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**Sun Chemical Inks A/S**  
Københavnsvej 112  
4600 Køge, Denmark  
Central Business Registration No  
83104813

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 23.05.2018

### **Chairman of the General Meeting**

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Name: Mette Ravn Steenstrup Scheel

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	8
Balance sheet at 31.12.2017	9
Statement of changes in equity for 2017	11
Notes	12
Accounting policies	16

## Entity details

### Entity

Sun Chemical Inks A/S  
Københavnsvej 112  
4600 Køge, Denmark

Central Business Registration No: 83104813

Registered in: Køge, Denmark

Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Mette Ravn Steenstrup Scheel, Chairman  
Kenneth Paul Davis  
Gregory Hayes

### Executive Board

Kenneth Paul Davis

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P O Box 1600  
0900 Copenhagen C, Denmark

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sun Chemical Inks A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Køge, 23.05.2018

### Executive Board

Kenneth Paul Davis

### Board of Directors

Mette Ravn Steenstrup Scheel  
Chairman

Kenneth Paul Davis

Gregory Hayes

# Independent auditor's report

## To the shareholder of Sun Chemical Inks A/S

### Opinion

We have audited the financial statements of Sun Chemical Inks A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 23.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Morten Speitzer

State Authorised Public Accountant

Identification number (MNE) mne10057

Henrik Hartmann Olesen

State Authorised Public Accountant

Identification number (MNE) mne34143

## Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	6.025	5.519	1.433	6.151	13.807
Operating profit/loss	(439)	244	(4.211)	89	(5.181)
Net financials	(1.232)	(1.396)	(1.572)	(1.091)	(1.809)
Profit/loss for the year	(608)	(1.013)	(5.265)	(2.625)	(2.378)
Total assets	19.994	22.256	20.429	98.901	97.938
Investments in property, plant and equipment	410	0	0	0	0
Equity	(41.116)	(40.508)	(39.487)	(34.222)	19.593
<b>Ratios</b>					
Equity ratio (%)	(205,6)	(182,0)	(193,3)	(34,6)	20,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The Entity's activities are to produce and sell of printing inks to the graphic industry.

### Development in activities and finances

The Entity's income statement for 2017 shows a loss of DKK 608 thousand compared to a loss of DKK 1,013 in 2016.

The Danish Entity serves as a sales company in Denmark.

### Capital loss

Management has considered the fact that the Entity has lost more than 50% of its share capital. It is Management's opinion that this will not affect the Entity's future operations negatively and that the Group has a plan for restoring its equity.

The Entity has received a letter of subordination concerning the current portion of the intra-group debt that is valid until 1 January 2022. The letter of subordination has been issued by Sun Chemical Coöperatief U.A. for the period until 23 May 2019.

### Outlook

Management expects an improvement in profit/loss before tax for 2018 compared to this year.

### Research and development activities

Product development takes place on a continuous basis as the Entity benefits from central R&D departments within the Sun Chemical Group and subsidiary companies.

### 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.

## Income statement for 2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>Gross profit</b>	3	<b>6.025</b>	<b>5.519</b>
Distribution costs	2, 3	(4.664)	(3.588)
Administrative costs	2	<u>(1.800)</u>	<u>(1.687)</u>
<b>Operating profit/loss</b>		<b>(439)</b>	<b>244</b>
Other financial income		41	73
Financial expenses from group enterprises		(1.176)	(1.414)
Other financial expenses		<u>(97)</u>	<u>(55)</u>
<b>Profit/loss before tax</b>		<b>(1.671)</b>	<b>(1.152)</b>
Tax on profit/loss for the year	4	<u>1.063</u>	<u>139</u>
<b>Profit/loss for the year</b>	5	<b><u>(608)</u></b>	<b><u>(1.013)</u></b>

## Balance sheet at 31.12.2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Acquired licences		0	0
<b>Intangible assets</b>	6	<b>0</b>	<b>0</b>
Land and buildings		0	11.979
Plant and machinery		0	14
Other fixtures and fittings, tools and equipment		355	0
<b>Property, plant and equipment</b>	7	<b>355</b>	<b>11.993</b>
<b>Fixed assets</b>		<b>355</b>	<b>11.993</b>
Raw materials and consumables		2	0
Manufactured goods and goods for resale		1.858	2.169
<b>Inventories</b>		<b>1.860</b>	<b>2.169</b>
Trade receivables		4.748	7.454
Receivables from group enterprises		382	372
Other receivables		12.615	5
Prepayments	8	34	263
<b>Receivables</b>		<b>17.779</b>	<b>8.094</b>
<b>Current assets</b>		<b>19.639</b>	<b>10.263</b>
<b>Assets</b>		<b>19.994</b>	<b>22.256</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital	9	2.200	2.200
Retained earnings		<u>(43.316)</u>	<u>(42.708)</u>
<b>Equity</b>		<b><u>(41.116)</u></b>	<b><u>(40.508)</u></b>
Payables to group enterprises	10	<u>29.815</u>	<u>30.961</u>
<b>Non-current liabilities other than provisions</b>	11	<b><u>29.815</u></b>	<b><u>30.961</u></b>
Current portion of long-term liabilities other than provisions	11	22.149	22.149
Trade payables		194	401
Payables to group enterprises		5.781	6.548
Other payables		<u>3.171</u>	<u>2.705</u>
<b>Current liabilities other than provisions</b>		<b><u>31.295</u></b>	<b><u>31.803</u></b>
<b>Liabilities other than provisions</b>		<b><u>61.110</u></b>	<b><u>62.764</u></b>
<b>Equity and liabilities</b>		<b><u>19.994</u></b>	<b><u>22.256</u></b>
Going concern	1		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Group relations	14		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	2.200	(42.708)	(40.508)
Profit/loss for the year	0	(608)	(608)
<b>Equity end of year</b>	<b>2.200</b>	<b>(43.316)</b>	<b>(41.116)</b>

