Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 014 975
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	COSMETIC GROUP AS
Forretningsadresse:	c/o Cosmetic Group AS Haslevangen 15 0579 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2017 - 31.12.2017

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Lars Westby
Dato for fastsettelse av årsregnskapet:	27.06.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert

År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.09.2019

Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	1	865 000	813 000
Annen driftskostnad	1,2,12	8 507 000	1 342 000
Sum kostnader		**9 372 000**	**2 155 000**
Driftsresultat		**-9 372 000**	**-2 155 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	3,4	65 000 000	30 912 000
Renteinntekt fra foretak i samme konsern		874 000	2 596 000
Annen finansinntekt		7 000	1 240 000
Sum finansinntekter		**65 881 000**	**34 748 000**
Rentekostnad til foretak i samme konsern		323 000	225 000
Annen rentekostnad		30 361 000	24 653 000
Annen finanskostnad		57 961 000	1 113 000
Sum finanskostnader		**88 645 000**	**25 991 000**
Netto finans		**-22 764 000**	**8 757 000**
Ordinært resultat før skattekostnad		**-32 136 000**	**6 602 000**
Skattekostnad på ordinært resultat	6	7 872 000	1 549 000
Ordinært resultat etter skattekostnad		**-40 008 000**	**5 053 000**
Årsresultat		**-40 008 000**	**5 053 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-40 008 000	5 053 000
Sum overføringer og disponeringer		**-40 008 000**	**5 053 000**

Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	682 415 000	705 612 000
Lån til foretak i samme konsern			11 473 000
Sum finansielle anleggsmidler		**682 415 000**	**717 085 000**
Sum anleggsmidler		**682 415 000**	**717 085 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		99 000	1 756 000
Andre fordringer		-284 000	14 568 000
Konsernfordringer	4	65 339 000	
Sum fordringer		**65 154 000**	**16 324 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	14 738 000	98 702 000
Sum bankinnskudd, kontanter og lignende		**14 738 000**	**98 702 000**
Sum omløpsmidler		**79 892 000**	**115 026 000**
SUM EIENDELER		**762 307 000**	**832 111 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7,9	169 013 000	169 013 000
Sum innskutt egenkapital		**169 013 000**	**169 013 000**

Balanse

Beløp i: NOK	Note	2017	2016
Opptjent egenkapital			
Annen egenkapital	7	2 275 000	42 841 000
Sum opptjent egenkapital		**2 275 000**	**42 841 000**
Sum egenkapital		**171 288 000**	**211 854 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	1 836 000	2 615 000
Sum avsetninger for forpliktelser		**1 836 000**	**2 615 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	537 933 000	600 000 000
Langsiktig konserngjeld	4	8 075 000	7 738 000
Sum annen langsiktig gjeld		**546 008 000**	**607 738 000**
Sum langsiktig gjeld		**547 844 000**	**610 353 000**
Kortsiktig gjeld			
Leverandørgjeld		1 455 000	2 457 000
Betalbar skatt	6	8 438 000	
Skyldige offentlige avgifter		344 000	118 000
Kortsiktig konserngjeld	4	393 000	
Annen kortsiktig gjeld		32 545 000	7 330 000
Sum kortsiktig gjeld		**43 175 000**	**9 905 000**
Sum gjeld		**591 019 000**	**620 258 000**
SUM EGENKAPITAL OG GJELD		**762 307 000**	**832 112 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2.1,2.5	1 313 382	1 269 618
Sum inntekter		**1 313 382**	**1 269 618**
Kostnader			
Varekostnad	2.2	671 645	648 820
Lønnskostnad	2.3,7.1	78 425	64 976
Avskrivning på varige driftsmidler og immaterielle eiendeler	3.2	51 756	37 475
Annen driftskostnad	2.4	433 462	408 313
Sum kostnader		**1 235 288**	**1 159 584**
Driftsresultat		**78 094**	**110 034**
Finansinntekter og finanskostnader			
Annen finansinntekt	5.10	1 442	6 459
Sum finansinntekter		**1 442**	**6 459**
Annen finanskostnad	5.10	37 876	29 028
Sum finanskostnader		**37 876**	**29 028**
Netto finans		**-36 434**	**-22 569**
Ordinært resultat før skattekostnad		**41 660**	**87 465**
Skattekostnad på ordinært resultat	6.1	14 349	21 719
Ordinært resultat etter skattekostnad		**27 311**	**65 746**
Årsresultat		**27 311**	**65 746**

Konsernets balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	3.1	65 008	44 103
Utsatt skattefordel	6.1	6 019	3 045
Goodwill	3.1	473 987	483 241
Sum immaterielle eiendeler		**545 014**	**530 389**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	3.2	73 605	89 269
Sum varige driftsmidler		**73 605**	**89 269**
Sum anleggsmidler		**618 619**	**619 658**
Omløpsmidler			
Varer			
Varer	2.2	342 658	339 682
Sum varer		**342 658**	**339 682**
Fordringer			
Kundefordringer	5.1,5.2,5.3,5.8	40 417	16 706
Andre fordringer	5.1,5.2,5.3,5.8	20 748	14 957
Sum fordringer		**61 165**	**31 663**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5.1,5.2,5.3,5.8	59 362	88 715
Sum bankinnskudd, kontanter og lignende		**59 362**	**88 715**
Sum omløpsmidler		**463 185**	**460 060**

Konsernets balanse

Beløp i: NOK	Note	2017	2016
SUM EIENDELER		**1 081 804**	**1 079 718**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	5.5	169 013	169 013
Sum innskutt egenkapital		**169 013**	**169 013**
Opptjent egenkapital			
Annen egenkapital	5.5	20 970	19 025
Sum opptjent egenkapital		**20 970**	**19 025**
Sum egenkapital		**189 983**	**188 038**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5.1,5.2,5.3,5.4	537 933	561 966
Ansvarlig lånekapital	5.1,5.2,5.3,5.4		
Øvrig langsiktig gjeld			7 738
Sum annen langsiktig gjeld		**537 933**	**569 704**
Sum langsiktig gjeld		**537 933**	**569 704**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	5.1,5.2,5.3,5.4	26 800	26 800
Leverandørgjeld	5.1,5.2,5.3,5.9	202 586	192 419
Betalbar skatt	6.1	15 542	16 762
Annen kortsiktig gjeld	5.1,5.2	108 959	85 997

Konsernets balanse

Beløp i: NOK	Note	2017	2016
	,5.3,5. 9		
Sum kortsiktig gjeld		**353 887**	**321 978**
Sum gjeld		**891 820**	**891 682**
SUM EGENKAPITAL OG GJELD		**1 081 803**	**1 079 720**

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax:

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Cosmetic Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cosmetic Group AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2017, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2017, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

EY
Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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, 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 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

EY
Building a better
working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway

Oslo, 19 June 2018
ERNST & YOUNG AS

Anja Maan
State Authorised Public Accountant (Norway)

Cosmetic Group

ANNUAL REPORT 2017

- Board of Directors report
- Financial statements
    - Income statement
    - Balance sheet
    - Cash flow analysis
    - Notes

Board of Directors report 2017

Cosmetic Group AS and the Group of Cosmetic Group

The nature of the business and where it is operated

Cosmetic Group AS owns 100 % of the shares in VITA AS and CG Trading AS. The shares of Grand Parfymeri AB were sold in 2017.

The company's head office is in Oslo.

VITA AS operates the VITA store chain which is the largest retail chain in Norway within the beauty and affordable wellness segment with stores located all around the country. VITA is known for its wide selection and favorable prices. VITA also operates the high-end store chain, VITA EXCLUSIVE. As of 31.12.17, the total number of stores is 217 against 216 for the previous year. Additionally, the company has a web store, vita.no.

CG TRADING AS was established in 2017 and operates the LOCO store chain, which is a cosmetics chain that offers a wide selection of well-known brands and exciting new products at unrecognizable prices. The number of stores as of 31.12.17 is 10. Additionally, the company has a web store, loco.no.

Going concern

The financial statements are prepared on a going concern basis and the Board confirms that this assumption is present, according to the Norwegian Accounting Act 3-3 a. The Board expects a positive development for the company and its subsidiaries in the upcoming year. The basis of this assumption is the profit forecast for 2018 and the company's strategic forecasts for the years to come.

Elaboration of the annual accounts

The company's development in 2017 is considered as acceptable seen in light of how the Norwegian retail trade has developed. All of VITA's concepts have developed positively with comparable growth in the year that passed. The development of CG TRADING's concept, LOCO, has been positive and according to the plans which were made when the company was started. The subsidiary, Grand Parfymeri AB, was sold in October 2017.

The Group's revenue in 2017 was MNOK **1,313**. The Group's profit after tax was MNOK **27.3**. The result after sold businesses was a profit of MNOK **1.0**. VITA AS is the largest company in the Group and had acceptable earnings in 2017. The revenue was MNOK **1,289** with a profit after tax of MNOK **74.1.** The newly established CG Trading AS has been positive and according to the plans which were made when the company was started. The revenue in 2017 was MNOK **24.1**. The loss after tax was MNOK **5.9**. In conjunction with the sale of Grand Parfymeri, the goodwill was impaired by MNOK **9.5**. The Group invested MNOK **53.5** in fixed assets and purchase of stores.

Cosmetic Group AS made a loss after tax of MNOK **40.0**. The reason behind the weak result is write-down of loan and loss made through the sale of Grand Parfymeri AB. This amounts to a total of MNOK **57**. Cosmetic Group AS has received MNOK **65** in group contribution from VITA AS. The company's costs are mainly debt interest. The company's equity is MNOK **171.3** as of 31.12.17.

Norwegian retail trade has shown a relatively flat development and the market prospects for 2018 are considered to continue along the lines from 2017, expecting a continued increase in competition. VITA has taken a greater market share year by year, also in 2017, and the Board expects a continued positive development for the company in the upcoming year. As a newly established company, CG TRADING has taken a share of the market in 2017, and the Board expects a continued positive development for the company in 2018, establishing more new stores. Cosmetic Group, VITA and CG Trading (LOCO) believes in the market and will continue expanding in the years to come.

The Board believes that the financial statements give a true and fair view of the company's assets and debt, financial position and earnings.

Beyond this, there has been no events after the end of the financial year which would be material for the evaluation of the annual accounts.

External environment

The company does not operate in a way that pollutes the external environment. The Group seeks to offer eco-friendly products in their stores which do not contain any harmful substances. VITA has also decide to expand its efforts towards offering products with organic and natural ingredients.

Work environment

The Board's perception is that there is a good working environment in all of the companies in the Group. There has not been any reports of robberies, nor any serious injuries or accidents in the company's stores in 2017. Absence due to illness in the Group's Norwegian stores is 2.7 %.

Cosmetic Group AS has as of 31.12.2017 one employee. In the Group, there are 100 employees.

Equality and discrimination

The Group has a goal of being a workplace where there is full equality between women and men. The company has in its policy included the matter of equality with a goal of preventing different treatment due to gender, in cases of i.e. salary, advancement and recruitment. Among the 100 employees of the Group, there are 22 men. There is one woman among the Board of Directors.

The purpose of the Discrimination Act is to promote equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, race, skin colour, language, religion and beliefs. The company works methodically towards a target of promoting the Act's purpose within our operations. Activities include recruitment, salary and working conditions, promotion, development opportunities and protection against harassment.

The company has a goal of being a workplace where discrimination due to impaired functioning does not occur. The company works towards a goal of designing and facilitating physical conditions so the company's different facilities can be used by as many as possible.

Market risk/credit risk/liquidity risk

The Group has a small exposure to financial risk. Nearly all of the sales occur in cash in Norwegian kroner (NOK), and therefore has a small degree of credit risk. The majority of the purchases are made in Norwegian kroner. The company has not entered into any agreements to mitigate currency risk. The company and the Group are exposed to fluctuations in the interest level due to use of bank overdraft and loan agreement with SEB.

The liquidity in the company and the Group has been satisfactory in 2017. The liquidity is assessed on a continuous basis with the company's owners and its bank connection.

