Asian Import ApS

Farum Gydevej 73, DK-3520 Farum

Annual Report for 1 July 2018 - 30 June 2019

CVR No 14 53 16 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/11 2019

Tom Deichmann
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Asian Import ApS for the financial year 1 July 2018 - 30 June 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 29 November 2019

Executive Board

Claus Walther Jensen

Board of Directors

Gitte Breil Chairman	Julie Breil	Claus Walther Jensen

Independent Auditor's Report

To the Shareholders of Asian Import ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Asian Import ApS for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 these Financial Statements.

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

- 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 and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

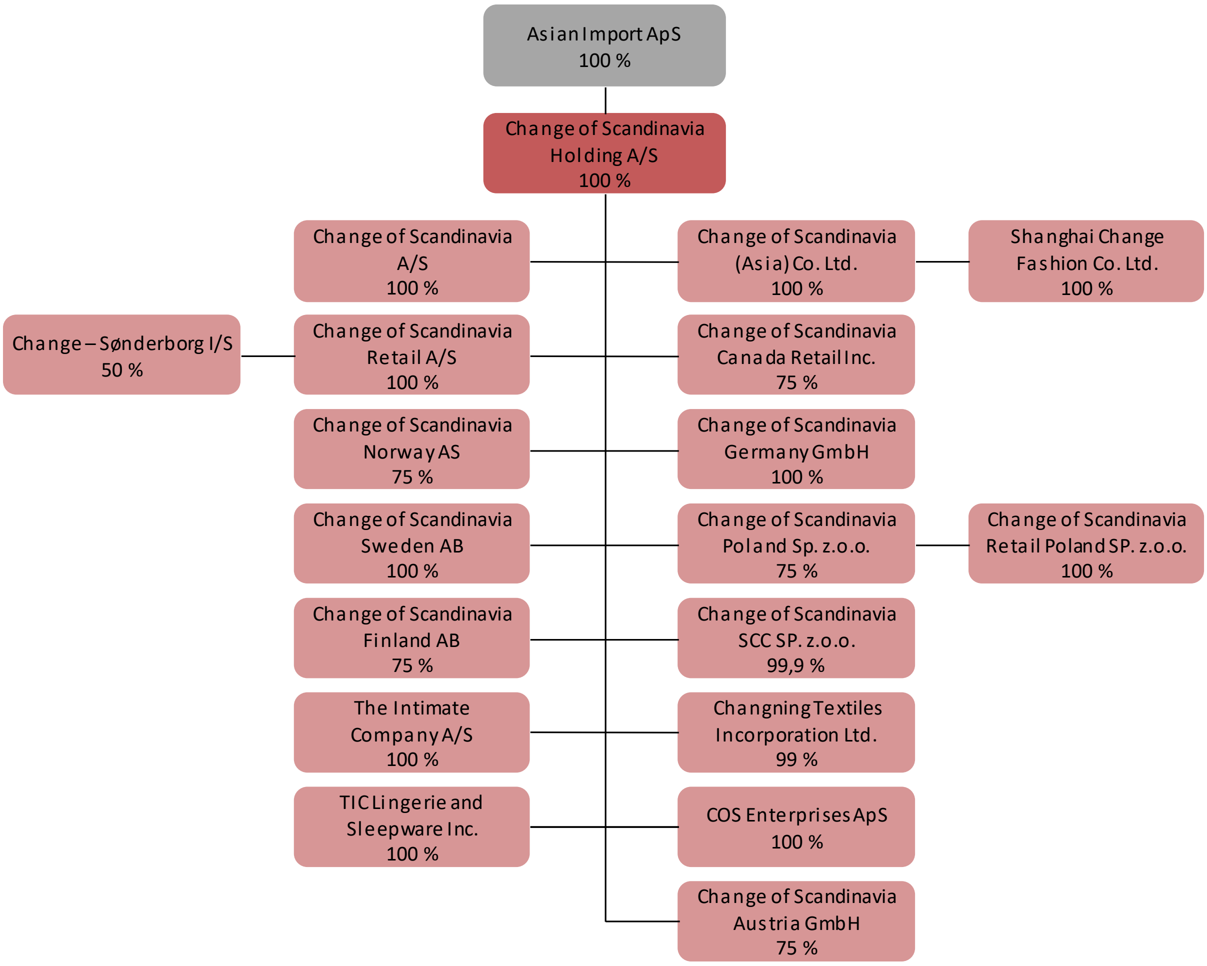
Hillerød, 29 November 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Aslund Pedersen	Michael Blom
statsautoriseret revisor	statsautoriseret revisor
mne17120	mne32797

