2015

Georg Jensen Investment ApS
Annual Report 2015

CVR No. 34 72 08 19

Søndre Fasanvej 7
2000 Frederiksberg

GEORG JENSEN INVESTMENT ApS

ANNUAL REPORT 2015

The annual report was approved at the company's ordinary general meeting held on 27 May 2016

Chairman of the meeting:

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Jacob Melander

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Company Information

Company	Georg Jensen Investment ApS
	Søndre Fasanvej 7
	DK-2000 Frederiksberg
	Phone: +45 38 14 98 98
	Fax: +45 38 14 99 13
	Web site: www.georgjensen.com
	CVR No.: 34 72 08 19
	Financial year: 1 January – 31 December
	Municipality of residence: Frederiksberg
Board of Directors:	Hazem Ben-Gacem, Chairman
	David Chu
	Andrea Jayne Davis
	José Pfeifer
	Guy Leymarie
	Eva-Lotta Sjöstedt
Executive Board:	Annemette Nøhr
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (*a Danish limited liability company*)

The general meeting will be held on 27 May 2016 at the Company's address.

Key Figures and Financial Ratios

DKK million	2015	2014	2012/13
Financial highlights			
Profit			
Net revenue	1.144	1.009	1.262
Gross profit/(loss)	708	616	787
Operating profit (EBIT)	(70)	(21)	23
Net financial items	(11)	(23)	(41)
Profit/(loss) before taxes	(81)	(44)	(18)
Net profit/(loss)	(80)	(40)	(19)
Balance sheet			
Balance sheet total	1.210	1.146	1.020
Equity	751	466	481
Invested capital	933	567	499
Interest-bearing debt (+)/cash and cash equivalents (-)	183	403	308
Investments, tangible assets	69	37	55
Cash flow	35	(36)	60
Number of employees	1.440	1.302	1.197
Financial ratios in %			
Gross margin	62 %	61 %	62 %
EBIT margin	(6%)	(2 %)	2 %
Solvency ratio	62 %	41 %	47 %
Return on invested capital	(9 %)	(4 %)	5 %
Net revenue/invested capital	2 %	2 %	3 %
Return on equity	(13 %)	(8%)	(4%)

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Product Categories

The Marc Newson Tea Service

Silver and Holloware

In our 112-year history, Georg Jensen has innovated and perfected the crafting of masterworks in sterling silver, from small table top items to magnificent decorative pieces for the home.

Our silversmith in Frederiksberg, Denmark – one of the few authentic silversmithies left in the world – continues to produce both new and archive designs.

Jewellery

Georg Jensen jewellery has a history as long as the Company's, and still today is influenced by the designs and philosophy of our founder.

Partnerships with leading artists in every design era of the past century have given us a vast archive of jewellery designs, many of which are still popular and in production to this day. Art Deco motifs, distinctively modern, minimal designs, and those inspired by nature are all recognizably Georg Jensen, and are carefully crafted in silver, gold and precious stones.

The Fusion Collection

The Smithy collection

Watches and Men's

Watches have been an important part of our collection since 1969. Henning Koppel and Vivianna Torun Bülow-Hübe, two of the most innovative and prolific Georg Jensen designers, each created revolutionary, iconic timepieces that helped establish our reputation in this area.

Designed in Denmark and crafted with Swiss-made complications, Georg Jensen watches offer an exceptionally high quality of design and function. Recently, we added to our watch offering for men as part of an expanded collection of masculine accessories including pens, cuff links, belts and leather goods.

Living

When silver became a scarcity during World War II, Georg Jensen and his designers, ever resourceful, began to experiment with other materials. Thus began a long tradition of offering elegant but functional designs for the modern home, often in unexpected or interesting fabrications.

Today, Georg Jensen Living offers a wide selection for the kitchen, for dining and for entertaining, from stainless steel flatware and barware to porcelain plates and vases.

The Cobra Collection

Financial Review

Net Revenue

Net revenue in 2015 amounted to DKK 1.144 million (DKK 1.009 million), which is a growth of 13% compared to last year. Net revenue in 2015 was positively influenced by exchange rate fluctuations compared to last year amounting to DKK 43 million, primarily impacting Region Asia Pacific and Region North America.

