

**Change of Scandinavia Holding A/S
Central Business Registration No
29147167
Farum Gydevej 73
DK-3520 Farum**

Annual report 2015/16

The Annual General Meeting adopted the annual report on 16.12.2016

Chairman of the General Meeting

Name: Tom Deichmann

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Entity details

Entity

Change of Scandinavia Holding A/S
Farum Gydevej 73
DK-3520 Farum

Central Business Registration No: 29147167
Registered in: Furesø
Financial year: 01.07.2015 - 30.06.2016

Board of Directors

Tom Deichmann
Annette Carina Thomsen
Ilkka Sakari Rantanen
Claus Walther Jensen
Gitte Breil
Julie Breil

Executive Board

Claus Walther Jensen

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
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 Change of Scandinavia Holding A/S for the financial year 01.07.2015 - 30.06.2016.

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 30.06.2016 and of their financial performance and the Group's cash flows for the financial year 01.07.2015 - 30.06.2016.

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.

Farum, 16.12.2016

Executive Board

Claus Walther Jensen

Board of Directors

Tom Deichmann

Annette Carina Thomsen

Ilkka Sakari Rantanen

Claus Walther Jensen

Gitte Breil

Julie Breil

Independent auditor's reports

To the owner of Change of Scandinavia Holding A/S Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Change of Scandinavia Holding A/S for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and 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.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements 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 consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2016, and of the results of their operations and the Group's cash flows for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

Copenhagen, 16.12.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Wellejus

State Authorised Public Accountant

Martin Juul Møller

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000	2011/12 DKK'000
Financial high-lights					
Key figures					
Revenue	361.742	338.302	303.908	337.348	314.920
Gross profit/loss	185.189	150.223	146.800	158.632	127.861
Operating profit/loss	21.620	(5.538)	20.541	26.621	(4.701)
Net financials	(2.474)	7.062	(5.897)	(4.480)	(2.248)
Profit/loss for the year	13.367	(1.472)	7.929	15.649	(7.570)
Total assets	240.218	228.065	196.862	175.120	183.208
Investments in property, plant and equipment	35.212	16.100	10.463	5.883	14.396
Equity	72.060	61.541	68.995	63.158	47.968
Invested capital including goodwill	155.892	139.881	114.930	102.664	106.941
Interest bearing debt, net	70.629	75.420	43.571	37.538	58.893
Employees in average	432	417	364	358	393
Ratios					
Gross margin (%)	51,2	44,4	48,3	47,0	40,6
Net margin (%)	3,7	(0,4)	2,6	4,6	(2,4)
Return on invested capital including goodwill (%)	16,2	(4,0)	18,9	25,9	(4,4)
Turnover invested capital	2,3	2,4	2,6	3,3	2,9
Financial gearing (%)	1,0	1,2	0,6	0,6	1,2
Return on equity (%)	20,0	(2,3)	12,0	28,2	(14,3)
Equity ratio (%)	30,0	27,0	35,0	36,1	26,2

Management commentary

Primary activities

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

Development in activities and finances

The Company's income statement for 2015/16 shows a profit of DKK 13,367 thousand and the balance sheet shows equity of DKK 72,060 thousand at 30.06.2016.

The focus of the business has been the execution of two major strategic decisions: purchase and implementation of a comprehensive new IT platform that will enable the Company to execute a full-blown omni-channel strategy and to improve the efficiency of the operations through the entire value chain, and nearshoring of logistics, finance, customer service, order management and various marketing activities to Poland.

The new IT platform will be fully implemented by March 2017. The nearshoring process was 90% completed in June 2016 and will be fully completed by March 2017.

The higher turnover, due to improved performance in existing stores and reduced discounts, has resulted in a significantly improved performance. However, the results are negatively affected by the entry into the Polish market, as 2015/16 was the first full year of operation in Poland.

Significant investments have been made in renovation of existing stores, a new IT platform, nearshoring to Poland and property.

