

LauRie A/S
Central Business Registration No
14332340
Sindalsvej 33-35
8240 Risskov

Annual report 2015/16

The Annual General Meeting adopted the annual report on 23.06.2016

Chairman of the General Meeting



Name: Henrik Vagn Hansen

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Entity details

Entity

LauRie A/S
Sindalsvej 33-35
8240 Risskov

Central Business Registration No: 14332340

Registered in: Aarhus

Financial year: 01.05.2015 - 30.04.2016

Board of Directors

Thomas Ryge Mikkelsen, formand

Henrik Vagn Hansen

Lena Trend Hansen

René Foli

Dan Højgaard Jensen

Executive Board

Henrik Vagn Hansen

Lena Trend Hansen

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LauRie A/S for the financial year 01.05.2015 - 30.04.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2016 and of the results of its operations for the financial year 01.05.2015 - 30.04.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 23.06.2016

Executive Board



Henrik Vagn Hansen



Lena Trend Hansen

Board of Directors



Thomas Ryge Mikkelsen
formand



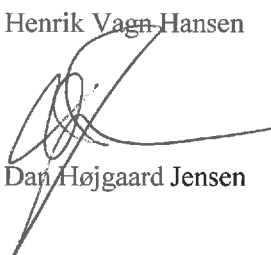
Henrik Vagn Hansen



Lena Trend Hansen



René Foli



Dan Højgaard Jensen

Independent auditor's reports

To the owners of LauRie A/S

Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of LauRie A/S for the financial year 01.05.2015 - 30.04.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2016, and of the results of their operations for the financial year 01.05.2015 - 30.04.2016 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

Aarhus, 23.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab


Klaus Tvede-Jensen
State Authorised Public Accountant

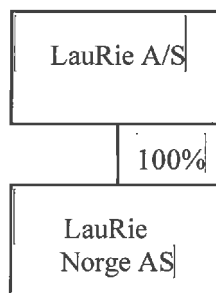
CVR-nr. 33963556

Management commentary

Primary activities

LauRie designs, produces and distributes clothing for women under the brand name LauRie. LauRie distributes to more than 1,100 customers in more than 20 countries with an export share of approximately 80%. Over 95% of the production takes place in Europe.

The consolidated financial statements comprise:



Management commentary

Development in activities and finances

In the recent year, LauRie has focused on a new ownership structure and integration of a new Board of Directors and a new management group.

New ownership structure:

The private equity fund Industri Udvikling has become a co-owner of LauRie A/S. In the coming financial year, two members of the Board of Directors and one employee will also become co-owners of LauRie A/S, and the new ownership structure will be as follows:

Industri Udvikling IV K/S, represented by partner Dan Højgaard Jensen, holding 40% of the shares
Jonas Bruun Nørgaard, Administration and Finance Manager of LauRie A/S, holding 2% of the shares
Thomas Ryge Mikkelsen, former EVP of Pandora, now Joso Invest ApS, holding 2% of the shares
René Foli, Head of Department of VIA University College, holding 1% of the shares.

Lena Trend Hansen and Henrik Hansen continue as the principal shareholders, together holding 55% of the shares.

New Board of Directors:

As part of the new ownership structure, Michael Lindberg and Joachim Trend Hansen have resigned from the Board of Directors, and the new Board of Directors now consists of the following members:

Thomas Ryge Mikkelsen, Chairman
Dan Højgaard Jensen
René Foli
Lena Trend Hansen
Henrik Hansen

New management group:

LauRie's management group has been expanded to include two members, Christina and Anne, and now consists of the following members:

Lena Trend Hansen, Director
Christina Lind, Sales and Marketing Manager
Anne Melgaard Thorsen, Design and Product Manager

Henrik Hansen, Managing Director
Jonas Bruun Nørgreen, Administration and Finance Manager
Peter Wædeled, Sales Manager

