

**Rufac ApS**  
**Central Business Registration No**  
**31873916**  
**Fynsvej 27**  
**5500 Middelfart**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 13.12.2016

**Chairman of the General Meeting**

---

Name: Lars Aaen

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	4
Accounting policies	5
Income statement for 2015/16	9
Balance sheet at 30.09.2016	10
Statement of changes in equity for 2015/16	12
Notes	13

## **Entity details**

### **Entity**

Rufac ApS  
Fynsvej 27  
5500 Middelfart

Central Business Registration No: 31873916

Registered in: Middelfart, Denmark

Financial year: 01.10.2015 - 30.09.2016

### **Board of Directors**

Lars Aaen

### **Executive Board**

Claus Hansson

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Egtved Allé 4  
6000 Kolding

## **Statement by Management on the annual report**

The Board of Directors and the Executive Board have today considered and approved the annual report of Rufac ApS for the financial year 01.10.2015 - 30.09.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016.

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

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

Middelfart, 13.12.2016

### **Executive Board**

Claus Hansson

### **Board of Directors**

Lars Aaen

## Independent auditor's reports

### To the owners of Rufac ApS

#### Report on the financial statements

We have audited the financial statements of Rufac ApS for the financial year 01.10.2015 - 30.09.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### 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.

#### Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

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

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

Kolding, 13.12.2016

#### Deloitte

Statsautoriseret Revisionspartnerselskab

Anders Rosendahl Poulsen  
State Authorised Public Accountant

CVR-nr. 33963556

## **Management commentary**

### **Primary activities**

The Company develops and manufactures ergonomic furniture.

### **Development in activities and finances**

Management considers the profit for the year very satisfactory and better than expected.

The development in activities has been good, which is also a good starting-point for the future potential earnings of the Company.

A positive result is expected for the next financial year.

The development after the balance sheet date follows the budgets and plans made.

### **Events after the balance sheet date**

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

## **Accounting policies**

### **Reporting class**

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

The accounting policies applied for these financial statements are consistent with those applied last year.

### **Recognition and measurement**

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

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

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

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

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

### **Foreign currency translation**

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

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss is an aggregation of revenue for the year (revenue), cost of sales for the year to achieve revenue for the year (cost of sales) and operating and maintenance expenses for the year on property, plant and equipment as well as sales and administrative expenses (other external expenses).

## Accounting policies

### Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

### Cost of sales

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

### Other external expenses

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

### Staff costs

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

### Amortisation, depreciation and impairment losses

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

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

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



## Accounting policies

The Entity is jointly taxed with its Parent and all of the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Buldings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.

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

#### Receivables

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

#### Inventories

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

Cost of goods for resale, raw materials and consumables consist of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management.

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

## **Accounting policies**

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to nominal value.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Dividend**

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

### **Deferred tax**

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

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

### **Other financial liabilities**

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

### **Income tax receivable or payable**

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

## Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
<b>Gross profit</b>		<b>42.023.951</b>	<b>31.856</b>
Staff costs	1	(9.246.641)	(9.828)
Depreciation, amortisation and impairment losses		<u>(605.747)</u>	<u>(332)</u>
<b>Operating profit/loss</b>		<b>32.171.563</b>	<b>21.696</b>
Other financial income	2	1.452.877	1.547
Other financial expenses		<u>(1.131.991)</u>	<u>(590)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>32.492.449</b>	<b>22.653</b>
Tax on profit/loss from ordinary activities	3	<u>(7.163.516)</u>	<u>(5.319)</u>
<b>Profit/loss for the year</b>		<b><u>25.328.933</u></b>	<b><u>17.334</u></b>
 <b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		35.000.000	0
Retained earnings		<u>(9.671.067)</u>	<u>17.334</u>
		<b><u>25.328.933</u></b>	<b><u>17.334</u></b>

**Balance sheet at 30.09.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Land and buildings		4.067.181	0
Other fixtures and fittings, tools and equipment		<u>2.195.533</u>	<u>1.423</u>
<b>Property, plant and equipment</b>	4	<u><b>6.262.714</b></u>	<u><b>1.423</b></u>
Other receivables		<u>0</u>	<u>293</u>
<b>Fixed asset investments</b>	5	<u><b>0</b></u>	<u><b>293</b></u>
<b>Fixed assets</b>		<u><b>6.262.714</b></u>	<u><b>1.716</b></u>
Manufactured goods and goods for resale		<u>9.502.714</u>	<u>6.860</u>
<b>Inventories</b>		<u><b>9.502.714</b></u>	<u><b>6.860</b></u>
Trade receivables		442.002	37
Receivables from group enterprises		46.970.680	29.144
Other short-term receivables		1.728.111	501
Prepayments		<u>377.864</u>	<u>337</u>
<b>Receivables</b>		<u><b>49.518.657</b></u>	<u><b>30.019</b></u>
<b>Cash</b>		<u><b>3.469.423</b></u>	<u><b>15.115</b></u>
<b>Current assets</b>		<u><b>62.490.794</b></u>	<u><b>51.994</b></u>
<b>Assets</b>		<u><u><b>68.753.508</b></u></u>	<u><u><b>53.710</b></u></u>

