CocoMat Holdings Limited

Consolidated Financial statements

For the year ended 31st December 2015

Registered number: 08792484

CocoMat Holdings Limited

Strategic Report for the year ended 31st December 2015

Directors

E. Androulakis (resigned 18th December 2015)
C.M. Logothetis
D. Goulandris
M. Evmorfidis
P. Evmorfidis
M. Sophroniou
N. Mortimer (appointed 18th December 2015)

Secretary

V. Paschali

Registered office
13-14 Hobart Place
London
SW1W 0HH

Registered number: 08792484

Principal activities
The Group's principal activities are the manufacture, using natural materials, retail and wholesale of innovative sleep products and home furnishings.

Review of the business and future prospects
The key indicators of the Group's performance can be seen below:

	2015	**2014**
	€	**€**
Revenue	18,492,038	16,187,672
EBITDA*	1,933,856	1,916,708
Cash and cash equivalents	3,691,692	5,335,916

**EBITDA is defined as profit before interest, tax, depreciation and amortisation and is broadly reflective of the Group's ability to generate positive cash flows from its operations. EBITDA, as calculated above, has been adjusted for non-recurring items.*

The directors intend to grow the business through organic growth in existing core markets while seeking to utilise the Coco-Mat brand to expand into new territories.

Financial risk management
The Group's operations expose it to varying levels of financial risk. The policies set out by the board are implemented by the accounting department. See further details in note 23.

Going Concern
The financial statements have been prepared on a going concern basis. In applying this basis, the directors have reviewed the projections of cash flow over the 12 months from the date of signing the balance sheet and concluded that the Group will be able to meet its liabilities as they fall due as the Group is in process of re-financing its bank loan, see note 2.1.

By order of the Board on 6th February 2017

N. Mortimer
Director

CocoMat Holdings Limited

Directors' Report for the year ended 31st December 2015

The directors present their report and consolidated financial statements for the year ended 31st December 2015.

Please refer to the Strategic Report on page 1 for the name of the directors, activities and the likely future developments of the Group.

Results and dividends

The loss after taxation for the year ended 31st December 2015 for the Group was €4,180,252 (period from 27th November 2013 to 31st December 2014: €3,924,209). The profit for the year for the Company amounted to €175,082 (period from 27th November 2013 to 31st December 2014: €81,170). The directors do not propose the payment of a dividend (2014: €nil).

The parent company has elected not to include its own individual statement of comprehensive income in the annual accounts in accordance with Section 408 of the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are directors at the time when this report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the directors have taken all the steps that ought to have been taken as directors, including making appropriate enquiries of the Group's auditors for that purpose, in order to be aware of any information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

By order of the Board on 6th February 2017

N. Mortimer
Director

CocoMat Holdings Limited

Statement of directors' responsibilities
For the year ended 31st December 2015

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such reference in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of CocoMat Holdings Limited

We have audited the financial statements of CocoMat Holdings Limited for the year ended 31st December 2015 which are set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors, Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31st December 2015 and of the Group's result for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.1 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss after taxation of €4,180,252 during the year ended 31st December 2015 and, at that date, the Group had net current liabilities of €11,650,284. These conditions, along with the other matters explained in note 2.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors, remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A. E. Robinson

Angela Robinson, *Senior Statutory Auditor*
For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

7 February 2017

CocoMat Holdings Limited

Consolidated statement of comprehensive income
For the year ended 31st December 2015
Expressed in Euros

	Note	**For the year ended 31st December 2015**	Period from 27th November 2013 to 31st December 2014
Revenue	4.3	**18,492,038**	16,187,672
Direct costs		**(8,086,716)**	(6,625,825)
Gross profit		**10,405,322**	9,561,847
Operating expenses:			
- Depreciation	10	**(256,198)**	(241,516)
- Amortisation	12	**(3,934,477)**	(2,213,467)
- Administrative expenses		**(8,764,278)**	(9,260,061)
- Other operating income		**292,812**	42,979
		(12,662,141)	(11,672,065)
Operating loss	5	**(2,256,819)**	(2,110,218)
Share of loss in associated company	11	-	(15,494)
Finance income		**39,511**	18,227
Finance costs	8	**(1,496,304)**	(1,314,157)
Loss before taxation		**(3,713,612)**	(3,421,642)
Taxation	9	**(466,640)**	(502,567)
Loss after taxation		**(4,180,252)**	(3,924,209)
Other comprehensive income/(expense)			
Exchange differences on translating foreign operations		**47,292**	29,595
Share of other comprehensive expense from associated companies		**-**	(1,138)
Total comprehensive expense for the year/period		**(4,132,960)**	(3,895,752)
Attributable to:			
Equity shareholders of the parent		**(4,034,836)**	(3,903,408)
Non-controlling interests		**(98,124)**	7,656
		(4,132,960)	(3,895,752)