As of 31.12.17, the company had a bank balance of MNOK **14.7**. The Group had a total of MNOK **59.4** in liquid assets as of 31.12.17, against MNOK **88.7** as of 31.12.16. The decrease can mainly be attributed to the sale of Grand Parfymeri and starting up the LOCO chain. Additionally, there is a is a revolving credit facility including bank overdraft of MNOK **100.0** which is allocated to Cosmetic Group AS and its subsidiaries.

Allocation of annual results

The Board proposes that the company's deficit of MNOK **40.0** is covered as of follows:

Transfer to other equity	MNOK **40.0**

Following this, the company's equity amounts to MNOK **171.3**.

Oslo 28 May 2018

The Board of Cosmetic Group AS

Dag Opedal	Patrice Jabet	Philip Balderson
Chairman of the Board	Board member	Board member

Inger Johanne Solhaug	Martin Aannestad
Board member	Board member

Knut Røsjorde
CEO

Consolidated statement of comprehensive income

Amounts in NOK thousand	Note		2017	2016
Net Sales	2.1	2.5	1 313 382	1 269 618
Other operating revenue			-	-
Total operating revenue			**1 313 382**	**1 269 618**
Cost of goods sold	2.2		671 645	648 820
Personnel expenses	2.3	7.1	78 425	64 976
Amortisation, depreciation and impairment loss	3.1	3.2	51 756	37 475
Other operating expenses	2.4		433 462	408 313
Total operating expenses			1 235 287	1 159 585
Total operating profit			**78 094**	**110 034**
Finance income	5.10		**1 442**	**6 459**
Finance costs	5.10		**37 876**	**29 028**
Net financial items			**-36 435**	**-22 569**
Profit before tax			**41 660**	**87 465**
Income tax expense	6.1		14 349	21 719
Net profit for the period from continuing operations			**27 311**	**65 746**
Discontinued operations:				
Net profit from discontinued operations	2.6		**-26 300**	**-15 849**
Net profit, attributable to equity holders of the parent			**1 011**	**49 897**
Net profit, attributable to non-controlling interests			-	-
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Currency translation reserve			-377	-704
Items that will not be reclassified to profit or loss				
Total comprehensive income for the period			634	49 193
Comprehensive income, attributable to equity holders of the parent			**634**	**49 193**

Consolidated statement of financial position

Amounts in NOK thousand	Notes				31.12.2017	31.12.2016	01.01.2016*
ASSETS							
Intangible assets							
Goodwill	3.1				473 987	483 241	483 241
Other intangible assets	3.1				65 008	44 103	31 253
Deferred tax assets	6.1				6 019	3 045	4 304
Total intangible assets					545 014	530 389	518 798
Tangible assets							
Property plant and equipment	3.2				73 605	89 269	101 978
Total tangible assets					73 605	89 269	101 978
Total non-current assets					618 619	619 658	620 776
Current assets							
Inventories	2.2				342 658	339 682	321 160
Trade receivables	5.1	5.2	5.3	5.8	40 417	16 706	20 509
Other receivables	5.1	5.2	5.3	5.8	20 748	14 957	16 035
Cash and cash equivalents	5.1	5.2	5.3	5.7	59 362	88 715	59 418
Total current assets					463 184	460 061	417 121
TOTAL ASSETS					1 081 803	1 079 719	1 037 897

Amounts in NOK thousand	Notes				31.12.2017	31.12.2016	01.01.2016*
EQUITY AND LIABILITIES							
Equity							
Share capital	5.5				169 013	169 013	484 000
Share premium	5.5				0	0	-0
Other paid-in-equity	5.5				0	-0	11 916
Total paid-in-equity					169 013	169 013	495 916
Retained earnings	5.5				20 970	19 025	-46 239
Total other equity					20 970	19 025	-46 239
Non-controlling interests	5.5						
Total equity					189 983	188 037	449 677
Non-Current liabilities							
Interest-bearing loans and liabilities	5.1	5.2	5.3	5.4	537 933	561 966	265 857
Deferred tax liabilities	6.1				-	-	-
Other non-current liabilities	5.1	5.2	5.3	5.4	-	7 738	7 488
Total non-current liabilities					537 933	569 704	273 345
Current liabilities							
Account payable	5.1	5.2	5.3	5.9	202 586	192 419	182 111
Interest-bearing loans and liabilities	5.1	5.2	5.3	5.4	26 800	26 800	41 047
Taxes payable	6.1				15 542	16 762	10 845
Other current liabilities	5.1	5.2	5.3	5.9	108 959	85 997	80 872
Total current liabilities					353 887	321 977	314 875
Total liabilities					891 821	891 682	588 220
TOTAL EQUITY AND LIABILITIES					1 081 803	1 079 719	1 037 897

* These financial statements represents the first financial statements of Cosmetic Group AS in accordance with IFRS. Please refere to note 8.4 for the principal adjustments made by Cosmetic Group AS in restating its NGAAP statements, including the statement of financial position as at 1 January 2016 and the financial statements for the year ended 31 December 2016.

Consolidated statement of financial position

Amounts in NOK thousand	Notes	31.12.2017	31.12.2016	01.01.2016*
ASSETS				
Intangible assets				
Goodwill	3.1	473 987	483 241	483 241
Other intangible assets	3.1	65 008	44 103	33 253
Deferred tax assets	6.1	6 019	3 045	4 304
Total intangible assets		545 014	530 389	518 798
Tangible assets				
Property plant and equipment	3.2	73 605	89 269	101 978
Total tangible assets		73 605	89 269	101 978
Total non-current assets		618 619	619 658	620 776
Current assets				
Inventories	2.2	342 658	339 687	321 160
Trade receivables	5.1 5.2 5.3 5.8	40 417	16 706	20 509
Other receivables	5.1 5.2 5.3 5.8	20 748	14 957	16 035
Cash and cash equivalents	5.1 5.2 5.3 5.7	59 362	88 715	59 418
Total current assets		463 184	460 061	417 121
TOTAL ASSETS		1 081 803	1 079 719	1 037 897

Amounts in NOK thousand	Notes	31.12.2017	31.12.2016	01.01.2016*
EQUITY AND LIABILITIES				
Equity				
Share capital	5.5	169 013	169 013	484 000
Share premium	5.5	0	0	-0
Other paid-in-equity	5.5	0	-0	11 916
Total paid-in equity		169 013	169 013	495 916
Retained earnings	5.5	20 970	19 025	-46 239
Total other equity		20 970	19 025	-46 239
Non-controlling interests	5.5			
Total equity		189 983	188 037	449 677
Non-Current liabilities				
Interest-bearing loans and liabilities	5.1 5.2 5.3 5.4	537 933	561 966	765 857
Deferred tax liabilities	6.1		-	-
Other non-current liabilities	5.1 5.2 5.3 5.4		7 738	7 488
Total non-current liabilities		537 933	569 704	773 345
Current liabilities				
Account payable	5.1 5.2 5.3 5.9	202 586	192 419	182 111
Interest bearing loans and liabilities	5.1 5.2 5.3 5.4	26 800	26 800	41 047
Taxes payable	6.1	15 542	16 762	10 845
Other current liabilities	5.1 5.2 5.3 5.9	108 959	85 997	80 872
Total current liabilities		353 887	321 977	314 875
Total liabilities		891 831	891 682	588 220
TOTAL EQUITY AND LIABILITIES		1 081 803	1 079 719	1 037 897

* These financial statements represents the first financial statements of Cosmetic Group AS in accordance with IFRS. Please refere to note 8.4 for the principal adjustments made by Cosmetic Group AS in restating its NGAAP statements including the statement of financial position as at 1 January 2016 and the financial statements for the year ended 31 December 2016

Oslo 28 May 2018

Dag Opedal
Chairman of the Board

Patrice Jabet
Board member

Philip Balderson
Board member

Inger Johanne Solhaug
Board member

Martin Aannestad
Board member

Knut Reslerud
CEO

Consolidated statement of cash flows

Amounts in NOK thousand

Cash flows from operating activities	Notes		2 017	2 016
Profit before tax, continuing operations			41 660	87 465
Income tax paid	6.1		-15 568	-10 794
Depreciation and impairment of property plant and equipment	3.2		42 502	37 475
Amortisation and impairment of intangible assets	3.1		9 254	
Change in working capital:				
Change in trade receivables	5.8		-24 195	2 672
Change in accounts payables	5.9		25 030	11 395
Change in inventories	2.2		-31 422	-14 561
Change in other receivables and provisions*	5.8	5.9	14 241	7 096
Other adjustments for non-cash operating items:				
Gain/loss from sale of non-current assets	3.1			
Finance income	5.10		-1 442	-6 459
Finance costs	5.10		37 876	29 028
Fair value movements of financial derivatives	5.1			
Amortisation of capitalised transaction costs	5.1			
Other non-cash income and expenses				
Interests received	5.10			
Interest paid	5.10			
Net cash flows from operating activities			97 936	143 316

Cash flows from investing activities				
Purchase of intangible assets and property, plant and equipment	3.1	3.2	-53 488	-40 009
Proceeds from sale of intangible assets and property, plant and equipment	3.1	3.2		
Proceeds from disposal of financial assets			-23 125	
Net cash used in investing activities			-76 613	-40 009

Cash flow from financing activities				
Proceeds from issuance of shares			0	
Proceeds from loans and liabilities			0	600 000
Repayments of loan and liabilities			-26 800	-324 909
Dividens paid to equity holders of the parent	5.6		0	-314 987
Interests paid			-34 011	-16 130
Net cash used in financing activities			-60 810	-56 026

Cash and cash equivalents, beginning of period without disc. Business			98 848	51 566
Net change in cash and cash equivalents	5.7		-39 486	47 282
Net foreign exchange difference			0	0
Cash and cash equivalents, end of period			59 362	98 848

**Change in other receivables and provisions includes other receivables, public duties payable, and other short-term liabilities*

Consolidated statement of changes in equity

Amounts in NOK thousand	Share capital	Share Premium	Other paid-in-equity	Retained Earnings	Total
Balance at 1 January 2016	**484 000**	**0**	**11 916**	**-46 239**	**449 677**
Profit for the period YTD 2016				49 897	49 897
Other comprehensive income					0
Total comprehensive income	**0**	**0**	**0**	**49 897**	**49 897**
Issue of share capital	-314 987		-11 916	11 916	-314 987
Dividends paid				3 450	3 450
Balance at 31 December 2016	**169 013**	**0**	**0**	**19 025**	**188 037**
Balance at 1 January 2017	**169 013**	**0**	**0**	**19 025**	**188 037**
Profit for the period YTD 2017				1 011	1 011
Other comprehensive income				934	934
Total comprehensive income	**0**	**0**	**0**	**1 945**	**1 945**
Issue of share capital					0
Dividends paid					0
Balance at 31 December 2017	**169 013**	**0**	**0**	**20 970**	**189 983**

1.1 Corporate information

Corporate Information
The consolidated financial statements of Cosmetic Group AS and its subsidiaries (collectively, the Group) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 28.05.2018. Cosmetic Group AS
(the Company or the parent) is a limited liability company incorporated and domiciled in Norway and who's shares are privately held The Group's head office is at Haslevangen 15, 0579 Oslo, Norway.

The Group is principally engaged in the sale of beauty and wellness products.

