



# Annual Accounts 2010 - Contents

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## Annual Accounts - Consolidated profit and loss account

(x € 1,000)	Notes	2010	2009
Total revenue	3	345,860	415,387
Cost of raw materials and consumables	5	- 146,180	- 189,618
Cost of work contracted out and other external costs	6	-33,581	- 33,194
Value-added		166,099	192,575
Other revenue	4	546	522
		166,645	193,097
Personnel expenses	7	- 106,699	- 143,420
Depreciation tangible fixed assets	8	-26,746	- 30,076
Exceptional impairments	9	- 16,368	- 143
Other operating costs	10	- 40,731	- 52,479
Operating result		- 23,899	- 33,021
Financing income	11	304	171
Financing costs	12	- 4,480	- 3,848
Result before taxation		- 28,075	- 36,698
Income tax	13	5,528	9,236
Result after taxation		- 22,547	- 27,462
Attributed to:			
Shareholders Roto Smeets Group NV		- 22,547	- 27,317
Minority shares		-	- 145
		- 22,547	- 27,462
Attributed to shareholders Roto Smeets Group NV:			
Ordinary and diluted earnings per share	32	- 6.85	- 8.30

## Annual accounts - Consolidated overview of realised and unrealised results

(x € 1,000)	Notes	2010	2009
Result after taxes		- 22,547	- 27,462
<b>UNREALISED RESULTS</b>			
Value changes forward currency contracts	26/27	- 1,378	- 491
Exchange rate foreign currencies	26/27	14	209
Other	26/27	-	- 119
Taxation on results via equity	26/27	351	125
Unrealised results after taxes		- 1,013	- 276
Total realised and unrealised results after taxes		- 23,560	- 27,738
Attributed to:			
Shareholders Roto Smeets Group NV		- 23,560	- 27,491
Minority shares		-	- 247
		- 23,560	- 27,738

## Annual Accounts - Consolidated balance sheet as at December 31, 2010

(x € 1,000)	Notes	2010	2009
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets	15	139,563	166,634
Property investments	16	4,831	-
Associated companies / joint ventures	17	-	-
Deferred taxes	14	10,724	4,880
Other financial fixed assets	18	512	1,071
		155,630	172,585
<b>CURRENT ASSETS</b>			
Stocks	19	6,962	9,070
Trade receivables	20	55,179	62,362
Other receivables / prepayments	21	5,539	7,388
Cash and cash equivalents	23	1,313	1,220
		68,993	80,040
Assets classified as held for sale	2	4,481	9,243
		73,474	89,283
<b>Total assets</b>		<b>229,104</b>	<b>261,868</b>

(x € 1,000)	Notes	2010	2009
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF ROTO SMEETS GROUP NV</b>			
Issued share capital	24	16,451	16,451
Share premium	25	12,833	12,833
Retained earnings	26	51,450	73,997
Other reserves	26	-1,613	- 600
<b>Total equity</b>		<b>79,121</b>	<b>102,681</b>
<b>LONG-TERM LIABILITIES</b>			
Provisions	28	8,702	12,268
Risk-bearing loans and borrowings:			
Loans	29	11,750	-
Lease obligations	29	17,944	23,471
		<b>38,396</b>	<b>35,739</b>
<b>CURRENT LIABILITIES</b>			
Trade and other liabilities	30	45,482	59,562
Finance companies	31	43,513	22,934
Risk-bearing loans and borrowings	29	12,451	19,171
Income tax payable		4,083	2,980
Financial derivatives	22	1,755	587
Provisions	28	4,303	18,214
		<b>111,587</b>	<b>123,448</b>
<b>Total liabilities</b>		<b>149,983</b>	<b>159,187</b>
<b>Total equity and liabilities</b>		<b>229,104</b>	<b>261,868</b>



## Annual Accounts - Consolidated statement of changes in equity

(x € 1,000)	issued capital	share premium	retained earnings	other reserves	total	minority interests	total equity
Balance as at January 1, 2010	16,451	12,833	73,997	-600	102,681	-	102,681
Result after taxes			- 22,547	-	- 22,547	-	- 22,547
Unrealised results after taxes				- 1,013	- 1,013	-	- 1,013
Total realised and unrealised results after taxes	-	-	- 22,547	- 1,013	- 23,560	-	- 23,560
Balance as at December 31, 2010	16,451	12,833	51,450	- 1,613	79,121	-	79,121

(x € 1,000)	issued capital	share premium	retained earnings	other reserves	total	minority interests	total equity
Balance as at January 1, 2009	16,451	12,833	101,314	- 426	130,172	247	130,419
Result after taxes			- 27,317	-	- 27,317	- 145	- 27,462
Unrealised results after taxes				- 174	- 174	- 102	- 276
Total realised and unrealised results after taxes	-	-	- 27,317	- 174	- 27,491	- 247	- 27,738
Balance as at December 31, 2009	16,451	12,833	73,997	- 600	102,681	-	102,681

## Annual Accounts - Consolidated cash flow statement

(x € 1,000)	Notes	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net result		- 22,547	- 27,462
Depreciation and exceptional impairments	8/9	43,114	30,219
Profit on sale of assets held for sale		-	- 49
(Deferred) taxation		- 4,740	- 8,603
Other non-cash items		- 1,610	19.830
<b>CHANGES IN</b>			
Stocks		2,107	3,215
Trade receivables		7,171	9,500
Other receivables / prepayments		1,849	10,206
Trade and other payables		-14,077	2,752
Provisions		- 15,860	- 10,710
Cash flow from operating activities		- 4,593	28.898
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible fixed assets		- 17,045	- 24,404
Divestments in tangible fixed assets		837	968
Divestments assets held for sale		-	1,742
Repayments on loans		809	86
		- 15,399	- 21,608
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Withdrawn risk-bearing loans		9,000	4,960
Repayments risk-bearing loans		- 9,497	- 9,551
Finance companies		20,579	- 3,054
		20,082	- 7,645
Effect of changes in exchange rates		3	17
Net change in cash and cash equivalents		93	- 338
Cash and cash equivalents at beginning of year	23	1,220	1,558
Cash and cash equivalents at end of year	23	1,313	1,220

The cash flow from operating activities includes cash flows in:

(x € 1,000)	2010	2009
Taxes received	2,515	759
Interest received	93	171
Interest paid	- 4,108	- 3,369
	- 1,500	- 2,439

Other changes without cash flow are:

(x € 1,000)	2010	2009
Changes financial derivatives	137	221
Other changes minority interest	-	- 119
Other changes in provisions	- 1.617	19,716
Exchange rate differences	14	184
Profit / loss on sale tangible fixed assets	106	- 172
Earn-out arrangement	- 250	-
	- 1,610	19.830

## Annual Accounts - Accounting principles

### Introduction

Roto Smeets Group NV is a Dutch company with its registered office in Deventer the ordinary shares of which are listed on Euronext Amsterdam.

The activities of Roto Smeets Group are described in the Company Profile on page 35.

The consolidated annual accounts as at December 31, 2010 of Roto Smeets Group were drawn up by the Management Board on XX March, 2011. The consolidated annual accounts of Roto Smeets Group will be adopted by the General Meeting of Shareholders to be held at 11 May 2011. In accordance with article 2:402 of the Netherlands Civil Code the company profit and loss account only states the result from associated companies after taxes as well as other results after participations.

### General

#### STATEMENT OF COMPLIANCE

The consolidated annual accounts of Roto Smeets Group were drawn up in accordance with the standards and interpretations drawn up by the International Accounting Standards Board and approved by the European Commission, hereafter to be called International Financial Reporting Standards (IFRS).

The consolidated annual accounts were drawn up on the basis of historic costs, with the exception of financial instruments and property investments valued at market value and assets held for sale which are valued at the lowest of the book value and the market value less sales costs. The consolidated annual accounts are stated in Euros and all amounts have been rounded off to thousands (€ 000), unless stated otherwise.

#### CONTINUITY PRINCIPAL

The annual financial statement has been drafted based on the assumption of continuity. It is the Management Board's opinion that the Group has sufficient financial means available to maintain its business operations. This is based on the 2011 budget, the 2011 liquidity prognosis and the Medium Term Plan 2012–2016 in which the difficult market conditions are processed by taking into account continued margin erosion, which is offset by cost reduction measures.

In coming to this judgment the Management Board has also taken note of the recently acquired bridging credit of € 4 million (running from half May to half September). Roto Smeets Group fulfils at 31 December 2010 and at the reporting moments in 2011 the minimum solvency requirement of 30% (solvability as defined in the bank covenants ultimo 2010 31.3%).

### CONSOLIDATION PRINCIPLES

The consolidated annual accounts comprise the annual accounts of Roto Smeets Group and its subsidiaries. Subsidiaries are those companies in which Roto Smeets Group has a controlling interest, meaning that it has the power to control the financial and operating policies of these companies in order to gain advantage from their activities.

The annual accounts of the subsidiaries have been drawn up as at the same reporting date as those of the parent company, applying uniform valuation principles.

All balances and transactions, income and expenses within the group and profits and losses from transactions within the group included in the assets, are fully eliminated.

Subsidiaries are consolidated as from the acquisition date, being the date on which actual control was gained over the acquired party. This consolidation is continued until the moment that the actual control ceases to exist.

The minority interest of third parties in group equity and group result is stated under minority interest.

#### ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED ACTIVITIES

Assets, liabilities and/or operating companies are designated as being held for sale if their book value will subsequently mainly be realised by way of a sales transaction which is planned to take place within twelve months and not by its continued use. Assets held for sale are valued at their book value or lower market value less sales costs.

The results of the fixed assets maintained for divestment and terminated activities have been presented separately in the profit and loss account.

#### CHANGE IN ACCOUNTING POLICY AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year except as follows.

#### *IFRS standards and IFRIC interpretations*

The IASB and IFRIC have issued new standards, amendments to existing standards and interpretations, some of which have not yet gone into effect or have not yet been endorsed by the European Union. Roto Smeets Group has introduced the following standards and interpretation, effective as of 1 January 2010. The application of these standards did not have a significant effect on the financial statements 2010.

#### *IFRS 2 Share-based Payment*

The amendment to IFRS 2, clarifies the definition of vesting conditions, the introduction of the concept non-vesting conditions that must be reflected in the fair value at grant date, and the way which non-vesting conditions and cancellations must be accounted for.

***IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)***

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (amended) are applicable to business combinations of which the acquisition date is on or after the beginning of the first fiscal year beginning on or after July 1, 2009. The revised IFRS 3 consists of significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will be applied prospectively and will affect future business combinations or loss of control of subsidiaries and transactions with non-controlling interests.

***IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items***

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. Amendment of these change does not have an impact on the financial position or the performance of Roto Smeets Group.

***IFRIC 12 Service Concession Arrangements***

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation did not have any impact on the financial position or the performance of the Group.

***IFRIC 15 Agreements for the Construction of Real Estate***

The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate

is completed. Furthermore it provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The adoption of this interpretation did not have any impact on the financial position or the performance of the Group.

***IFRIC 16 Hedges of a Net Investment in a Foreign Operation***

IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on:

- identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment,
- where within the group the hedging instruments can be held in the hedge of a net investment, and
- how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

The adoption of this interpretation did not have an impact on the financial position or the performance of the Group.

***IFRIC 17 Distributions on Non-cash Assets to Owners***

The Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. Roto Smeets Group expects that IFRIC 17 will not have any impact on the consolidated accounts as the Group has not made non-cash distributions to shareholders.

***IFRIC 18 Transfers of Assets from Customers***

IFRIC 18 applies to all entities that receive from customers an item of property, plant and equipment or cash for the acquisition or construction of such items. These assets are then be used to connect the customer to a network or to provide ongoing access to a supply of goods or services, or both. The interpretation provides guidance on when and how an entity should recognise such assets. This change does not have any impact on the financial position or the performance of the Group.

Improvements to the IFRS standards (published April 2009) relate to a collection of minor changes to a number of IFRS standards which have no material consequence for Roto Smeets Group. Improvements are only employed after ratification by the EU.

***Future changes in accounting policy***

The following standards and interpretations that are not in force or not yet ratified by the European Union are not yet implemented in Roto Smeets Group:

## Annual Accounts - Accounting principles

### *IFRS 7 Financial Instruments: Disclosures*

The amendments to IFRS 7 are effective for annual periods beginning at or after 1 July 2011 and will improve the understanding in transfer transactions of financial assets including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Roto Smeets Group does not expect any impact on its financial position or performance.

### *IFRS 9 Financial Instruments*

IFRS 9 as issued reflects the first and second phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning at or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting, derecognition and asset and liability offsetting. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Roto Smeets Group's financial assets. Roto Smeets Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

### *IAS 24 Related Party Disclosures (Revised)*

The amended standard is effective for annual periods beginning at or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. Roto Smeets Group does not expect any impact on its financial position or performance.