CocoMat Holdings Limited Registered number: 08792484

Consolidated balance sheet
As at 31st December 2015
Expressed in Euros

	Note	2015	2014
Non-current assets			
Property, plant and equipment	10	**3,885,109**	3,525,216
Intangible assets	12	**16,666,252**	20,505,578
		20,551,361	24,030,794
Current assets			
Inventories	13	**5,299,898**	5,079,861
Trade and other receivables	14	**7,017,304**	3,331,989
Cash and cash equivalents	15	**3,691,692**	5,335,916
		16,008,894	13,747,766
Total assets		**36,560,255**	37,778,560
Current liabilities			
Trade and other payables	16	**9,465,501**	9,081,504
Bank loan and credit facilities	17	**18,193,677**	1,686,893
		27,659,178	10,768,397
Non-current liabilities			
Bank loan and credit facilities	17	**-**	15,522,089
Other non-current liabilities	18	**1,470,486**	-
		1,470,486	15,522,089
Total liabilities		**29,129,664**	26,290,486
Shareholders' equity			
Share capital	19	**253,500**	253,500
Share premium	19	**15,080,326**	15,080,326
Translational reserve		**75,749**	28,457
Accumulated deficit		**(7,961,015)**	(3,878,887)
Equity attributable to shareholders of the parent		**7,448,560**	11,483,396
Non-controlling interest		**(17,969)**	4,678
Total equity		**7,430,591**	11,488,074
Total liabilities and equity		**36,560,255**	37,778,560

Signed on behalf of the Board on 6th February 2017

N. Mortimer
Director

CocoMat Holdings Limited

Consolidated statement of changes in equity
For the year ended 31st December 2015
Expressed in Euros

	Share capital	Share premium	Translation reserve	Accumulated deficit	**Equity attributable to shareholders of the parent**	Non-controlling interest	**Total**
At 27th November 2013	-	-	-	-	-	-	-
Issue of shares	253,500	15,080,326	-	-	**15,333,826**	-	**15,333,826**
Total comprehensive expense	-	-	28,457	(3,931,865)	**(3,903,408)**	7,656	**(3,895,752)**
Contributions from non-controlling interest	-	-	-	-	-	50,000	**50,000**
Transfer (note 21)	-	-	-	52,978	**52,978**	(52,978)	-
At 31st December 2014	253,500	15,080,326	28,457	(3,878,887)	11,483,396	4,678	11,488,074
Total comprehensive income/(expense)	-	-	47,292	(4,082,128)	**(4,034,836)**	(98,124)	**(4,132,960)**
Contributions from non-controlling interest	-	-	-	-	-	75,477	**75,477**
At 31st December 2015	**253,500**	**15,080,326**	**75,749**	**(7,961,015)**	**7,448,560**	**(17,969)**	**7,430,591**

CocoMat Holdings Limited

Consolidated cash flow statement
For the year ended 31st December 2015
Expressed in Euros

	Note	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
Operating activities			
Loss before taxation		**(3,713,612)**	(3,421,642)
Depreciation	10	**256,198**	241,516
Amortisation	12	**3,934,477**	2,213,467
Share of loss in associated company	11	**-**	15,494
Finance income		**(39,511)**	(18,227)
Finance costs	8	**1,496,304**	1,314,157
Exchange loss		**47,292**	21,712
Changes in:			
- Inventories		**(220,037)**	(1,348,770)
- Trade and other receivables		**(3,685,315)**	(1,860,600)
- Trade and other payables		**1,505,987**	(671,914)
		(418,217)	(3,514,807)
Tax paid		**(80,667)**	-
Cash outflow from operating activities		**(498,884)**	(3,514,807)
Investing activities			
Purchase of subsidiaries, net of cash acquired	20	**-**	(22,648,041)
Purchase of property, plant and equipment	10	**(616,091)**	(207,866)
Purchase of intangible assets	12	**(95,151)**	(5,436)
Interest received		**39,511**	18,227
Cash outflow from investing activities		**(671,731)**	(22,843,116)
Financing activities			
Issue of shares		**-**	15,333,826
Contributions from non-controlling interest		**38,000**	50,000
Draw down of bank loan		**1,500,000**	19,000,000
Repayment of bank loan		**(750,000)**	(750,000)
Loan arrangement fees		**-**	(1,247,000)
Draw down of credit facilities		**22,913**	-
Interest paid		**(1,284,522)**	(692,987)
Cash (outflow)/inflow from financing activities		**(473,609)**	31,693,839
Net change in cash and cash equivalents		**(1,644,224)**	5,335,916
Cash and cash equivalents at start of the year		**5,335,916**	-
Cash and cash equivalents at end of the year	15	**3,691,692**	5,335,916