Company Information

The Company	Asian Import ApS Farum Gydevej 73 DK-3520 Farum CVR No: 14 53 16 88 Financial period: 1 July - 30 June Municipality of reg. office: Furesø
Board of Directors	Gitte Breil, Chairman Julie Breil Claus Walther Jensen
Executive Board	Claus Walther Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Group Chart


Asian Import ApS
100 %
Change of Scandinavia Holding A/S
100 %
Change of Scandinavia A/S
100 %
Change of Scandinavia (Asia) Co. Ltd.
100 %
Shanghai Change Fashion Co. Ltd.
100 %
Change – Sønderborg I/S
50 %
Change of Scandinavia Retail A/S
100 %
Change of Scandinavia Canada Retail Inc.
75 %
Change of Scandinavia Norway AS
75 %
Change of Scandinavia Germany GmbH
100 %
Change of Scandinavia Sweden AB
100 %
Change of Scandinavia Poland Sp. z.o.o.
75 %
Change of Scandinavia Retail Poland SP. z.o.o.
100 %
Change of Scandinavia Finland AB
75 %
Change of Scandinavia SCC SP. z.o.o.
99,9 %
The Intimate Company A/S
100 %
Changning Textiles Incorporation Ltd.
99 %
TIC Lingerie and Sleepware Inc.
100 %
COS Enterprises ApS
100 %
Change of Scandinavia Austria GmbH
75 %

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	490.142	422.423	360.604	361.742	340.132
Gross profit/loss	267.212	226.987	200.328	178.996	151.629
EBITDA	55.628	42.003	48.849	28.428	22.211
Operating profit/loss	30.689	21.063	33.142	13.683	-5.888
Profit/loss before financial income and expenses	30.285	17.862	33.142	13.683	-5.888
Net financials	-8.185	-15.001	-20.733	-14.106	-6.629
Net profit/loss for the year	19.795	1.616	7.644	-2.353	-5.217
Balance sheet					
Balance sheet total	294.311	267.796	283.032	267.175	272.024
Equity	25.026	2.764	1.268	4.762	3.982
Cash flows					
Cash flows from:					
- operating activities	47.644	51.670	25.642	28.169	-5.404
- investing activities	-26.931	-33.225	-17.790	-31.644	-44.003
including investment in property, plant and equipment	-19.803	-24.203	-27.645	-35.212	-16.100
- financing activities	-8.766	-13.680	5.694	3.941	9.498
Change in cash and cash equivalents for the year	11.947	4.765	13.546	466	-39.909
Number of employees	628	559	499	432	417
Ratios					
Gross margin	54,5%	53,7%	55,6%	49,5%	44,6%
Profit margin	6,2%	4,2%	9,2%	3,8%	-1,7%
Return on assets	10,3%	6,7%	11,7%	5,1%	-2,2%
Solvency ratio	8,5%	1,0%	0,4%	1,8%	1,5%
Return on equity	142,5%	80,2%	253,5%	-53,8%	-100,5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Asian Import ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The primary activities of the Group are design, manufacture and sale of lingerie, swimwear, nightwear and underwear, which are distributed mainly through the Change lingerie concept stores in Denmark, Norway, Sweden, Finland, Germany, Poland, Canada, Austria, Spain, Ireland, the Baltic States and Singapore as well as e-commerce.

Development in the year

The income statement of the Group for 2018/19 shows a profit of TDKK 19,795, and at 30 June 2019 the balance sheet of the Group shows equity of TDKK 25,026.

The result of the year is a significant improvement compared to last year and is an effect of the Company's focus to optimize its operations and store portfolio. This include continued efforts to improve sales and customer service in the stores through staff training, which has resulted in significant turnover growth, also in stores that have been open for several years.

In 2018/19 the Company continued its expansion in the European and Canadian markets. The Group opened 18 own stores during the year with 5 in Scandinavia, 7 in Germany, 2 in Poland and 4 in Canada. The Company also invested in 75% of the shares in the Austrian company having a franchise agreement with the Company, in order to support the development of this market. Finally, the Company took over 5 franchise stores in Norway. The company now has 40 own stores and 4 franchise stores in Norway and is in this market similar to the Company's position in Denmark and Finland the market leader among specialized Lingerie Retail chains.