### *IAS 32 Financial Instruments: Presentation – Classification of Rights Issues*

The amendment to IAS 32 is effective for annual periods beginning at or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on Roto Smeets Group after initial application.

### *IFRIC 14, 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'*

IFRIC 14, IAS 19, provides further clarification of the fact that

assets related to an agreed pension scheme may only be incorporated in the balance in case of an economic advantage, available in the form of restitutions from an agreed pension scheme or a lowering of future contributions to the scheme, principally under a minimum funding obligation. The interpretation applies to certain agreed pension schemes within the Group but it is expected that it will have no significant consequences for the consolidated balance.

### *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning at or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of Roto Smeets Group.

Improvements to IFRS standards (published December 2010) relate to a collection of minor changes to a number of IFRS standards which have no material consequence for Roto Smeets Group. Improvements are only employed after ratification by the EU.

### **IMPORTANT ASSESSMENTS AND VALUATION UNCERTAINTIES**

In drawing up the annual accounts, valuations and assumptions are made with regard to the inclusion and valuation of assets and liabilities, off-balance sheets rights and commitments as well as income and expenditure.

The main assumptions regarding the future and other important sources of valuation uncertainties as at the balance sheet date which carry a considerable risk of a substantial adjustment of the book value of assets and obligations in the next financial year, concern the exceptional impairments of assets and the provisions.

### **EXCHANGE RATE FOREIGN CURRENCIES**

The consolidated annual accounts are stated in euros, which is also the functional and reporting currency of Roto Smeets Group. Each group entity determines its own functional currency, and the items included in the annual accounts of each entity are valued on the basis of this functional currency. Transactions in foreign currencies are at first inclusion stated at the exchange rate of the functional currency as at the date of the transaction. Monetary assets and commitments stated in foreign currencies are translated at the exchange rate of the functional currency as at the balance sheet date. Possible

differences will be charged to the profit and loss account, with the exception of differences resulting from borrowed funds in foreign currencies which serve to hedge an investment in a foreign entity. These are incorporated directly in the shareholders' equity up to the moment of divestment of the said entity, after which they are accounted in the consolidated profit and loss account.

Non-monetary assets and liabilities valued at historic costs in a foreign currency are translated at the exchange rates as at the date of the original transactions.

The functional currency of the foreign activities (Antok Nyomdaipari Kft.) is the Hungarian Forint, that of Roto Smeets Denmark A/S is the Danish Kroner, that of Roto Smeets Ltd. is Sterling and that of Roto Smeets Sweden AB is the Swedish Krona. As at the reporting date, the assets and liabilities of these group companies are translated in the reporting currency of Roto Smeets Group (the Euro) at the exchange rate as at the balance sheet date. The profit and loss accounts are translated at the weighted average exchange rate for the year. The exchange rate differences resulting from the translation are directly brought under a separate component of the shareholders' equity, after adjustment for deferred taxes. At divestment of a foreign entity, the deferred accumulated amount included in the shareholders' equity for that foreign activity, is accounted in the profit and loss account.

## Valuation principles for the balance sheet

### TANGIBLE FIXED ASSETS

The tangible fixed assets are valued at cost, less accumulated depreciation and exceptional impairment. The cost of the assets, in addition to the acquisition price, if applicable, also comprise the initial estimate of the costs of dismantling and removal of the asset and of the cleaning up of the property where the asset was based.

Depreciation is linear, based on a percentage of the acquisition price and the expected useful life, taking into account possible residual value.

Depreciation starts when the assets are taken into use.

Replacement costs are only capitalised if these lead to a longer useful life of the asset.

Tangible fixed assets are tested for exceptional impairment if events or changes in conditions point out that that the book value might not be realisable. Tangible fixed assets on order are only included in the balance sheet as far as advance payments have been made. A tangible fixed asset will no longer be included in the balance sheet after it has been divested or if no future economic advantage is expected from the use or divestment of the asset. Possible proceeds or losses resulting from the elimination of the asset from the balance sheet (which will be stated as the balance of the net proceeds at divestment and the book value of the asset) will be included in

the profit and loss account of the year in which the asset was eliminated from the balance sheet.

The residual value and the useful life of the asset are assessed and, if necessary, adjusted at the end of each financial year.

### LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) There is a change in the determination of whether fulfilment is dependant on a specified asset;
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b. For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

### *Roto Smeets Group as a lessee*

Finance leases, which transfer to Roto Smeets Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the income statement.

Capitalised leased assets are depreciated over the estimated useful life of the asset and the shorter lease term, if there is no reasonable certainty that Roto Smeets Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### PROPERTY INVESTMENTS

Real estate is valued at a realistic price, determined by certified external valuers.

## Annual Accounts - Accounting principles

### ASSOCIATED PARTICIPATIONS AND JOINT VENTURES

Joint ventures are those companies which activities Roto Smeets Group jointly controls with third parties on the basis of a contractual agreement.

Roto Smeets Group values the joint venture on the basis of the 'equity' method. The equity method is a method of processing whereby the investment is initially included at cost and subsequently is adjusted, taking account of the change in the share of the net assets after the takeover.

Associated participations are those companies over which financial and operating policies Roto Smeets Group exercises a material influence, without actually controlling these companies. The participations are valued in accordance with the 'equity' method. In the consolidated annual accounts, the share of Roto Smeets Group in the total of accounted profits and losses on joint ventures and associated participations is stated on the basis of the 'equity' method, from the moment that the material influence is actually exercised to the moment that it actually ceases to exist.

### FINANCIAL ASSETS

In accordance with IAS 39, financial assets are considered as a financial asset at fair value through profit or loss, as loans and receivables, as held to maturity investments or as available for sale financial assets.

At the initial inclusion of financial assets these are included at fair value, augmented by (in case of a financial asset not included at fair value, with recognition of valuation changes in the profit and loss account) the directly attributable transaction costs.

Roto Smeets Group determines the classification of its financial assets after the first recognition and, if allowed and applicable, the classification is reassessed at the end of each financial year.

All regular acquisitions of financial assets are included as at the transaction date, meaning the date on which Roto Smeets Group takes on the obligation to acquire the asset. Regular acquisitions and divestments are acquisitions and divestments of financial assets for which assets must be delivered within a period generally determined by regulations or custom in the market.

An active financial asset is no longer incorporated into the balance if a transaction leads to all or nearly all rights to economic advantage and all or nearly all risks related to the position are transferred to a third party.

### *Financial assets at fair value through profit or loss*

All derivatives are regarded as being kept for trade purposes unless they are regarded as hedging instrument and are effective. Derivatives are financial instruments requiring no or only a limited net initial investment, settlement of which takes place in the future depending on movements in a certain share price or price (such as interest rate or the price of a financial instrument). The valuation changes are directly recognised in the profit and loss account.

### *Held to maturity investments*

Held to maturity investments are assets with fixed payments and a fixed term whereby Roto Smeets Group is determined and has the possibility to retain these investments until the end of their term. Held to maturity investments are valued at depreciated cost on the basis of the effective interest rate less possible depreciation.

### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments not listed on an active market. Trade and other receivables are included at depreciated value on the basis of the effective interest rate method. Profits and losses are incorporated in the result as soon as the loans and receivables are no longer included in the balance sheet or suffer an exceptional impairment.

A provision will be made for an exceptional impairment of trade and other receivables if such receivables become uncollectible. A receivable becomes uncollectible when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that Roto Smeets Group will not be able to collect all of the amounts due under the original terms of the invoice. Significant financial difficulties of the debtor, the probability of insolvency of the debtor or an expected financial reconstruction, as well as a default or delinquency are regarded as indicators for a permanent impairment of the receivable. The amount of the provision is measured as the balance of the asset's carrying amount and the present value of future cash flows, discounted at the financial asset's original effective interest rate. The exceptional impairment will be recognised in the profit and loss account, together with future reversals of earlier exceptional impairments.

### *Financial assets available for sale financial assets*

Financial assets available for sale financial assets are financial assets not classified in one of the above Financial assets available for sale financials assets mentioned categories. After the initial recognition the financial assets available for investment are valued at realisable value. The profit or loss is recognised

as a separate component of the shareholders' equity until the asset is no longer included in the balance sheet or until it is determined that the asset has suffered an exceptional impairment. At such a moment the accumulated profit or the loss that was previously accounted for in the shareholders' equity, is included in the profit and loss account.

#### *Determination of the fair value*

The fair value of the financial assets which are actively traded on organised financial markets is determined on the basis of the share price. The fair value of financial assets for which there is no active market, is determined using valuation techniques. The basis for such methods may include the most recent business market transactions or the present market value or another instrument, which is practically similar, or a cash value determination and option models.

#### *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount is stated in the balance sheet at the moment there is a legally enforceable right to offset and the intention exists to settle on a net basis or to realise the asset at the same time that the obligation is settled.

#### *Hedge-accounting*

Roto Smeets Group uses derivative financial instruments such as currency futures contracts and interest rate swaps to hedge risks regarding currency and interest rate movements. Such derivative financial instruments are recognised when first included at the realisable value as at the date on which the contract was entered into, and the realisable value is subsequently determined again. Possible profits or losses resulting from changes in the realisable value of the derivative instruments which do not form part of a hedging relation are directly recognised in the result.

At the closing of a hedging transaction, the hedging relation is formally designated and documented by Roto Smeets Group, as is the objective and the policy of Roto Smeets Group regarding management of financial risks in entering into a hedging relation.

Cash flow hedging which meets the strict conditions of hedge accounting, are recognised as follows.

The part of the profit or the loss on the hedging instrument of which it is determined that it is an effective form of hedging, is directly incorporated in the shareholders' equity, taking account of this tax effect, while the non-effective part is recognised in the profit and loss account. The amounts included in the shareholders' equity are transferred to the profit and loss account in the same period in which the hedged income

or expenses were included or the expected divestment or acquisition is performed. This is accounted for as revenue. If the expected transaction is no longer expected to take place, the amounts initially included in the shareholders' equity will be transferred to the result.

If the hedging instrument expires, is sold, terminated, exercised (without replacement or rollover) or if the designation as hedging is taken away, the amounts that were initially included in the capital will remain in the shareholders' equity until the expected transaction takes place. If the transaction concerned is not expected to take place, the amount will be charged to the profit and loss account.

#### **IMPAIRMENT OF FINANCIAL ASSETS**

Roto Smeets Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *Financial assets available for sale*

If a disposable asset has suffered an exceptional devaluation, an amount equivalent to the gap between the acquisition value (less any redemptions on the principal amount and depreciation) and the realisable value, after deduction of any additional impairments already taken in prior years through the company's accounts, will be charged against shareholders' equity through the profit and loss account.

A reversal of an impairment on equity instruments available for divestment is not included in the profit and loss account.

A reversal of impairments on loan certificates occurs through the profit and loss account, if the increase in the realisable value of these instruments has objectively been caused by an

## Annual Accounts - Accounting principles

event that occurred after this impairment charge was taken through the profit and loss account.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

As at the reporting date, Roto Smeets Group assesses whether there are indications that an asset has suffered an exceptional impairment. If there is such a indication or if the annual assessment on exceptional impairment of an asset is required, Roto Smeets Group estimates the realisable value of the asset. The realisable value of an asset is the highest of the realisable value of an asset after deduction of sales costs or the cash flow generating unit after deduction of sales costs or the value in use, unless the asset does not generate incoming cash flows which are largely independent of the flows of other assets or groups of assets. If the book value of an asset exceeds the realisable value, the asset is deemed to have suffered an exceptional impairment and will be marked down to the realisable value.

On each reporting date an assessment is made whether there are indications that a previously recognised exceptional impairment does not longer exist or is diminished. If there is such a indication, the realisable value is estimated. A previously recognised loss due to exceptional impairment will only be reversed when a change has occurred in the estimation used to determine the realisable value of the asset since the inclusion of the last loss due to exceptional impairment. If this is the case, the book value of the asset is raised to the realisable value. This raised amount can not exceed the book value that would have been determined (after deduction of depreciation) if no exceptional impairment had been included for the asset in previous years. Such a reversal is recognised in the profit or the loss account. After such a reversal the depreciation is adjusted to systematically attribute the revised book value of the asset (after deduction of possible residual value) for the remaining useful life to future periods.

### STOCKS

Stocks of finished products, trade goods and raw materials and consumables to be used in the production process, are valued at cost or the lower market value.

The cost of stocks comprise all acquisition costs, conversion costs and other costs to bring the stocks at their present location and in their present state.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments which can be immediately cashed. Deposits and other fixed interest instruments with an initial term of less than three months are regarded as cash equivalent.