CocoMat Holdings Limited Registered number: 08792484

Company balance sheet
As at 31st December 2015
Expressed in Euros

	Note	2015	2014
Non-current assets			
Investment in subsidiaries	2.3	**9,800,528**	4,010,000
Other receivables	14	**5,490,000**	5,490,000
		15,290,528	9,500,000
Current assets			
Trade and other receivables	14	**2,241,427**	6,082,932
Cash and cash equivalents	15	**1,135**	24,196
		2,242,562	6,107,128
Total assets		**17,533,090**	15,607,128
Current liabilities			
Trade and other payables	16	**1,943,012**	192,132
Total liabilities		**1,943,012**	192,132
Shareholders' equity			
Share capital	19	**253,500**	253,500
Share premium	19	**15,080,326**	15,080,326
Retained earnings		**256,252**	81,170
Total equity		**15,590,078**	15,414,996
Total liabilities and equity		**17,533,090**	15,607,128

Signed on behalf of the Board on 6th February 2017

N. Mortimer
Director

Company statement of changes in equity
For the year ended 31st December 2015
Expressed in Euros

	Share capital	Share premium	Retained earnings	**Total**
At 27th November 2013	-	-	-	-
Issue of shares	253,500	15,080,326	-	15,333,826
Profit for the period	-	-	81,170	81,170
At 31st December 2014	253,500	15,080,326	81,170	15,414,996
Profit for the year	**-**	**-**	**175,082**	**175,082**
At 31st December 2015	**253,500**	**15,080,326**	**256,252**	**15,590,078**

CocoMat Holdings Limited

Company cash flow statement
For the year ended 31st December 2015
Expressed in Euros

	Note	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
Operating activities			
Profit before taxation		**218,852**	101,462
Finance income		**(274,500)**	(230,261)
Finance costs		**8**	1
Changes in:			
- Trade and other receivables		**(1,674,523)**	(5,852,671)
- Trade and other payables		**1,707,110**	171,840
Cash outflow from operating activities		**(23,053)**	(5,809,629)
Investing activities			
Investment in subsidiaries	2.3	**-**	(4,010,000)
Purchase of Bonds	14	**-**	(5,490,000)
Cash outflow from investing activities		**-**	(9,500,000)
Financing activities			
Issue of share capital		**-**	15,333,826
Interest paid		**(8)**	(1)
Cash (outflow)/inflow from financing activities		**(8)**	15,333,825
Net change in cash and cash equivalents		**(23,061)**	24,196
Cash and cash equivalents at start of the year		**24,196**	-
Cash and cash equivalents at end of the year	15	**1,135**	24,196

Notes to the financial statements
For the year ended 31st December 2015

1. General

The Company is a limited liability company, incorporated on 27th November 2013 under the laws of the United Kingdom. Its registered office is situated at 13/14 Hobart Place, London, SW1W 0HH.

The Company is controlled equally, under a joint venture agreement between CMAT JV Limited (Jersey) and Diniaco Enterprises Limited (Cyprus), and therefore no ultimate controlling party exists.

The principal activities of the Group include the manufacture, using natural materials, and retail of innovative sleep products and home furniture.

2. Basis of preparation and consolidation

2.1. Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and requirements of the Companies Act 2006.

The Group reports a loss after taxation of €4,180,252 (2014: €3,924,209) and net current liabilities of €11,650,284 (2014: net current assets of €2,979,369) which arises from a default in the Group's bank loan as described in note 17. The ability of the Group to continue as a going concern is dependent upon the ability of the Group to re-finance its bank loan. Management are in process of re-financing this loan and as such, the financial statements have been prepared on the going concern basis on the assumption that that the re-financing will be concluded in the near future, however, a successful conclusion cannot currently be guaranteed.

The parent company has elected not to include its own individual statement of comprehensive income in the annual accounts in accordance with Section 408 of the Companies Act 2006.

2.2. Consolidation

The consolidated financial statements include the audited financial statements of the Company for the year ended 31st December 2015 and its subsidiary companies, as listed in note 2.3.

All intercompany balances and transactions are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries that are not held, directly or indirectly, by the Group. Where the Group jointly controls an entity the results, assets and liabilities of the entity are included in the financial statements using the equity method of accounting.

