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STATE OF ART SCANDINAVIA A/S
BOESKÆRVEJ 11, 7100 VEJLE
ANNUAL REPORT
2015

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 20 June 2016**

Albert Westerman

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COMPANY DETAILS

Company	State Of Art Scandinavia A/S Boeskærvej 11 7100 Vejle CVR no.: 30 73 19 13 Established: 19 July 2007 Registered Office: Vejle Financial Year: 1 January - 31 December
Board of Directors	Albert Westerman, Chairman Johannes Kuijf Martijn Mateman
Board of Executives	Martijn Mateman
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of State Of Art Scandinavia A/S for the year 1 January - 31 December 2015.

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 company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015.

We recommend that the Annual Report be approved at the Annual General meetings.

Vejle, den 20. juni 2016

Board of Executives

Martijn Mateman

Board of Directors

Albert Westerman

Johannes Kuijf

Martijn Mateman

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of State Of Art Scandinavia A/S

We have audited the financial statements of State Of Art Scandinavia A/S for the financial year 1 January to 31 December 2015, which comprise a summary of significant accounting policies, income statement, balance sheet 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 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 have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit Legislation. 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 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 opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements 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 - 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 financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Vejle, den 20. juni 2016

BDO Statsautoriseret revisionsaktieselskab, CVR-nr. 20 22 26 70

Allan Lund
State Authorised Public Accountant

ACCOUNTING POLICIES

The annual report of State Of Art Scandinavia A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The reporting currency has in 2015 been changed from EUR to DKK due to minimize the administration for preparation of the annual report. The changes has no significant impact on the profit for the year, total assets or equity.

Besides the above mentioned the Annual Report is prepared consistently with the accounting principles used last year.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and writedown, are also recognised in the income statement.

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

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Consolidated financial statements

The group comply with the exemption clause of the § 110 for financial reporting for smaller groups in the Danish Financial Statements Act and therefore consolidated financial statements have not been prepared.

INCOME STATEMENT

Net revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

ACCOUNTING POLICIES

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are included in staff costs.

Investments in subsidiaries

The proportional share of results of subsidiaries after full elimination of intercompany profits/losses and deduction of amortised goodwill is recognised in the company's income statement.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Leasehold improvements and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-downs.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Other plants, fixtures and equipment.....	2-5 år	0 %
Leasehold improvements.....	5 år	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Fixed asset investments

Investments in subsidiary enterprises are measured in the parent company balance sheet under the equity method.

Investments in subsidiary enterprises are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiary enterprises, see description above under consolidated financial statements.

Subsidiary enterprises with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. A change in the deferred tax, which is a result of changes to tax rates, is recognised in the income statement with the exception of items that are taken directly to equity.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2015 DKK	2014 DKK
GROSS PROFIT		1.154.489	2.279.173
Staff costs.....	1	-783.620	-1.730.939
Depreciation, amortisation and impairment.....		-82.040	-84.946
OPERATING PROFIT		288.829	463.288
Result of equity investments in group companies.....		96.701	325.319
Other financial income.....		4.600	0
Other financial expenses.....		-51.938	-84.080
PROFIT BEFORE TAX		338.192	704.527
Tax on profit/loss for the year.....	2	-39.636	-130.121
PROFIT FOR THE YEAR		298.556	574.406
PROPOSED DISTRIBUTION OF PROFIT			
Allocation to reserve for net revaluation according to equity valuation.....		96.701	325.319
Accumulated profit.....		201.855	249.087
TOTAL		298.556	574.406

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2015 DKK	2014 DKK
Other plant, machinery, tools and equipment.....		0	5.799
Leasehold improvements.....		127.132	203.370
Tangible fixed assets.....	3	127.132	209.169
Equity investments in group enterprises.....	4	1.722.934	1.704.268
Rent deposit and other receivables.....		108.379	68.705
Fixed asset investments.....		1.831.313	1.772.973
FIXED ASSETS.....		1.958.445	1.982.142
Trade receivables.....		213.371	167.732
Receivables from group enterprises.....		21.332	1.532.210
Deferred tax assets.....		4.500	4.431
Other receivables.....		37.322	138.157
Corporation tax receivable.....		161.242	200.934
Prepayments and accrued income.....		132.276	54.022
Accounts receivable.....		570.043	2.097.486
Cash and cash equivalents.....		3.440.555	1.955.221
CURRENT ASSETS.....		4.010.598	4.052.707
ASSETS.....		5.969.043	6.034.849

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2015 DKK	2014 DKK
Share capital.....		500.000	500.000
Reserve for net revaluation according to equity valuation.....		1.600.203	1.581.538
Retained profit.....		3.540.437	3.338.582
EQUITY.....	5	5.640.640	5.420.120
Trade payables.....		124.576	38.879
Payables to group enterprises.....		37.560	210.627
Other liabilities.....		166.267	365.223
Current liabilities.....		328.403	614.729
LIABILITIES.....		328.403	614.729
EQUITY AND LIABILITIES.....		5.969.043	6.034.849
 Contingencies etc.	 6		
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NOTES

	2015 DKK	2014 DKK	Note
Staff costs			1
Wages and salaries.....	707.280	1.557.796	
Pensions.....	59.600	41.945	
Social security costs.....	11.207	89.407	
Other staff costs.....	5.533	41.791	
	783.620	1.730.939	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	70.758	125.635	
Adjustment of tax in previous years.....	-31.067	0	
Adjustment of deferred tax.....	-55	4.017	
Adjustment of deferred tax due to change in tax rate.....	0	469	
	39.636	130.121	
Tangible fixed assets			3
	Other plant, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2015.....	32.104	503.443	
Cost at 31 December 2015.....	32.104	503.443	
Depreciation and write-down at 1 January 2015.....	26.305	300.071	
Depreciation.....	5.799	76.240	
Depreciation and write-down at 31 December 2015.....	32.104	376.311	
Carrying amount at 31 December 2015.....	0	127.132	
Fixed asset investments			4
		Equity investments in group enterprises	
Cost at 1 January 2015.....		122.731	
Cost at 31 December 2015.....		122.731	
Revaluation at 1 January 2015.....		1.581.538	
Exchange adjustment at closing rate.....		-78.036	
Revaluation and write-down for the year.....		96.701	
Revaluation at 31 December 2015.....		1.600.203	
Carrying amount at 31 December 2015.....		1.722.934	

NOTES

Note

Investments in subsidiaries

Company	Ownership
State of Art Norway AS, Oslo, Norway.....	100 %
State of Art Sweden AB, Stockholm, Sweden.....	100 %

Equity

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	Share capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2015.....	500.000	1.581.538	3.338.582	5.420.120
Foreign exchange adjustments.....		-78.036		-78.036
Proposed distribution of profit.....		96.701	201.855	298.556
Equity at 31 December 2015.....	500.000	1.600.203	3.540.437	5.640.640

The share capital has not been changed in the past 5 years.

Contingencies etc.

6

Rent payments are DKK 385.983.

Payments under operating leases concerning cars are DKK 438.462.

Information on significant events occurring after the end of the financial year

7

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

Information on principal activities as well as accounting and financial matters

8

The main activity of the company has included sale and distribution of fashion clothes in Scandinavia.