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Nortlanders Skinetwork A/S

Nørre Voldgade 90, 1.
1358 Copenhagen K
Central Business Registration No 25351738

Annual report 2016/17

The Annual General Meeting adopted the annual report on 21.09.2017

Chairman of the General Meeting

Name: Mikael Løgstrup

Contents

Entity details

Entity
Nortlanders Skinetwork A/S
Nørre Voldgade 90, 1.
1358 Copenhagen K

Central Business Registration No: 25351738
Founded: 17.03.2000
Registered in: Copenhagen
Financial year: 01.05.2016 - 30.04.2017

Board of Directors
Christian Møller Kerstens, Chairman
Mikhael Peter Melander Vising-Swartz
Casper Lykke Pedersen

Executive Board
Mads Lolk Nortvig, Chief Executive Officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nortlanders Skinetwork A/S for the financial year 01.05.2016 - 30.04.2017.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2017 and of the results of their operations and the consolidated cash flows for the financial year 01.05.2016 - 30.04.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21.09.2017

Executive Board

Mads Lolk Nortvig
Chief Executive Officer

Board of Directors

Christian Møller Kerstens Chairman	Mikhael Peter Melander Vising-Swartz	Casper Lykke Pedersen

Independent auditor's report

To the shareholder of Nortlanders Skinetwork A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Nortlanders Skinetwork A/S for the financial year 01.05.2016 - 30.04.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2016 – 30.04.2017 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 21.09.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bill Haudal Pedersen
State-Authorised Public Accountant

Management commentary

	2016/17 DKK'000	2015/16 DKK'000
Financial highlights		
Key figures		
Gross profit	71,405	68,796
Operating profit/loss	5,152	23,174
Net financials	(855)	(921)
Profit/loss for the year	2,167	16,616
Total assets	96,835	112,466
Equity incl minority interests	32,207	53,928
Cash flows from (used in) operating activities	26,861	30,201
Cash flows from (used in) investing activities	(11,051)	(25,303)
Cash flows from (used in) financing activities	(32,202)	4,551
Ratios		
Return on equity (%)	5.0	30.8
Equity ratio (%)	33.3	48.0

As this is the first financial year for which consolidated financial statements are presented for this division of the Group alone, it has not been possible to compile a five-year summary of financial highlights. Consequently, only two years of financial highlights are disclosed for the Group.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Group's activities consist in arranging and selling ski trips to France, Austria and Italy. The trips are sold primarily to customers in Scandinavia.

Development in activities and finances
The Group has largely maintained its level of activity from last year. However, seasonal fluctuations, particularly around Christmas and New Year, have had an adverse effect.

The utilisation of transport and hotel capacity has generally been poorer than last year, which has had a negative effect on profit or loss.

In view of the general uncertainty within the industry, Management considers results satisfactory.

Uncertainty relating to recognition and measurement
The Group receives payment from the customers before the trips are carried through, for which measurement of revenue is not subject to uncertainty. Recognition of expenses incurred is not subject to uncertainty.

There have been no unusual circumstances in the financial year affecting measurement.

Outlook
We expect positive developments for the next financial year. The Group expects both revenue and earnings to grow. Uncertainty factors such as weather conditions, competition and general market trends may affect the Company's development both positively and negatively.

On 7 December 2016, the Nortlander Group was acquired by Piste Group ApS.

The Group has considerable expertise in purchasing hotel capacity, just as it runs hotels to some extent. Future earnings will benefit positively from an increased streamlining as well as economies of scale. As of the financial year 2017/18, Nortlanders Skinetwork A/S will be part of the Piste Group.

Environmental performance
The environmental impact of the Group is very limited. However, the Group seeks through its cooperative partner, including airline companies, hotels and ski lift systems, to influence the suppliers towards sustainability.

Research and development activities
The Group has no research and development activities besides those activities of a normal operating nature.

