



REVISION OG SKAT

**Fossil Denmark A/S
Midtager 29
2605 Brøndby**

Annual Report

1. January 2015 to 31. December 2015

CVR-no. 29396353

Approved at the company's ordinary general meeting, 31/5 2016

Lars Kornbech
Chairman of the meeting

TimeVision Frederiksberg
Godkendt Revisionsaktieselskab
Falkoner Allé 13
DK-2000 Frederiksberg

Telefon +45 3888 0824
Telefax +45 3888 0855
Mail tv.frederiksberg@time.dk

CVR-nr. 31 94 35 82
Bank 5470 1728893
Web www.timevision.dk

Frederiksberg - Brøndby - Slagelse
Member of IEC - www.iecnet.net

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Company details



Company Fossil Denmark A/S
Midtager 29
2605 Brøndby

CVR-no.: 29396353

Telephone: 45883460

Management Lars Kornbech

Board of directors Hans-Peter Gehmacher
Chairman

Lars Kornbech
Christian Heinrich Stegemann

Attorney Plesner

Auditor TimeVision Frederiksberg
Godkendt Revisionsaktieselskab

Main activity

The company's main activity is sale of watches and jewellery in Denmark. The given economic conditions and general conditions considered, the company's turnover developed satisfactorily during the year 2015.

Comparative figures for 2015

The results for the year 2015 is DKK. 2.734.948. The total equity is DKK. 32.288.574.

Management considers the profit satisfactory.

Events after the end of the financial year

There have been no events after the reporting period that would affect assessment of the company's relationship significantly.

Statement by the supervisor board on the annual report



We have today presented the Annual Report for 1. January 2015 to 31. December 2015 for Fossil Denmark A/S.

The annual report has been prepared in accordance with the Danish Financial Statement Act.

In our opinion, the annual report gives a true and fair view of the company's assets and liabilities, financial position, cash flows and results.

In our opinion, the management report includes a fair review of the matters dealt with.

We recommend the adoption of the annual report at the annual general meeting.

Brøndby, 31. May 2015

Management:



Lars Kornbech

Executive Boards of directors:



Hans-Peter Gehmacher
Chairman



Lars Kornbech



Christian Heinrich Stegemann

Independent auditor's report

To the shareholders of Fossil Denmark A/S

Report on the Financial Statements

We have audited the Financial Statements of Fossil Denmark A/S for the financial year 1. January 2015 - 31. December 2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of the 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 the 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 these 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of 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 Company'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 evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of Fossil Denmark A/S as at 31. December 2015 and of the result of the company operations for the financial year 1. January 2015 - 31. December 2015 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read the management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Management Review is consistent with the Financial Statements.

Frederiksberg, 31. may 2016

TimeVision Frederiksberg
Godkendt Revisionsaktieselskab



Henning Jensen
Approved Auditor

General

The financial statements have been prepared in order to give a true and fair view of the assets, liabilities and financial position per 31. December 2015 and of the results of its operations for the financial year 1. January 2015 - 31. December 2015 in accordance with the Danish Financial Statements Act.

Accounting Class

The financial statements are prepared in accordance with the provisions of accounting class B.

Recognition and measurement

The accounting policies are unchanged from the previous year.

Recognition methods in general

Income and costs are recognised in the income statement concurrently with earnings including valuation adjustments of financial assets and liabilities. Further, all costs including depreciation and write downs are recognised.

Assets are recognised in the balance sheet when it is likely that future financial profits will flow to the company and the value of the asset can be measured reliably.

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

At the time of initial recognition, assets and liabilities are measured at cost. Subsequent to the time of recognition, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are subsequently measured at (amortized) cost price.

For recognition and measurement purposes, due consideration is given to gains, losses, and risks arising before the financial statements is prepared and proving or disproving conditions existing at the balance sheet date.

Income Statement

Gross Margin

Management has in accordance with the Danish Financial Statements Act chosen to aggregate a number of items in the item "Gross Profit".

Gross profit includes revenue for the year reduced by cost of goods sold and other external costs.

Revenue is recognized in the income statement if delivery and transfer of ownership has taken place before year end. Revenue is recognized excl. VAT and net of discounts in connection with the sale.

Cost of sales includes the cost of finished goods and is measured at cost. Other unit cost are also measured at cost.

Other operating expenses include selling and distribution costs and administrative expenses.

In addition, the following is included in gross profit:
Other income, which includes profit on sale of fixed assets

Staff costs

Staff costs include salaries and wages to employees, pensions and other social security costs.

Salaries, pensions and other social security costs concerning the management and supervisory Board of Directors are not shown separately in accordance with the Danish Financial Statement Act.

Other operating income and expenses

Other operating income and expenses include income from rental of property and operating costs relating to company property. In addition, gains and losses on disposal of fixed assets are included in other operating income and expenses.

Depreciation and amortization

Depreciation of fixed assets consist of financial depreciation calculated based on respectively the set residual values and useful lives of the individual assets. Gains on the sale of tangible and intangible assets are included in other operating income included in gross profits, while losses are included in other operating expenses.

