, including the production of the PP granulate and the plastic packaging itself. The calculator is also capable of simulating the significance of different transport and disposal alternatives. The algorithms of the calculator have been reviewed by Carbon Trust, which is an independent organisation set up by the UK government in 2001 to cut CO_2 emissions.

The Group is a major supplier to the food industry, which places exacting demands on the standard of hygiene in production.
Continuous steps are taken to improve the standard of hygiene and ensure that it meets specific customer requirements at all times, which is regularly verified by auditors.

Corporate social responsibility

At present, the Group has not prepared and implemented actual policies for social responsibility.
The Group wishes to carry on and develop its business activities and to meet strategic challenges in a financially and socially responsible way. This means that the laws and regulations in the countries and local communities in which Superfos operates must be complied with.

In 2009, Superfos commenced the work on structuring and standardising business procedures and information in respect of quality management. In Superfos, quality management is defined as certification in accordance with standards, including procedures for follow-up on the production process through established and defined measurement criteria, e.g. sickness absence, wastage rate and number of occupational injuries.
All Superfos factories are ISO 9001 certified (quality standard), and it is the Group's plan that the factories are to be successively certified in accordance with the environmental management standard ISO 14001. Five out of nine European factories have already been ISO 14001 certified, and it is expected that the remaining factories will be certified during 2011 and 2012. For a number of years, the Group has focused on its environmental impact, which is described further in the paragraph above on environment and hygiene.
Eight out of nine factories are certified in accordance with BRC (British Retail Consortium). BRC is to ensure that the product meets the quality standards described in the production process for enterprises supplying products to the food industry. It is expected that the remaining factories will be certified in accordance with BRC during 2011.

In 2010, a detailed examination and measurement of matters related to EHS (Environmental, Health & Safety) was made in collaboration with external consultants for the nine European production entities for the purpose of identifying areas that may be in conflict with applicable laws and regulations. The conclusion drawn from the above examination is that the 19 areas examined in the individual production entities are in compliance with applicable regulations. This is an improvement compared to the corresponding examination made in 2008, when minor so-called regulatory non-compliance issues were identified.

Management's review

On the basis of the ongoing work in relation to environment and quality management, the Group plans to define and communicate a specific corporate social responsibility policy during 2010.
In the spring of 2010, the present owners however decided to commence a sales process aimed at a disposal of Superfos Industries a/s. In the light of this sales process, the ongoing work was however suspended in order to retain the opportunity to immediately adopt a new owner's corporate social responsibility policy.

Financial matters

The financing of the Superfos Industries a/s Group is covered by a credit agreement setting out various ordinary covenants with regard to developments in the Superfos Industries a/s Group's key financial ratios. Against the background of the quarterly budgets and plans for 2011, the Management estimates that these covenants will be met. The Group's loan facility has therefore been included under long-term debt, except for next year's reduction in loan principal. It should be noted that more than 90% of the Group's total credit facilities is based on committed loan facilities to be refinanced at the beginning of 2012.

As mentioned in note 10 to the financial statements of the parent company, all shares in Superfos a/s have been pledged as security for the financing. The Group's net interest-bearing debt at year end 2010 amounted to EUR 41 million (2009: EUR 42 million). The Group's cash flows from operating activities in 2010 were affected by the constantly increasing raw materials prices which have resulted in increased funds tied up in working capital.

At year end 2010, total assets amounted to EUR 279.0 million (2009: EUR 290.5 million), and equity stood at EUR 166.3 million (2009: EUR 153.1 million), equivalent to a solvency ratio of 59.6% (2009: 52.7%).

Goodwill

At year end 2010, the carrying amount of goodwill was EUR 42.8 million (2009: EUR 46.3 million) which stems partly from the acquisition by Superfos Industries a/s of Superfos a/s in 1999, partly from the acquisition of Jotipac Group in 2002, Swedish Mipac and Tunisian Galion in 2007. Goodwill is amortised over 20 years.
Against the background of budgets for 2011 and plans for the years ahead, Management assesses that earnings and cash flows will be sufficient to provide return on and amortise the capitalised goodwill and has consequently found no basis for impairment.

Cash flow statement

The consolidated cash flow statement shows that operating activities brought net cash inflow of EUR 22.3 million (2009: EUR 58.5 million). The decrease in cash flows from operating activities is affected by significantly increasing raw materials prices in 2010 which have resulted in increased funds tied up in working capital. Moreover, EBITDA decreased by EUR 9.2 million in 2010 as a result of the disposal of the American activity. EUR 17.9 million (2009: EUR 19.2 million) was invested in tangible fixed assets, primarily aimed at measures to expand production capacity in relation to the manufacture of plastic packaging for the food segments. Cash flows for the year from operating and investing activities hereafter amounted to EUR 3.1 million (2009: EUR 90.2 million), equivalent to an decrease of EUR 87.1 million, as a result of the decrease in the continuing EBITDA, increased funds tied up in working capital and payment of EUR 50.5 million in connection of the disposal of Superfos Packaging, Inc. to Berry Plastics Corporation.

Profit for the year after tax

Profit for the year before tax was EUR 16.9 million (2009: EUR 50.7 million). Tax on profit for the year of EUR 5.8 million (2009: EUR 8.2 million) should be seen against the background of the non-deductible goodwill amortisation and tax losses in foreign countries allowed for carry-forward which, based on Management's assessment of the possible utilisation, have not been fully capitalised.

Management's review

Outlook

Management anticipates sound growth in activities and a somewhat improved profit before financial items and tax (EBIT) for 2011. The outlook for 2011 is based on the assumption that the situation in the financial and commodity markets does not deteriorate, resulting in declining demand and/or significantly increasing raw materials prices compared to the plans and budgets for 2011.

Events after the balance sheet date

No material events have occurred after the balance sheet date.

Management's review

Ownership

Shareholders registered as holding 5% or more of the shares in Superfos Industries a/s:

- *Industri Kapital 1997 Limited Partnership I*
  Charles Bisson House, 30-32 New Street, St. Helier, Jersey JE2 3RA, Channel Islands

- *Industri Kapital 1997 Limited Partnership II*
  Charles Bisson House, 30-32 New Street, St. Helier, Jersey JE2 3RA, Channel Islands

- *Industri Kapital 1997 Limited Partnership III*
  Charles Bisson House, 30-32 New Street, St. Helier, Jersey JE2 3RA, Channel Islands

- *Industri Kapital 1997 Limited Partnership IV*
  Charles Bisson House, 30-32 New Street, St. Helier, Jersey JE2 3RA, Channel Islands

- *Ratos AB (publ)*
  Box 1661, 111 96 Stockholm, Sweden

As previously mentioned, the present owners decided in the spring of 2010 to commence a sales process aimed at a disposal of Superfos Industries a/s. As a result, the listed British packaging conglomerate RPC Group Plc signed a purchase agreement on 16 December 2010 which is contingent on the approval of the transaction by a number of European competition authorities and by RPC's shareholders at an extraordinary general meeting. It is expected that the transaction will be completed in the first quarter of 2011.

In connection with the expected disposal of the shares in Superfos Industries a/s, Superfos Industries a/s has offered to repurchase outstanding warrants at a value determined by them if the disposal takes place as planned. The termination of the employee share ownership plans against payment in cash will result in an expense of EUR 1,719 thousand that will be recognised directly in equity in 2011. The net effect amounts to EUR 469 thousand, including the provision of EUR 1,250 thousand made in 2009 which will be dissolved in equity in 2011.