Fine tuning of the store portfolio with the aim only to have stores that contribute to the Group result also meant closure of 8 own stores with 3 in Denmark, 3 in Norway and 2 in Sweden.

The past year and follow-up on development expectations from last year

As it was expected the result of the year has improved compared to last year and the share capital has been fully reestablished by own earnings from the year. The management finds the financial development satisfactory.

Management's Review

Special risks - operating risks and financial risks

Operating risks

It is assessed that the Company is not exposed to any special business or financial risks apart from risks common to the industry.

Foreign exchange risks

The Company is exposed to general currency risks as regards its operations, however the risk mainly relates to CNY. The majority part of the Company's purchasing of goods and material is done in CNY while the Company invoices in DKK, SEK, NOK, EUR, PLN and CAD.

According to the policy approved by the Board of Directors, the risks related to purchases done in CNY are hedged using forward exchange contracts running for up to 12 month.

Targets and expectations for the year ahead

In 2019/20 the Company expects continued turnover growth, both in existing stores and by opening of new stores. The Company also sees further turnover potential from its omni-channel operation.

The management also expects a growth in the result of the year, which however will be affected negatively by the further investments in new stores, investment in e-commerce and investment in the organization to support the growth. The full benefits of these investments will materialize in the coming years.

Review and assessment of the existing store portfolio will always be on the Company's agenda, but after the last two years portfolio optimization, which resulted in 15 own store closures, management does not expect any significant number of store closures in 2019/20.

Research and development

The Company's intellectual capital resources are related to the development of products and future sales activities. Good quality, production of new products and the right market approach is sufficent to ensure return on the research and development activites.

External environment

The Group's environmental impact on its surroundings is very limited. The Group strives to improve and optimize its energy consumption.

Management's Review

Statement of corporate social responsibility

Management has decided not to implement any formal policies on corporate social responsibility in accordance with section 99a of the Danish Financial Statement Act. The decision is based on an evaluation of the possible benefit compared to the resources needed to implement such policies.

Statement on gender composition

The Company has less than 50 employees and is therefore not obliged to disclose its policies on gender composition. However, the Company has decided to expose it gender composition in the Board of Directors. The Board of Directors consists of six members, three men and three women – and with it, the Company practices an even distribution of men and women on the Board of Directors.

Uncertainty relating to recognition and measurement

The measurement of certain assets and liabilities are based on accounting estimates performed by Management. The estimates are performed in accordance with the accounting policies applied and are based on assumptions and experiences considered realistic and reasonable by Management.

Unusual events

The financial position at 30 June 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018/19 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Revenue	3	**490.142**	**422.423**	**1.926**	**1.899**
Work on own account recognised in assets		2.911	2.640	0	0
Other operating income	4	2.330	3.371	99	24
Expenses for raw materials and consumables		-87.871	-81.125	0	0
Other external expenses		-140.300	-120.322	-83	-242
Gross profit/loss		**267.212**	**226.987**	**1.942**	**1.681**
Staff expenses	5	-208.620	-178.412	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	6	-25.573	-24.141	-503	-371
Other operating expenses	7	-2.734	-6.572	0	0
Profit/loss before financial income and expenses		**30.285**	**17.862**	**1.439**	**1.310**
Income from investments in subsidiaries	8	0	0	20.518	4.098
Income from investments in associates		131	-81	0	0
Financial income	9	1.033	56	15	8
Financial expenses	10	-9.349	-14.976	-6.628	-7.569
Profit/loss before tax		**22.100**	**2.861**	**15.344**	**-2.153**
Tax on profit/loss for the year	11	-2.305	-1.245	1.987	1.310
Net profit/loss for the year		**19.795**	**1.616**	**17.331**	**-843**