Financial income and expenses

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

Financial costs comprises interest income and expenses, financial expenses, payables and transactions denominated in foreign currencies and surcharges and refunds under the prepayments tax-scheme.

Tax

Tax for the year comprises current tax and changes in deferred tax recognized in the income statement by the portion attributable to the profit and directly in equity to the extent that is attributable to items recognized directly in equity.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated depreciation. Depreciation is based on a line basis over its estimated useful life.

The anticipated useful lives as follows:

Development projects under construction	5 years
Rights (Software Licensing)	3 years
Goodwill	5 years

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

The basis of depreciation is cost less estimated residual value at the end of useful life. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of an asset is divided into separate components are depreciated separately if the useful lives of the individual components differ.

Smaller acquisitions are expensed in the year of acquisition.

Depreciations are based on a line basis over its estimated useful life.

The estimated useful lives are:

Buildings	Useful life
(no depreciation on land)	30 years
Other fixtures and fittings, tools and equipments	3 - 5 years

Leasehold improvements

Costs for construction of the company's leased premises are capitalized and are measured at cost less accumulated depreciation, as far as decor assessed as "ironclad". Straight-line depreciation is based on an assessment of the individual assets useful lives, generally the lease term to maturity.

Leasehold improvements are depreciated in 3 - 5 years

Financial fixed assets

Deposits

Deposits are carried at cost

Inventories

Inventories are measured at cost under the FIFO method and net realizable value, whichever is lower.

The recognised amount for goods for resale, consumables comprises cost plus delivery costs.

Receivables

Receivable are recognised at amortised cost less allowances for doubtful trade receivables. The allowances are based on an individual assessment of each receivable.

Prepayments assets

Prepayments recognized under assets comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

Comprise cash and marketable securities with an insignificant risk of changes in value.

Provision

Provisions are liabilities that are uncertain in terms of size and time of settlement. Provisions are generally measured at fair value.

The provisions include warranties on repair of Fossils products sold in Denmark as well as a provision for contractual return of goods and asset retirement obligations.

Liabilities

Current liabilities measured at amortized cost, which in practice is equivalent to net realizable value.

Tax payable and deferred tax

Current tax liabilities and current tax assets recognized in the balance sheet as tax calculated on the taxable income adjusted for tax on prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities based on the planned use of the asset and settle the liability.

Deferred tax assets, including the tax value of tax loss carry forwards are recognized at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realizable value.

Deferred tax is measured based on the tax rules and tax rates that apply under the legislation will be in effect when the deferred tax is expected to crystallize as current tax. Changes in deferred tax due to change in tax rates are recognized in the income statement. For the current year a tax rate are 22%.

Translation of foreign currency and the handling of exchange gains and losses

During the year transactions in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction. Receivables, liabilities and other foreign currency items, which are not settled at the balance sheet date, are denominated at the exchange rates at the date of the balance sheet.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Financial tools are not used to secure value equivalent in Danish kroner of balance sheet items in foreign currency as well as future foreign currency transactions.

Equity

Dividend

Proposed dividends are recognized as a liability at the time of adoption at the Ordinary General Meeting (declaration). The expected dividend payment for the year is disclosed as a separate item in equity.

Income statement

	2015 DKK	2014 TDKK
Period of 1. January 2015 to 31. December 2015		
Gross profit	26.238.961	23.241
1 Wages, salaries and other staff expenses	-20.527.873	-19.600
Amortisation/depreciation and write-downs of intangible and tangible assets	-2.104.431	-1.959
Other operating costs	-239.162	-135
Profit before financial income (net) and income tax	3.367.495	1.547
Other financial income	1.875	180
Other financial costs	-390.067	-327
Profit before income tax	2.979.303	1.400
Income tax expenses	-244.355	-1.797
Profit of the year	2.734.948	-397
Proposed distribution of profit		
On account dividend for the financial year	0	44.639
Proposed dividend for the financial year	3.750.000	18.000
Retained earnings	-1.015.052	-63.036
Total proposed distribution of profit total	2.734.948	-397

Balance sheet

	2015 DKK	2014 TDKK
Assets at 31. december 2015		
2 Development projects under construction	0	80
3 Concessions, patents, licenses, trademarks etc.	13.558	38
4 Goodwill	1.112.784	1.623
Intangible assets total	1.126.342	1.741
5 Land and buildings	7.985.744	8.291
6 Leasehold improvement	2.761.300	668
7 Other property, plant and equipment	2.468.042	926
Tangible assets total	13.215.086	9.885
Deposits	1.475.208	824
Financial assets total	1.475.208	824
Non-current assets total	15.816.636	12.450
Inventory	1.765.998	1.946
Inventory total	1.765.998	1.946
Receivable from trade and other receivables	335.024	0
Amounts owed by affiliated companies	14.624.757	13.521
Deferred tax assets	319.271	0
Other receivables	336.513	938
Prepayments	486.167	206
Receivables total	16.101.732	14.665
Cash and cash equivalents	6.982.340	24.237
Current assets total	24.850.070	40.848
Assets total	40.666.706	53.298