Group structure
The consolidated financial statements of the Group include:

			Ownership percentage	
Name	**Principal activities**	**Business location**	**2017**	**2016**
Cosmetic Group AS	Holding Company	Oslo	100 %	100 %
Vita AS	Sale of beauty and wellness products.	Oslo	100 %*	100 %*
Grand Parfymeri AB (Discontinued Operation)	Sale of beauty and wellness products.	Gothenburg, Sweden	0 %	100 %*
Vita Drift AS	Franchisee in VITA	Oslo	100 %**	100 %**
CG Trading AS	Sale of beauty and wellness products and othe	Oslo	100 %*	
CG Trading Drift AS	Staffing company for CG Trading AS	Oslo	100 %***	

*Vita AS and CG Trading are 100% wholly owned subsidiaries of Cosmetic Group AS.
**Vita Drift AS is a 100% wholly owned subsidiary of Vita AS
*** Cg trading Drift AS is 100% wholly owned subsidary of CG Trading AS

The ultimate parent
The next senior comapny i Buddy Holding AS and the ultimate parent company of Cosmetic Group As is Holly Holding AS which is based in Norway. Buddy Holding AS owns 100 % of Cosmetic Group per 31.12.2017

1.2 Basis for preparation

The consolidated financial statements of Cosmetic Group AS comprise of consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU), and represents the first financial statement for the Group in accordance with IFRS. See section 9.3 for information related to first time adoption.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of parent company. All figures are rounded to the nearest thousand (000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within profit & loss and other comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates.

Comparative information is provided for the previous period. In addition, an additional statement of financial position as at 1 January 2016 is presented in these financial statements due to the first time adoption of IFRS (opening IFRS balance).

Significant accounting judgements, estimates, and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following notes describes significant judgements, estmates and assumtions with respect to revenue, impairment, consolidation 1.3, 2.2, 3.1.

1.3 Summary of other significant accounting policies

Basis of consolidation
The condensed consolidated financial statements include the parent company Cosmetic Group AS and all of its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
Transactions between Group companies, balance sheet items and unrealised profits on transactions between Group companies are eliminated in full. Unrealised losses are also eliminated, unless the transaction shows a need to write down the transferred asset.

Consolidation prinicples
IFRS 10 Consolidated financial statements is based on the principle of using the control term as the decisive criteria to decide whether a company should be included in the consolidated financial statements. The application guidance to the standard provides guidance when determining whether an entity has control over a franchisee. Based on the guidance in IFRS 10, the group has determined that it does not control its franchisees and the franchises are therefore not consolidated. This is based on a judgement of the criteria in IFRS 10 of whether or not Cosmetic Group controls the franchisees. The franchisees make independent decisions regarding relevant activities for the franchisee, e.g. performing the sale of the products and employee activities. The decision-making rights that affect the variable returns most significantly is the sale of products and this activity are primarily in the control of the franchisee. Based on an assessment of the criteria's in IFRS 10, Cosmetic Group does not control the franchises and they are therefore not consolidated.

Revenue recognition
Generally revenue is recognised at when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Revenue shall be measured at the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from sales of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, usually on the delivery of the goods. Payment for retail sales is usually in the form of cash or credit card payment. When selling to the end user, the Group's policy is to give the customer the right of return within 90 days.

Loyalty points related to the customer loyalty program, Club VITA, are accounted for as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale are allocated between the loyalty points and the other components of the sale. The fair value of the points issued is initially deferred and later recognised as revenue when the points are redeemed, forfeited or have expired.

Internet sales – e-commerce
Sales of goods over the Internet is recognised when the product is sold to the customer, which is when the goods are shipped. All sales are settled by credit card and mobile payment application ("Vipps)". Revenue is recognised net of the value of expected returns.

Gift cards
Revenue from gift cards are recognised when they are and any non-used amount redeemed when it expire.
Dividends
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Business combinations
The group applies the acquisition method to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on the acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Foreign currencies
The Group's presentation currency is NOK, which is also the presentation and functional currency of the parent company.
Transactions in currencies different from the functional currency
Transactions in non-functional currencies are translated at the rate in effect on the transaction date. Monetary assets and liabilities that are expressed in non-functional currencies are reported on the balance sheet date, translated to the rate in effect on that date. Non-monetary assets and liabilities that are reported at their fair value in non-functional currency are translated at the rate in effect on the balance sheet date. All other non-monetary items are translated at historical foreign exchange rates. All exchange rate differences are reported in profit or loss.

Currency effects in the consolidation
The statement of financial position of subsidiaries with a different functional currency, including goodwill and adjustments for fair value made in connection with consolidation, are translated at the exchange rate at the end of the reporting period, while the profit or loss is translated at an average of the year's exchange rates. The exchange rate differences that arise as a result of the translation are reported directly in other comprehensive income. In the event of a sale or other disposal of a foreign company, the accrued accumulated translation difference is recognised in profit or loss together with the gain or loss resulting from the sale or disposal.

Consolidated statements of cash flow
The Consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

Changes in accounting policies and disclosures
The Group elected to change the method for determination of cost of goods sold. The Group had previously recognize cost of goods sold based on the FIFO-principle.

On 18. August 2017, the Group changed the method of determination of cost of goods, as the Group believes that the the weighted-average costing provides more relevant information to the users of its financial statements and is more aligned to practices adopted by its competitors.
When an entity changes an accounting policy, it shall apply the change retrospectively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change (IAS 8.23, IAS 8.24). The managements view is that it is impracticable to determine the effects of the change and the Group therefore applied this exception and the new accounting policy was applied prospectively from August 2017.

2.1 Segment information

Accounting policy
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that make strategic decisions. The company operates within different operating segments as per the definitions in IFRS 8 *Operating segments*. The Group's segments are "VITA", "VITA Exclusive" and "Loco". "Grand Parfymeri" was sold in October 2018 and is included and eliminated.

The Group's business is the resale of beauty and wellness products. Segment perfomance is reviewed by Chief Executive Officer as four reportable segments defined equivalent as the store concepts. The segments are managed as separate and strategic businesses and no operating segment have been combined for the purpose of segment reporting. Assets and liabilities are not included in the segment reporting.

VITA
- A preferred destination for women who seek advice, inspiration and known brands at affordable prices related to beauty, wellness and health
- One stop shop offering local convenience for all needs with semi-selective/mass products
- Quality brands and products within all categories
- Competent staff with solid knowledge offering quality advice
- Full omnichannel setup with VITA.no and Club VITA

VITA EXCLUSIVE
- A preferred destination for women who look for premium products, first class service and an inspiring shopping experience related to beauty and wellness
- Established in 2012 to take a larger part of the Norwegian cosmetic market with its selective focus matching brand owners' demands
- Unique platform with strategic flexibility by having both a semi-selective and selective offering, when relevant
- Full omnichannel setup with VITA.no and Club VITA

LOCO
- Online and offline low-cost concept, focusing on well-known cosmetic and hygiene products & brands at surprisingly low prices
- Flexible sourcing model

Operating segment information

The reported measure of segment profit is revenue, gross margin and EBITDA.

Cosmetic Group AS defines gross margin as sales revenue minus its cost of goods sold and EBITDA as operating income plus depreciation and amortization.

Segment performance is evaluated based on revenue, gross margin and EBITDA and is measured consistently with accounting principles applied in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following table include information about Buddys operating segments. Depreciations and impairments related to excess values for fixed assets recognised at acquisitions, are not allocated to the segments, and are shown below under 'Adjustments and eliminations'. The elimination of inter-segment sales is included in 'Inter-segment' and 'Adjustments and eliminations'.

The following tables represent revenue and profit information for the Group's operating segments for 2017 and 2016, respectively.

Amounts in NOK thousand

2017	VITA	VITA Exclusive	Loco	Grand Parfymeri	Total Segments	Adjustments and eliminations	Consolidated IFRS
Net sales							
External customer	1 011 166	237 855	24 093	28 038	1 301 152	-28 038	1 273 114
Inter-segment	0	0	0	0	0	0	0
E-commerce	32 186	8 082	0	9 373	49 641	-9 373	40 268
Segment revenue	1 043 352	245 937	24 093	37 411	1 350 793	-37 411	1 313 382
Segment gross margin	519 791	110 190	11 755	14 475	656 212	-14 475	641 737
Segment gross margin %	0	0	0	0	0	0	0
Segment EBITDA	137 743	6 974	-7 022	-6 704	130 991	6 704	137 696
Number of stores	177	41	10	5	233	-5	228

Amounts in NOK thousand

2016	VITA	VITA Exclusive	Loco	Grand Parfymeri	Total Segments	Adjustments and eliminations	Consolidated IFRS
Net sales							
External customer	998 908	235 001	0	57 009	1 290 918	-57 009	1 233 909
Inter-segment	0	0	0	0	0	0	0
E-commerce	28 542	7 167	0	12 184	47 893	-12 184	35 709
Segment revenue	1 027 450	242 168	0	69 193	1 338 811	-69 193	1 269 618
Segment gross margin	513 604	107 194	0	28 712	649 510	-28 712	620 798
Segment gross margin %	0	0		0	0	0	0
Segment EBITDA	139 202	8 306	0	-13 883	133 626	13 883	147 509
Number of stores	175	41	0	5	221	-5	216

Adjustments and eliminations
Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to indidivual segments as these are managed on an overall group basis. These are included in adjustments and eliminations in the segment disclosures.

Amounts in NOK thousand

Reconciliation of EBITDA	2017	2016
Segment EBITDA	137 696	147 509
Depreciations, amortisation	-51 756	-37 475
Other operating expenses (Transaction costs)	-7 845	
Finance income	1 442	6 459
Finance costs	-37 876	-29 028
Inter segment profit (elimination)		
Profit before income tax	**41 660**	**87 465**

2.2 Inventories and costs of goods sold

Accounting policy
Inventories are stated at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods available for sale comprises the direct costs (purchase price), import duties and freight. Cost is reduced by any bonuses and cash discounts from suppliers. Cost of goods sold is determined using weighted-average costing. Cost of goods sold also includes a provision for obsolescence and lost goods.

NOK Thousand	31.12.2017	31.12.2016
Cost of goods sold for the year	659 467	634 416
Wastage	10 131	11 500
Other	2 047	2 904
Total cost of goods sold	**671 645**	**648 820**

NOK Thousand	31.12.2017	31.12.2016	01.01.2016
Goods purchased for resale	316 087	318 988	301 300
Goods in transit	21 482	19 298	29 842
Reserve for inventory obsolescence	-9 311	-8 870	-9 983
Total inventories	328 259	329 416	321 160

2.3 Personnel expense and audit fees

	2017	2016
Wages and salaries	62 947	51 811
Social security costs	9 750	7 642
Pension costs	2 905	2 816
Other benefits	2 822	2 708
Total personnel expense	**78 424**	**64 976**
Average number of full time employees	**100**	**73**

Audit Fees
Divided by type of service (exclusive of VAT)

	2017	2016
Statutory audit	408	455
Tax related services	326	
Attestation services		
Other Services	3 333	396
Total fees	**4 067**	**850**

2.4 Other Operating Expenses

	2017	2016
Franchise remuneration	231 029	232 237
Housing cost (rent, electricity, guard etc)	139 661	131 427
Other	62 771	44 650
Total other operating expense	**433 462**	**408 313**

2.5 Deferred revenue

Accounting policy
Loyalty points related to the customer loyalty program, Club Vita, are accounted for as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale are allocated between the loyalty points and the other components of the sale. The fair value of the points issued is initially deferred and later recognised as revenue when the points are redeemed, forfeited or have expired.

The deferred revenue refers to the accrual and release of the Group's loyalty programme transactions. As at 31 December 2017, the estimated liability for unredeemed points amounted to approximately MNOK 15,8 (2016: MNOK 13,3). The amount is included in other short-term debt.

The Group estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

NOK thousand	**2017**	**2016**
At 1 Januay	13 302	9 314
Change in deposition (included in net sales)	2 502	3 988
At 31 December	15 804	13 302

2.6 Discontinued operations

Accounting policy
The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

On 18 October 2018 Cosmetic Group entered into an agreement to sell all of its shares in Grand Parfymeri AS with a cash consideration of SEK 1. The original investment in Grand Parfymeri AB amounted to MNOK 23,2. Grand Parfymeri has represented a segment and seprate line of business. Hence, the disposal has been presented as a discontinuted operation. The income statement and cash flow statement has been adjusted to reflect the presentation as discontinued operation.
Information in disclosure 8.4 First time adoptation of IFRS has beed adjusted to seperatly show also the effect of discontiniued operation on 1.1.16 and 31.12.2016.

