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# **Bates / Red Cell Gruppen A/S**

c/o AdPeople A/S, Per Henrik Lings Allé 4, DK-2100  
Copenhagen Ø

## **Annual Report for 1 January - 31 December 2016**

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CVR No 26 74 14 16

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on

31/05 2017

Chairman

*Casper Jindrup*

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## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bates / Red Cell Gruppen A/S for the financial year 1 January - 31 December 2016.

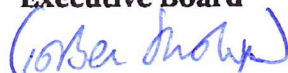
The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

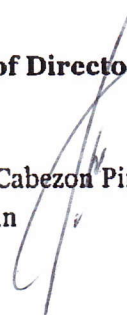
Copenhagen, 31 May 2017

### Executive Board



Torben Snowman  
CEO

### Board of Directors



Ignacio Cabezon Pinilla  
Chairman



David Julian Gladwell  
Deputy Chairman



Torben Snowman

## Independent Auditor's Report

To the Shareholder of Bates / Red Cell Gruppen A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bates / Red Cell Gruppen A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

### Management's Responsibilities 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.

## Independent Auditor's Report

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned

## Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 31 May 2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56



Henrik Agner Hansen  
statsautoriseret revisor

## Company Information

### **The Company**

Bates / Red Cell Gruppen A/S  
c/o AdPeople A/S  
Per Henrik Lings Allé 4  
DK-2100 Copenhagen Ø

Telephone: + 45 33197913

Website: [www.bates.dk](http://www.bates.dk)

CVR No: 26 74 14 16

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

### **Board of Directors**

Ignacio Cabezon Pinilla, Chairman  
David Julian Gladwell  
Torben Snowman

### **Executive Board**

Torben Snowman

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-2300 Copenhagen S

## **Management's Review**

### **Main activity**

The Company's main activity is purchasing and owning shares in companies within the advertising and marketing business and related activities. Further, the Company is responsible for the administration of other companies, mostly subsidiaries and associates.

### **Development in the year**

The income statement of the Company for 2016 shows a loss of DKK 64,981, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 7,494,098.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Other external expenses		-113.748	-106.078
<b>Gross profit/loss</b>		<b>-113.748</b>	<b>-106.078</b>
<b>Profit/loss before tax</b>		<b>-113.748</b>	<b>-106.078</b>
Tax on profit/loss for the year	1	48.767	25.437
<b>Net profit/loss for the year</b>		<b>-64.981</b>	<b>-80.641</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-64.981	-80.641
		<b>-64.981</b>	<b>-80.641</b>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Goodwill		0	0
<b>Intangible assets</b>		<b>0</b>	<b>0</b>
Investments in associates	2	761.963	761.963
<b>Fixed asset investments</b>		<b>761.963</b>	<b>761.963</b>
<b>Fixed assets</b>		<b>761.963</b>	<b>761.963</b>
Receivables from associates		6.737.787	6.817.116
Corporation tax		24.348	0
<b>Receivables</b>		<b>6.762.135</b>	<b>6.817.116</b>
<b>Currents assets</b>		<b>6.762.135</b>	<b>6.817.116</b>
<b>Assets</b>		<b>7.524.098</b>	<b>7.579.079</b>

## Balance Sheet 31 December

### Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		3.000.000	3.000.000
Retained earnings		4.494.098	4.559.079
<b>Equity</b>	3	<b>7.494.098</b>	<b>7.559.079</b>
Other payables		30.000	20.000
<b>Short-term debt</b>		<b>30.000</b>	<b>20.000</b>
<b>Debt</b>		<b>30.000</b>	<b>20.000</b>
<b>Liabilities and equity</b>		<b>7.524.098</b>	<b>7.579.079</b>
Contingent assets, liabilities and other financial obligations	4		
Related parties	5		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	3.000.000	4.559.079	7.559.079
Net profit/loss for the year	0	-64.981	-64.981
<b>Equity at 31 December</b>	<b>3.000.000</b>	<b>4.494.098</b>	<b>7.494.098</b>

## Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
<b>1 Tax on profit/loss for the year</b>		
Current tax for the year	-24.348	0
Adjustment of tax concerning previous years	-24.419	-25.437
	<u><b>-48.767</b></u>	<u><b>-25.437</b></u>

### 2 Investments in associates

Cost at 1 January	<u>761.963</u>	<u>761.963</u>
<b>Carrying amount at 31 December</b>	<u><b>761.963</b></u>	<u><b>761.963</b></u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Bates / Y&R A/S	København	1.000.000	49%	4.652.000	166.000

### 3 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u>
		DKK
A-shares	500	500.000
B-shares	2.500	2.500.000
		<u><b>3.000.000</b></u>

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

## 4 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which WPP Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies

## 5 Related parties

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Bates Overseas Holding Ltd., 121-141 Westbourne Terrace, W2 6JR London, United Kingdom

### Consolidated Financial Statements

The Company is part of the consolidation

<u>Name</u>	<u>Place of registered office</u>
WPP Plc.	Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES

The consolidated financial statements are available on [www.wppinvestor.com](http://www.wppinvestor.com)

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Bates / Red Cell Gruppen A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Income Statement**

#### **Other external expenses**

Other external expenses comprise expenses relating to administration etc.

#### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### **Tax on profit/loss for the year**

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

The Company is jointly taxed with all of the Parent's Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Notes, Accounting Policies**

### **Balance Sheet**

#### **Investments in associates**

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

#### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

#### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.