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Four Design Group Limited ApS

Lucernemarken 17, 5260 Odense S

CVR no. 25 36 37 87

Annual report for 2022/23

Adopted at the annual general meeting on 9 October 2023

Alistair Storrar Gough
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Four Design Group Limited ApS for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 30 June 2023 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 July 2022 - 30 June 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 9 October 2023

Executive board

Alistair Storrar Gough

Michael Nissen

Christoffer Back

Independent auditor's report

To the shareholder of Four Design Group Limited ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Four Design Group Limited ApS for the financial year 1 July 2022 - 30 June 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 30 June 2023 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 and the additional requirements applicable in Denmark 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 9 October 2023

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Christoffer Pedersen
State Authorised Public Accountant
MNE no. mne36180

Company details

Four Design Group Limited ApS
Lucernemarken 17
5260 Odense S

CVR-no. 25 36 37 87

Financial year: 1 July 2022 - 30 June 2023

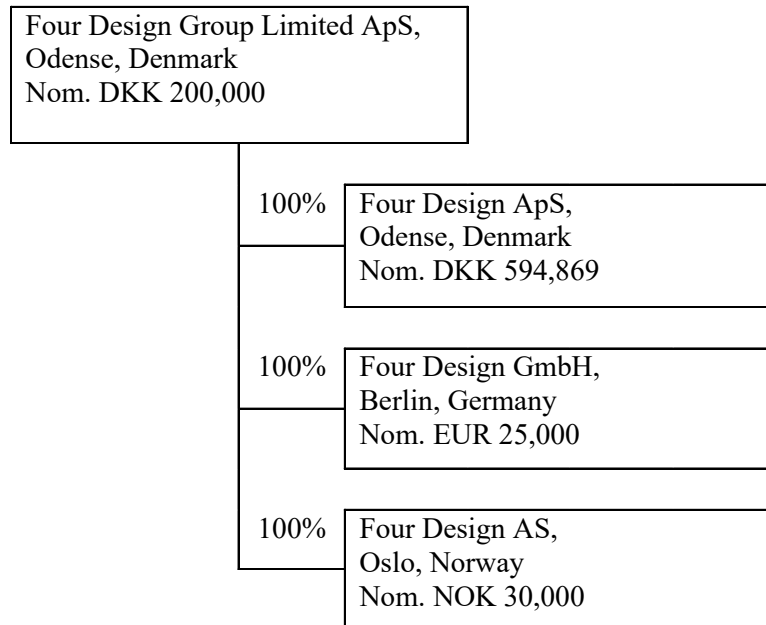
Domicile: Odense

Executive Board
Alistair Storrar Gough
Michael Nissen
Christoffer Back

Auditors
Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Hjallesevej 126
5230 Odense M

Group chart
Parent Company

Consolidated subsidiaries



Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	38,922	32,023	26,087	47,214	59,457
Profit/loss before amortisation/depreciation and impairment losses	9,618	1,087	-8,190	6,398	17,961
Net financials	-776	-816	-106	-2,464	288
Profit/loss for the year	5,408	-1,993	-10,733	2,971	14,101
Balance sheet					
Balance sheet total	43,845	45,914	46,050	59,783	73,784
Equity	15,743	10,363	12,355	23,086	46,115
Cash flows from:					
- operating activities	11,990	4,332	-9,927	29,944	11,967
- investing activities	-1,840	-1,571	1,131	-6,205	-3,414
- financing activities	-5,689	161	2,382	-23,000	-13,000
Financial ratios					
Solvency ratio	35.9%	22.6%	26.8%	38.6%	62.5%
Return on equity	41.4%	-17.5%	-60.6%	8.6%	61.2%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Management's review

Business review

The group's activities comprise being a holding company for companies that develop and sell furnitures.

Financial review

The group's income statement for the year ended 30 June 2023 shows a profit of kDKK 5,408, and the balance sheet at 30 June 2023 shows equity of kDKK 15,743.

We are pleased to report that we are now once again achieving significant sales growth following the impact of the pandemic in the majority of our markets. Our investments in new products, marketing and our sales organization has strengthened our position and provides a strong platform to achieve our ambitious growth plans.

Significant improvements in our operational efficiency and organization structure have resulted in an improvement to our margin and a more cost-efficient organization that will provide the foundation for further profitability growth.

The shareholders and management are pleased with the improved profitability made during the last 12 months and look forward to further profitable growth in the coming year.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Outlook

Following a year of market growth and operational efficiency we remain very positive that further sales and profitability growth will be achieved in the coming 12 months.

