

**Scanavo A/S**  
**Central Business Registration No**  
**18718235**  
**Roskildevej 328**  
**DK-2630 Taastrup**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 09.05.2016

**Chairman of the General Meeting**

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Name: Tino Sølling

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## **Entity details**

### **Entity**

Scanavo A/S  
Roskildevej 328  
DK-2630 Taastrup

Central Business Registration No: 18718235

Registered in: Høje Taastrup

Financial year: 01.01.2015 - 31.12.2015

Internet: [www.scanavo.com](http://www.scanavo.com)

E-mail: [sales@scanavo.com](mailto:sales@scanavo.com)

### **Board of Directors**

Jeanette Sølling, Chairman

Bettina Sølling

Tino Sølling

### **Executive Board**

Tino Sølling, CEO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen 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 Scanavo 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.

Taastrup, 09.05.2016

### **Executive Board**

Tino Sølling  
CEO

### **Board of Directors**

Jeanette Sølling  
Chairman

Bettina Sølling

Tino Sølling

## Independent auditor's reports

### To the owner of Scanavo A/S

#### Report on the financial statements

We have audited the financial statements of Scanavo 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.

#### 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.

Copenhagen, 09.05.2016

#### Deloitte

Statsautoriseret Revisionspartnerselskab

Jesper Blom  
State Authorised Public Accountant

Allan Breiling  
State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Gross profit	42,500	44,701	42,701	40,862	34,593
Operating profit/loss	24,713	27,548	26,396	25,371	20,662
Net financials	14,708	11,095	11,912	8,220	9,086
Profit/loss for the year	33,585	32,111	31,921	27,400	24,955
Total assets	85,906	81,324	96,414	87,977	84,174
Investments in property, plant and equipment	360	826	160	884	580
Equity	50,674	48,212	46,856	43,654	41,536
<b>Ratios</b>					
Return on equity (%)	67.9	67.6	70.5	64.3	55.8
Solvency ratio (%)	59.0	59.3	48.6	49.6	49.3

## **Management commentary**

### **Primary activities**

The Group's principal activity comprises the sale and marketing of Media Packaging. In recent years, the Company has developed customised packaging and has subsequently taken out a patent for it. Manufacturing and implementation of new products is managed from the Company's subsidiary in Hong Kong. Today, sales are carried out in most of the world by Group's sales companies in Europe, North America, and Asia, respectively.

### **Development in activities and finances**

The annual report for 2015 shows a profit before tax DKK 39,421 thousand and profit after tax of DKK 33,585 thousand which Management finds satisfactory.

### **Uncertainty relating to recognition and measurement**

The Group's Management does not find that greater uncertainty regarding recognition and measurement in the annual report exists apart from what can normally be expected in connection with an enterprise of similar size.

### **Outlook**

Management is cautiously optimistic regarding earnings for the coming year.

### **Particular risks**

The Company's Management does not believe that there are any significant business risks apart from what can be considered normal business risks.

### **Environmental performance**

The Company has prepared a Green Statement that gives an account of the Company's strategy in relation to environmental issues and sustainability. The Company's primary objective is to use materials that can be recycled and which reduce the extent of raw materials used in Company's products.

### **Research and development activities**

The Company is engaged in product development on an ongoing basis in order to be able to adapt to the opportunities arising in the market.

### **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 C enterprises (medium).

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

### **Consolidated financial statements**

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### **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**

Referring to section 32 of the Danish Financial Statements Act, the items revenue, changes in inventories, cost of raw materials as well as other external costs have been aggregated in the item gross profit/loss.



## **Accounting policies**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, 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.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

### **Cost of sales**

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### **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.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

## Accounting policies

### 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, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### 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, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### 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 with all 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).

## Balance sheet

### Property, plant and equipment

Plant and machinery as well as 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:

Plant and machinery	1-2 years
Other fixtures and fittings, tools and equipment	3-5 years

Assets with a cost below DKK 35 thousand per unit are recognised as costs in the income statement at the date of acquisition. Leasehold improvements are expensed during the financial year.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

## Accounting policies

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under depreciation.

