

**Mondi SCP, a.s.**

**SUPPLEMENT TO THE AUDITOR'S REPORT  
ON THE CONSISTENCY  
OF THE ANNUAL REPORT WITH THE  
FINANCIAL STATEMENTS PURSUANT TO  
ACT NO. 540/2007 COLL., ARTICLE 23 (5)**

**31 DECEMBER 2015**

## **SUPPLEMENT TO THE AUDITOR'S REPORT on the Consistency of the Annual Report with the Financial Statements Pursuant to Act No. 540/2007 Coll., Article 23 (5)**

To the Shareholders and Board of Directors of Mondi SCP, a.s.:

- I. We have audited the individual financial statements of Mondi SCP, a.s. (the "Company") as at 31 December 2015 presented in Appendix 1 of the Annual Report. We issued an Auditor's Report on these financial statements dated 29 March 2016 in the wording as follows:

### **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Board of Directors of Mondi SCP, a.s.:

We have audited the accompanying financial statements of Mondi SCP, a.s. (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### ***Statutory Body's Responsibility for the Financial Statements***

The Company's statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mondi SCP, a.s. as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Act on Accounting and International Financial Reporting Standards as adopted by the EU.

II. Also we have audited the consolidated financial statements of Mondi SCP, a.s. (the "Company") as at 31 December 2015 presented in Appendix 2 of the Annual Report. We issued an Auditor's Report on these financial statements dated 29 March 2016 in the wording as follows:

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Board of Directors of Mondi SCP, a.s.:

We have audited the accompanying consolidated financial statements of Mondi SCP, a.s. and its subsidiaries (hereinafter also the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Statutory Body's Responsibility for the Financial Statements***

The Company's statutory body is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mondi SCP, a.s. and its subsidiaries as at 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with the Act on Accounting and International Financial Reporting Standards as adopted by the EU.

III. We have also audited the consistency of the Annual Report with the aforementioned financial statements. The accuracy of the Annual Report's presentation is the responsibility of the Company's statutory body. Our responsibility is to issue an opinion on the consistency of the Annual Report with the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that the Auditor plan and perform the audit to obtain reasonable assurance that the information disclosed in the Annual Report and presented in the financial statements is consistent, in all material respects, with the relevant financial statements. We assessed the consistency of the information presented in the Annual Report with the information presented in the financial statements as at 31 December 2015. We have not audited any data or information other than the financial information obtained from the financial statements and accounting ledgers. We believe that the performed audit provides a sufficient and reasonable basis for our audit opinion.

In our opinion, the financial information presented in the Annual Report is consistent, in all material respects, with the aforementioned financial statements as of 31 December 2015.

Bratislava, 20 April 2016

Deloitte Audit s.r.o.  
Licence SKAu No. 014



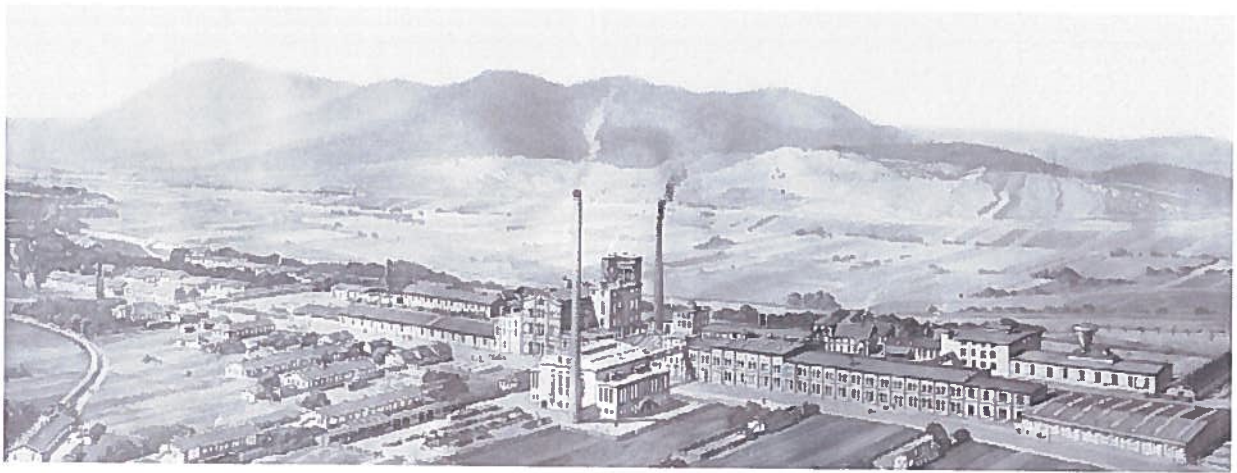
Ing. Patrik Ferko, FCCA  
Responsible Auditor  
Licence UDVA No. 1045



# ANNUAL REPORT 2015

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More than **135 years** of paper making tradition in Ružomberok

# Mondi SCP

Mondi SCP is one of the largest plants in Mondi Group and the biggest integrated mill producing pulp and paper in Slovakia.

51% shares in the company is owned by the international Mondi Group, operating in 30 countries in the packaging and paper industry and employing around 25 000 people. The second shareholder is the Slovak investment and industrial holding ECO-INVEST.

Within Mondi Group, Mondi SCP is part of Uncoated Fine Paper Division. Every day, we give high added value to our domestic renewable raw material – wood that comes from controlled sources and well-managed forests with the FSC and PEFC certificates.

In addition to the production of pulp and paper, we conduct also other production and supporting processes such as production of printed wrapping paper, production of pallets, electricity generation, waste water treatment and heat supplies for the town of Ružomberok.

Mondi SCP is one of the largest entities in Slovakia and the largest private employer in the region. In Ružomberok, we maintain strong roots of the paper production with this being proven by the fact that, last year, the tradition of paper production celebrated its 135th anniversary.

We regularly invest in the best available technologies and we do our best to minimise our environmental footprint. Through our strong support of the region, we provide support for a permanent and visible change towards betterment where we operate. For its business approach, the company won various awards – from the Excellent Employer Award, through Environmental Awards, Award for Efficiency, and Supply Chain Management Award.



# Development of Mondi SCP group

## Activity

### We focus on improving qualifications of our employees

There are high quality and hardworking people that are behind the success of Mondi SCP and that is why we regard the education in our company as very important. In 2015, 17 130 hours of training courses were provided. The objective of these courses is mainly to give our employees opportunity to improve their knowledge and skills so that they can become leaders on the right levels.

In the last quarter of 2015, MONDI SCP also decided that it was necessary to pay more attention and invest also in the quality of vocational training of our employees. Late last year, we therefore conducted the first module of the vocational training for a group of pulp and paper makers which we organise together with an external company "Ausbildungszentrum". The participants completed an intensive training program tailored for Mondi SCP.

### Compas conference 2015

It was also in 2015 that we organised another successful Compass Conference where the leaders of our company got together and evaluated all the things that had been done in our mill, specified our strategy and determined future steps. We continue focusing on 4 key areas: organization, flexibility, innovation and education.

The participants had also chance to listen to great presentations from our colleagues and welcomed also a special guest - Mr. Tomáš Šabatka, an expert in the area of paper and pulp and manager with years of experience who gave us background about the qualities of a good leader.



## Make a difference day 2015

Each year within Mondi Group, we organise an event called Make a Difference Day during which we invite all our employees and the public to come to the premises of Mondi SCP. On this day, we help individuals and teams to understand how we can together achieve our target of zero accidents whether in our mill or in everyday life.

Make a Difference Day focuses on what can each one of us do differently to contribute to improving our safety, protection of health and environment. The number one priority in Mondi SCP is health and especially that everyone returns healthy from work back to their families.

## Mondi SCP, our best neighbour

It was also in the previous year that we tried to be the best neighbour for the region. Based on the Memorandum signed with the Town of Ružomberok, our aid goes to various projects in the area of environment, sports, health care, social area, culture and education.

Under the programme „Mondi SCP, Our Best Neighbour“ we regularly support also various environmental projects. This support is divided into two categories. The first is environmental support of projects of the town of Ružomberok and the neighbouring communities and the second is the support of the environmental projects of our employees. In 2015, we financially supported 21 projects submitted by the communities and 30 projects submitted by our employees.

Each year, Mondi SCP organises also two environmental days for the representatives of the Town and neighbouring communities with which we communicate openly with respect to various environmental topics. And for our employees, we organise two ecological days through which we strive to improve the environmental quality of the region we live in.





# Key indicators of Mondi SCP group

## Result

Mondi SCP, a. s. prepares a consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

PULP AND PAPER PRODUCTION DEVELOPMENT		
in tons	2015	2014
Pulp (air dry)	552 755	524 293
Paper	624 697	611 761

For Mondi SCP, the year 2015 was historically one of the most successful ones. The Group achieved record volumes of production, as well as record levels in terms of its profit indicators.

In 2015, there was another significant, year-on-year increase in the pulp production which exceeded the threshold of 550 000 tons. In 2015, we could fully experience the benefits of the investments into our new recovery boiler (RB3) and new lime kiln, which resulted in a significant increase in the pulp production.

Together with the increased pulp production, additional new record was achieved also in connection with the volume of sold dried pulp which, in 2015, amounted to 123 490 tons.

In 2015, the production of paper reached historically highest volume as well when it increased by more than 2% over the previous year.

In 2015, the total sales volume of Mondi SCP grew by 3% compared to the previous year mainly thanks to the excellent cost position which enabled the Group to profit from closed production capacities on the continuously declining market which can be considered a success and proof of a strong position on the paper market.

The growth of the production and sales volumes and, at the same time, also the pulp and paper prices is the main factor that contributed to the high operating and, consequently, the net profit of the Group. Positive impacts were also the results of the reduced costs of energy and chemicals with the new recovery boiler and lime kiln playing the major role. At the same time, we continued being successful also in managing fixed costs with this indicating our continuous improvement and optimization of the processes in Mondi SCP.

In the future we will continue with the bringing excellent products, having low cost production structure and right people on board working in safe environment along with bringing innovative ideas into life.

## BASIC FINANCIAL INDICATORS (IFRS)

in thousands of EUR	2015	2014
Earnings from sales and services and other earnings	522 063	472 646
Net profit	72 361	46 180
of which: - profit attributable to non-controlling interests	(23)	(39)
<b>Total assets</b>	<b>625 585</b>	<b>590 004</b>
Non-current assets	440 176	462 312
Current assets	185 409	127 692
<b>Total liabilities</b>	<b>625 585</b>	<b>590 004</b>
Total payables	136 530	133 310
Equity	489 055	456 694
of which: - minority interest	139	162
Average number of employees	1 102	1 165

Decrease of the non-current assets is primarily the result of depreciation the tangible fixed assets after major investments made in the previous years, as well as asset disposals in connection with the new investments.

The increase in current assets was the result of the accumulation of cash and cash equivalents following the record creation of free cash-flow while in the area of other items of the current assets (inventories and receivables) we registered a decrease what indicates a positive development also in the working capital.

Mondi SCP Group duly fulfilled its obligations towards all its creditors in 2015.

The growth of the shareholders equity is attributable to the net profit of EUR 72 million while the dividend payment for the year 2014 amounted to EUR 40 million. As of December 31, 2015, the share of equity in the total assets reached the level of 78% underscoring the stability and financial strength of Mondi SCP Group.

The management of the company will decide on the allocation of 2015 profit at the Annual General Meeting.



# Subsidiaries of Mondi SCP

The subsidiaries - Obaly S O L O, s. r. o., SLOWWOOD Ružomberok, a. s., Strážna služba VLA - STA, s. r. o., are under obligation to prepare the independent financial statements in accordance with Slovak Accounting Standards (SAS).

The differences between IFRS and SAS are immaterial for the comments describing the development of individual companies.

In 2015, too, the subsidiaries of Mondi SCP Group were closely connected with their parent company since the substantial part of their production and performance was realised directly in the parent company. Mondi SCP Group thus used the competitive advantage of this connection to improve the results of the whole Group.

## Obaly SOLO, s.r.o.

Obaly S O L O, s. r. o. is a subsidiary of Mondi SCP, a. s. and its core business activity is production of printed and extruded packaging materials. Its activities were carried out with full support and in cooperation with the parent company. A substantial part of the production is carried out in the premises of the parent company and the company fully complies with the safety, as well as environmental standards set out by the parent company.

## Slowwood Ružomberok. a.s.

SLOWWOOD Ružomberok, a. s., is a fully consolidated subsidiary of Mondi SCP, a. s. It is the largest trading company for wood and biomass on the Slovak market. It provides its clients with professional and competitive solutions while maintaining ethical values and sustainable development of the forests where the company focuses on increasing the share of the certified raw materials from the sustainable forestry. All activities of the company are carried out with full support and cooperation with the parent company Mondi SCP, a.s.

SLOWWOOD Ružomberok, a.s., ensures supplies of wood used for the production of pulp from both domestic and foreign markets.

In 2015, SLOWWOOD Ružomberok, a. s. purchased 2,1 million m<sup>3</sup> of timber which is the same volume as in 2014. Almost the entire volume of the purchased timber was delivered to Mondi SCP, a. s. while the largest share comprised of hardwood pulpwood. The wood that is not processed by Mondi SCP, a. s. is intended for export.

# The Events of Particular Importance

## The events that Occurred after the End of the Accounting Period

After December 31, 2015, to the date of preparation of the annual report, there were following events of particular importance. These events do not affect the company's assets and liabilities recognised in these financial statements.

In February 2016, the Board of Directors of the Mondi Group approved the project named ECO+ worth EUR 310 million including a new paper machine for production of containerboard with the capacity of 300,000 tons per year and reconstruction of the pulp mill with an objective of increasing the pulp production capacity also in connection with the new paper machine.



The project should be completed in 2019.

In February 2016, Mondi SCP Group acquired 100% stake in the sister company Mondi Neusiedler GmbH based in Hausmening, Austria and 100% stake in the sister company Ybbstaler Zellstoff GmbH based in Kematen, Austria.

In Ružomberok, March 11, 2016



Mondi SCP, a.s. Ružomberok  
Obaly SOLO, s.r.o.  
Slovwood Ružomberok a.s.

