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PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Skjøth Holding ApS

Amaliegade 42, 1256 København K

Company reg. no. 28 84 22 87

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 3 June 2016.

Lars Skjøth
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Contents

	<u>Page</u>
Reports	
Management's report	1
The independent auditor's reports	2
Management's review	
Company data	4
Management's review	5
Annual accounts 1 January - 31 December 2015	
Profit and loss account	6
Balance sheet	7
Notes	9
Accounting policies used	12



Management's report

The managing director has today presented the annual report of Skjøth Holding ApS for the financial year 1 January to 31 December 2015.

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

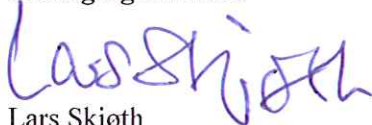
I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 3 June 2016

Managing Director


Lars Skjøth



The independent auditor's reports

To the shareholders of Skjøth Holding ApS

Report on the annual accounts

We have audited the annual accounts of Skjøth Holding ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.



The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.


Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 3 June 2016

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
CVR-nr. 15 91 56 41



Elan Schapiro
State Authorised Public Accountant



Company data

The company

Skjøth Holding ApS
Amaliegade 42
1256 København K

Company reg. no.: 28 84 22 87

Domicile: Copenhagen

Financial year: 1 January - 31 December
11th financial year

Managing Director

Lars Skjøth

Auditors

Christensen Kjarulff, Statsautoriseret Revisionsaktieselskab

Subsidiary

Hårklinikken ApS, Copenhagen



Management's review

The principal activities of the company

The principal activities are management of rights and know-how related to hair transplants techniques for effective treatment of hair loss and scalp diseases. Moreover, the company operates in financing activities and subsidiaries.

Development in activities and financial matters

The gross loss for the year is DKK -13.432 against DKK 7.645 last year. The results from ordinary activities after tax are DKK -1.009.348 against DKK 113.319 last year. The management considers the results unsatisfactory.

Capital structure

Price risks

The company's equity is negative at 31 December 2015. The equity is expected to be restored by own operations over several years.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



Profit and loss account 1 January - 31 December

All amounts in DKK.

Note	2015	2014
Gross loss	-13.432	7.645
Operating profit	-13.432	7.645
Income from equity investments in group enterprises	-733.787	320.893
Other financial income	10.874	8.007
1 Other financial costs	-409.917	-447.655
Results before tax	-1.146.262	-111.110
2 Tax on ordinary results	136.914	224.429
Results for the year	-1.009.348	113.319
Proposed distribution of the results:		
Allocated to results brought forward	0	113.319
Allocated from results brought forward	-1.009.348	0
Distribution in total	-1.009.348	113.319



Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Fixed assets		
3 Equity investments in group enterprises	3.253.731	3.987.518
Financial fixed assets in total	<u>3.253.731</u>	<u>3.987.518</u>
Fixed assets in total	<u>3.253.731</u>	<u>3.987.518</u>
Current assets		
Receivable corporate tax	335.533	249.598
Other debtors	2.404	356
Debtors in total	<u>337.937</u>	<u>249.954</u>
Other securities and equity investments	18.102	18.142
Securities in total	<u>18.102</u>	<u>18.142</u>
Cash funds	<u>33.155</u>	<u>147.553</u>
Current assets in total	<u>389.194</u>	<u>415.649</u>
Assets in total	<u>3.642.925</u>	<u>4.403.167</u>



Balance sheet 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Equity		
4 Contributed capital	125.000	125.000
5 Results brought forward	-5.627.039	-4.617.691
Equity in total	-5.502.039	-4.492.691
Provisions		
6 Provisions for deferred tax	611.485	628.866
Provisions in total	611.485	628.866
Liabilities		
Bank debts	2.276.119	3.105.693
Other debts	1.940.613	1.220.796
Long-term liabilities in total	4.216.732	4.326.489
Short-term part of long-term liabilities	701.790	565.863
Trade creditors	26.000	26.000
Debt to group enterprises	3.588.957	2.580.442
Other debts	0	768.198
Short-term liabilities in total	4.316.747	3.940.503
Liabilities in total	8.533.479	8.266.992
Equity and liabilities in total	3.642.925	4.403.167
8 Mortgage and securities		
9 Contingencies		



Notes

All amounts in DKK.

