SkyBrands Holding A/S

Roskildevej 6, DK-7100 Vejle

Annual Report for 1 January - 31 December 2016

CVR No 36 71 53 24

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/3 2017

Jan Kølbek
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SkyBrands Holding A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 20 February 2017

Executive Board

Jan Kølbek

Board of Directors

Jens Jørgen Hahn-Petersen	Vilhelm Eigil Hahn-Petersen	Hans Nielsen
Stig Løkke Pedersen		

Independent Auditor's Report

To the Shareholders of SkyBrands Holding A/S

Opinion
In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 December 2016 and of the results of the Company and the Group operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and the Consolidated Financial Statements of SkyBrands Holding A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Parent Company and the Group ("financial statements").

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 Group 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.

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 Financials Statements Act.

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

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements and the Consolidated Financial

Independent Auditor's Report

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 and the Group'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 the Group 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.

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 and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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 and the Group'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 and the Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Trekantområdet, 20 February 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Arne Kristensen
state authorized public accountant

John Lindholm Bode
state authorized public accountant

Company Information

The Company	SkyBrands Holding A/S Roskildevej 6 DK-7100 Vejle CVR No: 36 71 53 24 Financial period: 1 January - 31 December Municipality of reg. office: Vejle
Board of Directors	Jens Jørgen Hahn-Petersen Vilhelm Eigil Hahn-Petersen Hans Nielsen Stig Løkke Pedersen
Executive Board	Jan Kølbek
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2016 (12 months)	2015 (8,5 months)
	TDKK	TDKK
Key figures		
Profit/loss		
Operating profit/loss	14.085	903
Profit/loss before financial income and expenses	14.085	935
Net financials	-5.080	939
Net profit/loss for the year	4.400	550
Balance sheet		
Balance sheet total	261.435	244.519
Equity	95.280	90.592
Investment in property, plant and equipment	-467	-1.107
Number of employees	22	16
Ratios		
Return on assets	5,4%	0,4%
Solvency ratio	36,4%	37,0%
Return on equity	4,7%	1,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts.

The comparative figures for the year 2015 comprise 8,5 months, and, consequently, they are not directly comparable with this year which covers 12 months.

Management's Review

The Annual Report of SkyBrands Holding A/S ("SkyBrands" or the "Company") for the year of 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C. The provisions governing reporting class C are applied pursuant to the amended Danish Financial Statements Act.

The private equity fund CataCap K/S I owns 59% of the shares in the Company as a result of the acquisition in the fiscal year of 2015.

CataCap is a member of DCVA. The Company has therefore chosen to follow the DCVA guidelines released in 2008, including the subsequent modifications, which can be found at DVCA's website http://www.dvca.dk. These guidelines recommend an extended coverage of several factors in the annual report, including corporate governance, financial risks, employee relations and strategy. As a private equity portfolio company, SkyBrands Holding must either follow the guidelines or explain why the recommendations, in whole or in part, are not followed.

Main activity

The main activity of the Company is to invest in, and own shares in companies and subsidiaries in the SkyBrands Group, which comprises SkyBrands A/S (headquartered in Denmark), Dreamtex Ltd (headquartered in the UK) and SkyBrands GmbH (headquartered in Germany) (collectively referred to as the "Group" or "SkyBrands").

The main business of the Group relates to commercial activities in branded home and apparel textile products. The Group designs, produces (through sub-suppliers) and sells branded home and apparel textile products, where brands are licensed from brand-owners such as Disney or Universal.

Development in the year

The income statement of the Group for 2016 shows a profit of TDKK 4,400, and at 31 December 2016 the balance sheet of the Group shows equity of TDKK 95,280.

In January 2016, the Group established a subsidiary in Germany, SkyBrands GmbH, with the aim to expand the business into Germany, Austria and Switzerland (collectively "DACH"). During the first year, SkyBrands GmbH has managed to build a sustainable business with satisfactory growth rates above expectations. For the Group, this contributed to a satisfactory increase in total revenue, driven by continued improvements in product quality, product offerings and the signing of new promising licenses throughout 2016. The development in SkyBrands GmbH and the rest of the Group increased the number of employees from 22 at 1 January 2016 to 30 at the 31 December 2016 (Included in the numbers are all companies in the Group).

The year of 2016 was a good year for SkyBrands, which, despite increasing competition in the markets where the Group operates, has delivered acceptable results. Management regards the performance of the year satisfactory and considers the Group well-positioned for future growth.

