

**Decca Furniture (Europe) ApS
Central Business Registration No
30204042
Købmagergade 2, 5
DK-1150 Copenhagen K**

Annual report 2015/16

The Annual General Meeting adopted the annual report on 27.06.2016

Chairman of the General Meeting

Name: Sau Mui Fung

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Entity details

Entity

Decca Furniture (Europe) ApS
Købmagergade 2, 5
DK-1150 Copenhagen K

Central Business Registration No: 30204042

Registered in: Copenhagen

Financial year: 01.04.2015 - 31.03.2016

Board of Directors

Chi Hung Tsang
Hoo Kuen Liu
Sau Mui Fung
Wai Theng Tin

Executive Board

Sau Mui Fung, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 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 Decca Furniture (Europe) ApS for the financial year 01.04.2015 - 31.03.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2016 and of the results of its operations for the financial year 01.04.2015 - 31.03.2016.

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.

Copenhagen, 27.06.2016

Executive Board

Sau Mui Fung
Chief Executive Officer

Board of Directors

Chi Hung Tsang

Hoo Kuen Liu

Sau Mui Fung

Wai Theng Tin

Independent auditor's reports

To the owner of Decca Furniture (Europe) ApS

Report on the financial statements

We have audited the financial statements of Decca Furniture (Europe) ApS for the financial year 01.04.2015 - 31.03.2016, 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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of 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 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 judgment, including the assessment of the risks of material misstatements of the 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 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 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 financial statements give a true and fair view of the Company's financial position at 31.03.2016 and of the results of its operations for the financial year 01.04.2015 - 31.03.2016 in accordance with the Danish Financial Statements Act.

Emphasis of matter affecting the financial statements

Without qualifying our auditor's opinion, we refer to Management's mention of capital loss and the letter of comfort issued by Decca Investment Limited, British Virgin Islands.

Independent auditor's reports

Report on other legal and regulatory requirements

Emphasis of matter regarding other issues

Part of Decca Furniture (Europe) ApS' accounting records are kept on file outside Danish borders until the annual report has been prepared. The accounting records are kept on file with the Company's foreign Parent and can be made available. The procedures used are contrary to Danish legislation governing storing of accounting records.

The Company has neglected to keep minutes of proceedings concerning the proceedings carried out by those charged with governance of the Company, by which Management may be held liable.

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 financial statements.

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

Copenhagen, 27.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Flemming Larsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The purpose of the Company is import and sale of furniture.

Development in activities and finances

Results for the financial year show a profit of EUR 182 thousand against a loss of EUR 371 thousand in 2014/15. Equity is negative in the amount of EUR 959 thousand at 31 March 2016.

Due to the year's financial developments, the Company has lost more than half the subscribed contributed capital. For this reason, the Company falls within the provisions of section 119 of the Danish Companies Act governing loss of capital. The company Decca Investment Limited has issued a strong letter of support. Therefore, Management finds it appropriate to present the 2015/16 financial statements on a going concern basis.

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 B enterprises.

The annual report has been presented in EUR.

The accounting policies applied for these 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.

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, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

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.

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 property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

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 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 property, plant and equipment.

Other financial income

Other financial income comprise interest income and currency translation adjustments.

Other financial expenses

Other financial expenses comprise interest expenses and currency translation adjustments.

Accounting policies

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.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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	5 years
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Property, plant and equipment 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.

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs.

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

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Operating 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.

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.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 EUR</u>	<u>2014/15 EUR'000</u>
Revenue		5.785.394	4.747
Other operating income		8.427	16
Costs of raw materials and consumables		(3.944.713)	(3.238)
Other external expenses		<u>(1.351.903)</u>	<u>(1.199)</u>
Gross profit/loss		497.205	326
Staff costs	2	(513.149)	(501)
Depreciation, amortisation and impairment losses		<u>(40.127)</u>	<u>(27)</u>
Operating profit/loss		(56.071)	(202)
Other financial income	3	105.819	0
Other financial expenses	4	<u>0</u>	<u>(169)</u>
Profit/loss from ordinary activities before tax		49.748	(371)
Tax on profit/loss from ordinary activities	5	<u>132.346</u>	<u>0</u>
Profit/loss for the year		<u>182.094</u>	<u>(371)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>182.094</u>	<u>(371)</u>
		<u>182.094</u>	<u>(371)</u>