The results for Grand Parfymeri AB for the year are presented below:

	2017	2016
Net Sales	37 411	69 180
Other operating revenue	-	13
Total operating revenue	37 411	69 193
Cost of goods sold	22 936	40 481
Amortisation, depreciation and impairment loss	946	1 555
Other operating expenses	21 179	42 594
Total operating expenses	45 061	84 630
Total operating profit	-7 650	-15 437
Net financial items	165	412
Loss before tax	-7 815	-15 849
Impairment loss recognised on the remeasurement to fair value less costs to distribute	-18 485	-
Profit before tax from discontinued operations	-26 300	-15 849
Tax benefit:		
Related to current pre-tax profit	0	0
Related to remeasurement to fair value less costs to distribute (deferred tax)	0	0
Profit for the year from discontinued operations	-26 300	-15 849

The major classes of assets and liabilities of Grand Parfymeri AB classified as held for distribution to equity holders of the parent as at 31 December are, as follows:

	2017 *	2016
Other intangible assets	898	969
Deferred tax assets		
Total intangible assets	898	969
Property plant and equipment	5 534	4 776
Total tangible assets	6 432	5 745
Inventories	19 503	18 180
Trade receivables	706	1 084
Other receivables	1 925	2 328
Cash and cash equivalents	43	-10 133
Total current assets	22 177	11 459
ASSETS HELD FOR DISTRIBUTION	28 609	17 204
Interest-bearing loans and liabilities	0	0
Deferred tax liabilities	0	0
Other non-current liabilities	0	1 961
Total non-current liabilities	0	1 961
Account payable	4 728	4 596
Public duties payable	716	3 050
Interest-bearing loans and liabilities		
Taxes payable		
Other current liabilities	3 590	5 671
Total current liabilities	9 034	13 317
LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	9 034	15 278
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	19 575	-3 819

* Sold as of 18 October 2017

The net cash flow incurred by Grand Parfymeri AB are, as follows:

	2017	2016
Operating	-11 888	-17 559
Investing	1 633	-838
Financing	165	412
Net cash (outflow)/inflow	-10 090	-17 985
	-10 090	-17 985
	-	-

3.1 Intangible assets and goodwill

Accounting policy
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate. Such changes are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Rental agreements
When acquiring lease holds (existing perfume stores) the entire purchase price are allocated to the rental agreements of the store premises and recognised as an intangible asset. Depreciation on is calculated using the straight line method to allocate the cost over the rental term, including the option to extend the agreement. Depreciation on acquired lease holds is calculated using the straight line method to allocate the cost over the rental term, including the option to extend the agreement.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Goodwill
Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate

Amounts in NOK thousand	Goodwill	Rental Agreements	Ongoing IT-Investments	IT-Investments	TOTAL
Balance 01.01.2017	483 241	19 536	12 220	12 347	527 344
Additions		588	31 582	10 838	43 008
Disposals and write downs			-10 838		-10 838
Depreciation and amortisation	-9 254	-2 575		-7 721	-19 550
Discontinued business		-969			-969
Balance 31.12.2017	**473 987**	**16 580**	**32 964**	**15 464**	**538 995**
	-			-0	

Amounts in NOK thousand	Goodwill	Rental Agreements	Ongoing IT-Investments	IT-Investments	TOTAL
Balance 01.01.2016	483 241	22 626	8 505		514 372
Additions			12 220	18 862	31 082
Disposals and write downs		-193	-8 505		-8 698
Depreciation and amortisation		-2 897		-6 515	-9 412
Balance 31.12.2016	**483 241**	**19 536**	**12 220**	**12 347**	**527 344**

Ongoing IT investments are related to upgrade of ERP-system and other business intelligence-systems.

Impairment testing

Goodwill acquired through business combinations relates to the Group's acquisition of Cosmetic Group AS and Grand Parfymeri AB. Goodwill are allocated to the CGU's VIITA Classic, VITA Exclusive, Grand Parfymeri and LOCO which are also operating and reportable segments, for impairment testing. Goodwill is evaluated by management and monitored based in the performance on a operating segment level. The recoverable amount of each operating segment is calculated based on a value in use method. Grand Parfymeri was sold in October 2017 and are noe included in impartmenttest 31.12.2017

The present value of the expected cash flows of each segment was determined using a discount rate (WAAC) of 9 %, after tax. This is based on a risk free interest rate of 3 %, plus a risk premium of 6 %. The risk is based on observations of similar companies.

The recoverable amount of each segment was determined based on the following estimates:
- Future sales are estimates based on budget and long term plans
- Long-term average growth rate is set at 4 %
- Today's cost as a percentage of income is considered to reflect future projections
- For goodwill testing, management has used a 5 year period with a terminal value growth rate beyond this period of 4 %
- Risk-free interest rate is the 3 %
- Beta Value is based on figures from comperable international companies listed on the stock exchange

Goodwill reletaded to Grand Parfymeri AB was written down prior to the sale of the business in 2017.

No impairment of goodwill was necessary in 2016 or 2017.

	VITA			VITA Exclusive		
Amounts in NOK Thousand	31.12.2017	31.12.2016	01.01.2016	31.12.2017	31.12.2016	01.01.2016
Goodwill	435 340	435 340	435 340	48 371	48 371	48 371
Impairment	0	0	0	0	0	0

	Loco			Grand Parfymeri AB		
Amounts in NOK Thousand	31.12.2017	31.12.2016	01.01.2016	31.12.2017	31.12.2016	01.01.2016
Goodwill	0	0	0	0	9254	9254
Impairment	0	0	0	9254	0	0

	Total		
Amounts in NOK Thousand	31.12.2017	31.12.2016	01.01.2016
Goodwill	483 711	492 965	492 965
Impairment	9 254	0	0

Sensitivity	31.12.2017	31.12.2016	01.01.2016
Discount rate after tax	9 %	9 %	9 %
Increase in the discount rate before possible impairment of goodwill	26 p.p	26 p.p	18 p.p
Decrease in gross margin before possible impairment of goodwill	11 p.p	11 p.p	11 p.p

3.2 Property plant and equipment

Accounting policy
Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. When assets are sold or disposed of, the carrying value of the accounts and any gain or loss is recognised.

The cost of fixed assets is the purchase price including taxes and expenses directly attributable to preparing the asset for use. Expenditures incurred after the asset has been put into operation, such as ongoing maintenance, are expensed. Expenditures that are expected to generate future economic benefits are capitalized.

Material residual value estimates and estimates of useful life are updated as required, at least annually. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets. These gains or losses are recognised in the income statement within other income or other operating expenses.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

Impairment of non-financial assets
Please refere to note 6.1.

Amounts in NOK thousand	Interior and equipment	Ongoing Investments	TOTAL
Balance 01.01.2017	88 427	842	89 269
Additions	22 219	21 318	43 537
Disposals and write downs	0	-22 219	-22 219
Depreciation and amortisation	-32 206	0	-32 206
Discontinued business	-4 776	0	-4 776
Balance 31.10.2017	**73 664**	**-59**	**73 605**

Amounts in NOK thousand	Interior and equipment	Ongoing Investments	TOTAL
Balance 01.01.2016	99 896	2 204	102 100
Additions	19 713	842	20 555
Disposals and write downs	-1 564	-2 204	-3 768
Depreciation and amortisation	-29 618	0	-29 618
Balance 31.12.2016	**88 427**	**842**	**89 269**

Ongoing investments are related to store related projects. Depreciation will start when the projects are completed.

Useful lives
The useful lives of the assets are estimated as follows:

Ongoing investments	-
Store interior	3-5 years
Car and machines	3-5 years

Cash outflow for the purchase of other PPE was 21,3 mill in 2017 (2016: 20,5 mill)

Impairment testing of other non-current assets

Impairment losses	**31.12.2017**	**31.12.2016**
IT investments	0	0
Store interior	880	0
Car and machines	0	0
Impairment reversals	**31.12.2017**	**31.12.2016**

4.1 Leases

Accounting policy
The Group currently only have operational leases. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

The Group has entered into operating leases on certain motor vehicles, items of machinery and rental agreements (tenancy), with lease terms between three and ten years. The Group has the option, under some of its leases, to lease the assets for additional terms of 3 to 5 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	31.12.2017	31.12.2016
Within one year	20 425 194	16 238 554
After one year but not more than five years	212 114 538	214 997 900
More than five years	31 160 999	34 170 431
Sum	263 700 731	265 406 885

4.2 Other commitments

NA

4.3 Legal claim contingency

NA

4.4 Guarantees

The Group has provided the following guarantees at 31 December 2017:

Cosmetic Group AS has issued guarantees to the landlords for the rent and other housing cost for VITA AS and CG Trading AS. The guarantees was NOK 71,7 millions pr. 31.12.2017. Pr. 31.12.2016 the amount was NOK 50,0 millions.

Cosmetic Group AS has also made guarantees for CG Trading AS leasing obligation to financeinstitutions. The guarantees summed up to NOK 9,0 millions. Pr. 31.12.2016 the amount was 0.

4.5 Other contingent liabilities

NA

5.1 Financial assets and liabilities

Accounting policy - Financial instruments

Classification of financial instruments
Financial instruments within the scope of IAS 39 are classified in the following categories:

- fair value with changes in value through profit or loss (FVPL)
- loans and receivables
- held to maturity investments (HTM)
- financial instruments available for sale (AFS)
- Other liabilities

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Financial assets at FVPL are financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. The group has an interest rate swap, which also are categorized as held for trading as the group does not apply hedge accounting .

Loans and receivables are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold until maturity

All other financial assets, except for derivatives, are classified as AFS and would generally include equity and debt securities.

Other financial liabilities is generally the main category for loans and borrowings.

The group have financial instruments in the following categories:

FVPL: Derivative instruments

Loans and receivables: Trade receivables and other current receivables

Other financial liabilities: Includes most of the company's financial liabilities including debt to credit institutions, accounts payable and other current and non-current liabilities.

Initial recognition and subsequent measurement
FVPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in the profit or loss.

AFS financial investments are initially recognised at fair value. Subsequently measurement is at fair value with unrealized gains or losses recognised in other comprehensive income until the investment is derecognised or impaired. When the investment is derecognised, the accumulated gain or loss on the financial instrument that has previously been recognised in other comprehensive income is reversed and the gain or loss is recognised in profit or loss. If the investment is determined to be impaired, the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Dividend from AFS investments are recognised in P&L.

Loans and receivables are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at their amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Other financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently these liabilities are measured at their amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
Liabilities are presented as current when it is due to be settled within twelve months after the end of the reporting period.