From a market perspective, the Asia Pacific countries experienced a 6% growth in net revenue compared to last year, when adjusting for currency effects. This growth is driven mainly by Australia and Japan whereas Hong Kong is struggling due to the macro economic climate. The stores in Macao and China are still in a start-up phase and the revenue effect of this was therefore limited. Europe experienced strong revenue growth of 14% compared to last year when adjusting for currency effects. Increasing wholesale revenue in all markets and across product categories was succesfull. Retail performance was positive in the Scandinavian markets, but was overall affected by strategic decisions in the store portfolio in the UK where the flagship store in Bond Street in London was closed in June and two new stores in Mount Street, Westfield and Royal Exchange opened in the autumn. Other regions grew 14% adjusted for currency effects driven by all channels.

The Asia Pacific region accounted for 45% of total net revenue (46%). The European region accounted for 49% of the total revenue (49%); which is status quo compared to 2014. The underlying share, excluding currency effects, is, however, larger due to a significant positive currency impact in the Asia Pacific Region in 2015. Other regions accounted for 6% (5%).

The retail channel, including e-commerce, grew 6% (9%) and accounted for 64% (65%) of total sales with the highest growth rates achieved in Australia, Sweden and the US. Revenue for wholesale, including B2B sales, increased compared to last year and accounted for 34% (32%) of total sales. Other sales channels accounted for 2% (3%) of total sales and consisted mainly of cooperation with airlines and sales of third party goods.

All product categories except Watches experienced growth compared to 2014. Double digit growth was achieved for both Jewellery and Living.

Gross Profit

Gross profit increased by DKK 92 million to DKK 708 million (DKK 616 million). The gross margin was realised at 62% (61%). Product margins improved compared to 2014 and hereby more than mitigated the channel mix shift towards a higher share of wholesale revenue.

Sales and Distribution Expenses

In 2015, sales and distribution expenses increased by DKK 149 million. The increase mainly reflects currency rates in the Asia Pacific region, higher marketing costs than in 2014 and large investments in sales expansion initiatives, primarily in the retail channel.

Administration Expenses

Administration expenses amounted to DKK 186 million (DKK 163 million) which is an increase of DKK 23 million compared to 2014.

Operating Profit (EBIT)

Operating profit (EBIT) was negative by DKK 70 million (negative by DKK 21 million). The negative EBIT is mainly due to the development in sales and distribution expenses as described above.

Net Financial Items

Net financial items amounted to a cost of DKK 11 million in 2015 (negative by DKK 23 million), which is lower than in 2014. The decreased cost in 2015 is due to a debt conversion in February, whereas interest on the loan converted has only affected 2015 in January and February.

Profit before Taxes

Profit before tax was negative by DKK 81 million (negative by DKK 44 million).

Net Profit

Net profit for the period was negative by DKK 80 million (negative by DKK 40 million).

Assets and Cash and Cash Equivalents

Total assets amounted to DKK 1.210 million as of 31 December 2015 (DKK 1.146 million), which is an increase of DKK 64 million. The increase is primarily caused by an increase in inventories (DKK 85 million) and other current assets (DKK 57 million) which offset the decrease in non-current assets (DKK 42 million). The decrease in non-current assets relates to the sale of a leasehold right in London and mitigated the increased investments in key money in relation to expansion initiatives and ongoing IT projects. Invested capital, including goodwill, at the end of 2015 totaled DKK 933 million (DKK 567 million), which was an increase of DKK 366 million mainly due to debt converted to equity of DKK 304 Million.

Completed development projects amounted to DKK 9 million (DKK 7 million), and consists of new products within existing product categories. Development projects in progress amounted to DKK 24 million (DKK 11 million), in relation to new products within existing product categories as well as ongoing IT projects.

Equity

Equity increased by DKK 285 million to DKK 751 million (DKK 466 million) due to debt conversion to share capital of DKK 304 million as well as a capital increase of DKK 67 million. Equity accounted for 62% (41%) of the balance sheet total at the end of the year.

