# Carl Hansen & Søn Holding A/S

Hylkedamvej 77-79, 5591 Gelsted

# Annual Report 2015

CVR-no. 26 90 09 21

The annual report is presented and approved at the companys ordinary general meeting at 31/5-2016

Brian Hansen
Conductor

# Contents

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of 2015 for the financial year 1 January – 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Gelsted, 3 March 2016
Executive Board:

| | |
|---|---|
| Knud Erik Hansen<br>CEO | Brian Hansen<br>CFO |

Board of Directors:

| | | |
|---|---|---|
| Clas Nylandsted Andersen<br>Chairman | Knud Erik Hansen | Inger Marie Jensen Hansen |
| Ulrich Krasilnikoff | Carsten Fode | |

# Independent auditors' report

To the shareholders of Carl Hansen & Søn Holding A/S

## Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Carl Hansen & Søn Holding A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the consolidated financial statements and the parent company 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 as to whether the consolidated financial statements and the parent company 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 the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company 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 Company'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 evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

# Independent auditors' report

## Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Trekantomraadet, 3 March 2016
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
CVR. Nr. 33 71 12 31

| | |
|---|---|
| Arne Kristensen | Carsten Dahl |
| State Authorised Public Accountant | State Authorised Public Accountant |

# Management's review

## Company details

Carl Hansen & Søn Holding A/S
Hylkedamvej 77-79
DK-5591 Gelsted

Telephone: +45 66 12 14 04
Fax: +45 66 91 60 04
Website: www.carlhansen.com
E-mail: info@carlhansen.com

CVR no.: 26 90 09 21
Registered office: Middelfart
Financial year: 1 January – 31 December

### Board of Directors

Clas Nylandsted Andersen, chairman
Knud Erik Hansen
Inger Marie Jensen Hansen
Ulrich Krasilnikoff
Carsten Fode