Assets measured/disclosed at fair value	Date of valuation	Carrying amount	Level 1	Level 2	Level 3
Derivative financial instruments	31.12.2017	483		483	
Derivative financial instruments	31.12.2016	744		744	
Derivative financial instruments	01.01.2016	2 554		2 554	

Liabilities measured/disclosed at fair value	Date of valuation	Carrying amount	Level 1	Level 2	Level 3
Interest-bearing loans and liabilities	31.12.2017	564 733	564 733		
Interest-bearing loans and liabilities	31.12.2016	596 504	596 504		
Interest-bearing loans and liabilities	01.01.2016	314 392	314 392		
Derivative financial instruments	31.12.2017	0			
Derivative financial instruments	31.12.2016	0			
Derivative financial instruments	01.01.2016	0			

	31.12.2017		31.12.2016		01.01.2016	
NOK Thousand	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Trade and other receivables	61 165	61 165	31 664	31 664	36 544	41 148
Derivative financial instruments						
Cash and short term deposits	59 362	59 362	88 715	88 715	59 418	59 418
Financial liabilities						
Interest-bearing loans and liabilities	564 733	578 405	596 504	614 500	314 392	314 392
Accounts payable and accrude liabilities	326 604	326 604	277 672	277 672	260 429	260 429
Derivative financial instruments	483	483	744	744	2 554	2 554

NOK Thousand

31.12.2017	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Total
Assets					
Derivatives					-
Trade receivables		40 417			40 417
Other receivables		20 748			20 748
Cash and cash equivalents		59 362			59 362
Total financial assets	-	120 527	-	-	120 527
Liabilities					
Non current interest bearing loans and liabilities		537 933			537 933
Current interest bearing loans and liabilities		26 800			26 800
Accounts and other payables		326 604	483		327 087
Total financial liabilities	-	891 338	483	-	891 821

NOK Thousand

31.12.2016	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Total
Assets					
Derivatives					-
Trade receivables		16 706			16 706
Other receivables		14 957			14 957
Cash and cash equivalents		88 715			88 715
Total financial assets	-	120 379	-	-	120 379
Liabilities					
Non current interest bearing loans and liabilities		569 704			569 704
Current interest bearing loans and liabilities		26 800			26 800
Accounts and other payables		277 672	744		278 416
Total financial liabilities	-	874 176	744	-	874 920

NOK Thousand

01.01.2016	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Total
Assets					
Derivatives					-
Trade receivables		20 509			20 509
Other receivables		16 035			16 035
Cash and cash equivalents		59 418			59 418
Total financial assets	-	95 962	-	-	95 962
Liabilities					
Non current interest bearing loans and liabilities		273 345			273 345
Current interest bearing loans and liabilities		41 047			41 047
Accounts and other payables		260 429	2 554		262 983
Total financial liabilities	-	574 821	2 554	-	577 375

The Group has the following liabilities to financial institutions:

Interest bearing loans and liabilities	Interest Rate	Maturity	31.12.2017	31.12.2016	01.01.2016
Credit facility A	NIBOR + 2,25%	Paid	-	-	33 000
Credit facility B	NIBOR + 2,25%	Paid	-	-	204 000
Capex Facility	NIBOR + 3%	Paid	-	-	15 000
Capex Sweden SEK 27.000	NIBOR + 3%	Paid	-	-	18 462
New Tranche A	Nibor + 3,0%	2021	66 400	93 200	-
New Tranche B	Nibor + 3,5%	2021	480 000	480 000	-
Shareholder loan	6,50 %		129 105	121 123	113 614
Bank overdrafts			-	-	-
Total non- current			675 505	694 323	384 076
Current first year installment					
Credit facility A	NIBOR + 2,25%	Paid	-	-	27 000
Credit facility B	NIBOR + 2,25%	Paid	-	-	-
Capex Facility	NIBOR + 3%	Paid	-	-	7 500
Capex Sweden SEK 6.250	NIBOR + 3%	Paid	-	-	6 547
New Tranche A	Nibor + 3,0%	2021	26 800	26 800	-
New Tranche B	Nibor + 3,5%	2021	-	-	-
Shareholder loans	6,50 %		-	-	-
Bank overdrafts			-	-	-
Total current			26 800	26 800	41 047

The fair value of current and non-current debt approximately their carrying amount.

Borrowing cost	31.12.2017	31.12.2016	01.01.2016
Capitalized borrowing cost	8 467	10 890	4 604

Borrowing cost is presented net with the loans and is amortizised until maturity of the loan.

The following covenants are regulated by contract:

Cash flow cover	Ratio of Cashflow to Debt Service (Interest and repayment)
Leverage	EBITDA/Total net debts (Liabilities to credit institutions, less cash deposits)
Capital Expenditure	Annual investment limitations

Ageing of financial liabilities (for ageing of account payables, please see note 6.9):

		Maturity structure			
Interest bearing loans and liabilities	Year	Less than 1 year	Between 1-3 years	From 3-5 years	Total
Interest bearing liabilities to financial institutions	31.12.2017	26 800	53 600	492 800	573 200
Other financial liabilities (ex. trade payables)	31.12.2017				
Interest bearing liabilities to financial institutions	31.12.2016	26 800	53 600	519 600	600 000
Other financial liabilities (ex. trade payables)	31.12.2016				
Interest bearing liabilities to financial institutions	01.01.2016	41 047	270 462		311 509
Other financial liabilities (ex. trade payables)	01.01.2016				
Total interest bearing loans and liabilities					

Assets pledged as security and guarantee liabilities;

	31.12.2017	31.12.2016
Secured balance sheet liabilities:		
Liabilities to financial institutions		
Balance sheet value of assets pledged as security for secured liabilities:		
Machinery and plant	138 613	133 372
Inventory	342 658	339 682
Accounts receivable	20 748	20 509
Total	502 018	493 563

The same assets that are pledged as security in the parent company are also security for liabilities in the subsidiares.

Reconsiliation for liablities arising from financing activities

	Interestbearing loan and liabilities (long term)	Other non-current liabilities	Interestbearing loan and liabilities (short term)	Financial leasing operations	Total
Liabilities 1.1.2016	265 857	7 488	41 047	0	314 392
Cash flow from financing activities	-310 662		-14 247		-324 909
Exchange Differences					0
Additions financial liablitis	600 000				600 000
Other transanctions without cash settlement	6 771	250			7 021
Liabilities 31.12.2016	561 966	7 738	26 800	0	596 504
Cash flow from financing activities	-26 800				-26 800
Exchange Differences					0
Additions financial liablitis					0
Other transanctions without cash settlement	2 767	-7 738			-4 971
Liabilities 31.12.2016	537 933	0	26 800	0	564 733

5.2 Fair value measurement

Accounting policies - Fair value measurement
The Company measures financial instruments such as derivatives and cash at fair value at each balance sheet date. In addition fair value is disclosed for accounts receivables, accounts payables and interest bearing loans.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

•In the principal market for the asset or liability
Or
•In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

•Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

•Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

•Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value of financial instruments
Set out to below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The table below disclose information about all assets and liabilites that are either measured at fair value or where information about fair value is disclosed.

There were no transfers between the levels during 2016 or 2017.

5.3 Financial risk management

Overview
The Group is exposed to a range of risks affecting its financial performance, including market risk (commodity risk, currency risk, interest rate risk), liquidity risk and credit risk. The company seeks to minimize potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments.

Risk management is carried out by senior management under policies approved by the Board of Directors. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

(a) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: *commodity price risk, interest rate risk* and *foreign currency risk*. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan with floating interest rate. Currently, the Group has one interest rate swap, but the group does not apply hedge accounting.

Interest rate sensitivity
The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the group's profit before tax:

	Increase/decrease in basis points	Effect on profit before tax (NOK 1000)	Effect on equity (NOK 1000)
31 December 2017	+/- 100	5 647	4 292
31 December 2016	+/- 100	5 965	4 474

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange rate risk related to the value of NOK (functional currency) relative to other currencies, mainly due to purchase of goods in NOK (93,7 %), DKK (1,5 %), EUR (3,7% %), GbP (0,4%) and USD (0,1 %). The Group may seek to reduce the currency risk by entering into foreign currency instruments. The Group does not have any currency hedging instruments as of 31 December 2017, however management is monitoring movements in exchange rates closely. The Currency risk is considered t be relativly low. This due to the fact that the

(b) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The Groups's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2017, the Group had available NOK 97 million (2016: NOK 97 million) of undrawn committed borrowing facilities.

See note 5.1 and 5.9 for an overview of maturity profile on the Group's financial liabilities and an overview about available credit lines.

(c) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group's turnover comes mainly from cash sales or debit/credit card—based sales where settlement in cash takes place within a few days of the sales transaction. As such, the group has limited exposure to credit risk relating to accounts receivable balances. Credit risk also arises from derivative financial instruments and deposits with banks and financial institutions. However, counterparts are limited to financial institutions with high creditworthiness. Historically, defaults and losses related to credit risk have been low.

5.4 Capital management

Accounting policy
For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 2x and 7x.. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

	31.12.2017	31.12.2016	01.01.2016
Interest bearing loans and liabilities	564 733	596 504	314 392
Trade and orher payables	326 604	278 416	262 983
(Less) Cash and Short term deposits	59 362	88 715	59 418
Net Debt	831 976	786 205	517 958
Equity	189 983	188 037	449 677
Capital and Net debt	1 021 958	974 242	967 634
Gearing ratio	5,4	5,2	2,2

5.5 Shareholder information

The Share capital of Buddy Holding is NOK 169 012 800 consisting of 484.000.000 shares with a par value of NOK 0,3492 each. There are one class of shares; Common A-shares.

Overview of the major shareholders of the Group as of 31.12.2017:	Total amount of shares	Ownership
Buddy Holding AS	484 000 000	100,0 %
TOTAL	484 000 000	100,0 %

All shares have been fully paid.

Shares held by the Board of Directors and Executive Management	Title	Amount of shares	Ownership
Some of the board member and managment own shares in the mother company Buddy Holding AS			
Total		-	0,0 %

5.6 Distributions made and proposed

Accounting policy
The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholdesr in the General Meeting. A corresponding amount is recognised directly in equity.
Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

Cash dividends on ordinary shares declared and paid	2017	2016
Final dividend for 2016	-	-
Repayment of paid in share capital	-	314 987
Interim dividend for 2017	-	-
Total	-	314 987

Proposed dividend on ordinary shares	2017	2016
Final dividend for 2017 (2016)	-	-

Any proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

5.7 Cash and cash equivalents

Accounting policy
Cash includes cash in hand and bank deposits. Cash equivalents are in general short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

The liquidity reserve is the total overdraft and revolver facilites of all Group companies, minus all utilised overdraft and revolver facilities, and added all cash on hand and deposits.

The liquidity reserve for the Group is organized in a cashpool. This implies that the cash deposit of the subsidiaries formally are account receivables towards the parent company, and all participating group companies are jointly responsible for overdraft within the Cashpool.

Accounts with deposit and debt within the cashpool are netted in the Group balance sheet.

Some subsidiaries participate in the Group's common cash pool arrangement. Legally, it is Cosmetic Group AS that is the counter part towards the Bank regarding all accounts included in this arrangement. In the parent company is deposit (overdraft) that subsidiaries have, presented as deposit (overdraft) and liability (receivables) to subsidiaries in the companies accounts. In the group report all cash i reporterted as cash.

NOK Thousand	31.12.2017	31.12.2016	01.01.2016
Cash in stores	599	1 149	2 241
Bank deposits, unrestricted	55 385	85 054	53 453
Bank deposit, restricted, employee taxes	1 108	183	170
Bank deposits, restricted, office rental deposit	2 269	2 329	3 554
Total cash and bank deposits	**59 362**	**88 715**	**59 418**
Liquidity reserve (unused credit line)	80 000	50 000	50 000

5.8 Trade and other receivables

Accounting policy - Trade and other receivables
For policies on trade receivables also refer to note 3.1
Trade and other receivables are initially recognised at the original invoice amount (fair value). Supplier bonuses and receivables not yet received at the end of each reporting period are included as other receivables.

NOK Thousand	31.12.2017	31.12.2016	01.01.2016
Trade receivables	41 183	17 306	20 928
Group Contribution	0	0	0
Other receivables	20 748	14 957	16 035
Allowance for impairment of receivables	-766	-600	-419
Total trade and other receivables	**61 165**	**31 663**	**36 544**

Trade receivables are non-interest bearing and are generally on 14 to 45 day terms.
As at 31 December, the carrying amounts of trade receivables that were past due, but not impaired, were:

	Total	Not due	Past due				
			< 30 days	30–60 days	60–90 days	90–120 days	> 120 days
	MNOK	MNOK	MNOK	MNOK	MNOK	MNOK	MNOK
31.12.2017	41 183	25 031	7 801	4 469	813	418	2 651
31.12.2016	17 306	13 025	2 175	-699	695	7	2 103
01.01.2016	20 928	11 525	7 825	990	75	293	220

In determining the recoverability of a trade or other receivable, the company performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties.

As at 31 December, trade receivables with a nominal value of 0,7million (2016: 0,6 million) were impaired and fully provided for. Movements in the allowance for impairment of receivables were, as follows:

	2017	2016
At 1 January	600	419
Charge for the year	643	673
Amounts written off	-477	-492
Unused amounts reversed	0	0
At 31 December	766	600

5.9 Trade and other payables

Accounting policy - Accounts and other payables
For policies on trade receivables also refer to note 6.4

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If immaterial, the interest element is not considered.