Tatranská cesta 13  
034 17 Ružomberok  
Slovenská republika



**Mondi SCP, a.s.**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL  
REPORTING STANDARDS (IFRS) AS  
ADOPTED BY THE EU**

**FOR THE YEAR ENDED  
31 DECEMBER 2015**

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## Mondi SCP, a.s.

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Mondi SCP, a.s.:

We have audited the accompanying financial statements of Mondi SCP, a.s. (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Statutory Body's Responsibility for the Financial Statements**

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

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mondi SCP, a.s. as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Act on Accounting and International Financial Reporting Standards as adopted by the EU.

Bratislava, 29 March 2016



Deloitte Audit s.r.o.  
Licence SKAu No. 014



Ing. Patrik Ferko, FCCA  
Responsible Auditor  
Licence UDVA No. 1045

This is an English language translation of the original Slovak language document.



**Mondi SCP, a.s.**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2015 and 31 December 2014**

<i>(EUR '000)</i>	<i>Note</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	586	964
Property, plant and equipment	10	439 251	460 951
Investments in subsidiary undertakings	11	4 334	4 334
Investments in associated undertakings	11	-	-
		444 171	466 249
<b>Current assets</b>			
Inventories	12	36 459	40 094
Trade and other receivables	13	66 847	75 716
Current tax assets		-	661
Cash and cash equivalents	14	80 032	8 333
Financial derivative assets		-	-
		183 338	124 804
<b>TOTAL ASSETS</b>		<b>627 509</b>	<b>591 053</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Registered capital	15	153 855	153 855
Capital and other funds	16	87 333	87 337
Retained earnings		247 960	216 116
<b>TOTAL EQUITY</b>		<b>489 148</b>	<b>457 308</b>
<b>Non-current liabilities</b>			
Payables from employee benefits		2 359	2 264
Deferred tax liabilities	18	40 786	42 939
Provisions for liabilities	19	1 315	1 231
Other non-current liabilities		1 201	1 350
		45 661	47 784
<b>Current liabilities</b>			
Short-term bank loans and borrowings	17	-	4
Trade and other payables	20	87 416	85 957
Current tax liabilities		5 284	-
Provisions for liabilities	19	-	-
		92 700	85 961
<b>TOTAL LIABILITIES</b>		<b>138 361</b>	<b>133 745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>627 509</b>	<b>591 053</b>

**Mondi SCP, a.s.**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the years ended 31 December 2015 and 31 December 2014**

<i>(EUR '000)</i>	<i>Registered Capital</i>	<i>Capital Funds</i>	<i>Other Funds</i>	<i>Retained Earnings</i>	<i>Total</i>
Balance at 1 January 2014	153 855	87 550	(170)	189 900	431 135
Profit for the current year	-	-	-	46 216	46 216
Actuarial loss on provisions from the employee benefit plan	-	-	(43)	-	(43)
Dividends paid	-	-	-	(20 000)	(20 000)
<b>Balance at 31 December 2014</b>	<b>153 855</b>	<b>87 550</b>	<b>(213)</b>	<b>216 116</b>	<b>457 308</b>
Profit for the current year	-	-	-	71 844	71 844
Actuarial loss on provisions from the employee benefit plan	-	-	(4)	-	(4)
Dividends paid	-	-	-	(40 000)	(40 000)
<b>Balance at 31 December 2015</b>	<b>153 855</b>	<b>87 550</b>	<b>(217)</b>	<b>247 960</b>	<b>489 148</b>

**Mondi SCP, a.s.**  
**STATEMENT OF CASH FLOW**  
**for the years ended 31 December 2015 and 31 December 2014**

<b>(EUR '000)</b>	<b>Note</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
<b>Operating activities</b>			
Operating profit		83 353	49 204
Non-cash transactions			
- Depreciation and impairment of non-current assets		43 624	46 496
- Loss/(profit) from sale of non-current assets		154	(19)
- Movements in provisions		(490)	1 373
- Unrealised foreign currency exchange rate differences		-	3
- Other non-cash transactions		148	192
Operating cash flows before movements in working capital		<u>126 789</u>	<u>97 249</u>
Effect of movements in working capital			
- Decrease/(Increase) of inventories		4 144	(6 251)
- Decrease/(Increase) of receivables		7 851	3 776
- Increase/(decrease) of liabilities		14 757	(13 493)
Cash flows from operating activities before taxes and interest		<u>153 541</u>	<u>81 281</u>
Interest paid		(17)	(33)
Income tax paid		(8 316)	(2 921)
<b>Net cash from operating activities</b>		<b><u>145 208</u></b>	<b><u>78 327</u></b>
<b>Investing activities</b>			
Acquisition of plant, property, equipment and intangible assets		(34 098)	(92 798)
Proceeds from the sale of property, plant and equipment		(55)	25
Expenditures for the purchase of financial investments		-	-
Proceeds from the sale of non-current financial investments and ownership interests		-	-
Interest received		42	80
Dividends received		704	1 330
<b>Net cash flows from investing activities</b>		<b><u>(33 407)</u></b>	<b><u>(91 363)</u></b>
<b>Financing activities</b>			
Proceeds from/(expenditures for) other non-current liabilities		-	1 350
Share-based payments		(102)	(141)
Dividends paid		(40 000)	(20 000)
<b>Net cash flows from financing activities</b>		<b><u>(40 102)</u></b>	<b><u>(18 791)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>71 699</b>	<b>(31 827)</b>
Cash and cash equivalents at the beginning of the year	14	8 333	40 160
Foreign exchange gains from cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b><u>80 032</u></b>	<b><u>8 333</u></b>

**Mondi SCP, a.s.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

**1. GENERAL INFORMATION**

**a) Essential Information on the Company**

<b>Business name and seat</b>	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
<b>Date of establishment</b>	7 September 1995
<b>Date of incorporation (according to the Commercial Register)</b>	1 October 1995
<b>Company ID (IČO)</b>	31 637 051
<b>Tax ID (DIČ)</b>	SK2020431116
<b>Business activity</b>	<ul style="list-style-type: none"> <li>– Paper and cardboard production;</li> <li>– Cellulose production;</li> <li>– Other paper and cardboard products production – wrapping paper production;</li> <li>– Wholesale of timber; and</li> <li>– Heat production and distribution, electricity production and distribution etc.</li> </ul>

**b) Employees**

	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
<b>Average headcount</b>	<b>997</b>	<b>1 053</b>
<i>Of which: Managers</i>	<i>17</i>	<i>16</i>
<i>Other managing officers (non-employees)</i>	<i>4</i>	<i>2</i>

**c) Approval of the 2014 Financial Statements**

On 16 April 2015, the Annual General Meeting approved the 2014 financial statements of Mondi SCP, a.s. The Company paid dividends for 2014 to shareholders in the total amount of EUR 40 000 thousand. Dividends in the amount of EUR 30 000 thousand and EUR 10 000 thousand were paid out on 28 April 2015 and 25 August 2015, respectively.

**d) Members of the Company's Bodies**

<i>Body</i>	<i>Function</i>	<i>Name</i>
Board of Directors	Chairman	Miloslav Čurilla
	Deputy Chairman	Peter Orisich
	Member	Roman Senecký until 15 Oct 2015
	Member	Franz Aigner from 16 Oct 2015 until 9 Dec 2015
	Member	Bernhard Peschek since 10 Dec 2015
	Member	Miroslav Vajs
Supervisory Board	Member	Franz Hiesinger
	Chairman	Peter Josef Oswald
	Deputy Chairman	Milan Fiľo
Executive Management	Member	Ján Krasuľa
	President	Bernhard Peschek

**e) Shareholders' Structure and Their Shares in the Registered Capital**

<i>Shareholders</i>	<i>Share in Registered Capital EUR '000</i>		<i>Voting Rights in %</i>
		<i>%</i>	
ECO-INVEST, a.s.	75 389	49	49
Mondi SCP Holdings B.V., Maastricht	78 466	51	51

**f) Consolidated Financial Statements**

Mondi SCP, a.s. is a subsidiary of Mondi SCP Holdings, B. V., based in Maastricht, the Netherlands, which owns a 51% shareholding in the Company's registered capital.

Mondi, plc. (based in Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey, KT15 2PG, United Kingdom) prepares the consolidated financial statements for the biggest group of companies, and Mondi AG (based at Kelsenstraße 7, Vienna, Austria) prepares the consolidated financial statements for the smallest group of companies. The consolidated financial statements are available at the seats of the aforementioned entities.

The Company's consolidated financial statements for 2015 are available at its seat in Ružomberok, Tatranská cesta 3.

**g) Unlimited Liability**

The Company is not an unlimited liability partner in any other company.

**h) Statement of Compliance**

The financial statements represent the Company's annual unconsolidated financial statements, which have been prepared for the reporting period from 1 January 2015 to 31 December 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated below. In accordance with the Slovak Act on Accounting No. 431/2002 Coll. as amended, the Company is also obliged to prepare consolidated financial statements pursuant to IFRS, as adopted by the EU.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

**i) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, except for certain financial instruments that are remeasured to a fair value. The principal accounting policies adopted are set out below. The reporting currency used in these financial statements is the euro (EUR) and amounts are written in thousands of euros, unless indicated otherwise.

These financial statements were prepared under the going concern assumption.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 3.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

**j) Interpretations and Amendments to Published Standards Effective in 2015**

The Company adopted all of the new standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the EU that are relevant to its operations and are effective for reporting periods beginning on 1 January 2015. These include the following standards and interpretations:

***Initial application of new amendments to the existing standards and interpretation effective for the current reporting period***

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011 – 2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 18 December 2014 (amendments to be applied for annual periods beginning on or after 1 January 2015);
- **IFRIC 21 "Levies"**, adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Company's financial statements.

***Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective:***

At the authorisation date of these financial statements, the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations, adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure Initiative, adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** – Clarification of Acceptable Methods of Depreciation and Amortisation, adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** – Agriculture: Bearer Plants, adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 19 "Employee Benefits"** – Defined Benefit Plans: Employee Contributions, adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);
- **Amendments to IAS 27 "Separate Financial Statements"** – Equity Method in Separate Financial Statements, adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to various standards "Improvements to IFRSs (cycle 2010 – 2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 17 December 2014 (amendments to be applied for annual periods beginning on or after 1 February 2015); and
- **Amendments to various standards "Improvements to IFRSs (cycle 2012 – 2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 15 December 2015 (amendments to be applied for annual periods beginning on or after 1 January 2016).

***New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU***

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in the EU as at 15 March 2016 (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until a research project on the equity method has been concluded);
- **Amendments to IAS 7 "Statement of Cash Flows"** – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017); and
- **Amendments to IAS 12 "Income Taxes"** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Company anticipates that adopting these new standards and amendments to the existing standards will have no material impact on the Company's financial statements in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

Based on the Company's estimates, accounting for hedging instruments in connection with the portfolio of financial assets or financial liabilities under **IAS 39 "Financial Instruments: Recognition and Measurement"** would not have a significant impact on the financial statements had it been adopted as at the reporting date.

## **2. SIGNIFICANT ACCOUNTING PRINCIPLES**

### **a) Foreign Currency**

#### *(i) Transactions in Foreign Currencies*

Transactions in foreign currencies are translated into euros at the rates of the exchange rate list of the European Central Bank (ECB) valid on the date preceding the transaction date. Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the retranslation of monetary items, are included in statement of comprehensive income for the period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

### **b) Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party of the contractual provisions of the financial instrument.

### **c) Borrowing Costs**

Interest is recognised in expenses in the relevant period. Borrowing costs directly attributable to the acquisition of the debt financial instruments are recognised in expenses over the period of use of the related debt financial instruments.

### **d) Property, Plant and Equipment**

#### *(i) Own Assets*

Property, plant and equipment ("non-current tangible assets") are stated at cost less any subsequent accumulated depreciation and provisions (accumulated impairment losses). The cost includes all directly-attributable costs of bringing the asset into working condition for its intended use. Internally-developed non-current tangible assets are measured at own costs, which include the cost of the material, direct wages and overheads directly associated with the development of the non-current tangible assets up to the moment of putting the asset into use.

Significant components of property, plant and equipment with different useful lives are accounted for and depreciated on an individual basis.

*(ii) The Company as Lessee*

Leases of non-current tangible assets in terms of which the Company assumes substantially all the risks and rewards associated with the ownership of such assets are classified as finance leases. Plant and equipment acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described in the accounting policy (t).

*(iii) Subsequent Expenditures*

Subsequent expenditures incurred to replace a component of non-current tangible assets that is accounted for individually, including inspections and overhaul expenditure, are capitalised if it is probable that the future economic benefits embodied with the items will flow to the Company exceeding its original performance and that the cost of the item can be measured reliably. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of assets exceeding their original performance. All other expenditures made after the acquisition of non-current tangible assets to restore or maintain the extent of future economic benefits are recognised as expenses when incurred.

*(iv) Useful Lives*

Buildings and structures	12 – 40 years
Plant and equipment	4 – 20 years
Transportation means	4 – 12 years
Fixtures and fittings	4 – 12 years

Low-value non-current tangible assets (with a cost of up to EUR 1.7 thousand) are depreciated over two years.

Non-current tangible assets acquired under finance lease are depreciated over their expected useful lives on the same basis as own assets.

Gains or losses arising on the disposal or retirement of an item of non-current tangible assets are fully reflected in the statement of comprehensive income.

**e) Non-Current Intangible Assets**

Non-current intangible assets acquired separately are stated at cost less accumulated amortisation and impairment provisions. Non-current intangible assets are amortised over their useful life, ie four years, using the straight-line method. The estimated useful lives and method of amortisation are assessed at the end of each reporting period, with the impacts of changes in estimates reflected in the next reporting period.

Subsequent expenditures are capitalised only when it may be expected that this will increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

**f) Investments in Subsidiaries and Associated Undertakings**

Investments in subsidiaries represent investments in companies exceeding a 50% share in the companies' registered capital or in the voting rights. The acquisition of a subsidiary is recognised using the acquisition method. The cost represents the price of the acquisition and the related ancillary costs (fees and commissions of brokers, advisors, and stock exchange). As at the reporting date, ownership interests in the registered capital of subsidiaries are stated in their initial measurement less impairment provisions.