Financial risks

Management believes that there will be no major risks for the Group.

External environment

External market conditions remain challenging in many markets due to rising costs, interest rates, inflation and the change in working practices. Following a year of significant increases, we are now seeing a much greater degree of stability.

Sustainability remains a strong focus and we continue to identify opportunities in our product developments and operational management to continually improve our impact on the environment. This will remain a key focus for the year ahead.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Income statement 1 July - 30 June

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		kDKK	kDKK	kDKK	kDKK
Gross profit		38,922	32,023	-41	-55
Staff costs	1	-29,304	-30,936	0	0
Profit/loss before amortisation/depreciation and impairment losses		9,618	1,087	-41	-55
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,396	-2,421	0	0
Other operating costs		-24	-34	0	0
Profit/loss before net financials		7,198	-1,368	-41	-55
Income from investments in subsidiaries		0	0	5,440	-1,946
Financial income		82	7	0	0
Financial costs		-858	-823	0	-4
Profit/loss before tax		6,422	-2,184	5,399	-2,005
Tax on profit/loss for the year	2	-1,014	191	9	12
Profit/loss for the year		5,408	-1,993	5,408	-1,993
Distribution of profit	3				

Balance sheet 30 June

Note	Group		Parent company	
	2022/23 kDKK	2021/22 kDKK	2022/23 kDKK	2021/22 kDKK
Assets				
	3,447	4,162	0	0
Completed development projects				
Rights	65	153	0	0
Intangible assets	3,512	4,315	0	0
4				
Plant and machinery	2,941	1,987	0	0
5				
Other fixtures and fittings, tools and equipment	32	57	0	0
5				
Leasehold improvements	332	447	0	0
5				
Tangible assets	3,305	2,491	0	0
Investments in subsidiaries	0	0	17,191	13,540
6				
Deposits	1,854	2,412	0	0
7				
Fixed asset investments	1,854	2,412	17,191	13,540
Total non-current assets	8,671	9,218	17,191	13,540
Raw materials and consumables	656	2,622	0	0
Finished goods and goods for resale	2,547	3,848	0	0
Stocks	3,203	6,470	0	0
Trade receivables	18,603	21,383	0	0
Receivables from group	972	0	17	0
Other receivables	1,957	889	5	5
Deferred tax asset	851	1,710	57	48
9				
Corporation tax	816	1,020	0	198
Joint taxation contributions receivable	0	0	464	0
Prepayments	787	700	0	0
8				
Receivables	23,986	25,702	543	251
Cash at bank and in hand	7,985	4,524	0	0
Total current assets	35,174	36,696	543	251
Total assets	43,845	45,914	17,734	13,791

Balance sheet 30 June

	Note	Group		Parent company	
		2022/23 kDKK	2021/22 kDKK	2022/23 kDKK	2021/22 kDKK
Equity and liabilities					
Share capital		200	200	200	200
Reserve for net revaluation under the equity method		0	0	7,165	3,514
Reserve for development expenditure		2,690	3,247	0	0
Retained earnings		12,853	6,916	8,378	6,649
Equity		15,743	10,363	15,743	10,363
Provisions relating to investments in subsidiaries		0	0	1,487	3,247
Other provisions	10	1,000	1,000	0	0
Total provisions		1,000	1,000	1,487	3,247
Lease obligations		640	1,243	0	0
Corporation tax		265	0	464	0
Other payables		3,306	3,194	0	0
Total non-current liabilities	11	4,211	4,437	464	0
Short-term part of long-term debt	11	600	600	0	0
Banks		2,000	3,000	0	0
Prepayments received from customers		490	504	0	0
Trade payables		10,299	15,348	0	0
Payables to group		105	4,219	0	140
Other payables		9,397	6,443	40	41
Total current liabilities		22,891	30,114	40	181
Total liabilities		27,102	34,551	504	181
Total equity and liabilities		43,845	45,914	17,734	13,791
Rent and lease liabilities	12				
Contingent liabilities	13				
Mortgages and collateral	14				
Related parties and ownership structure	15				

Statement of changes in equity

Group

	Share capital	Reserve for development expenditure	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	200	3,247	6,915	10,362
Exchange adjustment, foreign	0	0	-27	-27
Net profit/loss for the year	0	-557	5,965	5,408
Equity at 30 June	200	2,690	12,853	15,743