Accounting policies

The Annual Report of Superfos Industries a/s for the year ended 31 December 2010 is presented in conformity with the provisions of the Danish Financial Statements Act governing class C companies.
The financial statements of the Group and the Parent Company have been drawn up on the basis of the same accounting policies as those applied last year.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the value of the asset can be measured reliably.
Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.
At the time of initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measures as described for each individual accounting item below.
Certain financial assets and liabilities are measured at amortised cost, in which case a constant effective interest rate is recognised over the life of the asset or liability. Amortised cost is the original cost less principal repayments, if any, with the addition of or net of the accumulated amortisation of the difference between cost and nominal amount.
For recognition and measurement purposes, due consideration is given to gains, losses and risks arising before the annual report is prepared and proving and disproving conditions existing at the balance sheet date.
Income is recognised in the profit and loss account as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Moreover, costs incurred to generate earnings for the year are recognised, including depreciation, amortisation, impairment and provisions as well as reversals resulting from changed accounting estimates of amounts that used to be recognised in the profit and loss account.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Superfos Industries a/s, and subsidiaries in which Superfos Industries a/s directly or indirectly holds more than 50% of the voting rights or, in any other way, has a controlling interest.
Companies which the Group owns and manages jointly with other companies are regarded as jointly managed companies, which are consolidated and included in the consolidated financial statements on a pro rata basis (pro rata consolidation).
The consolidated financial statements have been prepared by consolidating the audited financial statements of the Parent Company and the individual subsidiaries, all of which have been drawn up in compliance with the accounting policies of the Superfos Industries Group.
Intercompany income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses on transactions between consolidated companies are eliminated on consolidation.
Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition or establishment. Divested or liquidated companies are recognised in the consolidated profit and loss account up to the time of divestment or liquidation. Comparative figures are not restated for newly acquired, divested or liquidated companies.
In the event of company acquisitions, the acquisition accounting method is used, according to which the identifiable assets and liabilities of the newly acquired companies are measured at fair value at the date of acquisition. Provisions are made for the cost of decided and published plans to restructure the acquired company in connection with the acquisition. Allowance is made for the tax effect of revaluations.
Positive differences (goodwill) between the acquisition cost and fair value of acquired identifiable assets and liabilities, including provisions for restructuring expenses, are recognised as intangible fixed assets and amortised systematically in the profit and loss account on the basis of an individual assessment of the estimated useful life of the asset not exceeding twenty years. Negative differences (negative goodwill), reflecting an expected unfavourable development of the companies in question, are recognised in the balance sheet

under prepayments and recognised in the profit and loss account in parallel with the realisation of the unfavourable development. An amount of negative goodwill not related to an expected unfavourable development is recognised in the balance sheet, equalling the fair value of non-monetary assets, which is subsequently recognised in the profit and loss account over the average life of such non-monetary assets.
Goodwill and negative goodwill from acquired companies are adjustable until the end of the year following the acquisition.
Any gain or loss on the divestment or liquidation of subsidiaries and associated undertakings is calculated as the difference between the selling or liquidation price and the carrying amount of net assets at the date of divestment or liquidation, including non-amortised goodwill as well as the expected cost of divestment or liquidation.

Minority interests

The items of subsidiaries are fully recognised in the consolidated financial statements. Minority interests' proportionate share of the results and equity of subsidiaries are adjusted on an annual basis and recorded separately in the profit and loss account and balance sheet.

Foreign currency translation

At the time of initial recognition, transactions in foreign currencies are translated at the rates of exchange ruling at the date of transaction. Exchange differences arising between the exchange rates at the date of transaction and the date of payment are recognised in the financial items of the profit and loss account.
Debtors, creditors and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date when the amount receivable or payable originated or was recognised in the latest financial statements is recognised in the profit and loss account under financial income and expenses.
For the recognition of foreign subsidiaries and associated undertakings, all of which are independent entities, the profit and loss accounts are translated at average exchange rates for the month, and the balance sheet items are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of the equity of foreign subsidiaries at the beginning of the year at the exchange rates ruling at the balance sheet date and from the translation of the profit and loss accounts based on average exchange rates at the exchange rates ruling at the balance sheet date are recognised directly in equity.
Exchange gains and losses on intercompany balances with independent foreign subsidiaries that are considered a part of the total investment in the subsidiary are recognised directly in equity. Exchange gains and losses on loans and derivative financial instruments used for hedging foreign subsidiaries are also 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 debtors and creditors, respectively.
Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging the fair value of a recognised asset or liability are recognised in the profit and loss account together with changes in the value of the hedged asset or liability.
Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedging transactions are transferred from equity on the realisation of the hedged item and recognised in the same accounting item as the hedged item. In regard to derivative financial instruments that do not qualify for hedge accounting treatment, changes in fair value are recognised in the profit and loss account when they occur. Changes in the fair value of derivative financial instruments used for hedging net investments in independent foreign subsidiaries or associated undertakings are recognised directly in equity.

Accounting policies

Profit and loss account

Net turnover

Net turnover from the sale of goods for resale and finished goods is booked to the profit and loss account if delivery and transfer of risk to the individual purchaser took place before the end of the year and if income can be calculated reliably and is likely to be received. Net turnover is measured exclusive of value added tax, other taxes and discounts in relation to the sale.
Contracted work in progress is recognised in net turnover as production is completed, which means that net turnover equals the sales value of work performed during the year (percentage of completion method).

Costs for raw materials, consumables and goods for resale

Costs for raw materials, consumables and goods for resale comprise costs incurred to generate net turnover for the year. Cost of sales is recognised in regard to goods for resale, and production costs are recognised in regard to self-produced goods at net turnover for the year. Such costs include direct and indirect costs for raw materials and consumables.

Other external expenses

External expenses comprise administrative expenses as well as distribution, selling and marketing expenses. External expenses also comprise production overheads, including repair and maintenance costs that do no qualify for capitalisation.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the companies, including gains and losses on the sale of intangible and tangible fixed assets.

Results of participating interests in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the profit and loss account of the Parent Company after full elimination of intercompany gains/losses and deduction of goodwill amortisation.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, creditors and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc. Financial income and expenses are recognised at the amounts relating to the financial year.

Extraordinary income and charges

Extraordinary income and charges comprise income and expenses arising from events or transactions that are clearly distinct from ordinary operations, are beyond the control of the Company and are not expected to recur.

Tax on profit for the year

Superfos Industries a/s is jointly taxed with a number of wholly-owned Danish subsidiaries. The current Danish corporation tax is distributed among the Danish companies included in the joint taxation in proportion to their taxable incomes (full distribution with reimbursement relating to tax losses). The jointly taxed companies are included in the on-account tax scheme. Tax for the year comprises current tax and changes in deferred taxes for the year. The tax expense relating to the profit for the year is recognised in the profit and loss account, and the tax expense relating to changes taken directly to equity is recognised directly in equity. The tax expense recognised in the profit and loss account relating to the extraordinary profit for the year is allocated to this item, whereas the remaining tax expense is allocated to profit on ordinary operations for the year.

Accounting policies

Balance sheet

Intangible fixed assets

Goodwill
Goodwill is amortised over its estimated useful economic life, determined on the basis of the Management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over a period not exceeding 20 years, the longest amortisation period being for strategically acquired companies with strong market positions and long-term earnings profiles.
The carrying amount of goodwill is continuously assessed and written down to recoverable amount in the profit and loss account provided that the carrying amount exceeds the expected future net income from the company or activity to which the goodwill relates.

Development projects, patents and licences
Development costs comprise costs, wages and salaries and other costs, including amortisation, that are directly and indirectly attributable to the Company's development activities as well as externally acquired rights. Patent and license costs are also included.
Development projects that are clearly defined and identifiable, where the capacity utilisation rate, sufficient resources and a potential future market or development prospects for the Company can be established, and where the intention is to produce, market or use the project, are recognised as intangible fixed assets if the cost can be determined reliably and there is adequate certainty that future earnings will cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the profit and loss account as incurred.
Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.
On completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. The period of amortisation is usually five years and does not exceed twenty years.
Intangible fixed assets are written down to the lower of recoverable amount or carrying amount. Impairment tests are conducted annually in respect of each individual asset or group of assets.

Tangible fixed assets
Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.
Cost comprises the acquisition cost and any costs directly attributable to the acquisition up to the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages and salaries. Interest expenses on loans to finance the production of tangible fixed assets and relating to the period of production are included in cost. All other borrowing costs are recognised in the profit and loss account.
The cost of leases is stated at the lower of fair value or net present value of future lease payments. For the calculation of net present value, the internal rate of interest specified in a particular lease, or an approximation thereof, is used as a discount rate.
Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

Building structures	20-50 years
Domestic services	15-30 years
Injection-moulding machines	10 years
Moulds and tools	5 years
Other plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-5 years

Accounting policies

Minor acquisitions and assets with short useful lives are charged to the profit and loss account as incurred.
Tangible fixed assets are written down to the lower of recoverable amount or carrying amount. Impairment tests are conducted annually in respect of each individual asset or group of assets. Any gain or loss on the disposal of tangible fixed assets is stated as the difference between the selling price less selling costs and carrying amount at the date of disposal. The gain or loss is recognised in the profit and loss account under other operating income or other operating costs.