Investments in associated undertakings are investments in companies in which the Company has a share of more than 20% but less than 50% in the companies' registered capital or voting rights. Investments in associated undertakings are recognised at cost less impairment provisions.



**g) Trade and Other Receivables**

Trade and other receivables are measured at the expected realisable value, including provisions for bad and doubtful receivables.

**h) Inventories**

Inventories are stated at the lower of cost, own costs or net realisable value. The net realisable value represents the estimated selling price less the estimated costs of completion and costs of distribution. Raw material is measured at the weighted average cost, which includes the cost of acquisition of the material and other costs related to the acquisition that arose on bringing the assets to their current condition and location.

Work in progress, semi-finished goods and finished goods are measured at own costs, which include the costs of material, wages and salaries, other direct expenses and production overheads depending on the stage of completion of the inventory.

A provision is created for slow-moving and obsolete inventory.

**i) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, placements and other short-term highly-liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Overdraft facilities payable on demand, which form an integral part of the Company's cash management, represent the part of cash and cash equivalents for the purposes of the cash flow statement.

**j) Impairment of Assets**

At each reporting date, the Company assesses the carrying amounts of its non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

The recoverable amount of the Company's receivables is calculated as the present value of expected future cash flows discounted at their original effective interest rate inherent in the asset. Short-term receivables are not discounted. The recoverable amount of other assets is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely-independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**k) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**l) Interest-Bearing Bank Loans and Borrowings**

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any differences between the settlement and redemption of borrowings on an effective interest rate basis are recognised in the statement of comprehensive income over the term of the borrowings on a straight-line basis.

**m) Payables from Employee Benefits**

The Company operates a long-term employee benefit plan consisting of a lump-sum retirement payment and jubilee bonuses, for which no specified funds were allocated. Under IAS 19 "Employee Benefits", the expenses for employee benefits were determined using an incremental actuarial method, the so-called "Projected Unit Credit Method". Under this method, the costs of providing benefits are recognised in the statement of comprehensive income so as to spread the recurring expenses over the term of employment. The entire post-employment benefit obligation is measured at the present value of the estimated future cash outflows discounted at 2.1% (2014: 2.0%). All actuarial gains and losses are recognised through the statement of comprehensive income. Past service costs are recognised immediately to the extent that the benefits are already vested; otherwise, they are amortised on a straight-line basis over the average period until the benefits become vested.

**n) Mandatory Social Security and Pension Schemes**

The Company is required to make contributions to various mandatory insurance schemes, in addition to the contributions made by employees. The expenses for social security are recognised through the statement of comprehensive income in the period when the related salary cost is incurred.

**o) Provisions for Liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and the amount of obligation can be estimated reliably. Provisions are measured on the basis of the best estimate made by managing the cost of the liability settlement as at the preparation date of the statement of financial position. Where the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**p) Emission Rights**

The Company has opted to record emission rights received using the net liability method and does not record any liability for actual emissions on the basis that the Company has received adequate emission rights to cover its actual emissions.

**q) Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

**r) Revenue Recognition**

*(i) Goods Sold and Services Rendered*

For sales of goods and merchandise, revenues are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of goods. Revenues are stated net of taxes and discounts. No revenue is recognised if there are significant uncertainties regarding the settlement of the consideration due, the associated costs or the possible return of goods, or regarding the continuous involvement of the Company in managing the goods. Revenues from the provision of services are recognised when the relevant services are rendered in proportion to the stage of completion of transaction at the reporting date.

*(ii) Government Grants*

A government grant is recognised in the statement of financial position when it is certain that the grant will be received and that the Company complies with the conditions attached to it. Grants for the acquisition of non-current tangible assets are recognised through the statement of comprehensive income in revenues on a systematic basis over the useful life of the asset.

**s) Expenses**

*(i) Operating Lease Payments*

For operating leases, the lease payments are expensed on a straight-line basis over the lease period.

*(ii) Finance Lease Payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the whole lease period so as to produce a constant interest rate on the remaining balance of the obligation. The interest expense component of finance lease payments is recognised through the statement of comprehensive income using the effective interest rate method.

*(iii) Finance Costs and Income*

Finance costs and income comprise interest payable on borrowings calculated using the effective interest rate method, interest received, dividend income and foreign exchange gains and losses, and bank fees. Borrowing costs directly attributable to the acquisition of non-current tangible assets are recognised through the statement of comprehensive income when incurred.

Interest income is recognised through the statement of comprehensive income as incurred using the effective yield method. Dividend income is recognised through the statement of comprehensive income on the date on which the dividend is declared.

**t) Income Tax**

Income tax expenses for the year represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Corporate tax liability for current tax is calculated using the tax rate that has been enacted or substantively enacted until the preparation date of the statement of financial position.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit, and it is recognised using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. The expected tax rate of 22% valid for the following years was used to calculate deferred income tax. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY**

In the process of applying the Company's accounting policies, which are described in Note 2, the Company has made the following judgements that have a highly-significant effect on the amounts recognised in the financial statements. There are risks of potential adjustments in future periods relating to such matters, including the following:

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Useful Lives

Tangible and intangible fixed assets are depreciated in accordance with their estimated actual useful life. The linear book depreciation method is used.

Provisions for Liabilities

Amounts recognised as provisions for liabilities are based on the management's judgment and represent the best estimate of the expenses necessary to settle a liability with uncertain timing or an uncertain amount.

**4. REVENUES**

An analysis of the Company's revenues is as follows:

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Revenues from sale of core products	491 521	456 904
Revenues from sale of non-core products and other revenues	25 336	22 761
<b>Total</b>	<b>516 857</b>	<b>479 665</b>

Revenues from sales of core products mainly include revenues from sales of paper and pulp. Revenues from sales of non-core products and other revenues include revenues from sales of energy, services, and other revenues.

**5. RAW MATERIALS AND CONSUMABLES USED**

Raw materials and consumables used during the reporting period are analysed as follows:

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Raw materials, direct and auxiliary raw material (wood, pulp, chemicals, other)	199 093	210 143
Energy	36 644	39 330
Maintenance	20 321	18 543
Packages	16 831	16 634
Other (goods, services)	7 815	2 318
<b>Total</b>	<b>280 704</b>	<b>286 968</b>

**6. PERSONNEL EXPENSES**

Personnel expenses incurred in the reporting period include the following categories:

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Wages	21 607	21 647
Social expenses	7 289	7 188
Other	1 028	1 083
<b>Total</b>	<b>29 924</b>	<b>29 918</b>

**7. INVESTMENT INCOME AND FINANCE COSTS**

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Dividends received	704	1 330
Interest income	42	80
<b>Total investment income</b>	<b>746</b>	<b>1 410</b>
Interest expense	148	188
<b>Total finance costs</b>	<b>148</b>	<b>188</b>

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**8. INCOME TAX**

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Current tax	14 260	8 110
Deferred tax	(2 153)	(3 900)
<b>Income tax for the year</b>	<b>12 107</b>	<b>4 210</b>

Domestic income tax is calculated at 22% of the taxable profit for 2015 (2014: 22%).

The total charge for the year can be reconciled to the accounting profit as follows:

	<i>Year Ended 31 December 2015</i>		<i>Year Ended 31 December 2014</i>	
	<i>(EUR '000)</i>	<i>%</i>	<i>(EUR '000)</i>	<i>%</i>
Profit before tax	83 951		50 426	
Tax at the domestic income tax rate of 22%	18 469	22.0	11 094	22.0
Permanent differences	92		(146)	
Tax relief	(6 458)		(6 458)	
Correction of prior periods' error and accruals	4		(280)	
<b>Income tax and effective tax rate</b>	<b>12 107</b>	<b>14.4</b>	<b>4 210</b>	<b>8.3</b>

For 2015, the Company applied income tax relief in the amount of EUR 6 458 thousand (2014: in the amount of EUR 6 458 thousand) granted as a part of the investment aid in the total amount of EUR 25 375 thousand for the implementation of an investment project related to the acquisition of a new recovery boiler and the related infrastructure, as described in Note 10. In the following three years, the Company will evenly apply the remaining tax relief up to the approved amount once the set conditions are met.

**9. INTANGIBLE ASSETS**

Analysis of intangible assets for the year ended 31 December 2015:

<i>(EUR '000)</i>	<i>Other Non-Current Intangible Assets</i>
<b>Cost</b>	
At 1 January 2015	13 639
Additions	277
Transfers and reclassifications	(29)
Disposals	(578)
<b>At 31 December 2015</b>	<b>13 309</b>
<b>Amortisation</b>	
At 1 January 2015	12 675
Charge for the year	638
Transfers and reclassifications	(13)
Disposals	(577)
<b>At 31 December 2015</b>	<b>12 723</b>
<b>Carrying amount</b>	
At 1 January 2015	964
At 31 December 2015	586

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**for the year ended 31 December 2015**

Analysis of intangible assets for the year ended 31 December 2014:

<i>(EUR '000)</i>	<i>Other Non-Current Intangible Assets</i>
<b>Cost</b>	
At 1 January 2014	13 305
Additions	95
Transfers and reclassifications	254
Disposals	(15)
<b>At 31 December 2014</b>	<b>13 639</b>
<b>Amortisation</b>	
At 1 January 2014	11 773
Charge for the year	917
Disposals	(15)
<b>At 31 December 2014</b>	<b>12 675</b>
<b>Carrying amount</b>	
<b>At 1 January 2014</b>	<b>1 532</b>
<b>At 31 December 2014</b>	<b>964</b>

Other non-current intangible assets comprise software and non-current intangible assets in acquisition. Non-current intangible assets in acquisition and advance payments made for non-current intangible assets total EUR 164 thousand as at 31 December 2015 (31 December 2014: EUR 40 thousand).

The intangible assets have finite useful lives over which the assets are amortised. The amortisation period for software is four years.

## 10. PROPERTY, PLANT AND EQUIPMENT

An analysis of property, plant and equipment for the year ended 31 December 2015 is as follows:

<i>(EUR '000)</i>	<i>Land and Buildings</i>	<i>Plant and Equipment</i>	<i>Other Non-Current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>				
At 1 January 2015	208 898	1 006 531	21 088	1 236 517
Additions	-	-	21 368	21 368
Disposals	(177)	(2 750)	(293)	(3 220)
Transfers and reclassifications	2 481	17 472	(19 924)	29
<b>At 31 December 2015</b>	<b>211 202</b>	<b>1 021 253</b>	<b>22 239</b>	<b>1 254 694</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2015	91 898	673 317	10 351	775 566
Charge for the year and impairment	5 340	37 292	354	42 986
Transfers and reclassifications	-	13	-	13
Disposals	(176)	(2 663)	(283)	(3 122)
<b>At 31 December 2015</b>	<b>97 062</b>	<b>707 959</b>	<b>10 422</b>	<b>815 443</b>
<b>Carrying amount</b>				
<b>At 1 January 2015</b>	<b>117 000</b>	<b>333 214</b>	<b>10 737</b>	<b>460 951</b>
<b>At 31 December 2015</b>	<b>114 140</b>	<b>313 294</b>	<b>11 817</b>	<b>439 251</b>

Other non-current tangible assets include assets in acquisition and advance payments made for non-current tangible assets in the amount of EUR 10 022 thousand as at 31 December 2015. An addition to non-current assets resulted mainly from the reconstruction and upgrade of paper machines.

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An analysis of property, plant and equipment for the year ended 31 December 2014 is as follows:

<i>(EUR '000)</i>	<i>Land and Buildings</i>	<i>Plant and Equipment</i>	<i>Other Non-Current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>				
At 1 January 2014	187 898	892 631	64 300	1 144 829
Additions	-	-	93 354	93 354
Disposals	(16)	(1 225)	(171)	(1 412)
Transfers and reclassifications	21 016	115 125	(136 395)	(254)
<b>At 31 December 2014</b>	<b>208 898</b>	<b>1 006 531</b>	<b>21 088</b>	<b>1 236 517</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2014	87 192	634 109	10 092	731 393
Charge for the year and impairment	4 728	40 431	420	45 579
Reclassifications	(6)	-	6	-
Disposals	(16)	(1 223)	(167)	(1 406)
<b>At 31 December 2014</b>	<b>91 898</b>	<b>673 317</b>	<b>10 351</b>	<b>775 566</b>
<b>Carrying amount</b>				
<b>At 1 January 2014</b>	<b>100 706</b>	<b>258 522</b>	<b>54 208</b>	<b>413 436</b>
<b>At 31 December 2014</b>	<b>117 000</b>	<b>333 214</b>	<b>10 737</b>	<b>460 951</b>

Other non-current tangible assets include assets in acquisition and advance payments made for non-current tangible assets in the amount of EUR 9 380 thousand as at 31 December 2014. The additions to other non-current tangible assets mainly comprise a completed investment project related to the acquisition of a new recovery boiler and the related infrastructure. As at 31 December 2014, invested funds amounted to EUR 115 024 thousand.

Useful lives of the relevant assets used are described in Note 2 e).

Details of the type of insurance and insured amount of non-current intangible and tangible assets and inventories (EUR '000):

<i>Insured Object</i>	<i>Type of Insurance</i>	<i>Amount</i>	
		<i>2015</i>	<i>2014</i>
Passenger vehicles	Against theft, motor hull	-	2 251
Property, plant and equipment	Against natural disasters	1 381 936	1 289 516
Machines and equipment	machine break	1 061 200	982 910
Inventories	Against natural disasters	42 703	38 892

The Company's assets are not subject to any encumbrances restricting the Company's handling of non-current intangible and tangible assets.

The Company does not use any non-current intangible and tangible assets owned by other entities.

