

Michael Kors (UK) Holdings Limited

**Annual report and financial statements
for the year ended 31 March 2017**

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Michael Kors (UK) Holdings Limited

Company information

Directors	N J F M Crespin D M Provenzano C D A Wilmotte
Company secretary	C Harries Ogle
Registered number	09072153
Registered office	33 Kingsway London WC2B 6UF
Independent auditors	Ernst and Young LLP 1 More London Place London SE1 2AF

Michael Kors (UK) Holdings Limited

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Michael Kors (UK) Holdings Limited

Strategic report for the year ended 31 March 2017

The directors present their Strategic report on the company for the year ended 31 March 2017.

Business review and future developments

The company is an intermediate holding company of a group which operates in the global luxury goods industry. The directors have taken the decision to close the company and this will take place in early 2018.

During the year the company received and reclassified capital contributions and issued a number of shares, see notes 9 and 11 for further details.

Principal risks and uncertainties and financial risk management

The key business risk for the company is the decline of the subsidiary undertakings' trading performance leading to an impairment of the company's investments. To mitigate this risk management regularly monitor the performance of their investments.

The key financial risk for the company is liquidity. The company takes reasonable steps to manage and control this risk and is financially supported by Michael Kors Holdings Limited, the parent undertaking.

Key performance indicators

Given the straightforward nature of the company's business the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the company.

This report was approved by the board on *18 December* 2017 and signed on its behalf.



D M Provenzano
Director

Michael Kors (UK) Holdings Limited

Directors' report for the year ended 31 March 2017

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

Future developments and financial risk management

The future developments and financial risk management disclosures can be found in the Strategic report on page 1.

Going concern

The directors have taken the decision to close the company and this will take place in early 2018. The financial statements have been prepared on a basis other than going concern. In the meantime, the directors have a written undertaking that Michael Kors Holdings Limited, the company's ultimate parent undertaking, will continue to provide adequate cash funding to enable the company to trade and meet its liabilities as they fall due.

Subsequent events

The company received capital contributions from Michael Kors Holdings Limited totalling \$179,922,000 following the year ended 31 March 2017, increasing its investment in Michael Kors (Europe) B.V by \$179,922,000.

The company received dividend income from Michael Kors UK Limited of \$33,067,000 and \$5,000,000 on 2 August 2017 and 14 September 2017 respectively. The company paid dividends to Michael Kors Holdings Limited of \$33,067,000 and \$5,000,000 on 3 August 2017 and 11 September 2017 respectively.

Results and dividends

The loss for the year, after taxation, amounted to \$891,105,000 (2016: \$85,562,000).

The directors do not recommend the payment of any dividends.

Directors

The directors who served during the year and up to the date of signing the financial statements unless otherwise indicated were as follows:

N J F M Crespín (appointed 22 May 2017)
J D Idol (resigned 22 May 2017)
J B Parsons (resigned 22 May 2017)
D M Provenzano (appointed 22 May 2017)
C D A Wilmotte

Michael Kors (UK) Holdings Limited

Directors' report for the year ended 31 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

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 of the company for that period.

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 applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Provision of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

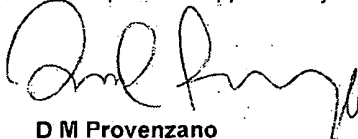
Independent auditors

The auditors, Ernst and Young LLP, will be deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on

18 December

2017 and signed on its behalf.



D M Provenzano
Director

Independent auditors' report to the members of Michael Kors (UK) Holdings Limited

We have audited the financial statements of Michael Kors (UK) Holdings Limited for the year ended 31 March 2017, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". As set out in note 3.2, these financial statements have been prepared on a basis other than going concern.

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.

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 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 the Directors' report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of Michael Kors (UK) Holdings Limited

Opinion on other matter 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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, 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.



