

Veldhoven Denmark A/S

AP Møllers Alle 9C, 2791 Dragør

CVR No. 27 56 08 73



Annual report for the year ended 31 December 2013

Approved at the annual general meeting of shareholders on 2 July 2014

As chairman:

.....
Ulrik Damm



Building a better
working world

Contents

Management's review	1
Company details	1
Management's review	2
Statement by management on the annual report	3
Independent auditor's reports	4
Financial statements	
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes	
Accounting policies	10
Uncertainty as to going concern	12
Staff costs	12
Property, plant and equipment	12
Share capital	13
Security for loans	13
Contingent liabilities and other financial obligations	13
Related parties	13

Company details

Address, Postal code, City	AP Møllers Alle 9C, 2791 Dragør
CVR No.	27 56 08 73
Tel.	+45 33 17 05 60
Supervisory board	Martijn R. A. Veldhoven Søren Mejer Johansen Ulrik Damm
Executive board	Søren Mejer Johansen
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Gyngemose Parkvej 50, 2860 Søborg, Denmark Tel. +45 70 10 80 50 Telefax +45 35 87 22 00
Bankers	Vestjysk Bank Nordea Bank Danmark

Management's review

The company's business review

The main objective of the company is to carry on wholesaling of women's fashion and related activities, including retail shops.

Unusual matters having affected the financial statements

Going concern

The company has lost its equity, and its operations are financed fully through intra-group loans from the parent company, Veldhoven B.V. Veldhoven B.V. has issued a letter of comfort undertaking to provide the company with financial support enabling it to meet its obligations in the period to 1 March 2015. Against this background, management has presented the financial statements on a going concern assumption.

The company has lost more than 50% of its share capital. It is expected that the capital will be restored through a debt conversion.

Reference is made to note 2.

Financial review

The company's income statement for the year ended 31 December 2013 shows a profit of DKK 26,916, and the balance sheet at 31 December 2013 shows a deficit on equity of DKK 40,490,528.

Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the company's financial position.

Statement by management on the annual report

Today, management has discussed and approved the annual report of Veldhoven Denmark A/S for the financial year 1 January - 31 December 2013.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2013 and of the results of the company's operations for the financial year 1 January - 31 December 2013.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 2 July 2014

Executive board:

.....
Søren Mejer Johansen

Supervisory board:

.....
Martijn R. A. Veldhoven

.....
Søren Mejer Johansen

.....
Ulrik Damm

To the shareholders of Veldhoven Denmark A/S

Report on financial statements

We have audited the financial statements of Veldhoven Denmark A/S for the financial year 1 January - 31 December 2013, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations. 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 judgement, including an 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 entity's preparation of financial statements that give a true and fair view.

The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as 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 qualified audit opinion.

Qualification

Basis for qualified opinion

The company's accounts receivables are recognized in the balance sheet at DKK 4.403 thousand. Management has measured accounts receivables at amortized cost less provisions for impairment losses. The accounting records of the company indicate that it is necessary to account for impairment losses of up to DKK 1.500 thousand, if managements had measured accounts receivable at net realisable value. The tax effect of this amounts to DKK 0. Accordingly shareholder's equity and profit/ loss for the year are overstated by up to DKK 1.500 thousand.

Qualified opinion

In our opinion, except for the effect of the matter referred to in the paragraph 'Basis for qualified opinion', the financial statements give a true and fair view of the company's financial position at 31 December 2013 and of the results of its operations for the financial year 1 January - 31 December 2013 in accordance with the Danish Financial Statements Act.

Statement according to other laws and regulations

Emphasis-of-matter paragraph concerning other matters

Contrary to the provisions of the Danish Bookkeeping Act, the company stores part of its accounting records abroad without having obtained the necessary permission from the Danish Business Authority. As a result, management may be held liable.

The company has not filed a correct basis for withholding taxes and VAT returns with the relevant authorities in due time. As a result, management may be held liable for either or both.

Statement on the management's review

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Copenhagen, 2 July 2014

Ernst & Young

Godkendt Revisionspartnerselskab

Henrik Reedt

state authorised public accountant

Income statement for the year ended 31 December

Notes	2013 DKK	2012 DKK
Gross margin	4.632.739	-3.650.317
3 Staff costs	4.338.959	6.000.054
Depreciation of property, plant and equipment	<u>47.360</u>	<u>54.044</u>
Operating profit/loss	246.420	-9.704.415
Financial income	132	309.283
Financial expenses	<u>219.636</u>	<u>62.508</u>
Pre-tax profit/loss	26.916	-9.457.640
Tax for the year	<u>0</u>	<u>0</u>
Profit/loss for the year	<u>26.916</u>	<u>-9.457.640</u>
Recommended appropriation of the profit/loss for the year		
Retained earnings/accumulated loss	<u>26.916</u>	<u>-9.457.640</u>
	<u>26.916</u>	<u>-9.457.640</u>