#### **11. INVESTMENTS IN SUBSIDIARY AND ASSOCIATE UNDERTAKINGS**

<i>(EUR '000)</i>	<i>Shares &amp; Ownership Interests in Subsidiaries</i>	<i>Shares &amp; Ownership Interests in Associates</i>	<i>Total</i>
<b>Cost</b>			
At 1 January 2015	4 334	4 482	8 816
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2015</b>	<b>4 334</b>	<b>4 482</b>	<b>8 816</b>
<b>Accumulated depreciation</b>			
At 1 January 2015	-	4 482	4 482
Disposals	-	-	-
<b>At 31 December 2015</b>	<b>-</b>	<b>4 482</b>	<b>4 482</b>
<b>Carrying amount</b>			
<b>At 1 January 2015</b>	<b>4 334</b>	<b>-</b>	<b>4 334</b>
<b>At 31 December 2015</b>	<b>4 334</b>	<b>-</b>	<b>4 334</b>

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The table below presents details of subsidiary and associate undertakings as at 31 December 2015 (EUR '000):

Name and Seat of the Company	Cost at Acquisition	Impairment Provision	Face Value per Share	Share in Equity	Equity*		Profit/(Loss)*	
	EUR '000	EUR '000	EUR	v %	2015	2014	2015	2014
<b>Subsidiaries</b>								
Obaly S O L O , s. r. o., Ružomberok	3 935	-	-	100	3 856	3 333	1 104	582
SLOWWOOD Ružomberok, a.s., Ružomberok	393	-	3 319.39	66	411	447	(36)	(87)
STRÁŽNA SLUŽBA VLA-STA, s. r. o., Ružomberok	6	-	-	100	138	129	131	120
<b>Total</b>	<b>4 334</b>	<b>-</b>						
<b>Associates</b>								
AG Banka, a.s., Banská Bystrica	4 482	4 482	33.19	27	n	n	n	n
<b>Total</b>	<b>4 482</b>	<b>4 482</b>						

The voting rights in the entities equal shares in the registered capital.  
 \*) Equity and profit/loss under Slovak Accounting Standards.  
 n – Information is not disclosed because the company is in liquidation.

## 12. INVENTORIES

(EUR '000)	31 December 2015	31 December 2014
Raw materials and spare parts	20 823	20 331
Work in progress and semi-finished goods	8 784	8 874
Finished goods	6 680	10 889
Merchandise	172	-
<b>Total</b>	<b>36 459</b>	<b>40 094</b>

As at 31 December 2015, the Company recorded provisions in the amount of EUR 13 696 thousand (2014: EUR 13 187 thousand) for obsolete and slow-moving inventory based on a detailed analysis of individual items of inventories. The analysis was prepared by the stocktaking committee at the year-end and was based on an assessment of the net realisable value of inventories.

The Company reassessed the recorded provisions for inventories and came to the conclusion that the amount of the provisions is sufficient.

The inventories in the table above are recognised net of the provision.

## 13. TRADE AND OTHER RECEIVABLES

(EUR '000)	31 December 2015	31 December 2014
Amounts receivable from the sale of goods and services	61 145	64 911
Other receivables, other tax receivables and advance payments made	5 702	10 805
<b>Total</b>	<b>66 847</b>	<b>75 716</b>

As at 31 December 2015, the Company recorded a provision for estimated irrecoverable amounts from the sale of goods and other receivables in the amount of EUR 117 thousand (2014: EUR 136 thousand). This provision was determined with reference to past default experience. The directors consider that the carrying amount of trade and other receivables approximates their fair value.



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The table below presents a breakdown of receivables from the sale of goods and services and other receivables by maturity (gross):

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Within maturity	66 512	75 265
Overdue	452	587
<b>Total</b>	<b>66 964</b>	<b>75 852</b>

Risk of non-collection is covered by the insurance program of the Mondi Group and EXIM Bank.

The Company recorded no receivables under lien.

#### **14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise bank accounts and cash on hand, including the Company's cash and short-term bank deposits with original maturity not exceeding three months. The carrying amount of the assets approximates their fair value.

No encumbrance or burden is attached to cash and cash equivalents that would result in any restrictions of the Company's asset handling.

For the purpose of the cash flow statements, cash and cash equivalents also include overdraft facilities.

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Cash and cash equivalents	80 032	8 333
<b>Total</b>	<b>80 032</b>	<b>8 333</b>

As at 31 December 2015, the amount of EUR 78 613 thousand represents the cash pooling balance with Mondi Finance Ltd and EUR 792 thousand represents the cash pooling balance with SLOVWOOD Ružomberok, a. s. (as at 31 December 2014, the amount of EUR 7 417 thousand was transferred to a term deposit held with Mondi Finance Ltd.).

#### **15. REGISTERED CAPITAL**

The registered capital was issued in the form of bearer shares. As at 31 December 2015 and 2014, the total number of issued shares was 4 635 034, and the face value per share was EUR 33.193919. All of the Company's shares were repaid. None of the Company's shares are quoted on the stock exchange.

#### **16. CAPITAL AND OTHER FUNDS**

As at 31 December 2015, mainly funds from profit (legal reserve fund and statutory funds) in the amount of EUR 87 550 thousand were recognised under capital funds. Other funds include a fund comprising an actuarial loss on employment benefits upon employment termination in the amount of EUR 21 thousand, and an investments revaluation reserve in the amount of EUR (238) thousand.

#### **17. BANK LOANS AND BORROWINGS**

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Other borrowings	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

The carrying amount of the Company's bank loans and borrowings is recognised in the following currencies:

<b>Currency</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
EUR	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

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The loans and borrowings are repayable as follows:

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Within one year	-	4
	-	4
Less: amount due within 12 months (recognised as current liabilities)	-	-
<b>Amount due after 12 months</b>	<b>-</b>	<b>-</b>

In 2015, the Company did not draw any short- or long-term bank loans. As at 31 December 2015, the Company had not drawn any investment or operating loans.

**18. DEFERRED TAX LIABILITY**

Major deferred tax liabilities and assets recognised by the Company, and the movements thereon, during the current reporting period:

<i>(EUR '000)</i>	<b>Difference in NBV of Non-current Assets</b>	<b>Other Temporary Differences</b>	<b>Total</b>
As at 1 January 2015	46 976	(4 037)	42 939
Recognised through profit or loss	(1 777)	(376)	(2 153)
Recognised through equity	-	-	-
<b>As at 31 December 2015</b>	<b>45 199</b>	<b>(4 413)</b>	<b>40 786</b>

Certain deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy.

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Deferred tax liabilities	45 199	46 976
Deferred tax assets	(4 413)	(4 037)
<b>Net deferred tax liability presented in the balance sheet</b>	<b>40 786</b>	<b>42 939</b>

Deferred income tax relates to items that are recorded as part of the equity rather than as an expense or to revenue that was recorded against the relevant equity items as at 31 December 2015.

**19. PROVISIONS FOR LIABILITIES**

<i>(EUR '000)</i>	<b>Provision for Restoration of a Landfill Non-Current</b>	<b>Current</b>
As at 1 January 2015	1 231	-
Additions	88	-
Use	(4)	-
<b>As at 31 December 2015</b>	<b>1 315</b>	<b>-</b>

Additions to provisions for the restoration of a landfill site related to the recognition of interest charges adjusting the amount of provision to the net present value as at 31 December 2015 in the amount EUR 88 thousand.

**20. TRADE AND OTHER PAYABLES**

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Trade payables	70 611	55 035
Trade payables of investment nature	5 398	17 851
Other payables – cash pooling	3 134	6 102
Other payables	8 273	6 969
<b>Total</b>	<b>87 416</b>	<b>85 957</b>

**Mondi SCP, a.s.**  
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Breakdown of trade payables by maturity:

<b>(EUR '000)</b>	<b>Maturity</b>				<b>Total</b>
	<b>Within Maturity</b>	<b>Retainer</b>	<b>Up to 365 Days Overdue</b>	<b>Over 365 Days Overdue</b>	
<b>As at 31 December 2015</b>					
Trade payables (including CAPEX)	69 070	886	5 778	275	76 009
<b>As at 31 December 2014</b>					
Trade payables (including CAPEX)	63 868	2 779	5 386	853	72 886

Other payables comprise the following items:

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Payables to employees, from social security insurance and other taxes	6 264	5 543
Social fund	575	603
Estimated liabilities	1 334	753
Other	100	70
<b>Total</b>	<b>8 273</b>	<b>6 969</b>

The Company's recorded liabilities are not secured by any lien in favour of creditors.

In accordance with valid legislation, the Social Fund was recorded during the year at EUR 268 thousand. The Social Fund was used particularly for employee catering and workforce recuperation benefits in the amount of EUR 296 thousand.

## 21. FINANCIAL RISK MANAGEMENT

### Capital Risk Management

The Company manages its capital to ensure that it is able to continue as a going concern, with the aim of achieving the maximum return for the shareholders through an optimum debt and equity balance.

Gearing ratio at the year-end:

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Debt (i)	-	4
Cash and cash equivalents	80 032	8 333
Net debt	(80 032)	(8 329)
Equity	489 148	457 308
<b>Net debt to equity ratio</b>	<b>(0.164)</b>	<b>(0.018)</b>

(i) Debt is defined as current and non-current interest bearing loans and borrowings.

The Treasury department monitors the structure of the Company's capital on a regular basis. Based on these reviews and approval by the General Assembly, the Company revises its overall capital structure by means of dividend pay-outs and the drawing of loans and/or amortisation of the existing debts.

### Categories of Financial Instruments

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Loans and receivables (inclusive of cash and cash equivalents)	146 879	84 710
<b>Financial assets</b>	<b>146 879</b>	<b>84 710</b>
Trade payables and payables to related parties	87 416	85 957
Bank loans recognised at amortised costs	-	4
<b>Financial liabilities</b>	<b>87 416</b>	<b>85 961</b>

#### **a) Financial Risk Factors**

The Company's activities expose it to a variety of financial risks, which include the effects of changes in foreign currency exchange rates and loan interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Following the adoption of the euro in Slovakia, the exchange rate risk was eliminated to a large extent.

The use of financial derivatives is governed by the Company's policies and approved by the Company's management, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Company is not involved in trading with financial instruments and it does not use derivative financial instruments for speculative purposes.

#### **Credit Risk**

Management of the Company has adopted a credit policy, under which credit risk exposures are monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain limit. The risk of non-collection of the receivables is covered by the insurance program of the Mondi Group and Exim Bank. At the reporting date, there were no significant concentrations of credit risk in financial assets. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions. The Company did not limit the amount of credit exposure to any one financial institution.

#### **Interest Rate Risk**

The Company's operating income and operating cash flows are relatively independent of changes in market interest rates.

##### *Interest Rate Sensitivity*

As the Company did not draw any long- or short-term bank loans in 2015, the Company has not been exposed to any interest rate risk. Therefore, no sensitivity analysis was performed. As at 31 December 2015, the Company has no open interest rate derivatives.

#### **Foreign Currency Risk**

The share of monetary assets and liabilities denominated in foreign currency to the total liabilities/assets has not been significant and represents a minor currency risk for the Company. Therefore, no sensitivity analysis was performed. The Company ensures that its net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term fluctuations.

As at 31 December 2015, the Company had no open derivative transactions to hedge against currency risk. In 2015 and 2014, the Company did not account for any currency derivatives.

#### **Liquidity Risk**

Prudent liquidity risk management assumes the maintenance of a sufficient amount of cash with an adequate maturity and marketable securities, availability of financing through appropriate amount of credit lines, and ability to close open market positions. The Company maintains a sufficient amount of funds and marketable securities and has no open market positions.

The following tables summarise the residual maturity of the Company's non-derivative financial liabilities. The tables have been prepared based on undiscounted cash flows from financial liabilities assuming the earliest possible dates on which the Company can be required to settle the liabilities.

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<i>(EUR '000)</i>	<i>Weighted Average Effective Interest Rate</i>	<i>Up to 1 Month</i>	<i>1 – 3 Months</i>	<i>3 Months – 1 Year</i>	<i>1 – 5 Years</i>	<i>5 Years and More</i>	<i>Total</i>
<b>2015</b>							
Interest-free	-	39 522	26 429	21 440	25	-	87 416
Floating interest rate instruments	-	-	-	-	-	-	-
<b>Total</b>	-	<b>39 522</b>	<b>26 429</b>	<b>21 440</b>	<b>25</b>	-	<b>87 416</b>
<b>2014</b>							
Interest-free	-	56 052	2 638	27 267	-	-	85 957
Floating interest rate instruments	-	-	4	-	-	-	4
<b>Total</b>	-	<b>56 052</b>	<b>2 642</b>	<b>27 267</b>	-	-	<b>85 961</b>

The Company has access to credit lines provided by ECO Invest, a.s. (EUR 18 130 thousand) and Mondi Finance Plc. (EUR 18 870 thousand); as at the date of the statement of financial position, the total undrawn amount is EUR 37 000 thousand. The Company assumes that the operating cash flows and proceeds from financial assets due will be used to settle other liabilities.

**b) Fair Value Estimation**

The fair values of publicly-traded derivative instruments and financial instruments are based on quoted market prices as at the reporting date.

To determine the fair values of non-traded derivative instruments and other financial instruments, the Company uses techniques and market assumptions based on the conditions existing on the market as at the reporting date. Other techniques, mainly estimated discounted value of future cash flows, are used to determine the fair value for the remaining financial instruments.

Face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

**22. RELATED PARTY TRANSACTIONS**

**a) Shareholders Structure**

The direct shareholders of the Company include Mondi SCP Holdings B. V. (formerly Neusiedler Holdings B.V.), based in Maastricht, the Netherlands, which owns a 51% share in their equity, and ECO-INVEST, a.s., based in Bratislava, Námestie SNP - Obchodná ulica 2 – 6, which owns a 49% share in their equity.

The details of the Company's related-party transactions are set out below.