Management commentary

With the new ownership structure, Board of Directors, and management group, LauRie feels well equipped for the future with competences and human qualities perfectly matching the company's DNA. Moreover, it is a pleasure to see that the gender distribution is equal in the management group with three women and three men. A new and ambitious strategy plan for the next three years has been prepared giving high priority to the following areas:

1. A new designer with 16 years of design experience, who together with the rest of the design team will focus on our successful trousers programs, which is among the largest in Scandinavia. The top program will also have much attention aiming at a younger and more fashionable expression. A completely new way of design development is going to contribute to an improved top program. Long-lasting products as well as a sustainable production environment form the basis of product development.
2. A new sales and marketing manager is going to take part in maintaining and developing LauRie's position in the Nordic countries where the purpose is to extend the product range among existing as well as new customers.
3. The present sales manager changes focus primarily to Germany, the UK and the Netherlands, and later on France, which have been picked as the next main markets similar to the Nordic countries. Optimisation of the agent and sales staff will be an important part of the strategy, and development of our own sales staff in selected areas will continue. Own sales staff in Southern and Northern Germany already makes a considerable difference.
4. Availability in all channels, including development of sales channels, off- and online as well as specialty stores, chains and department stores.
5. Conceptualisation embedding the visual identity.

The financial year just ended is considered a year of change, when ownership and organisation have been put in position for a new and exiting journey. The financial year has also been characterised by geographical challenges, especially in Russia with a spill-over effect on Finland as well as by weakened currencies in Sweden and Norway, which are important markets for LauRie. LauRie considers the financial year less satisfactory as for the first time in a number of years, the company sees a decline on the top line.

LauRie expects growth in both revenue and earnings for the coming year, which is expected to be further enhanced as the new strategy is being implemented over the next three years.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

CEO STATEMENT

'It's got to feel right' is the business statement and vision of LauRie, founding the actions performed by the people of our company. It embraces our honest, reliable business culture and partnership model as well as the good, learning practice for ourselves and for the people we influence.

Founded in the autumn of 2014, our four key focus areas for Corporate Social Responsibility are integral parts of our overall brand framework along with our CSR-strategy, which is applicable for fiscal years 2015-16 until 2018-19. The four key focus areas guide our daily business practices to ensure that our decision-making is based on a sound and conscious foundation. In this report, the four areas will structure the content to shed light on our approach to CSR, and how we seek to create value for both our customers, our business and society.

I am proud of our achievements during the fiscal year May 2015 - April 16. Our continuous, persistent work on using skin friendly textiles has paid off: Today, more than 90% of the materials used in our garments are certified according to OEKO-TEX®. We have moved all production to Europe and 50% of our suppliers are listed on the BSCI (page 6) platform, representing more than 80% of our entire production.

We support the UN Sustainable Development Goals. We are committed to our support in achieving SDG No. 8, of promoting decent work and economic growth through partnership with our suppliers. We also pledge our contribution to SDG No. 12, of ensuring sustainable consumption and production patterns, by producing long-lasting products using sustainable materials and production processes.



A year has gone by since we presented our first COP-report in April of 2015. I am pleased to reaffirm our commitment and endorsement of the UN Global Compact and its ten principles.

Risskov, May 2016

A handwritten signature in blue ink, appearing to read 'Henrik Hansen', is written over a thin horizontal line.

Henrik Hansen, CEO

LAURIE BRAND FRAMEWORK

PURPOSE

We provide joy and well-being through comfortable and high quality contemporary fashion for all women.
In all matters, we aim to do this in the most responsible way

VISION

We want to be the most attractive and reliable brand in our field and prove to our market that you can create high quality fashion, responsibly. We want to contribute to the building of a new normal in consumer behaviour through meaningful products and communicating sustainability values to our market. Happy, innovative and proud employees are the bases of our organization.

