

Veldhoven Denmark ApS

A.P. Møllers alle 39A syd, st. tv., 2791 Dragør

CVR No. 27 56 08 73



Annual report for the year ended 31 December 2014

Approved at the annual general meeting of shareholders on 8 July 2015

Chairman:

.....
Martijn R. A. Veldhoven



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Company details

Name	Veldhoven Denmark ApS
Address, Postal code, City	A.P. Møllers alle 39A syd, st. tv., 2791 Dragør
CVR No.	27 56 08 73
Registered office	Dragør
Financial year	1 January - 31 December
Executive Board	Martijn R. A. Veldhoven
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Bank Danmark

Operating 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

At 30 December 2014, the Company acquired net liabilities totaling DKK 7,173 thousand from its Norwegian sister company at a price of DKK 9 thousand.

At the balance sheet date, the Company sold its assets in form of fixed assets, inventory, and order books ect. to an external distributor at a price of DKK 25 thousand.

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 International AG has issued a letter of comfort undertaking to provide the Company with financial support enabling it to meet its obligations in the period until 1 June 2016. Against this background, Management has presented the financial statements on a going concern assumption.

Reference is made to note 2.

Financial review

Post balance sheet events

After the balance sheet date, the Company made a conversion of its corporated form A/S (aktieselskab) to ApS (anpartsselskab).

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

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Veldhoven Denmark ApS for the financial year 1 January - 31 December 2014.

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

In my opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January - 31 December 2014.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 8 July 2015

Executive Board:

.....
Martijn R. A. Veldhoven

Independent auditors' report

To the shareholders of Veldhoven Denmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Veldhoven Denmark ApS for the financial year 1 January - 31 December 2014, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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.

Auditors' 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 auditors' 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 Company'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 Company'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

Our auditors' report on the financial statements for 2013 included a qualification as to the measurement of the Company's trade receivables, which in our opinion had been overstated by DKK 1,500 thousand. Consequently, our auditors' report on the financial statements for 2014 also includes a qualification as to the impact of the above on the income statement for 2014 and the comparatives for 2013.

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 2014 and of the results of its operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

Report on other legal and regulatory requirements

Emphasis-of-matter paragraph concerning other matters

The Company's purchase of net liabilities from a group entity may be in contravention to section 115 and 118 of the Danish Companies Act and Management may be held liable in this respect.

Management has not complied with its obligations under the Danish Companies Act to draw up rules of procedures and to prepare and keep books, records and minutes and to ensure that long-form audit reports are presented and signed by Management. Management may be held liable in this respect.

continued - Independent auditors' reports

Management has not complied with its obligations under the Danish Companies Act to convene a general meeting within six months after the Company's capital loss has been recorded and to give an account of the Company's financial position and, if required, propose any appropriate measures to be taken. Management may be held liable in this respect.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other 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, 8 July 2015
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Henrik Reedtz
state authorised public accountant

Income statement for the year ended 31 December

Notes	2014 DKK	2013 DKK
Gross profit	13,134	4,632,739
3 Staff costs	-2,573,063	-4,338,959
Depreciation of property, plant and equipment	<u>-145,372</u>	<u>-47,360</u>
Operating profit/loss	-2,705,301	246,420
Financial income	0	143,066
4 Financial expenses	<u>-1,737,235</u>	<u>-362,570</u>
Profit/loss before tax	-4,442,536	26,916
Tax for the year	<u>0</u>	<u>0</u>
Profit/loss for the year	<u>-4,442,536</u>	<u>26,916</u>
Recommended appropriation of the profit/loss for the year		
Retained earnings	<u>-4,442,536</u>	<u>26,916</u>
	<u>-4,442,536</u>	<u>26,916</u>

Balance sheet at 31 December

Notes	2014 DKK	2013 DKK
Assets		
Fixed assets		
Leasehold improvements	0	67,080
Other fixtures and fittings, tools and equipment	<u>0</u>	<u>40,763</u>
Property, plant and equipment	<u>0</u>	<u>107,843</u>
Other receivables	<u>504,414</u>	<u>656,982</u>
Investments	<u>504,414</u>	<u>656,982</u>
Total fixed assets	<u>504,414</u>	<u>764,825</u>
Current assets		
Manufactured goods and goods for resale	<u>0</u>	<u>890,154</u>
Inventories	<u>0</u>	<u>890,154</u>
Trade receivables	2,273,620	4,302,480
Receivables from group entities	7,135,981	13,999,169
Other receivables	529,885	2,068,865
Prepayments	<u>33,056</u>	<u>184,310</u>
Receivables	<u>9,972,542</u>	<u>20,554,824</u>
Cash	<u>753,036</u>	<u>318,236</u>
Total current assets	<u>10,725,578</u>	<u>21,763,214</u>
Total assets	<u>11,229,992</u>	<u>22,528,039</u>

