

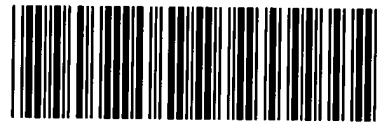
COMPANY REGISTRATION NUMBER 03166144

CRABTREE & EVELYN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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CRABTREE & EVELYN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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CRABTREE & EVELYN HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

H K Chin
D L Stern
Z Lei
Y Xin
R Liu

COMPANY SECRETARY

Wigmore Secretaries Limited

REGISTERED OFFICE

15 Bonhill
London
EC2P 2EA

AUDITOR

Menzies LLP
Chartered Accountants
Lynton House
7 - 12 Tavistock Square
London
WC1H 9LT

CRABTREE & EVELYN HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2017

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year was that of a holding Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk continues to be the implications following the triggering of Article 50 of the Lisbon Treaty that initiates the process of the UK leaving the European Union. The result is uncertainty on the UK economic performance, the export sales channel of the business and foreign exchange risks on purchases from overseas countries.

REVIEW OF BUSINESS

During this period the company continued to focus on the building of Global capabilities and functions, the cost associated with this can be seen in the increased administration costs from the previous year. An impairment charge was incurred during the period on the investment in subsidiaries which reflects the current year's performance of these subsidiaries, this in advance of the anticipated changes to the brand strategy from 2019 onwards.

KEY PERFORMANCE INDICATORS

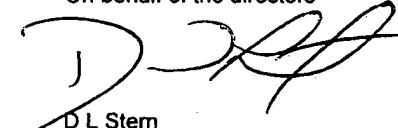
The company holds investments in subsidiary companies and incurs global expenditure on behalf of the group. In the opinion of the directors there are no Key Performance Indicators that are used to measure the company's performance.

FINANCIAL INSTRUMENTS

The directors have outlined the company's financial risk management objectives and policies within note 17 of the financial statements.

Registered office:
27 Kelso Place
London
W8 5QG

On behalf of the directors



D L Stern

Approved by the directors on: 13/09/2018

CRABTREE & EVELYN HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

The directors have not recommended a dividend in the current year or previous period.

DIRECTORS

The directors who served throughout the year except as noted, were as follows:

H K Chin
D L Stern
Z Lei
Y Xin
R Liu (Appointed on 31 March 2017)
D Chan (Resigned on 31 March 2017)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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 (IFRSs) as adopted by the European Union and Article 4 of IAS Regulation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review. In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Strategic Report preceding the Directors' Report includes information that would have formerly been included in the business review of the Directors' Report.

CRABTREE & EVELYN HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Menzies LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Registered office:
27 Kelso Place
London
W8 5QG

On behalf of the directors



D L Stern

Approved by the directors on: 13/09/2018

CRABTREE & EVELYN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CRABTREE & EVELYN HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Crabtree & Evelyn Holdings Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

CRABTREE & EVELYN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CRABTREE & EVELYN HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2017

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

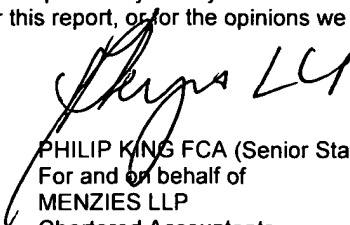
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.

Lynton House
7 - 12 Tavistock Square
London
WC1H 9LT


PHILIP KING FCA (Senior Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

15/09/18

CRABTREE & EVELYN HOLDINGS LIMITED

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2017

	Note	Year to 31 Dec 17 \$'000	Period to 31 Dec 16 \$'000
CONTINUING OPERATIONS			
Distribution costs		(1,965)	(1,709)
Administrative expenses		(12,486)	(2,812)
Restructuring costs	8	(286)	(1,639)
OPERATING LOSS		(14,737)	(6,160)
Impairment loss	12	(15,285)	-
Other income		-	293
Finance costs	9	(196)	(360)
LOSS BEFORE TAX		(30,218)	(6,227)
Tax	10	-	-
LOSS FOR THE YEAR	5	(30,218)	(6,227)
Attributable to:			
Owners of the Company		(30,218)	(6,227)
Non-controlling interests		-	-
		(30,218)	(6,227)