CSR

Long-Lasting Products
Responsible Production
CSR Ambassadors
Proud Employees

VALUES

We consider everyone – internal as external – to be our partners
We provide good quality and service
We act with loyalty, respect and responsibility
We create renewal and innovation through customer needs
We act as a trustworthy and honest team
We consider humor to be a vital part of our positive working environment

LONG-LASTING PRODUCTS

We believe in long-lasting quality products, the use of which our women can enjoy many times. It is our belief that long-lasting products are the best means towards more sustainable consumption. We believe that it is our responsibility to bring to market products, which, to the best of our knowledge, do not harm our users. In order to have the best knowledge and control of the making of our product, we believe in value chain transparency on all levels.

OUR GOALS 2018-19

- 60% (at least) of our products are styles that never go out of fashion
- We have a maximum reclamation rate of 1% to ensure a high quality standard
- 100% of all our products are certified with Oeko-Tex® Standard 100, hence meet the EU's REACH requirements
 - <http://echa.europa.eu/regulations/reach>
- 100% of materials chosen must be recycled or/and environmentally friendly.

OUR ACTIONS 2015-16

We believe that value chain transparency is essential in order to be able to understand, monitor and control that our business model is reliable and responsible. Therefore, we have made it our policy to only use materials from known suppliers, including materials presented to us by our garment makers. Therefore, during the previous year, we have been focusing on strengthening our cooperation – not only with garment makers, but also with our fabric and trimming suppliers – in order to ensure that we also influence our suppliers beyond the Tier 1 level of our value chain.

We are constantly on the lookout for materials and manufacturing processes that can make our products more sustainable. In the past year, we have focused on getting better knowledge of fabric manufacturing processes and material origin, enabling us to make better choices in the product development phase. Currently, our collections are mainly made of cotton, viscose, Tencel®, Micromodal® and linen.

To prepare our suppliers for value chain transparency, and because it gives us more insight and knowledge of our operations, which entails that we get a chance to make better choices, we seek information on origin of all the cotton we use. As a result, we have decided to avoid the use of angora yarn in all products, as the value chain of angora lack transparency.

Furthermore, we focus on choosing materials from local manufacturers in order to avoid trade barriers, long transport and potential bribery in customs.

We join new innovative initiatives and collaborate with groups or educational institutions supported by the government to expand our knowledge, i.e. hemp cultivation and studies on design as a driver towards a more precise production and conscious consumption.

OUR RESULTS 2015-16

- 97,6% of our materials chosen are certified according to OEKO-TEX® Standard 100.
- More than 60% of our collection are styles with a long-lasting design.
- Our reclamation rate was 0,94%
- All our bags are made of recycled bottles and our plastic bags are biodegradable.
- All cardboard boxes used for packaging are made of recycled carton.
- All carton, plastic and paper wastage in our company is being collected and recycled, enabling us to dispose of this waste at zero-cost.

We support UNGC principles 7, 8 and 9.

RESPONSIBLE PRODUCTION

We believe in partnership with suppliers, who share our vision. Therefore, we collaborate with European suppliers who have the will to make production processes sustainably, respecting the environment and living up to human and labour rights according to our code of conduct.

OUR GOALS 2018-19

- We seek to ensure that all our suppliers have signed our contracts with BSCI "Terms of Implementation".
- We want to ensure that we, as a member of the BSCI, meet the requirements on improving working conditions on our factories worldwide

OUR ACTIONS 2015-16



In the autumn of 2014, after joining the UN Global Compact, we also joined the Business Social Compliance Initiative (BSCI) as a way to follow and monitor the working conditions in our productions and ensure that our producers follow internationally proclaimed human and labour rights. We decided that our work should be based on recognised standards in order to have greater impact on our suppliers, and for this reason the BSCI code of conduct became our compliance reference.



The BSCI code of conduct is based on the ten principles of the UN Global Compact and draws on important international labour standards protecting workers' rights such as the ILO conventions and declarations, the UN Guiding Principles on Business and Human Rights as well as guidelines for multinational enterprises of the OECD. We included the BSCI "Terms of Implementation" in our business contracts with our suppliers – to ensure that they accept the basis for our collaboration. With these terms, the producers sign and accept the BSCI code of conduct and that their working conditions are monitored and reported to us through third party audits.