Management's Review

Special risks - market and financial

The Board of Directors of the Company and the Management of the Group continuously monitor both internal and external business risks. Below are the risks that has been assessed as being particularly important:

Market risks

The Group operates within the segments of home and apparel textiles. Generally, textile products within these segments have historically shown some resistance to business cycles, whereas individual brands can experience significant changes in consumer demand within seasons and from year to year. To mitigate these risks, the Group distributes products to customers (retailers and distributors) across Europe, thereby spreading the customer portfolio on several geographies and customer types. In addition, the Company operates with a portfolio of different brands.

Currency risk

SkyBrands has sales operations across Europe, procurement across Europe and Asia, and reports and pays royalties to brand-owners quarterly. SkyBrands purchases mainly in USD and reports and pays royalties in USD and EUR, while sales is typically in DKK, USD, EUR or GBP. This exposes the Group to the risk of currency fluctuations. During 2016, the Group has been more exposed to this than usual, due to the extraordinary fluctuations in USD and GBP. The Group operates under a defined financial policy, which includes a policy on currency, to manage any currency-related risks. This is primarily done through the use of financial instruments to cover all expected turnover, procurement and royalty cash flows the coming 12 months at any given point in time. The Group does not speculate in currency fluctuations.

Environment

SkyBrands has high standards for environmental protection, and ensures this through close collaboration with suppliers. All suppliers to the Group must meet the quality standards of Økotex 100 (www.okotex.com), the Group are certified GOTS, and adhere to other requirements and requests the customers might have. The Group conducts a high frequency of tests through recognized agencies such as SGS (www.sgs.com) to ensure that the quality of the products live up to the high standards of the Group's customers. The Group also conducts quality audits and visits to suppliers' manufacturing sites to ensure that all quality and environmental standards are adhered to.

Corporate Social Responsibility

Focus on CSR is a cornerstone in the way SkyBrands operates and we have developed specific CSR policies under our Code of Conduct to comply with it. The Group is a member of the Business Social Compliance Initiative and we require all our suppliers to be members as well, so our customers can trust that the products we deliver live up to the highest ethical and social responsibility standards.

Management's Review

Human rights

SkyBrands does not tolerate discrimination of any sort based on race, gender or religion. Child and forced labour as well as social dumping is not allowed, and the Group requires all suppliers to follow these policies.

Employees of the Group have the right to freely organize in trade unions and to strike in accordance with the laws of the countries where the Group operates.

Competition

The business principles are at any time compliant with the current competition laws within the areas where the Group operates.

Corruption

Employees in the Group can neither give nor receive bribery of any sort or non-approved payments neither on behalf of themselves nor on behalf of the Group. Any participation in corruption will result in disciplinary actions.

Duties of the Board of Directors

The Group strives to adhere to the principles of corporate governance, e.g. by securing an ongoing dialogue with its owners and other stakeholders, reporting results on a quarterly basis and securing an on-going strategic development process in order to create value for its stakeholders.

The Board of Directors ensure that the Executive Management complies with the objectives, strategies and procedures outlines by the Board. Information from the Management of the various companies within the Group is provided systematically at meetings and through written and oral on-going reporting. This reporting includes market development, the license portfolio development, the company's development and the financial position and outlook.

The Board of Directors meets according to a set schedule at least five times a year in addition to an annual strategy meeting, where the Group's vision, goals and strategy is determined.

Board Composition

Chairman Jens Hahn-Petersen, male, 51 years old, non-independent board member, Partner in CataCap. Indirectly owning 0,3% of Skybrands Holding A/S. Mr. Hahn-Petersen was initially elected a member of the Board of Directors in 2015 and is up for election once a year at the annual general meeting.

Mr. Hahn-Petersen is currently also a partner at CataCap Management A/S, and serves as board member or CEO of:

•Handicap-Befordring Holding A/S and Handicap-Befordring A/S.
•Skybrands Holding A/S and Skybrands A/S.
•CASA ManCo ApS

Management's Review

•CataCap Management A/S, CataCap DM ApS, CataCap OP ApS
•CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS and CC Sky Invest ApS and Prosperitas ApS

Board member Vilhelm Hahn-Petersen, male, 56 years old, non-independent board member, Partner in CataCap. Indirectly owning 1.1 % of Skybrands Holding A/S. Mr. Hahn-Petersen was initially elected a member of the Board of Directors in 2015 and is up for election once a year at the annual general meeting.