### Executive Board

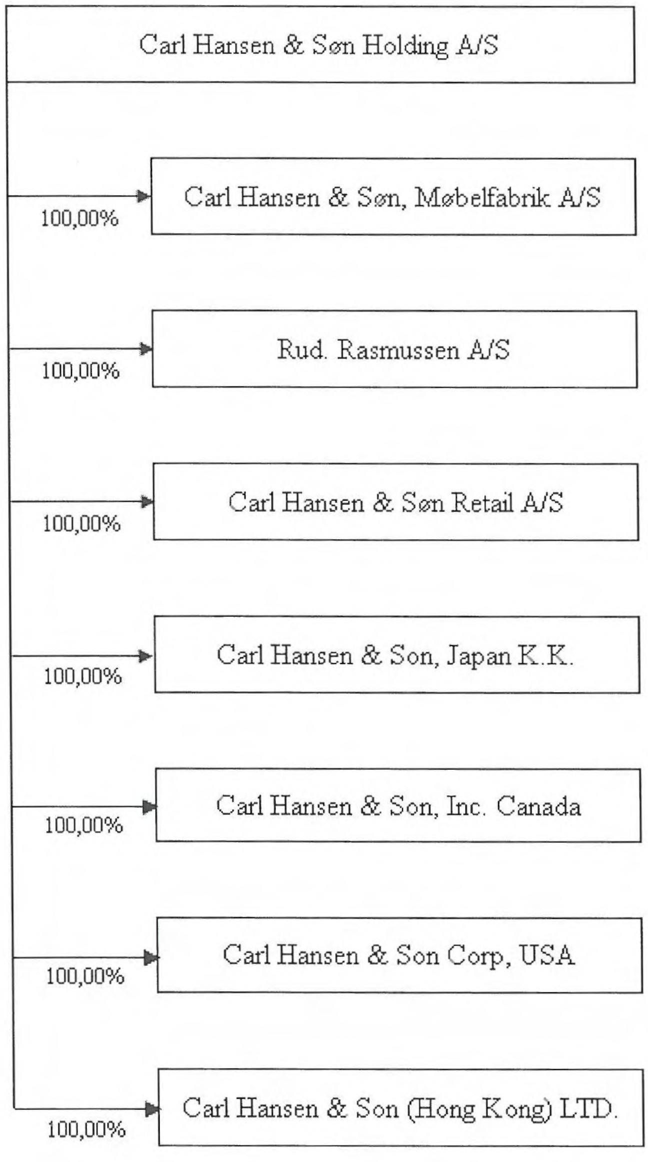
Knud Erik Hansen
Brian Hansen

### Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
7100 Vejle

# Management's review

## Group chart



# Management's review

## Financial highlights for the Group

| DKK '000 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Gross profit | 140,270 | 110,525 | 93,236 | 86,957 | 68,548 |
| Ordinary operating profit | 20,428 | 16,763 | 13,785 | 15,288 | 15,946 |
| Net financials | -6,258 | -5,879 | -3,551 | -4,499 | -5,468 |
| **Profit for the year** | **10,557** | **7,399** | **8,355** | **8,173** | **7,029** |
| Balance sheet total | 233,323 | 209,235 | 165,824 | 143,494 | 132,355 |
| Portion relating to investment in property, plant and equipment | -18,545 | -39,489 | -21,717 | -10,133 | -9,369 |
| **Equity** | **53,504** | **44,245** | **37,021** | **34,900** | **34,072** |
| Cash flows from operating activities | 28,413 | 8,784 | 13,956 | 15,888 | -1,707 |
| Net cash flows from investing activities | -22,728 | -39,719 | -26,345 | -10,356 | -11,138 |
| Cash flows from financing activities | -5,372 | 18,089 | -270 | -8,410 | -1,057 |
| **Total cash flows** | **314** | **-12,846** | **-12,660** | **-2,878** | **-13,902** |
| **Financial ratios** | | | | | |
| Return on assets | 8,8 % | 8,0 % | 8,9 % | 10,7 % | 12,1 % |
| Solvency ratio | 22,9 % | 20,9 % | 22,2 % | 24,3 % | 25,7 % |
| Return on equity | 21,6 % | 18,2 % | 23,1 % | 23,7 % | 22,7 % |
| **Average number of full-time employees** | **247** | **206** | **169** | **151** | **107** |

For terms and definitions, please see the accounting policies.

# Management's review

## Operating review

### Main Activity of the Group

Through the past 108 years Carl Hansen & Søn has been manufacturing and traded high level Danish designer furniture in Denmark and throughout the World.

### Development in Activities and Financial Matters

The consolidated income statement for 2015 shows a profit of DKK 10,556,657, and the consolidated balance sheet at 31 December 2015 shows an equity of DKK 53,503,525.

As part of the international growth strategy and a desire for a strong presence in key markets, in 2015 Carl Hansen & Søn opened new showrooms in London and Los Angeles. In 2016, the plan is to open new showrooms in Milan and New York, while a new flagship store and showroom opened at Bredgade 23 in Copenhagen in January 2016.

The production of Rud. Rasmussen's collection is being moved from the small workshop in Copenhagen to Carl Hansen & Søn's modern facilities on Funen. This will increase capacity and further streamline production methods, and create the best possible basis for meeting the growing demand from abroad while strengthening our vision of preserving Danish design classics.

### Risks

***Currency Risks***

A significant part of the products produced by Carl Hansen & Søn Group are sold on the export markets throughout the World. On all major markets the Company trades with own tariffs in foreign currencies. Such an organized sales strategy implies that the income of the Company would be affected by currency fluctuations. However, the Company aims at hedging all these currency fluctuations through forward exchange contracts with its bankers. We do not wish to speculate in any form of currency fluctuations or other matters that are not linked directly to our Main Activities that are descripted above.

### Strategy and Objectives

***Targets and Expectations for the coming Financial Year***

The Management of Carl Hansen & Søn expects the results for 2016 to exceed those realized in 2015.

# Management's review

## Operating review

### Basis of Earnings

#### *External environment*

The objective of the Company is to have the lowest possible impact on the environment. The Company has set out a number of internal targets to ensure health and safety at work and reduce the consumption of energy.

#### *Research and Development*

During the financial year of 2015 Carl Hansen & Søn has spent DKK 2,7 mio. on Research and Development. The sum relating to the development of new models has been capitalized.

A development project typically goes on for a period of 6-12 months, after which period the products are introduced to the markets. We expect to develop 2-4 new products per year.

### Subsequent Events

No events affecting the expectations of the Management of Carl Hansen & Søn for 2015 have occurred after the dated reflected on the Balance Sheet.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

### Early adoption of thresholds

With effect as from financial year 1 January – 31 December 2015, Management has decided to adopt early the raised thresholds of the Danish Financial Statements Act which became effective for financial years beginning on or after 1 January 2016, cf Act No 738 of 1 June 2015.

