

Valentino Denmark ApS

co CITCO Denmark ApS
Holbergsgade 14, 2. tv.
1057 København K

CVR no 32 31 24 11

Annual report for 2016

(3th Financial year)

Adopted at the annual general meeting
on 7 April 2017

Ole Sørensen
Chairman

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Statement by Management on the annual report

The Executive Board has today discussed and approved the annual report of Valentino Denmark ApS for the financial year 1 January - 31 December 2016.

The annual report has been prepared 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 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

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

Copenhagen, 3 April 2017

Executive Board

Jesper Krüger Mackowski
direktør

Francesco Maria Viana
adm. direktør

Independent auditor's report

To the shareholder of Valentino Denmark ApS

Opinion

We have audited the financial statements of Valentino Denmark ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities 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.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on Management's Review


Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hellerup, 3 April 2017
CVR-nr. 33 25 68 76
 Crowe Horwath.

Søren Jonassen
Statsautoriseret revisor

Company details

The Company

Valentino Denmark ApS
co CITCO Denmark ApS
Holbergsgade 14, 2. tv.
1057 København K

CVR no.: 32 31 24 11
Reporting period: 1 January - 31 December
Incorporated: 17. June 2014
Domicile: København

Executive Board

Jesper Krüger Mackowski, direktør
Francesco Maria Viana, adm. direktør

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Management's review

Business activities

The company's main activity is retail of clothing and activities similar to this.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 718.557, and the balance sheet at 31 December 2016 shows equity of DKK 2.266.681.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Valentino Denmark ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods less other external expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Andre anlæg, driftsmateriel og inventar	3-5 years
Indretning af lejede lokaler	5 years

Assets costing less than DKK 12.900 are expensed in the year of acquisition.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting policies

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement
1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Gross profit		3.192.775	2.553
Staff costs	1	<u>-2.162.571</u>	<u>-2.244</u>
Earnings Before Interest Taxes Depreciation and Amortization		1.030.204	309
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.637.286</u>	<u>-1.614</u>
Profit/loss before financial income and expenses		-607.082	-1.305
Financial costs	2	<u>-111.475</u>	<u>-205</u>
Profit/loss before tax		-718.557	-1.510
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>-718.557</u>	<u>-1.510</u>
 Proposed distribution of profit			
Retained earnings		<u>-718.557</u>	<u>-1.510</u>
		<u>-718.557</u>	<u>-1.510</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Assets			
Other fixtures and fittings, tools and equipment		1.844.684	2.314
Leasehold improvements		4.531.505	5.684
Tangible assets	3	<u>6.376.189</u>	<u>7.998</u>
Fixed assets total		<u>6.376.189</u>	<u>7.998</u>
Finished goods and goods for resale		5.160.088	5.186
Stocks		<u>5.160.088</u>	<u>5.186</u>
Trade receivables		3.354.405	2.619
Other receivables		73.644	67
Prepayments		100.698	0
Receivables		<u>3.528.747</u>	<u>2.686</u>
Cash at bank and in hand		<u>880.452</u>	<u>1.140</u>
Current assets total		<u>9.569.287</u>	<u>9.012</u>
Assets total		<u><u>15.945.476</u></u>	<u><u>17.010</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		50.000	50
Retained earnings		2.216.681	2.935
Equity	4	<u>2.266.681</u>	<u>2.985</u>
Trade payables		5.081.745	5.658
Payables to subsidiaries		7.878.630	7.525
Other payables		718.420	842
Short-term debt		<u>13.678.795</u>	<u>14.025</u>
Debt total		<u>13.678.795</u>	<u>14.025</u>
Liabilities and equity total		<u><u>15.945.476</u></u>	<u><u>17.010</u></u>
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Notes

	<u>2016</u> DKK	<u>2015</u> TDKK
1 Staff costs		
Wages and salaries	<u>2.162.571</u>	<u>2.244</u>
	<u>2.162.571</u>	<u>2.244</u>
Average number of employees	<u>4</u>	<u>4</u>
2 Financial costs		
Interest paid to subsidiaries	98.169	213
Other financial costs	<u>13.306</u>	<u>-8</u>
	<u>111.475</u>	<u>205</u>
3 Tangible assets		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	<u>2.817.445</u>	<u>6.915.272</u>
Cost at 1 January 2016	2.817.445	6.915.272
Additions for the year	<u>14.692</u>	<u>0</u>
Cost at 31 December 2016	<u>2.832.137</u>	<u>6.915.272</u>
Impairment losses and depreciation at 1 January 2016	502.713	1.231.221
Depreciation for the year	<u>484.740</u>	<u>1.152.546</u>
Impairment losses and depreciation at 31 December 2016	<u>987.453</u>	<u>2.383.767</u>
Carrying amount at 31 December 2016	<u>1.844.684</u>	<u>4.531.505</u>

Notes

4 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	50.000	2.935.238	2.985.238
Net profit/loss for the year	0	-718.557	-718.557
Equity at 31 December 2016	<u>50.000</u>	<u>2.216.681</u>	<u>2.266.681</u>

5 Contingent assets, liabilities and other financial obligations

The company has a tax asset of DKK 632, that is not recognized in the balance sheet. The amount relates to tax loss carried forward.

For the use of leasehold and services there is a 6 month termination period. The contingent liability during the termination period amounts to DKK 3 mio.

6 Related parties and ownership

Transactions

Transactions in terms of purchase and sale of goods with related parties amounts to 16,3 mio. DKK. Terms and conditions are at market value.

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Valentino S.p.A., Via Turati, 16/18, 20121 Milano, Italien.