



Créadore A/S

Nordager 20, DK-6000 Kolding

Reg.no. 31 60 57 41

Annual Report for the year ended 30 April 2016 8th financial year

The annual report has been presented to and approved by the annual general meeting of the shareholders on

Date 6 September 2016

Chairman 

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Company details

Créadore A/S
Nordager 20
DK-6000 Kolding
www.creadore.com

Reg.no. 31 60 57 41

Formation: 11 July 2008

Financial year: 1 May - 30 April

Supervisory Board

Jakob Ravnsbo
Nadeem Abdullah
Peter Beirholm
Imran Choudhery

Executive Board

Peter Beirholm

Auditors

Ernst & Young P/S
Kolding Åpark 1, 3.
DK-6000 Kolding

Statement by the management

The Supervisory Board and the Executive Board discussed and approved the annual report of Creadore A/S for the financial year 1 May 2015 - 30 April 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 30 April 2016 and of the results of the company's operations and cash flow for the financial year 1 May 2015 – 30 April 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 1 August 2016

Executive Board:

Peter Beirholm

Supervisory Board:

Jakob Ravnsbo

Nadeem Abdullah

Peter Beirholm

Imran Choudhery

The independant auditor's report

To the shareholders of Creadore A/S

Report on the financial statements

We have audited the financial statements of Creadore A/S for the financial year 1 May 2015 - 30 April 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Responsibilities of the management

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 that 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 and basis of opinion

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 as to 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 auditors' 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 the 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 opinion.

The audit did not result in any qualification.

Conclusion

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2016 and of the results of the company's operations and statement of cash flow for the financial year 1 May 2015 - 30 April 2016 in accordance with the Danish Financial Statements Act.

Statement of the Management's review

Pursuant to the Financial Statements Act, we have read the Management's review. We have not performed any other 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.

Kolding, 1 August 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR.no. 30 70 02 28

Claus E. Andreasen
State authorized public accountant

Michael Vakker Maass
State authorized public accountant



Management's review

Principal activities and business overview

Creadore A/S is primarily engaged in product development and marketing of textiles for the global hotel industry.

The main target group is international and global hotel chains which have defined their own standards for linen and textiles, and which have a defined objective of sourcing directly from producers at global level.

Creadore A/S has been established as a unique collaborative model between Beirholms Væverier A/S and Sapphire Textile Mills Ltd.

Beirholms Væverier A/S is one of Western Europe's leading suppliers of home textiles for industrial use in the hotel and restaurant industry and thus has in-depth knowledge of the market and of developing products optimized for industrial use.

Sapphire Textile Mills Ltd. is one of Pakistan's leading suppliers of bed linen. It exports to Asia, Western Europe and North America, giving it in-depth knowledge of production and production processes.

True to our motto "Creadore Beyond Linen", we supply textiles that not only meet the needs of hotels and guests but also deliver on laundry performance. In addition, Creadore offers customers a complete supply chain solution, including forecasting, logistics and distribution. We want to be the first choice of textile partner for our customers, and to offer support in the form of our textiles expertise in order to facilitate the most optimal textile solutions, i.e. lowest total cost of ownership (TCO) and improved guest experience and image at our customers' businesses.

We believe that leasing is a winning concept, whereby industrial laundries buy, own and launder the textiles and provide hotels, restaurants, hospitals, nursing homes, etc. with clean textiles on a leasing/rental basis. The competitive ability of a laundry is a result of how effective it is in each of its three roles independently, and how effective it is in balancing key dependencies between these roles:

1. The financial role, which optimizes investment in technology, textile procurement and amortization in relation to capital expenditure.
2. The production role, which optimizes operational costs in logistics, laundering, inventory management, and real product life-cycle costs.
3. The knowledge sharing role, which optimizes market-fit factors for specific end-user and consumer needs in terms of quality, color, design and concepts.

The leasing laundry industry - and thus the textile leasing concept in Western Europe - is a mature industry, and we believe that, over time, the business concept will be implemented in other parts of the world, such as the Middle East, where the leasing laundry industry has not yet matured, but where the potential is extremely high due to the comprehensive hotel sector.

Creadore A/S is a market leader in textiles designed and developed for the leasing laundry industry in the Middle East, so Creadore has a tried-and-tested solution for textiles which works optimally for linen rental companies (leasing laundries).

The business activities are supported by offices in three locations:

- Kolding (Denmark) is the main corporate office, which manages all business support, system application as well as sales in Europe.
- Dubai (United Arab Emirates) is the regional sales office, supporting sales in the Middle East and Africa.
- Lahore (Pakistan) supports production, supply management as well as sales in the Middle East and Africa.

