

# Eschenbach Optik A/S

Boeskærvej 18, 7100 Vejle

CVR no. 27 44 49 70



## Annual report 2016

Approved at the annual general meeting of shareholders on 30 May 2017

Chairman:



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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Eschenbach Optik 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 of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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.

Vejle, 30 May 2017

Executive Board:



Walter Kaiser

Board of Directors:



Karin Monika Hartl  
Chairman



Walter Kaiser



Uwe Schultze

## Independent auditor's report

To the shareholder of Eschenbach Optik A/S

### Opinion

We have audited the financial statements of Eschenbach Optik A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company 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 Danish Financial Statements Act.

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

### 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.

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 the 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 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.

### Independent auditor's report

- 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 conclusion is 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 note 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 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 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.

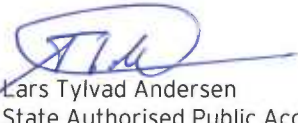
Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Vejle, 30 May 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Lars Tylvad Andersen

State Authorised Public Accountant



## Management's review

### Management commentary

#### Business review

The company's principal activities are wholesale for optical articles.

#### Financial review

The income statement for 2016 shows a profit of DKK 282,418 against DKK 381,431 last year, and the balance sheet at 31 December 2016 shows equity of DKK 3,476,988.

#### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	1,457,423	1,671,289
2	Staff costs	-1,197,921	-1,286,862
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-4,920	-4,920
	Profit before net financials	254,582	379,507
3	Financial income	123,692	132,741
4	Financial expenses	-11,056	-8,495
	Profit before tax	367,218	503,753
5	Tax for the year	-84,800	-122,322
	Profit for the year	<u>282,418</u>	<u>381,431</u>
	Recommended appropriation of profit		
	Retained earnings	<u>282,418</u>	<u>381,431</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	7,340	12,260
		<u>7,340</u>	<u>12,260</u>
	Investments		
	Other receivables	18,989	18,436
		<u>18,989</u>	<u>18,436</u>
	Total fixed assets	<u>26,329</u>	<u>30,696</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	1,035,787	951,229
	Receivables from group entities	2,332,253	2,715,394
	Deferred income	29,175	4,270
		<u>3,397,215</u>	<u>3,670,893</u>
	Cash	750,917	372,211
	Total non-fixed assets	<u>4,148,132</u>	<u>4,043,104</u>
	TOTAL ASSETS	<u><u>4,174,461</u></u>	<u><u>4,073,800</u></u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	500,000	500,000
	Retained earnings	2,976,988	2,694,570
	Total equity	<u>3,476,988</u>	<u>3,194,570</u>
	Provisions		
	Deferred tax	2,000	5,000
	Total provisions	<u>2,000</u>	<u>5,000</u>
	Liabilities		
	Current liabilities		
	Trade payables	8,570	30,684
	Income taxes payable	47,800	93,300
	Other payables	639,103	750,246
		<u>695,473</u>	<u>874,230</u>
	Total liabilities other than provisions	<u>695,473</u>	<u>874,230</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>4,174,461</u></u>	<u><u>4,073,800</u></u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

## Financial statements for the period 1 January - 31 December

## Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	500,000	2,313,139	2,813,139
Transfer through appropriation of profit	0	381,431	381,431
Equity at 1 January 2016	500,000	2,694,570	3,194,570
Transfer through appropriation of profit	0	282,418	282,418
Equity at 31 December 2016	<u>500,000</u>	<u>2,976,988</u>	<u>3,476,988</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Eschenbach Optik A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

#### Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

### Income statement

#### Revenue

Income from the sale of goods for resale and finished goods, comprising sale of optical products is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

#### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements for the period 1 January - 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

## Depreciation

The item comprises amortisation/depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	5 years
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## Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Balance sheet

## Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

## Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	2016	2015
DKK		
2 Staff costs		
Wages/salaries	1,160,750	1,247,294
Other social security costs	18,381	20,512
Other staff costs	18,790	19,056
	<u>1,197,921</u>	<u>1,286,862</u>
Average number of full-time employees	<u>3</u>	<u>3</u>
3 Financial income		
Interest receivable, group entities	123,692	132,741
	<u>123,692</u>	<u>132,741</u>
4 Financial expenses		
Other financial expenses	11,056	8,495
	<u>11,056</u>	<u>8,495</u>
5 Tax for the year		
Estimated tax charge for the year	87,800	117,300
Deferred tax adjustments in the year	-3,000	5,000
Tax adjustments, prior years	0	22
	<u>84,800</u>	<u>122,322</u>
6 Property, plant and equipment		
DKK		Other fixtures and fittings, tools and equipment
Cost at 1 January 2016		<u>19,680</u>
Cost at 31 December 2016		<u>19,680</u>
Impairment losses and depreciation at 1 January 2016		7,420
Amortisation/depreciation in the year		<u>4,920</u>
Impairment losses and depreciation at 31 December 2016		<u>12,340</u>
Carrying amount at 31 December 2016		<u>7,340</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
7 Share capital		
Analysis of the share capital:		
500 shares of DKK 1,000.00 nominal value each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The Company's share capital has remained DKK 500,000 over the past 5 years.

8 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities include a rent obligation with a yearly payment of DKK 72 thousand (2015: 72 thousand). The rent contract can be given a notice of 6 months. Furthermore, the Company has liabilities under operating leases for cars, with an average remaining contract periods of 2 years, totalling DKK 121 thousand (2015: 163 thousand).

9 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Eschenbach Holding GmbH	Schopenhauerstrasse 10 90409 Nürnberg, Germany	Schopenhauerstrasse 10 90409 Nürnberg, Germany