Parent company

	Share capital	Reserve for net re- valuation under the equity method	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	200	3,513	6,649	10,362
Exchange adjustment, foreign	0	-27	0	-27
Net profit/loss for the year	0	3,679	1,729	5,408
Equity at 30 June	200	7,165	8,378	15,743

Cash flow statement 1 July - 30 June

	Note	Group	
		2022/23	2021/22
		kDKK	kDKK
Net profit/loss for the year		5,408	-1,992
Adjustments	16	4,174	3,079
Change in working capital	17	2,956	3,483
Cash flows from operating activities before financial income and expenses		12,538	4,570
Financial income		82	7
Financial expenses		-858	-824
Cash flows from ordinary activities		11,762	3,753
Corporation tax paid		228	579
Cash flows from operating activities		11,990	4,332
Purchase of intangible assets		-608	-876
Purchase of property, plant and equipment		-1,793	-272
Fixed asset investments made etc		559	-421
Sale of property, plant and equipment		11	0
Other adjustments		-9	-2
Cash flows from investing activities		-1,840	-1,571
Repayment of loans from credit institutions		0	-479
Repayment of payables to subsidiaries		-5,086	0
Repayment of other long-term debt		-603	0
Raising of loans from group subsidiaries		0	640
Cash flows from financing activities		-5,689	161
Change in cash and cash equivalents		4,461	2,922
Cash at bank and in hand		4,524	2,752
Overdraft facility		-3,600	-4,750
Short terms loans		924	-1,998
Cash and cash equivalents at 30 June		5,385	924
Analysis of cash and cash equivalents:			
Cash at bank and in hand		7,985	4,524
Short term loans		-2,600	-3,600
Cash and cash equivalents at 30 June		5,385	924

Notes

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	kDKK	kDKK	kDKK	kDKK
1 Staff costs				
Wages and salaries	26,467	28,035	0	0
Pensions	1,291	1,387	0	0
Other social security costs	78	353	0	0
Other staff costs	1,468	1,161	0	0
	29,304	30,936	0	0
Including remuneration to the executive board:				
Executive Board	2,649	3,130	0	0
	2,649	3,130	0	0
Average number of employees	42	44	0	0
2 Tax on profit/loss for the year				
Current tax for the year	555	225	-9	-12
Deferred tax for the year	468	400	0	0
Adjustment of tax concerning previous years	-418	-816	0	0
Adjustment of deferred tax concerning previous years	409	0	0	0
	1,014	-191	-9	-12
3 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	3,679	-2,073
Transferred to reserve for development expenditure	-557	-269	0	0
Retained earnings	5,965	-1,724	1,729	80
	5,408	-1,993	5,408	-1,993

Notes

4 Intangible assets

Group

	Completed development projects kDKK	Rights kDKK
Cost at 1 July	6,384	263
Additions for the year	608	0
Cost at 30 June	6,992	263
Impairment losses and amortisation at 1 July	2,222	110
Depreciation for the year	1,323	88
Impairment losses and amortisation at 30 June	3,545	198
Carrying amount at 30 June	3,447	65

Special assumptions regarding development projects and tax assets

Completed development projects include development and testing of a specially adapted ERP system and subsequent adaptations thereof. The completed development projects are amortized over 5 years. Additions for this year are related to an EDI/freight projects. The management has high expectations for the use of the system and has not found any indication of impairment.

5 Tangible assets

Group

	Plant and machinery kDKK	Other fixtures and fittings, tools and equipment kDKK	Leasehold improvements kDKK
Cost at 1 July	10,038	580	886
Additions for the year	1,793	0	0
Disposals for the year	-95	-64	0
Cost at 30 June	11,736	516	886
Impairment losses and depreciation at 1 July	8,051	524	440
Depreciation for the year	839	24	114
Impairment and depreciation of sold assets for the year	-95	-64	0
Impairment losses and depreciation at 30 June	8,795	484	554
Carrying amount at 30 June	2,941	32	332

Notes

	Parent company	
	2022/23	2021/22
	kDKK	kDKK
6 Investments in subsidiaries		
Cost at 1 July	10,026	10,026
Cost at 30 June	10,026	10,026
Revaluations at 1 July	3,513	5,587
Depreciation of goodwill	5,440	-1,946
Revaluations for the year, net	-27	-2
Equity investments with negative net asset value transferred to provisions	-1,761	-125
Revaluations at 30 June	7,165	3,514
Carrying amount at 30 June	17,191	13,540

Group

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Four Design ApS	Odense, Denmark	100%
Four Design GmbH	Berlin, Germany	100%
Four Design AS	Oslo, Norway	100%

7 Fixed asset investments**Group**

	Deposits kDKK
Cost at 1 July	2,413
Additions for the year	185
Disposals for the year	-744
Cost at 30 June	1,854
Carrying amount at 30 June	1,854

8 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions etc.