### Investments in group enterprises

Investments in subsidiaries and associates are recognised and measured in accordance with the equity method, which means that investments are measured at the proportionate share of the enterprises' net asset values minus or plus unrealised intra-group profits or losses.

The Parent's share of the enterprises' results is recognised in the income statement.

Subsidiaries and associates with negative net asset values are measured at DKK 0 (mil), and any amounts owed by such enterprises are written down by the Parent's share of the negative net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover that enterprise's liabilities.

### Receivables

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

### Inventories

Inventories are measured at the lower of cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs. Write-down is made for obsolete goods. Including slow-moving items.

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

### 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.

## Accounting policies

### Income tax payable or receivable

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.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend are recognised as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment 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.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as Scanavo A/S is included in the cash flow statement of T.S. ApS.

## Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" 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'000</u>
<b>Gross profit</b>		<b>42,500,194</b>	<b>44,701</b>
Staff costs	1	(16,966,791)	(16,740)
Depreciation, amortisation and impairment losses	2	<u>(820,730)</u>	<u>(413)</u>
<b>Operating profit/loss</b>		<b>24,712,673</b>	<b>27,548</b>
Income from investments in group enterprises		14,679,306	12,237
Other financial income		498,287	378
Other financial expenses		<u>(469,733)</u>	<u>(1,520)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>39,420,533</b>	<b>38,643</b>
Tax on profit/loss from ordinary activities	3	<u>(5,835,363)</u>	<u>(6,532)</u>
<b>Profit/loss for the year</b>		<b><u>33,585,170</u></b>	<b><u>32,111</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		34,000,000	32,000
Reserve for net revaluation according to the equity method		14,679,306	12,237
Retained earnings		<u>(15,094,136)</u>	<u>(12,126)</u>
		<b><u>33,585,170</u></b>	<b><u>32,111</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Plant and machinery		211,949	307
Other fixtures and fittings, tools and equipment		602,260	968
<b>Property, plant and equipment</b>	4	<b>814,209</b>	<b>1,275</b>
Investments in group enterprises		23,623,823	20,692
Receivables from group enterprises		4,166,300	3,734
Other receivables		477,820	467
<b>Fixed asset investments</b>	5	<b>28,267,943</b>	<b>24,893</b>
<b>Fixed assets</b>		<b>29,082,152</b>	<b>26,168</b>
Manufactured goods and goods for resale		11,827,332	11,782
<b>Inventories</b>		<b>11,827,332</b>	<b>11,782</b>
Trade receivables		27,799,689	17,151
Receivables from group enterprises		322,656	150
Receivables from associates		44,673	934
Deferred tax assets		302,300	256
Other short-term receivables		3,286,720	3,764
Income tax receivable		3,152,280	996
Prepayments	6	85,262	102
<b>Receivables</b>		<b>34,993,580</b>	<b>23,353</b>
<b>Cash</b>		<b>10,002,524</b>	<b>20,021</b>
<b>Current assets</b>		<b>56,823,436</b>	<b>55,156</b>
<b>Assets</b>		<b>85,905,588</b>	<b>81,324</b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	7	3,750,000	3,750
Reserve for net revaluation according to the equity method		7,013,687	5,557
Retained earnings		5,910,458	6,905
Proposed dividend		34,000,000	32,000
<b>Equity</b>		<b><u>50,674,145</u></b>	<b><u>48,212</u></b>
Bank loans		1,830,970	4,847
Prepayments received from customers		201,853	755
Trade payables		7,638,891	7,037
Debt to group enterprises		8,290,886	9,251
Payables to shareholders and management		718,652	1,934
Other payables		16,550,191	9,288
<b>Current liabilities other than provisions</b>		<b><u>35,231,443</u></b>	<b><u>33,112</u></b>
<b>Liabilities other than provisions</b>		<b><u>35,231,443</u></b>	<b><u>33,112</u></b>
<b>Equity and liabilities</b>		<b><u><u>85,905,588</u></u></b>	<b><u><u>81,324</u></u></b>
Contingent liabilities	8		
Related parties with control	9		
Ownership	10		
Consolidation	11		

