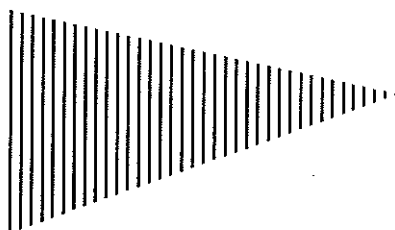


Diesel Denmark ApS

Strandlodsvej 6, 2300 København S

CVR no. 11 10 99 77



Annual report 2016

Approved at the annual general meeting of shareholders on

Chairman:



Building a better
working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Diesel Denmark ApS for the financial year 1 January - 31 December 2016.

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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

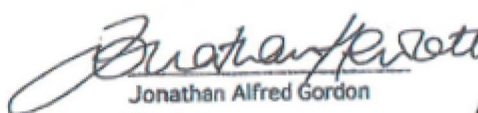
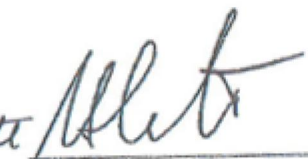
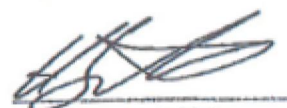
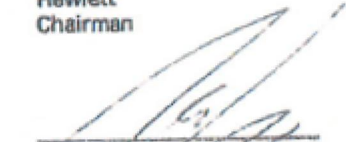
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 9 May 2017

Executive Board:


Jonathan Alfred Gordon
Hewlett

Board of Directors:


Jonathan Alfred Gordon
Hewlett
Chairman
Andrea Aliastro
Hans Georg Friedrich
Schmitt
Mikael Issing

Independent auditor's report

To the shareholders of Diesel Denmark ApS

Opinion

We have audited the financial statements of Diesel Denmark ApS for the financial year 1 January - 31 December 2016, 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.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

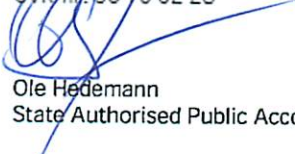
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 9 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28



Ole Hedemann
State Authorised Public Accountant



Morten Bjerregaard
State Authorised Public Accountant

Management's review

Company details

Name	Diesel Denmark ApS
Address, Postal code, City	Strandlodsvej 6, 2300 København S
CVR no.	11 10 99 77
Established	1 August 1987
Website	www.diesel.com
Telephone	+45 39 27 56 55
Telefax	+45 39 27 15 53
Board of Directors	Jonathan Alfred Gordon Hewlett, Chairman Andrea Aliastro Hans Georg Friedrich Schmitt Mikael Issing
Executive Board	Jonathan Alfred Gordon Hewlett
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Financial highlights

DKK	2016	2015	2014	2013	2012
Key figures					
Revenue	62,925,940	75,417,747	89,428,314	111,111,841	191,732,000
Profit before interest, tax and amortisation of goodwill (EBITA)	-2,367,616	-2,600,916	-5,877,505	-3,962,081	-20,879,000
Profit/loss before net financials	-2,367,616	-2,600,916	-1,915,424	-3,962,081	-20,879,000
Net financials	-289,049	-944,278	-870,551	-944,937	-987,000
Profit/loss for the year	-2,757,807	-1,246,990	-1,321,255	-10,169,747	-26,791,000
Balance sheet					
Total assets	39,979,004	49,485,645	59,607,933	43,007,141	66,628,000
Equity	-2,367,544	-665,851	461,062	-13,235,563	-3,066,000
Financial ratios					
Operating margin	-3.8%	-3.4%	-2.1%	-3.6%	-10.9%
Gross margin	33.3%	36.6%	34.8%	29.3%	8.4%
Return on assets	-5.3%	-4.8%	-3.7%	-7.2%	-31.7%
Solvency ratio	-5.9%	-1.3%	0.8%	-30.8%	-4.6%
Employees					
Average number of employees	52	57	64	73	73

Management's review

Management commentary

Business review

The Company's business activity is the wholesale of Diesel clothes and accessories produced by other companies in the OTB Group. Furthermore, the company runs three retail Stores in Copenhagen, Aarhus (Denmark) and Helsinki (Finland), one Concession and one Outlet in Ringsted (Denmark)

Financial review

In 2016, the Company's revenue came in at DKK 62,925,940 against DKK 75,417,747 last year. The income statement for 2016 shows a loss of DKK 2,757,807 against DKK 1,246,990 last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK -2,367,544. In the annual report for 2015, Management expected a revenue of DKK 64,000 thousand. Management considers the Company's financial performance in the year satisfactory in light of the marked situation. Management have taken steps to improve the result in the upcoming year.

The Gross Profit Margin in 2016 was 33 % from the Net Sales compared to 37 % in 2015. The loss before tax amounted to DKK -2,757,807, which is a decrease compared to last year. Management have taken steps to improve the results in the upcoming year.

The balance sheet shows an negative equity of DKK 2,367,544 at 31 December 2016. The Company is comprised by the rules on capital loss stipulated in the Danish Companies Act § 119.

