

Jydsk Emblem Fabrik A/S
Central Business Registration No
15507586
Sofienlystvej 6-8
8340 Malling

Annual report 2015

The Annual General Meeting adopted the annual report on 09.02.2016

Chairman of the General Meeting

Name: Stig Hellstern

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Entity details

Entity

Jydsk Emblem Fabrik A/S
Sofienlystvej 6-8
8340 Malling

Central Business Registration No: 15507586

Registered in: Aarhus

Financial year: 01.01.2015 - 31.12.2015

Phone: 70274111

Internet: www.jef.dk

E-mail: info@jef.dk

Board of Directors

Hanne Hørup Hellstern, chairman

Bente Højsgaard Steffensen

Stig Hellstern

Executive Board

Stig Hellstern

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Jydsk Emblem Fabrik A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Malling, 09.02.2016

Executive Board

Stig Hellstern

Board of Directors

Hanne Hørup Hellstern
chairman

Bente Højsgaard Steffensen

Stig Hellstern

Independent auditor's reports

To the owners of Jydsk Emblem Fabrik A/S

Report on the financial statements

We have audited the financial statements of Jydsk Emblem Fabrik A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 09.02.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Lars Andersen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Gross profit	12.611	11.320	11.605	10.800	9.406
Operating profit/loss	2.438	2.298	2.169	1.567	1.514
Net financials	138	452	(20)	109	161
Profit/loss for the year	1.957	2.067	1.604	1.255	1.252
Total assets	11.833	12.517	10.656	10.953	10.484
Investments in property, plant and equipment	977	76	369	288	863
Equity	7.672	7.716	7.252	6.904	5.649
Ratios					
Return on equity (%)	25,4	27,6	22,7	20,0	22,2
Solvency ratio (%)	64,8	61,6	68,1	63,0	53,9

Management commentary

Primary activities

The primary activity in Jydsk Emblem Fabrik A/S can be divided into eight areas:

- Manufacture of badges and insignia
- Manufacture of trophies
- Manufacture of name plates
- Manufacture of merchandise
- Sale of profile clothing, including prints and embroidery
- Engraving of trophies, gift articles etc.
- Manufacture of and trade in gift articles
- Manufacture of large format prints.

Development in activities and finances

2015 was a really good year for Jydsk Emblem Fabrik A/S with an increase in revenue of 13.1% compared to 2014. From the beginning of the financial crisis in 2009 to 2015, the Company has increased revenue by 69.4%. In the same period, earnings increased by 82%, which is regarded as very satisfactory.

In 2015, Jydsk Emblem Fabrik A/S made a strategic decision that in future the primary activities in sale and marketing will focus on the Company's primary product areas, badges & insignia, trophies, name plates and merchandise.

In the summer of 2015, the Company won a very large EU tender for a four-year contract. A small part of this contract was executed in 2015, but most of it is expected to be executed over the next few years.

Moreover, Jydsk Emblem Fabrik A/S is still waiting for a response to several large EU tenders for which they have submitted an offer, but for which the decision has dragged on for more than 1 year.

During the year, Jydsk Emblem Fabrik A/S has, as expected, made considerable investments in a new IT department consisting of three employees, set-up of a new server, a new ERP system, a new website as well as many new minor IT tasks. Furthermore, the Company has invested in new production technology and is now able to handle much more tasks than previously. These investments have had a significant impact on profit for the year, but as expected.

In addition to the large contracts, 2015 has been characterised by a high level of activity and very positive expectations for the future. Many customers, primarily in trade and industry, have become active again, which is reflected in the sale of name plates, among other products, which has increased by 26%. The same goes for the sale of company presents and merchandise, which has also increased by 26%.

Management commentary

For 13 successive years, the Company has achieved the highest credit rating (AAA) from Bisnode. Jydsk Emblem Fabrik A/S has received Bisnode's gold certificate, which is only awarded to 92 Danish enterprises of which Jydsk Emblem Fabrik A/S is the only one in the business that has obtained the gold certificate.

The acquisition of competing enterprises has been on standby for several years, but it is still part of the Company's aim to create fast growth in all business areas through strategic acquisitions.

As previously stated, Jydsk Emblem Fabrik has invested in new production technology to the effect that today the Company is able to perform much more tasks than previously, including digital prints, which contributes to reducing delivery times and at the same time creating/maintaining more jobs locally.

The number of employees has increased in 2015, and if the high level of activity continues, the Company will continue to provide the necessary resources.

Pre-tax profit for the year of DKK 2,575k is 31% above budget, which is considered very satisfactory.

Expectations for 2016 are a level of activity as in 2015, but the year is still affected by very large investments in new employments, machinery, IT, etc.