## Statement of changes in equity for 2015

	<b>Contri- buted capi- tal DKK</b>	<b>Reserve for net revalu- ation ac- cording to the equity method DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	3,750,000	5,557,203	6,905,394	32,000,000	48,212,597
Ordinary dividend paid	0	0	0	(32,000,000)	(32,000,000)
Exchange rate adjustments	0	876,378	0	0	876,378
Distributed dividends from group en- terprises	0	(14,099,200)	14,099,200	0	0
Profit/loss for the year	0	14,679,306	(15,094,136)	34,000,000	33,585,170
<b>Equity end of year</b>	<b><u>3,750,000</u></b>	<b><u>7,013,687</u></b>	<b><u>5,910,458</u></b>	<b><u>34,000,000</u></b>	<b><u>50,674,145</u></b>



## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	14,985,438	15,153
Pension costs	1,765,021	1,351
Other social security costs	216,332	236
	<b>16,966,791</b>	<b>16,740</b>
Average number of employees	<b>28</b>	<b>29</b>

### Obligations to pay pension benefits etc to Management of the Entity

Staff costs include remuneration and pension costs to the Executive Board and the Board of Directors.

In accordance with section 98b(3) of the Danish Financial Statements Act, no specification of amounts has been included.

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	820,730	440
Profit/loss from sale of intangible assets and property, plant and equipment	0	(27)
	<b>820,730</b>	<b>413</b>

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	5,889,607	6,540
Change in deferred tax for the year	(46,500)	(9)
Adjustment relating to previous years	(7,744)	1
	<b>5,835,363</b>	<b>6,532</b>

## Notes

	<b>Plant and machinery DKK</b>	<b>Other fix- tures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>		
Cost beginning of year	1,268,934	2,096,313
Additions	317,923	42,400
Disposals	0	(36,585)
<b>Cost end of year</b>	<b>1,586,857</b>	<b>2,102,128</b>
Depreciation and impairment losses beginning of the year	(962,359)	(1,128,272)
Depreciation for the year	(412,549)	(408,181)
Reversal regarding disposals	0	36,585
<b>Depreciation and impairment losses end of the year</b>	<b>(1,374,908)</b>	<b>(1,499,868)</b>
<b>Carrying amount end of year</b>	<b>211,949</b>	<b>602,260</b>

	<b>Investments in group en- terprises DKK</b>	<b>Receivables from group enterprises DKK</b>	<b>Other recei- vables DKK</b>
<b>5. Fixed asset investments</b>			
Cost beginning of year	2,510,935	3,734,054	466,678
Exchange rate adjustments	0	432,246	0
Additions	0	0	11,142
<b>Cost end of year</b>	<b>2,510,935</b>	<b>4,166,300</b>	<b>477,820</b>
Revaluations beginning of year	18,181,204	0	0
Exchange rate adjustments	876,378	0	0
Share of profit/loss after tax	14,679,306	0	0
Dividend	(12,624,000)	0	0
<b>Revaluations end of year</b>	<b>21,112,888</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>23,623,823</b>	<b>4,166,300</b>	<b>477,820</b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity interest %</b>
Subsidiaries:			
Scanavo Europe A/S	Tasstrup	A/S	100.00
Scanavo Manufacturing Hong Kong Ltd.	Hong Kong	Ltd.	100.00

## Notes

### 6. Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>7. Contributed capital</b>			
Ordinary shares	<u>3,750</u>	100.00	<u>3,750,000</u>
	<u><b>3,750</b></u>		<u><b>3,750,000</b></u>

### 8. Contingent liabilities

The Company has entered into a rental agreement which can be terminated at six month's notice. Annual costs amount to DKK 920 thousand.

### 9. Related parties with control

Scanavo A/S' related parties comprise the following:

- Scanavo Holding ApS, Taastrup, Denmark
- T.S. ApS, Taastrup, Denmark
- Tino Sølling (CEO), Solrød Strand, Denmark

### 10. Ownership

The following shareholder is registered in the Company's register of shareholders as holding minimim 5% of the voting rights or norminal value.

Scanavo Holding ApS, Taastrup, Denmark, 100 %.

### 11. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Scanavo A/S and its subsidiaries and associates are included in the consolidated financial statements of T.S. ApS, Central Business Reg No 25 01 95 20