Impairment of assets

The carrying amount of assets, not including stocks, deferred tax assets and financial assets, are subject to an annual impairment test. When there is an indication of impairment, the recoverable amount of the asset is determined. The recoverable amount is the higher of the net selling price of an asset or its value in use. If neither the net selling price of an asset nor its value in use is determinable, for instance if cash flows from the asset are dependent on cash flows from other assets, the value is use is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or the net assets of a cash-generating unit, respectively, exceeds the recoverable amount of the asset or cash-generating unit. Impairment losses are recognised in the profit and loss account.

Leases

Leases for fixed assets in respect of which the Company has all significant risks and benefits related to ownership (finance leases) are measured at the time of initial recognition in the balance sheet at the lower of fair value and net present value of future lease payments. For the calculation of net present value, the internal rate of interest specified in a particular lease, or an approximation thereof, is used as a discount rate. Assets under finance leases are subsequently treated like the Company’s other fixed assets.

Any capitalised remaining lease commitment is recognised in the balance sheet as a liability, and the interest portion of the lease payments is recognised in the profit and loss account over the term of the lease.

All other leases are regarded as operating leases. Payments under operating and other leases are recognised in the profit and loss account over the term of the lease. The Company’s total liability relating to operating leases appears from contingencies etc.

Participating interests in subsidiaries

Participating interests in subsidiaries are measured according to the equity method.
Participating interests in subsidiaries are measured in the balance sheet at the Parent Company’s proportionate share of the net asset values of such subsidiaries in compliance with the Parent Company's accounting policies with the addition of or less unrealised intercompany gains or losses and with the addition of or less the residual value of goodwill or negative goodwill.

Subsidiaries with negative net asset values are measured at EUR 0 (nil), and any amounts owed by such companies are written down by the Parent Company’s share of the negative net asset value. Where the negative net asset value exceeds the amount owed, the outstanding balance is recognised as provisions for subsidiaries.

Net revaluation of participating interests in subsidiaries is taken to the reserve for net revaluation according to the equity method under equity to the extent that the carrying amount exceeds acquisition cost.

Stocks

Stocks are measured at cost in accordance with the FIFO method. Where net realisable value is lower than cost, stocks are written down this lower value.

Accounting policies

Goods for resale and raw materials and consumables are measured at cost, comprising acquisition cost with the addition of delivery costs.
Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and production overheads. Production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the production process and the cost of factory administration and management. Borrowing costs are not recognised.
The net realisable value of stocks is calculated as selling price less completion costs and costs involved in executing the sale and is determined with due regard to marketability, obsolescence and movements in expected selling price.

Debtors
Debtors are measured at amortised cost. Provision is made for expected losses.

Prepayments
Prepayments comprise costs paid but relating to subsequent financial years.

Other securities and participating interests
Listed securities and participating interests, recognised as current assets, are measured at fair value at the balance sheet date.

Equity

Dividends
Proposed dividends are recognised as a liability at the time of their adoption at the Annual General Meeting of the company (date of declaration). Dividends payable for the year are shown as a separate item under equity.

Own shares
The acquisition cost, selling price and dividends pertaining to own shares are recognised directly as retained profits under equity. Accordingly, gains and losses on the sale of own shares are not recognised in the profit and loss account. Capital reductions resulting from the cancellation of own shares reduce the share capital of the company by an amount corresponding to the nominal value of the shares.

Incentive programmes
The Superfos Group’s incentive programmes comprise a share option programme and employee shares.

Share option programme
The value of services received in exchange for granted options is measured at the fair value of the options granted.

For equity-settled programmes, the share options are measured at fair value at the grant date and recognised in the profit and loss account under staff costs over the vesting period. The set-off item is recognised directly in equity.

On initial recognition of the share options, the Company estimates the number of options expected to vest in the employees, see the service condition. The estimate is subsequently revised for changes in the number of options vested. Accordingly, recognition is based on the number of options ultimately vested.
The fair value of granted options is estimated in accordance with an option pricing model, taking into account the terms and conditions on which the options were granted.

Accounting policies

Employee shares
When the Superfos Group's employees are granted the right to subscribe for shares at a price below the market price, the bonus element is recognised under staff costs. The set-off item is recognised directly in equity. The bonus element is determined at the subscription date as the difference between the fair value and the subscription price of the shares.

Pension obligations and similar long-term obligations
The Group has concluded pension contracts and similar agreements with most of its employees. Contributions to defined-contribution pension plans are recognised in the profit and loss account during the accumulation period, and contributions payable are recognised in the balance sheet under other creditors. In regard to defined-benefit pension plans, an annual actuarial calculation is made of the value in use of future benefits payable according to the plan. The value in use is calculated on the basis of assumptions on future movements in wages and salaries and trends in interest, inflation and mortality rates. The value in use is exclusively calculated for the benefits to which the employees have earned entitlement by way of their employment with the Group. The actuarial value in use, net of the fair value of any assets pertaining to the plan, is recognised in the balance sheet under pension obligations (subject to the following provisions).
Differences between forecast changes in pension plan assets and obligations and actual values are known as actuarial gains or losses. If subsequent cumulative actuarial gains or losses at the beginning of a financial year exceed the greater numerical value of 10% of the pension obligations or 10% of the fair value of the pension plan assets, the gains or losses are recognised in the profit and loss account over the expected average remaining working lives of the relevant employees with the Company. Actuarial gains or losses not exceeding the above-mentioned limits are not recognised in the profit and loss account or balance sheet, but are disclosed in the notes. If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the profit and loss account over the period in which the changed benefits are earned by the employees.

Corporation tax and deferred taxes
Current tax payable and receivable is recognised in the balance sheet as tax computed on taxable income for the year, adjusted for tax on taxable incomes for prior years and for taxes paid on account. Deferred taxes are measured according to the balance sheet liability method on all temporary differences between accounting and taxation treatment of the values of assets and liabilities. However, deferred taxes are not recognised on temporary differences relating to non-deductible goodwill and other items where temporary differences – apart from business acquisitions – have occurred at the date of acquisition without affecting profit for the year or taxable income. In the event that alternative tax rules can be applied to determine the tax base, deferred taxes are measured on the basis of the planned use of the asset or settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at their estimated realisable value by being offset either against tax on future income or against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made for deferred taxes in respect of eliminations of unrealised intercompany gains and losses.
Deferred taxes are measured in compliance with the taxation rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax liability is expected to crystallise as current tax. Changes in deferred taxes as a result of changes in tax rates are recognised in the profit and loss account.

Accounting policies

Other provisions
Provisions comprise expected costs related to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and the discharge of such an obligation is likely to involve an outflow of the company's financial resources.
In connection with business acquisitions, provision for restructurings of the acquired company is included in the calculation of acquisition cost and, accordingly, in goodwill in so far as they have been decided and published on or before the acquisition date.
When total costs are likely to exceed total income in respect of contracted work in progress, provision is made for the total loss expected to result from the contract in question. The provision is recognised as production costs.

Financial liabilities
Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the proceeds received net of transaction costs paid. In subsequent periods, financial debt is measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the profit and loss account over the term of the loan.
Financial liabilities also include the capitalised residual obligation under finance leases.
Other liabilities are measured at net realisable value.

Deferred income
Deferred income comprises negative goodwill, see description under consolidation policy above, as well as payments received but relating to subsequent years.

Cash flow statement
The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the cash inflows and outflows for the year as well as the Group's cash and cash equivalents at the beginning and end of the year.
The cash flow effect of business acquisitions and divestments is shown separately under cash flows from investing activities. Cash flows from acquired companies are recognised in the cash flow statement from the date of acquisition, and cash flows from divested companies are recognised up to the date of divestment.

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's share of profit adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and activities and the acquisition and sale of intangible and tangible fixed assets and investments.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as borrowing transactions, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities that are readily convertible into cash and subject to an insignificant risk of changes in value.