The early adoption implies that the Company may present its Annual Report under the rules applying to medium-sized enterprises of reporting class C instead of the rules applying to large enterprises of reporting class C. Consequently, the Company has omitted a number of note disclosures and some information in Management's Review.

Other amendments of the Danish Financial Statements Act which became effective on 1 January 2016 have not been incorporated in the Annual Report.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

The annual report for 2015 is presented in DKK.

### Consolidated financial statements

The consolidated financial statements comprise the parent company, Carl Hansen & Søn Holding A/S, and subsidiaries in which Carl Hansen & Søn Holding A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises 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 associates, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and 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 or liabilities at the acquisition date.

### Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed

## Accounting policies

of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

### Income statement

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### Revenue

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

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Expenses for raw materials and consumables

Raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sale and distribution and office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll related expenses.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation, amortisation and impairment losses for the year of property, plant and equipment and intangible assets as well as profit and loss on current replacement of fixed assets.

### Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Carl Hansen & Søn Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

## Balance sheet

### Intangible assets

***Goodwill***

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

***Development projects, patents and licences***

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

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

Completed development projects are amortised on a straight-line basis over the expected useful life. The amortisation period is usually 5 years but may in certain cases be up to 10 years if the longer amortisation period is assessed to better reflect the usefulness of the developed product etc for the Company. In case of development projects protected by intellectual property rights, the maximum amortisation period equals the remaining term of the rights concerned, however maximum 10 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding 10 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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, subsuppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

| | |
|---|---|
| Buildings | 10-50 years |
| Fixtures and fittings, tools and equipment | 3-10 years |
| Leasehold improvements | 10 years |

Showroom furniture is recognised at cost.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

### Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease

## Accounting policies

payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

### Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Carl Hansen & Son Holding A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, see Consolidated financial statements above.

### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### Securities and investments

Securities and investments, comprising listed securities and bonds, are measured at fair value at the balance sheet date. Unlisted securities are measured at fair value based on a calculated value in use.

### Equity

***Reserve for net revaluation according to the equity method***

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

***Dividends***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### Corporation tax and deferred tax

In its capacity as the administrative company, Carl Hansen & Søn Holding A/S is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with 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.

### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

### Deferred income

Deferred income is payments received concerning income in subsequent years.

## Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of 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 marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Accounting policies

### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|---|---|
| Return on assets | $\frac{\text{Profit before financials x 100}}{\text{Total assets}}$ |
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total assets}}$ |
| Return on equity | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Income statement

| DKK | Note | Consolidated 2015 | Consolidated 2014 | Parent company 2015 | Parent company 2014 |
|---|---|---|---|---|---|
| **Gross profit/loss** | | 140,270,133 | 110,524,520 | 246,415 | 391,719 |
| Staff expenses | 1 | -108,071,669 | -84,749,908 | 0 | 0 |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 2 | -11,770,132 | -9,011,350 | 19,444 | -233,334 |
| **Operating profit/loss** | | 20,428,332 | 16,763,262 | 265,859 | 158,385 |
| Income from investments in group enterprises | | 0 | 0 | 12,082,596 | 9,095,814 |
| Financial income | 3 | 0 | 0 | 0 | 0 |
| Financial expenses | 3 | -6,258,195 | -5,879,207 | -2,171,124 | -2.332.195 |
| **Profit/loss for the year before tax** | | 14,170,137 | 10,884,055 | 10,177,331 | 6,922,004 |
| Tax on profit/loss for the year | 4 | -3,613,480 | -3,484,666 | 379,326 | 477,385 |
| **Profit/loss for the year** | | 10,556,657 | 7,399,389 | 10,556,657 | 7,399,389 |

## Proposed profit appropriation

| DKK | Parent company 2015 | Parent company 2014 |
|---|---|---|
| Proposed dividend | 300,000 | 200,000 |
| Transferred to revaluation under the equity method | 12,082,596 | 2,238,907 |
| Retained earnings | -1,825,939 | 4,960,482 |
| | 10,556,657 | 7,399,389 |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Balance sheet