**Balance sheet at 30.09.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Contributed capital	6	125.000	125
Retained earnings		18.389.125	27.835
Proposed dividend		35.000.000	0
<b>Equity</b>		<b><u>53.514.125</u></b>	<b><u>27.960</u></b>
Provisions for deferred tax		92.775	57
<b>Provisions</b>		<b><u>92.775</u></b>	<b><u>57</u></b>
Bank loans		0	7.880
Trade payables		6.933.080	3.500
Debt to group enterprises		0	2.557
Income tax payable		7.191.352	5.311
Other payables		1.022.176	6.445
<b>Current liabilities other than provisions</b>		<b><u>15.146.608</u></b>	<b><u>25.693</u></b>
<b>Liabilities other than provisions</b>		<b><u>15.146.608</u></b>	<b><u>25.693</u></b>
<b>Equity and liabilities</b>		<b><u><u>68.753.508</u></u></b>	<b><u><u>53.710</u></u></b>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		

**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	125.000	27.835.373	0	27.960.373
Other adjustments	0	288.230	0	288.230
Tax of equity postings	0	(63.411)	0	(63.411)
Profit/loss for the year	0	(9.671.067)	35.000.000	25.328.933
<b>Equity end of year</b>	<b>125.000</b>	<b>18.389.125</b>	<b>35.000.000</b>	<b>53.514.125</b>

## Notes

	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>1. Staff costs</b>		
Wages and salaries	8.803.871	9.566
Other social security costs	355.611	213
Other staff costs	<u>87.159</u>	<u>49</u>
	<b><u>9.246.641</u></b>	<b><u>9.828</u></b>
Number of employees at balance sheet date	<u>15</u>	<u>13</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	<u>1.452.877</u>	<u>1.547</u>
	<b><u>1.452.877</u></b>	<b><u>1.547</u></b>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	7.127.940	5.311
Change in deferred tax for the year	35.576	(5)
Effect of changed tax rates	<u>0</u>	<u>13</u>
	<b><u>7.163.516</u></b>	<b><u>5.319</u></b>

## Notes

	<b>Land and buildings DKK</b>	<b>Other fix- tures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>		
Cost beginning of year	0	2.167.084
Additions	4.165.060	1.280.146
<b>Cost end of year</b>	<b>4.165.060</b>	<b>3.447.230</b>
Depreciation and impairment losses beginning of the year	0	(743.829)
Depreciation for the year	(97.879)	(507.868)
<b>Depreciation and impairment losses end of the year</b>	<b>(97.879)</b>	<b>(1.251.697)</b>
<b>Carrying amount end of year</b>	<b>4.067.181</b>	<b>2.195.533</b>

	<b>Other recei- vables DKK</b>
<b>5. Fixed asset investments</b>	
Cost beginning of year	292.604
Disposals	(292.604)
<b>Cost end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>6. Contributed capital</b>			
Ordinary shares	250	500,00	125.000
	<b>250</b>		<b>125.000</b>

The contributed capital has not been divided into classes.

	<b>2015/16 DKK</b>	<b>2014/15 DKK'000</b>
<b>7. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<b>415.000</b>	<b>N/A</b>



## Notes

### 8. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which C. Hansson Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2012/13 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these companies.

The Company has entered into normal forward exchange rate agreements for hedging purposes.

### 9. Assets charged and collateral

Bank debt is secured by way of a company pledge with security in an all-moneys mortgage of DKK 18,5 million comprising unsecured debt from sale of goods and services, inventories of raw materials, semi-manufactured goods and finished goods, operating fixture and equipment, plant and machinery as well as goodwill, domain names and intellectual rights.

The carrying amount of the pledged assets is:

	<b>2016</b>	<b>2015</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Carrying amount of receivables from group enterprises pledged	<b><u>46.971</u></b>	<b><u>29.144</u></b>
Carrying amount of trade receivables pledged	<b><u>442</u></b>	<b><u>37</u></b>
Carrying amount of inventories pledged	<b><u>9.503</u></b>	<b><u>6.860</u></b>
Carrying amount of plant and machinery, etc. pledged	<b><u>2.196</u></b>	<b><u>1.423</u></b>

Bank debt is furthermore secured by a mortgage of DKK 8m comprising real estate with a carrying amount of DKK 4.1m.

The Company has issued a guarantee of payment for bank debt in Midform Holding ApS and Midform A/S.