

CEWE Nordic ApS
Annual report 2015

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

on 3. May 2016


chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of CEWE Nordic ApS for the financial year 1 January – 31 December 2015.

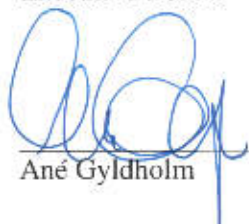
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Skødstrup, 3 May 2016
Executive Board:



Ané Gyldholm



Mathias Mess

Jean-Paul Vern



Patrick Berkhouwer



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Statsautoriseret Revisionspartnerselskab
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Independent auditor's report

To the shareholders of CEWE Nordic ApS

Independent auditor's report on the financial statements

We have audited the financial statements of CEWE Nordic ApS for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet 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 that 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 as to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 evaluating 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 opinion.

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the financial statements.

Aarhus, 3 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab

A handwritten signature in blue ink, appearing to read 'Michael Mortensen', with a long horizontal line extending to the right.

Michael Mortensen
State Authorised
Public Accountant

Management's review

Company details

CEWE Nordic ApS
Segaltvej 16
DK-8541 Skødstrup

Telephone: +45 86 99 14 22
Website: www.cewefotobog.dk

CVR no.: 33 80 85 18
Registered office: Skødstrup
Financial year: 1 January – 31 December

Executive Board

Ané Gyldholm
Mathias Mess
Jean-Paul Vern
Patrick Berkhouwer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Bankers

Danske Bank
Åboulevarden 69
DK-8000 Aarhus C

Management's review

Financial highlights

DKK'000	2015	2014	2013	2012	2011
Gross profit	16,310	18,187	13,693	13,417	13,927
Operating profit	3,920	5,545	579	769	503
Profit/loss from financial income and expenses	1,132	1,543	-2,218	565	526
Profit/loss for the year	3,868	5,520	-1,307	991	763
Total assets	62,803	52,594	77,829	53,543	47,684
Investment in property, plant and equipment	553	125	837	693	329
Equity	36,819	32,950	27,430	32,737	31,746
Return on assets	6.2%	10.5%	0.7%	1.4%	1.1%
Return on equity	11.1%	18.3%	-4.3%	3.1%	2.4%
Solvency ratio	58.6%	62.6%	35.2%	61.1%	66.6%
Average number of full-time employees	29	31	32	30	31

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

The Company sells and delivers digital photo solutions including related services.

Development in activities and financial position

For the year under review, the Company reported a profit of DKK 3,868 thousand, total assets of DKK 62,803 thousand and equity of DKK 36,819 thousand. This is in line with last year's expectations.

Events after the balance sheet date

No events have occurred after the balance sheet date that may influence the financial statements for 2015.

Outlook

For 2016, the Company expects to report a profit in line with 2015.

Risks

Operating risks

In line with previous years, the primary operating risks represent fluctuating economic trends, including fluctuations in exchange rates for the Nordic currencies. Further, a certain risk exists with respect to fluctuations in energy prices as this impacts on transport costs and thereby our competitiveness compared to other competitors in the market.

Financial risks

Currency risks

The revenue of the Company are generated on markets using EUR, DKK, SEK and NOK. Exchange rate risks related to foreign currencies are generally not hedged, as the Company is of the opinion that continuous hedging of short-term receivables is not optimal from an overall risk perspective.

Credit risks

No single customer or corporation partners poses any significant risk to the Company. The credit insurance policy ensures that all customers are credit insured and therefore included in the ongoing credit evaluation undertaken by the Company's insurance company.

Financial statements 1 January – 31 December

Accounting policies

From 1 January 2015, CEWE Nordic ApS has chosen to pre-implement the part of Act No. 738 of 1 June 2015 governing accounting thresholds and thus change from a status as a reporting class C medium-sized entity to a reporting class B entity under the Danish Financial Statements Act.

The annual report of CEWE Nordic ApS for 2015 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year except for the change to reporting class B.

Consolidated financial statements

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

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, 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 the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

In the income statement the items revenue, cost of goods sold and other external costs are aggregated to the caption gross profit in accordance with Section 32 of the Danish Financial Statements Act.

Revenue

Income from the sale of goods and finished goods is recognised as revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

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

Financial statements 1 January – 31 December

Accounting policies

Costs of goods sold

Costs of goods sold comprise costs incurred to generate revenue for the year.

Other external costs

Other external costs consists of costs to distribution, sales, advertise, administration, loss on debtors, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursement from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on receivables, 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.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the remaining life of the software. Useful life for software are three years.

Financial statements 1 January – 31 December

Accounting policies

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10-30 years
Fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Depreciation is recognised in the income statement as depreciation.

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

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

If impairment is evidenced, assets are written down to the recoverable amount.

Investments

Equity investments in group entities are measured at cost. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Financial statements 1 January – 31 December

Accounting policies

Inventories

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Accounting policies

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios have been calculated as follows:

Return on assets	$\frac{\text{Operating profit/loss} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Financial statements 1 January – 31 December