Investments in jointly controlled companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and separately identified where significant.

2.3. Composition of Group

Details of the Company's subsidiaries at 31st December 2015 and 31st December 2014 are as follows:

Company name	Country of incorporation	Principal activity	Percentage of ordinary share capital held
Direct			
CocoMat Limited	England	Holding company	100%

Coco-Mat S.A.	Greece	Manufacturing, wholesale and retail	100%

2. Basis of preparation and consolidation continued ...

2.3. Composition of Group continued ...

Company name	**Country of incorporation**	**Principal activity**	**Percentage of ordinary share capital held**
Indirect			
Coco-Mat USA LLC	USA	Holding company	100%
Coco-Mat 49 Mercer LLC	USA	Retail	100%
Coco-Mat France S.A.S.	France	Retail	100%
Coco-Mat Deutschland GmbH	Germany	Retail	100%
Coco-Mat Italy S.R.L.	Italy	Retail	60%
Coco-Mat Singapore Pte. Limited	Singapore	Retail	100%

	€
Cost and net book value at 27th November 2013	-
Additions	4,010,000
Cost and net book value at 31st December 2014	**4,010,000**
Additions	**5,790,528**
Cost and net book value at 31st December 2015	**9,800,528**

Details of non-wholly owned subsidiaries that have significant non-controlling interests at the balance sheet date:

Name of subsidiary	**Country of incorporation**	**Proportion of ownership interest held by non-controlling interests**		**Profit/(Loss) allocated to non-controlling interests**		**Accumulated non-controlling interests**	
		2015	2014	**2015**	2014	**2015**	2014
				€	€	**€**	€
Coco-Mat Italy S.R.L.	Italy	**40%**	40%	**(98,124)**	7,656	**(17,969)**	4,678

The following summarises the financial information relating to the Company's subsidiaries that have significant non-controlling interests. The financial information below represents amounts before intragroup eliminations.

	2015	2014
	€	€
Non-current assets	**258,482**	147,524
Current assets	**296,809**	280,906
Total assets	**555,291**	428,430
Current liabilities	**595,833**	312,734
Non-current liabilities	**4,380**	104,000
Total liabilities	**600,213**	416,734
Revenue	**274,507**	69,498
Net loss and total comprehensive income	**(245,311)**	(113,304)

3. Recent accounting pronouncements

3.1. New interpretations and revised standards effective for the year ended 31st December 2015

The Group has adopted the new interpretations and revised standards effective for the year ended 31st December 2015. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

3.2. Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31st December 2015. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the year of initial application other than the following:

IFRS 9 Financial Instruments
The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit or loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than re-categorisation.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial assets.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for accounting periods beginning on or after 1st January 2018.

IFRS 15 Revenue from Contracts with Customers
The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price;
5. Recognise revenue when a performance obligation is satisfied.

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information. The Group has not yet evaluated the full extent of the impact that the standard will have on its financial statements, however the effect is not considered likely to be material.

The standard is effect for accounting periods beginning on or after 1st January 2017.

3. Recent accounting pronouncements continued...

3.2. Standards and interpretations in issue but not yet effective continued...

IFRS 16 Leases
The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their balance sheet as 'right-of-use assets' with a corresponding lease liability. The requirements for lessors are substantially unchanged.

On application of the standard the disclosures are likely to increase for both lessors and lessees. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

The Group has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, nor the transitional provisions which may be utilised.

The standard is effective for periods beginning on or after 1st January 2019.

4. Summary of significant accounting policies

4.1. Foreign currencies

The functional and presentational currency is the Euro. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Revenue, costs and non-monetary assets and liabilities are translated at the exchange rates ruling at the dates of transactions. Foreign exchange gains and losses are included in profit or loss.

On consolidation the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average rate of exchange for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as other comprehensive income. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

4.2. Leases

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

4.3. Revenue

Revenue represents the sale of mattresses and home furnishings, exclusive of value added tax and is recognised at point of sale.

Deferred revenue is recognised when monies are received in advance of the provision of goods.

4.4. Income tax

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

4. Summary of significant accounting policies continued ...

4.4. Income tax continued...

Deferred tax is provided in full using the liability method on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not provided when the amounts involved are not significant.