	<u>2015</u>	<u>2014</u>
1. Other financial costs		
Financial costs, group enterprises	126.681	81.760
Other financial costs	283.236	365.895
	<u>409.917</u>	<u>447.655</u>
2. Tax on ordinary results		
Tax of the results for the year, parent company	-95.222	-105.426
Adjustment of tax for previous years	0	-76.254
Reduction of corporation tax from 23,5 % to 22 %	-41.692	-42.749
	<u>-136.914</u>	<u>-224.429</u>
3. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2015	7.048.294	5.348.275
Additions during the year	0	1.700.019
Cost 31 December 2015	<u>7.048.294</u>	<u>7.048.294</u>
Revaluations, opening balance 1 January 2015	-3.060.776	-3.381.669
Results for the year before goodwill amortisation	0	1.103.780
Amortisation of goodwill for the year	-854.382	-782.887
Share of results for the year	120.595	0
Writedown 31 December 2015	<u>-3.794.563</u>	<u>-3.060.776</u>
Book value 31 December 2015	<u>3.253.731</u>	<u>3.987.518</u>
The items include goodwill with an amount of	<u>1.215.427</u>	<u>2.069.809</u>

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at Skjøth Holding ApS
Hårklinikken ApS, Copenhagen	100 %	2.038.303	120.595	3.253.730



Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
4. Contributed capital		
Contributed capital 1 January 2015	125.000	125.000
	<u>125.000</u>	<u>125.000</u>
5. Results brought forward		
Results brought forward 1 January 2015	-4.617.691	-4.731.010
Profit or loss for the year brought forward	-1.009.348	113.319
	<u>-5.627.039</u>	<u>-4.617.691</u>

6. Provisions for deferred tax

Provision for deferred tax relating to deferred tax of retaxation balance by selecting international joint taxation under the Corporation Tax Act, § 31A, 4.

7. Liabilities

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2015</u>	<u>Debt in total 31 Dec 2014</u>
Bank debts	701.790	2.276.119	2.977.909	3.671.556
Other debts	0	1.940.613	1.940.613	1.220.796
	<u>701.790</u>	<u>4.216.732</u>	<u>4.918.522</u>	<u>4.892.352</u>

8. Mortgage and securities

As security for the group's bank debts, the company has provided security in Hårklinikken ApS' shares with a net asset value of DKK 2.038 thousand.

9. Contingencies

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of international joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.



Notes

All amounts in DKK.

9. Contingencies (continued)

Joint taxation (continued)

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



Accounting policies used

The annual report for Skjøth Holding ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

The profit and loss account

Gross loss

The gross loss comprise costs for administration.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.



Accounting policies used

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning voluntary international joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the international joint taxation. This means that the total Danish tax payable of the income of the consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.



Accounting policies used

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the take over of new group enterprises and associated enterprises, the acquisition method is applied, by which the taken over companies' assets and liabilities are measured at fair value at the time of take over. Provisions are made for covering costs in connection with decided restructuring projects in the taken over enterprise in connection with the take-over. The tax effect of the revaluation carried out is taken into consideration, cf. the below description of goodwill.

Positive differences (goodwill) between the acquisition value and the fair value of the assets and liabilities taken over, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over the estimated financial life. The financial life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 10 years, being the longer for strategically taken over companies with a strong market position and a long range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Skjøth Holding ApS is jointly taxed with the group companies and acts in this respect as the administration company. According to the rules of international joint taxation, Skjøth Holding ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.



Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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