The Company is currently not able to fund its operations and is dependent on contribution of operating capital to fund the current plans and budgets. The ultimate parent company OTB S.p.A. has guaranteed to provide business support and financial support as necessary to enable Diesel Denmark ApS to continue its operations and to meet all its liabilities and commitments as they fall due for a minimum of 12 months from 3 March 2017.

With reference to the Danish Companies Act regarding measures to be taken by management in the event of total equity being identified as less than half of the share capital, it is expected that the parent company will conduct a capital injection to the Company during 2017.

Furthermore, the parent company has declared its willingness to contribute sufficient capital to cover potential costs related to the ongoing dispute regarding settlement of corporation tax for prior income years.

Knowledge resources

All products, clothes and accessories are designed and manufactured by other companies in the Diesel Group. Diesel Denmark ApS acts as a limited risk distributor and does not carry any risk regarding knowledge resources.

Special risks

Diesel Denmark ApS has no significant currency risks or other specific risks.

Impact on the external environment

The Company has no exceptional impact on the external environment within the industry.

Research and development activities

Most development activities are conducted by the parent company ensuring that all products comply with environmental requirements and other EU requirements.

Foreign branches

The company has a branch in Finland.

Management's review

Management commentary

Events after the balance sheet date

No events have occurred after the balance sheet date which affect the financial statements for 2016.

Outlook

For 2017 revenue has been budgeted at DKK 55,300 thousand. This is in light of the interim order book and an expectation that the market will remain in a difficult situation that will impact the company's retail sale as well as the company's in season replenishment from wholesale customers.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Revenue	62,925,940	75,417,747
	Cost of sales	-20,815,003	-31,692,198
	Other external expenses	-21,185,661	-16,095,100
	Gross margin	20,925,276	27,630,449
3	Staff costs	-20,922,534	-27,108,347
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,370,358	-2,609,022
	Other operating expenses	0	-513,996
	Profit/loss before net financials	-2,367,616	-2,600,916
	Income from investments in group enterprises	-101,142	2,298,204
5	Financial income	1,122,914	521,619
6	Financial expenses	-1,411,963	-1,465,897
	Profit/loss before tax	-2,757,807	-1,246,990
	Tax for the year	0	0
	Profit/loss for the year	-2,757,807	-1,246,990

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	49,154	72,073
		<u>49,154</u>	<u>72,073</u>
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	2,429,821	3,241,237
	Leasehold improvements	2,555,104	3,223,389
		<u>4,984,925</u>	<u>6,464,626</u>
9	Investments		
	Investments in group enterprises	6,299,587	6,677,730
	Other receivables	3,830,717	3,766,038
		<u>10,130,304</u>	<u>10,443,768</u>
	Total fixed assets	<u>15,164,383</u>	<u>16,980,467</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	6,450,396	7,255,190
	Prepayments for goods	55,437	0
		<u>6,505,833</u>	<u>7,255,190</u>
	Receivables		
	Trade receivables	8,404,286	7,993,561
	Receivables from group enterprises	8,089,291	14,515,941
	Other receivables	253,419	499,627
	Prepayments	472,648	468,240
		<u>17,219,644</u>	<u>23,477,369</u>
	Cash	1,089,144	1,772,619
	Total non-fixed assets	<u>24,814,621</u>	<u>32,505,178</u>
	TOTAL ASSETS	<u>39,979,004</u>	<u>49,485,645</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	601,000	601,000
	Retained earnings	-2,968,544	-1,266,851
	Total equity	-2,367,544	-665,851
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	6,542,569	3,315,648
	Payables to group enterprises	28,788,897	36,921,165
	Other payables	6,813,995	9,687,640
	Deferred income	201,087	227,043
		42,346,548	50,151,496
	Total liabilities other than provisions	42,346,548	50,151,496
	TOTAL EQUITY AND LIABILITIES	39,979,004	49,485,645

- 1 Accounting policies
- 2 Going concern uncertainties
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	601,000	-139,938	461,062
14 Loss for the year	0	-1,246,990	-1,246,990
Adjustment of investments through foreign exchange adjustments	0	120,077	120,077
Equity at 1 January 2016	601,000	-1,266,851	-665,851
Capital injection	0	1,267,000	1,267,000
14 Loss for the year	0	-2,757,807	-2,757,807
Adjustment of investments through foreign exchange adjustments	0	-210,886	-210,886
Equity at 31 December 2016	601,000	-2,968,544	-2,367,544

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Diesel Denmark ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Diesel Denmark ApS and its group entities are part of the consolidated financial statements for OTB S.p.A, Italy.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale of Diesel clothing and accessories is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5 years
Fixtures and fittings, other plant and equipment	3 - 5 years
Leasehold improvements	3 - 10 years

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, realised and unrealised capital gains and losses relating to investments and exchange gains and losses.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The activity in the Finnish branch is taxed according to Finnish tax rules.

Balance sheet

Intangible assets

Other intangible assets include acquired software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

The purchase method of accounting is applied to corporate takeovers, as described under 'Business combinations'.

Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions for deferred tax are calculated, based on the liability method, 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.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial ratios

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

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

2 Going concern uncertainties

The Company realised a loss of DKK 2,757,807 for the financial year compared to a loss of DKK 1,246,990 last year. In 2015 the Company's balance sheet showed equity of -665.851, and consequently the share capital where lost. In april 2016, the Company received an capital infusion of 1,267,000 to reestablish the share capital. In 2016 the Company's balance sheet shows equity of DKK -2,367,544 thousand; consequently, the share capital is lost. The Company expects to restore the share capital by own earnings or by injection of fresh capital.

Accordingly, the Company is currently not able to fund its operations and is dependent on contribution of operating capital to fund the current plans and budgets. The ultimate parent company OTB S.p.A. has guaranteed to provide business support and financial support as necessary to enable Diesel Denmark ApS to continue its operations and to meet all its liabilities and commitments as they fall due for a minimum of 12 months from 3 March 2017.

Furthermore, the parent company has declared its willingness to contribute sufficient capital to cover potential costs related to the ongoing dispute regarding settlement of corporation tax for prior income years.

On this basis, the financial statements are presented on the assumption of going concern.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
3 Staff costs		
Wages/salaries	19,181,541	24,930,886
Pensions	1,425,672	1,797,775
Other social security costs	296,607	321,379
Other staff costs	18,714	58,307
	<u>20,922,534</u>	<u>27,108,347</u>
Average number of full-time employees	<u>52</u>	<u>57</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	47,734	15,298
Depreciation of property, plant and equipment	2,322,624	2,593,724
	<u>2,370,358</u>	<u>2,609,022</u>
5 Financial income		
Interest receivable, group entities	374	9,570
Other interest income	0	1,946
Exchange gain	1,122,540	510,014
Other financial income	0	89
	<u>1,122,914</u>	<u>521,619</u>
6 Financial expenses		
Interest expenses, group entities	592,553	472,651
Other interest expenses	184,518	188,287
Exchange losses	392,421	472,120
Other financial expenses	242,471	332,839
	<u>1,411,963</u>	<u>1,465,897</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	Acquired intangible assets
Cost at 1 January 2016	1,460,355
Foreign exchange adjustments	-2,763
Additions	24,818
Cost at 31 December 2016	1,482,410
Impairment losses and amortisation at 1 January 2016	1,388,282
Foreign exchange adjustments	-2,763
Amortisation for the year	47,737
Impairment losses and amortisation at 31 December 2016	1,433,256
Carrying amount at 31 December 2016	49,154

8 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2016	14,827,968	21,582,958	36,410,926
Foreign exchange adjustments	-15,521	-23,691	-39,212
Additions	781,664	66,436	848,100
Cost at 31 December 2016	15,594,111	21,625,703	37,219,814
Impairment losses and depreciation at 1 January 2016	11,586,731	18,359,569	29,946,300
Foreign exchange adjustments	-10,515	-23,520	-34,035
Depreciation	1,588,074	734,550	2,322,624
Impairment losses and depreciation at 31 December 2016	13,164,290	19,070,599	32,234,889
Carrying amount at 31 December 2016	2,429,821	2,555,104	4,984,925
Amortised over	3 - 5 years	3 - 10 years	

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	Investments in group enterprises	Other receivables	Total
Cost at 1 January 2016	36,147,524	3,766,038	39,913,562
Additions	0	64,679	64,679
Cost at 31 December 2016	36,147,524	3,830,717	39,978,241
Value adjustments at 1 January 2016	-29,469,794	0	-29,469,794
Foreign exchange adjustments	-277,000	0	-277,000
Profit/loss for the year	-101,143	0	-101,143
Value adjustments at 31 December 2016	-29,847,937	0	-29,847,937
Carrying amount at 31 December 2016	6,299,587	3,830,717	10,130,304

DKK	Legal form	Domicile	Interest	Equity	Profit/loss
Subsidiaries					
Diesel Sweden AB	Aktiebolag	Sweden	100.00 %	6,299,587	-101,143

DKK	2016	2015
10 Share capital		
Analysis of the share capital:		
1,202 shares of DKK 500.00 nominal value each	601,000	601,000
	601,000	601,000

The Company's share capital has remained DKK 601,000 over the past 5 years.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is party to a court case at the Danish National Tax Tribunal regarding settlement of corporation tax for prior income years. At the balance sheet date, the outcome of the court case is subject to considerable uncertainty.

Other financial obligations

Other rent and lease liabilities:

DKK	2016	2015
Rent and lease liabilities	5,624,292	4,993,694

12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

13 Related parties

Diesel Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Diesel S.p.A	Via Dell' Industria 4/6, 36042 Breganze(VI), Italy	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
OTB S.p.A	Via Dell' Industria 2, 36042 Breganze(VI), Italy	The consolidated financial statements and parent company financial statements can be requested at Diesel Denmark ApS in Copenhagen

Group enterprise transactions not carried through on normal market terms

There are no group enterprise transactions that have not been carried through on normal market terms.

14 Appropriation of profit/loss

Recommended appropriation of profit/loss
Retained earnings/accumulated loss

-2,757,807	-1,246,990
<u>-2,757,807</u>	<u>-1,246,990</u>