

**The Intimate Company A/S
Central Business Registration No
35407839
Farum Gydevej 73
DK-3520 Farum**

Annual report 2015

The Annual General Meeting adopted the annual report on 21.12.2015

Chairman of the General Meeting

Name: Niels Nielsen Krogh

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Entity details

Entity

The Intimate Company A/S
Farum Gydevej 73
DK-3520 Farum

Central Business Registration No: 35407839

Registered in: Furesø

Financial year: 01.01.2015 - 30.06.2015

Board of Directors

Claus Walther Jensen
Gitte Breil
Niels Nielsen Krogh

Executive Board

Niels Nielsen Krogh

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 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 The Intimate Company A/S for the financial year 01.01.2015 - 30.06.2015.

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 Entity's financial position at 30.06.2015 and of the results of its operations for the financial year 01.01.2015 - 30.06.2015.

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.

Farum, 21.12.2015

Executive Board

Niels Nielsen Krogh

Board of Directors

Claus Walther Jensen

Gitte Breil

Niels Nielsen Krogh

Independent auditor's reports

To the owners of The Intimate Company A/S

Report on the financial statements

We have audited the financial statements of The Intimate Company A/S for the financial year 01.01.2015 - 30.06.2015, 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

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 30.06.2015 and of the results of its operations for the financial year 01.01.2015 - 30.06.2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter affecting the financial statements

Without qualifying our opinion, we refer to note 1 on going concern in which Management describes the uncertainty related to the Company's ability to continue its operations. The Company has received a comfort letter from its Parent, Change of Scandinavia Holding A/S, with a guarantee to contribute the additional capital required up to and until 30.06.2016 and thereby enabling the Company to meet its obligations as they fall due.

Report on other legal and regulatory requirements

Emphasis of matter regarding other issues

During the year, the Company has prepared erroneous VAT declarations which is in contravention of the Danish VAT Act. As a result, Management may be held liable.

Independent auditor's reports

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, 21.12.2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Martin Juul Møller
State Authorised Public Accountant

Management commentary

Primary activities

The primary activities of the Company are designing, manufacturing, advertising and group external wholesale of lingerie, loungewear, nightwear and swimwear based upon licence agreements with influential global brand owners.

Development in activities and finances

Profit for the year is DKK 137 thousand. The Company's equity is negative by DKK 9,063 thousand at 30.06.2015.

The Company has changed its financial year from calendar year financial statements to an irregular financial year ending at 30.06. In this way the financial year follows the balance sheet date of the Parent. Consequently, this financial year comprises 6 months.

The Company has lost more than 50% of its share capital. As a result, the Company falls within the provisions of section 119 of the Danish Companies Act governing loss of capital. Management has decided to discontinue the activities of the Company as of 01.07.2015 thus it will continue without any operating activities. In future, Management will assess annually whether to continue the running of the Company, and if so, in this way re-establish the equity.

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 with addition of certain provisions for reporting class C enterprises.

The Company has changed its financial year and therefore this financial year covers the period 01.01.2015 - 30.06.2015. i.e. 6 months. The comparative figures cover the period 31.07.2013 - 31.12.2014.

The accounting policies applied to 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Accounting policies

Revenue

Revenue from the group external wholesale of manufactured goods and internal group commissions 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 and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for 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 and impairment losses relating to intangible assets comprise amortisation 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.

Other operating expenses

Other operating expenses comprises expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income as well as net capital gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, as well as net capital losses on payables and transactions in foreign currencies.

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.

The Entity is jointly taxed with its Parent as well as all Danish and foreign subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise investments in developing the design and brand of the Company.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax, as well as receivable joint taxation contribution from affiliated entities.

Accounting policies

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit		4.723.512	3.288
Staff costs	2	(1.976.629)	(1.326)
Depreciation, amortisation and impairment losses	3	(2.250.033)	(14.210)
Other operating expenses		<u>(2.057)</u>	<u>0</u>
Operating profit/loss		494.793	(12.248)
Other financial income	4	154.839	139
Other financial expenses	5	<u>(494.023)</u>	<u>(326)</u>
Profit/loss from ordinary activities before tax		155.609	(12.435)
Tax on profit/loss from ordinary activities	6	<u>(18.195)</u>	<u>2.735</u>
Profit/loss for the year		<u>137.414</u>	<u>(9.700)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>137.414</u>	<u>(9.700)</u>
		<u>137.414</u>	<u>(9.700)</u>