### PROVISIONS

A provision is created when:

- Roto Smeets Group has a current (in straight enforceable or factual) obligation as a result of a past event;
- It is probable that an outflow of means which harbours economic advantages, will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

If Roto Smeets Group expects that (part of) a provision will be compensated, the compensation will only be included as a separate asset, if it is as good as certain. The expense connected with a provision will be included in the profit and loss account after deduction of possible compensation. The amount included as provision is the most accurate estimate of the expenses required to settle the existing obligation on the balance sheet date. Provisions are assessed on each balance sheet date and adjusted to reflect the most accurate estimate. If it is no longer probable that an outflow of means shall be required to settle the obligation, the provision will be retransferred.

If the effect of the time value of money is material, the provisions are discounted at a pre-tax discount factor which, if necessary, takes into account the specific risks of the obligation. If the provisions are discounted, the increase of the provision will be recognised as financing costs because of the passing of time.

### INTEREST BEARING LOANS

The first valuation of interest bearing loans takes place at realisable value of the received consideration less transaction costs. After the first incorporation, the interest bearing loans are valued at depreciated cost on the basis of the effective interest rate method. The depreciated value is determined incorporating possible discounts or premiums.

### PENSIONS

#### *Defined contribution schemes*

Contributions to defined contribution schemes are recognised in the profit and loss account as costs in the year to which they relate.

#### *Defined benefit schemes*

Roto Smeets Group has a defined benefit scheme, the fund Grafische Bedrijfsfondsen (GBF). With regard to the GBF, which has a collective scheme of several employers, up to now insufficient information was available to use the settlement methods for defined benefit schemes. This scheme is settled as if it was a defined contribution scheme.

When the claims from a scheme change the part of the higher claims connected with the employment record of employees is incorporated in the profit and loss account as costs in accordance with the linear method, over the average period until the claims become irrevocable. As far as these claims immediately become irrevocable, they are directly incorporated in the profit and loss account.

The net commitment from the defined benefit scheme is the total of the cash value of the gross commitment and the not incorporated actuarial profits and losses less the not yet incorporated pension costs of the past employment ('back service') and the realisable value of the funds' investment from which the obligations must be directly settled. If such a total amount is negative, the asset is valued at the lowest of the total amount or the total amount of accumulated not incorporated actuarial losses, back service costs and the cash value of possible economic advantages available in the form of repayments from the scheme or reductions of future contributions to the scheme.

#### SHARE-BASED REMUNERATIONS

Roto Smeets Group directors receive remunerations in the form of share-based payments. These share-based payments are settled by way of cash payment ('cash settled'). The costs of share-based remunerations are determined on the basis of the market value of the shares on the date the shares were allocated. The costs of these shares are included in the profit and loss account (personnel costs) in the period before it becomes unconditional, offset by other long-term debts. The market value of the debt is re-determined at the end of each reporting period. Changes are included in the result.

#### TAXATION

##### *Tax obligations and receivables*

Tax obligations and receivables for the current and previous years are valued at the amount that is expected to be payable to or to be received from the tax authorities. The taxation amount is calculated on the basis of the legally determined tax rates and prevailing tax laws.

Tax obligations and receivables for the period under review are included in the shareholders' equity as far as these relate to items directly included in the shareholders' equity in the period.

##### *Deferred taxation*

A provision is created for deferred taxation on the basis of the temporary discrepancies as at the balance sheet date between the fiscal value of assets and liabilities and their book value as stated in these annual accounts.

Deferred tax credits are included for all recoverable temporary discrepancies, unused fiscal facilities and unrecovered fiscal losses, as far as the probability exists that there will be some fiscal profit available from which the recoverable temporary discrepancies can be recovered and the recoverable temporary discrepancies, unused fiscal facilities and unrecovered fiscal losses can be employed.

The book value of the deferred tax credits are assessed as at the balance sheet date and reduced as far as it is not probable that sufficient fiscal profit will be available from which the temporary discrepancy can be completely or partly recovered. Not incorporated deferred tax credits are reassessed as at the balance sheet date and incorporated as far as it is probable that future fiscal profit will be available from which this deferred credit can be recovered.

Deferred tax credits and obligations are valued at taxation rates which are expected to be applicable during the period in which the credit is realised or the obligation is settled, on the basis of the legally determined tax rates and prevailing tax laws.

Deferred tax credits and obligations will be balanced if there is a legally enforceable right to balance tax credits with tax obligations and the deferred taxation relating to the same taxable entity and tax authority.

#### TRADE CREDITORS AND OTHER SHORT-TERM DEBTS.

Trade creditors and other short-term debts are stated after first recognition at the depreciated value on the basis of the effective interest rate method.

#### NO LONGER INCORPORATING FINANCIAL ASSETS AND LIABILITIES IN THE BALANCE SHEET

##### *Financial assets*

A financial asset will no longer be incorporated in the balance sheet if:

- The entity is no longer entitled to cash flow from this asset;
- Roto Smeets Group has retained the right to receive cash flows from this asset, but has entered into an obligation to pay these cash flows to a third party without a substantial delay in accordance with a special agreement or
- Roto Smeets Group has transferred its rights to the cash flows from this asset and either (a) has mostly transferred all risks and advantages of this asset, or (b) has not mostly transferred or retained all risks and advantages of this asset, but has transferred the control over this asset.

##### *Financial liabilities*

A financial obligation will no longer be incorporated in the balance sheet as soon as the performance has been delivered

## Annual Accounts - Accounting principles

in accordance with the obligation, this obligation has been lifted or has expired.

If an existing obligation is replaced by another of the same funds provider at almost identical conditions, or the conditions of the existing obligations are substantially changed, such a replacement or change is treated as no longer incorporating of the original obligation in the balance sheet and the incorporation of a new obligation. The difference in the book values concerned is incorporated in the profit and loss account.

### Principles for the determination of result

Revenue is recognised as far as it is probable that the economic advantages will benefit Roto Smeets Group, the income can be determined reliably and the main risks and advantages have been transferred.

Costs are attributed to the year to which they relate.

### REVENUE

Income from services provided is recognised at the moment of delivery. The income from current orders as at the balance sheet date are included to the amount of the order costs incurred covered by income from the order. The order costs are stated as costs in the period in which they were incurred. Expected losses on current third-party orders are stated as costs immediately.

Interest income and expenses are processed in the financial year to which they relate and accounted for as the interest accumulates via the effective interest rate method.

The interest rate component of financial lease agreements is incorporated in the profit and loss account using the annuity method. Dividends are attributed to the year in which the dividends concerned were made payable.

### GOVERNMENT SUBSIDIES

Government subsidies are incorporated if there is a reasonable degree of certainty that the subsidy will be received, that all relevant conditions will be met and accounted for systematically in the period in which the costs these subsidies are meant to compensate incurred.

### TAXATION

Tax payable and recoverable tax during the year under review and deferred taxation are accounted for in the profit and loss account over the period to which they relate, unless these relate to items directly attributed to the shareholders' equity, in which case the taxation is attributed to the shareholders' equity.

The determination takes into account the fiscal facilities available in the countries.

### PRINCIPLES FOR DRAWING UP THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is drawn up according to the indirect method. Income and expenses from interest and corporate income tax, as well as received dividends of non-consolidated participations, are incorporated under cash flow from operating activities. Paid dividends are incorporated under cash flow from financing activities. Transactions whereby no funds are exchanged, are not incorporated in the cash flow statement.

Cash and cash equivalents comprise cash and short-term investments which can be immediately cashed. Deposits and other fixed interest instruments with an initial term of less than three months are regarded as cash equivalent.

### DISCONTINUED OPERATIONS

A discontinued operation is a part of the activities of Roto Smeets Group representing a separate major operating activity or a separate major geographical operating area, or is a subsidiary acquired for the sole purpose of reselling. Classification as discontinued operation is done at divestment or, if earlier, when the operation meets the criteria for classification as available for divestment (IFRS 5). This may also include a group of assets being discontinued.





# Notes to the consolidated financial statements

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### 1. Segment information

The following summary shows the segment information in 2010:

	Print Productions	Marketing Communications	eliminations	consolidated
<b>(x € 1,000)</b>				
Revenue	329,231	16,629	-	345,860
Intersegment revenue	-	-	-	-
Total revenue	329,231	16,629	-	345,860
Net results	-23,520	973		- 22,547
<b>Assets and liabilities</b>				
Tangible fixed assets	138,876	190	-	139,066
Other assets	67,922	4,632	- 142	72,412
Assets classified as held for sale	4,481	-	-	4,481
Unallocated assets				13,145
Total assets				229,104
Liabilities	74,701	2,192	-142	76,751
Unallocated liabilities				73,232
Total liabilities				149,983
<b>Other information</b>				
Capital expenditure tangible fixed assets	16,972	73		17,045
Depreciation including exceptional impairments*	43,036	78		43,114

\* The exceptional impairment is € 16.4 mln.

### BUSINESS SEGMENTS

The activities of the Roto Smeets Group are divided in two business segments, the so-called business lines. The business line Print Productions is aimed at the efficient and effective production of volume print. The business line Marketing Communications focuses on the set-up and execution of customer processes – the development and production of communication carriers – and the processing and optimising of customer data.

Management monitors the results of the business lines separately to aid decision making in regard to the allocation of means and assessment of the Group's results. The business lines are assessed on the basis of their operational results, as set down in the consolidated annual financial accounts.

The following summary shows the segment information in 2009:

	Print Productions	Marketing Communications	eliminations	consolidated
<b>(x € 1,000)</b>				
Revenue	398,623	16,764	-	415,387
Intersegment revenue	-	-	-	-
Total revenue	398,623	16,764	-	415,387
Net results	- 28,063	601	-	- 27,462
<i>Assets and liabilities</i>				
Tangible fixed assets	165,847	196	-	166,043
Other assets	77,008	4,397	- 233	81,172
Assets classified as held for sale	9,243	-	-	9,243
Unallocated assets				5,410
Total assets				261,868
Liabilities	96,648	1,651	- 233	98,066
Unallocated liabilities				61,121
Total liabilities				159,187
<i>Other information</i>				
Capital expenditure tangible fixed assets	24,313	91	-	24,404
Depreciation including exceptional impairments*	30,092	127	-	30,219

\* The exceptional impairment is € 0.4 mln.

## Annual Accounts - Notes to the consolidated financial statements

### GEOGRAPHICAL SEGMENTS

The following summary shows revenue and certain asset information for the Netherlands and other third countries for 2010

(x € 1,000)	Netherland	Other third countries	total
<i>Revenue</i>			
Revenues	336,770	9,090	345,860
<i>Other segment information</i>			
Tangible fixed assets	133,858	5,208	139,066
Other assets	65,428	6,984	72,412
Assets classified as held for sale	4,481	-	4,481
Unallocated assets			13,145
Total assets			229,104
Capital expenditure tangible fixed assets	16,027	1,018	17,045
Depreciation including exceptional impairments	38,422	4,692	43,114

The above revenues are allocated on the basis of the client's registered address.

The following summary shows revenue and certain asset information for the Netherlands and other third countries for 2009

(x € 1,000)	Netherland	Other third countries	total
<i>Revenue</i>			
Revenue per segment	407,059	8,328	415,387
<i>Other segment information</i>			
Tangible fixed assets	157,735	8,899	166,634
Other assets	70,831	9,750	80,581
Assets classified as held for sale	9,243	-	9,243
Unallocated assets			5,410
Total assets			261,868
Capital expenditure tangible fixed assets	21,111	3,293	24,404
Depreciation including exceptional impairments	29,652	567	30,219

The above revenues are allocated on the basis of the client's registered address.

## 2. Assets held for sale

The major classes of assets and liabilities classified as held for sale at December 31, are as follows:

(x € 1,000)	2010	2009
<i>Assets</i>		
Tangible fixed assets	4,481	9,243
Assets classified as held for sale	4,481	9,243

The assets held for sale consist of the real estate in Utrecht. The real estate in Heerhugowaard was classified as “held for sale” several years ago. It is not expected that this real estate will be sold within 12 months. For that reason, the Heerhugowaard real estate has been entered in the 2010 accounts among the fixed assets as a property investment. Costs of € 0,1 million were incurred in 2010 to make the real estate in Utrecht fit for sale.