Outlook

In 2016/17, the primary focus of the business will be the implementation of the new IT platform and a continuous improvement of the performance in existing stores.

Investments will be limited to the new IT platform, four to six new stores and renovation of three existing stores.

The Group expects a significant improvement in results due to the cost-saving effects of the nearshoring process to Poland, improved sales in existing stores and reduced discounts.

In 2017/18, the Group will resume the expansion strategy with a significant number of new stores in existing markets.

Management commentary

Profit/loss for the year in relation to expected developments

The results are in line with the expectations for the year. EBITDA is slightly higher than budgeted and the profit before tax is slightly lower due to higher depreciation than expected.

Particular risks

General risks

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

Currency risks

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

According to the policy approved by the Board of Directors, the risks related to purchases done in USD are from now on hedged using forward exchange contracts.

Environmental performance

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

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.

Gender composition in management positions

The Board of Directors has decided to include information about the under-represented gender of the Company. The Company has less than 50 employees and is therefore not obliged to disclose its policies on gender composition.

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. The Company is not obliged to disclose its target figures for the supreme management body.

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.

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 (large).

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 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.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Accounting policies

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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 write-downs 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.

Amortisation, depreciation 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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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.

Income from investments in associates

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, including foreign currency financial instruments held to maturity, amortisation of financial assets as well as tax relief under the Danish Tax Pre-payment 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 payables and transactions in foreign currencies, including foreign currency financial instruments held to maturity, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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 Parent as well as all Danish and foreign subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

Goodwill

Goodwill comprises key money and is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to ten years for strategically acquired enterprises and activities with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intangible assets and acquired rights.

Acquired intangible rights and acquired rights are measured at cost less accumulated amortisation. Acquired intangible rights and acquired rights are amortised over their remaining duration.

The lease rights term is determined at 20 years for those leases which are interminable.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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 is not depreciated.

Accounting policies

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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5-8 years

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

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 plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds

Accounting policies

the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

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

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.

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 consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Prepayments

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

Product development costs relating to new collections are recognised as prepayments. Product development costs are expensed when the sale of collections is realised. Direct costs of materials and collections incurred as well as indirect costs of wages and salaries and freight are capitalised.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Minority interests

Minority interests comprise non-controlling interests' share of equity in subsidiaries not wholly owned by the Parent.

Other provisions

Other provisions comprise provisions for negative investments in group enterprises and associates.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

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.

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

Accounting policies

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 debt.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the Entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the Entity.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing..
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Accounting policies

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Consolidated income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Revenue	1	361.742	338.302
Other operating income		2.663	2.766
Cost of sales		(89.212)	(90.552)
Other external expenses	4	<u>(90.004)</u>	<u>(100.293)</u>
Gross profit/loss		185.189	150.223
Staff costs	2	(145.916)	(132.354)
Depreciation, amortisation and impairment losses	3	(13.001)	(22.101)
Other operating expenses		<u>(4.652)</u>	<u>(1.306)</u>
Operating profit/loss		21.620	(5.538)
Income from investments in associates		1.269	(17)
Other financial income	5	1.768	13.564
Other financial expenses	6	<u>(5.511)</u>	<u>(6.485)</u>
Profit/loss from ordinary activities before tax		19.146	1.524
Tax on profit/loss from ordinary activities	7	<u>(3.841)</u>	<u>(2.820)</u>
Consolidated profit/loss		15.305	(1.296)
Minority interests' share of profit/loss		<u>(1.938)</u>	<u>(176)</u>
Profit/loss for the year		<u>13.367</u>	<u>(1.472)</u>
Proposed distribution of profit/loss			
Reserve for net revaluation according to the equity method		355	(220)
Retained earnings		<u>13.012</u>	<u>(1.252)</u>
		<u>13.367</u>	<u>(1.472)</u>