Income statement

DKK	Note	2015	2014
Gross profit		16,310,499	18,187,400
Staff costs	1	-11,684,064	-11,619,423
Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment	4,5	-706,735	-1,023,025
Operating profit		3,919,700	5,544,952
Financial income	2	1,134,057	1,542,788
Financial expenses		-2,441	0
Profit before tax		5,051,316	7,087,740
Tax on profit for the year	3	-1,182,920	-1,567,490
Profit for the year		<u>3,868,396</u>	<u>5,520,250</u>
 Proposed profit appropriation			
Retained earnings		<u>3,868,396</u>	<u>5,520,250</u>
		<u>3,868,396</u>	<u>5,520,250</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets	4		
Software		639	69,074
		<u>639</u>	<u>69,074</u>
Property, plant and equipment	5		
Land and buildings		2,082,606	2,459,801
Fixtures and fittings, tools and equipment		621,907	344,472
		<u>2,704,513</u>	<u>2,804,273</u>
Investments			
Equity investments in group entities	6	357,953	357,953
		<u>357,953</u>	<u>357,953</u>
Total non-current assets		<u>3,063,105</u>	<u>3,231,300</u>
Current assets			
Inventories			
Consumables		83,692	43,956
		<u>83,692</u>	<u>43,956</u>
Receivables			
Trade receivables		6,377,439	10,720,109
Receivables from group entities		40,577,166	28,816,090
Other receivables		145,074	204,460
Deferred tax assets		953,576	2,136,496
		<u>48,053,255</u>	<u>41,877,155</u>
Cash at bank and in hand		<u>11,602,495</u>	<u>7,441,622</u>
Total current assets		<u>59,739,442</u>	<u>49,362,733</u>
TOTAL ASSETS		<u><u>62,802,547</u></u>	<u><u>52,594,033</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2015	2014
EQUITY AND LIABILITIES			
Equity			
Share capital	7	6,000,000	6,000,000
Retained earnings		30,818,852	26,950,456
Total equity		<u>36,818,852</u>	<u>32,950,456</u>
Liabilities			
Current liabilities			
Trade payables		4,112,459	5,822,013
Payables to group entities		15,797,841	7,841,613
Other payables		6,073,395	5,979,951
		<u>25,983,695</u>	<u>19,643,577</u>
Total liabilities		<u>25,983,695</u>	<u>19,643,577</u>
TOTAL EQUITY AND LIABILITIES		<u>62,802,547</u>	<u>52,594,033</u>
Contractual obligations, contingencies, etc.	8		
Related parties and ownership	9		

Financial statements 1 January – 31 December

Notes

	2015	2014
DKK		
1 Staff costs		
Wages and salaries	10,500,107	10,370,327
Pensions	878,858	894,383
Other social security costs	305,099	354,713
	<u>11,684,064</u>	<u>11,619,423</u>
Average number of full-time employees	<u>29</u>	<u>31</u>
2 Financial income		
Interest income from group entities	247,762	916,123
Other financial income	1,034	4,812
Foreign exchange gains	885,261	621,853
	<u>1,134,057</u>	<u>1,542,788</u>
3 Tax on profit for the year		
Current tax for the year	0	0
Deferred tax adjustment for the year	1,182,920	1,567,490
	<u>1,182,920</u>	<u>1,567,490</u>

Financial statements 1 January – 31 December

Notes

4 Intangible assets		
DKK		Software
Cost at 1 January 2015		<u>4,507,149</u>
Cost at 31 December 2015		<u>4,507,149</u>
Amortisation and impairment losses at 1 January 2015		
Impairment losses		4,438,076
Amortisation		<u>68,434</u>
Amortisation and impairment losses at 31 December 2015		<u>4,506,510</u>
Carrying amount at 31 December 2015		<u><u>639</u></u>
5 Property, plant and equipment		
		Fixtures and fittings, tools and equipment
DKK	Land and buildings	
Cost at 1 January 2015	<u>18,794,681</u>	<u>4,503,581</u>
Additions	0	553,129
Disposals	0	-127,206
Cost at 31 December 2015	<u>18,794,681</u>	<u>4,929,504</u>
Impairment losses and depreciation at 1 January 2015	<u>16,334,880</u>	<u>4,159,109</u>
Depreciation for the year	377,195	261,106
Depreciation on disposals	0	-112,618
Impairment losses and depreciation at 31 December 2015	<u>16,712,075</u>	<u>4,307,597</u>
Carrying amount at 31 December 2015	<u><u>2,082,606</u></u>	<u><u>621,907</u></u>

Financial statements 1 January – 31 December

Notes

6 Equity investments in group entities

DKK	2015	2014
Carrying amount at 1 January	357,953	357,953
Carrying amount at 31 December	357,953	357,953

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
CEWE-PRINT Nordic A/S	Skødstrup	100%	-4,466	363

7 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	6,000,000	26,950,456	32,950,456
Net profit for the year	0	3,868,396	3,868,396
Equity at 31 December 2015	6,000,000	30,818,852	36,818,852

The share capital consists of 12,000 shares of a nominal value of DKK 500. No shares carry special rights.

There have been no changes in the share capital during the past five years.

8 Contractual obligations, contingencies, etc.

Contingent liabilities

The Danish CEWE entities are jointly and severally liable for tax on the companies' jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. The jointly taxed entities' total net liability to the Danish tax authorities (SKAT) amounted to DKK 0 thousand at 31 December 2015. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the companies' liability.

A payment guarantee of DKK 155 thousand has been provided to the Norwegian customs authorities for the importation of goods.

The Company has issued a warranty statement for its subsidiary CEWE-PRINT Nordic A/S.

Financial statements 1 January – 31 December

Notes

8 Contractual obligations, contingencies, etc. (continued)

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due as follows:

DKK'000	2015	2014
Less than 1 year	137	192
Between 1 and 5 years	124	27
Total operating lease obligations	261	219

9 Related parties and ownership

CEWE Nordic ApS' related parties comprise the following:

Control

CEWE Color Beteiligungs GmbH, Oldenburg Germany, which holds the entire share capital of the Company.

Largest group

CeWe Stiftung & Co. KGaA, Oldenburg, Germany,

The consolidated financial statements are available at www.cewe.de.