We have taken responsibility (RSP) in the BSCI for suppliers, who are either strategically important to us, or who are new suppliers, who show willingness towards learning and progressing. On our initiative, new suppliers have attended the local BSCI workshops made available (free of charge) to them through our membership. Furthermore, our buying agents have attended these workshops to ensure that they understand our motive and goals for sustainable materials and responsible business practices.

However, the basis for our cooperation with suppliers is, and will continue to be, personal contact as it strengthens our partnerships. All our suppliers (both Tier 1 and 2) are European based. We visit all direct suppliers (Tier 1) at least once a year, some more. In focusing on transparency in our value chain, we have also emphasized the importance of closer collaboration with our fabric suppliers (Tier 2). Therefore, we know the makers of all our fabrics, and we have personal contact with the strategically important ones, working closer together with them. In addition, we have started visiting some denim laundries and dye houses (Tier 2), where most chemicals are used. To limit our footprint on the environment, we continuously work to find and incorporate new and more sustainable washing methods with the use of substantially less water and no chemicals.

Looking closer into environmental aspects in our supply chain, we have recently signed up with a BSCI "sister" initiative named BEPI (Business Environmental Performance Initiative). The BEPI is an initiative made to manage and improve environmental performance in the global supply chain. The sign up with the BEPI initiative was not part of our initial 4-year plan, but it seems as a natural way to monitor the sustainable environmental aspects of our garment production.

OUR RESULTS 2015-16

- 67% of our suppliers have signed our code of conduct. Goal was 70%, but in May 2016, right after fiscal closing, it was 75%.
- 50% of our suppliers are listed on the BSCI platform; we are responsible (RSP) for 17%.
- All our Tier 1 suppliers were visited on site, some more than once. 3 Tier 2 were also visited.

We support the UNGC principles 1, 2, 3, 4, 5 and 6

CSR AMBASSADORS

We believe in making better choices through education and information sharing. LauRie is a company interacting with many long distance partners, both suppliers and customers. We want to make sure that the products and services brought to market in our name are produced and distributed in a responsible and reliable manner. This entails that consumers are aware that they have a choice, when they buy clothes. Over the years, we have experienced that, especially in garment productions, this is far from always the case.

It is our experience that consumers have only limited knowledge about working conditions and environmental issues in the garment industry. However, it is also our belief that education/information are keys to better understanding and consequently to a change in consumer behavior towards more sustainable consumption.

Knowing well that we cannot change all, we can play our part in educating our society through information sharing in a tangible manner, which create sustainability ambassadors – and at the same time brand ourselves in the direction we want. For this reason, our third focus in responsibility is “to play an active role in creating awareness and communicating responsible business behavior in a simple and tangible manner to our consumers, customers and sales partners.”

OUR GOALS 2018-19

Overall, our goal is to influence our sales people, our customers and our consumers into becoming our ambassadors, promoting responsible business and consumption behavior, because no matter our individual position we have a choice, when we make purchases. Through this, we want to brand our company into being one of the choices worth making.

OUR ACTIONS 2015-16

During the year, we have focused on influencing our sales people, our customers and our consumers in different ways:

- Sales people: Through at least 2 meetings per year, materials education and one CSR-focus topic per season
- Customers: Through newsletters, flyers, booklets and displays
- Consumers: Through social media, own website, CSR statements on the garments, newsletters, PR and advertising

To follow up on these efforts, we have developed a communication platform in order to support our consumers in making an active sustainable choice. Through visible hangtags on our garments, we communicate our CSR statements to customers and for “in store” we have developed displays and booklets, communicating our sustainable approach and products.