4.5. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The charge for depreciation is calculated to write-down the cost of the assets on a straight-line basis over their expected useful lives as follows:

Buildings and improvements	15 - 25 years
Leasehold improvements	over the period of the lease
Furniture and fittings	4 years
Office and computer equipment	4 years

4.6. Intangible assets

Intangible assets are recognised at cost, less any amortisation and any impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Each intangible asset is amortised over its own estimated useful economic life as follows:

Brands, patents and certifications	10 years
Other	5 years

Useful economic lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

An intangible asset is derecognised on disposal or when no further future economic benefits are expected from its use. Gains or losses arising on de-recognition are recognised in profit or loss as they arise.

4.7. Inventories

Inventories comprise of finished goods, work-in-progress and raw materials of mattresses and home furnishings. Inventories are recognised at the lower of cost and net realisable value on a weighted average basis.

4.8. Impairment of assets

Assets subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Fair value is assessed by the directors and reflects the underlying economic value of the assets in normal market conditions, with a willing buyer and seller and assumes adequate time for sale.

4. Summary of significant accounting policies continued ...

4.9. Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses. The Group reviews the ageing of receivables regularly.

4.10. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and deposits maturing within three months of the date of deposit.

4.11. Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

4.12. Financial instruments

Financial assets and liabilities are initially recognised on the balance sheet at fair value when the Group has become party to the contractual provisions of the instruments.

All financial assets are categorised as loans and receivables. Such assets are subsequently carried at amortised cost using the effective interest rate method if the time money may have a significant impact on their value.

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred only if there is objective evidence that a loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The Group uses criteria such as significant financial difficulty of the counterparty, the disappearance of an active market for that financial asset because of financial difficulties and breaches of contract as objective evidence.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

4.13. Significant accounting judgements

In the process of applying the Group's accounting policies, the directors have made the following accounting judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

Leases

Accounting for leases is mainly determined by the judgement of whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction and the terms and conditions of the leasing arrangements in judging whether all the risks and rewards of ownership are transferred.

4.14. Significant accounting estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the end of the reporting period, that may cause amounts recognised or disclosed to change in following accounting periods are:

4. Summary of significant accounting policies continued ...

4.14. *Significant accounting estimates continued...*

Asset impairment testing

The Group reviews its non-current assets for impairment at each balance sheet date. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount, determined by value in use calculations which require estimates to be made of future cash flows. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the fair value. Any impairment is recognised in profit or loss. A 10% increase or decrease in the discount rate used in calculating the value in use of applicable non-current assets would have no significant impact on the loss before tax.

5. Operating loss

Operating loss is stated after (crediting)/charging:

	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
	€	€
Foreign exchange gain	**(38,861)**	(6,040)
Depreciation	**256,198**	241,516
Amortisation	**3,934,477**	2,213,467
Operating lease rentals - land and buildings	**1,416,515**	1,009,756
Group auditors		
Auditors' remuneration - audit services	**33,400**	29,600
Auditors' remuneration - tax services	**10,000**	10,000
Subsidiary auditors		
Auditors' remuneration - audit services	**44,811**	44,743

All revenue is attributable to markets outside the United Kingdom.

6. Staff numbers and costs

	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
	€	€
Wages and salaries	**3,287,711**	2,457,549
Social security costs	**779,057**	600,408
	4,066,768	3,057,957

The average number of total employees was 200 (2014: 157), consisting of production 70 (2014: 68), sales 74 (2014: 49) and management and administration 56 (2014: 40).

Key management personnel of the Group received total remuneration of €261,465 (2014: €152,140). The directors did not receive any emoluments in respect of their services to the Group.

7. Operating leases

The minimum future lease payables under non-cancellable operating leases as of 31st December are as follows:

	2015	2014
	€	€
Less than one year	3,154,522	1,416,515
Between one and five years	15,872,530	5,804,625
Over five years	14,238,103	5,760,343
	33,265,155	12,981,483

8. Finance costs

	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
	€	€
Interest payable on bank loan	1,284,524	1,108,175
Other interest and finance charges	211,780	205,982
	1,496,304	1,314,157

9. Taxation

The Company's subsidiaries are subject to taxation in the current year in the jurisdiction in which they operate as follows:

	2015	2014
	€	€
United Kingdom	20%	21%
Greece	29%	26%
France	33.33%	33.33%
Germany	15%	15%
Italy	31.4%	31.4%
Singapore	17%	17%
United States of America (federal)	35%	35%

Current tax

A reconciliation of the expected charge to the actual tax charge is as follows:

	Year ended 31st December 2015	Period from 27th November 2013 to 31st December 2014
	€	€
Loss before tax	(3,713,612)	(3,421,642)
Taxation at applicable rates	(287,236)	(449,051)
Expenses not allowable for tax	110,001	157,088
Tax losses carried forward	643,875	794,530