Profit and loss account
of the Superfos Industries Group for 2010

Note		2010 (EUR '000)	2009 (EUR '000)
3	**Net turnover**	330,988	323,981
	Change in stocks of finished goods, work in progress and goods for resale	5,704	(6,366)
	Costs for raw materials, consumables and goods for resale	(166,182)	(124,423)
	Gross profit	**170,510**	**193,192**
4	Staff costs	(58,933)	(65,890)
5	Other external expenses	(66,845)	(70,666)
6	Other operating income	2,960	3,189
	Gain on sale of business	(65)	30,425
6	Other operating costs	(2,038)	(2,898)
	Profit before depreciation, amortisation, financial items and tax (EBITDA)	**45,589**	**87,352**
7	Amortisation of intangible fixed assets	(4,551)	(4,812)
7	Depreciation of tangible fixed assets	(22,014)	(26,429)
	Profit before financial items and tax (EBIT)	**19,024**	**56,111**
	Financial income	348	316
	Financial expenses	(2,457)	(5,725)
	Profit before tax (EBT)	**16,915**	**50,702**
8	Tax on profit for the year	(5,838)	(8,197)
	Net profit before non-controlling interests	**11,077**	**42,505**
13	Non-controlling interests	(8)	0
	Net profit after minority interest	**11,069**	**42,505**

Balance sheet
at 31 December 2010 (Superfos Industries Group)

Note	**Assets**	**2010** (EUR '000)	**2009** (EUR '000)
9	*Intangible fixed assets:*		
	Goodwill	42,810	46,331
	Other intangible fixed assets	1,767	2,002
		44,577	48,333
10	*Tangible fixed assets:*		
	Land and buildings	50,934	51,825
	Production facilities and machinery	64,324	64,138
	Fixtures and fittings, tools and equipment	2,608	3,109
	Tangible fixed assets in course of construction	3,889	4,042
		121,755	123,114
	Total fixed assets	**166,332**	**171,447**
	Stocks		
	Raw materials and consumables	13,640	11,661
	Finished goods and goods for resale	25,685	19,981
		39,325	31,642
	Debtors:		
	Trade debtors	49,192	43,164
11	Deferred taxes	6,131	7,635
17	Corporation tax	1,415	37
	Other debtors	10,242	8,308
12	Amounts owed by owners	2,036	0
	Prepayments	1,104	1,021
		70,120	60,165
	Cash at bank and in hand	3,188	27,284
	Total current assets	**112,633**	**119,091**
	Total assets	**278,965**	**290,538**

Balance sheet
at 31 December 2010 (Superfos Industries Group)

Note	Equity and liabilities	2010 (EUR '000)	2009 (EUR '000)
	Equity:		
	Share capital	15,964	15,964
	Retained profits	150,298	137,152
		166,262	**153,116**
13	**Non-controlling interests**	**46**	**0**
	Provisions:		
11	Deferred taxes	7,264	6,955
14	Pension obligations	3,031	2,915
15	Other provisions	2,283	2,309
		12,578	**12,179**
	Long-term debt:		
16	Credit institutions	18,859	30,426
	Other long-term debt	3,484	4,988
		22,343	35,414
	Short-term debt:		
16	Amounts falling due within one year	10,736	31,200
	Credit institutions	10,618	2,252
	Trade creditors	36,840	34,586
17	Corporation tax	946	3,510
	Other creditors	18,596	18,281
		77,736	89,829
	Total long-term and short-term debt	**100,079**	**125,243**
	Total equity and liabilities	**278,965**	**290,538**

18 **Charges and security interests**

19 **Contingent liabilities**

20 **Related parties**

Cash flow statement
of the Superfos Industries Group for 2010

Note		2010 (EUR '000)	2009 (EUR '000)
	Cash flows from operating activities:		
	Profit before depreciation, amortisation, financial items and tax (EBITDA)	**45,589**	**87,352**
	Gain on sale of business	65	(30,425)
	Accounting items with no impact on cash flows	436	4,144
	Change in:		
	Trade debtors and other current assets	(9,691)	9,859
	Stocks	(6,565)	3,973
	Trade creditors	3,355	(2,878)
	Other creditors	176	(1,362)
	Cash flows from primary operations	33,365	70,663
	Finance income received	168	240
	Finance costs paid	(3,034)	(5,419)
17	Corporation tax paid	(8,186)	(7,030)
	Cash flows from operating activities	**22,313**	**58,454**
	Cash flows from investing activities:		
10	Investments in tangible fixed assets	(17,888)	(19,209)
	Proceeds from sale of activity	(1,476)	50,513
	Sales of tangible fixed assets	137	428
	Cash flows from investing activities	**(19,227)**	**31,732**
	Cash flows from operating and investing activities	**3,086**	**90,186**
	Cash flows from financing activities:		
	Change in long-term debt	(13,071)	(79,581)
	Change in short-term debt	(12,098)	12,786
	Amounts received from non-controlling interests	23	0
	Change in amounts owed by owners	(2,036)	0
	Cash flows from financing activities	**(27,182)**	**(66,795)**
	Net cash inflow / (outflow) for the year	**(24,096)**	**23,391**
	Cash at bank and in hand, beginning of year	27,284	3,893
	Cash at bank and in hand, end of year	**3,188**	**27,284**

Statement of changes in equity
of the Superfos Industries Group for 2010

	2010 (EUR '000)	2009 (EUR '000)
Changes in equity:		
Group equity at 1 January	153,116	105,783
Currency translation adjustment pertaining to foreign subsidiaries	2,383	1,025
Deferred taxes on currency translation adjustment pertaining to foreign subsidiaries	(77)	478
Value of equity-settled share option scheme charged against profit	0	2,505
Adjustment concerning financial hedging instruments	(306)	(3,739)
Deferred taxes concerning financial instruments	77	970
Prior years currency translation adjustments relating to USA	0	3,589
Net profit or loss for the year	11,069	42,505
Equity at 31 December	**166,262**	**153,116**

List of notes
of the Superfos Industries Group for 2010

Note

Notes
of the Superfos Industries Group for 2010

Note 1 Critical accounting estimates and judgements:

In preparing the Annual Report of the Superfos Industries Group, management makes accounting estimates and assumptions that provide the basis for recognising and measuring the Group's assets and liabilities. Significant accounting estimates and judgements are described below.

Uncertainty of estimates
The carrying amounts of particular assets and liabilities are determined by making judgements, estimates and assumptions regarding future events.
The judgements, estimates and assumptions are based on historical experience and other factors, including judgements by advisers and specialists that are believed by management to be reasonable under the circumstances, but which, by their very nature, are uncertain and unpredictable. Assumptions may also be incomplete or inaccurate, and unanticipated events or circumstances may occur. Moreover, the Company is subject to risks and uncertainties, which may cause actual results to differ from these estimates, both positively and negatively.

Customer agreements and customer portfolios
In the event of a business combination, the value of the acquired customer agreements and customer portfolios is measured.
The measurement is based on an expected future cash flow for the customer agreements where the significant assumptions are the trend in turnover, profit margin, customer loyalty as well as theoretically calculated tax and contributions to other assets. The discount rate applied is after tax and reflects the risk-free interest rate with the addition of specific and future risks associated with the customer agreements.

Impairment test
In the annual impairment test of goodwill and other intangible fixed assets, an estimate is made of how the related parts of the business (cash-generating units) will be capable of generating sufficient positive net cash flows in the future to support the value of goodwill.
The estimate of future free net cash flows is based on budgets and business plans for the next five years and projections for subsequent years. Significant parameters include the trend in turnover, profit margin, future capital investments as well as growth expectations for the years following the next five years. Budgets and business plans for the next three years are based on specific future business initiatives in which risks for significant parameters are measured and recognised in future expected free cash flows. Projections beyond the next five years are based on general forecasts and risks.

Goodwill in the Superfos Group is primarily attributable to the Group's companies in Europe. Subsequent to the acquisitions, the companies in Europe have been subject to organisational changes, which means that the entities are now operated as one entity. Wide-ranging integration of the activities has taken place subsequent to the closing, opening and acquisition of factories as well as transfer of customers, plant and production between the factories. As a result, Management has decided to consider the companies in Europe as one cash-generating unit in the impairment test.

Deferred tax assets
The Superfos Industries Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that the tax assets can be utilised within a foreseeable future through a future positive taxable income.

The assessment is performed annually and is based on budgets and business plans for the years ahead, including planned business initiatives.