Balance Sheet 30 June

Assets

		Group		Parent	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Completed development projects		2.910	2.640	0	0
Acquired licenses		15.326	20.805	0	0
Acquired trademarks		6.882	8.277	0	0
Goodwill		28.029	27.753	0	0
Development projects in progress		9.126	5.559	0	0
Intangible assets	12	**62.273**	**65.034**	**0**	**0**
Land and buildings		14.927	15.445	14.869	15.360
Other fixtures and fittings, tools and equipment		15.644	17.847	0	0
Leasehold improvements		34.187	29.521	0	0
Property, plant and equipment in progress		2.556	1.090	0	0
Property, plant and equipment	13	**67.314**	**63.903**	**14.869**	**15.360**
Investments in subsidiaries	14	0	0	129.133	106.169
Investments in associates	15	342	380	0	0
Other investments	16	0	32	0	0
Other receivables	16	11.557	11.638	0	0
Fixed asset investments		**11.899**	**12.050**	**129.133**	**106.169**
Fixed assets		**141.486**	**140.987**	**144.002**	**121.529**
Inventories	17	**90.674**	**71.260**	**0**	**0**
Trade receivables		8.120	18.662	0	9
Receivables from group enterprises		0	0	511	153
Other receivables		742	898	0	0
Deferred tax asset	21	10.380	5.105	0	0
Corporation tax		0	0	1.497	1.147
Prepayments	18	8.262	8.184	0	0
Receivables		**27.504**	**32.849**	**2.008**	**1.309**

Balance Sheet 30 June

Assets

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Cash at bank and in hand		**34.647**	**22.700**	**16**	**0**
Currents assets		**152.825**	**126.809**	**2.024**	**1.309**
Assets		**294.311**	**267.796**	**146.026**	**122.838**

Balance Sheet 30 June

Liabilities and equity

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Share capital		300	300	300	300
Reserve for net revaluation under the equity method		0	0	39.381	16.417
Reserve for development costs		2.271	2.060	0	0
Retained earnings		10.271	-9.057	-26.839	-23.412
Equity attributable to shareholders of the Parent Company		**12.842**	**-6.697**	**12.842**	**-6.695**
Minority interests		12.184	9.461	0	0
Equity	19	**25.026**	**2.764**	**12.842**	**-6.695**
Provision for deferred tax	21	0	0	3.262	5.316
Provisions relating to investments in associates		0	746	0	0
Other provisions	22	447	446	0	0
Provisions		**447**	**1.192**	**3.262**	**5.316**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Mortgage loans		9.801	10.630	9.801	10.630
Credit institutions		70.840	84.751	48.593	49.729
Lease obligations		3.000	6.353	0	0
Deposits		400	0	0	0
Deferred income		5.032	4.725	5.032	4.725
Long-term debt	23	**89.073**	**106.459**	**63.426**	**65.084**
Mortgage loans	23	830	830	830	830
Credit institutions	23	72.685	63.204	5.078	5.078
Lease obligations	23	7.312	7.148	0	0
Trade payables		42.292	39.731	601	1.056
Payables to group enterprises		0	0	57.923	50.320
Corporation tax		7.051	785	0	0
Other payables	24	40.246	38.432	2.064	1.849
Deferred income	23,25	9.349	7.251	0	0
Short-term debt		**179.765**	**157.381**	**66.496**	**59.133**
Debt		**268.838**	**263.840**	**129.922**	**124.217**
Liabilities and equity		**294.311**	**267.796**	**146.026**	**122.838**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	0	0	-9.106	-8.806	9.461	655
Net effect of correction of material misstatements	0	0	2.060	50	2.110	0	2.110
Adjusted equity at 1 July	300	0	2.060	-9.056	-6.696	9.461	2.765
Exchange adjustments	0	0	0	-367	-367	0	-367
Fair value adjustment of hedging instruments, beginning of year	0	0	0	8.733	8.733	0	8.733
Fair value adjustment of hedging instruments, end of year	0	0	0	-5.032	-5.032	0	-5.032
Tax on adjustment of hedging instruments for the year	0	0	0	-814	-814	0	-814
Other equity movements	0	0	0	-525	-525	0	-525
Development costs for the year	0	0	2.271	0	2.271	0	2.271
Depreciation, amortisation and impairment for the year	0	0	-2.060	0	-2.060	0	-2.060
Net profit/loss for the year	0	0	0	17.332	17.332	2.723	20.055
Equity at 30 June	**300**	**0**	**2.271**	**10.271**	**12.842**	**12.184**	**25.026**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	14.307	0	-23.411	-8.804	0	-8.804
Net effect of correction of material misstatements	0	2.110	0	0	2.110	0	2.110
Adjusted equity at 1 July	300	16.417	0	-23.411	-6.694	0	-6.694
Exchange adjustments	0	0	0	-370	-370	0	-370
Fair value adjustment of hedging instruments, beginning of year	0	0	0	4.725	4.725	0	4.725
Fair value adjustment of hedging instruments, end of year	0	0	0	-5.032	-5.032	0	-5.032
Tax on adjustment of hedging instruments for the year	0	0	0	68	68	0	68
Other equity movements	0	0	0	2.814	2.814	0	2.814
Net profit/loss for the year	0	22.964	0	-5.633	17.331	0	17.331
Equity at 30 June	**300**	**39.381**	**0**	**-26.839**	**12.842**	**0**	**12.842**