Gordon Cullen (senior statutory auditor)
for and on behalf of
Ernst and Young LLP
1 More London Place
London
SE1 2AF
Date: 18/12/2017

Michael Kors (UK) Holdings Limited

Profit and loss account for the year ended 31 March 2017

	Note	2017 \$000	2016 \$000
Income from shares in group undertakings		528,418	507,500
Impairment of investment in subsidiary		(1,350,641)	(520,000)
Gross loss		(822,223)	(12,500)
Administrative expenses		(42)	(78)
Operating loss		(822,265)	(12,578)
Interest payable and similar charges	7	(68,840)	(72,984)
Loss on ordinary activities before tax		(891,105)	(85,562)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		(891,105)	(85,562)

All amounts relate to continuing operations.

No separate Statement of Comprehensive income has been presented as there are no other gains or losses.

The notes on pages 9 to 17 form part of these financial statements.

Michael Kors (UK) Holdings Limited

Registered number: 09072153

Balance sheet as at 31 March 2017

	Note	2017 \$000	2016 \$000
Fixed assets			
Investments	9	1,594,688	2,573,717
Current assets			
Cash at bank and in hand	525		30
Creditors: amounts falling due within one year	10	(2,189,620)	(2,648,661)
Net current liabilities		(2,189,095)	(2,648,631)
Total assets less current liabilities		(594,407)	(74,914)
Net liabilities		(594,407)	(74,914)
Capital and reserves			
Called up share capital	11	156	150
Share premium account		401,106	
Capital contribution		8,500	38,000
Profit and loss account		(1,004,169)	(113,064)
Total equity/(deficit)		(594,407)	(74,914)

The financial statements on pages 6 to 17 were approved and authorised for issue by the board of directors and were signed on its behalf on 18 December 2017.


D M Provenzano
Director

Michael Kors (UK) Holdings Limited

Statement of changes in equity for the year ended 31 March 2017

	Called up share capital \$000	Share premium account \$000	Capital contribution \$000	Profit and loss account \$000	Total (deficit)/ equity \$000
Balance as at 1 April 2016	150	-	38,000	(113,064)	(74,914)
Comprehensive income for the year					
Loss for the financial year	-	-	-	(891,105)	(891,105)
Contributions by and distributions to owners					
Reclassification of capital contribution	-	-	(38,000)	-	(38,000)
Shares issued during the year	6	401,106	-	-	401,112
Capital contribution	-	-	8,500	-	8,500
Balance as at 31 March 2017	156	401,106	8,500	(1,004,169)	(594,407)

Statement of changes in equity for the year ended 31 March 2016

	Called up share capital \$000	Capital contribution \$000	Profit and loss account \$000	Total equity/ (deficit) \$000
Balance as at 1 April 2015	150	-	(27,502)	(27,352)
Comprehensive expense for the year				
Loss for the financial year	-	-	(85,562)	(85,562)
Contributions by and distributions to owners				
Capital contribution	-	38,000	-	38,000
Balance as at 31 March 2016	150	38,000	(113,064)	(74,914)

During the year the company received and reclassified capital contributions, see notes 9 and 11.*

For further details on the shares issued, see note 11.

The notes on pages 9 to 17 form part of these financial statements.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

1. General information

Michael Kors (UK) Holdings Limited ('the company') is an intermediate holding company of a group which operates in the luxury goods industry.

The company is a private company, limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 33 Kingsway, London, WC2B 6UF.

2. Statement of compliance

The individual financial statements of Michael Kors (UK) Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements have been prepared on a basis other than going concern.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- the requirement to prepare a statement of cash flows (Section 7 of FRS 102 and paragraph 3.17(d)).
- certain financial instrument disclosures (FRS 102 paragraphs 11.39 to 11.48A and 12.26 to 12.29); and
- the non disclosure of key management personnel compensation (FRS 102 paragraph 33.7).

The company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent undertaking, Michael Kors Holdings Limited, includes the company's results in the equivalent disclosures in its own consolidated financial statements.