| DKK | Note | Consolidated 2015 | Consolidated 2014 | Parent company 2015 | Parent company 2014 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| **Intangible assets** | 5 | | | | |
| Goodwill | | 2,023,415 | 1,165,537 | 0 | 0 |
| Goodwill on consolidation | | 2,678,763 | 3,115,311 | 0 | 0 |
| Development completed | | 10,750,355 | 9,574,717 | 0 | 0 |
| Patents and licences | | 167,129 | 194,868 | 0 | 0 |
| | | 15,619,662 | 14,050,433 | 0 | 0 |
| **Property, plant and equipment** | 6 | | | | |
| Leasehold improvements | | 3,726,099 | 4,037,694 | 0 | 0 |
| Land and buildings | | 48,378,812 | 48,807,177 | 0 | 0 |
| Fixtures and fittings, tools and equipment | | 43,941,697 | 36,290,182 | 97,221 | 777,778 |
| Property, plant and equipment under construction | | 85,867 | 3,317,462 | 0 | 0 |
| | | 96,132,475 | 92,452,515 | 97,221 | 777,778 |
| **Investments** | | | | | |
| Investments in subsidiaries | 7 | 0 | 0 | 106,958,912 | 95,474,806 |
| Deposits | | 5,503,178 | 3,669,025 | 0 | 0 |
| | | 5,503,178 | 3,669,025 | 106,958,912 | 95,474,806 |
| **Total non-current assets** | | 117,255,315 | 110,171,973 | 107,056,133 | 96,252,584 |
| **Current assets** | | | | | |
| **Inventories** | | | | | |
| Raw materials and consumables | | 7,551,553 | 6,850,000 | 0 | 0 |
| Work in progress | | 29,176,193 | 27,833,706 | 0 | 0 |
| Finished goods | | 29,077,560 | 30,545,490 | 0 | 0 |
| | | 65,805,306 | 65,229,196 | 0 | 0 |
| **Receivables** | | | | | |
| Trade receivables | | 38,031,298 | 25,496,099 | 0 | 0 |
| Corporation tax | | 0 | 0 | 0 | 485,083 |
| Deferred tax asset | 10 | 0 | 0 | 424,391 | 5,232 |
| Other receivables | | 1,030,483 | 518,801 | 0 | 0 |
| Prepayments | | 2,067,100 | 2,411,193 | 0 | 0 |
| | | 41,128,881 | 28,426,093 | 424,391 | 490,315 |
| **Cash at bank and in hand** | | 9,133,454 | 5,407,360 | 4,939 | 5,688 |
| **Total current assets** | | 116,067,641 | 99,062,649 | 429,330 | 496,003 |
| **TOTAL ASSETS** | | 233,322,956 | 209,234,622 | 107,485,463 | 96,748,587 |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Balance sheet

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| DKK | Note | 2015 | 2014 | 2015 | 2014 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | 9 | | | | |
| Share capital | 8 | 590,405 | 590,405 | 590,405 | 590,405 |
| Reserve for net revaluation under the equity method | | 0 | 0 | 35,957,393 | 24,973,287 |
| Retained earnings | | 52,613,120 | 43,454,953 | 16,655,727 | 18,481,666 |
| Proposed dividends | | 300,000 | 200,000 | 300,000 | 200,000 |
| **Total equity** | | 53,503,525 | 44,245,358 | 53,503,525 | 44,245,358 |
| **Provisions** | | | | | |
| Deferred tax | 10 | 3,060,618 | 1,968,181 | 0 | 0 |
| **Total provisions** | | 3,060,618 | 1,968,181 | 0 | 0 |
| **Liabilities other than provisions** | | | | | |
| **Non-current liabilities other than provisions** | 11 | | | | |
| Mortgage debt | | 22,079,784 | 24,080,320 | 0 | 0 |
| Bank debt | | 1,722,780 | 2,011,942 | 0 | 0 |
| Instruments of debt | | 2,500,000 | 3,000,000 | 2,500,000 | 3,000,000 |
| Lease obligations | | 16,222,346 | 17,887,669 | 0 | 0 |
| | | 42,524,910 | 46,979,931 | 2,500,000 | 3,000,000 |
| **Current liabilities other than provisions** | | | | | |
| Current portion of long term debt | 11 | 6,672,141 | 7,388,759 | 500,000 | 500,000 |
| Trade payables | | 34,352,451 | 29,905,015 | 0 | 0 |
| Bank debt | | 61,900,490 | 58,487,996 | 0 | 0 |
| Deferred income | 12 | 3,307,411 | 2,529,953 | 0 | 0 |
| Amounts owed to group enterprises | | 0 | 0 | 50,661,997 | 48,858,229 |
| Corporation tax | | 1,427,088 | 1,031,577 | 126,441 | 0 |
| Other payables | | 26,574,322 | 16,697,852 | 193,500 | 145,000 |
| | | 134,233,903 | 116,041,152 | 51,481,938 | 49,503,229 |
| **Total liabilities other than provisions** | | 176,758,813 | 163,021,083 | 53,981,938 | 52,503,229 |
| **TOTAL EQUITY AND LIABILITIES** | | 233,322,956 | 209,234,622 | 107,485,463 | 96,748,587 |