Notes

	Group		Parent company	
	2022/23 kDKK	2021/22 kDKK	2022/23 kDKK	2021/22 kDKK
9 Provision for deferred tax				
Provisions for deferred tax on:				
Intangible assets	723	892	0	0
Tangible assets	-61	-126	0	0
Other taxable temporary differences	-493	-625	0	0
Tax loss carry-forward	-1,020	-1,803	-57	-48
Transferred to deferred tax asset	851	1,710	57	48
Deferred tax has been provided at 22.0% corresponding to the current tax rate.				
Deferred tax asset				
Calculated tax asset	851	1,710	57	48
Carrying amount	851	1,710	57	48
10 Other provisions				
Balance at beginning of year at 1 July	1,000	1,000	0	0
Balance at 30 June	1,000	1,000	0	0
11 Long term debt				
Group	Debt at 1 July kDKK	Debt at 30 June kDKK	Instalment next year kDKK	Debt outstanding after 5 years kDKK
Lease obligations	1,843	1,240	600	0
Corporation tax	0	265	0	0
Other payables	3,194	3,306	0	0
	5,037	4,811	600	0
Parent Company	Debt at 1 July kDKK	Debt at 30 June kDKK	Instalment next year kDKK	Debt outstanding after 5 years kDKK
Corporation tax	0	464	0	0
	0	464	0	0

Notes

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	kDKK	kDKK	kDKK	kDKK
12 Rent and lease liabilities				
Operating lease liabilities.				
Total future lease payments:				
Within 1 year	789	592	0	0
Between 1 and 5 years	854	836	0	0
	1,643	1,428	0	0
Rental obligations, non-cancellation period 6-25 months.	3,217	7,101	0	0

13 Contingent liabilities

The parent company is jointly taxed with its Danish group entities. The entities are jointly and severally liable for Danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities.

The parent company has provided a guarantee for subsidiaries' debt to credit institutions. The guarantee is unlimited.

The group has provided a guarantee to a third party of kDKK 305 as of 30 June 2023.

14 Mortgages and collateral

The group has provided a company charge of kDKK 10.000 as security for debt to credit institutions. As of 30 June 2023, the company charge comprises the following asset classes, goodwill and intellectual property rights, other plant fixtures and fittings, tools and equipment, trade receivables and inventory. The assets are valued at kDKK 25,113 as of 30 June 2023.

15 Related parties and ownership structure**Controlling interest**

OCEE International Limited

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties have been made, which are not on arm's length basis.

Consolidated financial statements

The company is reflected in the group report as the parent company OCEE International Limited

The group report of OCEE International Limited can be obtained at the following address:

Century House
The Lakes
Northampton, NN4 7HD
Great Britain

Notes

	Group	
	<u>2022/23</u>	<u>2021/22</u>
	kDKK	kDKK
16 Cash flow statement - adjustments		
Financial income	-82	-7
Financial costs	857	823
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,385	2,453
Tax on profit/loss for the year	1,014	-191
	<u>4,174</u>	<u>3,078</u>
17 Cash flow statement - change in working capital		
Change in inventories	3,268	-2,596
Change in receivables	1,829	2,413
Change in trade payables, etc.	-2,141	3,666
	<u>2,956</u>	<u>3,483</u>

Accounting policies

The annual report of Four Design Group Limited ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2022/23 is presented in kDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Four Design Group Limited ApS and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company is subject to the Danish rules on compulsory joint taxation.

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects and rights

Development costs comprise costs and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Accounting policies

Rights are measured at cost less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 3 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components and sub-suppliers.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0 %
Leasehold improvements	5-10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Four Design Group Limited ApS is adopted are not taken to the net revaluation reserve.

Accounting policies

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for finished goods, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Provisions

Provisions comprise expected expenses relating to warranty commitments etc. Provisions are recognised when, as a result of a past event, the group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Warranty commitments include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

Accounting policies

Income tax and deferred tax

As management company, Four Design Group Limited ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

Accounting policies

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial Highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$