## Annual Accounts - Notes to the consolidated financial statements

### 3. Revenue

The following summaries provide a breakdown of revenue provided by the continued activities:

#### THE GEOGRAPHICAL DISTRIBUTION OF REVENUE BY SEAT OF CLIENT:

(x € 1,000)	2010	2009
The Netherlands	215,240	264,766
Belgium	19,628	21,714
Denmark	17,447	20,399
Sweden	22,623	31,701
France	10,377	12,515
Germany	28,174	29,453
United Kingdom	13,988	15,938
United States of America	2,367	3,150
Hungary	6,954	7,695
Austria	1,681	1,381
Norway	3,569	2,793
Other export	3,812	3,882
	<b>345,860</b>	<b>415,387</b>
Percentage export	37.8%	36.3%

#### THE DISTRIBUTION OF REVENUE TO PRODUCTION PROCESS:

(x € 1,000)	2010	2009
Gravure	152,020	190,607
Web offset	151,243	177,330
Sheetfed offset	21,307	24,815
Pre-publishing and direct marketing	21,290	22,635
	<b>345,860</b>	<b>415,387</b>

#### THE DISTRIBUTION OF REVENUE TO PRODUCTION CATEGORY:

(x € 1,000)	2010	2009
Magazines	139,272	161,492
Radio / TV guides	29,791	30,643
Catalogues	34,212	38,443
Promotional material	134,567	174,048
Other	8,018	10,761
	<b>345,860</b>	<b>415,387</b>

#### 4. Other revenue

(x € 1,000)	2010	2009
Rental income	546	473
Book profit on sold property in Breda	-	49
	546	522

#### 5. Costs of raw materials and consumables

(x € 1,000)	2010	2009
Paper	118,073	156,978
Ink	16,781	19,661
Other raw materials and consumables	11,326	12,979
	146,180	189,618

#### 6. Costs of work contracted out and other external costs

(x € 1,000)	2010	2009
Work contracted out	22,935	20,231
Freight and distribution costs	10,646	12,963
	33,581	33,194

## Annual Accounts - Notes to the consolidated financial statements

### 7. Personnel expenses

(x € 1,000)	2010	2009
Wages and salaries	76,214	91,322
Social security	10,336	12,468
Flexible employees	8,904	7,703
Other personnel costs	4,616	4,532
Pension obligations	6,464	6,273
Addition provision reorganisation costs*	232	21,119
Severance pay	405	101
ESF / EGF subsidies	-472	- 98
	106,699	143,420

\* The provision reserved for reorganisation costs in 2009 relates to the restructuring of the Roto Smeets Group NV announced in 2009.

The group employed an average of 1.676 employees (fte') in 2010 (2009: 2,085).

The breakdown between the groups was as follows:

	2010	2009
Print Productions	1,564	1,965
Marketing Communications	85	93
Group management, staff and general services	27	27
	1,676	2,085

## 8. Depreciation tangible fixed assets

(x € 1,000)	2010	2009
Industrial buildings	4,415	4,771
Plant and equipment	20,367	23,284
Other fixed assets	1,964	2,021
	26,746	30,076

## 9. Exceptional impairments

(x € 1,000)	2010	2009
Plant and equipment	16,356	1,051
Trade receivables	208	- 60
Covered exceptional impairments	- 196	- 848
	16,368	143

On each reporting date Roto Smeets Group determines whether there are any indications that any asset should be affected by an extraordinary depreciation. Should such be indicated, then the asset's realisable value has to be estimated. At the end of the third quarter, 2010, the book value of the net assets was higher than Roto Smeets Group's market capitalisation and so it was concluded that there was an indication that assets might possibly be due for extraordinary depreciation. Based on this indication, Roto Smeets Group conducted an impairment test on the cash-flow generating operating units Print Productions Nederland, Print Productions foreign (Antok) and Marketing Communications.

The realisable value of the cash-flow generating units is determined based on the indirect or direct market value, whichever is the greater, less the sale costs. The indirect market value is determined based on the cash value of the estimated future cash flows ascribed to the unit. The indirect market value calculation allows for a residual value after the projected period. De after-tax discount rate used in determining the indirect yield is 9%.

While IAS 36 states that the pre-tax discount rate should be used, and no account may be taken of corporation tax inflow or outflow, in practice the after-tax cash flows are discounted at the after-tax discount rate. Using an after-tax discount rate provides a more practical approach to value determination, while producing the same outcome.

For the cash flow generating units Print Productions Netherlands and Print Productions International (Antok) the market value at the end of the third quarter 2010 was lower than the book value resulted by the continued deterioration of market conditions. The exceptional impairment of Print Productions Netherlands is € 11,8 million and of Print Productions International (Antok) € 4,5 million. For Print Productions Netherlands, the indirect market value is derived from the 2011 budget forecast and the Medium Term Plan 2012-2016. The 1% change to expected EBITDA results in a € 2 mln change of the value in use. Changing the discount rate by 0.25% changes the value in use by € 3 mln. For Print Productions Foreign, the direct market value is determined inter alia on the basis of recent valuations of buildings and machinery.

An impairment analysis was also conducted on 31 December 2010 based on the same premises as that of 30 September 2010. This analysis did not result in different outcomes.

## Annual Accounts - Notes to the consolidated financial statements

### 10. Other operating costs

<b>(x € 1,000)</b>	<b>2010</b>	<b>2009</b>
Selling costs	1,272	1,435
Maintenance and repair machines	13,945	15,957
Energy costs	12,332	18,297
Housing costs	4,326	4,991
Car lease	1,885	2,058
Rental and lease costs machines	156	312
Insurance and taxes	1,813	2,105
Endowment / Change environment provision	50	- 172
Exchange differences	156	355
Other general costs	4,796	7,141
	<b>40,731</b>	<b>52,479</b>

### 11. Finance income

<b>(x € 1,000)</b>	<b>2010</b>	<b>2009</b>
Interest loans	47	83
Bank interest	35	88
Interest corporate tax	11	-
Interest rate swap	211	-
	<b>304</b>	<b>171</b>

## 12. Financing costs

(x € 1,000)	2010	2009
Bank loans / overdrafts	2,546	1,804
Interest costs lease obligations	1,562	1,565
Rate swap	-	183
Discounting provisions	372	296
	4,480	3,848

## 13. Income tax

The breakdown of the income tax items in the profit and loss account and to equity is as follows:

(x € 1,000)	2010	2009
<i>Consolidated profit and loss account</i>		
Current income tax	- 2,881	- 8,859
Deferred income tax:		
Related to items charged or credited directly to equity	- 2,647	- 377
Income tax expense reported in the consolidated profit and loss account	- 5,528	- 9,236
<i>Consolidated statement of changes in equity</i>		
Deferred income tax related to items charged or credited directly to equity:		
change on forward currency contracts	- 351	- 125
Income tax expense charged or credited to equity	- 351	- 125

## Annual Accounts - Notes to the consolidated financial statements

The effective tax burden on pre-tax profit differs from the nominal income tax rate in the Netherlands. A breakdown of this gap is illustrated in the table below:

(in %)	2010	2009
Domestic nominal income tax rate	25.5	25.5
Revision taxes prior years including rate change from 25.5% to 25%	- 1.8	-
Deviating foreign tax burden	-	- 0.3
Non-compensable fiscal losses	- 4.0	-
Non-deductable amounts	-	- 0.3
Effective tax burden	19.7	24.9

#### 14. Deferred tax liability

Deferred income tax as at December 31 relates to the following:

(x € 1,000)	consolidated balance sheet		consolidated profit and loss account	
	2010	2009	2010	2009
<i>Deferred income tax assets</i>				
Provisions	648	897	232	632
Losses available for offset against future taxable income	10,630	9,673	- 957	-
Plant and equipment	2,946	-	- 2,946	-
	14,224	10,570	- 3,671	632
<i>Deferred tax liability</i>				
Fixed assets	1,954	3,963	969	- 701
Stock	-	189	-	-
Other receivables/prepayments	903	951	-	-
Financial derivatives	115	-	-	- 125
Other provisions	528	587	55	- 71
	3,500	5,690	1,024	- 897
Result deferred income tax			- 2,647	- 265
Deferred tax liability net	10,724	4,880		

At year end 2010 the forward fiscal loss compensation was € 42.5 million (2009: € 37.9 million). These losses were set against a deferred tax claim of € 10.6 million (2009: € 9.7 million). It is expected that this forward fiscal compensation will be settled within the fiscally permitted period.

## Annual Accounts - Notes to the consolidated financial statements

### 15. Tangible fixed assets

The following summary shows the changes during 2010:

	land and buildings	plant and equipment	other fixed assets	assets in order or implementation and advance payments	total
<b>(x € 1,000)</b>					
<i>Balance as at January 1, 2010</i>					
Cumulative acquisition value	131,774	485,251	36,718	8,382	662,125
Cumulative depreciation	- 73,038	- 388,269	- 33,133		- 494,440
Exceptional impairments		- 1,051			- 1,051
Book value	58,736	95,931	3,585	8,382	166,634
<i>Changes in book value</i>					
Investments	328	16,489	1,118	-890	17,045
Divestments	- 1	- 918	- 24		- 943
Exchange rate differences			- 3		- 3
Assets classified as held for sale	- 68		-		- 68
Exceptional impairments		- 16,356			- 16,356
Depreciation	- 4,415	- 20,367	- 1,964		- 26,746
Balance	- 4,156	- 21,152	- 873	- 890	- 27,071
<i>Balance as at December 31, 2010</i>					
Cumulative acquisition value	131,418	427,256	29,855	7,492	596,021
Cumulative depreciation	- 76,838	- 336,121	- 27,143		- 440,102
Exceptional impairments		- 16,356			- 16,356
Book value	54,580	74,779	2,712	7,492	139,563

The depreciation periods are as follows:

Land and buildings	: 30 – 50 year
Plant and equipment	: 7 – 12.5 year
Other fixed assets	: 3 – 5 year

Plant and equipment includes equipment available to the company and classified under a financial lease agreement. The relevant long-term liabilities with a book value of € 29.6 million at year-end are accounted for under 'interest-bearing loans'.

The extraordinary depreciation relates to the results of the impairment test which showed that the cash-flow generating units Print Productions Netherlands and Print Productions foreign (Antok) have a lower realisable value than their book value. We refer to note 9 for more information on extraordinary depreciation.

### Tangible fixed assets

The following summary shows the changes during 2009:

	land and buildings	plant and equipment	other fixed assets	assets in order or implementation and advance payments	total
<b>(x € 1,000)</b>					
<i>Balance as at January 1, 2009</i>					
Cumulative acquisition value	147,166	470,601	36,350	4,040	658,157
Cumulative depreciation	- 81,414	- 365,994	- 32,191	-	- 479,599
Book value	65,752	104,607	4,159	4,040	178,558
<i>Changes in book value</i>					
Investments	2,168	16,424	1,470	4,342	24,404
Divestments	-	- 765	- 31	-	- 796
Exchange rate differences	-	-	8	-	8
Assets classified as held for sale	- 4,413	-	-	-	- 4,413
Exceptional impairments	-	- 1,051	-	-	- 1,051
Depreciation	- 4,771	- 23,284	- 2,021	-	- 30,076
Balance	- 7,016	- 8,676	- 574	4,342	- 11,924
<i>Balance as at December 31, 2009</i>					
Cumulative acquisition value	131,774	485,251	36,718	8,382	662,125
Cumulative depreciation	- 73,038	- 388,269	- 33,133	-	- 494,440
Exceptional impairments	-	- 1,051	-	-	- 1,051
Book value	58,736	95,931	3,585	8,382	166,634

The depreciation periods are as follows:

Land and buildings	: 30 – 50 year
Plant and equipment	: 7 – 12.5 year
Other fixed assets	: 3 – 5 year

Plant and equipment includes equipment available to the company and classified under a financial lease agreement. The relevant long-term liabilities with a book value of € 32.1 million at year-end are accounted for under 'interest-bearing loans'.

Exceptional depreciation relates to amendment of the anticipated remaining economic life of assets that will no longer be serviceable in the exercise of business activities after the closure of Roto Smeets Utrecht.

## Annual Accounts - Notes to the consolidated financial statements

### 16. Real estate holdings

(x € 1,000)	2010	2009
Property investments	4,831	-

The property investments comprise the real estate in Herhugowaard. Some years ago this real estate was classified as "held for sale". Gross rent receipts are € 0.5 million per annum. Direct operational costs (including repair and maintenance) are € 0.1 million per annum. Roto Smeets Group remains committed to the sale plan.

Property investments are valued realistically, based on an external valuer's report in 2010. The value of the property is determined by capitalising the net rental value, supported by a discounted cash flow method. The valuation is based in principle on initial net receipts (yield) of 8.1% of the net rental value.

### 17. Associated companies and joint ventures

This item related to the share in non-consolidated associated companies. Participating interests with a negative net equity value are valued at nil. The material impact is so insignificant that has been refrained from providing further details in pursuance of IAS 28.37b. As at December 31, 2010 the company has a 40% interest in Business Media BV.

### 18. Financial fixed assets

This concerns receivables with a life term of more than one year. The part of the receivables with a term of less than one year is classified under other receivables / prepayments.

(x € 1,000)	2010	2009
Balance as at January 1	1,071	1,157
Earn-out arrangement	250	-
Received payments	- 809	- 26
Receivables incorporated under other current assets	-	- 60
Balance as at December 31	512	1,071

The balance as at December 31 is specified as follows:

(x € 1,000)	2010	2009
Loans personnel	12	16
Loan Oxyma Group BV	-	805
Claim Oxyma Group BV (earn-out arrangement)	500	250
	512	1,017

#### *Loan granted to Oxyma Group BV*

On July 10, 2007, a loan of € 1.0 million was granted to Oxyma Group BV (former Signum Group BV) in connection with the sale of Zorganize BV and InBetween Marketing Services BV to Oxyma Group BV. In 2009, the loan is fully repaid.