| | |
|---|---|
| **Contractual obligations and contingencies, etc.** | 13 |
| **Mortgages and collateral** | 14 |
| **Related party disclosures** | 15 |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Cash flow statement

| DKK | Note | Consolidated 2015 | Consolidated 2014 |
|---|---|---|---|
| Profit for the year | | 10,556,657 | 7,399,389 |
| Adjustments | 16 | 23,195,117 | 18,222,673 |
| Changes in working capital | 17 | 1,822,466 | -9,965,115 |
| Cash generated from operations (operating activities) | | 35,574,240 | 15,656,947 |
| Interest received | | 0 | 0 |
| Interest paid | | -6,258,195 | -5,879,207 |
| Cash generated from operations (ordinary activities) | | 29,316,045 | 9,777,740 |
| Corporation tax paid | | -902,879 | -993,704 |
| **Cash flows from operating activities** | | 28,413,166 | 8,784,036 |
| Acquisition of intangible assets | | -3.735,531 | -2,564,544 |
| Acquisition of property, plant and equipment | | -18,544,739 | -39,488,502 |
| Disposal of property, plant and equipment | | 1,386,497 | 2,270,018 |
| Additions, other fixed asset investments | | -1,834,153 | 64,077 |
| **Cash flows from investing activities** | | -22,727,926 | -39,718,951 |
| External financing: | | | |
| Additions of long-term debt | | 1,465,671 | 22,458,935 |
| Repayment of long-term debt | | -6,637,310 | -4,169,819 |
| Shareholders: | | | |
| Dividends paid | | -200,000 | -200,000 |
| **Cash flows from financing activities** | | -5,371,639 | 18,089,116 |
| **Net cash flows from operating, investing and financing activities** | | 313,601 | -12,845,799 |
| Cash and cash equivalents at 1 January | | -53,080,637 | -40,234,838 |
| **Cash and cash equivalents at 31 December** | | -52,767,036 | -53,080,637 |
| Cash and cash equivalents: | | | |
| Cash at bank and in hand | | 9,133,454 | 5,407,360 |
| Bank debt | | -61,900,490 | -58,487,996 |
| **Cash and cash equivalents at 31 December** | | -52,767,036 | -53,080,636 |

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Notes to the financial statements

| | DKK | Consolidated 2015 | Consolidated 2014 | Parent company 2015 | Parent company 2014 |
|---|---|---|---|---|---|
| 1 | **Staff expenses** | | | | |
| | Wages and salaries | 99,159,455 | 77,564,110 | 0 | 0 |
| | Pensions | 7,339,886 | 5,882,800 | 0 | 0 |
| | Other social security costs | 1,572,328 | 1,302,998 | 0 | 0 |
| | | 108,071,669 | 84,749,908 | 0 | 0 |
| | Hereof remuneration to Executive and Supervisory Boards | | | 0 | 0 |
| | Average number of full-time employees | 247 | 206 | 0 | 0 |

Remuneration to the Executive Board has not been disclosed in pursuance of section 98 B(3) of the Danish Financial Statements Act.

| | DKK | Consolidated 2015 | Consolidated 2014 | Parent company 2015 | Parent company 2014 |
|---|---|---|---|---|---|
| 2 | **Depreciation, amortisation and impairment losses** | | | | |
| | Intangible assets | 2.115.086 | 1,867,571 | 0 | 0 |
| | Property, plant and equipment | 9,791,978 | 7,030,046 | 122,917 | 233,334 |
| | Loss regarding sale of fixed assets | -136,932 | 113,733 | -142,361 | 0 |
| | | 11,770,132 | 9,011,350 | -19,444 | 233,334 |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Notes to the financial statements