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>2015/16 EUR</u>	<u>2014/15 EUR'000</u>
Other fixtures and fittings, tools and equipment		114.481	172
Property, plant and equipment	6	114.481	172
Other receivables		46.141	46
Fixed asset investments		46.141	46
Fixed assets		160.622	218
Manufactured goods and goods for resale		178.301	117
Inventories		178.301	117
Trade receivables		750.018	140
Receivables from group enterprises		7.533	0
Other short-term receivables		116.868	333
Income tax receivable		132.346	0
Receivables		1.006.765	473
Cash		1.121.584	1.738
Current assets		2.306.650	2.328
Assets		2.467.272	2.546

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>2015/16 EUR</u>	<u>2014/15 EUR'000</u>
Contributed capital	7	16.875	17
Retained earnings		<u>(975.956)</u>	<u>(1.158)</u>
Equity		<u>(959.081)</u>	<u>(1.141)</u>
Prepayments received from customers		310.232	1.098
Trade payables		120.090	272
Debt to group enterprises		2.893.522	2.177
Other payables		<u>102.509</u>	<u>140</u>
Current liabilities other than provisions		<u>3.426.353</u>	<u>3.687</u>
Liabilities other than provisions		<u>3.426.353</u>	<u>3.687</u>
Equity and liabilities		<u>2.467.272</u>	<u>2.546</u>
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Statement of changes in equity for 2015/16

	Contributed capital EUR	Retained ear- nings EUR	Total EUR
Equity beginning of year	16.875	(1.158.050)	(1.141.175)
Profit/loss for the year	0	182.094	182.094
Equity end of year	16.875	(975.956)	(959.081)

Notes

1. Going concern

Due to the year's financial developments, the Company has lost more than half the subscribed contributed capital. For this reason, the Company falls within the provisions of section 119 of the Danish Companies Act governing loss of capital. The company Decca Investment Limited has issued a strong letter of support. Therefore, management finds it appropriate to present the 2015/16 financial statements on a going concern basis.

	2015/16	2014/15
	EUR	EUR'000
2. Staff costs		
Wages and salaries	513.149	501
	513.149	501
Number of employees at balance sheet date	10	11
	2015/16	2014/15
	EUR	EUR'000
3. Other financial income		
Exchange rate adjustments	105.599	0
	105.599	0
	2015/16	2014/15
	EUR	EUR'000
4. Other financial expenses		
Exchange rate adjustments	0	169
	0	169
	2015/16	2014/15
	EUR	EUR'000
5. Tax on ordinary profit/loss for the year		
Adjustment relating to previous years	(132.346)	0
	(132.346)	0

Notes

Tax on ordinary profit for the year relates to adjustment to previous years in a foreign branch office.

	Other fixtures and fittings, tools and equipment EUR
6. Property, plant and equipment	
Cost beginning of year	341.067
Additions	24.566
Disposals	(169.426)
Cost end of year	196.207
Depreciation and impairment losses beginning of the year	(168.886)
Reversal of impairment losses	127.287
Depreciation for the year	(40.127)
Depreciation and impairment losses end of the year	(81.726)
Carrying amount end of year	114.481

	Number	Par value EUR	Nominal value EUR
7. Contributed capital			
Ordinary shares	16.875	1,00	16.875
	16.875		16.875

8. Unrecognised rental and lease commitments

At 31 March 2016, the Company has the following unrecognised rental commitments:

- 1) Showroom in London with an annual rent of GBP 80,128. The rental period is effective from 12 August 2014 to 1 July 2017.
- 2) Office in London with an annual rent of GBP 20,032. The rental period is effective from 12 August 2014 to 1 July 2017.
- 3) Showroom in Paris with an annual rent of EUR 60,000. The rental period is effective from 1 September 2010 to 31 August 2016.

9. Contingent liabilities

The Company has no contingent liabilities at 31 March 2016.

10. Assets charged and collateral

Notes

The Company has no assets charged at 31 March 2016.

11. Related parties with control

Decca Furniture (USA) Inc., High Point, North Carolina, USA wholly owns the shares of the Entity and thus has control over the Entity.

12. Ownership

The company has the following branch offices

Decca Furniture, Copenhagen

Østergade 1, 2.

1100 Copenhagen K

Denmark

Decca Furniture, France

1 rue Elzevir

75003 Paris

France

Decca Furniture, United Kingdom

101 Design Centre East

Chelsea Harbour

London SW10 OXF

United Kingdom

13. Consolidation

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

Decca Investment Ltd., Tortola, the British Virgin Islands

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

Decca Furniture (USA) Inc., High Point, North Carolina, USA