#### *Earn-out arrangement Oxyma Group BV*

At the divestment of Zorganize BV and InBetween Marketing Services BV, in addition to the cash segment of the transaction, an earn-out arrangement was agreed. The term of the earn-out arrangement relates to the calendar years 2008 through 2012. If the operating result in the year concerned exceeds € 1.4 million, 25% of the amount over this benchmark will be paid to Roto Smeets Group as an earn-out. This percentage increases from 25 to 50 at an operating result of € 1.8 million in any year. The determined amount will be converted into an interest-free loan to Oxyma Group BV. The accumulated earn-out obligation will be paid to Roto Smeets Group in total after the determination of the amount of the obligation for the fifth year.

The earn out has been maximised to € 1.25 million for the entire term. The aforementioned earn-out arrangement is at year-end 2010 valued at € 0,5 million (2009: € 0.25 million).

#### *Loan granted to Adnovate Holding BV*

On December 7, 2007, a loan of € 0.1 million was granted to Adnovate Holding BV in connection with the sale of Logic Use BV. The loan is partially used for financing of the acquisition price. The interest rate amounts to 150 basis points above three months' Euribor per year, with a minimum of 5%. Interest will always be payable in arrear each quarter. In 2010, the loan is fully repaid.

## Annual Accounts - Notes to the consolidated financial statements

### 19. Stocks

(x € 1,000)	2010	2009
Raw materials and consumables	6,937	9,037
Finished goods and goods for sale	25	33
Balance as at December 31	6,962	9,070

### 20. Trade receivables

Trade receivables are non-interest bearing assets with an average collection period between 30 – 90 days.

(x € 1,000)	2010	2009
Trade debtors	57,497	65,096
Provision for exceptional impairments	- 2,318	- 2,734
Balance as at December 31	55,179	62,362

Transaction table of the provision for exceptional impairments:

(x € 1,000)	2010	2009
Balance as at January 1	2,734	3,642
Withdrawn	692	742
Taken back	- 196	- 848
Utilised	- 912	- 802
Balance as at December 31	2,318	2,734

The provision for extraordinary depreciation is fixed at the level of the individual debtor.

With regard to trade debtors on which no exceptional impairments had been made and that have not defaulted on their payments there are no indications that they will not meet the payment obligations.

Of the total trade debtors, 76.0% (2009: 78.2%) have not been impaired upon nor have defaulted on their obligations, 21.5% (2009: 19.1%) have payments that are less than 3 months overdue whereas 2.6% (2009: 2.7%) of the receivables is more than 3 months overdue.

As of 31 December, trade claims to the value of € 2.1 million (2009: € 2.7 million) were subject to exceptional depreciation, for which complete provision was made.

## 21. Other receivables / prepayments

(x € 1,000)	2010	2009
Other receivables	272	2.702
Billable	4.543	4.311
Prepayments	724	375
Balance as at December 31	5.539	7.388

## 22. Financial derivatives

The main risks to which Roto Smeets Group is subjected to is formed by the liquidity and the market risk (consisting of an interest rate risk, a currency risk and a price risk). The financial policy of Roto Smeets Group is aimed, in the short term, at restricting the effects of exchange rate and interest rate fluctuations and in the longer term to follow market exchange and interest rates. Roto Smeets Group uses financial derivative products to control the risks connected to the operating activities, whereby no speculative positions are taken with these financial derivative products.

The company uses various financial instruments in order to limit currency and interest rate risks. For currency risks, it uses FX cylinder contracts which consist of a combination of an FX call option and an FX put option. The company also uses FX Window Forward Extra contracts, a combination of an FX call option and an FX put option with an agreed 'trigger'. When this trigger occurs in the agreed period, the FX Window Forward Extra changes into a currency future transaction with an agreed price.

### INTEREST RATE SWAPS

Interest rate swaps are used to cover the interest rate risk of variable rate financing, whereby Roto Smeets Group has committed to settle the difference between the one-month or two-month interbank rate and the contractually agreed interest rates at such times as have been agreed in advance. To cover the interest rate risk of variable rate financing, two interest rate swaps have been entered into, for € 10.0 and € 9.0 million. The € 10.0 million swap is based in a fixed interest of 4.03% referred to 1 month Euribor, ending on 2 January 2012. The € 9.0 million swap is based on a fixed rate of 1.48% referred to 3-month Euribor, ending on 1 April 2013. No hedge accounting is applied.

The rate swap contracts entered into as at December 31 are specified as follows:

(x € 1,000)	2010	expiration	1-months interest	3-months interest	market value 2010
	10.000	2 January 2012	4.03%		- 343
	9.000	1 April 2013		1.48%	- 3

  

(x € 1,000)	2009	expiration	1-months interest	market value 2009
	10.000	2 January 2012	4.03%	- 557

## Annual Accounts - Notes to the consolidated financial statements

### FORWARD CURRENCY CONTRACTS

At the end of 2010 Roto Smeets Group hedged GBP 25.8 million (2009: GBP 0.1 million) of its estimated net cash flow in GBP after 2010 by way of average rate currency future contracts and average rate currency options, at an average GBP exchange rate over the four quarters of 2010 of GBP 0.86 per Euro. The increase in comparison to 2009 is the result of the closing of a contract with Northern Shell. At the end of 2010, Roto Smeets Group hedged SEK 129.0 million (2009: SEK 20.1 million) of its estimated net cash flow in SEK after 2010 by way of average rate currency future contracts, at an average SEK exchange rate over the four quarters of 2010 of SEK 9.54 per Euro. The increase in comparison to 2009 is the result of the closing of a contract with Posten. These hedges have fixed a part of the GBP and SEK income of Roto Smeets Group in 2010 at these exchange rates. Cash flow hedge accounting is applied to these hedges. As a result of this cover, in 2010 the sum incorporated in the business revenues of the segments involved according to the realisation of expected cash flow is zero (2009: zero). It was determined that these hedges were highly effective.

(x € 1,000)	2010	2009
EUR / GBP contracts	- 376	-
EUR / SEK contracts	- 1,033	- 30
	- 1,409	- 30

currency (x 1,000)	expiration	sale after 31-12-2010	sale after 31-12-2009	market value 2010 (x € 1,000)	market value 2009 (x € 1,000)
GBP	2010		60		-
	2011	6,074		-111	
	2012	4,980		-132	
	2013	4,800		-67	
	2014	4,750		-30	
	2015	4,625		-30	
	2016	550		-6	
		25,779	60	-376	-
SEK	2010		20.120		-30
	2011	86,500		-590	
	2012	42,500		-443	
		129,000	20.120	-1,033	-30

### 23. Cash and cash equivalents

(x € 1,000)	2010	2009
Balance as at December 31	1,313	1,220

Cash and cash equivalents comprise of demand deposits at financial institutions with strong credit ratings and a solid reputation. We refer to note 34 for more information on credit risk management.

### 24. Share capital issued

(x € 1,000)	2010	2009
Balance as at January 1	16,451	16,451
Changes	-	-
Balance as at December 31	16,451	16,451

The share capital relates to 3,290,275 issued and fully-paid shares of € 5 nominal value each.

The company's authorised share capital amounts to € 75 million, consisting of 15 mln shares, divided into 7.5 mln ordinary shares and 7.5 mln preference shares, with a nominal value of € 5 each.

### 25. Share premium

(x € 1,000)	2010	2009
Balance as at January 1	12,833	12,833
Changes	-	-
Balance as at December 31	12,833	12,833

From a fiscal point of view this share premium can be considered as paid-up capital.

## Annual Accounts - Notes to the consolidated financial statements

### 26. Retained earnings and other reserves

#### RETAINED EARNINGS

(x € 1,000)	2010	2009
Balance as at January 1	73,997	101,314
Result for the year	- 22,547	- 27,317
Balance as at December 31	51,450	73,997

#### OTHER RESERVES

(x € 1,000)	currency translation reserve	reserve for non- realised results	total
<b>2010</b>			
Balance as at January 1	- 507	- 93	- 600
Price result participations	14		14
Change of valuation of forward currency contracts		- 1,027	- 1,027
Balance as at December 31	- 493	- 1,120	- 1,613
<b>2009</b>			
Balance as at January 1	- 699	273	- 426
Price result participations	192	-	192
Change of valuation of forward currency contracts	-	- 366	- 366
Balance as at December 31	- 507	- 93	- 600

The currency translation reserve reflects the currency translation effects arising from the translation of annual accounts of foreign subsidiaries, including receivables that can be regarded as increases in net investments.

The reserve for unrealised results reflects the change in the fair value of the hedge instruments for which this transaction has been determined to be effective. The amounts that have been included in shareholders' equity are transferred to the profit and loss account of the same period that includes the proceeds of costs of this hedge or in which the expected sale or purchase will take place.

#### OPTION RIGHT STICHTING PREFERENTE AANDELEN

The 'Stichting Preferente Aandelen' has an option right to acquire a maximum of 3,290,274 preference shares of which 25% is payable, or € 4,112,843 million. To be able to exercise this option right, the 'Stichting Preferente Aandelen' has a financing arrangement. In the General Meeting of Shareholders of Roto Smeets Group of April 20, 2000 the proposal was adopted to grant the Stichting an option to acquire a number of Roto Smeets Group preference shares equalling the number of issued ordinary Roto Smeets Group shares minus one share.

On the preference shares, from the disposable profit, taking precedence over the ordinary shares, a percentage is paid over the amount paid-in for these shares. This percentage is based on the repo rate of interest determined by the European Central Bank, increased by 2.25%. No further profit distribution takes place on the preference shares.

#### 27. Minority interests

(x € 1,000)	2010	2009
Balance as at January 1	-	247
Price result	-	17
Share in result	-	- 145
Purchased interest of Antok by Roto Smeets Group	-	- 100
Other	-	- 19
Balance as at December 31	-	-

As of 31 December 2009, Roto Smeets Group purchased the minority holding in Antok for the sum of € 0.1 million.

## Annual Accounts - Notes to the consolidated financial statements

### 28. Provisions

	costs of reorganisation	pension and early retire- ment liabilities	environ- ment	WAO	anniversaries	dismantling costs	other	total
<b>(x € 1,000)</b>								
<b>2010</b>								
Balance as at January 1	16,726	4,336	4,564	-	2,103	2,753	-	30,482
Utilised	- 13,814	- 1,589	- 16	-	- 193	- 248	-	- 15,860
Decrease / increase as a result of discount	-	142	128	-	102	97	-	469
Addition	232	93	50	-	117	90	-	582
Released	- 2,146	- 66	-	-	-	- 456	-	- 2,668
Balance as at December 31	998	2,916	4,726	-	2,129	2,236	-	13,005
Current	998	1,040	1,887	-	378	-	-	4,303
Non-current	-	1,876	2,839	-	1,751	2,236	-	8,702
Balance as at December 31	998	2,916	4,726	-	2,129	2,236	-	13,005
<b>2009</b>								
Balance as at January 1	3,227	6,965	5,509	147	2,908	2,657	63	21,476
Utilised	- 7,620	- 1,969	- 601	- 138	- 382	-	-	- 10,710
Decrease / increase as a result of discount	-	249	- 172	-	123	96	-	296
Addition	21,119	329	-	-	-	-	-	21,448
Released	-	- 1,238	- 172	-9	- 546	-	- 63	- 2,028
Balance as at December 31	16,726	4,336	4,564	-	2,103	2,753	-	30,482
Current	14,991	1,063	1,903	-	257	-	-	18,214
Non-current	1,735	3,273	2,661	-	1,846	2,753	-	12,268
Balance as at December 31	16,726	4,336	4,564	-	2,103	2,753	-	30,482

#### COSTS OF REORGANISATIONS

The provision for reorganisation costs concerns the costs connected with started reorganisations. The making of a provision for reorganisation costs takes place at the time that a detailed plan to adapt the organisation is formalised and the expectance is justified that the reorganisation will be carried out.

#### PENSION AND EARLY RETIREMENT COMMITMENTS

Roto Smeets Group has an early retirement scheme, carried out by the 'Fonds Werktijdvermindering Oudere Werknemers in de Grafische Bedrijven' (FWG) on the basis of cost allocation. Roto Smeets Group has designated its commitments to the early retirement scheme as a so-called 'termination benefit' and has included the present value of the early retirement commitments as at the balance sheet date.

The calculations for the financing of the fund were based on premium payments through 2012. In 2008, FWG increased this term by one year. This is compensated by a premium reduction for the years through 2012.

De employers premium for the years through 2012 stands at 2% and for the last year at 1.1%.