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**b) Trading Transactions**

During the reporting period, the Company's entities entered into the following business transactions with related parties:

**Year Ended 31 December 2015 – in EUR '000**

<b>Company</b>	<b>Sales of Goods and Services</b>	<b>Purchases of Goods and Services</b>	<b>Receivables from Related Parties</b>	<b>Payables to Related Parties</b>
Mondi AG	317	1422	49	99
MUFP Sales GmbH-Headoffice	389 803	38 737	53 390	7 075
M Uncoated Fine & Kraft Paper	96	4 350	20	757
M Steti a.s.	6	-	6	-
Mondi Lohja Oy	152	-	69	78
Mondi Bags Steti a.s.	38	2	7	-
M Consumer Bags & Films GmbH	15	-	-	-
M Coating Steti a.s.	-	203	-	14
Mondi Neusiedler GmbH	20 701	310	1 156	105
Obaly S O L O , s. r. o.	2 297	6 088	101	651
VLA-STA s. r. o.	57	1 000	6	100
SLOVWOOD Ružomberok, a.s.	254	103 025	16	15 047
Mondi Packaging Swiecie Sp zoo	-	3 864	-	695
Mondi Finance plc	681	108	-	-
Mondi Syktyvkar OJSC	44	-	40	-
Mondifin (Group Office)	8	-	8	-
SHP Harmanec	11 080	-	631	-
ECO Invest	-	3 759	-	343
<b>Total</b>	<b>425 549</b>	<b>162 868</b>	<b>55 499</b>	<b>24 964</b>

**Year Ended 31 December 2014 – in EUR '000**

<b>Company</b>	<b>Sales of Goods and Services</b>	<b>Purchases of Goods and Services</b>	<b>Receivables from Related Parties</b>	<b>Payables to Related Parties</b>
Mondi AG	245	680	35	87
MUFP Sales GmbH-Headoffice	370 979	44 256	55 360	7 814
M Uncoated Fine & Kraft Paper	110	3 169	22	830
Mondi Swiecie S.A.	46	-	7	-
M Steti a.s.	44	-	-	-
Mondi Lohja Oy	105	-	29	-
Mondi Bags Steti a.s.	36	-	6	-
M Coating Steti a.s.	-	263	-	40
Mondi Neusiedler GmbH	13 546	257	1 155	88
Obaly S O L O , s. r. o.	3 205	5 846	81	643
VLA-STA s. r. o.	60	1 000	8	100
SLOVWOOD Ružomberok, a.s.	758	103 464	16	7 681
Mondi Packaging Swiecie Sp zoo	-	3 791	-	725
Mondi Finance plc	-	12	-	67
Mondi Syktyvkar OJSC	1 461	-	19	-
Mondi plc., Surrey	-	141	-	-
SHP Harmanec	8 883	-	667	-
ECO Invest	-	3 750	-	336
<b>Total</b>	<b>399 478</b>	<b>166 629</b>	<b>57 405</b>	<b>18 411</b>

Trading transactions represent sale of paper, pulp and paper products, sale of energy, and provision of services.

Transactions between related parties and the Company are made on an arm's length basis and at market prices. The Board of Directors makes decisions on related party transactions.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

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**c) Other Transactions**

Other transactions result from the Company's cash pooling system with related parties and the flow of dividends from subsidiaries and related parties.

**Year Ended 31 December 2015 – in EUR '000**

<b>Company</b>	<b>Income from Dividends and Interest</b>	<b>Interest Expense</b>	<b>Receivables from Related Parties from Cash Pooling and Term Deposits</b>	<b>Payables to Related Parties from Cash Pooling</b>
Obaly S O L O, s. r. o.	582	4	-	2 871
Strážna služba VLA-STA, s. r. o.	122	-	-	263
SLOWWOOD Ružomberok, a. s.	20	1	792	-
Mondi Finance Limited	21	-	78 613	-
<b>Total</b>	<b>745</b>	<b>5</b>	<b>79 405</b>	<b>3 134</b>

**Year Ended 31 December 2014 – in EUR '000**

<b>Company</b>	<b>Income from Dividends and Interest</b>	<b>Interest Expense</b>	<b>Receivables from Related Parties from Cash Pooling</b>	<b>Payables to Related Parties from Cash Pooling</b>
Obaly S O L O, s. r. o.,	1 067	-	-	2 046
Strážna služba VLA-STA, s. r. o.	119	-	-	241
SLOWWOOD Ružomberok, a.s.	172	-	-	3 815
Mondi Finance Limited	49	-	7 417	-
<b>Total</b>	<b>1 407</b>	<b>-</b>	<b>7 417</b>	<b>6 102</b>

**23. INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY, ADMINISTRATIVE, MANAGING AND OTHER BODIES OF THE COMPANY**

Salaries and remuneration of the Company's bodies:

<b>Body</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
Top management	1 338	2 048
<b>Total</b>	<b>1 338</b>	<b>2 048</b>

**24. COMMITMENTS AND CONTINGENCIES**

**a) Litigation and Potential Losses**

The Company is involved in a number of active and passive legal cases and other disputes that arise as a result of its ordinary business activities. It is not expected that such activities should have, individually or in aggregate, a significant negative impact on the accompanying consolidated financial statements.

**b) Emission Rights**

In 2005, the EU-wide greenhouse gas emission rights trading scheme came into effect together with the Act on Emission Rights Trading passed by the Slovak Parliament in order to implement the related EU Directive in Slovakia. Under this legislation, the Company is required to deliver emission rights to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Company has opted to record emission rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Company has received adequate emission rights to cover its actual emissions. The Company had an obligation to deliver emission rights to cover generated emissions. This obligation was satisfied by delivering emission rights by 30 April 2015 for the 2014 compliance period. The Company received emission rights for 2015 (compliance period) in January 2015.

**c) Bank Guarantees**

UniCredit Bank a.s. issued bank guarantees to Slovenská elektrizačná prenosová sústava, a.s. (SEPS, a.s.) in the amount of EUR 79 195 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and SEPS, a.s. In the event of default, the Company is obliged to pay VÚB a.s.

Deutsche Bank issued a bank guarantee to Slovenský plynárenský priemysel, a.s. of up to EUR 2 500 000 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and Slovenský plynárenský priemysel, a.s. In the event of default, the Company is obliged to pay Deutsche Bank.

Deutsche Bank issued a bank guarantee to ČEZ Slovensko, s.r.o. of up to EUR 5 600 000 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and ČEZ Slovensko, s.r.o. The Company is obliged to pay Deutsche Bank in the event of a default.

**d) Capital Expenditures**

As at 31 December 2015, the Company did not conclude significant investment contracts.

**25. POST BALANCE SHEET EVENTS**

After 31 December 2015 and up to the authorisation date of the financial statements, the below stated significant events occurred. These events have no impact on the Company's assets and liabilities presented herein.

In February 2016, the Board of Directors of the Mondi Group approved a project called ECO+ in the amount of EUR 310 million, which represents a new paper machine for the production of box paper with production capacity of 300 thousand tons per year and a pulp mill reconstruction to increase the capacity of pulp production in connection with a new paper machine. Completion of this project is planned for 2019.

In February 2016, Mondi SCP acquired a 94.9% share in the fellow subsidiary Mondi Neusiedler GmbH seated in Hausmening, Austria, and a 94.9 % share in the fellow subsidiary Ybbstaler Zellstoff GmbH seated in Kematen, Austria.

**Prepared on:**

7 March 2016


*Signature of the Person  
Responsible for  
Bookkeeping:*

*Signature of the Person  
Responsible for the  
Preparation of the  
Financial Statements:*

*Signature of a Member of  
the Statutory Body of the  
Reporting Enterprise or a  
Natural Person acting as  
a Reporting Enterprise:*

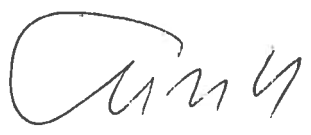
**Approved on:**

8 March 2016

  
MICHAL KATALA

  
Philipp Suppan

  
BERNHARD PESCHEK

  
MILOSLAV ČURILLA



**Mondi SCP, a.s.**

**INDEPENDENT AUDITOR'S REPORT  
AND CONSOLIDATED FINANCIAL  
STATEMENTS PREPARED IN  
ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS  
(IFRS) AS ADOPTED BY THE EU**

**FOR THE YEAR ENDED  
31 DECEMBER 2015**

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## Mondi SCP, a.s.

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Mondi SCP, a.s.:

We have audited the accompanying consolidated financial statements of Mondi SCP, a.s. and its subsidiaries (hereinafter also the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Statutory Body's Responsibility for the Financial Statements**

The Company's statutory body is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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


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


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

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mondi SCP, a.s. and its subsidiaries as at 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with the Act on Accounting and International Financial Reporting Standards as adopted by the EU.

Bratislava, 29 March 2016

  
Deloitte Audit s.r.o.  
Licence SKAu No. 014

  
Ing. Patrik Ferko, FCCA  
Responsible Auditor  
Licence UDVA No. 1045

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**Mondi SCP, a.s.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2015 and 31 December 2014**

<b>(EUR '000)</b>	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	692	1 055
Property, plant and equipment	11	439 330	461 106
Deferred tax asset		154	151
		<u>440 176</u>	<u>462 312</u>
<b>Current assets</b>			
Inventories	14	38 479	41 649
Trade and other receivables	15	67 689	76 957
Current tax assets		-	752
Cash and cash equivalents	16	79 241	8 334
		<u>185 409</u>	<u>127 692</u>
<b>TOTAL ASSETS</b>		<b><u>625 585</u></b>	<b><u>590 004</u></b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Registered capital	17	153 855	153 855
Capital and other funds	18	89 432	89 432
Retained earnings		245 629	213 245
Equity attributable to the parent company's owners		<u>488 916</u>	<u>456 532</u>
Non-controlling interests		139	162
<b>TOTAL EQUITY</b>		<b><u>489 055</u></b>	<b><u>456 694</u></b>
<b>Non-current liabilities</b>			
Payables from the employee benefit plan		2 561	2 457
Deferred tax liabilities	20	40 786	42 940
Provisions for liabilities	21	1 315	1 232
Other non-current liabilities		1 201	1 350
		<u>45 863</u>	<u>47 979</u>
<b>Current liabilities</b>			
Current interest-bearing borrowings	19	-	4
Trade and other payables	22	85 251	85 299
Current tax liabilities		5 416	28
Provisions for liabilities	21	-	-
		<u>90 667</u>	<u>85 331</u>
<b>TOTAL LIABILITIES</b>		<b><u>136 530</u></b>	<b><u>133 310</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>625 585</u></b>	<b><u>590 004</u></b>

**Mondi SCP, a.s.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the years ended 31 December 2015 and 31 December 2014**

<b>(EUR '000)</b>	<b>Registered Capital</b>	<b>Capital Funds</b>	<b>Other Funds</b>	<b>Retained Earnings</b>	<b>Equity Attributable to the Shareholders</b>	<b>Non-controlling Interests</b>	<b>Total</b>
Balance at 1 January 2015	153 855	89 411	68	187 026	430 360	277	430 637
Actuarial loss on provisions from the employee benefit plan	-	-	(47)	-	(47)	-	(47)
Profit for the current year	-	-	-	46 219	46 219	-	46 219
Profit for the current year allocated to minority shareholders	-	-	-	-	-	(39)	(39)
Dividends paid	-	-	-	(20 000)	(20 000)	-	(20 000)
Dividends paid to minority shareholders	-	-	-	-	-	(76)	(76)
<b>Balance at 31 December 2014</b>	<b>153 855</b>	<b>89 411</b>	<b>21</b>	<b>213 245</b>	<b>456 532</b>	<b>162</b>	<b>456 694</b>
Actuarial loss on provisions from the employee benefit plan	-	-	-	-	-	-	-
Profit for the current year	-	-	-	72 384	72 384	-	72 384
Profit for the current year allocated to minority shareholders	-	-	-	-	-	(23)	(23)
Dividends paid	-	-	-	(40 000)	(40 000)	-	(40 000)
Dividends paid to minority shareholders	-	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>153 855</b>	<b>89 411</b>	<b>21</b>	<b>245 629</b>	<b>488 916</b>	<b>139</b>	<b>489 055</b>

**Mondi SCP, a.s.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the years ended 31 December 2015 and 31 December 2014**

<i>(EUR '000)</i>	<i>Note</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
<b>Operating activities</b>			
Operating profit		84 978	50 693
Non-cash transactions			
- Depreciation and impairment of non-current assets		43 737	46 818
- Loss/(profit) from the sale of non-current assets		155	(18)
- Unrealised foreign exchange differences		-	-
- Other non-cash transactions		154	199
Operating cash flows before movements in working capital		<u>129 024</u>	<u>97 692</u>
Effect of movements in working capital			
- Decrease/(increase) of inventories		3 170	(6 177)
- Decrease/(increase) receivables		8 270	(1 027)
- (Decrease)/increase of payables		13 240	(7 067)
Cash flows from operating activities before taxes and interest		<u>153 704</u>	<u>83 421</u>
Interest paid		(13)	(33)
Income tax expense		(8 508)	(3 016)
<b>Cash flows from operating activities, net</b>		<b><u>145 183</u></b>	<b><u>80 372</u></b>
<b>Investing activities</b>			
Expenditures for the purchase of property, plant and equipment and intangible assets		(34 137)	(92 864)
Proceeds on the sale of property, plant and equipment		(55)	26
Interest received		22	51
<b>Net cash flows used from investing activities</b>		<b><u>(34 170)</u></b>	<b><u>(92 787)</u></b>
<b>Financing activities</b>			
Loan repayments		(4)	(16)
Proceeds from other non-current liabilities		-	1 350
Share-based payments		(102)	(141)
Dividends paid		(40 000)	(20 000)
Dividends paid to minority shareholders		-	(76)
<b>Net cash flows from financing activities</b>		<b><u>(40 106)</u></b>	<b><u>(18 883)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>70 907</b>	<b>(31 298)</b>
Cash and cash equivalents at the beginning of the year	16	8 334	39 632
Foreign exchange gains/(losses) from cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b><u>79 241</u></b>	<b><u>8 334</u></b>

**Mondi SCP, a.s.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

**1. GENERAL INFORMATION**

**a) Essential Information on the Company**

<b>Business name and seat</b>	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
<b>Date of establishment</b>	7 September 1995
<b>Date of incorporation</b>	1 October 1995
<b>(according to the Commercial Register)</b>	
<b>Business activity of the parent company and its consolidated subsidiaries and associates (hereinafter only the "Group")</b>	<ul style="list-style-type: none"> <li>- Paper and cardboard production;</li> <li>- Production of pulp;</li> <li>- Production of paper and cardboard products;</li> <li>- Saw production, wood waterproofing;</li> <li>- Production of wood wrappings;</li> <li>- Production of corrugated paper, cardboard and cardboard wrapping materials;</li> <li>- Manufacture of printing templates;</li> <li>- Other printing industry services, graphic designs;</li> <li>- Locksmithing, metalworking;</li> <li>- Wiring;</li> <li>- Operating of railway and transport by rail, and related services performed by a rail transport operator;</li> <li>- Handling waste in the scope of waste treatment;</li> <li>- Designs of electric appliances;</li> <li>- Wholesale with timber;</li> <li>- Mediation of wood trade;</li> <li>- Waste transport and disposal; and</li> <li>- Other.</li> </ul>

**b) Employees**

	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
<b>Average headcount</b>	<b>1 102</b>	<b>1 165</b>
<i>Of which: Managers</i>	<i>22</i>	<i>21</i>

**c) Approval of the 2014 Consolidated Financial Statements**

The 2014 consolidated financial statements of Mondi SCP, a.s. were presented at the General Meeting held on 16 April 2015 and filed subsequently with the Court Register.