Debtors

Debtors are measured at amortised cost less impairment losses. Provision for impairment losses is made against the background of debtors' inability to pay. If the inability to pay deteriorates in the future, additional impairment provisions may be called for. Management conducts analysis against the background of customers' estimated creditworthiness and ability to pay, historical data on payment patterns and doubtful debts as well as customer concentrations and security interests received.
The impairment provisions are estimated to be sufficient to cover any losses that may be suffered.
The financial uncertainty related to impairment provisions for losses on doubtful debts is considered to be limited.

Pensions and similar obligations

The value of the Superfos Group's defined-benefit pension plans is determined on the basis of a number of significant actuarial assumptions, including discount rates, expected return on pension plan assets as well as expected rates of increases in wages, salaries and pensions.
The value of the Group's defined-benefit pension plans is based on assessments by external actuaries.

Share-based compensation

For share options and warrants, the fair value of the compensation programme, which is recognised over the service period or at the time of granting, is measured if the programme is not subject to service conditions. The measurement of the fair value is based on accounting estimates, including an assessment of the value of the enterprise, the volatility of the share, anticipated dividends and the expected exercise period.

Application of accounting policies

In keeping with the Group's accounting policies, management makes assessments, in addition to estimates, that may have a material impact on the amounts recognised in the Annual Report.
Such assessments include, but are not limited to, the classification of participating interests, for instance associated undertakings, and the recognition of turnover.

Business combinations

In connection with business combinations and the conclusion of new cooperation agreements, an assessment is made for the purpose of classifying the acquired company as a subsidiary or associated undertaking. The assessment is made against the background of concluded agreements for the acquisition of ownership interests and voting rights, respectively, in the company and against the background of concluded shareholder agreements and similar agreements regulating the ability to exert real influence on the company.

Recognition of turnover

Turnover from sales of finished goods and goods for resale is recognised at the time when risk passes from seller to buyer. Net turnover is measured exclusive of VAT and other indirect taxes and discounts granted.
Customer discounts are recognised in the same period as the sale to which the discount is related. Net turnover is shown net of customer discounts.

Notes
of the Superfos Industries Group for 2010

Stocks
Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and production overheads. Production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of the machinery, production buildings and equipment used in the production process and the cost of production administration and management.
Production overheads are determined on the basis of relevant assumptions of capacity utilisation, production time and other relevant factors for the goods concerned.
The net realisable value of stocks is calculated as selling price less completion costs and costs involved in executing the sale and is determined with due regard to marketability, obsolescence and movements in expected selling price.

Note 2 Segment information:

Segment information is provided on geographical segments.

		2010 (EUR '000)	2009 (EUR '000)
Note 3	**Net turnover:**		
	Geographical markets:		
	Northern Europe	211,419	185,971
	Southern Europe	113,697	103,040
	Rest of world	5,872	34,970
	Total	330,988	323,981

Notes
of the Superfos Industries Group for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 4	**Staff costs:**		
	Wages and salaries	45,921	51,695
	Pension contributions	2,920	3,813
	Other social security costs	10,092	10,382
	Total	58,933	65,890
	Average number of employees	1,322	1,452
	Remuneration of Group management:		
	Emoluments of Board of Directors, Parent Company	275	410
	Remuneration of Executive Board, Parent Company	2,333	4,566
		2,608	4,976

Total remuneration of EUR 2,608 thousand includes EUR 0 thousand (2009: EUR 2,450) thousand relating to the share-based compensation programme established in 2009.

The Executive Board, senior staff members and specific members of the Board of Directors participate in an incentive programme under which they hold shares in Superfos Industries a/s with share subscription warrants. The warrants entitle their holders to purchase additional shares in Superfos Industries a/s at a designated price dependent on the date when the warrants are exercised. Shares owned by the persons in question comprise 155,756 shares of DKK 10 each, equalling 1.475% of the share capital (unchanged from 2007). The value of share and option programmes established in 2005 and 2007 has been determined at EUR 0.9 million and EUR 0.7 million, respectively, which is charged against profit over the expected exercise period.

At year end 2009, a share-based compensation programme (warrants) was established for specific members of the Board of Directors, the Executive Board and senior staff members of the Group. The programme entitles the holders of the warrants to purchase a total of 896,174 shares of DKK 10 each for DKK 110 per share. The theoretical market value of the programme estimated on the basis of Black-Scholes' formula amounts to EUR 3,553 thousand. In the valuation, the expected exercise period is determined at approx. 2.2 years, volatility based on a peer group is determined at 24.7% p.a., and it is assumed that dividends are not distributed from Superfos Industries a/s. Under the programme, warrants granted may be exercised in the period until 30 December 2013. Of the total value, EUR 1,250 thousand has been recognised as a provision as the programme includes a guaranteed minimum value (floor). The remaining EUR 2,303 thousand is recognised directly as distributable reserves under equity.

In 2009, an amount of EUR 3,755 thousand (2008: EUR 402 thousand) was charged to staff costs, of which EUR 202 thousand relates to the option programme established in 2007.

In connection with the expected disposal of the shares in Superfos Industries a/s, Superfos Industries a/s has offered to repurchase outstanding warrants at a value determined by them if the disposal takes place as planned. The termination of the employee share ownership plans against payment in cash will result in an expense of EUR 1,719 thousand that will be recognised directly in equity in 2011. The net effect amounts to EUR 469 thousand, including the provision of EUR 1,250 thousand made in 2009 which will be dissolved in equity in 2011.

Notes
of the Superfos Industries Group for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 5	**Fees of elected auditors:**		
	Statutory audit	468	439
	Audit-related services	5	78
	Tax advisory services	290	237
	Other services	147	102
	Total	910	856
Note 6	**Other operating income and costs**		
	Sales of printing blocks	1,556	1,218
	Gain on sales of fixed assets	29	307
	Rent	200	198
	Other items	1,175	1,466
	Total other operating income	2,960	3,189
	Production costs, printing blocks	1,282	1,385
	Loss on sales of fixed assets	14	101
	Other items	742	1,412
	Total other operating costs	2,038	2,898
	Other operating income and costs	922	291
Note 7	**Depreciation of tangible fixed assets:**		
	Buildings	2,492	2,772
	Production facilities and machinery	18,543	22,639
	Fixtures and fittings, tools and equipment	979	1,018
	Total	22,014	26,429
	Goodwill	4,032	4,357
	Other intangible fixed assets	519	455
	Total	4,551	4,812

Notes
of the Superfos Industries Group for 2010

		2010 EUR '000	2009 EUR '000
Note 8	**Tax**		
	Tax on profit for the year for continuing activities is derived as follows:		
	Current tax	4,170	9,494
	Deferred taxes	1,668	(1,297)
	Total tax	5,838	8,197
	Tax on profit for the year is composed as follows:		
	Profit before tax	16,915	50,702
	Tax on profit at 25%	4,229	12,675
	Tax effect of:		
	Non-taxable income	(44)	(7,784)
	Non-deductible expenses	1,217	1,946
	Tax base of loss not capitalised	657	(278)
	Adjustments to deferred tax assets	(1,063)	(1,418)
	Difference in tax rate	842	3,056
	Total tax	5,838	8,197
	Effective tax rate	34.5	16.2

The low effective tax rate in 2009 can mainly be ascribed to non-taxable income occuring from the tax free gain relating to the sale of Superfos Packaging Inc.