CRABTREE & EVELYN HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

		Year to 31 Dec 17	Period to 31 Dec 16
		\$'000	\$'000
LOSS FOR THE YEAR	5	(30,218)	(6,227)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(30,218)</u>	<u>(6,227)</u>

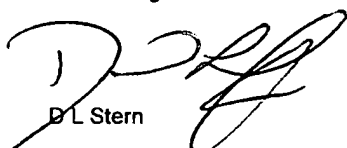
CRABTREE & EVELYN HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	31 Dec 17 \$'000	31 Dec 16 \$'000
NON-CURRENT ASSETS			
Other intangible assets	11	1,337	793
Investments in subsidiaries	12	43,214	58,499
		<u>44,551</u>	<u>59,292</u>
CURRENT ASSETS			
Trade and other receivables	13	48,493	48,722
Cash and cash equivalents		3	
		<u>48,496</u>	<u>48,722</u>
TOTAL ASSETS		<u>93,047</u>	<u>108,014</u>
CURRENT LIABILITIES			
Trade and other payables	14	121,293	106,042
		<u>121,293</u>	<u>106,042</u>
NET CURRENT LIABILITIES		<u>(72,797)</u>	<u>(57,320)</u>
NET (LIABILITIES)/ASSETS		<u>(28,246)</u>	<u>1,972</u>
EQUITY			
Share capital	15	62,774	62,774
Foreign currency reserves	16	(562)	(562)
Retained earnings	16	(90,458)	(60,240)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(28,246)</u>	<u>1,972</u>

These financial statements were approved by the directors and authorised for issue on... 13/09/2018
and are signed on their behalf by:


D.L. Stern

Company Registration Number: 03166144

CRABTREE & EVELYN HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2017

	Share capital	Foreign currency reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 April 2016	62,774	(562)	(54,013)	8,199
Loss for the period	-	-	(6,227)	(6,227)
Total comprehensive income for the period	-	-	(6,227)	(6,227)
As at 1 January 2017	62,774	(562)	(60,240)	1,972
Loss for the year	-	-	(30,218)	(30,218)
Total comprehensive income for the year	-	-	(30,218)	(30,218)
As at 31 December 2017	62,774	(562)	(90,458)	(28,246)

CRABTREE & EVELYN HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 \$'000
Net cash used in operating activities	20	<u>(14,729)</u>
Investing activities		
Purchase of intangible fixed assets		(834)
Net cash used in investing activities		<u>(834)</u>
Financing activities		
Intercompany advances (net)		15,566
Net cash from financing activities		<u>15,566</u>
Net increase in cash and cash equivalents		3
Cash and cash equivalents at the end of year		<u>3</u>

The Company held no cash or cash equivalents in the comparative period.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Crabtree & Evelyn Holdings Limited is a Private Company incorporated in the United Kingdom. The address of the registered office is given on page 1. The nature of the Company's operation and its principal activities are set in the strategic report on page 2.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Company operates

2. STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 First-time Adoption of International Financial Reporting Standards: 1 January 2018
IFRS 2 Share-based Payment: 1 January 2018
IFRS 2 Conceptual Framework: 1 January 2020
IFRS 3 Business Combinations: 1 January 2019
IFRS 3 Conceptual Framework: 1 January 2020
IFRS 4 Insurance Contracts: 1 January 2018
IFRS 6 Conceptual Framework: 1 January 2020
IFRS 7 Financial instruments: Disclosure: IFRS 9 effective date (1 January 2018)
IFRS 9 Financial Instruments (Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition): 1 January 2018
IFRS 9 Financial Instruments (Amendments regarding prepayment features with negative compensation and modifications of financial liabilities): 1 January 2019
IFRS 11 Joint Arrangements: 1 January 2019
IFRS 14 Conceptual Framework: 1 January 2020
IFRS 15 Revenue from Contracts with Customers: 1 January 2018
IFRS 16 Leases: 1 January 2019
IFRS 17 Insurance Contracts: 1 January 2021
IAS 1 Conceptual Framework: 1 January 2020
IAS 8 Conceptual Framework: 1 January 2020
IAS 12 Income Taxes: 1 January 2019
IAS 19 Employee Benefits: 1 January 2019
IAS 23 Borrowing Costs: 1 January 2019
IAS 28 Investments in Associates and Joint Ventures (Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements): 1 January 2018
IAS 28 Investments in Associates and Joint Ventures (Amendments regarding long-term interests in associates and joint ventures): 1 January 2019
IAS 34 Conceptual Framework: 1 January 2020
IAS 37 Conceptual Framework: 1 January 2020
IAS 38 Conceptual Framework: 1 January 2020
IAS 39 Financial instruments: IFRS 9 effective date
IAS 40 Investment Property: 1 January 2018
IFRIC 12 Conceptual Framework: 1 January 2020
IFRIC 19 Conceptual Framework: 1 January 2020
IFRIC 20 Conceptual Framework: 1 January 2020
IFRIC 22 Conceptual Framework: 1 January 2020
SIC-32 Conceptual Framework: 1 January 2020

