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Havneholmen 29
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FERM LIVING APS
LAPLANDSGADE 11, 2300 KØBENHAVN S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 April 2017**

Peter Thostrup

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COMPANY DETAILS

Company	ferm LIVING ApS Laplandsgade 11 2300 København S CVR no.: 30 07 01 86 Established: 23 November 2006 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Michiel Albert H Deturck, Chairman Joris Koen Van Troos Anna Kathrine Neve Andersen
Board of Executives	Peter Thostrup Anna Kathrine Neve Andersen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nykredit A/S Kalvebod Brygge 47 1780 København V Sydbank Kgs. Nytorv 30 1050 København K

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of firm LIVING ApS for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 10 March 2017

Board of Executives

Peter Thostrup

Anna Kathrine Neve Andersen

Board of Directors

Michiel Albert H Deturck
Chairman

Joris Koen Van Troos

Anna Kathrine Neve Andersen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of firm LIVING ApS

Opinion

We have audited the Financial Statements of firm LIVING ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 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 Financial Statements" section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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 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.

Copenhagen, 10 March 2017

BDO Statsautoriseret revisionsaktieselskab
CVR no.20 22 26 70

Per Frost Jensen
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Principal activities

The company's principal activities are to develop and market home accessories and furniture.

Profit for the year compared to future expectations

The operating profit for the year was DKK 15,416,603 DKK following a transition year with new ownership structure and with investments in staff and marketing.

Management expects a positive development in both revenue and earnings.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK
GROSS PROFIT		34.281.707	38.041.325
Staff costs.....	1	-18.118.070	-15.496.492
Depreciation, amortisation and impairment.....		-747.034	-565.399
OPERATING PROFIT		15.416.603	21.979.434
Other financial income.....		0	3.614
Other financial expenses.....	2	-752.626	-388.574
PROFIT BEFORE TAX		14.663.977	21.594.474
Tax on profit/loss for the year.....	3	-3.783.305	-5.135.146
PROFIT FOR THE YEAR		10.880.672	16.459.328
PROPOSED DISTRIBUTION OF PROFIT			
Proposed dividend for the year.....		11.000.000	23.000.000
Retained earnings.....		-119.328	-6.540.672
TOTAL		10.880.672	16.459.328

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK
Other plant, machinery, tools and equipment		501.937	392.752
Leasehold improvements.....		235.245	404.218
Tangible fixed assets.....	4	737.182	796.970
Rent deposit and other receivables.....		249.177	242.508
Fixed asset investments.....	5	249.177	242.508
FIXED ASSETS.....		986.359	1.039.478
Finished goods and goods for resale.....		14.146.461	15.556.119
Prepayments.....		2.334.071	2.092.522
Inventories.....		16.480.532	17.648.641
Trade receivables		9.175.428	7.792.120
Deferred tax assets.....		29.135	8.442
Other receivables.....		720.892	948.321
Corporation tax receivable.....		0	122.712
Prepayments and accrued income.....		1.005.217	1.059.575
Receivables.....		10.930.672	9.931.170
Cash and cash equivalents.....		12.806.387	7.264.354
CURRENT ASSETS.....		40.217.591	34.844.165
ASSETS.....		41.203.950	35.883.643

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK
Share capital.....		125.000	125.000
Retained earnings.....		202.633	321.961
Proposed dividend.....		11.000.000	23.000.000
EQUITY.....	6	11.327.633	23.446.961
Bank debt.....		161.506	96.089
Trade payables.....		6.008.970	3.135.442
Payables to group enterprises.....	7	16.789.894	4.649.025
Corporation tax.....		3.681.286	0
Other liabilities.....		3.234.661	4.556.126
Current liabilities.....		29.876.317	12.436.682
LIABILITIES.....		29.876.317	12.436.682
EQUITY AND LIABILITIES.....		41.203.950	35.883.643
Contingencies etc.	8		
Charges and securities	9		

NOTES

	2016 DKK	2015 DKK	Note
Staff costs			1
Average number of employees 31 (2015: 28)			
Wages and salaries.....	15.572.104	14.243.211	
Pensions.....	1.536.156	698.029	
Social security costs.....	238.696	219.361	
Other staff costs.....	771.114	335.891	
	18.118.070	15.496.492	
Other financial expenses			2
Group enterprises.....	395.249	382.166	
Other interest expenses.....	357.377	6.408	
	752.626	388.574	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year.....	3.803.998	5.143.288	
Adjustment of deferred tax.....	-20.693	-8.142	
	3.783.305	5.135.146	
Tangible fixed assets			4
	Other plant, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2016.....	805.105	756.712	
Additions.....	397.174	0	
Disposals.....	-15.000	0	
Cost at 31 December 2016.....	1.187.279	756.712	
Depreciation and impairment at 1 January 2016.....	412.353	352.494	
Reversal of depreciation of assets disposed of.....	-15.000	0	
Depreciation for the year.....	287.989	168.973	
Depreciation and impairment at 31 December 2016.....	685.342	521.467	
Carrying amount at 31 December 2016.....	501.937	235.245	
Fixed asset investments			5
		Rent deposit and other receivables	
Cost at 1 January 2016.....		242.508	
Additions.....		6.669	
Cost at 31 December 2016.....		249.177	
Carrying amount at 31 December 2016.....		249.177	

NOTES

					Note
Equity					6
	Share capital	Retained earnings	Proposed dividend	Total	
Equity at 1 January 2016.....	125.000	321.961	23.000.000	23.446.961	
Dividend paid.....			-23.000.000	-23.000.000	
Proposed distribution of profit.....		-119.328	11.000.000	10.880.672	
Equity at 31 December 2016.....	125.000	202.633	11.000.000	11.327.633	
Payables to group enterprises					7
Contingencies etc.					8
<p>The company has entered into operating lease contracts with an average annual lease payment of DKK ('000) 66. The lease contracts have a residual term of 20 to 22 months and a total residual lease payment of DKK ('000) 117.</p>					
<p>Joint liabilities</p> <p>The company is jointly and severally liable together with the parent company for tax on the group's jointly taxed income.</p>					
Charges and securities					9
<p>The company has issued a business charge of DKK ('000) 15,000 to Nykredit Bank A/S, providing security on the company's intangible and tangible fixed assets, inventory and debtors.</p>					

ACCOUNTING POLICIES

The annual report of firm LIVING ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The annual report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0 %

ACCOUNTING POLICIES

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is impaired to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Other liabilities are measured at amortised cost equal to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.