

Syrinx ApS

Nyager 11-13
DK-2605 Brøndby

CVR no. 27 37 94 43

Annual report 2016

The annual report was presented and adopted at the
Company's annual general meeting

on May 30 20 17

chairman



Syrinx ApS
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Syrxinx ApS for the financial year 1 January – 31 December 2016.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's activities for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 30 May 2017
Executive Board:



Tommy Damsgaard
Nielsen

Board of Directors:



Sean Paul Eitel
Washchuk
Chairman



Lars Vadstrup Søberg



Claus Christensen



Tommy Damsgaard
Nielsen



Independent auditor's report

To the shareholders of Syrinx ApS

Conclusion

We have audited the financial statements of Syrinx ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes. The financial statements have been prepared in accordance with the rules of the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standard 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.

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 rules of the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aalborg, 30 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Steffen S. Hansen
State Authorised
Public Accountant



Michael Mortensen
State Authorised
Public Accountant

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Administrative expenses	2	-32	-80
Operating profit/loss		-32	-80
Profit from investments in group entities		12,300	54,828
Financial income	3	932	202
Financial expenses	4	-9,449	-10,837
Profit before tax		3,751	44,113
Tax on profit for the year	5	2,029	2,685
Profit for the year		<u>5,780</u>	<u>46,798</u>
Proposed profit appropriation			
Proposed dividends for the financial year		0	12,300
Retained earnings		5,780	34,498
		<u>5,780</u>	<u>46,798</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Investments			
	6		
Equity investments in group entities		367,369	367,369
Other securities and equity investments		610	610
		<u>367,979</u>	<u>367,979</u>
Total fixed assets		<u>367,979</u>	<u>367,979</u>
Current assets			
Receivables			
Corporation tax		0	3,104
		<u>0</u>	<u>3,104</u>
Cash at bank and in hand		<u>8</u>	<u>327</u>
Total current assets		<u>8</u>	<u>3,431</u>
TOTAL ASSETS		<u>367,987</u>	<u>371,410</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		135	135
Retained earnings		122,415	116,635
Proposed dividends for the financial year		0	12,300
		<u>122,550</u>	<u>129,070</u>
Total equity		<u>122,550</u>	<u>129,070</u>
Liabilities			
Current liabilities			
Payables to group entities		244,513	242,309
Corporation tax payables		894	0
Other payables		30	31
		<u>245,437</u>	<u>242,340</u>
Total liabilities		<u>245,437</u>	<u>242,340</u>
TOTAL EQUITY AND LIABILITIES		<u>367,987</u>	<u>371,410</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Syrinx ApS for 2016 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

This has entailed the following changes to recognition and measurement:

- Going forward, dividends from equity investments in subsidiaries recognised at cost are always recognised in the income statement. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary. Previously, cost was reduced to the extent that distributed dividend exceeded accumulated earnings after the acquisition date.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Syrinx ApS and its subsidiaries are included in the consolidated financial statements of CCL Industries Inc., Canada.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Administrative expenses

Administrative expenses comprise expenses incurred during the year for expenses for administration, including office premises and office expenses.

Financial income and expenses

Financial income and expenses comprises interest income and expenses, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxations of the CCL Group's Danish companies. Subsidiaries from part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company, Syrinx ApS, is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation companies with tax loss carry-forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement and the tax expenses relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Investments

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables

Corporation tax

In accordance with the joint taxation rules, the liability of the subsidiaries for the payment of corporation taxes to the tax authorities is settled currently with the payment of joint taxation contribution to the administrative company.

Joint taxation contributions receivable and payable are recognised in the balance sheet under balances with group entities.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2 Staff costs

The Company has no employees and has not paid any remuneration to the Board of Directors.

Financial statements 1 January – 31 December

Notes

	2016	2015
DKK'000		
3 Financial income		
Other financial income	34	15
Foreign exchange gains	898	187
	<u>932</u>	<u>202</u>
4 Financial expenses		
Other financial expenses	1	25
Interest expense to group entities	9,448	10,059
Foreign exchange losses	0	753
	<u>9,449</u>	<u>10,837</u>
5 Tax on profit for the year		
Current tax for the year	5,820	6,385
Joint taxation contribution (income)	-3,932	-3,867
Adjustment of tax for prior years	141	167
	<u>2,029</u>	<u>2,685</u>

Financial statements 1 January – 31 December

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6 Investments

DKK'000	Investments in group entities
Cost at 1 January 2016	367,979
Cost at 31 December 2016	367,979
Carrying amount at 31 December 2016	367,979

Name and registered office	Ownership	Equity DKK'000	Share of results for the year DKK'000
CCL Label A/S, Randers, Denmark	100%	76,771	18,252
Syrinx Holding Germany GmbH, Holzkirchen, Germany (consolidated)	100%	583,806	180,171
		<u>660,577</u>	<u>198,423</u>

7 Contingent items, etc.

The Company is jointly taxed with its subsidiary CCL Label A/S. The Company is the administrative company and has joint and several unlimited liability for Danish corporation taxes and withholding taxes and dividends, interest and royalties within the joint taxation unit. Any subsequent corrections of the joint taxation income or withholding taxes may entail that the Company's liability will increase.

Financial statements 1 January – 31 December

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8 Related party disclosures

Syrinx ApS' related parties comprise the following:

Control

CCL International Inc, Ontario, Canada holds the majority of the share capital in the Company

Syrinx ApS is part of the consolidated financial statements of CCL Industries Inc, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of CCL Industries Inc. can be obtained by contacting the Company or at the following website:

www.cclind.com/investors/investor-home.

9 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.