Terms and conditions of the above financial liabilities:

- Accounts payables are non-interest bearing and are normally settled on **40 -day terms**
- Other payables are non-interest bearing and have an average term of **six months**

NOK Thousand	31.12.2017	31.12.2016	01.01.2016
Account payables	202 586	192 419	182 111
Prepayments from customers	-	-	-
VAT and social costs payable	32 442	16 426	16 227
Other accrued expenses	44 591	69 570	64 646
Total accounts and other payables	**279 619**	**278 416**	**262 983**

Aging of accounts payable

		Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
Account payables	31.12.2017	202 586	0	0	0	202 586
Account payables	31.12.2016	192 419	0	0	0	192 419
Account payables	01.01.2016	182 111	0	0	0	182 111

5.10 Financial income and expenses

	2017	2016
Interest income	927	2 301
Net exchange rate gain, realised items	353	1 010
Other financial income	161	3 148
Total finance income	**1 442**	**6 460**

	2017	2016
Interest on debt and liabilities	29 638	21 066
Net exchange rate loss, realised items	4 701	1 884
Other financial costs	3 538	6 078
Total finance costs	**37 876**	**29 029**

6.1 Taxes

Accounting policy

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if the Group can control reversal of these temporary differences and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

	2017	2016
Tax expense in the profit and loss	14 349	21 719
Correction of tax last year and change in deffered tax	1 191	-4 957
Tax payable in the statement of financial position	15 540	16 762

Tax expense for the year:	2017	2016
Tax payable	17 295	20 992
Change in deferred tax	-3 159	1 727
Other	213	-1 000
Total tax expense	14 349	21 719

Effect of permanent differences:	2017	2016
Profit before taxes	41 659	87 465
Nominal tax rate (24%/25%)	9 998	21 866
Non-deductable expenses	1 869	-266
Change in tax rate	261	119
Impairment charge goodwill	2 221	
Tax for the year	14 349	21 719
Effective tax rate	34,4 %	24,8 %

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income. At year end 2017 and 2016 the deferred tax assets of MNOK 6,0 and MNOK 3,5 respectively, were recognised.

Basis for deferred tax - temporary differences	2017	2016
Property plant and equipment	-5522	1781
Receivables	-766	-600
Provisions	-11317	-9322
Profit and loss account	-18212	-14753
Other short-term liabilities	69	87
Amortization of loan expenses	8467	10891
Losses carried forward	0	0
Basis for deferred tax	-27281	-11916

7.1 Management remuneration and post-employment benefits

Board of Directors and Executive management remuneration

The following benefits were provided to the senior management and Board of Directors:

Name	Title	Currency	Salary	Bonus	Other	Pension	Total Remuneration
Dag Opedal	Chairman of the Board	NOK	300	-	-	-	300
Patrice R.G. Jabet	Board Member	NOK	-	-	-	-	-
Philip J. Balderson	Board Member	NOK	150	-	-	-	150
Martin C. Aannestad	Board Member	NOK	-	-	-	-	-
Inger Johanne Solhaug	Board Member	NOK	150	-	-	-	150
Henrik Listeth	Board Member	NOK	150	-	-	-	150
Knut Røsjorde	CEO	NOK	2 472	402	192	65	3 131
Sum			**3 222**	**402**	**192**	**65**	**3 881**

No loans have been granted and no guarantees have been issued to CEO or any member of the Board of Directors.
The CEO have severance agreement og 6 month upon termination after notice periode.
The Board do not have any agreement for compensation upon termination or change of employment / directorship.

Pension

The Group is required to have a compulsory pension in accordance with the Norwegian Accounting Act §7-30a. The Group has a pension plan that fulfills this requirement, which covers all employees and is a defined contribution plan.
Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

8.1 Related party transactions

Note 1.1 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2017 and 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group's related parties also include its key management, members of the board and majority shareholders. The Board members represent 0 % of the shares (voting rights) in the Group. None of the Board members have been granted loans or guarantees. Furthermore, none of the Board members are included in the Group's pension or bonus plans.

Please refer to note 5.5 for further information.

There were no transactions other than repayment of paid in shares between the Group and Holly Holding AS, the ultimate parent during the financial years of 2016 and 2017.

8.2 Events after the reporting period

Accounting policy
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

There have been no special events after the balance day.

8.3 Standard and amendments issued but not yet effective

The future consolidated financial statements will be affected by new and amended IFRS standards and iterpretations which have been published but are not effective as of 31 December 2017. The effect of new and amended IFRS standards and interpertations which may have a significant impact on the Group have been summarized below:

IFRS 15 *Revenue from Contracts with Customers* (effective from 1 January 2018, approved by the EU). IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of contracted goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services. With a few exceptions, the standard applies to all income-generating contracts with customers and provides a model for the recognition and valuation of the sale of certain non-financial assets (e.g. sale of property, plant and equipment).

The Group is has assessied the impact of the standard, and the standard will not have a significant effect on the amount and pattern of revenue recognition. IFRS 15 is to be implemented by applying the fully retrospective method

IFRS 9 *Financial Instruments* (effective from 1 January 2018 and approved by the EU). The standard replaces IAS 39. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The standard will be implemented retrospectively, except for hedge accounting, but preparing comparative figures is not a requirement. The rules for hedge accounting should mainly be implemented prospectively but with some exceptions. The Group has made an initial assessment of the impact of IFRS 9 and do not anticipate any significant effects on the financial statements.

IFRS 16 *Leases* (effective from 1 January 2019, but not approved by the EU). IFRS 16 replaces existing IFRS leases requirements, IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements. For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases separately.

The Group has made an initial assessment of the impact of IFRS 16 and anticipate significant effects on the financial statements as it is likely that several of its lease agreements need to be recognised on the balance sheet. No decision has been made whith respect to the implementation of the standard which can be implemented using either the full retrospective or modified retrospective method.

Reconciliation of cash flows for the year ended 31 December 2016

Amounts in NOK thousand	Note	Previous NGAAP	Remeasurement	IFRS for the year ended 31 December 2016
Cash flows from operating activities				
Profit before tax	A, B	6 953	64 662	71 615
Income tax paid		-10 794		-10 794
Depreciation and impairment of property plant and equipment	A	103 586	-62 852	40 734
Amortisation and impairment of intangible assets				-
Change in working capital:				
Change in trade receivables		531		531
Change in accounts payables		20 346		20 346
Change in inventories		-17 208		-17 208
Change in other provisions*	B	-4 988	744	-4 244
Other adjustments for non-cash operating items:				
Gain/loss from sale of non-current assets				-
Finance income				-
Finance costs				-
Fair value movements of financial derivatives				-
Amortisation of capitalised transaction costs				-
Other non-cash income and expenses				-
Net cash flows from operating activities		98 426	2 554	100 980
Cash flows from investing activities				
Purchase of intangible assets and property, plant and equipment		-40 928		-40 928
Proceeds from sale of property, plant and equipment				-
Proceeds from disposal of financial assets				-
Net cash used in investing activities		-40 928	-	-40 928
Cash flow from financing activities				
Proceeds from issuance of shares		-68 987		-68 987
Proceeds from loans and liabilities		42 491		42 491
Repayments of loan and liabilities				-
Dividens paid to equity holders of the parent				-
Interests paid				-
Net cash used in financing activities		-26 496	-	-26 496
Cash and cash equivalents, beginning of period				
Net change in cash and cash equivalents		31 002	2 554	33 556
Net foreign exchange difference				-
Cash and cash equivalents, end of period		31 002	2 554	33 556

*Change in other provisions includes other receivables, public duties payable, and other short-term liabilities

Notes to the reconciliation of cash flows for the the period ended 30 June 2016 and year ended 31 December 2016

A) Derivatives previously held off balance sheet are recognized and measured to fair value in the balance sheet

B) Under previous GAAP, goodwill was amortised over the expected usefule life. Under IFRS goodwill is not amortised and the reamesurement are related to reversal of goodwill depreciation.

8.4 First time adoption of IFRS

These financial statements, for the period ended 31 December 2017 represents the first financial statements of Buddy Holding AS in accordance with IFRS.

This note explains the principal adjustments made by Buddy Holding AS in restating its NGAAP statements, including the statement of financial position as at 1 January 2016 and the financial statements for the year ended 31 December 2016.

It also explains effect of discintinued business jfr. note 2.6 and other reclassifications of post related to reclassification of balance post and some result post.

Exemptions applied
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.
Buddy Holding AS has applied the following exemptions:

Business Combinations
In in accordance with IFRS 1 - Appendix C, IFRS 3 Business Combinations has not been applied to business combinations that occurred prior to 1 January 2015. The use of this exemption means that the NGAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Company did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the previous GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Company has tested goodwill for impairment at the date of transition to IFRS, and no impairment was deemed necessary.

Reconciliation of equity as at 1 January 2016 (date of transition to IFRS)

Amounts in NOK thousand	Note	Previous NGAAP	Re-classifications	Dicontinued business	Remeasurement	IFRS as at 1 January 2016
ASSETS						
Intangible assets						
Goodwill		483 241				483 241
Other intangible assets		31 253				31 253
Deferred tax assets		3 666			638	4 304
Total intangible assets		518 160	-	-	638	518 798
Tangible assets						
Property plant and equipment		101 978				101 978
Total tangible assets		101 978	-	-	-	101 978
Total non-current assets		620 138	-	-	638	620 776
Current assets						
Inventories		312 208	8 952			321 160
Trade receivables		1 616	18 893			20 509
Other receivables	D	39 534	-18 894		-4 605	16 035
Cash and cash equivalents		59 418				59 418
Total current assets		412 776	8 951	-	-4 605	417 122
TOTAL ASSETS		1 032 914	8 951	-	-3 967	1 037 898
EQUITY AND LIABILITIES						
Equity						
Share capital		484 000				484 000
Share premium		11 916				11 916
Other paid-in-equity		-				-
Total paid-in-equity		495 916	-	-	-	495 916
Retained losses	A	-44 324			-1 915	-46 239
Total other equity		-44 324			-1 915	-46 239
Total equity		451 592	-	-	-1 915	449 677
Non-Current liabilities						
Interest-bearing loans and liabilities	D, E	311 509			-45 652	265 857
Deferred tax liabilities		-				-
Other non-current liabilities	A	7 488				7 488
Total non-current liabilities		318 997	-	-	-45 652	273 345
Current liabilities						
Account payable		157 210	24 901			182 111
Public duties payable		16 227	-16 227			-
Interest-bearing loans and liabilities	E				41 047	41 047
Taxes payable		10 845				10 845
Other current liabilities		78 043	277		2 553	80 873
Total current liabilities		262 325	8 951	-	43 600	314 876
Total liabilities		581 322	8 951	-	-2 052	588 221
TOTAL EQUITY AND LIABILITIES		1 032 914	8 951	-	-3 967	1 037 898

Notes to the reconciliation of equity as at 1 January 2016 and 31 December 2016

A) Derivatives previously held off balance sheet are recognized and measured to fair value in the balance sheet

B) Under previous GAAP, goodwill was amortised over the expected usefule life. Under IFRS goodwill is not amortised and the reamesurement are related to reversal of goodwill depreciation.

C) Changes in retained earnings are the residual of the GAAP – differences. All GAAP – differences in the opening balance as at 1 January 2016 are posted directly to retained earnings in accordance with IFRS 1.

D) Change is related to reclassification of loan fees as financial liabilites shall be recognised net of directly attributable transaction cost under IFRS.

E) Current portion of long term debt has been reclassified to a current presentation in accordance with IAS 1.