3.2 Going concern

The directors have taken the decision to close the company and this will take place in early 2018. The financial statements have been prepared on a basis other than going concern. In the meantime, the directors have a written undertaking that Michael Kors Holdings Limited, the company's ultimate parent undertaking, will continue to provide adequate cash funding to enable the company to trade and meet its liabilities as they fall due.

3.3 Consolidated financial statements

The company is a wholly owned subsidiary of Michael Kors Holdings Limited, its ultimate parent undertaking. It is included in the consolidated financial statements of Michael Kors Holdings Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.4 Foreign currency

The company's functional and presentational currency is the US dollar. All financial information presented in US dollar has been rounded to the nearest thousand unless stated otherwise.

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

3.5 Dividend income

Dividend income is recognised when the right to receive payment is established.

3.6 Interest payable

Interest payable is recognised in the profit and loss account in the period in which it is incurred.

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.8 Investments

Fixed asset investments are recognised at cost and subsequently stated at cost less provision for impairment in value.

3.9 Impairment

The carrying amount of the company's assets is reviewed at each balance sheet date to determine whether there is an indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of any asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

3.10 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial Instruments

Basic financial liabilities, including loans due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(4.1) Critical judgements in applying the entity's accounting policies

The company does not make any critical judgements in applying the entity's accounting policies.

(4.2) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The company makes an estimate of the recoverable value of its investments. The company reviews its investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be supported by its underlying assets.

5. Auditors' remuneration

Auditors' remuneration is borne by Michael Kors (USA) Inc., a fellow group undertaking. Fees payable to the auditors in respect of audit services for the year totalled \$38,100 (2016: \$37,300).

6. Employees and directors

The company had no employees.

No directors remuneration was paid or payable during the year (2016: \$Nil) for services provided to the company. The directors are remunerated by fellow group companies with no recharge to the company.

7. Interest payable and similar charges

	2017 \$000	2016 \$000
Interest payable on loan due to parent undertaking	68,840	72,984

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

8. Taxation on loss on ordinary activities

	2017 \$000	2016 \$000
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 \$000	2016 \$000
Loss on ordinary activities before tax	(891,105)	(85,562)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(178,221)	(17,112)
Effects of:		
Dividends from UK companies	(105,684)	(101,500)
Group relief	13,776	14,612
Impairment of investment	270,129	104,000
Total tax charge for the year	-	-

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on October 2015) and Finance Bill 2016 (on September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred rates at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

9. Investments

	Investments in subsidiary undertakings \$000
Cost	
At 1 April 2016	15,793,717
Additions	371,612
At 31 March 2017	<u>16,165,329</u>
Impairment	
At 1 April 2016	13,220,000
Charge for the period	1,350,641
At 31 March 2017	<u>14,570,641</u>
Net book value	
At 31 March 2017	<u>1,594,688</u>
At 31 March 2016	<u>2,573,717</u>

During the year the company increased its investment in Michael Kors (Luxembourg) Holdings S.a.r.l by making a capital contribution of \$358,612,000.

The company increased its investment in Michael Kors (UK) Ltd by making a capital contribution of \$8,500,000 and a share issue of \$4,500,000.

On 31 March 2017, Michael Kors (Luxembourg) Holdings S.a.r.l. was dissolved. As a result, its shareholdings in Michael Kors (Europe) B.V. and Michael Kors (Bucharest Store) S.R.L. were transferred to the company. The companies were both existing indirectly held subsidiaries.