Consolidated balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Acquired intangible assets		7.563	10.084
Acquired rights		11.032	9.969
Goodwill		173	183
Intangible assets	8	<u>18.768</u>	<u>20.236</u>
Land and buildings		8.429	289
Other fixtures and fittings, tools and equipment		15.964	16.911
Leasehold improvements		20.370	15.026
Property, plant and equipment in progress		12.994	2.705
Property, plant and equipment	9	<u>57.757</u>	<u>34.931</u>
Investments in associates		480	138
Other receivables		18.769	22.171
Deferred tax	13	2.908	2.216
Fixed asset investments	10	<u>22.157</u>	<u>24.525</u>
Fixed assets		<u>98.682</u>	<u>79.692</u>
Manufactured goods and goods for resale		77.224	67.170
Prepayments for goods		224	8.326
Inventories		<u>77.448</u>	<u>75.496</u>
Trade receivables		38.160	39.486
Receivables from associates		2.883	406
Other short-term receivables		5.933	13.285
Prepayments	14	6.212	5.778
Receivables		<u>53.188</u>	<u>58.955</u>
Cash		<u>10.900</u>	<u>13.922</u>
Current assets		<u>141.536</u>	<u>148.373</u>
Assets		<u>240.218</u>	<u>228.065</u>

Consolidated balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Contributed capital		59.844	59.844
Reserve for net revaluation according to the equity method		355	0
Retained earnings		<u>11.861</u>	<u>1.697</u>
Equity		<u>72.060</u>	<u>61.541</u>
Minority interests	15	<u>4.671</u>	<u>2.920</u>
Provisions for investments in associates		<u>0</u>	<u>926</u>
Provisions		<u>0</u>	<u>926</u>
Finance lease liabilities		7.531	10.806
Other credit institutions		<u>187</u>	<u>264</u>
Non-current liabilities other than provisions	16	<u>7.718</u>	<u>11.070</u>
Current portion of long-term liabilities other than provisions	16	8.394	9.073
Other credit institutions		63.077	66.620
Trade payables		35.540	26.576
Payables to group enterprises		12.816	14.306
Income tax payable		2.340	2.985
Other payables	17	<u>33.602</u>	<u>32.048</u>
Current liabilities other than provisions		<u>155.769</u>	<u>151.608</u>
Liabilities other than provisions		<u>163.487</u>	<u>162.678</u>
Equity and liabilities		<u><u>240.218</u></u>	<u><u>228.065</u></u>
Subsidiaries	11		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Mortgages and securities	21		
Consolidation	22		

Consolidated statement of changes in equity for 2015/16

	Contributed capital DKK'000	Reserve for net revalua- tion accor- ding to the equity me- thod DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	59.844	0	1.697	61.541
Exchange rate adjustments	0	0	(551)	(551)
Value adjustments	0	0	(787)	(787)
Other adjustments	0	0	(1.510)	(1.510)
Profit/loss for the year	0	355	13.012	13.367
Equity end of year	59.844	355	11.861	72.060