Taxation charge	**466,640**	502,567

10. Property, plant and equipment

Group	**Land and buildings**	**Furniture, fittings and computer equipment**	**Total**
	€	**€**	**€**
Cost			
At 1st January 2015	**3,380,704**	**385,886**	**3,766,590**
Additions	**259,413**	**356,678**	**616,091**
At 31st December 2015	**3,640,117**	**742,564**	**4,382,681**
Accumulated depreciation			
At 1st January 2015	**(110,756)**	**(130,618)**	**(241,374)**
Charge for the year	**(176,415)**	**(79,783)**	**(256,198)**
At 31st December 2015	**(287,171)**	**(210,401)**	**(497,572)**
Net book value			
At 31st December 2015	**3,352,946**	**532,163**	**3,885,109**

Group	Land and buildings	Furniture, fittings and computer equipment	Total
	€	€	€
Cost			
At 27th November 2013	-	-	-
Additions	-	207,866	207,866
Acquisition of subsidiaries (note 20)	3,372,963	178,020	3,550,983
Currency translation differences	7,741	-	7,741
At 31st December 2014	3,380,704	385,886	3,766,590
Accumulated depreciation			
At 27th November 2013	-	-	-
Charge for the period	(110,898)	(130,618)	(241,516)
Currency translation differences	142	-	142
At 31st December 2014	(110,756)	(130,618)	(241,374)
Net book value			
At 31st December 2014	3,269,948	255,268	3,525,216

Property, plant and equipment with a net book value of €3,885,109 (2014: €3,525,216) are pledged as security for the bank loan (note 17).

11. Investment in associated company

The Group acquired a 50% interest in Coco-Mat USA LLC on 18th January 2014 as part of the Coco-Mat S.A. purchase. On 14th July 2014 the Group acquired the remaining 50% interest (note 20).

Movement on interests in associates can be summarised as follows:

	€
At 27th November 2013	-
Business combinations (note 20)	16,632
Share of loss for the period	(15,494)
Currency translation differences	(1,138)
At 31st December 2014 and 2015	-

12. Intangible assets

Group	**Brands**	**Other**	**Total**
	€	**€**	**€**
Cost			
At 1st January 2015	**22,713,609**	**5,436**	**22,719,045**
Additions	**-**	**95,151**	**95,151**
At 31st December 2015	**22,713,609**	**100,587**	**22,814,196**
Amortisation			
At 1st January 2015	**(2,213,092)**	**(375)**	**(2,213,467)**
Charge for the year	**(3,913,689)**	**(20,788)**	**(3,934,477)**
At 31st December 2015	**(6,126,781)**	**(21,163)**	**(6,147,944)**
Net book value			
At 31st December 2015	**16,586,828**	**79,424**	**16,666,252**

Group	Brands	Other	Total
	€	€	€
Cost			
At 27th November 2013	-	-	-
Additions	-	5,436	5,436
Acquisition of subsidiaries (note 20)	22,713,609	-	22,713,609
At 31st December 2014	22,713,609	5,436	22,719,045
Amortisation			
At 27th November 2013	-	-	-
Charge for the period	(2,213,092)	(375)	(2,213,467)
At 31st December 2014	(2,213,092)	(375)	(2,213,467)
Net book value			
At 31st December 2014	20,500,517	5,061	20,505,578

13. Inventories

	2015	2014
	€	€
Finished goods	**4,070,403**	3,173,664
Work in progress	**584,006**	595,933
Raw materials	**645,489**	1,310,264
	5,299,898	5,079,861

Inventories of €8,086,716 (2014: €5,967,970) were recognised as an expense during the year (2014: period).

14. Trade and other receivables

Group	2015	2014
	€	€
Trade receivables	**4,331,325**	2,792,941
Prepayments	**1,399,692**	21,855
Other receivables	**1,286,242**	517,193
	7,017,304	3,331,989

Company	2015	2014
	€	€
Bonds	**5,490,000**	5,490,000
Accrued interest on bonds	**499,761**	230,261
Amounts due from subsidiaries	**1,741,666**	5,850,398
Other receivables	**-**	2,273
	7,731,427	11,572,932

Bonds issued by subsidiaries are unsecured, bear interest at 5% and are repayable no later than 31st December 2017. Interest on the Bonds is repayable on a half-yearly basis, commencing 30th June 2016. The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

15. Cash and cash equivalents

Group	2015	2014
	€	€
Current accounts	**2,776,059**	4,772,886
Short-term deposits	**-**	185,906
Security deposits	**632,610**	4,936
Other restricted cash	**207,402**	346,786
Other cash	**75,621**	25,402
	3,691,692	5,335,916

Company	2015	2014
	€	€
Current accounts	**1,135**	24,196

Other restricted cash relates to cash held in relation to certain operating lease commitments.