Mr. Hahn-Petersen is currently also a partner at CataCap Management A/S., and serves as board member or CEO of:

•Mobylife Holding A/S, Mobylife DM ApS, Mobylife A/S, Mobylife DK A/S, Mobylife AS, Mobylife Ljungby AB,, Mobylife Kongsberg AS, Mobylife Drammen AS, Mobylife AB, Mobylife Helsingki Oy and Mobylife Oy.
•G.S.V. Holding A/S and G.S.V. Materieludlejning A/S.
•Lyngsoe Systems Holding A/S and Lyngsoe Systems A/S
•Skybrands Holding A/S and Skybrands A/S.
•CC Oscar Holding I A/S, CC Oscar Holding II A/S, CASA ManCo ApS and CASA A/S
•CataCap Management A/S, CataCap DM ApS, CataCap OP ApS
•CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS, CC Track Invest ApS and CC Sky Invest ApS.
•MyCo ApS, Airhelp Inc. and Capacent A/S

Stig Løkke Pedersen is a member of the board and minority shareholder of Skybrands Holding A/S. Ultimo 2016, Stig Løkke Pedersen owns 1% of the share of the Skybrands Holding A/S. Stig Løkke Pedersen is elected as a member of the board by CataCap. Stig Løkke Pedersens also serves as chairman, or member of the board of:

•EC Ergo Holding ApS
•Transmedica A/S
•Nuevolution A/S
•Extran Holding ApS
•Tigostfonr ApS
•Chemometex A/S
•X3 Capital A/S
•Transmedica Holding 2007 A/S
•Catacap Management A/S
•Broen-Lab A/S
•SkyBrands AS, SkyBrands Holding A/S

Management’s Review

Hans Nielsen is a member of the board and minority shareholder of the Skybrands Holding A/S . Ultimo 2016, Hans Nielsen owns 1% of the share of the Skybrands Holding A/S . Hans Nielsen is elected as a member of the board by the management. Hans Nielsens also serves as chairman, or member of the board of:

•Y.E.S.
•Your Electronic Supplier A/S
•SkyBrands AS, SkyBrands Holding A/S
•Greengenius A/S
•Suztain A/S

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group 2016 (12 months) TDKK	Group 2015 (8,5 months) TDKK	Parent 2016 (12 months) TDKK	Parent 2015 (8,5 months) TDKK
Gross profit/loss		**37.644**	**14.304**	**-67**	**-74**
Staff expenses	1	-13.504	-7.236	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-10.055	-6.133	0	0
Profit before financial income and expenses		**14.085**	**935**	**-67**	**-74**
Income from investments in subsidiaries		0	0	8.019	3.141
Income from investments in associates		418	4.265	0	0
Financial income	2	244	152	0	0
Financial expenses	3	-5.742	-3.478	-5.974	-3.278
Profit before tax		**9.005**	**1.874**	**1.978**	**-211**
Tax on profit/loss for the year	4	-4.605	-1.324	1.328	761
Net profit/loss for the year		**4.400**	**550**	**3.306**	**550**

Distribution of profit

Proposed distribution of profit

	Group 2016	Group 2015	Parent 2016	Parent 2015
Reserve for net revaluation under the equity method	-3.177	7.149	7.279	3.424
Minority interests' share of net profit of subsidiaries	1.094	0	0	0
Retained earnings	6.483	-6.599	-3.973	-2.874
	4.400	**550**	**3.306**	**550**