Consolidated cash flow statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Operating profit/loss		21.621	(5.538)
Amortisation, depreciation and impairment losses		13.001	22.101
Working capital changes	18	11.081	(1.917)
Other adjustments		<u>(856)</u>	<u>(1.760)</u>
Cash flow from ordinary operating activities		44.847	12.886
Financial income received		1.768	13.564
Financial income paid		(5.512)	(6.485)
Income taxes refunded/(paid)		<u>(4.956)</u>	<u>(8.883)</u>
Cash flows from operating activities		36.147	11.082
Acquisition etc of intangible assets		(2.111)	(27.411)
Sale of intangible assets		0	522
Acquisition etc of property, plant and equipment		(35.212)	(16.100)
Sale of property, plant and equipment		2.385	1.938
Acquisition of fixed asset investments		(1.529)	(3.452)
Sale of fixed asset investments		4.872	0
Dividends received		<u>0</u>	<u>500</u>
Cash flows from investing activities		(31.595)	(44.003)
Loans raised		0	264
Instalments on loans etc		(756)	0
Incurrence of lease obligations		4.169	7.325
Reduction of lease commitments		(7.444)	(5.805)
Dividend paid		<u>0</u>	<u>(4.500)</u>
Cash flows from financing activities		(4.031)	(2.716)
Increase/decrease in cash and cash equivalents		521	(35.637)
Cash and cash equivalents beginning of year		<u>(52.698)</u>	<u>(17.061)</u>
Cash and cash equivalents end of year		<u>(52.177)</u>	<u>(52.698)</u>
Cash and cash equivalents at year-end are composed of:			
Cash		10.900	13.922
Short-term debt to banks		<u>(63.077)</u>	<u>(66.620)</u>
Cash and cash equivalents end of year		<u>(52.177)</u>	<u>(52.698)</u>

Notes to consolidated financial statements

	2015/16	2014/15
	DKK'000	DKK'000
1. Revenue		
Retail	267.002	236.961
Web	19.826	17.988
Franchise	74.914	83.353
	361.742	338.302
Denmark	140.524	128.637
Europe	185.627	174.156
Rest of world	35.591	35.509
	361.742	338.302
	2015/16	2014/15
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	132.710	120.679
Pension costs	7.709	7.499
Other social security costs	1.854	1.642
Other staff costs	3.643	2.534
	145.916	132.354
Average number of employees	432	417
	Remune- ration of manage- ment 2015/16 DKK'000	Remune- ration of manage- ment 2014/15 DKK'000
Total amount for management categories	2.114	1.813
	2.114	1.813

Notes to consolidated financial statements

	2015/16	2014/15
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.559	3.927
Impairment losses on intangible assets	0	7.986
Depreciation of property, plant and equipment	9.781	9.965
Profit/loss from sale of intangible assets and property, plant and equipment	(339)	223
	13.001	22.101
	2015/16	2014/15
	DKK'000	DKK'000
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	587	566
Other assurance engagements	35	50
Tax services	38	105
Other services	648	2.761
	1.308	3.482
Of the fee for statutory audit services, DKK 209 thousand comprises fee to other auditors.		
	2015/16	2014/15
	DKK'000	DKK'000
5. Other financial income		
Other financial income	1.768	13.564
	1.768	13.564
	2015/16	2014/15
	DKK'000	DKK'000
6. Other financial expenses		
Other financial expenses	5.512	6.485
	5.512	6.485
	2015/16	2014/15
	DKK'000	DKK'000
7. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	1.732	2.207
Change in deferred tax for the year	2.160	3.522
Adjustment concerning previous years	(51)	(2.462)
Effect of changed tax rates	0	(447)
	3.841	2.820

Notes to consolidated financial statements

	Acquired intangible assets DKK'000	Acquired rights DKK'000	Goodwill DKK'000	
8. Intangible assets				
Cost beginning of year	26.544	17.400	203	
Exchange rate adjustments	0	(162)	0	
Additions	0	2.111	0	
Cost end of year	26.544	19.349	203	
Amortisation and impairment losses beginning of year	(16.460)	(7.431)	(20)	
Exchange rate adjustments	0	142	0	
Amortisation for the year	(2.521)	(1.028)	(10)	
Amortisation and impairment losses end of year	(18.981)	(8.317)	(30)	
Carrying amount end of year	7.563	11.032	173	
	Land and buildings DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	289	41.083	45.074	2.705
Exchange rate adjustments	(17)	13	(110)	(14)
Transfer to and from other items	0	2.160	(2.160)	0
Additions	8.157	6.387	10.365	11.613
Disposals	0	(4.407)	(656)	(1.310)
Cost end of year	8.429	45.236	52.513	12.994
Depreciation and impairment losses beginning of the year	0	(24.172)	(30.048)	0
Exchange rate adjustments	0	(62)	(368)	0
Transfer to and from other items	0	(1.373)	1.373	0
Depreciation for the year	0	(6.053)	(3.728)	0
Reversal regarding disposals	0	2.388	628	0
Depreciation and impairment losses end of the year	0	(29.272)	(32.143)	0
Carrying amount end of year	8.429	15.964	20.370	12.994