Management's review

From our bases in Kolding and Lahore, we have unique access to the knowledge resources of our affiliates Beirholms Væverier A/S and Sapphire Textile Mills Ltd. in terms of production, product development, supply management, laundry expertise, etc., and sharing resources as well as office and state-of-the-art production facilities keeps operations lean and costs down.

Development in activities

In 2015/16, we finalized our product strategy by introducing our Creadore Collection based on the combined knowledge from the market, i.e. laundries that wash the linen and production of the most homogenous textile solutions.

During the year, we chose to invest further resources and efforts in developing the market in the Middle East, making our unique business model even stronger and visible to our customers and potential customers. We participated in Hotec, both in Spring 2015 and 2016, and we held housekeeping event at Taj Dubai to grow our network within the housekeeping community. We held workshops for procurement companies to upgrade their knowledge and leading them to consider Creadore as their preferred partner for textile solutions. We held an event at Danish consulate in KSA and approached 3 potential distribution companies that have significant business in KSA. Furthermore we have approached distribution companies who have business in Qatar and Morocco.

We chose to join ActNow (www.actnow.dk) which is an action-oriented partnership platform for businesses, NGOs and public institutions, who influence and inspire decision-makers by promoting energy-efficient cases and solutions. We want to be part of this network to present sustainable textile solution by introducing BeirTex to the market and be part of this fast developing area.

We realized a 8 % decrease in sales due to the loss of one large customer on the Middle-East market, resulting in a year result after tax of 189,000 EUR, which is 19 % less than the previous year. The result is acceptable taking into consideration the heavy investment in building and introducing the Creadore business model in the Middle East.

We realized as well, that the way Creadore sells optimized textile solutions in the Middle East takes time to introduce to the market. We see textiles as an investment, enabling the hotels to improve guest experience and image code and at the same time enabling the laundries to launder more efficiently, lower operating expenses and longer life time of the textiles. In the end, this leads to lower total cost of ownership (TCO) of the textiles.

Outlook

During the financial year 2016/17, we expect the level of activity to increase, mainly as a result of organic growth. We will invest in resources to develop the company into a truly global player in the industry and to ensure that our existing business is run in the best and most efficient way possible. We therefore expect a result in 2016/17 in the same level as 2015/16.

CSR and sustainability

Creadore wishes to be a responsible partner which proactively supports human rights, good working practices and good environmental conditions in the workplaces that form part of our partnerships. We have recently become DS49001 (ISO 26001) certified - a culmination of long-term efforts to secure sustainable textiles. This is supported by our formalized CSR strategy, our Code of Conduct and our management systems ISO 9001, ISO 14001 and OHSAS 18001.

In order to set new and better standards for the future, we have developed new yarn types (called BeirTex) with the hospitality industry in mind. Articles made with BeirTex yarns are BCI Cotton (Better Cotton Initiative) and are produced in accordance with the strictest environmental requirements under the EU Label: sustainable solutions at no additional cost.

Income Statement 1 May - 30 April

	<u>Note</u>	<u>2015/16</u> EUR '000	<u>2014/15</u> EUR '000
Gross profit		278	359
Financial expenses	3	<u>-31</u>	<u>-56</u>
Profit before tax		247	303
Taxation	4	<u>-58</u>	<u>-69</u>
Net result		<u><u>189</u></u>	<u><u>234</u></u>
 Proposed appropriation of profit			
Retained earnings		<u><u>189</u></u>	<u><u>234</u></u>

Balance sheet 30 April

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		EUR '000	EUR '000
Assets			
Current assets			
Inventories			
Manufactured goods and goods for resale		878	1.290
Prepayments for goods		710	1.343
Total inventories		<u>1.588</u>	<u>2.633</u>
Receivables			
Trade receivables		1.177	1.946
Other receivables		36	179
Prepaid expenses		62	57
Corporate tax receivable		0	0
Deferred tax assets		67	0
Total receivables		<u>1.342</u>	<u>2.182</u>
Cash in bank		<u>0</u>	<u>0</u>
Total current assets		<u>2.930</u>	<u>4.815</u>
Total assets		<u><u>2.930</u></u>	<u><u>4.815</u></u>

Balance sheet 30 April

	<u>Note</u>	<u>2015</u> EUR '000	<u>2014</u> EUR '000
Equity and liabilities			
Shareholder's equity			
	5		
Share capital		1.006	1.006
Retained earnings		<u>376</u>	<u>187</u>
Total shareholder's equity		<u>1.382</u>	<u>1.193</u>
Liabilities			
Short term liabilities			
Banks		1.132	2.267
Trade payables	6	320	1.096
Prepayments received from customers		38	193
Corporate tax payable		<u>58</u>	<u>66</u>
Total short term liabilities		<u>1.548</u>	<u>3.622</u>
Total equity and liabilities		<u>2.930</u>	<u>4.815</u>
Other notes			
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Cash flow statement