#### ENVIRONMENT

The environment provisions concern the provisions connected to soil pollution found at Roto Smeets Group sites. These provisions are sufficient for the soil decontamination plans which have been developed and are being implemented.

#### ANNIVERSARIES

Bonuses paid on the basis of the GrafiMedia CAO to employees as they reach 12.5, 25 and 40 years of employment.

Payments for the three anniversaries are as follows: at 12.5 years one quarter gross monthly salary, at 25 years one net monthly salary and at 40 years two monthly salaries, one net and one gross. The provision, on the basis of experience, takes into account the risk of termination of employment and of death.

#### DISMANTLING COSTS

Some gravure presses of Roto Smeets Group require dismantling costs to be made at the end of their use. For this, Roto Smeets Group has made a provision for dismantling costs. At the start of use of the asset concerned, IAS-16 requires that the obligation must be completely provided for at the cash value 4.8% (2009: 4.8%), which provision must be added to the price of the asset.

## Annual Accounts - Notes to the consolidated financial statements

### 29. Interest bearing loans and borrowings

The following summary shows the interest bearing loans and financial leases as at December 31, 2010:

(x € 1,000)	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years	total
<i>Fixed rate</i>							
Loans	750	750	11,000	-	-	-	12,500
Financial leases	11,701	4,749	3,612	3,965	3,268	2,350	29,645
	12,451	5,499	14,612	3,965	3,268	2,350	42,145

The information below has been incorporated to provide an insight into the other liquidity flows attached to interest-bearing loans and lease obligations.

Interest	1,940	1,416	790	451	281	259	5,137
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The average interest rate on the loans with a life in excess of one year was 5.24%.

The financial lease obligations mainly relate to contracts for production equipment. The net book value of these assets was € 46.5 million at 31 December 2010. Upon contract expiration, Roto Smeets Group has the right to buy these assets at a fixed contract value. For the securities for the interest-bearing loans, we refer to note 31: finance companies.

The following summary shows the interest bearing loans and financial leases as at December 31, 2009:

(x € 1,000)	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years	total
<i>Fixed rate</i>							
Loans	10,500	-	-	-	-	-	10,500
Financial leases	8,671	11,020	4,027	2,849	3,159	2,416	32,142
	19,171	11,020	4,027	2,849	3,159	2,416	42,642

In order to provide insight into other cash flows related to interest bearing loans and lease obligations the following information is included:

Interest	1,671	1,082	584	408	247	209	4,201
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The average interest rate on the loans with a life in excess of one year was 5.04%.

The financial lease obligations mainly relate to contracts for production equipment. The net book value of these assets was € 43.4 million at 31 December 2009. Upon contract expiration, Roto Smeets Group has the right to buy these assets at a fixed contract value. For the securities for the interest-bearing loans, we refer to note 31: finance companies.

#### FINANCIAL LEASES

On 12 July 2010 a financial lease agreement was signed with ABN AMRO Leasing to finance the 72-page press at Roto Smeets Weert. Principal is € 6.5 million with annuitized repayments to run for 96 months. Solvency requirement is 30%.

### INTEREST BEARING LOANS

An agreement with ING Bank was signed on 18 August 2010 for a facility of € 12.5 million. Of this facility, €9.75 million has been used to repay the existing facility from ING Investment Management, while the remainder is available to finance working capital. The facility must be repaid according to contract, with the following repayment schedule: repayment of € 0.75 million on 31 March 2011 and 31 March 2012, with the balance of € 11 million due on 31 March 2013. The real estate of Roto Smeets Utrecht, the premises of RSGS Eindhoven and Utrecht and the building in Heerhugowaard are attached to this loan.

### 30. Trade and other liabilities

The following summary gives information on trade creditors and other obligations:

(x € 1,000)	2010	2009
Trade creditors	26,788	34,921
Holiday pay and allowances	9,626	11,541
Salaries and profit sharing payments	316	458
Other	8,752	12,642
Balance as at December 31	45,482	59,562

Trade liabilities are non-interest bearing and are paid within 30 – 60 days.

### 31. Finance companies

(x € 1,000)	2010	2009
Factoring	33,292	-
Current account	10,221	22,934
Finance companies	43,513	22,934

### FACTORING

On 18 February 2010 Roto Smeets Group signed a factoring agreement with Fortis Commercial Finance N.V. This agreement covers a credit facility on current account with financing to at most 90% of the receivables pledged to Fortis up to a maximum of EUR 75 million. This credit, which extends for at least two years, is attached to a minimum solvency requirement of 30%. Interest is 1.8% above the Euribor one-month rate, increased with a liquidity premium of 50 basic points. Factoring compensation is 0.035% with a minimum of EUR 120,000 per annum.

### CURRENT ACCOUNT ABN AMRO

The company cancelled the committed facility with ABN AMRO and the ING in the amount of € 50 million on 16 March 2010. A credit agreement in the amount of € 12.5 million was concluded with ABN AMRO on 4 March 2010. This credit facility has been agreed against a minimum solvency of 30%. It will be paid off at € 0.125 mln per quarter, starting on 1 January 2012. This credit entails a credit mortgage of € 25 million in principal plus 40% for interest and costs in relation to the property of Roto Smeets Deventer in Deventer, Roto Smeets Etten in Etten-Leur, Roto Smeets Weert in Weert, Senefelder Misset in Doetinchem and De Wit Grafische Projecten in Eindhoven as security as well as the pledge right to inventories. This agreement also involved a surplus guarantee for the benefit of Amstellease with registered office in Utrecht.

The interest rate is 225 basis points above one-month Euribor with a commitment fee of 1% per year over the average undrawn amount per quarter.

## Annual Accounts - Notes to the consolidated financial statements

### 32. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the data on the result after taxation and listed shares used in the calculation of earnings per share:

(x € 1,000)	2010	2009
Net profit attributable to ordinary equity holders of the parent from continuing operations	- 22,547	- 27,317
Net profit attributable to ordinary equity holders of the parent	- 22,547	- 27,317
Weighted average number of ordinary shares for (diluted) earnings per share	3,290,275	3,290,275

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

### 33. Contingent liabilities / rights

#### GUARANTEED TURNOVER ADNOVATE HOLDING BV

At the divestment of Logic Use BV to Adnovate Holding BV, Adnovate Holding BV obtained a guaranteed turnover with a term to 2013.

In 2010 agreement was reached with Adnovate Holding BV on early termination of the services and related revenue guarantee. The subordinated loan of € 60,000 pro resto was also settled.

#### INVESTMENT COMMITMENT

Investment commitments had been entered to at balance sheet date to an amount of € 3,1 million (2009: € 9,7 million).

#### LEASE AND OPERATIONAL LEASING ARRANGEMENTS

Long-term commitments pursuant to lease contracts and operational leasing arrangements had been entered into to an amount of € 2.3 million (2009: € 3.3 million). In the profit and loss account, "Other business costs" contains an item of € 1.1 million (2009: € 1.3 million) for rent paid.

Long-term obligations on account of operational lease agreements were entered into for the amount of € 1.8 million (2009: € 2.4 million).

Of the operational lease contracts € 1.0 million is due within one year. € 0.8 million has a maturity between 1 and 5 years and none of the operational lease contracts has a term longer than 5 years.

The profit and loss account includes € 1.9 million (2009: € 2.4 million) of lease payments, under other operating costs.

The rental obligations relate to company buildings, the operational lease agreements on cars.

#### BANK GUARANTEES

At balance date, the outstanding bank guarantees are € 0.4 million (2009: € 0.5 million).

#### LIABILITY IN ACCORDANCE WITH ARTICLE 403 OF THE NETHERLANDS CIVIL CODE

Pursuant to Section 403, subsection 1 (f) of Book 2 of the Netherlands Civil Code, the company has assumed joint and several liability with respect to liabilities pursuant to legal transactions entered into of all domestic group companies. The relevant declarations have been submitted for inspection of the offices of the Commercial Register in the district where the legal entity on whose behalf the joint and several liability was assumed has its registered offices.

#### EUROPEES GLOBALISATION FUND (EGF)

In 2009 Social partners in Grafimedia and the publishing industry have submitted a request to the Ministry of Social

Affairs and Employment for a subsidy from the European Globalisation Funds. This fund supports initiatives to help dismissed employees to find other employment as soon as possible. Among other things, this has led the Group to set up the C3 Mobility centres in the branches. In respect of the request, a covenant has been drawn up between the petitioners and the Ministry of Social Affairs. The application has now been approved by the European Commission. The amount of the grant receivable depends on the actual eligible costs. In 2010 € 0.5 million is received in advance. The maximum grant is € 1.4 million.

### 34. Financial risk management objectives and policies

Roto Smeets Group's principal financial instruments (other than derivatives) comprise bank loans and overdraft, financial leases and trade liabilities.

With exception of the financial derivatives, all these items qualify as loans and receivables that are counted for at cost price less amortisation.

The main purpose of these financial instruments is to raise finance for Roto Smeets Group's operations. Roto Smeets Group has various other financial assets such as trade receivables, which arise directly from its operations. Roto Smeets Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising for Roto Smeets Group's operations and its sources of finance.

It is Roto Smeets Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from Roto Smeets Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### CAPITAL MANAGEMENT

The Group's goal is to maintain a strong financial position and thereby to create shareholder value. At corporate level we aspire to an EBITDA / AV margin of at least 20% with a return on capital employed of 8%, in association with a minimum solvency of 30%, a debt / EBITDA ratio of at most 3 and EBITDA / interest ratio of at least 4.75. The Group focuses on free cash flow, maintaining an iron discipline in respect of long term investments with strict monitoring of costs and working capital. A solid financial balance sheet is crucial in the present economic climate to retain the confidence of our customers, suppliers, shareholders and employees.

#### MARKET RISK

Market risk refers to the rise in commodity prices. Historically,

## Jaarrekening - Toelichting op de geconsolideerde jaarrekening

raw materials take up more than 50% of turnover so obviously business operations depend very much on their availability and price. The price of energy is an important component of many of these raw materials (paper, ink), which adds to our own dependence on the availability and price of energy. Movements on the markets for raw materials and energy thus also have a direct effect on margins in the industry. Higher costs of raw materials and ancillaries lead to higher operational costs, which cannot always be passed on to the customer in this market with its severe pressure on prices.

Roto Smeets Group signs central contracts with all suppliers of raw materials and energy. Should one or more of the Group's suppliers raise its prices to such an extent that Roto Smeets Group resolves to end the contract, the Group may be forced to look for other suppliers, which can lead to higher costs and lower revenues, with a resulting adverse impact on the Roto Smeets Group's financial position.

Any reduction or increase in commodity prices by 1% and all other variables held constant, the result for the year, after tax would have been € 1.1 million higher / lower (2009: € 1.4 million higher / lower).

### INTEREST RATE RISK

Roto Smeets Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Roto Smeets Group's policy is to keep between 40% and 60% of its borrowings at fixed coupon.

To manage this mix in a cost-efficient manner, Roto Smeets Group enters into interest rate swaps, in which Roto Smeets Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Roto Smeets Group's exposure to the risk for changes in market interest rate relates primarily to Roto Smeets Group's long-term obligations with a floating coupon.

Roto Smeets Group converted € 19 million of variable debt through two interest rate swaps into a fixed interest rate. € 10.0 million with an interest rate of 4.03% with an enddate of January 2, 2012 and € 9 million at an interest rate of 1.48%, ending April 1, 2013.

If at December 31, 2010 the Euribor interest rate had been 100 basis points higher/lower with all other variables constant, the result after tax for the year would have been € 0.28 million lower/higher (2009: € 0.19 million higher/lower).

### LIQUIDITY RISK

The primary objective of cash management is making sure that there is sufficient cash, at any time and place, for Roto Smeets Group to meet its obligations.

On 18 February 2010 Roto Smeets Group signed a factoring agreement with Fortis Commercial Finance N.V. This agreement covers a credit facility on current account with financing to at most 90% of the receivables pledged to Fortis up to a maximum of € 75 million. A credit agreement was also entered into with ABN AMRO to the value of € 12.5 million.

Furthermore, a credit agreement amounting to € 12.5 million was signed with ABN AMRO. For a more detailed review of the interest-bearing loans and lease obligations arranged in order on the basis of the end of the term reference is made to note 29. Further details concerning the derivatives can be found in note 22. For the short-term receivables and debts, there is a regular maturity calendar of 60 days.

### FOREIGN CURRENCY RISK

Roto Smeets Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 20% of Roto Smeets Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 95% of costs are denominated in the unit's functional currency. Roto Smeets Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of € 0.1 million, for which payment is anticipated more than one month after Roto Smeets Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is Roto Smeets Group's policy not to enter into forward contracts until a firm commitment is in place.

It is Roto Smeets Group's policy to negotiate the terms of the hedge derivatives to match the terms of hedged item to maximise hedge effectiveness.