Balance sheet at 31 December

Notes	2013 DKK	2012 DKK
Assets		
Fixed assets		
Leasehold improvements	67.080	96.095
Other fixtures and fittings, tools and equipment	<u>40.763</u>	<u>59.108</u>
⁴ Property, plant and equipment	<u>107.843</u>	<u>155.203</u>
Other receivables	<u>656.982</u>	<u>604.359</u>
Investments	<u>656.982</u>	<u>604.359</u>
Total fixed assets	<u>764.825</u>	<u>759.562</u>
Current assets		
Manufactured goods and goods for resale	<u>890.154</u>	<u>883.306</u>
Inventories	<u>890.154</u>	<u>883.306</u>
Trade receivables	4.295.302	3.019.550
Receivables from group entities	13.999.169	12.744.510
Prepayments	184.310	262.430
Other receivables	<u>2.076.037</u>	<u>1.180.603</u>
Receivables	<u>20.554.818</u>	<u>17.207.093</u>
Cash	<u>318.236</u>	<u>786.104</u>
Total current assets	<u>21.763.208</u>	<u>18.876.503</u>
Total assets	<u>22.528.033</u>	<u>19.636.065</u>

Balance sheet at 31 December

Notes	2013 DKK	2012 DKK
Equity and liabilities		
Equity		
5 Share capital	500.000	500.000
Retained earnings/Accumulated loss	<u>-40.990.528</u>	<u>-41.017.444</u>
Total equity	<u>-40.490.528</u>	<u>-40.517.444</u>
Liabilities		
Trade payables	493.946	288.740
Payables to group entities	61.482.978	58.641.724
Other payables	<u>1.041.637</u>	<u>1.223.045</u>
Short-term liabilities	<u>63.018.561</u>	<u>60.153.509</u>
Total liabilities	<u>63.018.561</u>	<u>60.153.509</u>
Total equity and liabilities	<u><u>22.528.033</u></u>	<u><u>19.636.065</u></u>

Statement of changes in equity

(DKK)	Share capital	Retained earnings/accumulated loss	Total
Equity at 1/1 2013	500.000	-41.017.444	-40.517.444
Profit/loss for the year, cf. appropriation of profit/loss		26.916	26.916
Equity at 31/12 2013	<u>500.000</u>	<u>-40.990.528</u>	<u>-40.490.528</u>

1. Accounting policies

The annual report of Veldhoven Denmark A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

The comparative figures regarding intra-group balances have been reclassified to reflect a split between intra-group payables and receivables in 2013 and 2012. The reclassifications have led to an increase in the balance sheet total for 2012 of DKK 12,744,509 to DKK 19,636,064 at 31 December 2012.

Reporting currency

The financial statements are presented in Danish kroner.

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Income from the sale of goods held for sale and finished goods is recognised in revenue once the risk passes to the buyer. VAT, indirect taxes and discounts are excluded from the revenue.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Depreciation of property, plant and equipment

Amortisation/depreciation and impairment includes amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Fixed assets are amortised/depreciated using the straight-line method, based on the cost. Gains or losses on the sale of fixed assets are recognised in the income statement under 'Amortisation/ depreciation'.

The expected useful lives of the assets are as follows:

	<u>Useful life (year)</u>
Leasehold improvements	5 år/years
Other fixtures and fittings, tools and equipment	4-5 år/years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions.

1. Accounting policies - continued

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity. Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Items of property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount) of the asset or group of assets.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less provisions for impairment losses.

Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Income tax

Current tax payables and receivables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated at 25% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2. Uncertainty as to going concern

The company has lost its equity, and its operations are financed fully through intra-group loans from the parent company, Veldhoven B.V. Veldhoven B.V. has issued a letter of comfort undertaking to provide the company with financial support enabling it to meet its obligations in the period to 1 March 2015. Against this background, management has presented the financial statements on a going concern assumption.

3. Staff costs

Analysis of staff costs:

	2013 DKK	2012 DKK
Wages/salaries	3.280.405	4.285.350
Pensions	449.360	494.138
Other social security costs	85.333	93.955
Other staff costs	<u>523.861</u>	<u>1.126.611</u>
	<u>4.338.959</u>	<u>6.000.054</u>

4. Property, plant and equipment

(DKK)	Leasehold improvements	Other fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1/1 2013	<u>843.761</u>	<u>1.157.223</u>	<u>2.000.984</u>
Cost at 31/12 2013	<u>843.761</u>	<u>1.157.223</u>	<u>2.000.984</u>
Depreciation and impairment losses			
Balance at 1/1 2013	758.335	1.087.446	1.845.781
Depreciation in the year	<u>18.346</u>	<u>29.014</u>	<u>47.360</u>
Depreciation and impairment losses at 31/12 2013	<u>776.681</u>	<u>1.116.460</u>	<u>1.893.141</u>
Carrying amount at 31/12 2013	<u>67.080</u>	<u>40.763</u>	<u>107.843</u>

Notes

	31/12 2013 DKK	31/12 2012 DKK
5. Share capital		
Analysis of the company's share capital, DKK 500.000 :		
500 share(s) of DKK 1.000 each	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>

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

6. Security for loans

The company has provided BRF Kredit with a guarantee totalling DKK 45,000.

7. Contingent liabilities and other financial obligations

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>706.280</u>	<u>1.031.554</u>
----------------------------	----------------	------------------

8. Related parties

Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Veldhoven International B. V.	Zoeterwoude-Rijndijk, The Netherlands	Gyroscoopweg 86-88, 1042 AX Amsterdam.

Information about shareholders holding 5% or more of the share capital or the voting rights

Name	Domicile
Veldhoven International B. V.	Zoeterwoude-Rijndijk, the Netherlands