Cash Flow Statement 1 July - 30 June

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK
Net profit/loss for the year		19.795	1.616
Adjustments	26	37.401	40.387
Change in working capital	27	892	27.128
Cash flows from operating activities before financial income and expenses		**58.088**	**69.131**
Financial income		1.033	56
Financial expenses		-9.349	-14.976
Cash flows from ordinary activities		**49.772**	**54.211**
Corporation tax paid		-2.128	-2.541
Cash flows from operating activities		**47.644**	**51.670**
Purchase of intangible assets		-7.378	-8.240
Purchase of property, plant and equipment		-19.803	-24.203
Fixed asset investments made etc		-1.355	-1.368
Sale of property, plant and equipment		1.436	380
Dividends received from associates		169	206
Cash flows from investing activities		**-26.931**	**-33.225**
Repayment of mortgage loans		-829	-830
Repayment of loans from credit institutions		-12.124	-7.630
Reduction of lease obligations		-3.189	-5.113
Raising of loans from credit institutions		7.694	0
Other adjustments		-318	-107
Cash flows from financing activities		**-8.766**	**-13.680**
Change in cash and cash equivalents		**11.947**	**4.765**
Cash and cash equivalents at 1 July		22.700	17.935
Cash and cash equivalents at 30 June		**34.647**	**22.700**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		34.647	22.700
Cash and cash equivalents at 30 June		**34.647**	**22.700**

Notes to the Financial Statements

1 Unusual events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

3 Revenue

Geographical segments

Revenue, Denmark	164.107	149.028	1.926	1.899
Revenue, other European countries	278.238	229.174	0	0
Revenue, rest of the world	47.797	44.221	0	0
	490.142	**422.423**	**1.926**	**1.899**

Business segments

Retail and web	476.484	391.404	0	0
Franchise	12.971	30.339	0	0
Rent	687	680	1.926	1.899
	490.142	**422.423**	**1.926**	**1.899**

4 Other operating income

Profit on sale of fixed assets	175	0	0	0
Other income	2.155	3.371	99	24
	2.330	**3.371**	**99**	**24**

Notes to the Financial Statements

		Group		Parent	
		2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
5	**Staff expenses**				
	Wages and salaries	180.654	155.808	0	0
	Pensions	10.221	8.494	0	0
	Other social security expenses	13.102	10.670	0	0
	Other staff expenses	4.643	3.440	0	0
		208.620	**178.412**	**0**	**0**
	Including remuneration to the Executive Board and Board of Directors	**1.745**	**1.762**	**0**	**0**
	Average number of employees	**628**	**559**	**0**	**0**
6	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	11.125	9.765	0	0
	Depreciation of property, plant and equipment	14.448	11.928	503	371
	Impairment of property, plant and equipment	0	2.434	0	0
	Gain and loss on disposal	0	14	0	0
		25.573	**24.141**	**503**	**371**
7	**Other operating expenses**				
	Other expenses	2.734	6.572	0	0
		2.734	**6.572**	**0**	**0**

Notes to the Financial Statements

	Parent	
	2018/19	2017/18
	TDKK	TDKK

8 Income from investments in subsidiaries

	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Share of profits of subsidiaries	20.518	4.098
	20.518	**4.098**

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

9 Financial income

	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Other financial income	186	56	15	8
Exchange adjustments	847	0	0	0
	1.033	**56**	**15**	**8**

10 Financial expenses

	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Interest paid to group enterprises	0	0	1.828	1.837
Other financial expenses	9.349	10.342	4.800	5.730
Exchange adjustments, expenses	0	4.634	0	0
Exchange loss	0	0	0	2
	9.349	**14.976**	**6.628**	**7.569**

