

# Oriflame International ApS

Birkevænget 22, 2880 Bagsværd

CVR no. 87 69 49 17



## Annual report 2016

Approved at the Company's annual general meeting on 29 May 2017

Chairman:

*Thom Steen-Thomsen*

.....  
Thom Steen-Thomsen



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## Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Oriflame International ApS for the financial year 1 January - 31 December 2016.

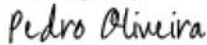
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

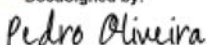
We recommend that the annual report be approved at the annual general meeting.

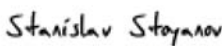
Slangerup, 29 May 2017  
Executive Board:

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Pedro Miguel Goncalves de  
Oliveira

Board of Directors:

  
Frederik Ludvig Birger Nilsson  
Chairman

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Pedro Miguel Goncalves de  
Oliveira

  
Stanislav Yordanov Stoyanov

## Independent auditor's report

To the shareholder of Oriflame International ApS

### Opinion

We have audited the financial statements of Oriflame International ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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.

## Independent auditor's report

- ▶ 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 conclusion is 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.

### Statement on the Management's review

Management is responsible for the Management's review.


Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the 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 the Management's review.

Copenhagen, 29 May 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Bo Sigurd Leinum  
State Authorised  
Public Accountant



Birgitte Nielsen  
State Authorised  
Public Accountant

## **Management' review**

### **Management commentary**

#### **Business review**

Until mid-2012, Oriflame International ApS sold cosmetics, skincare products, jewellery and similar products to private customers through its club activity in Denmark.

After the disposal of the activity and dismissal of all the employees, the Company has tried to sell the remaining property, cf. section about outlook.

#### **Development of activities and financial situation**

The Company has not succeeded in selling the property at the asking price.

The profit for the year of DKK 43 thousand is as expected and is caused by increase in rental income.

#### **Outlook**

The property is expected to be sold after the 2-year short-term tenancy ending 31 December 2017. After the sale, the Company will be terminated by liquidation. The Oriflame Group has expressed its commitment to subordinate its uncovered receivables and to provide financial support to the Company until the liquidation, if necessary.

#### **Events after the balance sheet date**

No events with material effect on the financial position of the Company at 31 December 2016 have occurred.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK´000	2016	2015
	<b>Revenue</b>	679	495
	Other operating income	0	23
	<b>Gross margin</b>	679	518
	Administrative expenses	-552	-557
	Other operating expenses	0	0
	<b>Profit/loss before net financials</b>	127	-39
2	Financial income	20	0
3	Financial expenses	-104	-124
	<b>Profit/loss before tax</b>	43	-163
4	Tax for the year	0	0
	<b>Profit/loss for the year</b>	43	-163
	<b>Recommended appropriation of profit/loss</b>		
	Transferred to reserves under equity	43	-163
		43	-163

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2016	2015
	<b>Assets</b>		
	Non-current assets		
5	Property, plant and equipment		
	Land and Buildings	4,899	5,092
	Total non-current assets	4,899	5,092
	Cash at bank and in hand	82	119
	Total current assets	82	119
	<b>Total Assets</b>	<b>4,981</b>	<b>5,211</b>
	<b>Equity and liabilities</b>		
	Equity		
6	Share capital	3,300	3,300
	Retained earnings	-3,495	-3,538
	Total equity	-195	-238
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
	Amounts owed to group entities	4,982	5,224
	Other payables	194	225
	Total liabilities	5,176	5,449
	<b>Total equity and liabilities</b>	<b>4,981</b>	<b>5,211</b>
1	Accounting policies		
7	Staff costs		
8	Ownership		



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK´000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2015	3,300	-3,375	0	-75
Dividend distribution	0	0	0	0
Transfer, see "Appropriation of profit/loss"	0	-163	0	-163
<b>Equity at 1 January 2016</b>	<b>3,300</b>	<b>-3,538</b>	<b>0</b>	<b>-238</b>
Dividend distribution	0	0	0	0
Transfer, see "Appropriation of profit/loss"	0	43	0	43
<b>Equity at 31 December 2016</b>	<b>3,300</b>	<b>-3,495</b>	<b>0</b>	<b>-195</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

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

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

##### 1. Yearly reassessment of residual values of property, plant and equipment

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

The above change has no impact on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

#### 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 rate at the transaction date and the rate 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 closing rates. The difference between the exchange rates at the balance sheet date and 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.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

#### Income statement

##### Revenue

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

##### Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. 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. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

##### Balance sheet

##### Property, plant and equipment

On initial recognition, items of property, plant and equipment are measured at cost.

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Buildings 50 years

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

##### Impairment of non-current assets

The carrying amount of property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

##### Equity

##### *Dividend*

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

##### Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

DKK '000	2016	2015
<b>2 Financial income</b>		
Interest income from subsidiaries	0	0
Foreign exchange adjustments	20	0
	20	0
 <b>3 Financial expenses</b>		
Interest expenses, subsidiaries	104	124
Interest surcharge, income taxes	0	0
	104	124

## Financial statements 1 January - 31 December

### Notes

DKK´000	2016	2015
<b>4 Tax for the year</b>		
Estimated tax on the taxable income for the year	0	0
	0	0
	0	0
 <b>5 Property, plant and equipment</b>		
DKK´000		Land and buildings
Cost at 1 January 2016		8,918
Additions		0
Disposals		0
Cost at 31 December 2016		8,918
Depreciation and impairment losses at 1 January 2016		3,826
Depreciation		193
Depreciation, assets disposed of		0
Depreciation and impairment losses at 31 December 2016		4,019
<b>Carrying amount at 31 December 2016</b>		4,899

### 6 Share capital

The share capital consists of 660 shares of DKK 5 thousand each. The Company is a wholly-owned subsidiary of Oriflame Cosmetics Global SA, 24 Avenue Emile Reuter, L2420 Luxembourg.

The share capital has been unchanged the last five years.

### 7 Staff costs

Like last year there are no other employees than the registered managing director.

### 8 Ownership

Oriflame Cosmetics Global SA, 24 Avenue Emile Reuter, L2420 Luxembourg, the main shareholder.