	<u>2015/16</u>	<u>2014/15</u>
	EUR '000	EUR '000
Result before interest and depreciations	278	359
Changes in inventories	1.045	862
Changes in receivables	907	-1.237
Changes in liabilities	-931	378
Corporate tax, paid	-133	17
Interest, paid	-31	-56
Cash flow from operations	<u>1.135</u>	<u>323</u>
Repayment of long term loan from group enterprise	0	-1.545
Change in short term bank liabilities	-1.135	1.222
Cash flow from financing activities	<u>-1.135</u>	<u>-323</u>
Total cash flow	0	0
Cash in bank, beginning of year	0	0
Cash in bank, end of year	<u><u>0</u></u>	<u><u>0</u></u>

Notes

1 Accounting principles

The Annual Report for Creadore A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements are prepared in EUR.

The accounting policies are consistent with those of last year.

Income Statement

According to section 32 of the Danish Financial statements Act, net sales, cost of goods and external expenses are aggregated in one item called gross profit.

Net sales

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue in the form of sales commissions are recognized on the time the service is rendered and considered earned.

Revenue is measured excluding VAT and duties charged on behalf of third party. All kinds of discounts allowed are recognized/deducted in the revenue.

External expenses

Other external expenses comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing contracts and purchase of personell ressources from group companies.

Financial income and expenses

Financial income and expenses comprise interest income and expenses from financial receivables and liabilities as well as exchange rate gains and losses on receivables, payables and transactions denominated in foreign currencies.

Taxation

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Notes

1 Accounting principles - continued

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity.

Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

2 Principal activities

Creadore A/S is primarily engaged in product development and marketing of textiles for the global hotel industry.

Creadore A/S is incorporated in Denmark and has a branch office in Dubai, UAE.

The target customers are international and global hotel chains which have defined their own standards for linen and textiles and which have a defined objective of sourcing directly from the producers at global level. Furthermore the company approaches local hotel chains and leasing laundries on the Middle-East market.

Notes

	<u>2015/16</u>	<u>2014/15</u>
	EUR '000	EUR '000
3 Financial costs		
Group enterprise	5	31
Banks	<u>26</u>	<u>25</u>
	<u><u>31</u></u>	<u><u>56</u></u>

4 Taxation		
Current tax	126	66
Tax from previous years	-1	0
Change in deferred tax assets	<u>-67</u>	<u>3</u>
	<u><u>58</u></u>	<u><u>69</u></u>

5 Shareholders equity

The share capital consists of 7,500 shares of nominal 1,000 DKK each, totalling 7.5 million DKK (1 million EUR).

	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Share capital at 1 May	1.006	1.006	1.006	1.006	536
Capital increase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>470</u>
Share capital at 30 April	<u><u>1.006</u></u>	<u><u>1.006</u></u>	<u><u>1.006</u></u>	<u><u>1.006</u></u>	<u><u>1.006</u></u>

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Shareholders equity at 1 May 2015	1.006	187	1.193
Result for the year	<u>0</u>	<u>189</u>	<u>189</u>
Shareholders equity at 30 April 2016	<u><u>1.006</u></u>	<u><u>376</u></u>	<u><u>1.382</u></u>

	<u>2015/16</u>	<u>2014/15</u>
	EUR '000	EUR '000
6 Trade payables		
Group enterprise	61	288
Associate	0	322
Others	<u>259</u>	<u>486</u>
	<u><u>320</u></u>	<u><u>1.096</u></u>

7 Contingent liabilities

The Company is jointly taxed with other Danish companies within the Beirholm Holding Group. As a jointly taxed, but not fully owned company, the Company is limited and subsidiarily liable for corporate taxes in the joint taxation.

8 Staff matters

The Company employs no staff, but hires staff resources from group enterprises. Hired in staff resources were 11 full time employees in 2015/16 (2014/15: 10).

Notes

9 Related parties

Ownership

The following shareholders holds more than 5 % of voting rights or minimum 5 % of the share capital:

Beirholm Holding A/S
Nordager 20
6000 Kolding
Denmark

Sapphire Textile Mills Limited
212 Cotton Exchange Building 1.1. Chundrigar Road
Karachi
Pakistan

Group

The Company's Annual Report is part of the consolidated Annual Report of Beirholm Holding A/S.