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | DKK | 2015 | 2014 | 2015 | 2014 |
| 3 | **Financial income and expenses** | | | | |
| | Financiel expenses: | | | | |
| | Interest, group enterprises | 0 | 0 | 2.043.778 | 2,184,445 |
| | Other interest expense | 6,258,195 | 5,879,207 | 127.346 | 147,750 |
| | | 6,258,195 | 5,879,207 | 2.171.124 | 2,332,195 |
| 4 | **Tax on the profit/loss for the year** | | | | |
| | Current tax for the year | 2,468,938 | 1,451,306 | 0 | -485,083 |
| | Adjustment of deferred tax | 1,124,028 | 1,861,593 | -419,159 | 7,448 |
| | Adjustment of deferred tax, previous years | 20,514 | 171,767 | 39,833 | 250 |
| | | 3,613,480 | 3,484,666 | -379,326 | -477,385 |

## Notes to the financial statements

### 5 Intangible assets

| | Consolidated | | | |
|---|---|---|---|---|
| DKK | Goodwill | Goodwill on conso-lidation | Develop-ment projects | Patents and licences |
| Cost at 1 January | 3,471,220 | 5,625,501 | 14,099,218 | 275,640 |
| Additions | 995,000 | 0 | 2,740,531 | 0 |
| Disposals | 0 | 0 | -66,265 | 0 |
| Cost at 31 December | 4,466,220 | 5,625,501 | 16,773,484 | 275,640 |
| Impairment losses and amortisation at 1 January | 2,305,683 | 2,510,190 | 4,524,501 | 80,772 |
| Depreciation, amortisation and impairment losses for the year | 137,122 | 436,548 | 1,513,677 | 27,739 |
| Disposals | 0 | 0 | -15,049 | 0 |
| Impairment losses and amortisation at 31 December | 2,442,805 | 2,946,738 | 6,023,129 | 108,511 |
| **Carrying amount at 31 December** | 2,023,415 | 2,678,763 | 10,750,355 | 167,129 |

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Notes to the financial statements

### 6 Property, plant and equipment

| DKK | Consolidated | | | |
|---|---|---|---|---|
| | Leasehold improvements | Land and buildings | Fixtures and fittings, tools and equipment | Property, plant and equipment under construction |
| Cost at 1 January | 4,330,680 | 62,385,463 | 73,743,486 | 3,317,462 |
| Foreign currency translation adjustments, foreign entities | 7,053 | 0 | 239,813 | 0 |
| Additions | 1,154,871 | 2,534,818 | 14,769,183 | 85,867 |
| Transferred | 0 | 0 | 3,317,462 | -3,317,462 |
| Disposals | -923,300 | 0 | -6,141,970 | 0 |
| Cost at 31 December | 4,569,304 | 64,920,281 | 85,927,974 | 85,867 |
| Impairment losses and depreciation at 1 January | 534,971 | 13,578,286 | 37,839,659 | 0 |
| Foreign currency translation adjustments, foreign entities | 4,232 | 0 | 108,449 | 0 |
| Depreciation | 521,963 | 2,963,183 | 6,306,832 | 0 |
| Disposals | -217,961 | 0 | -2,268,663 | 0 |
| Impairment losses and depreciation at 31 December | 843,205 | 16,541,469 | 41,986,277 | 0 |
| **Carrying amount at 31 December** | 3,726,099 | 48,378,812 | 43,941,697 | 85,867 |
| Property, plant and equipment include finance leases with a carrying amount totaling | 0 | 4,311,219 | 15,027,150 | 0 |
| Depreciated over | 10 years | 10-50 years | 3-10 years | - |

## Notes to the financial statements

### 6 Property, plant and equipment (continued)

| DKK | Parent company<br>Fixtures and fittings, tools and equipment |
|---|---|
| Cost at 1 January | 1,400,000 |
| Additions | 0 |
| Transferred | 0 |
| Disposals | -1,150,000 |
| Cost at 31 December | 250,000 |
| Impairment losses and depreciation at 1 January | -622,222 |
| Depreciation | -122,917 |
| Disposals | 592,361 |
| Impairment losses and depreciation at 31 December | -152,778 |
| **Carrying amount at 31 December** | 97,222 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 0 |
| Depreciated over | 3-7 years |