Balance sheet

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	2015 DKK	2014 TDKK
Equity and liabilities at 31. December 2015		
8 Ordinary shares	610.000	610
Proposed dividend for the financial year	3.750.000	18.000
Retained earnings	27.928.574	28.943
Equity total	32.288.574	47.553
Provision for deferred tax	0	31
Other provisions	0	577
Non-current liabilities total	0	608
Payables from trade and other payables	74.206	228
Payables from subsidiaries	1.006.727	0
Tax	541.452	0
Other payables	6.755.747	4.909
Current liabilities total	8.378.132	5.137
Liabilities total	8.378.132	5.745
Equity and liabilities total	40.666.706	53.298

Statement of changes in equity

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	2015 DKK	2014 TDKK
Changes in equity		
Equity primo	29.553.626	92.589
Retained earnings	-1.015.052	-63.036
Dividend, on account	0	44.639
Proposed dividend for the financial year	3.750.000	18.000
Dividend, paid	0	-44.639
Total equity	32.288.574	47.553
Specification of Equity		
Ordinary shares at beginning of year	610.000	610
Total ordinary shares	610.000	610
Retained earnings, beginning of year	28.943.626	91.979
Transferred from allocation of profit	-1.015.052	-63.036
Overført resultat i alt	27.928.574	28.943
Dividend, on account	18.000.000	44.639
Proposed dividend for the financial year	3.750.000	18.000
Dividend, paid	-18.000.000	-44.639
Total dividend	3.750.000	18.000
Total equity	32.288.574	47.553

Notes

	2015 DKK	2014 TDKK
1 Wages, salaries and other staff expenses		
Wages, salaries and other staff expenses	18.931.774	17.516
Pensions	1.538.895	1.481
Other social security costs	57.204	603
Wages, salaries and other staff expenses total	20.527.873	19.600
2 Development projects under construction		
Total costs at beginning of year	80.279	80
Disposals at cost	-80.279	0
Total costs	0	80
Booked value at 31. December	0	80
3 Concessions, patents, licenses, trademarks etc.		
Total costs at beginning of year	82.087	277
Disposals at cost	0	-195
Total costs	82.087	82
Acc. depreciations at beginning of year	-44.198	-197
Depreciations on assets sold	0	183
Depreciations of the year	-24.331	-30
Acc. depreciations	-68.529	-44
Booked value at 31. December	13.558	38
The asset includes rights relating to the licensing of software.		
4 Goodwill		
Total costs at beginning of year	3.025.064	3.025
Total costs	3.025.064	3.025
Acc. depreciations at beginning of year	-1.402.340	-892
Depreciations of the year	-509.940	-510
Acc. depreciations	-1.912.280	-1.402
Booked value at 31. December	1.112.784	1.623

Notes

	2015 DKK	2014 TDKK
5 Land and buildings		
Total costs at beginning of year	9.126.569	9.127
Total costs	9.126.569	9.127
Acc. depreciations at beginning of year	-836.606	-532
Depreciations of the year	-304.219	-304
Acc. depreciations	-1.140.825	-836
Booked value at 31. December	7.985.744	8.291
Property value per. 31.12.2015 TDKK 4.400		
6 Leasehold improvement		
Total costs at beginning of year	737.304	955
Additions	2.832.500	914
Disposals at cost	-192.086	-770
Total costs	3.377.718	1.099
Acc. depreciations at beginning of year	-431.229	-359
Correction former years depreciation	119.899	-455
Depreciations on assets sold	92.973	749
Depreciations of the year	-398.061	-366
Acc. depreciations	-616.418	-431
Booked value at 31 December	2.761.300	668
7 Other property, plant and equipment		
Total costs at beginning of year	2.903.515	3.715
Additions	2.485.328	294
Disposals at cost	-139.878	-1.105
Total costs	5.248.965	2.904
Acc. depreciations at beginning of year	-1.977.114	-2.113
Depreciations on assets sold	64.071	884
Depreciations of the year	-867.880	-749
Acc. depreciations	-2.780.923	-1.978
Booked value at 31 December	2.468.042	926

	2015 DKK	2014 TDKK
8 Ordinary shares		
Ordinary shares at beginning of year	610.000	610
Ordinary shares total	610.000	610

The share capital consists of shares of DKK 1,000 or multiples thereof.

There have been the following changes in share capital during the past five years:

31/12 2010: Increase in capital TDKK 10 paid in cash at ratio 37.000,00. Hence the capital amounts to TDKK 610.

23/4 2010: Increase in capital TDKK 100 paid in cash at ratio 6.000,00. Hence the capital amounts to TDKK 600.

Other contingencies and commitments etc.



Contingencies

The company has a mortgage deed to Danske Bank on TDKK 2.500.

Guarantees and pledges

None

Rental and lease commitments

The company has lease commitments not recognized in the balance sheet at the balance sheet date and are as follows:

The Company has entered into operating leasing contracts with an average lease payment of TDKK 935 per year and a total remaining lease life on between 2 to 24 months.

The company has an annual rent commitments of approx DKK 2.3 million, which can not be terminated before on 31 October 2017 to an end on 30 April 2018.