If the euro had fallen/increased by 10% versus Sterling/Swedish Krona as at December 31, 2010 with all other variables constant, this would have had only a minimal impact on the result, in view of the hedging.

A 10% increase or decline of the euro versus the Hungarian Forint would have increased/decreased the capital by € 0.3 million as at December 31, 2010 (2009: € 0.2 million).

## CREDIT RISK

The credit risk relates to non-observance of an obligation by another party. This concerns both actual late payments and negative valuation changes as a result of increased probability of late payments. Roto Smeets Group has procedures and guidelines to limit the extent of credit risk for each party or in each market. These procedures and the spreading over a large number of clients limit the exposure of Roto Smeets Group to credit risks.

Roto Smeets Group limits the credit risk by using credit limits per debtor, per financial institution and by dealing exclusively with financial institutions with a high creditworthiness. As at the balance sheet date, there were no significant concentrations of credit risk. With regard to treasury activities Roto Smeets Group ensures that financial transactions are only completed with counterparties which have a Moody's credit rating of P1 (for short-term instruments) or A3 (for long-term instruments). On a business group level, the receivables are constantly monitored by the management of the groups, mainly due to breakdown by age (see note 20). The recognised credit risks, which are shown in the table, are thereby adequately accounted for. It is therefore not likely that significant losses will be incurred with regard to receivables not taken into account. The maximum credit risk to which Roto Smeets Group is exposed equals the book value of the financial assets included in the balance sheets, including derivative financial instruments with a positive market value. As at the reporting date, there were no significant agreements or financial instruments available to reduce the maximum credit risk to which the company is exposed.

In general, the maximum exposure to credit risk consists of the book value of financial assets, including financial derivatives, in the balance sheet.

The following table shows the maximum credit risk:

	2010	2009
Financial fixed assets	512	1,071
Trade receivables	55,179	62,362
Other receivables	5,539	7,388
Cash and cash equivalents	1,313	1,220
	62,543	72,041

## Annual Accounts - Notes to the consolidated financial statements

### FAIR VALUE

The fair value of the assets and liabilities hardly deviates from the book value.

#### *Fair value financial instruments*

The table below shows an overview of the book value and the estimated fair value of financial instruments:

	book value at 31-12-2010	fair value at 31-12-2010	book value at 31-12-2009	fair value at 31-12-2009
<i>Assets</i>				
Financial fixed assets	512	512	1,071	1,071
Trade receivables	55,179	55,179	62,362	62,362
Other receivables	5,539	5,539	7,388	7,388
<i>Liabilities</i>				
Risk-bearing loans	42,145	42,145	42,642	42,642
Financial companies	43,513	43,513	22,934	22,934
Trade and other liabilities	45,482	45,482	59,562	59,562
Financial derivatives	1,755	1,755	587	587

The market value of financial instruments is determined on the basis of the following methods and starting points: cash, short-term investments, short-term receivables, short-term loans and other short-term financial obligations are included at their book value. These instruments approach their market value. The market value of financial derivative products instruments is based on quotations obtained from intermediaries. The financial derivatives fall under level 2 'other methods' whereby variables are utilised that have a significant effect on the derived actual value and are directly or indirectly observable.

### 35. Related party disclosures

The consolidated financial statement includes the financial statements of Roto Smeets Group and the subsidiaries listed below:

Situation as at December 31	statutory domicile	country of incorporation	% equity interest	
			2010	2009
Roto Smeets Group BV	Deventer	the Netherlands	100	100
<i>Sales offices</i>				
Roto Smeets BV	Amsterdam	the Netherlands	100	100
<i>Associated companies:</i>				
Roto Smeets Belgium NV/SA	Brussel	Belgium	100	100
Roto Smeets Denmark A/S	Kopenhagen	Denmark	100	100
Roto Smeets Deutschland GmbH	Bielefeld	Germany	100	100
Media Extra NV	Brussel	Belgium	100	100
Roto Smeets France SA	Parijs	France	100	100
Roto Smeets Ltd.	Sawbridgeworth	United Kingdom	100	100
Roto Smeets Sweden AB	Täby	Sweden	100	100
<i>Print Productions</i>				
Roto Smeets Deventer BV	Deventer	the Netherlands	100	100
Rotopack BV	Deventer	the Netherlands	100	100
Roto Smeets Etten BV	Etten Leur	the Netherlands	100	100
Roto Smeets Utrecht BV	Utrecht	the Netherlands	100	100
Van Boekhoven Services BVBA	Utrecht	Belgium	0	100
Roto Smeets Weert BV	Weert	the Netherlands	100	100
Senefelder Groep BV	Doetinchem	the Netherlands	100	100
Senefelder Misset BV	Doetinchem	the Netherlands	100	100
Periodieken Services Holland BV	Doetinchem	the Netherlands	100	100
Roto Smeets GrafiServices Eindhoven BV	Eindhoven	the Netherlands	100	100
Roto Smeets GrafiServices Utrecht BV	Eindhoven	the Netherlands	100	100
Roto Smeets Grafische Nabewerking BV	Eindhoven	the Netherlands	100	100
De Wit Grafische Projecten BV	Eindhoven	the Netherlands	100	100
Roto Smeets Services BV	Hilversum	the Netherlands	100	100
Antok Nyomdaipari Kft.	Celldomök	Hungary	100	100
<i>Marketing Communications</i>				
Drukkerij H. van der Marck BV	Amstelveen	the Netherlands	100	100
<i>Associated companies:</i>				
Media Partners Group BV	Amstelveen	the Netherlands	100	100
Stamp BVBA	Brussel	Belgium	100	100
Draft Artwork & Designhouse NV	Curacao	the Netherlands	100	100
Leads to Loyals BV	Capelle ad IJssel	the Netherlands	100	100

## Annual Accounts - Notes to the consolidated financial statements

### Other companies without activities

Situation as at December 31	statutory domicile	country of incorporation	% equity interest	
Roto Smeets Prepress BV	Hilversum	the Netherlands	100	100
Roto Smeets De Boer Beheer BV	Hilversum	the Netherlands	100	100
<b>Associated companies:</b>				
Henkes Senefelder BV	Purmerend	the Netherlands	100	100
Roto Smeets De Boer Personeels BV	Hilversum	the Netherlands	100	100
Multi Media Center BV	Hilversum	the Netherlands	100	100
Business Media BV	Utrecht	the Netherlands	40	40
PlantijnCasparie Heerhugowaard BV	Heerhugowaard	the Netherlands	100	100
PlantijnCasparie Vlaardingen BV	Vlaardingen	the Netherlands	100	100
PlantijnCasparie Breda BV	Breda	the Netherlands	100	100
PlantijnCasparie Schiedam BV	Schiedam	the Netherlands	100	100

Apart from participations with managerial control, the Management Board and Supervisory Board can be classified as parties associated to Roto Smeets Group NV.

In the reporting year there were no transactions between the Management Board, the Supervisory Board and Roto Smeets Group NV other than those arising from their labour contracts and outlined under note 36.

### 36. Remuneration of members of the Management Board and the Supervisory Board

Management Board	fixed periodical	pension-commitments	variable	fixed periodical	pension-commitments	variable <sup>4)</sup>
(bedragen x € 1)	2010			2009		
J.P. Caris	415,694	133,772 <sup>5)</sup>	390,200 <sup>1)</sup>	412,543	129,389 <sup>5)</sup>	82,400
E.H.O.M. Bouwman <sup>2)</sup>	-	-	-	189,014	61,560	61,800 <sup>4)</sup>
B.J.W. van der Heijden <sup>3)</sup>	267,807	48,853	-	43,550	8,765	-
	683,501	182,625	390,200	645,107	199,714	144,200

- 1) In connection with the early retirement option, exercised as of 1 January 2011, the following payments were made in December 2010: a pension premium for the early retirement period of € 173,324, a pension transfer of € 101,676, and the 'phantom shares' € 115,200.
- 2) Left employment 1 September 2009.
- 3) Entered employment 1 November 2009.
- 4) Excluding the previous employer's optional buy-out scheme of € 30,000 per annum, the remainder of which was paid out as a lump sum on departure (€ 180,000).
- 5) Includes the sum of € 52,444 (2009: € 52,444) relating to the pre-pension scheme, which will be used to fund an old-age pension at age 65.

In addition to the remuneration stated above, 'Phantom Shares' were granted to the members of the Management Board. The following table shows the number of 'Phantom Shares' granted to individual members of the Management Board:

outline phantom shares	outstanding on 1 January	granted during year	settled during year	outstanding on 31 December	granting date	expiration	value on 31-12-2010
J.P. Caris	8,000	1,000	- 9,000	-	1 May 2007	3 years	-
B.J.W. van der Heijden	281	1,688	-	1,969	1 November 2009	4 years	26,578
	8,281	2,688	- 9,000	1,969			26,578

As at December 31, 2010, commitments on account of 'Phantom Shares' amounted to € 26,578 (2009: € 83,309).

In 2010, on account of the 'Phantom Share-based payment' programme, an amount of € 138.949 (2009: € 43.969 expense) was included under personnel costs in the profit and loss account. For more information on the 'Phantom sbp' reference is made to the remuneration policy in the Annual report.

## Annual Accounts - Notes to the consolidated financial statements

At the closing date, provided the recipient is still employed by the company, the market value of the granted 'Phantom Shares' plus the dividend for the term will be paid out in cash.

In case of a premature discontinuation of the employment, or at a so-called 'Change of Control', payment in cash will take place in proportion to the period of employment. The market value is determined on the basis of the average share price during a period of three months prior to the end of the term.

situation phantom shares	outstanding on January 1	granted during year	cancelled during year	outstanding on December 31
2008	2,844	4,687	-	7,531
2009	7,531	4,266	-3,516	8,281
2010	8,281	2,688	-9,000	1,969

Supervisory Board	fixed remuneration	reimbursement of expenses	fixed remuneration	reimbursement of expenses
(x € 1)	2010		2009	
D.J. Montgomery <sup>1)</sup>	-	-	14,769	1,846
H.C.A. Groenen	25,200	2,000	25,200	2,000
A.P. Lugt <sup>2)</sup>	27,600	3,000	29,951	3,534
H.C.P. Noten	25,200	2,000	25,200	2,000
R. Blom <sup>3)</sup>	26,412	2,436	17,931	1,423
R.A.J. Huyzer <sup>4)</sup>	32,000	4,000	13,763	1,092
	136,412	13,436	126,814	11,895

1) Resignation from the Supervisory Board at 18 June 2009.

2) Resignation from the Supervisory Board at 23 July 2010.

3) Joined the Supervisory Board at 15 April 2009.

4) Joined the Supervisory Board at 18 June 2009. Chairman by January 1, 2010.

Positions in Roto Smeets Group shares as at December 31	2010	2009
A.P. Lugt	-	1.000

### 37. Paid-out and proposed dividend

(x € 1,000)	2010	2009
Declared and paid-out dividend during the financial year		
Declared and paid-out dividend during the financial year 2009 € -.- (2008: € -.-)	-	-
Proposed for adoption to the General Meeting of Shareholders		
Dividend on ordinary shares for 2010 € -.- (2009: € -.-)	-	-



## Annual Accounts - Company financial statements

### General

The company financial statements were drawn up on the basis of Part 9 of Book 2 of the Netherlands Civil Code, using the possibility offered by article 2:362 sub 8 of the Netherlands Civil Code allowing the IFRS principles to be used as applied in the consolidated annual accounts.

#### PRINCIPLES OF VALUATION AND RESULT DETERMINATION

For the principles of valuation and result determination we refer to the principles as included in the notes to the consolidated annual accounts, as these also apply to the company annual accounts, unless stated otherwise.

#### PARTICIPATIONS

The participations in group companies are valued at net asset value. The reporting dates of the group companies are the same and the principles for financial reporting are in accordance with those of Roto Smeets Group for similar transactions and events in similar conditions.