## Notes

### 1. Going concern

Management has considered the fact that the Entity has lost more than 50% of its share capital. It is Management's opinion that this will not affect the Entity's future operations negatively and that the Group has a plan for restoring its equity.

The Entity has received a letter of subordination concerning the current portion of the intra-group debt. The letter of subordination has been issued by Sun Chemical Coöperatief UA. for the period until 17 May 2019.

The Entity is financed through a cash pool arrangement with the Group. The cash pool is an overdraft facility for DKK 100 million which is available for daily operations according to the group instructions.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	3.145	2.570
Pension costs	229	191
Other social security costs	38	33
	<b>3.412</b>	<b>2.794</b>
 Average number of employees	 <b>5</b>	 <b>4</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Depreciation on property, plant and equipment	57	32
Impairment losses relating to property, plant and equipment	530	577
Profit/loss from sale of intangible assets and property, plant and equipment	(719)	(107)
	<b>(132)</b>	<b>502</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	(1.063)	(139)
	<b>(1.063)</b>	<b>(139)</b>

Due to uncertainty regarding utilization, the Entity's tax asset has not been recognised in the balance sheet.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Retained earnings	(608)	(1.013)
	<b>(608)</b>	<b>(1.013)</b>

	<b>Acquired licences DKK'000</b>
<b>6. Intangible assets</b>	
Cost beginning of year	1.146
<b>Cost end of year</b>	<b>1.146</b>
Amortisation and impairment losses beginning of year	(1.146)
<b>Amortisation and impairment losses end of year</b>	<b>(1.146)</b>
<b>Carrying amount end of year</b>	<b>0</b>

## Notes

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>7. Property, plant and equipment</b>			
Cost beginning of year	32.079	18.179	8.597
Additions	0	0	410
Disposals	(32.079)	(34)	0
<b>Cost end of year</b>	<b>0</b>	<b>18.145</b>	<b>9.007</b>
Depreciation and impairment losses beginning of the year	(20.100)	(18.165)	(8.597)
Impairment losses for the year	(530)	0	0
Depreciation for the year	0	(2)	(55)
Reversal regarding disposals	20.630	22	0
<b>Depreciation and impairment losses end of the year</b>	<b>0</b>	<b>(18.145)</b>	<b>(8.652)</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>0</b>	<b>355</b>

### 8. Prepayments

Prepayments comprises normal costs related to subsequent financial years.

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
<b>9. Contributed capital</b>			
Ordinary shares	2.200	1000	2.200
	<b>2.200</b>		<b>2.200</b>

### 10. Long-term debt to group enterprises

A letter of subordination has been issued by Sun Chemical Coöperatief UA for the period until 23 May 2019 regarding the subsidiary's intra-group debt that is valid until 1 January 2022.

Non-current liabilities comprise a group cash pool arrangement between the Group's main bankers and Sun Chemical Corp. The cash pool is available for daily operations according to group instructions.



## Notes

	<b>Instalments within 12 months 2017 DKK'000</b>	<b>Instalments within 12 months 2016 DKK'000</b>	<b>Instalments beyond 12 months 2017 DKK'000</b>
<b>11. Liabilities other than provisions</b>			
Payables to group enterprises	22.149	22.149	29.815
	<b>22.149</b>	<b>22.149</b>	<b>29.815</b>

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>12. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>182</b>	<b>216</b>

### 13. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax in interest, royalties and dividend for the jointly taxed companies.

### 14. Group relations

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

DIC Corporation, Waterras Tower, 101, Kanda Awajicho 2-crome, Chiyoda-ku, Tokyo 101-0063, Japan

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

Sun Chemical Group Coöperatief U.A., Leeuwendveldseweg 3-t, 1382 LV Weesp, The Netherlands

## 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 to these financial statements are consistent with those applied last year.

### 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.

### Income statement

#### Gross profit or loss

Referring to section 32 of the Danish Financial Statements Act, revenue has been aggregated with cost of sales into gross profit in the income statement. Revenue is recognised both for tax and accounting purposes when delivery is made and risk has passed to the buyer.

#### 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Production costs

Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

## Accounting policies

### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

### Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

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 the Danish Parent. The current Danish income tax is allocated among the jointly entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise patents and licences, which are measured at cost less accumulated amortisation and impairment losses.

Straight-line amortisation is made on the basis of the following estimated useful lives of the assets.

Licence rights are amortised over a period of five years.

## Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	40 years
Plant and machinery	3-11 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

### Receivables

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

## Accounting policies

### Prepayments

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

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, Sun Chemical Inks A/S has not prepared a cash flow statement.