Notes
of the Superfos Industries Group for 2010

Note 9 Intangible fixed assets:

EUR '000	Goodwill	Other intangible fixed assets	Intangible fixed assets total
Cost			
At 1 January 2010	80,824	3,214	84,038
Currency translation adjustment	589	457	1,046
At 31 December 2010	81,413	3,671	85,084
Amortisation			
At 1 January 2010	34,493	1,212	35,705
Currency translation adjustment	78	173	251
Amortisation during the year	4,032	519	4,551
At 31 December 2010	38,603	1,904	40,507
Carrying amount at 31 December 2010	**42,810**	**1,767**	**44,577**
Carrying amount at 31 December 2009	46,331	2,002	48,333
Amortised over	20 years	6-8 years	

Notes
of the Superfos Industries Group for 2010

Note 10 Tangible fixed assets:

EUR '000	Land and buildings	Production facilities and machinery	Fixtures and fittings, tools and equipment	Tangible fixed assets under construction	Tangible fixed assets total
Cost					
At 1 January 2010	80,051	267,455	10,622	4,042	362,170
Currency translation adjustment	1,868	8,083	171	14	10,136
Reklassifikation		(1,531)	1,531	-	-
Additions during the year	443	16,814	407	(167)	17,497
Disposals during the year	0	(23,290)	0	0	(23,290)
At 31 December 2010	82,362	267,531	12,731	3,889	366,513
Depreciation					
At 1 January 2010	28,226	203,317	7,513	0	239,056
Currency translation adjustment	710	6,104	100	0	6,914
Reklassifikation	0	(1,531)	1,531	0	0
Disposals on sales during the year	0	(23,226)	0	0	(23,226)
Depreciation during the year	2,492	18,543	979	0	22,014
At 31 December 2010	31,428	203,207	10,123	0	244,758
Carrying amount at 31 December 2010	**50,934**	**64,324**	**2,608**	**3,889**	**121,755**
Carrying amount at 31 December 2010	51,825	64,138	3,109	4,042	123,114
Of which assets under finance leases:					
Carrying amount at 31 December 2010	0	5,842			
Carrying amount at 31 December 2009	0	7,135			
Depreciated over	15-50 years	5-10 years	3-10 years		

Additions with impact on cash flows:	
Additions - current year	17,497
Of which is paid during the year	(1,418)
Additions - prior years	1,809
Total cash impact	**17,888**

Notes
of the Superfos Industries Group for 2010

		2010 (tEUR)	2009 (tEUR)
Note 11	**Deferred taxes**		
	Deferred taxes at 1 January	(680)	3,243
	Currency translation adjustment	145	17
	Deferred taxes for the year recognised in profit for the year	1,668	(1,297)
	Deferred taxes for the year recognised in equity	0	(1,448)
	Disposal through sale of business	0	(1,195)
	Deferred taxes at 31 January, net	1,133	(680)
	Deferred taxes are recognised in the balance sheet as follows:		
	Deferred taxes (asset)	6,131	7,635
	Deferred taxes (liability)	7,264	6,955
	Deferred taxes at 31 January, net	1,133	(680)
	Deferred taxes relate to:		
	Intangible assets	(877)	(763)
	Tangible assets	7,370	6,608
	Financial assets	(1,519)	(1,770)
	Short-term assets	(949)	(754)
	Provisions	(277)	(217)
	Other liabilities	4,922	3,702
	Tax losses allowed for carryforward	(20,410)	(19,237)
	Deferred tax assets not recognised	12,873	11,751
	Deferred taxes	1,133	(680)

Note 12 Amounts owed by owners

Amounts owed by owners, EUR 2,036 thousand, consist of amounts owed by the Company's shareholders, Industri Kapital 1997 Limited Partnership I, II, III and IV as well as Ratos AB which together own 98.5% of the shares in Superfos Industries a/s and which each exercises significant influence. The amounts owed concern costs related to the disposal of shares in Superfos Industries a/s to RPC Group Plc. as mentioned in the Management's review. The costs have been paid in accordance with agreements entered into by Superfos Industries a/s. As a consequence of the shareholders' decision to dispose of the Superfos Group by disposing of the shares in Superfos Industries a/s instead of disposing of the shares in Superfos a/s, an agreement has been made that the costs are to be paid by Industri Kapital 1997 Limited Partnership I, II, III and IV as well as Ratos AB as leading shareholders in Superfos Industries a/s. The amounts owed, which are short-term, are thus attributable to a normal business transaction. The amounts owed fall due for payment at the final closing of the agreement to dispose of the Superfos Group to RPC Grou 2011.
Due to the short-term nature of the amounts owed, they are non-interest bearing.

		2010 (tEUR)	2009 (tEUR)
Note 13	**Non-controlling interests**		
	Non-controlling interests at 1 January	0	0
	Addition	38	0
	Share of profit for the year	8	0
	Minoritetsinteresser 31. december	46	0

Notes
of the Superfos Industries Group for 2010

		2010 (tEUR)	2009 (tEUR)
Note 14	**Pension obligations:**		
	Pension provisions	3,031	2,915
	Total	3,031	2,915
	Provisions for pensions include defined-benefit pension plans in the UK. The pension plans are recognised as follows:		
	Net assets	8,451	7,157
	Discounted value of obligations	12,226	12,168
	Total obligations	(3,775)	(5,011)
	Of which not recognised in annual report, see the corridor approach	2,118	3,350
	Recognised obligations	(1,657)	(1,661)
Note 15	**Other provisions:**		
	Public subsidy for establishing factory in Pamplona	325	377
	Warrant program	1,250	1,250
	Other provisions	708	682
	Total	2,283	2,309
Note 16	**Long-term debt:**		
	Credit institutions	29,595	61,626
	Other creditors	3,484	4,988
		33,079	66,614
	Less transfer to short-term debt	(10,736)	(31,200)
	Total	22,343	35,414
	Fair value	33,079	66,614
	Nominal value	33,079	66,614
	Long-term liabilities falling due after five years from the end of the financial year	16,660	16,736
Note 17	**Corporation tax:**		
	At 1 January	3,473	1,212
	Currency translation adjustment	74	28
	Current tax on profit for the year	4,170	9,494
	Tax paid during the year	(8,186)	(7,030)
	Disposals on business divestments during the year	0	(231)
	At 31 December	(469)	3,473
	Recorded in the balance sheet under:		
	Current assets	1,415	37
	Short-term debt	946	3,510
	Total	(469)	3,473

Notes
of the Superfos Industries Group for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 18	**Charges and security interests:**		
	Tangible fixed assets at a carrying amount of	19,192	20,433
	are provided as security for long-term debt owed to credit institutions and other long-term debt of	21,689	23,893
Note 19	**Contingent liabilities:**		
	Rental and lease commitments:		
	due within one year	359	314
	due between two and five years	696	832
	due after five years	2,454	3,350
	Total	3,509	4,496

Claims have been raised against the Superfos Industries Group. In the management's opinion, the outcome of these disputes will have no material impact on the Group's financial position, except for the impact mentioned and recognised in the Annual Report.

Notes
of the Superfos Industries Group for 2010

Note 20 **Related parties:**

Related parties with a controlling interest in Superfos Industries a/s comprise Industri Kapital 1997 Ltd. Partnership I-IV and Ratos AB (publ). No transactions were made with these parties.

Related parties with a significant interest in Superfos Industries a/s comprise subsidiaries and the Company's Board of Directors and Executive Board. No transactions were made with these parties except for remuneration and cost recovery.

Note 21 **Risks:**

General risks

The Group is to some extent exposed to fluctuations in the price of plastic granulate (Polypropylene), which is the Group's primary raw material. An attempt is made to meet the exposure by incorporating price clauses into the sales contracts. The market-related response time is usually two to three months, and a change in the raw material price by EUR 100 per tonne will therefore affect gross profit by about EUR 2.5 million.

Financial risks

The Group's foreign exchange and interest rate risks are managed centrally. For both types of exposure, position-taking is made exclusively against the background of business-related factors.

Foreign exchange risks

The Group's international operations mean that about 80% of operations stem from outside Denmark. Despite this high percentage, the foreign exchange exposure is limited since most of the costs underlying foreign turnover are incurred in the same currencies. Payments crossing the currency borders thus account for a mere 15 to 20% of turnover. Forward cover, which is taken out on a selective basis for anticipated payments up to 12 months, is for the sole purpose of reducing risk.

Foreign exchange risks on recognised financial assets and liabilities in a single currency are hedged through the conclusion of financial agreements, usually in the form of forward exchange contracts and options.

As a general rule, invoices are made out in the currency of the recipient country, and endeavours are made to achieve a balance between amounts invoiced and payments received in foreign currencies. The Group's primary exposure is in GBP, SEK and NOK.

Interest rate risks

Financial instruments in the form of forward rate agreements and interest rate swaps are used to hedge the Group's interest rate risk. Most of the Group's bank loans have been taken out with short interest-rate adjustment periods. In the event of a 1%point increase in interest rates, the Group's interest rate exposure will be in the region of EUR 0.2 million.

Credit risks
The Group's credit risks are primarily linked to trade debtors. The Group's policy for accepting credit risks implies the regular assessment of all major customers' creditworthiness. The Group has assumed no significant risks in connection with a single customer.