16. *Trade and other payables*

Group	2015 €	2014 €
Trade payables	**3,359,343**	2,154,453
Accruals	**866,889**	629,750
Deferred revenue	**688,592**	343,053
Amounts due to associated companies	**3,842,805**	1,450,000
Amounts due to non-controlling interest	**66,000**	104,000
Amounts due to related parties	**-**	3,239,189
Corporation tax	**249,379**	505,396
Other payables	**392,493**	655,663
	9,465,501	9,081,504

Company	2015 €	2014 €
Trade payables	**61,100**	-
Accruals	**50,600**	171,840
Corporation tax	**64,112**	20,292
Amounts due to associated companies	**1,767,200**	-
	1,943,012	192,132

The amounts due to associated companies and related parties are unsecured, interest-free and repayable on demand. Amounts due to related parties includes deferred consideration of €Nil (2014: €3,000,000) (note 20).

17. *Bank loan and credit facilities*

The bank loan and credit facilities outstanding at 31st December is as follows:

Group	2015 €	2014 €
Bank loan	**19,000,000**	18,250,000
Less loan arrangement fees	**(829,236)**	(1,041,018)
Credit facilities	**22,913**	-
	18,193,677	17,208,982
Less current portion of bank loan	**(18,193,677)**	(1,686,893)
	-	15,522,089

At 31st December, the Group has up to €Nil (2014: €1,500,000) available but undrawn under its bank loan facility.

The bank loan is secured by a charge over property, plant and equipment, a pledge over the Coco-Mat trademark and the shares of the Company and a guarantee issued by a fellow subsidiary of one of the shareholders.

At the reporting date the Group was in default of its bank loan and consequently the loan has been classified as current. The bank has not sought repayment of the outstanding balance as the facility is in process of renegotiation.

18. Other non-current liabilities

Group	2015	2014
	€	€
Deferred tax	**197,521**	-
Deferred lease rentals	**519,057**	-
Statutory employee provision	**161,928**	-
Other non-current payables	**591,980**	-
	1,470,486	-

19. Share capital and share premium

Issued and fully paid shares	Number of shares	Share capital	Share premium
		€	€
At 27th November 2013	-	-	-
Issued and fully paid:			
X Shares	87,000	87,000	2,046,826
Y Shares	87,000	87,000	3,663,000
Z Shares	79,500	79,500	9,370,500
At 31st December 2014 and 2015	**253,500**	**253,500**	**15,080,326**

The X Shares and Y Shares are simply designated ordinary shares, which rank pari pasu. The Z Shares are special participation shares, which carry no voting rights or entitlement to the profits and assets of the Company and its subsidiaries, unless distributable profits in any financial year exceed €10,000,000. In this instance they are entitled to a dividend payment equal to 10% of such profits. Such dividend shall be paid in priority to the holders of X Shares and Y Shares.

20. Business combinations

No business combinations were entered into during 2015.

The following business combinations were entered into during 2014:

On 18th January 2014, the Group acquired the entire share capital of Coco-Mat S.A. from an entity controlled by directors of the Company, for a total consideration of €25,152,878.

On 14th July 2014, the Group acquired the remaining 50% effective interest in Coco-Mat USA LLC for a consideration of €704,982. The value of the associate at the change of control was €122,295 (note 11).

The fair value of the assets and liabilities acquired and the consideration were as follows:

	2014
	€
Property, plant and equipment (note 10)	3,550,983
Intangible assets (note 12)	22,713,609
Investment in associate (note 11)	138,927
Current assets	5,412,299
Current liabilities	(5,835,663)
Net assets acquired	25,980,155

20. *Business combinations continued...*

Purchase consideration	25,857,860
Value of associate assumed (note 11)	122,295
Less net assets acquired	(25,980,155)
	-
Cash and cash equivalents acquired	209,819
Less consideration paid as cash and cash equivalents	(25,857,860)
Deferred consideration (note 16)	3,000,000
Cash flow on acquisition, net of cash acquired	(22,648,041)

21. Business divestments

No business divestments were entered into during 2015.

The following business divestments were entered into during 2014:

On 30th November 2014, the Group disposed of 40% of its interest in Coco-Mat Italy SRL, being 4,000 shares, for a total consideration of €4,000. The dilution resulted in a transfer of equity to the non-controlling interest totalling €52,978.