## Annual Accounts - Company profit and loss account

(x € 1,000)	2010	2009
Result group companies (after taxation)	- 22,547	- 27,317
Net result	- 22,547	- 27,317

## Annual Accounts - Company balance sheet as at December 31

(x € 1,000)	Notes	2010	2009
<b>ASSETS</b>			
<i>Financial fixed assets</i>			
Associated company Roto Smeets Group BV	1	102,457	126,017
Deferred tax		10,330	4,838
		112,787	130,855
<hr/>			
Total assets		112,787	130,855

(x € 1,000)	Notes	2010	2009
<i>EQUITY AND LIABILITIES</i>			
<i>Shareholders' equity</i>			
Share capital issued	2	16,451	16,451
Share premium	3	12,833	12,833
Retained earnings and other reserves	4	49,837	73,397
		79,121	102,681
<i>Current liabilities</i>			
Loans Roto Smeets Group BV		23,148	23,148
Other liabilities		10,518	5,026
		33,666	28,174
Total equity and liabilities		112,787	130,855

## Annual Accounts - Company statement of changes in equity for the year ended December 31, 2010

(x € 1,000)	issued capital	share premium	retained earnings	other reserves	total
Balance as at January 1, 2010	16,451	12,833	73,997	-600	102,681
Result from participations				14	14
Value changes forward currency contracts				- 1,027	- 1,027
Total income and expense for the year recognised directly in equity	-	-	-	- 1,013	- 1,013
Result for the year			- 22,547	-	- 22,547
Total realised and unrealised result after taxes	-	-	- 22,547	- 1,013	- 23,560
Dividend payment	-	-	-	-	-
	-	-	- 22,547	- 1,013	- 23,560
Balance as at December 31, 2010	16,451	12,833	51,450	- 1,613	79,121

## Annual Accounts - Company statement of changes in equity for the year ended December 31, 2009

(x € 1,000)	issued capital	share premium	retained earnings	other reserves	total
Balance as at January 1, 2009	16,451	12,833	101,314	- 426	130,172
Result from participations	-	-	-	192	192
Value changes forward currency contracts				- 366	- 366
Total income and expense for the year recognised directly in equity	-	-	-	- 174	- 174
Result for the year	-	-	- 27,317	-	- 27,317
Total realised and unrealised result after taxes	-	-	- 27,317	- 174	- 27,491
Dividend payment	-	-	-	-	-
	-	-	- 27,317	-174	- 27,491
Balance as at December 31, 2009	16,451	12,833	73,997	-600	102,681

## Annual Accounts - Notes to the company balance sheet

### 1. Financial fixed assets

#### GROUP COMPANIES

Changes in the company's share in group companies:

(x € 1,000)	2010	2009
Balance as at January 1	126,017	153,508
Result group companies	- 22,547	- 27,317
Result from participations	14	192
Value changes forward currency contracts	- 1,027	- 366
Balance as at December 31	102,457	126,017

### Shareholders' equity

#### AUTHORISED SHARE CAPITAL

The company's authorised share capital amounts to € 75 million and is divided into 7,500,000 ordinary shares and 7,500,000 preference shares, with a nominal value of € 5 each.

#### OPTION RIGHT STICHTING PREFERENTE AANDELEN

The 'Stichting Preferente Aandelen' has an option right to acquire a maximum of 3,290,274 preference shares of which 25% is payable, or € 4,112,843. To be able to exercise this option right, the 'Stichting Preferente Aandelen' has a financing arrangement. In the General Meeting of Shareholders of Roto Smeets Group of April 20, 2000 the proposal was adopted to grant the Stichting an option to acquire a number of Roto Smeets Group preference shares equalling the number of issued ordinary Roto Smeets Group shares minus one.

On the preference shares, from the disposable profit, taking precedence over the ordinary shares, a percentage is paid over the amount paid-in for these shares. This percentage is based on the repo rate of interest determined by the European Central Bank, increased by 2.25%. No further profit distribution takes place on the preference shares.

## 2. Share capital issued

(x € 1,000)	2010	2009
Balance as at January 1	16,451	16,451
Changes	-	-
Balance as at December 31	16,451	16,451

The share capital relates to 3,290,275 issued and fully-paid shares of € 5 nominal value each.

## 3. Agio

Balance as at January 1	12,833	12,833
Changes	-	-
Balance as at December 31	12,833	12,833

From a fiscal point of view this share premium can be considered as paid-up capital.

## 4. Retained earnings and other reserves

(x € 1,000)	2010	2009
Balance as at January 1	73,397	100,888
Result financial year	- 22,547	- 27,317
Value changes forward currency contracts	- 1,027	- 366
Result from participations	14	192
Balance as at December 31	49,837	73,397

## Annual Accounts - Notes to the company balance sheet

	retained earnings	currency translation reserve	reserve unrealised results	total
<b>(x € 1,000)</b>				
<b>2010</b>				
Balance as at January 1	73,997	- 507	- 93	73,397
Result from participations	-	14	-	14
Result financial year	- 22,547	-	-	- 22,547
Value changes forward currency contracts	-	-	- 1,027	- 1,027
Balance as at December 31	51,450	- 493	- 1,120	49,837
<b>2009</b>				
Balance as at January 1	101,314	- 699	273	100,888
Result from participations	-	192	-	192
Result financial year	- 27,317	-	-	- 27,317
Value changes forward currency contracts	-	-	- 366	- 366
Balance as at December 31	73,997	- 507	- 93	73,397

### 5. Dividend

As referred to in the paragraph Dividend policy in the Report of the Management Board on page 25.

### 6. Contingent liabilities

For the contingent liabilities is referred to note 33 of the consolidated accounts.

### 7. Remuneration of members of the Management Board and the Supervisory Board

For the remuneration of the Management Board and the Supervisory Board is referred to note 36 of the consolidated accounts.

### 8. Number of employees

Both in 2010 and in 2009, the company had no employees.

### 9. External auditor's fee

The total fee charged to the corporate body to audit the 2010 annual accounts is € 345,000 (2009: € 360,000). The costs of other audits in 2010 amounted to € 33,200 (2009: € 77,000). Charges for other non-audit services in 2010 amounted to € 79,750 (2009: -). Audit-related services include the costs related to work done related to the third quarter figures in association with the proposed bid by Printing Holding B.V.

## Other information - Statutory provisions concerning profit appropriation

1. The Company may distribute the profit to the shareholders and other parties entitled to distributable profit only to the extent that its shareholders' equity exceeds the sum of the called and paid portion of the capital and the reserves which are required by law to be maintained.
2. From the distributable profit, an annual payment shall first be made on the preference shares equal to the percentage referred to hereinafter of the amount compulsory paid in on those shares. The percentage stated above equals the refunding rate as established by the European Central Bank – weighted to the number of days for which the percentage was in force – during the financial year for which the payment is made, augmented by two and one quarter percent (2.25%). No further payments are made on the preference shares.
3. The Management Board shall be empowered, with the prior approval of the Supervisory Board, to add the profit remaining after application of the previous paragraph in whole or in part to the reserves.
4. Any profit remaining after the addition to the reserves as referred to in the previous paragraph shall be at the disposal of the General Meeting of Shareholders.
5. Distribution of profit shall take place following adoption of the annual accounts from which it is apparent that such distribution is justified.
6. In the event that the General Meeting of Shareholders does not resolve to distribute profit for any financial year, that profit shall be added to the reserves.
7. The Management Board, with the approval of the Supervisory Board, may decide to make an interim distribution if the requirements of paragraph 1 of this Article have been met as evidenced by an interim statement of assets and liabilities, as referred to in Section 2:105, subsection 4 of the Netherlands Civil Code, which statement must be deposited at the offices of the Commercial Register within eight days after the day on which the decision to make the distribution is published. The provisions of paragraph 9 of this Article shall apply mutatis mutandis to the payment of an interim distribution.
8. The General Meeting of Shareholders may resolve to charge a distribution from profit to a distributable reserve only on the basis of an Management Board proposal to that effect which has been approved by the Supervisory Board.
9. The General Meeting of Shareholders may resolve, on the basis of an Management Board proposal to that effect which has been approved by the Supervisory Board, to make distributions in the form of shares and / or depositary receipts for shares in the Company, without prejudice to the provisions of Article 4 of these Articles of Association.
10. Unless the General Meeting of Shareholders determines otherwise, distributions shall be made payable fourteen days after the fixing thereof, at a time and place to be determined by the Management Board.
11. The claim on the part of shareholders shall lapse and revert to the Company on expiry of a term of five years, calculated from the second day on which the claim becomes payable on demand.

## Independent auditor's report

### To: the General Meeting of Shareholders of Roto Smeets Group NV

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements 2010 of Roto Smeets Group NV, Deventer. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, profit and loss account, statement of changes in equity, overview of realised and unrealized results and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, company profit and loss account, company statement of changes in equity for the year then ended and the notes.

#### MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 and fair presentation of the financial statements 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 audit opinion.

#### OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Roto Smeets Group NV as at December 31, 2010 and of its result for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

#### OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, the company financial statements give a true and fair view of the financial position of Roto Smeets Group NV as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### EMPHASIS OF MATTER

We draw attention to page 50 in the explanatory notes, which deals with the assumption of Roto Smeets Group's continuity. This situation does not detract from our judgment.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

*Amsterdam, March 28, 2011*

*Ernst & Young Accountants LLP*

*signed by J.C. Besters*

## Foundation “Preferente Aandelen Roto Smeets Group NV”: Statement of independence

### Objective

The objective of the Foundation “Stichting Preferente Aandelen Roto Smeets Group NV” is to protect the interests of the company in such a way that the interests of the company and of all stakeholders are protected in the best possible way, and that all influences which could infringe upon the independence and/or the continuity and/or the identity of the company against these interests are resisted to the best of the foundation’s abilities, as well as performing all actions which relate to or promote the above.

The Foundation aims to achieve its objective by acquiring and holding preference shares in the capital of the Roto Smeets Group and by exercising the rights connected with these shares, including in particular the voting rights on these shares.

### Foundation’s rights

The Roto Smeets Group General Shareholders’ Meeting held on 20 April 200 approved the proposal to grant an option to the Foundation Preferente Aandelen Roto Smeets Group NV to acquire preference shares in the Roto Smeets Group NV up to the maximum number of ordinary shares placed at that time. At year end 2010 the Foundation had options on 3,290,274 preference shares.

In an agreement dated 118 December 2008, Roto Smeets Group NV granted the Foundation Preferente Aandelen Roto Smeets Group NV the right to enter a request under article 2:345 of the Dutch Civil Code. This right may be exercised independently by the Foundation, separately from the option right.

### Board

The Board of the Foundation “Stichting Preferente Aandelen Roto Smeets Group NV” consists of three independent members.

The retirement schedule below is in effect, in accordance with the roster and Articles of Association:

	appointed	reappointed	available for re-election
Prof. Mr. M.W. den Boogert	2005	2008	2011
Mr. R.P. Voogd	1999	2006, 2009	2012
W.H. Weiland	2005	2007, 2010	2013

### Declaration of Independence

The board of the foundation ‘Stichting Preferente Aandelen Roto Smeets Group NV’ and the Management Board of Roto Smeets Group together declare that in their opinion the Foundation ‘Stichting Preferente Aandelen Roto Smeets Group NV’ is independent from Roto Smeets Group as referred to in article 5:71 paragraph 1 sub c of the Act on Financial Supervision.

*Deventer, 28 March 2011*

*Management Board Roto Smeets Group NV  
Management Board of the Stichting  
Preferente Aandelen Roto Smeets Group*

## Operating companies

The annual report covering the period from 1 January 2010 to 31 December 2010 relates to all operating companies within the Group.

The situation at 28 March 2011 is given below.

### **Roto Smeets Group BV**

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NL-7418 BT DEVENTER  
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E-mail: info@rotosmeetsgroup.com  
site: www.rotosmeetsgroup.com

### **Print Productions**

#### *SALES OFFICES*

Roto Smeets B.V. Deventer, the Netherlands  
Roto Smeets Belgium NV/SA, Brussels, Belgium  
Roto Smeets Denmark A/S, Copenhagen, Denmark  
Roto Smeets Deutschland GmbH, Bielefeld, Germany  
Roto Smeets France SA, Paris, France  
Roto Smeets Ltd., Sawbridgeworth, UK  
Roto Smeets Sweden AB, Täby, Sweden

#### *WEB PRINTING PLANTS*

Roto Smeets Deventer BV, Deventer  
Roto Smeets Etten BV, Etten-Leur  
Roto Smeets Weert BV, Weert  
Senefelder Misset BV, Doetinchem  
Antók Nyomdaipari KFT, Celldömök, Hungary

#### *SHEETFED OFFSET PLANTS*

Roto Smeets GrafiServices Eindhoven BV, Eindhoven  
Roto Smeets GrafiServices Utrecht BV, Utrecht

#### *GRAPHICS AND OTHER SERVICES*

Periodieken Service Holland BV  
trading as PSH Media Sales / Hoogte 80 strategische media,  
Arnhem  
Roto Smeets Grafische Nabewerking BV, Eindhoven  
trading as De Wit Binders  
Rotopack BV, Deventer

### **Marketing Communications**

MediaPartners Group BV, Amstelveen  
Media Partners Belgium, Brussels

Leads to Loyals BV, Capelle a/d IJssel

### **Minority Shareholding**

Business Media BV (40%), Ede

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*If the event that you did not receive the corporate responsibility report together with the financial report you can request a copy through [info@rotosmeetsgroup.com](mailto:info@rotosmeetsgroup.com) or call +31 570 69 49 33.*



## Roto Smeets Group

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*In the event of any difference of interpretation, the Dutch original of this English translation shall apply throughout this annual report of Roto Smeets Group NV*