The Group's trade debtors at 31 December include total debtors of EUR 4,873,000 (2009: EUR 4,689,000), which amount, on an individual assessment, has been written down to EUR 4,042,000 (2009: EUR 3,545,000). Debtors are generally written down for impairment as a result of the customer's bankruptcy or expected bankruptcy.

Overdue debtors at 31 December for which no impairment has been provided:

	2010 (EUR '000)	2009 (EUR '000)
Maturity period		
Up to 10 days	3,427	2,443
Between 11 and 20 days	432	723
Between 21 and 30 days	166	432
Between 31 and 60 days	96	139
Over 60 days	752	952
Total	4,873	4,689

Profit and loss account
of Superfos Industries a/s for 2010

Note		2010 (EUR '000)	2009 (EUR '000)
2	Other external expenses	(155)	(177)
1	Staff costs	0	0
	Profit or loss before financial items and tax (EBIT)	**(155)**	**(177)**
	Income from participating interest in Superfos a/s after tax	12,009	43,333
3	Financial income	0	590
3	Financial expenses	(1,156)	(2,584)
		10,853	41,339
	Profit or loss before tax	**10,698**	**41,162**
4	Tax on profit or loss for the year	371	1,343
	Net profit or loss for the year	**11,069**	**42,505**
	Proposed distribution of profit/treatment of loss		
	Allocation to (from) "Retained profits"	11,069	42,505
		11,069	42,505

Balance sheet
of Superfos Industries a/s for 2010

Note	Assets	2010 (EUR '000)	2009 (EUR '000)
	Investments:		
5	Participating interest in Superfos a/s	158,758	199,663
	Total fixed assets	**158,758**	**199,663**
	Debtors:		
10	Amounts owed by Superfos a/s	14,656	44,565
7	Deferred taxes	89	450
8	Corporation tax receivable	731	0
	Other receivables	50	29
9	Amounts owed by owners	2,036	0
		17,562	45,044
	Total current assets	**17,562**	**45,044**
	Total assets	**176,320**	**244,707**

Balance sheet
of Superfos Industries a/s for 2010

Note	Equity and liabilities	2010 (EUR '000)	2009 (EUR '000)
6	**Equity:**		
	Share capital	15,964	15,964
	Retained profits	150,298	137,152
		166,262	**153,116**
	Long-term debt:		
	Credit institutions	0	9,230
		0	9,230
	Short-term debt:		
	Amounts falling due within one year to credit institutions	9,956	81,700
	Other short-term debt	102	661
		10,058	82,361
	Total long-term and short-term debt	**10,058**	**91,591**
	Total equity and liabilities	**176,320**	**244,707**

10 **Charges**

11 **Contingent liabilities**

12 **Related parties**

List of notes
of Superfos Industries a/s for 2010

Notes

of Superfos Industries a/s for 2010

	2010 (EUR '000)	2009 (EUR '000)

Note 1 Staff costs:

The Parent Company paid no separate remuneration
to the Board of Directors and Executive Board.
The Executive Board, senior staff members and specific members of the Board of Directors participate in an incentive programme under which they hold shares in Superfos Industries a/s with share subscription warrants. The warrants entitle their holders to purchase additional shares in Superfos Industries a/s at a designated price dependent on the date when the warrants are exercised. Shares owned by the persons in question comprise 155,756 shares of DKK 10 each, equalling 1.475% of the share capital (unchanged from 2007). The value of share and option programmes established in 2005 and 2007 has been determined at EUR 0.9 million and EUR 0.7 million, respectively, which is charged against profit over the expected exercise period.

At year end 2009, a share-based compensation programme (warrants) was established for specific members of the Board of Directors, the Executive Board and senior staff members of the Group. The programme entitles the holders of the warrants to purchase a total of 896,174 shares of DKK 10 each for DKK 110 per share. The theoretical market value of the programme estimated on the basis of Black-Scholes' formula amounts to EUR 3,553 thousand. In the valuation, the expected exercise period is determined at approx. 2.2 years, volatility based on a peer group is determined at 24.7% p.a., and it is assumed that dividends are not distributed from Superfos Industries a/s. Under the programme, warrants granted may be exercised in the period until 30 December 2013. Of the total value, EUR 1,250 thousand has been recognised as a provision as the programme includes a guaranteed minimum value (floor). The remaining EUR 2,303 thousand is recognised directly as distributable reserves under equity.
In 2009, an amount of EUR 3,755 thousand (2008: EUR 402 thousand) was charged to staff costs, of which EUR 202 thousand relates to the option programme established in 2007.

In connection with the expected disposal of the shares in Superfos Industries a/s, Superfos Industries a/s has offered to repurchase outstanding warrants at a value determined by them if the disposal takes place as planned. The termination of the employee share ownership plans against payment in cash will result in an expense of EUR 1,719 thousand that will be recognised directly in equity in 2011. The net effect amounts to EUR 469 thousand, including the provision of EUR 1,250 thousand made in 2009 which will be dissolved in equity in 2011.

Note 2 Fees of elected auditors:

	2010	2009
Statutory audit	17	13
Other services	0	0
Total	17	13

Note 3 Financial income:

	2010	2009
Comprises interest received from subsidiaries at	(23)	590

Notes
of Superfos Industries a/s for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 4	**Tax**		
	Tax on profit for the year for continuing activities is derived as follows:		
	Current tax	(731)	(330)
	Deferred taxes	360	(1,013)
	Total tax	(371)	(1,343)
	Tax for the year is composed as follows:		
	Profit or loss before tax	10,698	41,162
	Tax on profit or loss at 25%	2,675	10,291
	Tax effect of:		
	Non-taxable income	(3,940)	(10,834)
	Non-deductible expenses	936	0
	Tax relating to prior years	(42)	(800)
	Total tax	(371)	(1,343)
	Effective tax rate	(3.5)	(3.3)

Non-taxable income primarily relates to profit after tax in subsidiaries.

		2010 (EUR '000)	2009 (EUR '000)
Note 5	**Participating interest in Superfos a/s**		
	Cost		
	At 1 January	698,918	698,064
	Translation adjustment of opening balance	(1,212)	854
	At 31 December	697,706	698,918
	Value adjustment		
	At 1 January	(499,255)	(531,619)
	Translation adjustment of opening balance	866	(652)
	Value adjustment for the year	(40,559)	33,016
	At 31 December	(538,948)	(499,255)
	Carrying amount at 31 December	158,758	199,663

Notes
of Superfos Industries a/s for 2010

Note 6 Equity

EUR '000	Share capital	Retained profits	Equity total
At 31 December 2008	15,964	89,819	105,783
Currency translation adjustment relating to subsidiaries		1,503	1,503
Prior years currency translation adjustments relating to USA		3,589	3,589
Value of equity-settled share option scheme charged against profit		2,505	2,505
Adjustment, financial hedging instruments etc.		(2,769)	(2,769)
Net profit or loss for the year		42,505	42,505
At 31 December 2009	15,964	137,152	153,116
Currency translation adjustment relating to subsidiaries		2,306	2,306
Adjustment, financial hedging instruments etc.		(229)	(229)
Net profit or loss for the year		11,069	11,069
At 31 December 2010	**15,964**	**150,298**	**166,262**

Share capital (DKK '000)	
At 1 January 2005	104,896
Capital increase 2005	709
Capital increase 2008	13,410
At 31 December 2010	**119,015**

The share capital of EUR 15,964 thousands equivalent to DKK 119,015 thousand (2009: DKK 119,015 thousand) is divided into 11,901,518 shares of DKK 10 each (2009: 11,901,518 shares).

