

BEAUTYGE DENMARK A/S

Kirkebjerg Parkvej 9
2605 Brøndby

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2017

Michael Thomas Sheehan
Chairman of general meeting

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Company information

Reporting company BEAUTYGE DENMARK A/S
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CVR-nr: 19556980
Reporting period: 01/01/2016 - 31/12/2016

Auditor KPMG
Dampfærgevej 28
2100 Köpenhamn Ö
DK Denmark

Statement by Management

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Beautyge Denmark A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 matters discussed in the Management's review. We recommend that the annual report should be approved at the annual general meeting.

Copenhagen, the 31/05/2017

Management

Palle Pedersen
Board member

Malin Pettersson
Board member

Board of directors

Michael Thomas Sheehan
Chairman

Mitra O'Neill
Board member

Yossi Almani
Board member

The independent auditor's reports on review

To the shareholders of BEAUTYGE DENMARK A/S

We have audited the financial statements of Beautyge Denmark A/S for the financial year 1 January – 31 December 2016, comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and financial position 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.

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.

Responsibilities of management 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 that 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 responsibility

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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
- 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 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 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

Independent auditor's report

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.

Opinion on financial statements

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 the work we have performed, 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.

Reports on other legal and regulatory requirements

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.

Copenhagen, 31/05/2017

Lau Bent Baun
State Authorised Public Accountant
KPMG
CVR: 25578198

Management's Review

Management's review

Operating review

Principal activities

The Company's principal activities comprise the sale of hair care products to the business-to-business market in Denmark, including training in the use of the products.

Development in activities and financial position

The loss for the year amounts to DKK 2,966 thousand (2015: loss of DKK 2,087 thousand). The loss for the year is not satisfactory.

The ultimate parent company has issued a letter of support providing assurance that the necessary funds will be provided to the Company, and consequently, the financial statements are presented under the going concern assumption.

Significant events after the balance sheet date

No significant events have occurred after the balance sheet date up to today that will affect the Company's financial position at 31 December 2016.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

Financial statements 1 January – 31 December

Accounting policies

The annual report of Beautyge Denmark A/S for 2016 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Gross profit comprises revenue, cost of sales and other external costs.

Revenue

Income from the sale of goods, comprising the sale of hair care products to business-to-business markets and training in the use of the products, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place, the income can be reliably measured, and payment is expected to be received.

Other external costs

Other external costs comprise costs in relation to distribution, sales, marketing, administration, rent, loss on debtors, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Investments

Deposits are recognised at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Accounting policies

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Revenue		24,545,392	
External expenses		-23,239,976	
Gross Result		1,305,416	3,912,483
Employee expense		-3,978,338	-5,736,677
Profit (loss) from ordinary operating activities		-2,672,922	-1,824,194
Other finance income		438,215	49,991
Other finance expenses		-731,510	-312,355
Profit (loss) from ordinary activities before tax		-2,966,217	-2,086,558
Tax expense		0	0
Profit (loss)		-2,966,217	-2,086,558
Proposed distribution of results			
Retained earnings		-2,966,217	-2,086,558
Proposed distribution of profit (loss)		-2,966,217	-2,086,558

Balance sheet 31 December 2016

Assets

	Disclosure	2016 kr.	2015 kr.
Deposits		26,605	26,605
Investments		26,605	26,605
Total non-current assets		26,605	26,605
Manufactured goods and goods for resale		178,491	57,745
Inventories		178,491	57,745
Trade receivables		3,500,845	2,846,347
Receivables from group enterprises			26,605
Deferred income assets		98,152	10,000
Receivables		3,598,997	2,882,952
Cash and cash equivalents		189,264	1,578,609
Current assets		3,966,752	4,519,306
Total assets		3,993,357	4,545,911

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.	2015 kr.
Contributed capital		584,000	584,000
Retained earnings		-6,386,265	-3,420,049
Total equity		-5,802,265	-2,836,049
Trade payables		1,448,935	578,234
Payables to group enterprises		6,731,039	5,255,007
Other payables, including tax payables, liabilities other than provisions		1,615,648	1,548,719
Short-term liabilities other than provisions, gross		9,795,622	7,381,960
Liabilities other than provisions, gross		9,795,622	7,381,960
Liabilities and equity, gross		3,993,357	4,545,911

Disclosures

1. Disclosure of contingent liabilities

Lease obligations

The Company has entered into operating leases regarding cars and parking spaces falling due within 31 months and total lease payments of DKK 480 thousand at 31 December 2016 (2015: DKK 1,190 thousand).

2. Disclosure of ownership

The Company is a wholly-owned subsidiary of Beautyge S.L., Barcelona, Spain.

The ultimate holding company is Revlon Inc., incorporated in the United States of America.

The results of the Company are consolidated in those of Revlon Inc.

The consolidated accounts are available to the public and may be obtained from One New York Plaza, New York 10004, USA.

3. Information on average number of employees

	2016	2015
Number of employees, beginning balance	8	11
Average number of employees	8	11
Number of employees, ending balance	8	11