Based on the approval of the separate financial statements of Mondi SCP, a.s., by the General Meeting held on 16 April 2015, the Company paid the shareholders dividends for 2014 in the total amount of EUR 40 000 thousand. Dividends in the amount of EUR 30 000 thousand and EUR 10 000 thousand were paid out on 28 April 2015 and 25 August 2015, respectively.

**d) Members of the Company's Bodies**

<b>Body</b>	<b>Function</b>	<b>Name</b>
Board of Directors	Chairman	Miloslav Čurilla
	Deputy Chairman	Peter Orisich
	Member	Roman Senecký until 15 Oct 2015
	Member	Franz Aigner from 16 Oct 2015 until 9 Dec 2015
	Member	Bernhard Peschek since 10 Dec 2015
	Member	Miroslav Vajs Franz Hiesinger
Supervisory Board	Chairman	Peter Josef Oswald
	Deputy Chairman	Milan Filo
	Member	Ján Krasuľa
Executive Management	President	Bernhard Peschek

**e) Shareholders Structure and Their Shares in the Registered Capital**

<i>Shareholders</i>	<i>Share in Registered Capital EUR '000</i>	<i>%</i>	<i>Voting Rights in %</i>
ECO-INVEST, a.s.	75 389	49	49
Mondi SCP Holdings, B.V., Maastricht	78 466	51	51

**f) Consolidated Financial Statements for Groups of Entities for Which the Reporting Consolidation Group is the Consolidated Reporting Entity**

Mondi SCP, a.s. is a subsidiary of Mondi SCP Holdings, B. V, based in Maastricht, the Netherlands, which owns a 51% shareholding in the Company's registered capital.

The consolidated financial statements for the biggest group of companies are prepared by Mondi, plc. (based in Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey, KT15 2PG, Great Britain) and by Mondi AG (based at Kelsenstraße 7, Vienna, Austria) for the smallest group of companies. The consolidated financial statements are available at the seats of these companies.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company adopted all of the new standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the EU that are relevant to its operations and are effective for reporting periods beginning on 1 January 2015. These include the following standards and interpretations:

***Initial application of new amendments to the existing standards and interpretation effective for the current reporting period***

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011 – 2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 18 December 2014 (amendments to be applied for annual periods beginning on or after 1 January 2015); and
- **IFRIC 21 "Levies"**, adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Company's financial statements.

***Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective:***

At the authorisation date of these financial statements, the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations, adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure Initiative, adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** – Clarification of Acceptable Methods of Depreciation and Amortisation, adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** – Agriculture: Bearer Plants, adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 19 "Employee Benefits"** – Defined Benefit Plans: Employee Contributions, adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);



- **Amendments to IAS 27 "Separate Financial Statements"** – Equity Method in Separate Financial Statements, adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to various standards "Improvements to IFRSs (cycle 2010 – 2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 17 December 2014 (amendments to be applied for annual periods beginning on or after 1 February 2015); and
- **Amendments to various standards "Improvements to IFRSs (cycle 2012 – 2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 15 December 2015 (amendments to be applied for annual periods beginning on or after 1 January 2016).

***New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU***

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in the EU as at 15 March 2016 (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until a research project on the equity method has been concluded);
- **Amendments to IAS 7 "Statement of Cash Flows"** – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017); and
- **Amendments to IAS 12 "Income Taxes"** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Company anticipates that adopting these new standards and amendments to the existing standards will have no material impact on the Company's financial statements in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

Based on the Company's estimates, accounting for hedging instruments in connection with the portfolio of financial assets or financial liabilities under **IAS 39 "Financial Instruments: Recognition and Measurement"** would not have a significant impact on the financial statements had it been adopted as at the reporting date.

### **3. SIGNIFICANT ACCOUNTING PRINCIPLES**

#### **a) Statement of Compliance**

The financial statements represent the annual consolidated financial statements of Mondi SCP a.s., which have been prepared for the reporting period from 1 January 2015 to 31 December 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated below.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

#### **b) Basis of Preparation of the Consolidated Financial Statements**

The consolidated financial statements are prepared under the historical cost convention, except for certain financial instruments that are remeasured to fair value. The principal accounting policies adopted are set out below. The reporting currency used in these financial statements is the euro (EUR) rounded to the nearest thousand (EUR '000) unless indicated otherwise.

These financial statements were prepared under the going concern assumption.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in Note 4.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

#### **c) Unlimited Liability**

The Group is not an unlimited liability partner in another company.

#### **d) Basis of Consolidation**

##### *(i) Subsidiaries*

The consolidated financial statements incorporate the financial statements of the Company and reporting entities (including special-purpose entities) controlled by the Company (hereinafter the "subsidiaries"). The right to control arises if the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date when the control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of the respective assets, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiary, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on consolidation is recognised as an asset and is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

Goodwill is initially recognised as an asset and is measured subsequently at cost less any accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. The impairment of goodwill is tested annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On the disposal of a subsidiary, the attributable amount of goodwill is included in the profit or loss on disposal.

All intra-group transactions, balances, unrealised profits or losses from transactions have been eliminated on consolidation.

Non-controlling interests in the equity of the consolidated subsidiaries are recognised separately from the Group's shares in equity. Non-controlling interests comprise the amount of such interests at the date of origin of the business combination (see below) and of the minority shareholders' share in changes in equity as of the combination date. A loss attributable to a non-controlling interest that exceeds the value of the minority interest in the subsidiary's equity is reversed against the Group's interest, except for the amount that represents the binding obligation of minority shareholders and can represent an additional investment to cover the losses. Non-controlling interests are recognised as a separate item in equity.

A list of consolidated subsidiaries in the Group can be found in Note 12.

*(ii) Associates*

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is regarded as the power to participate in the financial and operating policy decisions of the investee but is not considered control or joint control over those policies. Investments in associates are accounted for using the equity method as of the date on which the significant influence commences until the date on which it ceases. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Where a group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group's interest in the net assets of an associate is recognised in "Investments in Associates" in the accompanying consolidated statement of financial position, and the Group's share of the net profit of the associate is disclosed in "Share of Profit of Associates" in the accompanying statement of comprehensive income.

**e) Foreign Currency**

*(i) Transactions in Foreign Currencies*

Transactions in foreign currencies are translated into euros using the rates on the exchange rate list of the European Central Bank (ECB) that are valid on the date preceding the transaction date. Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the retranslation of monetary items are included in the statement of comprehensive income for the period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

**f) Financial Instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party of the contractual provisions of the financial instrument.

**g) Borrowing Costs**

Interest is recognised in expenses in the relevant period. Borrowing costs directly attributable to the acquisition of the debt financial instruments are recognised in expenses over the period of use of the related debt financial instruments.

**h) Property, Plant and Equipment**

*(i) Own Assets*

Property, plant and equipment (hereinafter "non-current tangible assets") are stated at cost less any subsequent accumulated depreciation and provisions (accumulated impairment losses). The cost includes all directly-attributable costs of bringing the asset into working condition for its intended use. Internally-developed non-current tangible assets are measured at own costs, which include the cost of the material, direct wages and overheads directly associated with the development of the non-current tangible assets up to the moment of putting the asset into use.

Significant components of property, plant and equipment with different useful lives are accounted for and depreciated on an individual basis.

*(ii) The Group as Lessee*

Leases of non-current tangible assets under the terms of which the Group assumes substantially all of the risks and rewards associated with the ownership of such assets are classified as finance leases. Plant and equipment acquired by a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described in the accounting policy (w).

*(iii) Subsequent Expenditures*

Subsequent expenditures incurred to replace a component of non-current tangible assets that is accounted for individually, including inspections and overhaul expenditure, are capitalised if it is probable that the future economic benefits embodied with the items will flow to the Group exceeding its original performance and the cost of the item can be measured reliably. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of assets exceeding their original performance. All other expenditures made after the acquisition of non-current tangible assets to restore or maintain the extent of future economic benefits are recognised as expenses when incurred.

(iv) *Depreciation*

Buildings and structures	12 – 40 years
Plant and equipment	4 – 20 years
Transportation means	4 – 12 years
Fixtures and fittings	4 – 12 years

Low-value non-current tangible assets (with cost of up to EUR 1.7 thousand) are depreciated over two years.

Non-current tangible assets acquired under a finance lease are depreciated over their expected useful lives on the same basis as own assets.

Gains or losses arising on the disposal or retirement of an item of non-current tangible assets are fully reflected in the statement of comprehensive income.

**i) Non-Current Intangible Assets**

Non-current intangible assets acquired separately are stated at cost less accumulated amortisation and impairment provisions. Non-current intangible assets are amortised over their useful lives, ie four years, using the straight-line method. The estimated useful lives and method of amortisation are assessed at the end of each reporting period, with the impacts of changes in estimates reflected in the next reporting period.

Subsequent expenditures are capitalised only when it may be expected that this will increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

**j) Trade and Other Receivables**

Trade and other receivables are measured at the expected realisable value, including provisions for bad and doubtful receivables.

**k) Inventories**

Inventories are stated at the lower of cost, own costs or net realisable value. Net realisable value represents the estimated selling price less the estimated costs of completion and costs of sale.

Raw material is measured at the weighted average cost, which includes the cost of acquisition of the materials and other costs related to the acquisition that arose on bringing the assets to their current condition and location.

Work in progress, semi-finished goods and finished goods are measured at own costs, which include the costs of material, wages and salaries, other direct expenses and production overheads depending on the stage of completion of the inventory.

A provision is created for slow moving and obsolete inventory.

**l) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, placements and other short-term highly-liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Overdraft facilities payable on demand, which form an integral part of the Group's cash management represent part of cash and cash equivalents for the purposes of the statement of cash flows.

**m) Impairment of Assets**

At each preparation date of the statement of financial position, the Group assesses the carrying amounts of its non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less the costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

The recoverable amount of Group receivables is calculated as the present value of expected future cash flows discounted at their original effective interest rate inherent in the asset. Short-term receivables are not discounted. The recoverable amount of other assets is the higher of the fair value less the costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely-independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**n) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**o) Interest-Bearing Loans and Borrowings**

Interest-bearing loans and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any differences between the settlement and redemption of borrowings on an effective interest rate basis are recognised in the statement of comprehensive income over the term of the borrowings on a straight-line basis.

**p) Payables from Employee Benefit Plans**

The Group operates a long-term employee benefit plan consisting of a lump-sum retirement payment and jubilee bonuses, for which no specified funds were allocated. Under IAS 19 "Employee Benefits", the expenses for employee benefits were determined using an incremental actuarial method, the so-called "Projected Unit Credit Method". Under this method, the costs of providing benefits are recognised in the statement of comprehensive income so as to spread the recurring expenses over the term of employment. The entire post-employment benefit obligation is measured at the present value of the estimated future cash outflows discounted at 2.10% (2014: 2.00%). All actuarial gains and losses are recognised through the statement of comprehensive income. Past service costs are recognised immediately in the extent to which the benefits are already vested; otherwise, they are amortised on a straight-line basis over the average period until the benefits become vested.

**q) Mandatory Social Security and Pension Schemes**

The Group is required to make contributions to various mandatory insurance schemes, in addition to the contributions made by employees. The expenses for social security are recognised through the statement of comprehensive income in the period when the related salary cost is incurred.

**r) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and the amount of obligation can be estimated reliably. Provisions are measured on the basis of the best estimate made by managing the cost of the liability settlement as at the preparation date of the statement of financial position. Where the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**s) Emission Rights**

The Group has opted to record emission rights received using the net liability method and does not record any liability for actual emissions on the basis that the Group has received adequate emission rights to cover its actual emissions.

**t) Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

**u) Revenue Recognition**

*(i) Goods Sold and Services Rendered*

For sales of goods and merchandise, revenues are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of goods. Revenues are stated net of taxes and discounts after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding the settlement of the consideration due, the associated costs or the possible return of goods, or the continuous involvement of the Group in managing the goods. Revenues from the provision of services are recognised when the relevant services are rendered in proportion to the stage of completion of the transaction at the reporting date.

*(ii) Government Grants*

A government grant is recognised in the statement of financial position when it is certain that the grant will be received and that the Group complies with the conditions attached thereto. Grants for the acquisition of non-current tangible assets are recognised through the statement of comprehensive income in revenues on a systematic basis over the useful life of the asset.

**v) Expenses**

*(i) Operating Lease Payments*

For operating leases, the lease payments are expensed on a straight-line basis over the lease period.

*(ii) Finance Lease Payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the whole lease period so as to produce a constant interest rate on the remaining balance of the obligation. The interest expense component of finance lease payments is recognised through the statement of comprehensive income using the effective interest rate method.

*(iii) Finance Costs and Income*

Finance costs and income comprise interest payable on borrowings calculated using the effective interest rate method, interest received, dividend income and foreign exchange gains and losses, and bank fees. Borrowing costs directly attributable to the acquisition of non-current tangible assets are recognised through profit and loss when incurred.