11 Tax on profit/loss for the year

	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Current tax for the year	7.780	1.230	0	-1.298
Deferred tax for the year	-6.398	-1.963	-1.987	-12
Adjustment of tax concerning previous years	923	1.978	0	0
	2.305	**1.245**	**-1.987**	**-1.310**

Notes to the Financial Statements

12 Intangible assets

Group

	Completed development projects	Acquired licenses	Acquired trade-marks	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	2.640	76.785	16.241	35.568	0
Exchange adjustment	0	0	-12	-25	0
Additions for the year	2.911	75	0	2.426	3.567
Disposals for the year	0	-3	-1.525	0	0
Transfers for the year	0	-26.544	0	917	5.559
Cost at 30 June	5.551	50.313	14.704	38.886	9.126
Transfers for the year	0	0	0	0	0
Revaluations at 30 June	0	0	0	0	0
Impairment losses and amortisation at 1 July	0	55.980	7.962	7.815	0
Exchange adjustment	0	0	-10	-11	0
Amortisation for the year	2.641	3.030	789	4.665	0
Reversal of amortisation of disposals for the year	0	0	-919	0	0
Transfers for the year	0	-24.023	0	-1.612	0
Impairment losses and amortisation at 30 June	2.641	34.987	7.822	10.857	0
Carrying amount at 30 June	**2.910**	**15.326**	**6.882**	**28.029**	**9.126**

Finalized development projects relate to the development of the Company's existing products and new collections for sale in the next financial year. The development projects are finalized or is expected to be finalized in time to go to market with the products according to the marketing plan. The projects are progressing according to plan, and sufficent resources is allocated by Management to the development. The new products are expected to be sold in the present market and trough the Company's existing stores and web sales.

Development projects in progress relates to the groups new IT system and platforms.

Notes to the Financial Statements

13 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	19.548	29.462	84.846	6.649
Exchange adjustment	4	260	147	-2
Additions for the year	11	6.141	10.627	2.555
Disposals for the year	0	-128	-745	0
Transfers for the year	0	-3.510	3.751	-6.646
Cost at 30 June	19.563	32.225	98.626	2.556
Revaluations at 1 July	0	0	0	0
Revaluations at 30 June	0	0	0	0
Impairment losses and depreciation at 1 July	4.101	11.612	55.325	0
Exchange adjustment	2	78	168	0
Depreciation for the year	533	5.064	8.850	0
Reversal of impairment and depreciation of sold assets	0	-32	-279	0
Transfers for the year	0	-141	375	0
Impairment losses and depreciation at 30 June	4.636	16.581	64.439	0
Carrying amount at 30 June	**14.927**	**15.644**	**34.187**	**2.556**

Notes to the Financial Statements

13 Property, plant and equipment (continued)

Parent

	Land and buildings
	TDKK
Cost at 1 July	19.405
Additions for the year	11
Kostpris at 30 June	19.416
Impairment losses and depreciation at 1 July	4.044
Depreciation for the year	503
Impairment losses and depreciation at 30 June	4.547
Carrying amount at 30 June	**14.869**

14 Investments in subsidiaries

	Parent	
	2018/19	2017/18
	TDKK	TDKK
Cost at 1 July	89.752	89.752
Cost at 30 June	89.752	89.752
Value adjustments at 1 July	16.417	15.433
Exchange adjustment	-470	-70
Net profit/loss for the year	21.931	5.511
Fair value adjustment of hedging instruments for the year	0	857
Other equity movements, net	2.916	-3.901
Amortisation of goodwill	-1.413	-1.413
Value adjustments at 30 June	39.381	16.417
Carrying amount at 30 June	**129.133**	**106.169**
Remaining positive difference included in the above carrying amount at 30 June	19.788	21.201

Notes to the Financial Statements

14 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Change of Scandinavia Holding A/S	Farum	59,844	100%

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
15 Investments in associates				
Cost at 1 July	125	125	0	0
Cost at 30 June	125	125	0	0
Value adjustments at 1 July	255	290	0	0
Net profit/loss for the year	131	-81	0	0
Dividends received	-169	-206	0	0
Other adjustments	0	252	0	0
Value adjustments at 30 June	217	255	0	0
Carrying amount at 30 June	**342**	**380**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Change - Sønderborg I/S	Sønderborg	I/S	50%
COS Enterprises ApS	Farum	50,000	100%

The remaining shares in COS Enterprises ApS was purchased in 2018/19 and the investement is moved to Investments in subsidiaries.