Foreign branches
Nortlanders Skinetwork A/S has a branch in France. The branch handles the administrative circumstances of hotel operation as well as payments of wages and salaries to hotel staff and guides remunerated in France.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**71,405**	**68,796**
Staff costs	1	(54,110)	(37,150)
Depreciation, amortisation and impairment losses		(12,143)	(8,472)
Operating profit/loss		**5,152**	**23,174**
Other financial income		2,144	1,433
Other financial expenses		(2,999)	(2,354)
Profit/loss before tax		**4,297**	**22,253**
Tax on profit/loss for the year	2	(2,130)	(5,637)
Profit/loss for the year	3	**2,167**	**16,616**

Consolidated balance sheet at 30.04.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Goodwill		22,612	27,005
Development projects in progress		1,685	0
Intangible assets		**24,297**	**27,005**
Land and buildings		4,735	8,257
Other fixtures and fittings, tools and equipment		14,895	8,794
Leasehold improvements		209	4,215
Property, plant and equipment		**19,839**	**21,266**
Other investments		27	245
Deposits		3,218	920
Fixed asset investments	4	**3,245**	**1,165**
Fixed assets		**47,381**	**49,436**
Manufactured goods and goods for resale		1,570	687
Inventories		**1,570**	**687**
Trade receivables		21,909	13,825
Receivables from group enterprises		0	12,606
Other receivables		14,581	13,581
Income tax receivable		578	0
Prepayments	5	3,504	1,555
Receivables		**40,572**	**41,567**
Other investments		16	12
Other investments		**16**	**12**
Cash		**7,296**	**20,764**
Current assets		**49,454**	**63,030**
Assets		**96,835**	**112,466**

Consolidated balance sheet at 30.04.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		667	667
Retained earnings		13,900	49,249
Proposed dividend		16,500	3,000
Equity attributable to the Parent's owners		**31,067**	**52,916**
Share of equity attributable to minority interests		**1,140**	**1,012**
Equity		**32,207**	**53,928**
Deferred tax	6	918	991
Provisions		**918**	**991**
Mortgage debts		50	61
Bank loans		7,582	13,986
Income tax payable		0	6,641
Non-current liabilities other than provisions	7	**7,632**	**20,688**
Current portion of long-term liabilities other than provisions	7	1,010	3,796
Bank loans		6,280	3,355
Prepayments received from customers		1,324	228
Trade payables		23,735	12,532
Payables to group enterprises		4,936	0
Payables to associates		230	1,602
Other payables		18,563	15,346
Current liabilities other than provisions		**56,078**	**36,859**
Liabilities other than provisions		**63,710**	**57,547**
Equity and liabilities		**96,835**	**112,466**
Contingent liabilities	9		
Mortgages and securities	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	667	49,249	3,000	1,012
Ordinary dividend paid	0	0	(3,000)	0
Extraordinary dividend paid	0	(20,000)	0	0
Proposed dividend	0	0	16,500	0
Exchange rate adjustments	0	(888)	0	0
Profit/loss for the year	0	(14,461)	0	128
Equity end of year	**667**	**13,900**	**16,500**	**1,140**

	Total DKK'000
Equity beginning of year	53,928
Ordinary dividend paid	(3,000)
Extraordinary dividend paid	(20,000)
Proposed dividend	16,500
Exchange rate adjustments	(888)
Profit/loss for the year	(14,333)
Equity end of year	**32,207**

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Operating profit/loss		5,152	23,173
Amortisation, depreciation and impairment losses		12,143	8,472
Working capital changes	8	19,770	656
Cash flow from ordinary operating activities		**37,065**	**32,301**
Financial income received		2,144	1,433
Financial income paid		(2,999)	(2,354)
Income taxes refunded/(paid)		(9,349)	(1,179)
Cash flows from operating activities		**26,861**	**30,201**
Acquisition etc of intangible assets		(1,685)	0
Acquisition etc of property, plant and equipment		(10,430)	(928)
Sale of property, plant and equipment		1,649	0
Acquisition of fixed asset investments		(585)	(24,375)
Cash flows from investing activities		**(11,051)**	**(25,303)**
Instalments on loans etc		(9,202)	(1,849)
Dividend paid		(23,000)	0
Cash increase of capital		0	6,400
Cash flows from financing activities		**(32,202)**	**4,551**
Increase/decrease in cash and cash equivalents		**(16,392)**	**9,449**
Cash and cash equivalents beginning of year		17,408	7,960
Cash and cash equivalents end of year		**1,016**	**17,409**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	50,253	35,475
Other social security costs	1,320	822
Other staff costs	2,537	853
	54,110	**37,150**
Average number of employees	**224**	**64**

	2016/17 DKK'000	2015/16 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	2,203	5,304
Change in deferred tax for the year	(73)	333
	2,130	**5,637**

	2016/17 DKK'000	2015/16 DKK'000
3. Proposed distribution of profit/loss		
Retained earnings	2,039	16,080
Minority interests' share of profit/loss	128	536
	2,167	**16,616**

Development projects in progress
Capitalised development costs mainly relate to the development of booking systems which are expected to generate future eceonomic benefits to the Company. The development costs are recognised at cost and amortised over the expected useful life. In addition, the value of the development costs is estimated on a current basis.