Interest income is recognised in the statement of comprehensive income on an accrual basis using the effective yield method. Dividend income is recognised through profit and loss on the date when the dividend is declared.

**w) Income Tax**

Income tax for the year represents current tax and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's current tax liability is calculated using the tax rates that are valid or enacted until the preparation date of the statement of financial position.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit, and it is recognised using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be realised in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The expected tax rate of 22% valid for the following years was used to calculate deferred income tax. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Group's accounting policies, which are described in Note 3, the Group has made the following judgements on aspects that have the most significant effect on the amounts recognised in the financial statements. There are risks that potential adjustments in future periods relating to such matters will be necessary, including the following:

##### Useful Lives

Non-current tangible and intangible assets are depreciated in accordance with their estimated actual useful life. The straight-line depreciation method is used.

##### Provisions for Liabilities

Amounts recognised as provisions for liabilities are based on the management's judgment and represent the best estimate of the expenses necessary to settle a liability with uncertain timing or an uncertain amount.

#### **5. REVENUES**

An analysis of the Group's revenues for the year:

<b>(EUR '000)</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
Revenues from the sale of core products	490 197	454 461
Revenues from the sale of non-core products and other revenues	31 866	18 185
<b>Total</b>	<b>522 063</b>	<b>472 646</b>

Revenues from the sale of the Group's core products mainly include revenues from the sale of office paper, pulp and wrapping paper. Revenues from the sale of the Group's non-core products and other revenues include revenues from the sale of energy, services, and other revenues.

#### **6. RAW MATERIALS AND CONSUMABLES**

<b>(EUR '000)</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, other)	199 899	208 972
Energy	36 626	39 152
Maintenance and felts and screens	20 517	18 700
Packages	10 866	10 906
Other (goods, other)	14 050	8 657
<b>Total</b>	<b>281 958</b>	<b>286 387</b>



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**7. PERSONNEL EXPENSES**

Personnel expenses incurred in the reporting period include the following categories:

<b>(EUR '000)</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
Wages	23 438	23 460
Social expenses and other personal expenses	9 046	8 993
<b>Total</b>	<b>32 484</b>	<b>32 453</b>

**8. INVESTMENT INCOME AND FINANCE COSTS**

<b>(EUR '000)</b>	<b>Year Ended 31 December 2015</b>	<b>Year Ended 31 December 2014</b>
Interest income	22	51
Other finance income	-	-
<b>Total investment income</b>	<b>22</b>	<b>51</b>
Interest expense	147	194
<b>Total finance costs</b>	<b>147</b>	<b>194</b>

**9. INCOME TAX**

<b>(EUR '000)</b>	<b>Year Ended 31 December 2015</b>	<b>Total Year Ended 31 December 2014</b>
Current tax	14 648	8 372
Deferred tax (Note 21)	(2 156)	(4 002)
<b>Income tax for the year</b>	<b>12 492</b>	<b>4 370</b>

Income tax is calculated at 22% (2014: 22%) of the taxable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	<b>Year Ended 31 December 2015</b>		<b>Year Ended 31 December 2014</b>	
	<b>(EUR '000)</b>	<b>%</b>	<b>(EUR '000)</b>	<b>%</b>
Profit before tax	84 853		50 550	
Tax calculated using the local income tax rate of 22%	18 668	22	11 121	22.0
Permanent differences	264		(5)	
Tax relief	(6 458)		(6 458)	
Accruals and other differences	18		(288)	
<b>Income tax and effective tax rate for the year</b>	<b>12 492</b>	<b>14.7</b>	<b>4 370</b>	<b>8.6</b>

For 2015, the Company applied income tax relief in the amount of EUR 6 458 thousand granted as a part of the investment aid in the total amount of EUR 25 375 thousand for the implementation of an investment project related to the acquisition of a new recovery boiler and the related infrastructure, as described in Note 11. In the following three years, the Company will evenly apply the remaining tax relief up to the approved amount once the set conditions are met.

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**10. INTANGIBLE ASSETS**

Analysis of intangible assets for the year ended 31 December 2014:

<b>(EUR '000)</b>	<b>Goodwill</b>	<b>Other Non-Current Intangible Assets</b>	<b>Total</b>
<b>Cost</b>			
At 1 January 2015	169	13 748	13 917
Additions	-	320	320
Disposals	-	(577)	(577)
Transfers and reclassification	-	(29)	(29)
<b>At 31 December 2015</b>	<b>169</b>	<b>13 462</b>	<b>13 631</b>
<b>Amortisation</b>			
At 1 January 2015	169	12 693	12 862
Charge for the year	-	666	666
Disposals	-	(577)	(577)
Reclassification	-	(12)	(12)
<b>At 31 December 2015</b>	<b>169</b>	<b>12 770</b>	<b>12 939</b>
<b>Carrying amount</b>			
<b>At 1 January 2015</b>	<b>-</b>	<b>1 055</b>	<b>1 055</b>
<b>At 31 December 2015</b>	<b>-</b>	<b>692</b>	<b>692</b>

Analysis of intangible assets for the year ended 31 December 2014:

<b>(EUR '000)</b>	<b>Goodwill</b>	<b>Other Non-Current Intangible Assets</b>	<b>Total</b>
<b>Cost</b>			
At 1 January 2014	169	13 351	13 520
Additions	-	158	158
Transfers and reclassification	-	254	254
Disposals	-	(15)	(15)
<b>At 31 December 2014</b>	<b>169</b>	<b>13 748</b>	<b>13 917</b>
<b>Amortisation</b>			
At 1 January 2014	169	11 781	11 950
Charge for the year	-	927	927
Disposals	-	(15)	(15)
<b>At 31 December 2014</b>	<b>169</b>	<b>12 693</b>	<b>12 862</b>
<b>Carrying amount</b>			
<b>At 1 January 2014</b>	<b>-</b>	<b>1 570</b>	<b>1 570</b>
<b>At 31 December 2014</b>	<b>-</b>	<b>1 055</b>	<b>1 055</b>

Other non-current intangible assets comprise software and non-current intangible assets in acquisition. Such assets have limited useful lives over which they are amortised. The amortisation period for software is four years.

As at 31 December 2015, non-current intangible assets in acquisition and advance payments made for non-current intangible assets amounted to EUR 164 thousand (31 December 2014: EUR 40 thousand).

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**11. PROPERTY, PLANT AND EQUIPMENT**

The breakdown of property, plant and equipment for the year ended 31 December 2015 is as follows:

<i>(EUR '000)</i>	<i>Buildings and Structures</i>	<i>Machines and Equipment</i>	<i>Other Non-Current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>				
At 1 January 2015	208 948	1 013 172	21 242	1 243 362
Additions	-	-	21 377	21 377
Disposals	(222)	(2 760)	(306)	(3 288)
Transfers and reclassification	2 481	17 472	(19 924)	29
<b>At 31 December 2015</b>	<b>211 207</b>	<b>1 027 884</b>	<b>22 389</b>	<b>1 261 480</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2015	91 946	679 809	10 501	782 256
Depreciation charge and impairment	5 340	37 375	356	43 071
Disposals	(221)	(2 670)	(298)	(3 189)
Reclassification	-	8	4	12
<b>At 31 December 2015</b>	<b>97 065</b>	<b>714 522</b>	<b>10 563</b>	<b>822 150</b>
<b>Carrying amount</b>				
<b>At 1 January 2015</b>	<b>117 002</b>	<b>333 363</b>	<b>10 741</b>	<b>461 106</b>
<b>At 31 December 2015</b>	<b>114 142</b>	<b>313 362</b>	<b>11 826</b>	<b>439 330</b>

Other non-current tangible assets include assets in acquisition and advance payments made for non-current assets in the amount of EUR 10 031 thousand as at 31 December 2015. An addition to non-current assets resulted mainly from the reconstruction and upgrade of paper machines.

<i>(EUR '000)</i>	<i>Buildings and Structures</i>	<i>Machines and Equipment</i>	<i>Other Non-Current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>				
At 1 January 2014	187 948	899 262	64 463	1 151 673
Additions	-	-	93 355	93 355
Disposals	(16)	(1 225)	(171)	(1 412)
Transfers and reclassification	21 016	115 135	(136 405)	(254)
<b>At 31 December 2014</b>	<b>208 948</b>	<b>1 013 172</b>	<b>21 242</b>	<b>1 243 362</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2014	87 240	640 290	10 241	737 771
Depreciation charge and impairment	4 728	40 742	421	45 891
Disposals	(16)	(1 223)	(167)	(1 406)
Reclassification	(6)	-	6	-
<b>At 31 December 2014</b>	<b>91 946</b>	<b>679 809</b>	<b>10 501</b>	<b>782 256</b>
<b>Carrying amount</b>				
<b>At 1 January 2014</b>	<b>100 708</b>	<b>258 972</b>	<b>54 222</b>	<b>413 902</b>
<b>At 31 December 2014</b>	<b>117 002</b>	<b>333 363</b>	<b>10 741</b>	<b>461 106</b>

Other non-current tangible assets include assets in acquisition and advance payments made for non-current assets in the amount of EUR 9 380 thousand as at 31 December 2014. The additions to non-current tangible assets mainly comprise a completed investment project related to the acquisition of a new recovery boiler and the related infrastructure. As at 31 December 2014, invested funds amounted to EUR 115 024 thousand.

The Group did not recognise any pledged assets. The Group's assets are not subject to any liens that restrict the Group's handling of non-current intangible and tangible assets.

The useful lives of relevant assets are described in Note 3 i).

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Details of the type of insurance and insured amount of non-current intangible and tangible assets and inventories (EUR '000):

<i>Insured Object</i>	<i>Type of Insurance</i>	<i>Amount</i>	
		<i>2015</i>	<i>2014</i>
Passenger vehicles	Against theft, motor hull	-	2 251
Property, plant and equipment	Against natural disasters	1 392 251	1 299 833
Machines and equipment	Machine breakage	1 071 516	993 227
Inventories	Against natural disasters	43 837	40 086

## 12. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2015:

<i>Name of Subsidiary</i>	<i>Place of Registration and Operation</i>	<i>Principal Activity</i>	<i>Ownership Share in %</i>	<i>Year of First Consolidation</i>
Obaly S O L O, spol. s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Production and trading in paper goods	100	2001
STRÁŽNA SLUŽBA VLA-STA, spol. s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Security services	100	2006
SLOVWOOD Ružomberok, a. s.	Tatranská cesta 3, 034 17 Ružomberok	Mediation of timber trade	66	2008

## 13. INVESTMENTS IN ASSOCIATES

Details of the Group's associates at 31 December 2015:

<i>Name of Associate</i>	<i>Place of Registration and Operation</i>	<i>Principal Activity</i>	<i>Ownership Share in %</i>	<i>Share in Voting Rights in %</i>
AG Banka, a.s.	Coboriho 2, 949 77 Nitra	In liquidation	27	-

## 14. INVENTORIES

<i>(EUR '000)</i>	<i>31 December 2015</i>	<i>31 December 2014</i>
Raw materials, consumables and spare parts	21 209	21 198
Work in progress and semi-finished goods	9 105	9 127
Finished goods	7 107	11 324
Goods	1 058	-
<b>Total</b>	<b>38 479</b>	<b>41 649</b>

As at 31 December 2015, the Group recorded provisions in the amount of EUR 13 972 thousand (2014: EUR 13 481 thousand) for obsolete and slow-moving inventory based on a detailed analysis of individual items of inventories. The analysis was prepared by the stocktaking committee as at the year-end and was based on an assessment of the net realisable value of inventories. Group entities re-assessed the recorded provisions for inventories and came to the conclusion that the amount of the provisions is sufficient. The inventories in the table above are recognised net of the provision.

## 15. TRADE AND OTHER RECEIVABLES

<i>(EUR '000)</i>	<i>31 December 2015</i>	<i>31 December 2014</i>
Amounts receivable from the sale of finished goods and services	61 782	65 830
Other receivables, other tax assets and advance payments made	5 907	11 127
<b>Total</b>	<b>67 689</b>	<b>76 957</b>

The Group created a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 139 thousand (2014: EUR 216 thousand). This provision was determined with reference to past default experience. The management believes that the carrying amount of trade and other receivables approximates their fair value.

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The table below presents a breakdown of receivables from the sale of goods and services and other receivables by maturity (gross):

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Within maturity	67 243	76 361
Overdue	585	812
<b>Total</b>	<b>67 828</b>	<b>77 173</b>

The Group received no collateral or other forms of security in respect of its receivables. Risk of non-collection is covered by the insurance program of the Mondi Group and EXIM Bank.

The Group recorded no receivables under lien.

#### **16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise bank accounts and cash on hand, including the Company's cash and short-term bank deposits with original maturity not exceeding three months. The carrying amount of the assets approximates their fair value.

No encumbrance is attached to cash and cash equivalents that would result in any restrictions of the Company's asset handling.

For the purpose of the statement of cash flows, cash and cash equivalents also include overdraft facilities.

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Cash and cash equivalents	79 241	8 334
<b>Total</b>	<b>79 241</b>	<b>8 334</b>

As at 31 December 2015, the amount of EUR 78 613 thousand represents the cash pooling balance with Mondi Finance Ltd (31 December 2014: EUR 7 417 thousand).

#### **17. REGISTERED CAPITAL**

The registered capital was issued in the form of bearer shares. As at 31 December 2015 and 2014, the total number of issued shares was 4 635 034, and the face value per share was EUR 33.193919. All of the Company's shares were paid. None of the Company's shares are quoted on the stock exchange.

#### **18. CAPITAL AND OTHER FUNDS**

As at 31 December 2015, funds from profit (legal reserve fund and statutory funds) in the amount of EUR 89 411 thousand were mainly recognised under capital funds. Other funds include a fund comprising an actuarial loss on employment benefits upon employment termination in the amount of EUR 21 thousand.

#### **19. INTEREST-BEARING BORROWINGS**

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Other borrowings	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

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Interest-bearing borrowings are repayable as follows:

<i>(EUR '000)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Within one year	-	4
	-	4
Less: Amount due for settlement within 12 months (recognised as current liabilities)	-	(4)
<b>Amount due for settlement after 12 months</b>	<b>-</b>	<b>-</b>

In 2015, the Group did not draw any short- or long-term bank loans. As at 31 December 2015, the Group did not draw any investment or operating loan.