Notes to the Financial Statements

16 Other fixed asset investments

	Group
	Other receiv-ables
	TDKK
Cost at 1 July	11.638
Exchange adjustment	8
Additions for the year	1.347
Disposals for the year	-1.436
Cost at 30 June	11.557
Impairment losses at 1 July	0
Impairment losses at 30 June	0
Carrying amount at 30 June	**11.557**

17 Inventories

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	90.674	71.254	0	0
Prepayments for goods	0	6	0	0
	90.674	**71.260**	**0**	**0**

18 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

Notes to the Financial Statements

19 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	100	100
B-shares	100	100
C-shares	100	100
		300

There have been no changes in the share capital during the last 5 years.

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
20 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	22.964	984
Minority interests' share of net profit/loss of subsidiaries	2.463	2.462	0	0
Retained earnings	17.332	-846	-5.633	-1.827
	19.795	**1.616**	**17.331**	**-843**

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

21 Deferred tax asset

Deferred tax asset at 1 July	5.105	0	-5.316	0
Amounts recognised in the income statement for the year	6.398	1.963	1.987	12
Amounts recognised in equity for the year	-1.123	3.142	67	-5.328
Deferred tax asset at 30 June	**10.380**	**5.105**	**-3.262**	**-5.316**

The recognised tax asset comprises financial lease debt, tax loss carry-forwards and tax on reversed internal profit. Management expect that the deferred tax asset is to be ultilised in the futurer. In connecstion with the assessment of the utilasation of the tax asset, special empasis has been placed on the Company and Group having expected future growth in both revenue and profit. The realized figures shows an growth in both revenue and profit.

22 Other provisions

The amount relates to provision for renovation of facilities related to rental agreements with stores.

Other provisions	447	446	0	0
	447	**446**	**0**	**0**

23 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	6.479	7.309	6.479	7.309
Between 1 and 5 years	3.322	3.321	3.322	3.321
Long-term part	9.801	10.630	9.801	10.630
Within 1 year	830	830	830	830
	10.631	**11.460**	**10.631**	**11.460**

Notes to the Financial Statements

23 Long-term debt (continued)

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	70.840	84.751	48.593	49.729
Long-term part	70.840	84.751	48.593	49.729
Within 1 year	5.078	5.078	5.078	5.078
Other short-term debt to credit institutions	67.607	58.126	0	0
Short-term part	72.685	63.204	5.078	5.078
	143.525	**147.955**	**53.671**	**54.807**
Lease obligations				
Between 1 and 5 years	3.000	6.353	0	0
Long-term part	3.000	6.353	0	0
Within 1 year	7.312	7.148	0	0
	10.312	**13.501**	**0**	**0**
Deposits				
Between 1 and 5 years	400	0	0	0
Long-term part	400	0	0	0
Within 1 year	0	0	0	0
	400	**0**	**0**	**0**
Deferred income				
Between 1 and 5 years	5.032	4.725	5.032	4.725
Long-term part	5.032	4.725	5.032	4.725
Within 1 year	0	0	0	0
Other deferred income	9.349	7.251	0	0
	14.381	**11.976**	**5.032**	**4.725**

Notes to the Financial Statements

24 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Liabilities	876	4.883	0	0

Forward exchange contracts have been concluded to hedge future sale of goods in USD. At the balance sheet date fair value of the forward exchange contract amounts to DKK 876 thousand (liability). The forward exchange contracts terminates within 2-13 months.

25 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

26 Cash flow statement - adjustments

	Group	
	2018/19	2017/18
	TDKK	TDKK
Financial income	-1.033	-56
Financial expenses	9.349	14.976
Depreciation, amortisation and impairment losses, including losses and gains on sales	26.911	24.141
Income from investments in associates	-131	81
Tax on profit/loss for the year	2.305	1.245
	37.401	**40.387**

Notes to the Financial Statements

27 Cash flow statement - change in working capital

	Group 2018/19 TDKK	Group 2017/18 TDKK
Change in inventories	-19.414	1.280
Change in receivables	10.695	31.591
Change in other provisions	448	-48
Change in trade payables, etc	4.848	-3.544
Fair value adjustments of hedging instruments	4.315	-2.151
	892	**27.128**