As a result of falling profits and in accordance with Section 27 of FRS 102, the carrying values of the investment assets at 31 March 2017, have been compared to their recoverable amounts, represented by their value in use to the company. This resulted in an impairment in the year of \$1,350,641,000. The value in use has been derived from discounted cash flow projections using a pre-tax discount rate of 13%. Cash flows have been projected over three years based on management's most recent business forecast. After that a steady growth rate of 1% has been assumed which is consistent with management's overall outlook on expected business results.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

9. Investments (continued)

Subsidiary undertakings

At 31 March 2017, the company held an investment in the ordinary share capital of the following subsidiary undertakings:

Entity	Percentage held (%)	Registered office
Michael Kors (UK) Limited	100 %	33 Kingsway, London, WC2B 6UF, UK
Michael Kors (Europe) B.V.	100 %	John Hicksstraat 1, 5928 SJ Venlo, The Netherlands
Michael Kors Belgium BVBA*	100 %	Zetellaan 100B, 3630 Maasmechelen, Belgium
Michael Kors (Bucharest Store) S.R.L.*	100 %	Calea 13 Septembrie no. 90, Space No. DE89, 5th District, Bucharest, Romania
Michael Kors Italy S.R.L. Con Socio Unico*	100 %	Sede in Corso Venezia 46, 20121 Milan, Italy
Michael Kors Japan K.K.*	74 %	1-15-5 Jingumae Shibuya-ku Tokyo 150-0001, Japan
Michael Kors Limited*	100 %	19/f, Unit 1901 & 1914, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
Michael Kors Korea Yuhan Hoesa*	100 %	Cheongdam-dong 459, Apqujeong-ro, Gangman-gu, Seoul, Korea
Michael Kors Spain S.L.*	100 %	Calle Alfonso XII #36, FL 3, derecha moderno, 28014, Madrid, Spain
Michael Kors (Austria) GmbH*	100 %	Schottenring 25, 1010 Vienna, Austria
Michael Kors (Czech Republic) s.r.o.*	100 %	Klimentska 1216/46, Nove Mesto, 1110 00 Praha 1, Czech Republic
Michael Kors (Canada) Co*	74 %	3424 Simpson Street, Montreal, Quebec, H3G 2J3, Canada
Michael Kors (Canada) Holdings Ltd.*	74 %	3424 Simpson Street, Montreal, Quebec, H3G 2J3, Canada
Michael Kors (Denmark) ApS*	100 %	Bech-Bruun, Langelinie Alle 35, 2100, Copenhagen, Denmark
Michael Kors (Finland) Oy*	100 %	Galeria Esplanad, Mikon Katu 3, Unit G 9, Helsinki 00100, Finland
Michael Kors (France) SAS*	100 %	26 rue Laffitte, 75009, Paris, France
Michael Kors (Germany) GmbH*	100 %	Theatinerstrasse 12, 80333 Munich, Germany
Michael Kors (Hungary) Kft*	100 %	1072 Budapest, Rakoczi ut 42, Hungary
Michael Kors (Ireland) limited*	74 %	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Michael Kors (Latvia) SIA*	100 %	Lielirbes iela 29, Riga, LV-1046, Latvia
Michael Kors (Luxembourg) Retail S.a.r.l.*	100 %	Avenue J.F. Kennedy, 46A, L-1855, Luxembourg
Michael Kors (Mexico) S.de R.L.de C.V.*	100 %	Bosque de Ciruelos 180 PP 101 Col. Bosques de las Lomas Miguel Higalco, D.F. 11700, Mexico
Michael Kors (Netherlands) B.V.*	100 %	John Hicksstraat 1, 5928 SJ Venlo, The Netherlands
Michael Kors (Norway) AS*	100 %	P.O Box 2734 Solli, 0204 Oslo, Norway