## Notes to the financial statements

| DKK | Parent company 2015 | Parent company 2014 |
|---|---|---|
| **7 Investments in subsidiaries** | | |
| Cost at 1 January | 70,501,519 | 76,644,859 |
| Adjustment to primo | 0 | -6,143,340 |
| Additions | 500.000 | 0 |
| Cost at 31 December | 71,001,519 | 70,501,519 |
| Value adjustments at 1 January | 24,973,287 | 22,709,881 |
| Adjustment to primo | 0 | 6,143,003 |
| Foreign currency translation adjustments | 764,826 | 458,988 |
| Equity adjustments in subsidiaries, financial instruments | -1,863,316 | -434,489 |
| Profit/loss for the year | 15,094,819 | 8,740,500 |
| Dividend paid | 0 | -13,000,000 |
| Adjustment of intercompany profit on inventories | -3,302,147 | 1,165,669 |
| Deferred tax on intercompany profit on inventories | 726,472 | -373,807 |
| Amortisation, goodwill on consolidation | -436,548 | -436,458 |
| Value adjustments at 31 December | 35,957,393 | 24,973,287 |
| **Carrying amount at 31 December** | 106,958,912 | 95,474,806 |
| Non-amortised goodwill | 2,678,763 | 3,115,311 |

| Name | Registered office | Voting rights and ownership |
|---|---|---|
| Carl Hansen & Søn, Møbelfabrik A/S | Middelfart | 100 % |
| Rud. Rasmussen A/S | København | 100 % |
| Carl Hansen & Søn Retail A/S | Middelfart | 100 % |
| Carl Hansen & Son Japan K.K. | Japan | 100 % |
| Carl Hansen & Son Inc. | Canada | 100 % |
| Carl Hansen & Son Corp. | USA | 100 % |
| Carl Hansen & Son (Hong Kong) Ltd. | Hong Kong | 100 % |

All subsidiaries are considered separate entities.

## Notes to the financial statements

| DKK | Parent company 2015 | Parent company 2014 |
|---|---|---|
| **8 Share capital** | | |
| Share capital contributed at foundation | 500,000 | 500,000 |
| Capital increase 2003 | 3,393 | 3,393 |
| Capital increase 2004 | 6,671 | 6,671 |
| Capital increase 2005 | 9,492 | 9,492 |
| Capital increase 2009 | 70,849 | 70,849 |
| **Equity at 31 December** | 590,405 | 590,405 |

The Company has 70,849 treasury shares of a nominal value of DKK 1.

The Company's holding of treasury shares represents 12% of the nominal share capital corresponding to a nominal amount of DKK 70,849.

### 9 Equity

| | Consolidated | | | |
|---|---|---|---|---|
| DKK | Share capital | Retained earnings | Proposed dividends | Total |
| Equity at 1 January | 590,405 | 43,454,953 | 200,000 | 44,245,358 |
| Dividends | 0 | 0 | -200,000 | -200,000 |
| Transferred, see profit appropriation | 0 | 10,256,657 | 300,000 | 10,556,657 |
| Foreign currency translation adjustments, foreign subsidiaries | 0 | 764,826 | 0 | 764,826 |
| Value adjustments of hedging instruments at 31 December | 0 | -1,863,316 | 0 | -1,863,316 |
| **Equity at 31 December** | 590,405 | 52,613,120 | 300,000 | 53,503,525 |

### Notes to the financial statements

| | Parent company | | | | |
|---|---|---|---|---|---|
| DKK | Share capital | Reserve for net revaluation under the equity method | Retained earnings | Proposed dividends | Total |
| Equity at 1 January | 590,405 | 24,973,287 | 18,481,666 | 200,000 | 44,245,358 |
| Dividends | 0 | 0 | 0 | -200,000 | -200,000 |
| Transferred, see profit appropriation | 0 | 12,082,596 | -1,825,939 | 300,000 | 10,556,657 |
| Foreign currency translation adjustments, foreign subsidiaries | 0 | 764,826 | 0 | 0 | 764,826 |
| Value adjustments of hedging instruments at 31 December | 0 | -1,863,316 | 0 | 0 | -1,863,316 |
| **Equity at 31 December** | 590,405 | 35,957,393 | 16,655,727 | 300,000 | 53,503,525 |

The share capital consists of 590,405 shares of DKK 1. No shares carry any special rights.