The fair value of the assets and liabilities disposed of and the consideration received was as follows:

	2014 €
Consideration received	4,000
Net liabilities disposed of	48,978
SOCIE transfer	52,978

22. Related party transactions

The Group was charged professional fees, in relation to accounting/finance, legal and tax planning and support in relation to the strategic global expansion of the Group, of €500,000 (2014: €1,450,000) by associated companies during the year (2014: period).

The Group was charged real estate service fees of €300,000 (2014: €300,000) by an entity controlled by directors of the Company during the year (2014: period).

During the year (2014: period), the Group generated revenues totalling €271,961 (2014: €1,149,744) and were charged for purchases totalling €588,960 (2014: €77,487) from/by entities controlled by directors of the Company.

23. Risk and financial instruments

The Group's key financial risks arising from its operating activities and its financial instruments are:

- Credit risk;
- Liquidity risk; and
- Market risk (including interest rate risk and currency risk).

The key management of the Group have overall responsibility for the establishment and oversight of the risk management framework.

23. Risk and financial instruments continued ...

Categories of financial instruments:

	2015	Fair value	2014	Fair value
	€	€	€	€
Financial asset				
Loans and receivables:				
- Trade and other receivables	**5,617,612**	**5,617,612**	3,310,134	3,310,134
- Cash and cash equivalents	**3,691,692**	**3,691,691**	5,335,916	5,335,916
	9,309,304	**9,309,304**	8,646,050	8,646,050
Financial liability				
At amortised cost:				
- Trade and other payables	**8,776,909**	**8,776,909**	8,738,451	8,738,451
- Bank loan	**18,193,677**	**18,541,862**	17,208,982	17,716,161
- Other non-current liabilities	**1,470,486**	**1,260,207**	-	-
	28,441,072	**28,578,978**	25,947,433	26,454,612

The fair value of financial assets and liabilities have been determined by management, based on the present value of the expected cash flows deriving from the asset or liability, discounted at an appropriate discount rate.

There are no financial assets or liabilities measured at fair value in the balance sheet (2014: none).

23.1. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of counterparties.

23.2. Liquidity risk

Liquidity risk is that the Group will not be able to meet its financial obligations as they fall due. The Group aims to mitigate liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table represents the maturity of financial liabilities:

31st December 2015	**Carrying amount €**	**Contractual cash flow €**	**Less than one year €**	**One to five years €**	**Over five years €**
Trade and other payables	**8,776,909**	**8,776,909**	**8,776,909**	**-**	**-**
Bank loan and credit facilities	**19,022,913**	**22,817,426**	**22,817,426**	**-**	**-**
Other non-current liabilities	**1,470,486**	**1,470,486**	**-**	**1,470,486**	**-**
	29,270,308	**33,064,821**	**31,594,335**	**1,470,486**	**-**

23. Risk and financial instruments continued ...

23.2. Liquidity risk continued ...

31st December 2014	Carrying amount €	Contractual cash flow €	Less than one year €	One to five years €	Over five years €
Trade and other payables	8,738,451	8,738,451	8,738,451	-	-
Bank loan	18,250,000	22,795,100	3,227,500	19,567,600	-
	26,988,451	31,533,551	11,965,951	19,567,600	-

23.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group's financial assets and liabilities are almost entirely denominated in Euros. The Group's operations expose it to foreign currency fluctuations. The Group monitors its exposure to currency risk on a regular basis. The Group does not use derivative financial instruments to hedge against its foreign currency exposure, but seeks wherever possible to match Euro-denominated liabilities with contracts denominated in the same currency.

At 31st December, had the exchange rates between the Euro and each of the United Stated dollar, British pound and Singapore dollar decreased or increased by 5% with all other variables held constant, the decrease/increase in equity respectively would have been €79,866 (2014: insignificant).

Interest rate risk

The Group's interest bearing financial assets and liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Cash balances are subject to floating interest rates. However, interest is received monthly and the Group's exposure to the movement in floating interest rates is not significant (2014: not significant).

Cash flow sensitivity analysis for variable rate instruments

The Group's bank loan is subject to movements in floating interest rates based on EURIBOR. As at 31st December should yields have increased/decreased by 50 bps with all other variables remaining constant the decrease/increase in the result for the year (2014: period) would have been €95,000 (2014: €19,250).

23.4. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group reviews and monitors its capital structure on a regular basis to ensure its objectives are met.

The capital structure of the Group consists of a bank loan of €19,000,000 (2014: €18,250,000) and all components of equity aggregating to €7,430,591 (2014: €11,488,074).