Notes to consolidated financial statements

Of the carrying amount at 30.06.2016 for property, plant and equipment amounting to a total of DKK 57,757 thousand, recognised assets not owned by the Entity constitute DKK 3,008 thousand.

	Invest- ments in associates DKK'000	Other re- ceivables DKK'000
10. Fixed asset investments		
Cost beginning of year	250	22.171
Exchange rate adjustments	0	(59)
Additions	0	1.529
Disposals	(125)	(4.872)
Cost end of year	125	18.769
Revaluations beginning of year	(112)	0
Share of profit/loss for the year	574	0
Other adjustments	(107)	0
Revaluations end of year	355	0
Carrying amount end of year	480	18.769

	Registered in	Corpo- rate form	Equity inte- rest %
11. Subsidiaries			
Change of Scandinavia A/S	Farum	A/S	100,0
Change of Scandinavia Retail A/S	Farum	A/S	100,0
Change of Scandinavia Sweden AB	Landvetter	AB	100,0
OY Change of Scandinavia Finland AB	Helsinki	AB	100,0
Change of Scandinavia Norway AS	Tranby	AS	75,0
Change of Scandinavia Germany GmbH	Stuttgart	GmbH	100,0
Change of Scandinavia Canada Retail Inc.	Montreal	Inc.	50,0
Change of Scandinavia (Asia) Co., Ltd	China	Ltd.	100,0
Changing Textiles Incorporation Ltd.	Hong Kong	Ltd.	99,0
The Intimate Company A/S	Farum	A/S	100,0
Change of Scandinavia SSC SP. z.o.o.	Lodz	SP. z	99,9
Change of Scandinavia Poland SP. z o.o.	Lodz	o.o.	75,0

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
12. Associates		
Change - Sønderborg I/S	Sønderborg	50,0
CoS Enterprises ApS	Farum	50,0
	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
13. Deferred tax		
Intangible assets	(617)	850
Property, plant and equipment	3.349	(964)
Fixed asset investments	(6.243)	(2.191)
Inventories	1.991	0
Receivables	0	745
Liabilities other than provisions	0	1.785
Tax losses carried forward	4.428	1.991
	<u>2.908</u>	<u>2.216</u>

14. Prepayments

Prepayments mainly comprise expenses prepaid for new collections.

15. Minority interests

The change in minority interests consists of the minority interests' share of profit of DKK 1,938 thousand as well as their share of exchange rate adjustments of negative DKK 159 thousand and other equity adjustments of negative DKK 27 thousand.

Notes to consolidated financial statements

	Instalments within 12 months 2015/16 DKK'000	Instalments within 12 months 2014/15 DKK'000	Instalments beyond 12 months 2015/16 DKK'000
16. Long-term liabilities other than provisions			
Finance lease liabilities	8.297	9.073	7.531
Other credit institutions	97	0	187
	8.394	9.073	7.718

All long-term finance lease commitments and debt to other credit institutions fall due for payment within five years.

	2015/16 DKK'000	2014/15 DKK'000
17. Other short-term payables		
VAT and duties	7.939	9.322
Wages and salaries, personal income taxes, social security costs, etc payable	3.981	1.728
Holiday pay obligation	11.175	10.430
Derivative financial instruments	794	0
Other costs payable	9.715	10.568
	33.604	32.048

	2015/16 DKK'000	2014/15 DKK'000
18. Change in working capital		
Increase/decrease in inventories	(1.952)	(21.019)
Increase/decrease in receivables	5.015	(346)
Increase/decrease in trade payables etc	8.018	19.448
	11.081	(1.917)

	2015/16 DKK'000	2014/15 DKK'000
19. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	117.964	117.352

The remaining periods of the leases are up to seven years

Notes to consolidated financial statements

20. Contingent liabilities

The Group participates in Danish international joint taxation with Asian Import ApS as the administration company and, consequently, according to the Danish Corporation Tax Act, is liable for any income taxes etc for the jointly taxed companies, and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

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 liable for the obligations of the undertaking.