Notes
of Superfos Industries a/s for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 7	**Deferred taxes**		
	Deferred taxes at 1 January	(450)	560
	Currency translation adjustment	1	3
	Deferred taxes for the year recognised in profit or loss for the year	360	(1,013)
	Deferred taxes at 31 January	(89)	(450)
	Deferred taxes are recognised in the balance sheet as follows:		
	Deferred taxes (asset)	89	450
	Deferred taxes (liability)	0	0
	Deferred taxes at 31 January, net	(89)	(450)
	Deferred taxes relate to:		
	Long-term debt	(43)	(297)
	Liabilities	2,366	1,666
	Tax losses allowed for carryforward	(2,412)	(1,819)
	Deferred taxes	(89)	(450)
Note 8	**Corporation tax:**		
	At 1 January	0	(437)
	Current tax on profit or loss for the year	(731)	(330)
	Joint taxation contribution received	0	767
	At 31 December	(731)	0
	Recorded in the balance sheet under:		
	Current assets	731	0
	Short-term debt	0	0
	Total	731	0

Note 9 **Amounts owed by owners**

Amounts owed by owners, EUR 2,036 thousand, consist of amounts owed by the Company's shareholders, Industri Kapital 1997 Limited Partnership I, II, III and IV as well as Ratos AB which together own 98.5% of the shares in Superfos Industries a/s and which each exercises significant influence. The amounts owed concern costs related to the disposal of shares in Superfos Industries a/s to RPC Group Plc. as mentioned in the Management's review. The costs have been paid in accordance with agreements entered into by Superfos Industries a/s. As a consequence of the shareholders' decision to dispose of the Superfos Group by disposing of the shares in Superfos Industries a/s instead of disposing of the shares in Superfos a/s, an agreement has been made that the costs are to be paid by Industri Kapital 1997 Limited Partnership I, II, III and IV as well as Ratos AB as leading shareholders in Superfos Industries a/s. The amounts owed, which are short-term, are thus attributable to a normal business transaction. The amounts owed fall due for payment at the final closing of the agreement to dispose of the Superfos Group to RPC Group Plc, which is expected to be in the first quarter of 2011.
Due to the short-term nature of the amounts owed, they are non-interest bearing.

Notes
of Superfos Industries a/s for 2010

		2010 (EUR '000)	2009 (EUR '000)
Note 10	**Charges**		
	All shares held by the Parent Company in Superfos a/s at a carrying amount of tEUR 158,758 have been provided as security for: Long-term and short-term debt owed to credit institutions		
	Amounts owed by subsidiaries booked at a value of	14,656	44,565
	have been provided as security for the Superfos Industries Group's total bank loan facilities.		
Note 11	**Contingent liabilities:**		
	Guarantees have been issued for subsidiaries in a total amount of	6,618	0

Superfos Industries a/s is jointly taxed with all Danish subsidiaries. As management company in the joint taxation, Superfos Industries a/s is liable for tax on the joint taxation income for all jointly taxed companies.

Note 12 Related parties

Related parties with a controlling interest in Superfos Industries a/s comprise Industri Kapital 1997 Ltd. Partnership I-IV and Ratos AB (publ). No transactions were made with these parties except for the amounts owed by owners mentioned in note 9.

Related parties with a significant interest in Superfos Industries a/s comprise subsidiaries, mentioned in note 5, and the Company's Board of Directors and Executive Board. No transactions were made with these parties except for remuneration and cost recovery.

Notes
of Superfos Industries a/s for 2010

Note 13 Consolidated companies

Subsidiaries	**Country**	**Ownership share**
Superfos a/s	Denmark	100%
■Superfos Pori Oy	Finland	100%
■ Superfos Randers a/s	Denmark	100%
■■ Superfos Norway as	Norway	100%
■ Superfos Wetteren N.V	Belgium	100%
■ Superfos Tenhult AB	Sweden	100%
■■ Mullsjö Industriplast AB	Sweden	100%
■■■ Mipac AB	Sweden	100%
■■■ Mipac AS	Norway	80%
■ Superfos Deutschland GmbH	Germany	100%
■ Superfos Czech s.r.o.	Czech Republic	100%
■ Superfos Poland Sp. z o.o	Poland	100%
■ Superfos Packaging b.v.	Netherlands	100%
■ Superfos Besançon s.a.s.	France	100%
■■ Superfos La Genête S.A.S	France	100%
■■ Superfos Pamplona, s.a.	Spain	100%
■■ Superfos Italy s.r.l.	Italy	100%
■ Superfos Runcorn Ltd.	United Kingdom	100%
■■ Drumrace Ltd.	United Kingdom	100%
■■■ Superfos Tamworth Ltd.	United Kingdom	100%
■ Superfos Aerosols GmbH	Germany	100%
■ Superfos Aerosols a/s	Denmark	100%
■ Superfos Turkey Ltd	Turkey	67%

■ Companies owned directly by Superfos a/s.
■■ & ■■■ Companies owned indirectly by Superfos a/s.

Jointly managed companies

	Country	**Ownership share**
■■■ Galion S.A	Tunisia	46%

Galion S.A is owned by Superfos Genête S.A.S

Belgium
Superfos N.V.
Biezeweg 19
BE-9230 Wetteren
Tel +32 9 252 31 01
Fax +32 9 252 33 15
Wetteren@superfos.com

Denmark
Superfos Randers a/s
Haraldsvej 25
DK-8960 Randers SO
Tel +45 8710 1112
Fax +45 8710 1100
Randers@superfos.com

Finland
Superfos Pori Oy
Mikkolantie 12
FIN-28130 PORI
Tel +358 (0)2 6307 500
Fax +358 (0)2 6307 501
Pori@superfos.com

France
Superfos S.A.S.
11, rue La Fayette
P.O. Box 94017
FR-25071 Besançon Cedex 9
Tel +33 3 8121 1700
Fax +33 3 8152 7684
Besancon@superfos.com

Superfos Industrie S.A.S
La Genète
FR-71290 - Cuisery
Tel +33 385322755
Fax +33 385400629
Lagenete@superfos.com

Germany
Superfos Deutschland GmbH
Hugh-Greene-Weg 2
22529 Hamburg
Germany
Tel +49 4085 39 010
Fax +49 4085 39 0125
Germany@superfos.com

Italy
Superfos Italy s.r.l.
Via S. Carlo, 10 Int. 20/22
IT-40023 Castel Guelfo (BO)
Tel +39 (0)542 670480
Fax +39 (0)542 670489
Italy@superfos.com

Poland
Superfos Poland Sp. z o.o
Kaliska 140
PL-87-840 Lubien Kujawski
Tel. +48 54 429 10 00
Fax +48 54 429 10 09
Lubien@superfos.com

Spain
Superfos Pamplona s.a
Poligono Industrial Comarca n1
Calle L, 14-16
ES-31160 Orcoyen (Navarra)
Tel +34 948 368 054
Fax +34 948 321 190
Pamplona@superfos.com

Sweden
Superfos Tenhult AB
Verkstadsvägen 14
SE-560 27 Tenhult
Tel +46 (0)36 39 06 00
Fax +46 (0)36 39 06 19
Tenhult@superfos.com

Mipac AB
Industrivägen 13
SE-565 22 Mullsjö
Tel +46 39 23 85 00
Fax +46 39 23 85 25
Info@mipac.se

United Kingdom
Superfos Runcorn Ltd
Edison Road Astmoor
Industrial Estate
Runcorn, Cheshire WA7 1PY
Tel +44 1928 575 051
Fax +44 1928 572 038
Runcorn@superfos.com

Associated companies

Tunesia
Galion S.A. (45% ownership)
Route de Chbedda Naâssen
1135 Tunis
Tel +216 71 308 500
Fax +216 71 308 400
www.galion.com

Superfos is one of Europe's leading packaging brands
Superfos is one of Europe's largest manufacturer of injection moulded plastic packaging and supplies high-quality packaging for food and non-food markets.

Superfos is a focused pan-European company with a modern and dynamic platform and a homogenous modernized product program, offering the customers unique possibilities for uniformed product display and decoration across international market boundaries.

All production facilities provide a harmonized European range to large international groups, which make up the core customers of the company.

Superfos is a part of everyone's everyday life
Superfos develops and produces high-quality and easy-to-use packaging for the products that matter to people most in their everyday lives.

With its superior performance and consumer-friendly design, Superfos packaging is used every day by all people, young and old, sick and healthy, at home and at work, indoor and outdoor.

Whether it is hot or cold food, dairy products, marmalades, paint, oil and lubricants or cosmetic and health products, Superfos has a premium packaging design for all products needing protection and transportation from producer to end-user in the easiest, hygienic and most time and cost efficient way.

Superfos - part of your day.

Head Office
Superfos a/s
Spotorno Allé 8
Dk-2630 Taastrup
Denmark
Tel +45 5911 1110
Fax +45 5911 1180
Superfos@superfos.com
www.superfos.com

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