	Other investments DKK'000	Deposits DKK'000
4. Fixed asset investments		
Cost beginning of year	245	920
Additions	0	2,298
Disposals	(218)	0
Cost end of year	**27**	**3,218**
Carrying amount end of year	**27**	**3,218**

Notes to consolidated financial statements

5. Prepayments

Prepayments comprise incurred costs relating to subsequent financial year.

	2016/17 DKK'000
6. Deferred tax	
Changes during the year	
Beginning of year	991
Recognised in the income statement	(73)
End of year	**918**

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16 DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
7. Liabilities other than provisions				
Mortgage debts	0	0	50	0
Bank loans	1,010	3,796	7,582	3,450
	1,010	**3,796**	**7,632**	**3,450**

	2016/17 DKK'000	2015/16 DKK'000
8. Change in working capital		
Increase/decrease in inventories	(883)	(687)
Increase/decrease in receivables	1,573	(2,899)
Increase/decrease in trade payables etc	19,080	4,242
	19,770	**656**

9. Contingent liabilities

The Company has provided a guarantee of DKK 4 million to the Danish Travel Guarantee Fund to cover any claims which the Fund may receive against the Company.

Binding lease contracts on hotels of DKK 31.6 million have been concluded for the 2017/18 season.

The Company has a rental obligation of DKK 1.3 million.

At the moment, the Group has a pending lawsuit against the French tax authorities in which the Company has been ordered to pay EUR 60,938. The Group has appealed the decision and so, the case remains unsettled.

Notes to consolidated financial statements

Concerning a subsidiary, the Danish tax authorities (SKAT) have suggested that this company must pay an additional VAT of DKK 955 thousand regarding the financial year 2015/16. The company disagrees with SKAT's suggestion of changing its VAT payment and so, in consultation with its tax adviser, the company has decided to appeal against the matter with the Danish National Tax Tribunal, if necessary.

10. Mortgages and securities

The Group has provided a guarantee, and shares in subsidiaries have been charged as security for debt to Jyske Bank.

Payment guarantees of DKK 5.4 million have been provided to different hotels.

Cash and cash equivalents of DKK 110 thousand have been provided as security for the Group's obligations to suppliers.

	Registered in	Corporate form	Equity interest %
11. Subsidiaries			
S.R. Holding	Denmark	A/S	100.0
NL Airservice	Denmark	ApS	100.0
Nortlander	Sweden	AB	100.0
Hotel Le Mont Prorel	France	SARL	100.0
Nortlander Club Hotels	France	SARL	100.0
Servicealp	Denmark	ApS	100.0

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**2,083**	**5,281**
Staff costs	1	(16,625)	(15,001)
Depreciation, amortisation and impairment losses		(2,318)	(275)
Operating profit/loss		**(16,860)**	**(9,995)**
Income from investments in group enterprises		17,134	24,106
Other financial income		2,038	368
Other financial expenses		(4,314)	(606)
Profit/loss before tax		**(2,002)**	**13,873**
Tax on profit/loss for the year	2	3,809	2,205
Profit/loss for the year	3	**1,807**	**16,078**

Parent balance sheet at 30.04.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Development projects in progress		1,686	0
Intangible assets	4	**1,686**	**0**
Land and buildings		3,234	6,683
Other fixtures and fittings, tools and equipment		727	313
Leasehold improvements		208	117
Property, plant and equipment	5	**4,169**	**7,113**
Investments in group enterprises		58,151	58,289
Deposits		447	447
Other receivables		448	448
Fixed asset investments	6	**59,046**	**59,184**
Fixed assets		**64,901**	**66,297**
Trade receivables		772	2,953
Receivables from group enterprises		72,544	7,247
Deferred tax		6,423	2,614
Other receivables		11,416	4,759
Receivables		**91,155**	**17,573**
Cash		**836**	**7,959**
Current assets		**91,991**	**25,532**
Assets		**156,892**	**91,829**

Parent balance sheet at 30.04.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		667	667
Reserve for net revaluation according to the equity method		11,714	30,954
Reserve for development expenditure		1,686	0
Retained earnings		500	18,295
Proposed dividend		16,500	3,000
Equity		**31,067**	**52,916**
Mortgage debts		0	5,450
Debt to other credit institutions		60	60
Non-current liabilities other than provisions		**60**	**5,510**
Current portion of long-term liabilities other than provisions		0	3,700
Payables to other credit institutions		736	96
Trade payables		3,998	2,662
Payables to group enterprises		111,013	21,420
Payables to associates		230	0
Other payables		9,788	5,525
Current liabilities other than provisions		**125,765**	**33,403**
Liabilities other than provisions		**125,825**	**38,913**
Equity and liabilities		**156,892**	**91,829**
Contingent liabilities	7		
Mortgages and securities	8		
Related parties with controlling interest	9		

Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	667	30,954	0	18,295
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(20,000)
Exchange rate adjustments	0	(658)	0	0
Dividends from group enterprises	0	(35,716)	0	35,716
Transfer to reserves	0	0	1,686	(1,686)
Profit/loss for the year	0	17,134	0	(31,825)
Equity end of year	**667**	**11,714**	**1,686**	**500**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	3,000	52,916
Ordinary dividend paid	(3,000)	(3,000)
Extraordinary dividend paid	0	(20,000)
Exchange rate adjustments	0	(658)
Dividends from group enterprises	0	0
Transfer to reserves	0	0
Profit/loss for the year	16,500	1,809
Equity end of year	**16,500**	**31,067**

Notes to parent financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	15,440	14,325
Other social security costs	406	332
Other staff costs	779	344
	16,625	**15,001**
Average number of employees	**35**	**27**

With reference to section 98 B(3) of the Danish Financial Statements Act, the fee for the Executive Board has not been disclosed.

	2016/17 DKK'000	2015/16 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	0	20
Change in deferred tax for the year	(3,809)	(2,225)
	(3,809)	**(2,205)**

	2016/17 DKK'000	2015/16 DKK'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	16,500	3,000
Transferred to reserve for net revaluation according to the equity method	17,134	15,806
Retained earnings	(31,827)	(2,728)
	1,807	**16,078**

	Development projects in progress DKK'000
4. Intangible assets	
Additions	1,686
Cost end of year	**1,686**
Carrying amount end of year	**1,686**

Development projects in progress
Capitalised development costs mainly relate to the development of booking systems which are expected to generate future eceonomic benefits to the Company. The development costs are recognised at cost and amortised over the expected useful life. In addition, the value of the development costs is estimated on a current basis.

Notes to parent financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
5. Property, plant and equipment			
Cost beginning of year	6,683	1,433	280
Additions	0	860	164
Disposals	(3,449)	0	0
Cost end of year	**3,234**	**2,293**	**444**
Depreciation and impairment losses beginning of the year	0	(1,120)	(163)
Depreciation for the year	0	(446)	(73)
Depreciation and impairment losses end of the year	**0**	**(1,566)**	**(236)**
Carrying amount end of year	**3,234**	**727**	**208**

	Investments in group enterprises DKK'000	Deposits DKK'000
6. Fixed asset investments		
Cost beginning of year	27,325	447
Additions	161	0
Cost end of year	**27,486**	**447**
Revaluations beginning of year	30,954	0
Exchange rate adjustments	(647)	0
Amortisation of goodwill	(4,207)	0
Share of profit/loss for the year	20,565	0
Dividend	(16,000)	0
Revaluations end of year	**30,665**	**0**
Carrying amount end of year	**58,151**	**447**

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Piste Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest,

Notes to parent financial statements

royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

A payment guarantee of DKK 2 million has been provided to the Danish Travel Guarantee Fund.

A payment guarantee of DKK 1.9 million has been provided to different hotels.

Binding lease contracts on hotels of DKK 31.6 million have been concluded for the 2017/18 season.

At the moment, the Company has a pending lawsuit against the French tax authorities in which the Company has been ordered to pay EUR 60,938. The Group has appealed the decision and so, the case remains unsettled.

8. Mortgages and securities
Cash and cash equivalents of DKK 110 thousand have been provided as security for the Company's obligations to suppliers.

Shares in S.R. Holding have been provided as security for debt to credit institutions.

9. Related parties with controlling interest
Piste Group ApS, Copenhagen
Piste Holding ApS, Copenhagen

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of trips and other services sold to the customer as part of the standard business is recognised in the income statement at the time of departure. However, commission from the sale of cancellation insurance is recognised at the time of payment.

Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Ultimate Parent and all of the Ultimate Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at ten years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Accounting policies

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at ten years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

Property, plant and equipment
Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land and buildings are not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is

Accounting policies

fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at ten years. Useful lives are reassessed annually.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments
Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises bank deposits and cash in hand.

Accounting policies

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale,

Accounting policies

etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.