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

9. Investments (continued)

Entity	Percentage held (%)	Registered office
Michael Kors (Panama) Holdings, Inc*	74 %	Robert Motta Avenue, Costa del Este, Capital Plaza Tower, 17th Floor, Panama City, Republic of Panama
Michael Kors (Poland) sp. z.o.o.*	100 %	ul. Woloska nr 2, 02-675, Warsaw, Poland
Michael Kors (Portugal), Lda*	100 %	Avenida da Liberdade, N. 110 - 6. andar, freguesia de Santo Antonio, 1250 146 Lisboa, Portugal
Michael Kors (Sweden) AB*	100 %	c/o Baker & McKenzie, advokatbyrå KB, Box 180, 101 23 Stockholm, Sweden
Michael Kors (Switzerland) GmbH*	74 %	Via Cantonale, 18 6928, Manno/ TI, Switzerland
Michael Kors (Switzerland) International GmbH*	74 %	Via Cantonale, 18 6928, Manno/ TI, Switzerland
Michael Kors (Switzerland) Retail GmbH*	100 %	Via Cantonale, 18 6928, Manno/ TI, Switzerland
MK (Shanghai) Commercial Trading Company Limited*	100 %	Unit 04, Level 29, 1515 West Nanjing Road Jing'an District, Shanghai Municipality, P.R. China
UAB Michael Kors (Lithuania)*	100 %	Jogalios g. 9 Vilnius, The Republic of Lithuania
Michael Kors (HK) Limited*	74 %	12/F, Novel Industrial Building, 850-870 Lai Chi Kok Road, Cheung Sha Wan KL, Hong Kong
Michael Kors Trading (Shanghai) Company Limited*	74 %	19F, Tower 2, Jing' An Kery Centre, 1529 Nanjing Road West, Shanghai 200040, P.R. China

* Indirectly held

10. Creditors: amounts falling due within one year

	2017 \$000	2016 \$000
Amounts due to group undertakings	344	60
Loan due to group undertakings	2,189,210	2,648,533
Accruals and deferred income	66	68
	<u>2,189,620</u>	<u>2,648,661</u>

Amount due to group undertakings are unsecured, interest free and repayable on demand.

The loan due to group undertakings is unsecured, and bears interest on the USD 12 month LIBOR plus 1.5% per annum. All amounts owed, including accrued interest, are repayable on 31 December 2017.

Amounts due to group undertakings and loans due to group undertakings are financial liabilities measured at amortised cost.

Michael Kors (UK) Holdings Limited

Notes to the financial statements for the year ended 31 March 2017

11. Called up share capital

	2017 \$000	2016 \$000
Ordinary shares of \$1.50 each		
Allotted and fully paid		
104,001 (2016: 100,001) ordinary shares of £1.50 each	156	150

During the year, the company issued the following \$1.50 ordinary shares:

	Total consideration \$	Share premium \$
Number of shares issued		
1,000	4,500,000	4,498,500
1,000	13,000,000	12,998,500
1,000	25,000,000	24,998,500
1,000	358,612,000	358,610,500
	401,112,000	401,106,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

After reviewing the company's equity, the directors considered that \$38,000,000 of issued share capital had been incorrectly disclosed as capital contributions in the prior year. This has been reclassified accordingly during the year.

The directors also noted that issued share capital totalling \$4,500,000 was incorrectly excluded from the prior year financial statements. This has been corrected and disclosed during the year.

12. Subsequent events

The company received capital contributions from Michael Kors Holdings Limited totalling \$179,922,000 following the year ended 31 March 2017, increasing its investment in Michael Kors (Europe) B.V. by \$179,922,000.

The company received dividend income from Michael Kors UK Limited of \$33,067,000 and \$5,000,000 on 2 August 2017 and 14 September 2017 respectively. The company paid dividends to Michael Kors Holdings Limited of \$33,067,000 and \$5,000,000 on 3 August 2017 and 11 September 2017 respectively.

13. Controlling party

The immediate and ultimate parent undertaking and ultimate controlling party is Michael Kors Holdings Limited, a company incorporated in the British Virgin Islands.

The smallest and largest group in which the results of the company are consolidated is Michael Kors Holdings Limited. Copies of the Michael Kors Holdings Limited consolidated financial statements can be obtained from 33 Kingsway, London, United Kingdom, WC2B 6UF.