During the year and before seasonal exhibitions have taken place, we have facilitated two training sessions for our sales staff. These training sessions educate sales staff in the materials used in our garments and give insights into production methods as well as general information related to LauRie’s CSR work and it’s development.

We have not been able to measure directly the impact we have had on communicating our CSR messages, and we acknowledge that we are still new to this area. The aim is to “plant seeds” and create curiosity among customers and consumers – and to give us a platform from where we can comment on the sustainability agenda, be heard and interact with our stakeholders, in order to brand LauRie as a responsible company.

OUR RESULTS 2015-16

- 100% of our products are presented with a hangtag with sustainability messages
- All members of our sales staff have participated in training at least once last year, most of them twice.

PROUD EMPLOYEES

We believe that in order to make great changes, we need to start by looking at our own practices. Only through our own employees' enthusiasm and commitment on all levels and in all departments, a serious and long lasting impact is possible.

We believe that each individual working at LauRie should be both part of and proud of the value creation our purpose, our vision, our values and our CSR-work give our society and us as an organisation. Communicating a clear Brand Framework - and of course living it - attracts skilled and talented employees, which is essential for our future business.

OUR GOALS 2018-19

- Score 4 out of 5 on our yearly employee satisfaction survey
- 2 inspirational speakers or seminars per year to inspire developments in teams, individuals or systems.

OUR ACTIONS 2015-16

During the previous year, we invited our employees to contribute to our CSR strategy and implementation. Based on this, we have formed a CSR team with employees representing our management, marketing and purchase functions, in order to take the lead in the CSR implementation phase. The entire team is involved in the process on a continuous basis. Also, we have joined a small network of CSR-managers in related companies, where we share challenges and best practice. Three persons from LauRie are parts of the network.

In order to ensure that all our employees are onboard our CSR-effort, we have information meetings four times a year for all employees, where our CSR agenda is always in focus and where we highlight a particular subject (i.e. the ten principles of the UN Global Compact, the BSCI initiative or OEKO-TEX) in order to educate our staff.

During the year, we have also signed up to join FTA Nordic network, a network of companies all members of the FTA (mother organization of the BSCI). We participate in Copenhagen Fashion Summit, CSR Awards, CSR in Praxis and CSR MasterClass, which are all conferences with a joint purpose of making better corporate praxis on many levels. To share our knowledge with society, we welcome school classes to visit LauRie and learn about the daily business at an international SME with focus on doing business responsibly.

Our employees and agents all have officially approved employment or agents' contracts, employees have pension schemes, health insurances, massages once a month, free fruit during working hours as well as flexible working hours. This is all done to ensure that we have satisfied and motivated employees and that we cater to the different needs that our staff face to ensure a good work-life balance. For our warehouse staff, we added a vacuum suction system to prevent many heavy, daily lifts. All employees have adjustable tables enabling ergonomically correct working positions.

OUR RESULTS 2015-16

- Employee satisfaction survey score in November 2015: 4 out of 5
- Last year around 10 different classes visited LauRie
- The implementation of a vacuum suction system in our warehouse
- Guest speaker from FANT (www.fant.dk) came in Spring of 2015 and talked about his Sierra Leone project. This resulted in a cooperation between LauRie and FANT on using excess stock goods for educational and development purposes in Sierra Leone.
- We support local sports (HEI), Kræftens Bekæmpelse (Danish Cancer Foundation), Red Cross and European City of Culture 2017.
- In 2016 we achieved gender equality in our management group of 6 people.