The financial statements for 2016 are therefore expected to show a lower profit.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed its Parent and all the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually three years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		12.611.135	11.319.784
Staff costs	1	(9.774.528)	(8.711.932)
Depreciation, amortisation and impairment losses	2	<u>(398.525)</u>	<u>(310.282)</u>
Operating profit/loss		2.438.082	2.297.570
Other financial income		274.220	527.987
Other financial expenses	3	<u>(136.700)</u>	<u>(75.994)</u>
Profit/loss from ordinary activities before tax		2.575.602	2.749.563
Tax on profit/loss from ordinary activities	4	<u>(618.959)</u>	<u>(682.460)</u>
Profit/loss for the year		<u>1.956.643</u>	<u>2.067.103</u>
 Proposed distribution of profit/loss			
Dividend for the financial year		1.900.000	2.000.000
Retained earnings		<u>56.643</u>	<u>67.103</u>
		<u>1.956.643</u>	<u>2.067.103</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Goodwill		0	73.332
Intangible assets	5	<u>0</u>	<u>73.332</u>
Other fixtures and fittings, tools and equipment		1.118.230	473.372
Property, plant and equipment	6	<u>1.118.230</u>	<u>473.372</u>
Fixed assets		<u>1.118.230</u>	<u>546.704</u>
Manufactured goods and goods for resale		5.442.740	6.092.735
Prepayments for goods		436.763	189.080
Inventories		<u>5.879.503</u>	<u>6.281.815</u>
Trade receivables		2.448.891	2.594.957
Deferred tax assets		49.000	54.000
Other short-term receivables		151.605	170.397
Prepayments		265.261	155.249
Receivables		<u>2.914.757</u>	<u>2.974.603</u>
Other investments		18.768	18.768
Other investments		<u>18.768</u>	<u>18.768</u>
Cash		<u>1.901.339</u>	<u>2.695.484</u>
Current assets		<u>10.714.367</u>	<u>11.970.670</u>
Assets		<u>11.832.597</u>	<u>12.517.374</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	7	1.100.000	1.100.000
Retained earnings		4.672.336	4.615.693
Proposed dividend		1.900.000	2.000.000
Equity		<u>7.672.336</u>	<u>7.715.693</u>
Trade payables		657.488	744.991
Debt to group enterprises		116.679	581.099
Income tax payable		613.959	708.460
Other payables		2.599.912	2.382.178
Deferred income		172.223	384.953
Current liabilities other than provisions		<u>4.160.261</u>	<u>4.801.681</u>
Liabilities other than provisions		<u>4.160.261</u>	<u>4.801.681</u>
Equity and liabilities		<u><u>11.832.597</u></u>	<u><u>12.517.374</u></u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.100.000	4.615.693	2.000.000	7.715.693
Ordinary dividend paid	0	0	(2.000.000)	(2.000.000)
Profit/loss for the year	0	56.643	1.900.000	1.956.643
Equity end of year	1.100.000	4.672.336	1.900.000	7.672.336

Notes

	2015	2014
	DKK	DKK
1. Staff costs		
Wages and salaries	8.203.394	7.376.594
Pension costs	1.051.483	827.061
Other social security costs	408.914	421.091
Other staff costs	110.737	87.186
	9.774.528	8.711.932
	2015	2014
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	73.332	73.333
Depreciation of property, plant and equipment	331.803	232.150
Profit/loss from sale of intangible assets and property, plant and equipment	(6.610)	4.799
	398.525	310.282
	2015	2014
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	28.962	6.824
Exchange rate adjustments	62.579	20.838
Other financial expenses	45.159	48.332
	136.700	75.994
	2015	2014
	DKK	DKK
4. Tax on ordinary profit/loss for the year		
Current tax	613.959	708.460
Change in deferred tax for the year	5.000	(26.000)
	618.959	682.460

Notes

	Goodwill DKK
5. Intangible assets	
Cost beginning of year	285.000
Cost end of year	285.000
Amortisation and impairment losses beginning of year	(211.668)
Amortisation for the year	(73.332)
Amortisation and impairment losses end of year	(285.000)
Carrying amount end of year	0
	Other fix- tures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	1.799.037
Additions	976.662
Cost end of year	2.775.699
Depreciation and impairment losses beginning of the year	(1.325.666)
Depreciation for the year	(331.803)
Depreciation and impairment losses end of the year	(1.657.469)
Carrying amount end of year	1.118.230
	Nominal value DKK
7. Contributed capital	Number
Ordinary shares	11.000
	1.100.000
	11.000
	1.100.000

Notes

	2015 DKK	2014 DKK	2013 DKK	2012 DKK	2011 DKK
Changes in contributed capital					
Contributed capital beginning of year	1.100.000	1.100.000	1.100.000	1.000.000	1.000.000
Increase of capital	0	0	0	100.000	0
Contributed capital end of year	1.100.000	1.100.000	1.100.000	1.100.000	1.000.000

	2015 DKK	2014 DKK
8. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	114.227	588.552
Commitments under rental agreements or leases with group enterprises until expiry	4.842.006	5.666.760

9. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Hørup Hellstern Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.