Reconciliation of equity as at 31 December 2016

Amounts in NOK thousand	Note	Previous NGAAP	Re-classifications	Dicontinued business	Remeasurement	IFRS as at 31 December 2016
ASSETS						
Intangible assets						
Goodwill	B	420 389			62 852	483 241
Other intangible assets		44 103				44 103
Deferred tax assets		2 859			186	3 045
Total intangible assets		467 351	-	-	63 038	530 389
Tangible assets						
Property plant and equipment		89 269				89 269
Total tangible assets		89 269			-	89 269
Total non-current assets		556 620	-	-	63 038	619 658
Current assets						
Inventories		329 416	10 266			339 682
Trade receivables		1 085	15 621			16 706
Other receivables	D	41 814	-15 623		-11 234	14 957
Cash and cash equivalents		88 715				88 715
Total current assets		461 030	10 264	-	-11 234	460 060
TOTAL ASSETS		1 017 650	10 264	-	51 804	1 079 718
EQUITY AND LIABILITIES						
Equity						
Share capital		169 013				169 013
Share premium		-				-
Other paid-in-equity		-				-
Total paid-in-equity		169 013	-	-	-	169 013
Retained losses	A, B	-43 270			62 294	19 024
Total other equity		-43 270	-	-	62 294	19 024
Total equity		125 743	-	-	62 294	188 037
Non-Current liabilities						
Interest-bearing loans and liabilities	D, E	600 000			-38 034	561 966
Deferred tax liabilities						-
Other non-current liabilities	A	7 738				7 738
Total non-current liabilities		607 738	-	-	-38 034	569 704
Current liabilities						
Account payable		177 556	14 863			192 419
Public duties payable		16 426	-16 426			-
Interest-bearing loans and liabilities	E				26 800	26 800
Taxes payable		16 762				16 762
Other current liabilities		73 425	11 828		744	85 997
Total current liabilities		284 169	10 265	-	27 544	321 978
Total liabilities		891 907	10 265	-	-10 490	891 682
TOTAL EQUITY AND LIABILITIES		1 017 650	10 265	-	51 804	1 079 719
		-	-1	-	-	0

Notes to the reconciliation of total comprehensive income for the period year ended 31 December 2016
A) Derivatives previously held off balance sheet are recognized and measured to fair value in the balance sheet
B) Changes in depreciation relates to reversal of goodwill depreciation. See description in letter B under changes in reconciliation of equity above.

Reconciliation of total comprehensive income for the year ended 31 December 2016

Amounts in NOK thousand	Note	Previous NGAAP	Re-classifications	Dicontinued business	Remeasurement	IFRS for the year ended 31 December 2016
Net sales		1 338 798		-69 180		1 269 618
Other operating revenue		13		-13		-
Total operating revenue		1 338 811		-69 193	-	1 269 618
Cost of goods sold		689 301		-40 481		648 820
Personnel expenses		88 086	-1 186	-21 924		64 976
Amortisation, depreciation and impairment loss	B	103 586	-1 704	-1 555	-62 852	37 475
Other operating expenses		426 094	2 890	-20 671		408 313
Total operating expenses		1 307 067	-	-84 631	-62 852	1 159 584
Net operating income		31 744	-	15 438	62 852	110 034
Finance income	A	4 654		-5	1 810	6 459
Finance cost		29 445	-833	416		29 028
Net financial items		24 791	-833	421	-1 810	22 569
Profit before tax		6 953	833	15 017	64 662	87 465
Income tax expense		21 266			452	21 718
Net profit for the period		-14 313	833	15 017	64 210	65 747
Net profit, attributable to equity holders of the parent						
Net profit, attributable to non-controlling interests						
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences						-
Cash flow hedges						-
Income tax relating to items that may be reclassified						-
Items that will not be reclassified to profit or loss						
x						-
Total comprehensive income for the period		-14 313			64 210	65 747
Comprehensive income, attributable to equity holders of the parent						
Comprehensive income, attributable to non-controlling interests						

Earnings per share
Basic, profit for the year attributableto ordinary equity holders of the parent
Diluted, profit for the year attributable to ordinary equity holders of the parent

Reconciliation of cash flows for the year ended 31 December 2016

Amounts in NOK thousand	Note	Previous NGAAP	Re-classifications	Dicontinued business	Remeasurement	IFRS for the year ended 31 December 2016
Cash flows from operating activities						
Profit before tax	A, B	6 953		15 849	64 662	87 464
Income tax paid		-10 794		-		-10 794
Depreciation and impairment of property plant and equipment	A	103 586	-1 704	-1 555	-62 852	37 475
Amortisation and impairment of intangible assets						-
Change in working capital:						-
Change in trade receivables		531	2 672	-531		2 672
Change in accounts payables		20 346	-20 305	11 354		11 395
Change in inventories		-17 208	8 952	-6 305		-14 561
Change in other provisions*	B	-4 988	15 032	-1 138	-1 810	7 096
Other adjustments for non-cash operating items:						-
Gain/loss from sale of non-current assets						-
Finance income					-6 459	-6 459
Finance costs					29 028	29 028
Fair value movements of financial derivatives						-
Amortisation of capitalised transaction costs						-
Other non-cash income and expenses						-
Net cash flows from operating activities		98 426	4 647	17 673	22 569	143 315
Cash flows from investing activities						
Purchase of intangible assets and property, plant and equipment		-40 928	81	838		-40 009
Proceeds from sale of property, plant and equipment						-
Proceeds from disposal of financial assets						-
Net cash used in investing activities		-40 928	81	838	-	-40 009
Cash flow from financing activities						
Proceeds from issuance of shares						-
Proceeds from loans and liabilities		42 491			557 509	600 000
Repayments of loan and liabilities					-324 909	-324 909
Dividens paid to equity holders of the parent		-68 987			-246 000	-314 987
Interests paid					-16 130	-16 130
Net cash used in financing activities		-26 496	-	-	-29 530	-56 026
Cash and cash equivalents, beginning of period		59 418	59 419	-7 852		110 985
Net change in cash and cash equivalents		31 002	4 728	18 511	-6 961	47 280
Net foreign exchange difference				-527	527	-
Cash and cash equivalents, end of period		90 420	64 147	10 132	-6 434	158 265

*Change in other provisions includes other receivables, public duties payable, and other short-term liabilities

Notes to the reconciliation of cash flows for the the period ended 30 June 2016 and year ended 31 December 2016

A) Derivatives previously held off balance sheet are recognized and measured to fair value in the balance sheet

B) Under previous GAAP, goodwill was amortised over the expected usefule life. Under IFRS goodwill is not amortised and the reamesurement are related to reversal of goodwill depreciation.

Alternative Performance Measures
Items excluded from Underlying Operating profit - Cosmetic Group

NOK Million	2017	2016
Total operating profit	78 094	110 034
Amortisation, depreciation and impairment loss	51 756	37 475
EBITDA	129 851	147 509
Non-recurring costs (financial and legal advise)	7 845	
Restructuring charges and closure costs	411	
Other effects	285	
Items Excluded from underlying EBITDA	8 541	0
Underlying EBITDA	138 392	147 509
Total operating profit	78 094	110 034
Transaction cost	7 845	
Restructuring charges and closure costs	411	
Other effects	285	
Impairment	9 254	
Items excluded from Underlying Operating profit	17 795	0
Underlying Operating profit	95 889	110 034
VITA	231	
VITA EXCLUSIVE	54	
LOCO	411	
Holding, other	7 845	
Items Excluded from underlying EBITDA	8 541	
Total depreciation, amoortisation and imparment	9 254	
Items excluded from Underlying Operating profit	17 795	0

Restructuring charges and closure costs includes close-down of unprofitable stores.

APMs are used by Cosmetic Group for annual and periodic financial reporting to provide a better understanding of the company's underlying financial performance for the period.

Underlying EBITDA is also used by management to drive performance in terms of target setting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over time and across the company where relevant. Operational measures such as volumes, prices and currency effects are not defined as APMs. Buddy Holding focuses on Underlying EBITDA and Underlying operating profit in the discussions of periodic operating results for the segments and for the Group.

Each of the following APMs has been defined by the Group as follows:

- Underlying Operating profit is defined as Operating profit adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, depreciations of excess values of tangibles, effects of disposals of businesses and operating assets, as well as other major effects of a special nature.

- EBITDA is defined as operating profit (loss) before interests, income tax, depreciation and amortisation.

- Underlying EBITDA is defined as EBITDA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, effects of disposals of businesses and operating assets, as well as other major effects of a special nature.

- Gross margin is defined as net sales less cost of goods sold

Financial Statements 2017
for
Cosmetic Group AS

Organization no. 912014975

Prepared by:

Exacta Services AS
Authorised accountant company
Dyrmyrgata 4
3611 KONGSBERG
Organization no. 963740085

Cosmetic Group AS

Income statement

(Amounts in thousands)	Note	2017	2016
OPERATING REVENUE AND EXPENCES			
Operating revenue			
Total operating revenue		**0**	**0**
Operating expenses			
Employee benefits expense	1	865	813
Other operating expenses	1,2,12	8 507	1 342
Total operating expenses		**9 372**	**2 155**
OPERATING PROFIT OR LOSS		**(9 372)**	**(2 155)**
FINANCIAL INCOME AND EXPENSES			
Financial income			
Income from subsidiaries	3,4	65 000	30 912
Interest recieved from group companies		874	2 596
Other financial income		7	1 240
Total financial income		**65 881**	**34 748**
Financial expenses			
Interest paid to group companies		323	225
Other interests		30 361	24 653
Other financial expense	5	57 961	1 113
Total financial expenses		**88 645**	**25 991**
NET FINANCIAL INCOME AND EXPENCES		**(22 764)**	**8 757**
ORDINARY RESULT BEFORE TAXES		**(32 136)**	**6 602**
Tax on ordinary result	6	7 872	1 549
TOTAL RESULT		**(40 008)**	**5 054**
TO MAJORITY INTERESTS		**(40 008)**	**5 054**
APPLICATION AND ALLOC.			
To/from other equity	7	(40 008)	5 054
TOTAL APPLICATION AND ALLOCATION		**(40 008)**	**5 054**

Cosmetic Group AS

Balance sheet pr. 31.12.2017

(Amounts in thousands)	Note	31.12.2017	31.12.2016
ASSETS			
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	3	682 415	705 612
Loans to group companies		0	11 473
Total financial fixed assets		**682 415**	**717 085**
TOTAL FIXED ASSETS		**682 415**	**717 085**
CURRENT ASSETS			
Receivables			
Trade receivables		99	1 756
Receivables on group companies	4	65 339	0
Other short-term receivables		(284)	14 568
Total receivables		**65 153**	**16 325**
Bank deposits, cash in hand, etc.	8	14 738	98 702
TOTAL CURRENT ASSETS		**79 892**	**115 026**
TOTAL ASSETS		**762 307**	**832 112**

Cosmetic Group AS

Balance sheet pr. 31.12.2017

(Amounts in thousands)	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	[illegible]	169 013	169 013
Total paid-in equity		169 013	169 013
Retained earnings			
Other equity	[illegible]	2 275	42 841
Total retained earnings		2 275	42 841
TOTAL EQUITY		171 287	211 853
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions			
Deferred tax	[illegible]	1 836	2 615
Total provisions		1 836	2 615
Other non-currents liabilities			
Liabilities to financial institutions	[illegible]	537 933	600 000
Liabilities to group companies	4	8 075	7 738
Total other non-currents liabilities		546 009	607 738
TOTAL NON-CURRENT LIABILITIES		547 845	610 353
CURRENT LIABILITIES			
Accounts payable		1 455	2 457
Income tax payable	[illegible]	8 438	0
Public duties payable		344	118
Liabilities to group companies	4	393	0
Other currents liabilities	[illegible]	32 545	7 330
TOTAL CURRENT LIABILITIES		43 175	9 905
TOTAL LIABILITIES		591 020	620 258
TOTAL EQUITY AND LIABILITIES		762 307	832 112

Oslo, 28.05.2018

Dag Jakob Opedal
Chairman of the board

Patrice Robert Gustav Jabet
Board member

Knut Erling Rosjorde
CEO

Philip John Balderson
Board member

Martin Christian Aannestad
Board member

Inger Johanne Solhaug
Board member

Financial Statements for Cosmetic Group AS — Organization no. 912014975

Cosmetic Group AS

Amounts in thousands

Cash flow report

	2017	2016
Cash flow from operating activities		
Profit before tax	(32 136)	6 602
Income tax paid	(213)	(10 110)
Depreciation and impairment of property plant and equipment	-	-
Impairment of fixed assets / changes in value financial current assets	34 701	-
Change in trade receivables	1 657	-
Change in accounts payables	(1 002)	2 457
Change in inventories	-	-
Change in other receivables and provisions	(59 583)	(10 696)
Net cash flows from operating activities	***(56 576)***	***(11 747)***
Cash flows from investing activities		
Cash flows from investing activities	-	-
Payments of acquisition of subsidiaries	(31)	-
Proceeds from repayment of capital	-	-
Net cash used in investing activities	***(31)***	-
Cash flow from financing activities		
Repayment of capital	-	(68 987)
Proceeds/Repayments of loan and liabilities	(26 800)	171 235
Payments of group contributions	-	55 000
Cash effects of merger and / or payments to transferring party	-	(49 839)
Cash effects of change of principle simplified IFRS	(558)	
Net cash used in financing activities	***(27 358)***	***107 409***
Net change in cash	(83 965)	95 662
Cash and cash equivalents, beginning of period	**98 702**	**3 040**
Cash and cash equivalents, end of period	***14 737***	***98 702***

Cosmetic Group AS

Notes 2017

Accounting principles:

Cosmetic Group AS was founded on 22.05.2013.