The Directors have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would not have a material impact on the Company's financial statements.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The company was, at the end of the year, a wholly-owned subsidiary of a non EEA large group and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

GOING CONCERN

The board of the ultimate parent company have provided a letter of support to the directors confirming their intention to support the company by providing sufficient funding to enable the company to meet its liabilities as they fall due and continue in operational existence for a year of at least twelve months from the date of approval of these accounts.

The directors have at the time of approving the financial statements a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currencies

Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the year in which they arise.

Operating loss

Operating loss is stated after charging restructuring costs but before investment income and finance cost.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss is subsequently reversed the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charge to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks	20 years
Computer Software	5 years

Intangible assets held that are under development are not amortised until brought into use.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Investments

Investments are initially recognised at cost. After recognition, under the cost model, investments are measured at cost less any accumulated impairment losses.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become party to the contractual provisions of the instrument.

Intercompany balances

Amounts payable from related parties are initially measured at fair value net of any transaction costs. Receivables are measured at amortised cost less any provision for impairment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements made in the company's accounting policies that have a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 outlined below.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued).

Carrying value of intangible assets

The management undertake an impairment review of the intangible assets held by the company on an annual basis to identify the existence of any indications of impairment and include appropriate impairment provisions. The management have concluded that no impairment provision is required in the current year.

Carrying value of investments

The management undertake an impairment review of the investments held in subsidiaries on an annual basis to identify the existence of any indications of impairment and include appropriate impairment provisions. The management calculate the value in use of the investments based on future discounted cash flows. The management have written down the value of investments to their value in use as outlined in note 12.

5. LOSS FOR THE YEAR

The loss for the year has been arrived at after charging:

	Year to 31 Dec 17 \$'000	Year to 31 Dec 16 \$'000
Continuing operations		
Net foreign exchange losses	2,766	3,599
Amortisation of intangible assets	<u>290</u>	<u>217</u>

6. AUDITORS' REMUNERATION

	Year to 31 Dec 17 \$'000	Period to 31 Dec 16 \$'000
Fees payable for audit services	11	10
	<u>11</u>	<u>10</u>

7. KEY MANAGEMENT PERSONNEL

The key management personnel are considered to be the directors of the company who have in aggregate received remuneration in the year of \$549,612 (2016: \$251,308), which was recharged from subsidiary companies.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

8. RESTRUCTURING COSTS

	Year to 31 Dec 17 \$'000	Period to 31 Dec 16 \$'000
Redundancy costs	286	1,639
	<u>286</u>	<u>1,639</u>

9. FINANCE COSTS

	Year to 31 Dec 17 \$'000	Period to 31 Dec 16 \$'000
Continuing operations		
Other interest	196	360
Total interest expense	<u>196</u>	<u>360</u>

10. TAX

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year to 31 Dec 2017 \$'000	Period to 31 Dec 2016 \$'000
Loss before tax on continuing operations	<u>(30,218)</u>	<u>(6,228)</u>
Tax at the UK corporation tax rate of 19.25 % (2016: 20%)	(5,816)	(1,246)
Expenses not deductible for tax purposes	7	56
Investment impairment	2,942	-
Unrelieved tax losses	2,867	1,190
Tax expenses and effective tax rate for the year	<u>-</u>	<u>-</u>