We support UNGC principles 3, 4, 5 and 6.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary,

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Consolidated income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Gross profit		25.324.213	29.430.992
Staff costs	1	(11.942.320)	(11.340.691)
Depreciation, amortisation and impairment losses	2	(76.881)	(200.396)
Operating profit/loss		13.305.012	17.889.905
Other financial income		45.626	58.460
Other financial expenses		(1.315.196)	(1.186.140)
Profit/loss from ordinary activities before tax		12.035.442	16.762.225
Tax on profit/loss from ordinary activities	3	(2.590.287)	(3.914.289)
Profit/loss for the year		<u>9.445.155</u>	<u>12.847.936</u>
Proposed distribution of profit/loss			
Dividend for the financial year		10.900.000	12.000.000
Retained earnings		(1.454.845)	847.936
		<u>9.445.155</u>	<u>12.847.936</u>

Consolidated balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Acquired intangible assets		49.148	73.724
Intangible assets	4	<u>49.148</u>	<u>73.724</u>
Other fixtures and fittings, tools and equipment		139.744	192.049
Property, plant and equipment	5	<u>139.744</u>	<u>192.049</u>
Fixed assets		<u>188.892</u>	<u>265.773</u>
Manufactured goods and goods for resale		8.894.730	14.667.969
Prepayments for goods		175.933	630.816
Inventories		<u>9.070.663</u>	<u>15.298.785</u>
Trade receivables		16.164.068	18.893.349
Receivables from group enterprises		0	633.137
Deferred tax assets		10.905	12.014
Other short-term receivables		735.331	643.375
Income tax receivable		88.016	0
Prepayments		92.987	146.353
Receivables		<u>17.091.307</u>	<u>20.328.228</u>
Cash		<u>6.590.554</u>	<u>1.825.788</u>
Current assets		<u>32.752.524</u>	<u>37.452.801</u>
Assets		<u>32.941.416</u>	<u>37.718.574</u>

Consolidated balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		9.420.561	11.292.049
Proposed dividend		<u>10.900.000</u>	<u>12.000.000</u>
Equity		<u>20.820.561</u>	<u>23.792.049</u>
Provisions for deferred tax		<u>17.800</u>	<u>21.000</u>
Provisions		<u>17.800</u>	<u>21.000</u>
Trade payables		6.047.647	5.933.313
Payables to group enterprises		2.543.300	3.776.632
Income tax payable		0	213.866
Other payables	6	<u>3.512.108</u>	<u>3.981.714</u>
Current liabilities other than provisions		<u>12.103.055</u>	<u>13.905.525</u>
Liabilities other than provisions		<u>12.103.055</u>	<u>13.905.525</u>
Equity and liabilities		<u>32.941.416</u>	<u>37.718.574</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Mortgages and securities	9		
Consolidation	10		

Consolidated statement of changes in equity for 2015/16

	Contributed capital DKK	Retained ear- nings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	11.292.049	12.000.000	23.792.049
Ordinary dividend paid	0	0	(12.000.000)	(12.000.000)
Exchange rate adjustments	0	(416.643)	0	(416.643)
Profit/loss for the year	0	(1.454.845)	10.900.000	9.445.155
Equity end of year	500.000	9.420.561	10.900.000	20.820.561

Notes to consolidated financial statements

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
1. Staff costs		
Wages and salaries	10.561.419	9.780.862
Pension costs	1.192.484	1.194.726
Other social security costs	72.872	74.817
Other staff costs	115.545	290.286
	<u>11.942.320</u>	<u>11.340.691</u>
	<u>2015/16</u> DKK	<u>2014/15</u> DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	24.576	24.576
Depreciation of property, plant and equipment	52.305	96.459
Profit/loss from sale of intangible assets and property, plant and equipment	0	79.361
	<u>76.881</u>	<u>200.396</u>
	<u>2015/16</u> DKK	<u>2014/15</u> DKK
3. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	2.593.487	3.897.289
Change in deferred tax for the year	(3.200)	17.000
	<u>2.590.287</u>	<u>3.914.289</u>
		<u>Acquired intangible assets DKK</u>
4. Intangible assets		
Cost beginning of year		242.523
Cost end of year		<u>242.523</u>
Amortisation and impairment losses beginning of year		(168.799)
Amortisation for the year		(24.576)
Amortisation and impairment losses end of year		<u>(193.375)</u>
Carrying amount end of year		<u>49.148</u>