A subsidiary has a pending case with a former supplier who has made a claim against this subsidiary of DKK 1.3 million. Management finds the claim unjustified for which reason a provision has not been recognised in the balance sheet. At present, the case remains unsettled.

Change of Scandinavia Holding A/S as well as the subsidiaries Change of Scandinavia A/S and Change of Scandinavia Retail A/S have undertaken guarantee of payment of DKK 21 million of the Parent's, Asian Import ApS, payment obligations to external lender. The loan amounts to DKK 97 million at 30.06.2016 and is subject to a number of loan conditions and covenants which, among other things, include requirements of the Group's and the Parent's EBITDA against the Group's and the Parent's net interest-bearing debt.

21. Mortgages and securities

The following assets have been provided as security for debt:

Bank guarantees provided by credit institutions for rent and payment guarantees amount to DKK 15,919 thousand at 30.06.2016.

A company charge of DKK 37,375 thousand nominal has been provided as security for credit facilities with a credit institution. The company charge includes inventories, trade receivables and goodwill. The bank debt amounts to DKK 45,772 thousand at 30.06.2016.

22. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Asian Import ApS, Farum Gydevej 73, DK-3520 Farum

Parent income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Revenue		900	0
Other external expenses	1	<u>(203)</u>	<u>(1.080)</u>
Gross profit/loss		697	(1.080)
Staff costs		<u>(978)</u>	<u>0</u>
Operating profit/loss		(281)	(1.080)
Income from investments in group enterprises		14.385	(474)
Income from investments in associates		435	(189)
Other financial income	2	1	299
Other financial expenses	3	<u>(1.543)</u>	<u>(94)</u>
Profit/loss from ordinary activities before tax		12.997	(1.538)
Tax on profit/loss from ordinary activities	4	<u>370</u>	<u>66</u>
Profit/loss for the year		<u>13.367</u>	<u>(1.472)</u>
Proposed distribution of profit/loss			
Reserve for net revaluation according to the equity method		14.599	5.425
Retained earnings		<u>(1.232)</u>	<u>(6.897)</u>
		<u>13.367</u>	<u>(1.472)</u>

Parent balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Investments in group enterprises		140.939	127.208
Investments in associates		271	0
Deferred tax	6	<u>623</u>	<u>132</u>
Fixed asset investments	5	<u>141.833</u>	<u>127.340</u>
Fixed assets		<u>141.833</u>	<u>127.340</u>
Other short-term receivables		50	50
Income tax receivable		<u>20</u>	<u>510</u>
Receivables		<u>70</u>	<u>560</u>
Cash		<u>42</u>	<u>2</u>
Current assets		<u>112</u>	<u>562</u>
Assets		<u><u>141.945</u></u>	<u><u>127.902</u></u>

Parent balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>
Contributed capital	7	59.844	59.844
Reserve for net revaluation according to the equity method		21.813	8.552
Retained earnings		<u>(9.597)</u>	<u>(6.855)</u>
Equity		<u>72.060</u>	<u>61.541</u>
Provisions for investments in group enterprises	8	19.578	18.130
Provisions for investments in associates	9	<u>0</u>	<u>164</u>
Provisions		<u>19.578</u>	<u>18.294</u>
Other credit institutions		15.455	40.302
Payables to group enterprises		33.938	7.193
Other payables		<u>914</u>	<u>572</u>
Current liabilities other than provisions		<u>50.307</u>	<u>48.067</u>
Liabilities other than provisions		<u>50.307</u>	<u>48.067</u>
Equity and liabilities		<u>141.945</u>	<u>127.902</u>
Contingent liabilities	10		
Mortgages and securities	11		
Related parties with controlling interest	12		