### 10 Deferred tax

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| DKK | 2015 | 2014 | 2015 | 2014 |
| Deferred tax asset | | | -424,391 | -5,232 |
| Deferred tax | 3,060,618 | 1,968,181 | 0 | 0 |
| | 3,060,618 | 1,968,181 | -424,391 | -5,232 |
| Intangible assets | 1,928,816 | 1,491,278 | 0 | 0 |
| Property, plant and equipment | 2,435,152 | 2,030,913 | 4,631 | -5,232 |
| Current assets | 872,651 | 1,125,512 | 0 | 0 |
| Liabilities other than provisions | 0 | -8,162 | 0 | 0 |
| Tax loss carryforward | -2,176,001 | -2,671,360 | -429,022 | 0 |
| | 3,060,618 | 1,968,181 | -424,391 | -5,232 |

## Notes to the financial statements

### 11 Mortgage credit institutions and banks

The loans are specified as follows:

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| DKK | 2015 | 2014 | 2015 | 2014 |
| **Mortgage debt** | | | | |
| Long-term | 22,079,784 | 24,080,320 | 0 | 0 |
| Short-term | 1,987,652 | 1,873,364 | 0 | 0 |
| | 24,067,436 | 25,953,684 | 0 | 0 |
| **Bank debt** | | | | |
| Long-term | 1,722,781 | 2,011,942 | 0 | 0 |
| Short-term | 259,176 | 849,825 | 0 | 0 |
| | 1,981,957 | 2,861,767 | 0 | 0 |
| **Instruments of debt** | | | | |
| Long-term | 2,500,000 | 3,000,000 | 2,500,000 | 3,000,000 |
| Short-term | 500,000 | 500,000 | 500,000 | 500,000 |
| | 3,000,000 | 3,500,000 | 3,000,000 | 3,500,000 |
| **Lease obligations** | | | | |
| Long-term | 16,222,344 | 17,887,669 | 0 | 0 |
| Short-term | 3,925,313 | 4,165,570 | 0 | 0 |
| | 20,147,657 | 22,053,239 | 0 | 0 |
| **Total loans** | 49,197,050 | 54,368,690 | 3,000,000 | 3,500,000 |
| Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount) | 16,771,116 | 17,223,305 | 0 | 0 |

### 12 Deferred income

Deferred income, DKK 3,307 thousand, consists of payments received from customers that may not be recognised until the subsequent financial year.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Notes to the financial statements

### 13 Contractual obligations and contingencies, etc.

**Operating lease obligations**

The Group's companies have entered into operating leases obligations which total nominal residual lease payment amounts to DKK 3,007 thousand. The leases have a remaining term of up to 48 months.

The Group's companies have entered into contracted obligations which total nominal residual lease payment amounts to DKK 32,899 thousand. The leases have a remaining term of up to 108 months.

### 14 Mortgages and collateral

The parent company, Carl Hansen & Son Holding A/S has issued a joint and unlimited guarantee for the subsidiary's bank engagements. The amounts are at December 31, 2015 in total DKK 61,900 thousand.

As security for bankengagements the following has been deposited:

> Owner's mortgage on movable property, nom. DKK 10,000 thousand, secured on machinery and equipment, lease rights and goodwill and floating charge DKK 15,000 thousand provided as security for debt to bank engagements of DKK 61,900 thousands at December 31, 2015.

As security for mortgage debt the following has been deposited:

> Owner's mortgage, DKK 41,272 thousands secured on property at a carrying amount of DKK 48,379 thousands for a recorded remaining debt of DKK 24,068 thousands.

# Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

## Notes to the financial statements

### 15 Related party disclosures

The Group's related parties comprise the following:

Knud Erik Hansen, Controlling shareholder

The Group's other related parties comprise the Executive and Supervisory Board.

#### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Knud Erik Hansen
Hellerupvej 20
DK-5750 Ringe.

| DKK | Consolidated 2015 | Consolidated 2014 |
|---|---|---|
| **16 Adjustments** | | |
| Interest received | 0 | 0 |
| Interest paid | 6,258,195 | 5,879,207 |
| Depreciation of intangible assets | 2,115,086 | 1,867,571 |
| Depreciation of property, plant and equipment | 9,791,978 | 7,030,046 |
| Gain/loss regarding sale of fixed assets | -136,932 | 113,733 |
| Taxes for the year | 3,613,480 | 3,484,666 |
| Currency adjustments | 764,826 | 426,769 |
| Other adjustments | 2,651,800 | 0 |
| Equity adjustments regarding financial instruments | -1,863,316 | -579,319 |
| | 23,195,117 | 18,222,673 |

### 17 Changes in working capital

| | | |
|---|---|---|
| Change in inventories | -576,110 | -16,651,179 |
| Change in receivables | -12,702,788 | -1,117,353 |
| Change in trade and other payables | 15,101,364 | 7,803,417 |
| | 1,822,466 | -9,965,115 |