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK
	<u>DKK</u>
5. Property, plant and equipment	
Cost beginning of year	402.292
Cost end of year	<u>402.292</u>
Depreciation and impairment losses beginning of the year	(210.243)
Depreciation for the year	<u>(52.305)</u>
Depreciation and impairment losses end of the year	<u>(262.548)</u>
Carrying amount end of year	<u>139.744</u>

	2015/16 DKK	2014/15 DKK
	<u>DKK</u>	<u>DKK</u>
6. Other short-term payables		
VAT and duties	1.614.750	2.098.141
Wages and salaries, personal income taxes, social security costs, etc payable	1.895.488	1.879.754
Other costs payable	<u>1.870</u>	<u>3.819</u>
	<u>3.512.108</u>	<u>3.981.714</u>

	2015/16 DKK	2014/15 DKK
	<u>DKK</u>	<u>DKK</u>
7. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.012.130</u>	<u>1.045.407</u>

8. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which HLH Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies.

Notes to consolidated financial statements

9. Mortgages and securities

A floating charge of nominal DKK 7,440k has been provided as security for bank loans and comprises the following items:

	DKK 2015/16	DKK 2014/15
Trademark	49,148	73,724
Other fixtures and fittings, etc., exclusive assets subject to retention	139,744	192,049
Inventories	9,070,663	15,298,785
Unsecured claims	14,531,359	16,696,021

A letter of subordination has been issued to HLH Ejendomme ApS' bank in relation to LauRie A/S' receivable from HLH Ejendomme ApS, originally DKK 5,440k.

LauRie A/S' receivable from HLH Ejendomme ApS amounts to DKK 0k at 30.04.2016.

A guarantee has been provided to HLH Ejendomme ApS' bank.

Bank debt in HLH Ejendomme ApS amounts to DKK 0k at 30.04.2016.

10. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

HLH Invest ApS, Aarhus

Parent income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Gross profit		24.542.216	28.489.660
Staff costs	1	(11.942.320)	(11.340.691)
Depreciation, amortisation and impairment losses	2	(76.881)	(200.396)
Operating profit/loss		12.523.015	16.948.573
Other financial income		39.413	51.745
Other financial expenses		(1.073.769)	(894.085)
Profit/loss from ordinary activities before tax		11.488.659	16.106.233
Tax on profit/loss from ordinary activities	3	(2.540.100)	(3.793.632)
Profit/loss for the year		<u>8.948.559</u>	<u>12.312.601</u>
Proposed distribution of profit/loss			
Dividend for the financial year		10.900.000	12.000.000
Retained earnings		(1.951.441)	312.601
		<u>8.948.559</u>	<u>12.312.601</u>

Parent balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Acquired intangible assets		49.148	73.724
Intangible assets	4	<u>49.148</u>	<u>73.724</u>
Other fixtures and fittings, tools and equipment		139.744	192.049
Property, plant and equipment	5	<u>139.744</u>	<u>192.049</u>
Investments in group enterprises		95.740	95.740
Fixed asset investments	6	<u>95.740</u>	<u>95.740</u>
Fixed assets		<u>284.632</u>	<u>361.513</u>
Manufactured goods and goods for resale		8.894.730	14.667.969
Prepayments for goods		175.933	630.816
Inventories		<u>9.070.663</u>	<u>15.298.785</u>
Trade receivables		14.531.359	16.696.021
Receivables from group enterprises		413.822	723.862
Other short-term receivables		735.331	643.375
Prepayments		92.987	146.353
Receivables		<u>15.773.499</u>	<u>18.209.611</u>
Cash		<u>6.296.427</u>	<u>1.588.994</u>
Current assets		<u>31.140.589</u>	<u>35.097.390</u>
Assets		<u>31.425.221</u>	<u>35.458.903</u>