Parent statement of changes in equity for 2015/16

	Contributed capital DKK'000	Reserve for net revalua- tion accor- ding to the equity me- thod DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	59.844	8.552	(6.855)	61.541
Exchange rate adjustments	0	(551)	0	(551)
Value adjustments	0	(787)	0	(787)
Other adjustments	0	0	(1.510)	(1.510)
Profit/loss for the year	0	14.599	(1.232)	13.367
Equity end of year	59.844	21.813	(9.597)	72.060

Notes to parent financial statements

	2015/16	2014/15
	DKK'000	DKK'000
1. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	40	53
Tax services	5	5
Other services	70	239
	115	297
	2015/16	2014/15
	DKK'000	DKK'000
2. Other financial income		
Financial income arising from group enterprises	0	240
Other financial income	1	59
	1	299
	2015/16	2014/15
	DKK'000	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	340	94
Interest expenses	1.203	0
	1.543	94
	2015/16	2014/15
	DKK'000	DKK'000
4. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	0	(199)
Change in deferred tax for the year	(370)	400
Adjustment concerning previous years	0	(311)
Effect of changed tax rates	0	44
	(370)	(66)

Notes to parent financial statements

	Invest- ments in group en- terprises DKK'000	Invest- ments in associates DKK'000
5. Fixed asset investments		
Cost beginning of year	118.656	25
Additions	716	0
Cost end of year	119.372	25
Revaluations beginning of year	8.552	(25)
Exchange rate adjustments	(551)	0
Adjustments on equity	(787)	0
Amortisation of goodwill	(10)	0
Share of profit/loss for the year	14.462	246
Adjustment of intra-group profits	(67)	0
Investments with negative equity depreciated over receivables	30	0
Investments with negative equity transferred to provisions	1.448	(164)
Other adjustments	(1.510)	189
Revaluations end of year	21.567	246
Carrying amount end of year	140.939	271
	2015/16 DKK'000	2014/15 DKK'000
6. Deferred tax		
Tax losses carried forward	623	132
	623	132
	Number	Nominal value DKK'000
7. Contributed capital		
Ordinary shares	59.844.000	59.844
	59.844.000	59.844
8. Provisions for investments in group enterprises		
Provisions for investments in group enterprises relate to group enterprises with negative equity.		
9. Provisions for investments in associates		
Provisions for investments in associates relate to associates with negative equity.		

Notes to parent financial statements

10. Contingent liabilities

The Company participates in Danish international joint taxation with Asian Import ApS as the administration company and, consequently, according to the Danish Corporation Tax Act, is liable for any income taxes etc for the jointly taxed companies, and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

The Company has issued letters of support to some subsidiaries.

The Company as well as the subsidiaries Change of Scandinavia A/S and Change of Scandinavia Retail A/S have undertaken guarantee of payment of DKK 21 million of the Parent's, Asian Import ApS, payment obligations to external lender. The loan amounts to DKK 97 million at 30.06.2016 and is subject to a number of loan conditions and covenants which, among other things, include requirements of the Group's and the Parent's EBITDA against the Group's and the Parent's net interest-bearing debt.

11. Mortgages and securities

The Company has undertaken guarantee of payment of the subsidiaries' bank debt and of the credit lines provided to the subsidiaries. The bank debt of the subsidiaries totals DKK 37,409 thousand at 30.06.2016. The recourse guarantee commitments total DKK 15,919 thousand at 30.06.2016.

12. Related parties with controlling interest

Asian Import ApS, Farum Gydevej 73, DK-3520 Farum is the sole shareholder of the Company.