Balance sheet at 31 December

Notes	2014 DKK	2013 DKK
Equity and liabilities		
Equity		
5 Share capital	500,000	500,000
Retained earnings/Accumulated loss	<u>-52,615,181</u>	<u>-40,990,528</u>
Total equity	<u>-52,115,181</u>	<u>-40,490,528</u>
Liabilities		
Trade payables	341,756	493,946
Payables to group entities	62,592,928	61,482,978
Other payables	<u>410,489</u>	<u>1,041,643</u>
Short-term liabilities	<u>63,345,173</u>	<u>63,018,567</u>
Total liabilities	<u>63,345,173</u>	<u>63,018,567</u>
Total equity and liabilities	<u><u>11,229,992</u></u>	<u><u>22,528,039</u></u>

Statement of changes in equity

(DKK)	Share capital	Retained earnings	Total
Equity at 1/1 2014	500,000	-40,990,528	-40,490,528
Corporate acquisitions	0	-7,182,117	-7,182,117
Profit/loss for the year, cf. appropriation of profit/loss		-4,442,536	-4,442,536
Equity at 31/12 2014	<u>500,000</u>	<u>-52,615,181</u>	<u>-52,115,181</u>

In the financial year the Company acquired net liabilities totaling DKK 7,173 thousand from its Norwegian sister company at a price of DKK 9 thousand. The excess price of DKK 7,182 thousand is accounted for in shareholder's equity under "Corporate acquisitions".

1. Accounting policies

The annual report of Veldhoven Denmark ApS 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.

Changes in the entity's activities

At year end, the Company sold its assets in form of fixed assets, inventories and order books ect. to an external distributor. Therefore, the balance sheet at 31 December 2014 is incomparable with the year of comparison.

Reporting currency

The financial statements are presented in Danish kroner.

Corporate acquisitions

The takeover method is applied to the acquisition of activities which are separate businesses. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring costs relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition and is expected to be carried through. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Losses realised on acquisition of activities from group entities are recognised directly in shareholders' equity.

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.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross profit

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 profit'.

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.

Cost of sales

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

Other external expenses

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

1. Accounting policies - continued

Staff costs

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

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.

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.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

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.

1. Accounting policies - continued

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payable and receivable is 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 International AG has issued a letter of comfort undertaking to provide the Company with financial support enabling it to meet its obligations in the period until 1 June 2016. Against this background, Management has presented the financial statements on a going concern assumption.

3. Staff costs

Analysis of staff costs:

	2014 DKK	2013 DKK
Wages/salaries	1,685,610	3,280,405
Pensions	265,874	449,360
Other social security costs	56,549	85,333
Other staff costs	<u>565,030</u>	<u>523,861</u>
	<u><u>2,573,063</u></u>	<u><u>4,338,959</u></u>

4. Financial expenses

Interest expenses, group entities	1,418,700	0
Other financial expenses	<u>318,535</u>	<u>362,570</u>
	<u><u>1,737,235</u></u>	<u><u>362,570</u></u>

5. Share capital

Analysis of the company's share capital, DKK 500,000 :

500 share(s) of DKK 1,000.00 each

31/12 2014 DKK	31/12 2013 DKK
<u>500,000</u>	<u>500,000</u>
<u><u>500,000</u></u>	<u><u>500,000</u></u>

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

6. Contingent liabilities and other financial obligations

Other contingent liabilities

The Company is part of a ongoing legal case, where a former employee has brought an action against Veldhoven based on a claim of receivable sales provision and holiday allowance. The Company has been advised by its legal counsel. Due to uncertainties as to the future outcome of this legal case, no provision has been made in this regard in these financial statements.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>227,843</u>	<u>706,280</u>
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7. 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.

Related party transactions not carried through on normal market terms:

The related party transactions mentioned below have not been carried through on normal market terms:

Group entity	Amount DKK	Description of transaction
Veldhoven Norway AS	7,182,117	At 30 December 2014, the Company acquired net liabilities totaling DKK 7,173 thousand from its Norwegian sister company at a price of DKK 9 thousand.

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

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