At the balance sheet date, the Company has unused tax losses of \$14,872,000 (2016: \$5,306,673) available for offset against future profits. No deferred tax has been recognised as it is not considered probable that there will be foreseeable future taxable profits available at this time.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

11. OTHER INTANGIBLE ASSETS

	Computer software \$'000	Patents and trademarks \$'000	Total \$'000
Cost			
At 31 March and December 2016	-	5,873	5,873
Additions	834	-	834
At 31 December 2017	834	5,873	6,707
Amortisation			
At 31 March 2016	-	4,573	4,573
Charge for the period	-	290	290
At 31 December 2016	-	5,080	5,080
Charge for the year	-	290	290
At 31 December 2017	-	5,370	5,370
Carrying amount			
At 31 December 2017	834	503	1,337
At 31 December 2016	-	793	793
At 1 April 2016	-	1,010	1,010

Patents and trademarks are amortised over their estimated useful lives, which is on average 20 years. The remaining amortisation year is 18 months. The amortisation charge is recognised within administrative expenses.

The computer software additions are currently not amortised. The assets will be amortised from the date at which they come into use.

12. INVESTMENTS IN SUBSIDIARIES

	\$'000
Cost	
At 31 December 2016	109,027
At 31 December 2017	109,027
Impairment	
At 31 December 2016	50,528
Impairment charge	15,285
At 31 December 2017	65,813
Carrying amount	
At 31 December 2016	58,499
At 31 December 2017	43,214

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

11. INVESTMENTS IN SUBSIDIARIES (*continued*)

The company has provided an impairment charge in the year of \$15,285k against investments in the United Kingdom subsidiaries.

The directors have calculated the value in use of its investments in subsidiaries by reference to the estimated future cash flows that the company expects to derive from these investments. The directors have prepared cash flow forecasts for a period of 5 years as this is the maximum period in which they believe is reasonable and they can best estimate the range of economic conditions.

The cash flows only include future inflows and outflows that will arise from the existing operations in their present condition at the year end and any restructurings that had been committed to and substantially completed at year end. The cash flows do not include any expected outflows or inflows from strategic operational decisions that had not been committed at the year end.

The Directors have used a number of key assumptions in their projections which have been outlined below.

Growth rates

During this financial year and the year ended 31 December 2018 the company has and is continuing to significantly invest in product development and are ready to bring to market completely new products which are being launched throughout the year ended 31 December 2019. The group has incorporated a growth rate of 35% to be achieved during the year ended 31 December 2019. In the subsequent years of the projections a growth rate of 25% has been applied on the existing markets.

The directors do not consider the industry average growth rates are applicable for Crabtree & Evelyn group due to the brand and its products not being reinvigorated during the past 20 years and little marketing and promotion activities being undertaken during past 2 years.

Sales channels

During this financial year the group has been developing a new E-commerce platform that was launched following the year end across the majority of their existing markets. The E-commerce platform is projected to become a main sales channel through which they will continue to work with the most profitable wholesale accounts and will maintain flagship stores in strategic locations to enhance customer experience. The group prioritises the E-commerce channel because it is easy to scale to the markets where the group is not yet fully represented and consider this channel the most cost-efficient with the highest operating margin when comparing with retail or wholesale.

Discount rates

The directors have applied a discount factor of 15% to determine the present value of future cash flows. The risk-free interest rates in North America and Europe and which represent about 95% of the investments carrying value vary from 0.5% to 1.75%. The directors are confident that the premium fully represents the level of risk associated with launching new products in their industry.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

12. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %	Registered address
Crabtree & Evelyn Limited	USA	100	100	102 Peake Brook Road, Woodstock, CT 06281 USA
Harvey Supply Chain International LLC	USA	100	100	102 Peake Brook Road, Woodstock, CT 06281 USA
Crabtree & Evelyn (Overseas) Limited	England	100	100	15 Bonhill, London, EC2P 2EA
Crabtree & Evelyn Europe B.V.	Netherlands	100	100	Keizersgracht 241, 2e Verdieping, 1016EA Amsterdam, Netherlands
Crabtree & Evelyn London S.A.R.L.	France	100	100	18 R. Tronchet, 75008 Paris, France
Crabtree & Evelyn Deutschland GmbH	Germany	100	100	Hintere Salzgasse 8, 86899 Landsberg am Lec, Germany
Crabtree & Evelyn Austria GmbH	Austria	100	100	Kärntner Ring 11-13, 1010 Vienna, Austria
Crabtree & Evelyn Australia Pty Limited	Australia	100	100	42 Fairchild Street, Heatherton, Victoria, 3202 Australia
C&E Canada Inc.	Canada	100	100	88 Dufferin Avenue, London, Ontario, N6A 4G4 Canada
Crabtree & Evelyn (Singapore) Pte Limited	Singapore	100	100	1 Maritime Square, 10-23 Harbourfront Centre, Singapore 099253
Crabtree & Evelyn (Malaysia) Sdn Bhd	Malaysia	100	100	6-2, Level 6, East Wing, Menara ING, No. 84, Jalan Raja Chulan, 50200 Kuala Lumpur
Crabtree & Evelyn (Hong Kong) Limited	Hong Kong	100	100	36 th Floor, Cambridge House, Taikoo Place, 979 King's Road, Hong Kong.
Crabtree & Evelyn (China) Trade Limited	China	100	100	Room 201, Tower A, No. 1 Qianwan 1st Road, Qianhai Shenzhen - Hong Kong Cooperation Zone, Shenzhen
Crabtree & Evelyn (China) Limited	Hong Kong	100	100	11/F, The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Shenzhen
Crabtree & Evelyn (Shanghai) Limited	China	100	100	Room K-1003, 1/F, Pavilion Dalian Mall, No. 129-3 Zhongshan Road, Zhongshan District, Dalian, Liaoning
Dalian Pavilion Branch				
Crabtree & Evelyn Trade (Shanghai) Limited	China	100	100	Room 622, No 2 Alley 3856, North Zhongshan Road, Putuo District, Shanghai
Crabtree & Evelyn (Macau) Limited	Macau	100	100	Alameda Dr. Carlos D'Assumpção, n° 263, Edifício China Civil Plaza, 6° andar M&N, em Macau
Quillspur Limited	England	100	100	15 Bonhill, London, EC2P 2EA
Crabtree & Evelyn France	France	100	100	15 Rue Taitbout, 75009, Paris
Ecemex II	Mexico	70	70	Paseo de los Tamarindos No. 400-A, Piso 8, Mexico, Distrito Federal, bosques de las Lomas, 5120

The investments in subsidiaries are all stated at cost less impairment.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

13. OTHER FINANCIAL ASSETS

Trade and other receivables

	31 Dec 17 \$'000	31 Mar 17 \$'000
Amounts due from group companies	48,493	48,713
Prepayments	-	9
	<u>48,493</u>	<u>48,722</u>

14. OTHER FINANCIAL LIABILITIES

Trade and other payables

	31 Dec 17 \$'000	31 Dec 16 \$'000
Accruals and deferred income	32	127
Amounts due to group companies	121,261	105,915
	<u>121,293</u>	<u>106,042</u>

15. SHARE CAPITAL

	31 Dec 17		31 Dec 16	
Allotted, called up and fully paid:	No	\$'000	No	\$'000
Ordinary shares of £1 each	38,894,613	62,774	38,894,613	62,774
	<u>38,894,613</u>	<u>62,774</u>	<u>38,894,613</u>	<u>62,774</u>

The Company has one class of ordinary shares which carry no right to fixed income.

16. RESERVES

Foreign Currency reserve – This reserve holds historic translation adjustments for foreign exchange.

Retained Earnings – This reserve records retained earnings and accumulated losses.

17. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted (including criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Financial risk management objectives

The management monitors and manages the financial risks relating to the operations of the Company on a periodic basis and analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk) and liquidity risk.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

17. FINANCIAL INSTRUMENTS (continued)

Market Risk

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 Dec 17 \$'000	31 Dec 16 \$'000	31 Dec 17 \$'000	31 Dec 16 \$'000
Great British Pounds	12,198	1,769	-	-
Euros	-	-	162	161
Hong Kong Dollars	56,728	56,305	44,468	45,046
Malaysian Ringgit	-	-	-	3,506
Chinese Yuan	1,553	1,553	3,863	-
	<u>70,479</u>	<u>59,627</u>	<u>48,493</u>	<u>48,713</u>

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase or decrease in US Dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchanges rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end of a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where US Dollar strengthens 5% against the relevant currency. For a 5% weakening of US Dollar against the relevant currency there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Profit or Loss		Other Equity	
	31 Dec 17 \$'000	31 Dec 16 \$'000	31 Dec 17 \$'000	31 Dec 16 \$'000
Great British pounds	581	84	581	84
Euros	8	8	8	8
Hong Kong dollars	2,118	2,145	2,118	2,145
Malaysian Ringgit	<u>184</u>	<u>167</u>	<u>184</u>	<u>167</u>

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching maturity profiles of financial assets and liabilities.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

17. FINANCIAL INSTRUMENTS *(continued)*

Financial instruments

	31 December 2017	31 December 2016
	£	£
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	43,214	58,499
Financial assets that are debt instruments measured at amortised cost	48,493	48,713
	<u>91,707</u>	<u>107,212</u>
Financial liabilities		
Financial liabilities measured at amortised cost	121,293	106,042
	<u>121,293</u>	<u>106,042</u>

Financial assets consist of amounts due from group companies.

Financial liabilities consist of accruals and amounts due to group companies.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

18. RELATED PARTY TRANSACTIONS

The company had the following amounts outstanding at the balance sheet date with subsidiary companies:

	31 Dec 17 \$'000	31 Dec 16 \$'000
Amounts receivable from:		
Crabtree & Evelyn Europe B.V.	161	161
Crabtree & Evelyn (Malaysia) Sdn Bhd	3,863	3,506
Crabtree & Evelyn (Hong Kong) Limited	44,469	45,046
	<u>48,493</u>	<u>48,713</u>
Amounts payable in one year to:		
Crabtree & Evelyn Limited	7,696	3,203
Crabtree & Evelyn (Overseas) Limited	12,198	1,769
	<u>19,894</u>	<u>4,972</u>

The Company had the following amounts outstanding at the balance sheet date with related parties who are holding companies:

Amounts payable in one year to:		
CE Holdings Limited	43,086	43,085
Crabtree & Evelyn Investments (HK) Limited	56,728	56,305
Orange Blossom Limited	1,553	1,553
	<u>101,367</u>	<u>100,943</u>

The company had the following amounts transactions during the year with subsidiary companies:

	31 Dec 17 \$'000	31 Dec 16 \$'000
Management recharge Income:		
Crabtree & Evelyn (Overseas) Limited	-	293
	<u>-</u>	<u>293</u>
Expenses recharges:		
Crabtree & Evelyn Limited	4,251	2,543
Crabtree & Evelyn (Overseas) Limited	8,014	2,694
Crabtree & Evelyn (Hong Kong) Limited	558	509
Crabtree & Evelyn (Malaysia) Sdn Bhd	7	935
	<u>12,830</u>	<u>6,681</u>

19. ULTIMATE CONTROLLING PARTY

The immediate parent company is CE Holdings Limited, a company incorporated in the British Virgin Islands.

The smallest group in which the results of the company are consolidated is that headed by CE Holdings Limited, a company incorporated in the British Virgin Islands. The largest group in which the results of the company are consolidated is that headed by the Nan Hai Corporation Limited, a company whose accounts are available to the public and can be obtained www.nanhaicorp.com.

CRABTREE & EVELYN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	Year to 31 Dec 17 \$'000
Loss for the Year	(30,218)
Adjustments for:	
Finance costs	196
Impairment loss	15,285
Amortisation of intangible assets	290
Operating cash flows before movements in working capital	(14,447)
Decrease in receivables	9
Decrease in payables	(95)
Cash used in operations	(14,533)
Finance costs	(196)
Net cash from operating activities	(14,729)
Cash and cash equivalents	
	Year to 31 Dec 17 \$'000
Cash and bank balances	3
	3