Balance Sheet 31 December

Assets

	Note	Group 2016 TDKK	Group 2015 TDKK	Parent 2016 TDKK	Parent 2015 TDKK
Goodwill		188.185	198.409	0	0
Intangible assets	5	**188.185**	**198.409**	**0**	**0**
Other fixtures and fittings, tools and equipment		1.150	970	0	0
Property, plant and equipment	6	**1.150**	**970**	**0**	**0**
Investments in subsidiaries	7	0	0	240.468	232.906
Investments in associates	8	5.351	8.528	0	0
Deposits		398	396	0	0
Fixed asset investments		**5.749**	**8.924**	**240.468**	**232.906**
Fixed assets		**195.084**	**208.303**	**240.468**	**232.906**
Inventories	9	**14.308**	**8.119**	**0**	**0**
Trade receivables		41.231	11.622	0	0
Receivables from group enterprises		368	0	368	0
Receivables from associates		0	2.528	0	0
Other receivables		3.510	3.713	72	90
Deferred tax asset	11	1.075	0	1.075	393
Corporation tax		646	0	646	368
Prepayments		640	493	0	0
Receivables		**47.470**	**18.356**	**2.161**	**851**
Cash at bank and in hand		**4.573**	**9.741**	**1**	**3**
Currents assets		**66.351**	**36.216**	**2.162**	**854**
Assets		**261.435**	**244.519**	**242.630**	**233.760**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2016	2015	2016	2015
		TDKK	TDKK	TDKK	TDKK
Share capital		1.005	1.005	1.005	1.005
Reserve for net revaluation under the equity method		3.972	7.149	10.703	3.424
Retained earnings		88.464	82.438	81.733	86.163
Equity attributable to shareholders of the Parent Company		**93.441**	**90.592**	**93.441**	**90.592**
Minority interests		1.839	0	0	0
Equity	10	**95.280**	**90.592**	**93.441**	**90.592**
Provision for deferred tax	11	1.653	67	0	0
Provisions		**1.653**	**67**	**0**	**0**
Subordinate loan capital		55.122	52.020	55.122	52.020
Credit institutions		54.000	72.000	54.000	72.000
Long-term debt	12	**109.122**	**124.020**	**109.122**	**124.020**
Credit institutions	12	38.676	18.000	18.000	18.000
Prepayments received from customers		449	1.029	0	0
Trade payables		12.420	6.718	0	0
Payables to group enterprises		426	0	22.061	819
Payables to associates		0	2.684	0	0
Corporation tax		1.870	58	0	0
Other payables		1.530	1.351	6	329
Deferred income		9	0	0	0
Short-term debt		**55.380**	**29.840**	**40.067**	**19.148**
Debt		**164.502**	**153.860**	**149.189**	**143.168**
Liabilities and equity		**261.435**	**244.519**	**242.630**	**233.760**
Contingent assets, liabilities and other financial obligations	13				
Related parties	14				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.005	7.149	82.438	90.592	0	90.592
Cash capital increase	0	0	0	0	745	745
Exchange adjustments relating to foreign entities	0	0	-725	-725	0	-725
Fair value adjustment of hedging instruments, beginning of year	0	0	-757	-757	0	-757
Fair value adjustment of hedging instruments, end of year	0	0	1.876	1.876	0	1.876
Tax on adjustment of hedging instruments for the year	0	0	-246	-246	0	-246
Other equity movements	0	0	-605	-605	0	-605
Net profit/loss for the year	0	-3.177	6.483	3.306	1.094	4.400
Equity at 31 December	**1.005**	**3.972**	**88.464**	**93.441**	**1.839**	**95.280**

Parent

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	1.005	3.424	86.163	90.592	0	90.592
Exchange adjustments relating to foreign entities	0	0	-725	-725	0	-725
Fair value adjustment of hedging instruments, beginning of year	0	0	-757	-757	0	-757
Fair value adjustment of hedging instruments, end of year	0	0	1.876	1.876	0	1.876
Tax on adjustment of hedging instruments for the year	0	0	-246	-246	0	-246
Other equity movements	0	0	-605	-605	0	-605
Net profit/loss for the year	0	7.279	-3.973	3.306	0	3.306
Equity at 31 December	**1.005**	**10.703**	**81.733**	**93.441**	**0**	**93.441**

Notes to the Financial Statements

		Group		Parent	
		2016 (12 months)	2015 (8,5 months)	2016 (12 months)	2015 (8,5 months)
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	12.790	6.273	0	0
	Pensions	325	477	0	0
	Other social security expenses	109	162	0	0
	Other staff expenses	280	324	0	0
		13.504	**7.236**	**0**	**0**
	Average number of employees	**22**	**16**	**0**	**0**
2	**Financial income**				
	Other financial income	44	152	0	0
	Exchange adjustments	200	0	0	0
		244	**152**	**0**	**0**
3	**Financial expenses**				
	Interest paid to group enterprises	0	0	476	0
	Interest paid to associates	0	109	0	0
	Other financial expenses	5.742	3.369	5.498	3.278
		5.742	**3.478**	**5.974**	**3.278**
4	**Tax on profit/loss for the year**				
	Current tax for the year	5.576	1.589	-646	-368
	Deferred tax for the year	-971	-265	-682	-393
		4.605	**1.324**	**-1.328**	**-761**

Notes to the Financial Statements

5 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 January	204.373
Cost at 31 December	204.373
Impairment losses and amortisation at 1 January	5.964
Amortisation for the year	10.224
Impairment losses and amortisation at 31 December	16.188
Carrying amount at 31 December	**188.185**

Goodwill obtained in connection with strategic acquisitions and mergers with a strong market position and sustainable, long-term earnings potential is amortized over 20 years, as the value of existing customer relations, long-term customer contracts, employee competencies, know-how, industry knowledge, reputation in the market for home textiles etc., is expected to contribute positively to the Company's future earnings potential for a period of at least 20 years.