Balance sheet at 30.06.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Acquired trademarks		10.083.900	9.000
Intangible assets	7	<u>10.083.900</u>	<u>9.000</u>
Investments in group enterprises		527	1
Deferred tax		2.545.731	2.735
Fixed asset investments	8	<u>2.546.258</u>	<u>2.736</u>
Fixed assets		<u>12.630.158</u>	<u>11.736</u>
Trade receivables		2.099.342	1.184
Receivables from group enterprises		0	678
Other short-term receivables		1.914.869	0
Income tax receivable		171.564	0
Receivables		<u>4.185.775</u>	<u>1.862</u>
Cash		<u>93.660</u>	<u>258</u>
Current assets		<u>4.279.435</u>	<u>2.120</u>
Assets		<u><u>16.909.593</u></u>	<u><u>13.856</u></u>

Balance sheet at 30.06.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	9	500.000	500
Retained earnings		<u>(9.562.992)</u>	<u>(9.700)</u>
Equity		<u>(9.062.992)</u>	<u>(9.200)</u>
Trade payables		0	175
Debt to group enterprises		22.032.029	22.396
Other payables	10	<u>3.940.556</u>	<u>485</u>
Current liabilities other than provisions		<u>25.972.585</u>	<u>23.056</u>
Liabilities other than provisions		<u>25.972.585</u>	<u>23.056</u>
Equity and liabilities		<u>16.909.593</u>	<u>13.856</u>
Going concern	1		
Contingent liabilities	11		
Ownership	12		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	500.000	(9.700.406)	(9.200.406)
Profit/loss for the year	0	137.414	137.414
Equity end of year	500.000	(9.562.992)	(9.062.992)

Notes

1. Going concern

The Company has received a comfort letter from its Parent, Change of Scandinavia Holding A/S, with a guarantee to contribute the additional capital required up to and until 30.06.2016 and thereby enabling the Company to meet its obligations as they fall due.

On this basis, Management assesses that the Company's capital resources are sufficient to continue operations at least the next 12 months and thus, the financial statements are presented under the assumption of going concern.

	2015 DKK	2014 DKK'000
2. Staff costs		
Wages and salaries	1.862.333	1.247
Pension costs	91.348	72
Other social security costs	22.948	7
	1.976.629	1.326

	2015 DKK	2014 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.250.033	0
Impairment losses on intangible assets	0	14.210
	2.250.033	14.210

	2015 DKK	2014 DKK'000
4. Other financial income		
Interest income	0	1
Exchange rate adjustments	154.839	138
	154.839	139

	2015 DKK	2014 DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	485.000	300
Interest expenses	153	0
Exchange rate adjustments	8.870	26
	494.023	326

Notes

	2015	2014
	DKK	DKK'000
6. Tax on ordinary profit/loss for the year		
Change in deferred tax for the year	189.759	(2.735)
Adjustment relating to previous years	(171.564)	0
	18.195	(2.735)
		Acquired trademarks
		DKK
7. Intangible assets		
Cost beginning of year		23.210.314
Additions		3.333.800
Cost end of year		26.544.114
Amortisation and impairment losses beginning of year		(14.210.181)
Amortisation for the year		(2.250.033)
Amortisation and impairment losses end of year		(16.460.214)
Carrying amount end of year		10.083.900
	Investments in group enterprises	Deferred tax
	DKK	DKK
8. Fixed asset investments		
Cost beginning of year	527	2.735.490
Additions	0	1.212.127
Disposals	0	(1.401.886)
Cost end of year	527	2.545.731
Carrying amount end of year	527	2.545.731
	Registered in	Corpo- rate form
	Equity interest %	
Subsidiaries:		
TIC Lingerie Sleepwear Inc.	Montréal (Québec), Canada	Inc. 100,00

Notes

	<u>Number</u>	<u>Nominal value DKK</u>
9. Contributed capital		
Shares	500.000	500.000
	<u>500.000</u>	<u>500.000</u>
	<u>2015 DKK</u>	<u>2014 DKK'000</u>
10. Other short-term payables		
VAT and duties	0	23
Wages and salaries, personal income taxes, social security costs, etc. payable	432.418	154
Other costs payable	3.508.138	308
	<u>3.940.556</u>	<u>485</u>

11. Contingent liabilities

The Company participates in Danish international joint taxation with Asian Import ApS as the administration company and, consequently, according to the Danish Corporation Tax Act, is liable for any income taxes etc for the jointly taxed companies, and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

12. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Change of Scandinavia Holding A/S, Farum Gydevej 73, DK-3520 Farum