## 20. DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements therein, during the current reporting periods.

	<b>Difference in NBV of Non- current Assets</b>	<b>Other Temporary Differences</b>	<b>Tax Loss</b>	<b>Total</b>
At 1 January 2015	47 006	(4 189)	(28)	42 789
Charge to profit or loss	(1 792)	(392)	28	(2 156)
Charge to equity	-	(1)	-	(1)
<b>At 31 December 2015</b>	<b>45 214</b>	<b>(4 582)</b>	<b>-</b>	<b>40 632</b>
<i>Out of it:</i>				
Deferred tax liability				44 963
Deferred tax asset				4 331

## 21. PROVISIONS FOR LIABILITIES

<i>(EUR '000)</i>	<b>Provision for Restoration of Landfill Non-Current</b>	<b>Current</b>
At 1 January 2015	1 231	-
Additions	88	-
Use	(4)	-
<b>At 31 December 2015</b>	<b>1 315</b>	<b>-</b>

Additions to provisions for the restoration of a landfill related to the recognition of interest charges adjusting the amount of the provision to the net present value as at 31 December 2015 in the amount of EUR 88 thousand.

## 22. TRADE AND OTHER PAYABLES

<b>EUR '000</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Trade payables	70 890	59 842
CAPEX trade payables	5 412	17 851
Other payables	8 949	7 606
<b>Total</b>	<b>85 251</b>	<b>85 299</b>

Breakdown of trade payables by maturity:

<b>Item</b>	<b>Maturity</b>				<b>Total</b>
	<b>Within Maturity Period</b>	<b>Retainer</b>	<b>Up to 365 Days Overdue</b>	<b>Over 365 Days Overdue</b>	
<b>As at 31 December 2015</b>					
Trade payables (including CAPEX payables)	73 894	886	667	855	76 302
<b>As at 31 December 2014</b>					
Trade payables (including CAPEX payables)	66 990	2 779	7 064	860	77 693

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Other payables comprise the following items:

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Payables to employees, from social security insurance and other taxes	6 736	5 980
Social fund	651	678
Estimated liabilities	1 345	679
Other	217	269
<b>Total</b>	<b>8 949</b>	<b>7 606</b>

The Group's recorded liabilities are not secured by any lien in favour of creditors.

### **23. FINANCIAL RISK MANAGEMENT**

#### **Capital Risk Management**

The Group manages its capital to ensure that it is able to continue as a going concern with the aim of achieving the maximum return for the shareholders through an optimum debt and equity balance.

The gearing ratio at the year-end was as follows:

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Debt (i)	-	4
Cash and cash equivalents	79 241	8 334
Net debt	(79 241)	(8 330)
Equity	489 055	456 694
<b>Net debt to equity ratio</b>	<b>(0.16)</b>	<b>(0.02)</b>

(i) Debt is defined as current and non-current interest bearing loans and borrowings

The Treasury department monitors the structure of the Group's capital on a regular basis. Based on these reviews and on approval by the General Meeting, the Group revises its overall capital structure by means of dividend pay-outs and the drawing of loans and/or amortisation of existing debts.

#### **Categories of Financial Instruments**

<b>(EUR '000)</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Loans and receivables (inclusive of cash and cash equivalents)	146 930	85 291
<b>Financial assets</b>	<b>146 930</b>	<b>85 291</b>
Trade payables and payables to related parties	85 251	85 299
Bank loans recognised at amortised costs	-	4
<b>Financial liabilities</b>	<b>85 251</b>	<b>85 303</b>

#### **a) Financial Risk Factors**

The Group is exposed to a variety of financial risks, which include the effects of changes in foreign currency exchange rates and loan interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Following the adoption of the euro in Slovakia, the exchange rate risk was eliminated to a large extent.

The use of financial derivatives is governed by the Group's policies and approved by the Group's Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of derivative financial and non-financial instruments, and the investment of excess liquidity. The Group is not involved in trading with financial instruments and it does not use derivative financial instruments for speculative purposes.

### Credit Risk

The management of the Group has adopted a credit policy under which credit risk exposures are monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain limit. The risk of non-collection of the receivables is covered by the insurance programme of the Mondi Group. At the reporting date, there were no significant risk concentrations in the financial assets. Derivative and cash transactions are carried out only through high-credit quality financial institutions. The Group did not limit the amount of credit exposure to any financial institution.

### Interest Rate Risk

The Group's operating income and operating cash flows are relatively independent of changes in market interest rates.

#### Interest Rate Sensitivity

As the Group did not draw any long- or short-term bank loans in 2015, the Group has not been exposed to any interest rate risk. Therefore, no sensitivity analysis was performed. As at 31 December 2015, the Group has no open interest rate derivatives.

### Foreign Currency Risk

The share of monetary assets and liabilities denominated in a foreign currency to the total liabilities/assets has not been significant and represents a minor currency risk for the Group. Therefore, no sensitivity analysis was performed. The Group ensures that its net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term fluctuations.

As at 31 December 2015, the Group had no open derivative transactions to hedge against currency risk. In 2015 and 2014, the Group did not account for any currency derivatives.

### Liquidity Risk

Prudent liquidity risk management assumes the maintenance of a sufficient amount of cash with adequate maturity and marketable securities, availability of financing through an appropriate amount of credit lines, and an ability to close open market positions. The Group maintains a sufficient amount of funds and marketable securities and has no open market positions.

The following tables summarise the residual maturity of the Group's non-derivative financial liabilities. The tables were prepared based on undiscounted cash flows from financial liabilities assuming the earliest possible dates on which the Group can be required to settle the liabilities.

The table includes both interest and principal cash flows during the term of the loan agreement.

<b>(EUR '000)</b>	<b>Weighted Average Effective Interest Rate</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 Months– 1 Year</b>	<b>1 - 5 Years</b>	<b>5 Years and More</b>	<b>Total</b>
<b>2015</b>							
Interest-free	-	40 507	23 535	26 600	25	-	90 667
Floating interest rate instruments	-	-	-	-	-	-	-
<b>Total</b>		<b>40 507</b>	<b>23 535</b>	<b>26 600</b>	<b>25</b>	<b>-</b>	<b>90 667</b>
<b>2014</b>							
Interest-free	-	59 666	2 138	23 524	-	-	85 327
Floating interest rate instruments	-	4	-	-	-	-	4
<b>Total</b>		<b>59 670</b>	<b>2 138</b>	<b>23 524</b>	<b>-</b>	<b>-</b>	<b>85 331</b>

The Group has access to credit lines provided by ECO Invest, a.s. (EUR 18 130 thousand) and Mondi Finance Plc. (EUR 18 870 thousand); as at the date of the statement of financial position, the total undrawn amount is EUR 37 000 thousand. The Company assumes that the operating cash flows and proceeds from financial assets due will be used to settle other liabilities.



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**b) Fair Value Estimation**

The fair values of publicly-traded derivative instruments and financial instruments are based on quoted market prices as at the reporting date.

To determine the fair values of non-traded derivative instruments and other financial instruments, the Company uses techniques and market assumptions based on the conditions existing on the market as at the reporting date. Other methods, mainly the estimated discounted value of future cash flows, are used to determine the fair value of the remaining financial instruments.

Face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

**24. RELATED PARTY TRANSACTIONS**

**a) Shareholders Structure**

Direct shareholders of the Company include: Mondi SCP Holdings B. V. (formerly Neusiedler Holdings B.V.), based in Maastricht, the Netherlands, which owns a 51% share in the Company's registered capital, and ECO-INVEST, a.s., based in Bratislava, Námestie SNP - Obchodná ulica 2 – 6, which owns a 49% share in the Company's registered capital.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in these Notes. The details of the transactions between the Group and other related parties are disclosed below.

**b) Trading Transactions**

During the reporting period, group entities entered into the following business transactions with related parties that are not members of the Group:

(EUR '000)

Company	Year Ended 31 December 2015			
	Sales of Goods and Services	Purchases of Goods and Services	Receivables	Payables
ECO-INVEST a.s., Ružomberok	-	3 759	-	343
Mondi Uncoated Fine Paper Sales Wien	389 812	39 049	53 390	7 075
Mondi Neusiedler GmbH	20 701	310	1 156	105
Mondi Corrugated Swiecie sp Zoo	-	3 864	-	695
Mondi Swiecie	-	1 903	42	374
Mondi Syktyvkar	44	-	40	-
Mondi Štětí, a. s.	6	-	6	-
SHP Harmanec a.s.	11 080	-	631	-
Mondi Uncoated Fine & Kraft Paper GmbH	96	4 350	20	757
Mondi AG	317	1 431	49	143
Mondi Finance Plc	681	118	-	-
Mondi Lohja Oy	152	24	69	78
Mondi Coating Zellweg	877	14	99	-
Mondi Coating Štětí, a.s.	-	240	-	14
Mondi Bags Štětí a.s.	38	2	7	-
M Consumer Bags & Films GmbH	15	-	-	-
Mondifin (Group Office)	8	-	8	-
<b>Total</b>	<b>423 827</b>	<b>55 064</b>	<b>55 517</b>	<b>9 584</b>

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<i>(EUR '000)</i>	<i>Year Ended 31 December 2014</i>			
	<i>Sales of Goods and Services</i>	<i>Purchases of Goods and Services</i>	<i>Receivables</i>	<i>Payables</i>
<i>Company</i>				
ECO-INVEST a. s., Ružomberok	-	3 750	-	336
Mondi Paper Sales Wien	371 047	44 256	55 369	7 819
Mondi Neusiedler GmbH	13 546	257	1 155	88
Mondi Corrugated Swiecie sp Zoo	-	3 791	-	725
Mondi Swiecie	46	528	7	192
Mondi Syktyvkar	1 461	-	19	-
Mondi Štětí, a. s.	44	-	-	-
SHP Harmanec a. s.	8 883	-	667	-
Mondi Uncoated Fine & Kraft Paper GmbH	110	3 116	22	830
Mondi AG	245	678	35	88
Mondi London Plc	-	141	-	-
Mondi Finance Limited	-	12	-	67
Mondi Lohja Oy	105	47	29	63
Mondi Coating Štětí, a. s.	-	263	-	40
Mondi Bags Štětí, a. s.	36	-	6	-
<b>Total</b>	<b>395 523</b>	<b>56 839</b>	<b>57 309</b>	<b>10 248</b>

Trading transactions represent sale of paper, pulp and paper products, sale of energy, and provision of services.

Transactions between related parties and the Group are made on an arm's length basis and at market prices. The Board of Directors makes decisions on related party transactions. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

## 25. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The salaries and remuneration of the Group's bodies was as follows:

<i>(EUR '000)</i>	<i>Year Ended 31 December 2015</i>	<i>Year Ended 31 December 2014</i>
Top Management	1 404	2 112
<b>Total</b>	<b>1 404</b>	<b>2 112</b>

## 26. COMMITMENTS AND CONTINGENCIES

### a) Litigation and Potential Losses

The Group is involved in a number of active and passive legal cases that arise from ordinary business activities. It is not expected that such activities should have, individually or in aggregate, a significant negative impact on the accompanying financial statements.

### b) Emissions Rights

In 2005, the EU-wide greenhouse gas emissions rights trading scheme came into effect together with the Act on Emissions Rights Trading passed by the Slovak Parliament in order to implement the related EU Directive in Slovakia. Under this legislation, the Group is required to deliver emissions rights to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Group has opted to record emissions rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Company has received adequate emissions rights to cover its actual emissions. The Group has an obligation to deliver emissions rights for actual emissions. This obligation will be satisfied by delivering emissions rights by 30 April 2015 for the 2014 compliance period. The Group received emissions rights in January 2015 for the 2015 compliance period.

**c) Bank Guarantees**

UniCredit Bank a.s. issued bank guarantees to Slovenská elektrizačná prenosová sústava, a.s. (SEPS, a.s.) in the total amount of EUR 79 195 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and SEPS, a.s. In the event of default, the Company is obliged to pay VÚB a. s.

Deutsche Bank issued a bank guarantee of up to EUR 2 500 000 on behalf of Slovenský plynárenský priemysel, a.s. to secure liabilities resulting from the agreement concluded between Mondi SCP, a.s. and Slovenský plynárenský priemysel, a.s. In the event of default, the Company is obliged to pay Deutsche Bank.

Deutsche Bank issued a bank guarantee to ČEZ Slovensko, s.r.o. of up to EUR 5 600 000 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and ČEZ Slovensko, s.r.o. The Company is obliged to pay Deutsche Bank in the event of a default.

**d) Capital Expenditures**

As at 31 December 2015, the Group did not conclude significant investment contracts.

**27. POST-BALANCE SHEET EVENTS**

After 31 December 2015 and up to the authorisation date of the financial statements, the below stated significant events occurred. These events have no impact on the Group's assets and liabilities presented herein.

In February 2016, the Board of Directors of the Mondi Group approved a project called ECO+ in the amount of EUR 310 million, which represents a new paper machine for the production of box paper with production capacity of 300 thousand tons per year and a pulp mill reconstruction to increase the capacity of pulp production in connection with a new paper machine. Completion of this project is planned for 2019.

In February 2016, Mondi SCP Group acquired a 100% share in the fellow subsidiary Mondi Neusiedler GmbH seated in Hausmening, Austria, and a 100% share in the fellow subsidiary Ybbstaler Zellstoff GmbH seated in Kematen, Austria.

**Prepared on:**

7 March 2016


**Signature of the Person  
Responsible for  
Bookkeeping:**

**Signature of the Person  
Responsible for the  
Preparation of the  
Financial Statements:**

**Signature of a Member of  
the Statutory Body of the  
Reporting Enterprise or a  
Natural Person Acting as a  
Reporting Enterprise:**

**Approved on:**

8 March 2016

  
MILHAL FIATHLA

  
Philipp Suppan

  
BERNHARD PESCHEK

  
MILOSLAV ČURILLA