The annual accounts have been prepared in accordance with the Accounting Act and the Regulation on Simplified IFRS (2014), established by the Ministry of Finance, November 3, 2014. This means that measurement and recognition comply with International Financial Reporting Standards (IFRS) and presentation and disclosure is in accordance with Norwegian Accounting Act and good accounting practice.

The company makes use of the exception in the Regulation on simplified IFRS (2014) § 3-1 and has recognized a group contribution in the year it was given.

The accounts are based on the principles of historical cost accounting, with the exception of the following accounting items:

Financial instruments at fair value through profit or loss and available-for-sale financial instruments that are accounted for at fair value.

Current assets and current liabilities

Current assets and current liabilities generally include items due for payment within one year after the last day of the accounting year, as well as items related to the product cycle. Current assets are valued at the lower of acquisition cost and assumed fair value (lowest value principle).

Fixed assets and long-term liabilities

Fixed assets comprise assets intended for permanent ownership and use of the business. Fixed assets are valued at acquisition cost. Tangible fixed assets are recorded in the balance sheet and depreciated over the expected economic life of the asset. Tangible fixed assets are written down to fair value when impairment is not expected to be temporary. Write-downs are reversed when the basis for the write-down is no longer present.

Recognition

Revenue from the sale of goods takes place at the time of delivery. Services are recognized as income in line with them being carried out. The share of sales revenue related to future service performance is recognized as deferred revenue from the sale and is subsequently recognized as income in accordance with delivery of the services.

Currency

Monetary items in foreign currency are valued at the exchange rate of the currency after the quotation on the last day of the financial year.

Cosmetic Group AS

Notes 2017

Goods

Goods are valued at the lower of average acquisition cost and net sales value (lowest value principle).

Receivables

Trade receivables are entered in the balance nominal value after deduction of provisions for expected losses. Provisions for expected losses are made on the basis of an individual assessment of each of the receivables. In addition, for other accounts receivable, an unspecified provision is made to cover expected losses.

Other claims are also subject to an equivalent assessment.

Tax

The tax expense in the income statement includes the payable tax for the period that is settled and due for payment in the next financial year in addition to changes in deferred taxes. Deferred tax is calculated at the tax rate at the end of the accounting year (23%) on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values. The calculation also includes taxable carry-for losses at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are settled and netted.

Cosmetic Group AS

Notes 2017

Note 1 – Wages and salaries

Amounts in thousands NOK (kNOK)

The company has had 1 FTE in the accounting year.

Specification of salaries	**This year**	**Last year**
Wages	611	713
Employer's social security contribution	186	100
Pension costs	69	0
Total	**865**	**813**

The company is obliged to have an occupational pension scheme for the company's employees, cf. Act on compulsory occupational pensions. The company has established an occupational pension scheme that meets the requirements of the Act. All employees are members of the pension scheme.

The pension scheme is a defined contribution scheme. Premium payments to this scheme are expensed on an ongoing basis. There is therefore no capitalization for this pension scheme.

Remuneration to senior executives and auditors

CEO	
Wages	417
Other remuneration	31
Total	**447**
Board members	750
Auditor fees, consisting of:	
Audit	45
Other services	86
Total auditor fees	131

The agreed auditing fees for the financial year 2017 are kNOK 50. The amount is ex. VAT.

There are no pension benefits or benefits other than salary paid to the general manager and board members.

Cosmetic Group AS

Notes 2017

Note 2 – Other operating expenses

Amounts in thousands NOK

Specification of other operating costs:

Consulting:	7 886
Other operating expenses:	621
Total other operating expenses:	**8 507**

Note 3 - Subsidiaries

Amounts in thousands NOK

The company has shares in the following subsidiaries, booked according to the cost method:

Subsidiary, office location:	Ownership %	Voting rights%	Annual results last year	Equity per balance last year
Vita AS, Oslo	100,00 %	100,00 %	74 089	222 877
CG Trading AS, Oslo	100,00 %	100,00 %	-5 938	4 337

Notes 2017

Note 4 - Receivables / Liabilities to Group Companies

Amounts in thousands NOK

Receivables

	2017	2016
Receivables Group	339	0
Group contribution Vita AS	65 000	0
Bank deposits in group accounts	0	0
Total receivables	**65 339**	**0**

Non-current liabilities

	2017	2016
Debt to Buddy Holding AS	8 075	7 738
Total non-current liabilities	**8 075**	**7 738**

Current liabilities

	2017	2016
Short-term debt to CG Trading AS	369	0
Short-term debt to Parfymelle AS	24	0
Bank credit in group accounts	0	0
Total current liabilities	**393**	**0**

None of the company's receivables mature later than 1 year after the balance sheet date.

None of the company's debts expire later than 5 years after the balance sheet date.

The company makes use of the exception in the Regulation on simplified IFRS (2014) § 3-1 and has recognized group contribution in the year it was given.

Note 5 – Other financial costs

Amounts in thousands NOK

Cost of kNOK 57 827 has been expensed regarding losses on the sale of Grand Parfymeri AB.

Shares loss:	kNOK 23 228
Abandonment of loans:	kNOK 34 469
Costs associated with sales:	kNOK 130
Total	**kNOK 57 827**

Cosmetic Group AS

Notes 2017

Note 6 - Tax

Amounts in thousands NOK

The tax expense for the year is divided into:	**2017**	**2016**
Payable tax	8 438	-
Too big / small provision previous years	213	-
Change in deferred tax	-779	1 549
Total tax expense of the year	7 872	1 549

Calculation of tax base:	**2017**	**2016**
Ordinary profit before tax expense	-32 136	6 602
Permanent differences	64 386	28
Change in temporary differences	2 907	-6 630
Ordinary income	35 157	-
Group contribution received	-	-
Tax base of the year	35 157	-
Tax payable on the tax base of the year (24% for 2017, 25 % for 2016)	8 437	-

Overview of temporary differences:	**2017**	**2016**
Tangible assets	-	-
Other short-term debt	8 467	10 891
Current provisions, future maintenance etc.	-483	-
Net temporary differences per 31.12.	7 984	10 891
Deferred tax asset / Deferred tax (23% this year, 24% last year)	1 836	2 615

Explanation of why the tax expense for the year does not represent 24% of pre-tax profit	**2017**
24 % of pre-tax profit	-7 713
Permanent differences (24 %)	15 453

Cosmetic Group AS

Notes 2017

Too big / small provision previous years	213
Tax effect for the year of changed tax rate	-80
Calculated tax expense	7
	872
Effective tax rate *)	-24 %

*) Tax expense in relation to pre-tax profit

Cosmetic Group AS

Notes 2017

Note 7 - Equity

Amounts in thousands NOK

	Share capital	Other equity	Total equity
Per 1.1.	169 013	42 841	211 853
Applied from annual results			
Applied to annual results		-40 008	-40 008
Group contribution	0	0	0
Change of principle		-558	-558
Per 31.12.	**169 013**	**2 275**	**171 287**

Note 8 – Bank deposits, cash etc.

Amounts in thousands NOK

The company's operating accounts are included in a group account with a total credit facility of MNOK 80. The credit was not being used at Group level as of 31 December 2017. Total deposits at group level were NOK 59 362 million on 31 December 2017. All subsidiaries of Cosmetic Group AS are jointly liable for withdrawal rights and loans in the Scandinavian Enskilda Banken.

Tax deduction amounts to kNOK 245 as of 31.12 this year and amounted to kNOK 92 as of 31.12 last year.

Notes 2017

Note 9 - Number of shares, shareholders, etc.

The company has 484,000,000 shares at a nominal value of NOK 0.349200 per share, total share capital amounts to NOK 169 012 800.

The company has one shareholder:

Name	Organization no.	Amount	Ownership
Buddy Holding AS	911 670 437	484 000 000	100,00 %

Note 10 – Debt to credit institutions

The company has a long-term loan with Skandinaviska Enskilda Banken AB with a remaining balance of MNOK 573 as of 31 December 2017 and MNOK 600 on 31 December 2016.

Secured against inventories:	MNOK 390
Secured against operating equipment:	MNOK 390
Secured against simple claims:	MNOK 390
Secured against operating equipment:	MNOK 900
Secured against inventories:	MNOK 900
Secured against simple claims:	MNOK 900

None of the company's debts expire later than five years after the balance sheet date.

Amounts in thousands NOK

Loans (original amounts in brackets)	**Balance 31.12.17**	**Interest rates**	**Less than 1 year**	**2 to 3 years**	**4 to 5 years**
Credit facility A (NOK 120 000)	93 200	NIBOR + 4,5 %	26 800	53 600	12 800
Credit facility B (NOK 480 000)	480 000	NIBOR + 4,8 %	0	0	480 000
Revolving credit facility (NOK 100 000)	0	NIBOR + 3 %			

There is a set of loan terms for the loans. The most important terms are:

Cash flow cover	Ratio of Cash flow to Debt Service (Interest and repayment)
Leverage	EBITDA/Total net debt (Debt to bank less bank deposits)
Capital Expenditure	Restrictions on annual investments

The Group has not violated the loan terms in 2017.

Notes 2017

Note 11 - Other short-term debt

Amounts in thousands NOK

	2017	2016
Provision of holiday pay	57	0
Accrued rent	0	0
First year instalments long-term debt	26 800	0
Other accruals	5 688	7 330
Total other short-term debt	**32 545**	**7 330**

Note 12 - Transactions with related parties

Amounts in thousands NOK (kNOK)

Vita AS: Further billing of IT costs and personnel costs include:	1 602
CG Trading AS: Further billing of product and IT costs include:	1 528

Skatteetaten

Vår dato	Din dato	Saksbehandler
02.07.2018	27.06.2018	Jeanette Munkvold Skovholt
800 80 000	Din referanse	Telefon
Skatteetaten.no	Lars Westby	90076012
Org.nr	Vår referanse	Postadresse
996250318	2018/847027	Postboks 9200 Grønland 0134 Oslo

COSMETIC GROUP AS
Postboks 6013 Etterstad
0601 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 27. juni 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskap:

- Aventure Holding AS, org.nr. 911 670 399
- Holly Holding AS, org.nr. 911 670 429
- Buddy Holding AS, org.nr. 911 670 437
- Cosmetic Group AS, org.nr. 912 014 975

Skattedirektoratet gir på bakgrunn av en konkret vurdering ovenstående selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Selskapene er holdingselskaper eid av et fond registrert på Jersey. Flere styremedlemmer forstår kun engelsk, og arbeidsspråket i konsernet er engelsk. Styret har utenlandske medlemmer. Bransjen er butikkhandel med kosmetikk og toalettartikler. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,*

f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er holdingselskaper eid av et fond registrert på Jersey, og at flere styremedlemmer i selskapene er utenlandske. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Kari-Alice Frønsdal
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.