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	2.149
Additions for the year	467
Cost at 31 December	2.616
Impairment losses and depreciation at 1 January	1.179
Depreciation for the year	287
Impairment losses and depreciation at 31 December	1.466
Carrying amount at 31 December	**1.150**

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent 2016 TDKK	Parent 2015 TDKK
Cost at 1 January	229.765	0
Additions for the year	0	229.765
Cost at 31 December	229.765	229.765
Value adjustments at 1 January	3.141	0
Net profit/loss for the year	17.794	9.105
Other equity movements, net	-7	0
Amortisation of goodwill	-10.225	-5.964
Value adjustments at 31 December	10.703	3.141
Carrying amount at 31 December	**240.468**	**232.906**
Remaining positive difference included in the above carrying amount at 31 December	188.185	198.409

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
SkyBrands A/S	Vejle	DKK 1,000k	100%	52.283	17.793

Notes to the Financial Statements

	Group		Parent	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 January	1.379	1.379	0	0
Cost at 31 December	1.379	1.379	0	0
Value adjustments at 1 January	7.149	935	0	0
Exchange adjustment	-680	201	0	0
Net profit/loss for the year	418	6.481	0	0
Dividends received	-2.310	-468	0	0
Other equity movements, net	-605	0	0	0
Value adjustments at 31 December	3.972	7.149	0	0
Carrying amount at 31 December	**5.351**	**8.528**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Dreamtex Ltd	Euxton, UK	£ 300.000	50%

9 Inventories

	Group 2016 TDKK	Group 2015 TDKK	Parent 2016 TDKK	Parent 2015 TDKK
Finished goods and goods for resale	11.400	7.336	0	0
Prepayments for goods	2.908	783	0	0
	14.308	**8.119**	**0**	**0**

Notes to the Financial Statements

10 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	1.000.000	1.000.000
B-shares	4.600	4.600
		1.004.600

The share capital has developed as follows:

	2016	2015
	TDKK	TDKK
Share capital at 1 January	1.005	500
Capital increase	0	505
Capital decrease	0	0
Share capital at 31 December	**1.005**	**1.005**

11 Provision for deferred tax

	Group		Parent	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	67	0	-393	0
Amounts recognised in the income statement for the year	-971	-265	-682	-393
Amounts recognised in equity for the year	1.482	332	0	0
Provision for deferred tax at 31 December	**578**	**67**	**-1.075**	**-393**

Notes to the Financial Statements

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
After 5 years	55.122	52.020	55.122	52.020
Long-term part	55.122	52.020	55.122	52.020
Within 1 year	0	0	0	0
	55.122	**52.020**	**55.122**	**52.020**
Credit institutions				
Between 1 and 5 years	54.000	72.000	54.000	72.000
Long-term part	54.000	72.000	54.000	72.000
Other short-term debt to credit institutions	38.676	18.000	18.000	18.000
	92.676	**90.000**	**72.000**	**90.000**

Subordinated loan capital of DKK 50,235, bears interest at 6% per annum. The loans are payable on or before 29 May 2023 or the sale of the company.

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has assumed other contractual obligations with a minimum payment of DKK 1,020k up to June 2017.

A lease has been concluded regarding lease of the premises on Roskildevej 6, DK-7100 Vejle. The lease is interminable up to 29 May 2023. The rent obligation at 31 December 2016 is calculated at DKK 2,864k.

The Company is part of the national joint taxation with CC Sky Invest ApS as the management company and is liable for any tax liability under the joint taxation.

The Company has concluded forward exchange contracts for currency hedging of future purchased goods in USD. Fair value of forward exchange contracts is at the balance sheet date kUSD 3,700.

SkyBrands Holding A / S has provided guarantees against its subsidiary SkyBrands A / S.

Notes to the Financial Statements

14 Related parties

	Basis
Controlling interest	
CC Sky Invest ApS, Vejle	Principal shareholder

Notes, Accounting Policies

Basis of Preparation

The Annual Report of SkyBrands Holding A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Consolidated and Parent Company Financial Statements for 2016 are presented in TDKK.

Changes in accounting estimates

The company has implemented changes to the Danish GAAP, which become effective on 1 January 2016, see Act nr. 738 af 1. juni 2015.

Changes to the Financial Statements Act, which comes into force on 1 January 2016 has not affected the Group or the parent company's assets, liabilities and financial position. December 31, 2016, but only resulted in additional disclosures in the Annual Report.

The comparative figures comprise 8,5 months, and, consequently, they are not directly comparable with the figures for the year which covers 12 months.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company and the Group have not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Notes, Accounting Policies

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprice.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Notes, Accounting Policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-7	years

Depreciation period and residual value are reassessed annually.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Notes, Accounting Policies

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes, Accounting Policies

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$