Parent balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital	7	500.000	500.000
Retained earnings		8.506.203	10.457.644
Proposed dividend		10.900.000	12.000.000
Equity		<u>19.906.203</u>	<u>22.957.644</u>
Provisions for deferred tax		17.800	21.000
Provisions		<u>17.800</u>	<u>21.000</u>
Trade payables		5.625.474	5.406.244
Payables to group enterprises		2.543.300	3.776.632
Other payables	8	3.332.444	3.297.383
Current liabilities other than provisions		<u>11.501.218</u>	<u>12.480.259</u>
Liabilities other than provisions		<u>11.501.218</u>	<u>12.480.259</u>
Equity and liabilities		<u>31.425.221</u>	<u>35.458.903</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Mortgages and securities	11		
Ownership	12		

Parent statement of changes in equity for 2015/16

	Contributed capital DKK	Retained ear- nings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	10.457.644	12.000.000	22.957.644
Ordinary dividend paid	0	0	(12.000.000)	(12.000.000)
Profit/loss for the year	0	(1.951.441)	10.900.000	8.948.559
Equity end of year	500.000	8.506.203	10.900.000	19.906.203

Notes to parent financial statements

	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
1. Staff costs		
Wages and salaries	10.561.419	9.780.862
Pension costs	1.192.484	1.194.726
Other social security costs	72.872	74.817
Other staff costs	115.545	290.286
	<u>11.942.320</u>	<u>11.340.691</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	24.576	24.576
Depreciation of property, plant and equipment	52.305	96.459
Profit/loss from sale of intangible assets and property, plant and equipment	0	79.361
	<u>76.881</u>	<u>200.396</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
3. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	2.543.300	3.776.632
Change in deferred tax for the year	(3.200)	17.000
	<u>2.540.100</u>	<u>3.793.632</u>
		<u>Acquired intangible assets DKK</u>
4. Intangible assets		
Cost beginning of year		242.523
Cost end of year		<u>242.523</u>
Amortisation and impairment losses beginning of year		(168.799)
Amortisation for the year		(24.576)
Amortisation and impairment losses end of year		<u>(193.375)</u>
Carrying amount end of year		<u>49.148</u>

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	<u>402.292</u>
Cost end of year	<u>402.292</u>
Depreciation and impairment losses beginning of the year	(210.243)
Depreciation for the year	<u>(52.305)</u>
Depreciation and impairment losses end of the year	<u>(262.548)</u>
Carrying amount end of year	<u>139.744</u>
	Investments in group enterprises DKK
6. Fixed asset investments	
Cost beginning of year	<u>95.740</u>
Cost end of year	<u>95.740</u>
Carrying amount end of year	<u>95.740</u>
	Registered in
	Corpo- rate form
	Equity interest %
Investments in associates comprise:	
LauRie Norge A/S	Norge AS 100,0
	Number
	Par value DKK
7. Contributed capital	
Ordinary shares	<u>500</u> 100 <u>500.000</u>
	<u>500</u> <u>500.000</u>

Notes to parent financial statements

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
8. Other short-term payables		
VAT and duties	1.435.086	1.413.810
Wages and salaries, personal income taxes, social security costs, etc payable	1.895.488	1.879.754
Other costs payable	1.870	3.819
	<u>3.332.444</u>	<u>3.297.383</u>

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
9. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.012.130</u>	<u>1.045.407</u>

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which HLH Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies.

11. Mortgages and securities

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Unsecured claims	14,531,359	16,696,021

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LauRie A/S' receivable from HLH Ejendomme ApS amounts to DKK 0k at 30.04.2016.

A guarantee has been provided to HLH Ejendomme ApS' bank.

Bank debt in HLH Ejendomme ApS amounts to DKK 0k at 30.04.2016

Notes to parent financial statements

12. Ownership

The Entity has registered the following shareholders as holding more than 5% of the voting share rights or more than 5% of the nominal value of share capital:

HLH Invest ApS, Aarhus

IU IV Invest 4 ApS, København