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
28 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Grunde og bygninger med en regnskabsmæssig værdi på	14.927	15.445	14.869	15.360
The following assets have been placed as security with :				
Bank debts of the Company and the affilate, Change of Scandinavia Retail A/S and Change of Scandinavia A/S are secured by way of a Company charge in intangible and tangible assets and inventories of DKK 60,000 thousand nominal value. The booked value of assets at 30 June amounts to	119.048	103.390	0	0
Bank debts of the Company and the affilate, Change of Scandinavia Norway AS are secured by way of a Company charge in fixed assets and inventories of DKK 8,161 thousand nominal value. The booked value of assets at 30 June amounts to	30.563	25.731	0	0
Rental and lease obligations				
Rental ans lease agreements untill expiry in total	264.227	157.922	0	0
Guarantee obligations				
Rent and payment gurantees for rental agreements	24.923	17.382	0	0

28 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Change of Scandinavia Holding A/S has issued letters of support to some subsidiaries.

The Group holds ownership interests in the partnership Change Sønderborg I/S. Consequently, the Group is liable in accordance with the rules of the Executive Order on the Danish Act on Certain Commercial Undertakings stating that all owners are personally liable without limitation as well as jointly and severally liablefor the obligations of the undertaking.

The Company's and the subsidiary's bank loans are secured by way of a charge of DKK 500 thousand nominal granted on the shares in Change of Scandinavia A/S and Change of Scandinavia Retail A/S, respectively.

The line of credit in Change of Scandinavia Canada Retail Inc. is secured by a pledge of inventory of the Bank Act and a moveable hypothec constituting a first ranking security interest over all present and future tangible and intangible assets in the amount of kDKK 21,048 (kCAD 4,200). A shareholder of the company has guarantees this line of credit and has subordinated their claims up to kDKK 7,643 (kCAD 1,525).

The carrying amount of assets pledged in Change of Scandinavia Canada Retail Inc. equals kDKK 27,048 (kUSD 5,397).

Change of Scandinavia Finland AB has a bank limit for kDKK 746 (kEUR 100) guaranteed by mortgage on company assets.

Asian Import ApS has issued an bail to Nykredit for loans in Change of Scandinavia A/S, Change of Scandinavia Retail A/S and Change of Scandinavia Holding A/S.

Asien Import ApS has issued an pledge to Nykredit in the shares owned in Change of Scandinavia A/S.

Nykredit has an transport in the rent rights in the properties owned by Asian Import ApS.

29 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties were made in the financial year 2018/19 which were not made on arm's length basis.

30 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers (Deloitte - comparison figures)				
Audit fee	455	625	0	0
Tax advisory services	141	211	0	0
Other services	154	66	0	0
	750	**902**	**0**	**0**
Other				
Audit fee	102	100	0	0
Tax advisory services	49	42	0	0
Other services	112	100	0	0
	263	**242**	**0**	**0**
	1.013	**1.144**	**0**	**0**

Notes to the Financial Statements

31 Accounting Policies

The Annual Report of Asian Import ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

Correction of material misstatements

Last year there were some reclassification errors in the profit and loss accounts and in the balance sheet accounts related to the year-end closing. This included a correction of the recognition of development costs, which has resulted in the carrying amount being tied to equity after tax. These errors have been corrected in the balance sheet for the year and the comparative figures for 2017/18 have been restated. The correction did not result in any changes to the profit or loss or equity.

We have noted that deferred tax at 30 June 2018 had been calculated and recognised incorrectly in connection with the year-end closing. This error has been recognised directly in equity in accordance with the rules on material misstatements. The amount recognised is DKK 2,110k, which has increased equity and reduced deferred tax by the same amount.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

31 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Asian Import ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consi-

Notes to the Financial Statements

31 Accounting Policies (continued)

deration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

31 Accounting Policies (continued)

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

31 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

31 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5-8 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition. Development costs are amortised over its useful life, which is assessed at 1 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	50	years
Plant and machinery		years
Other fixtures and fittings, tools and equipment	3 - 8	years
Leasehold improvements	5 - 8	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

31 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items"Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

31 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Other provisions relates to provision for renovation of facilities related to rental agreements with stores.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

31 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Notes to the Financial Statements

31 Accounting Policies (continued)

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$