Cash Flow and Net Interest Bearing Debt

Cash flow for 2015 was positive by DKK 35 million (negative by DKK 36 million). Cash flow from operating activities was negative by DKK 148 million (DKK 24 million). The decrease in cash flow from operating activities is primarily caused by an increased inventory as a consequence of the introduction of new products, more gold content in Jewellery and new markets as well as the increase in sales and distribution expenses. The negative cashflow from operating expenses was absorbed by the debt conversion and the capital increase. Investments during the year primarily related to the retail channel and ongoing IT projects.

Subsequent Events

There have been no significant events after the reporting period.

Outlook

Outlook for 2015 realised

Georg Jensen expected that the Group's primary regions in Asia Pacific and Europe would continue the positive development and generated higher growth than in 2014. Georg Jensen did succeed in achieving significantly higher revenue growth in the primary regions than in 2014, when adjusting for currency effects.

Earnings in 2015 were expected to be positively affected by key money realised for a leasehold. Investments for the financial year 2015 ended as expected above 2014 levels primarily due to investments in new retail shops and IT.

Outlook for 2016

Georg Jensen expects that the Group's regions will continue the positive development and generate growth in 2016. Total consolidated revenue growth, when disregarding potential currency effects for 2016, is therefore expected. Net profit in 2016 is expected to increase compared to the level in 2015. Investments for the financial year 2016 are expected to be significantly lower level than the previous two years and will mainly relate to maintenance of leaseholds and IT.

Risk Management

The Board of Directors regularly assesses the Company's overall risks and the individual risk factors associated with its activities. The Board of Directors adopts guidelines for key risk areas, monitors progress and prepares action plans for reducing and managing individual risk factors, including financial and business risks, insurance and environmental conditions and compliance with competition law.

Business Risk

Commercial risk: As an international brand, Georg Jensen is subject to the international economic development, in particular the consumption of luxury goods. The relatively high gross margins for the retail sector, as well as the high fixed costs for lease charges and salaries, mean that the Company's results are sensitive to sales fluctuations. We seek to eliminate the dependency on cyclical economic trends via wider geographical diversification of sales, as well as the use of new sales channels such as e-commerce, B2B and franchise agreements, among others. On the product side, new and more cohesive concepts are being developed, which maintain the brand's position as a luxury brand, and at the same time offer products that appeal to a broader range of customers.

Logistics risk: If the right products are not available in the stores at the right time, the amount of returned and surplus products rises, which increases the risk of obsolete products. Late delivery or non-delivery thus poses a risk. Sales, Operations and Planning (S&OP) processes need to be established in order to ensure alignment between the demand and supply, including delivery time, in order to adjust and manage stock levels.

Production facilities: Georg Jensen depends on three production facilities for Silver/Hollowware (Copenhagen, Denmark), Jewellery (Chiang Mai, Thailand) and Seasonal (Hjoerring, Denmark) whereas the production of Living products is outsourced to 3rd party suppliers primarily in China. Watches and Men's Collection is also primarily outsourced to 3rd party suppliers. Contingency plans and training is used and communicated in execution for different scenarios which can trigger interruption of operations, and we work with miscellaneous preventative actions to prevent interruption. Existing inventory levels are a preventive factor for a short period of time; insurance against interruptions in operations partly mitigates negative financial impacts.

IT breakdown: Risk control measures such as firewalls, access control, contingency plans, etc. are assessed on a regular basis in order to identify and minimise these risks.

Employees: Georg Jensen strives to offer unique career opportunities and talent development. The HR department is responsible for the development and updating of guidelines and training tools to support managers at all levels. Part of the performance culture ensures that all employees have clear goals and act as accountable, trustworthy ambassadors for our brand and company.

Brand and image: The brand and its reputation are managed through company values and integrated into corporate and social responsibility standards for Georg Jensen. Risks related to brand and reputation are addressed by way of prevention in a communication strategy prepared annually and proactively by way of consistent and transparent public relations and communication efforts, both externally and internally and through relevant channels.

Intellectual property rights: Georg Jensen aims to use and safeguard our intangible assets by securing key trademarks in key markets, selectively defending our trademarks and designs when necessary and appropriate.

Environment: Georg Jensen controls the value chain in our own factories where we continuously work on reducing the use of hazardous materials, noise and pollution and other elements that can cause a risk to employees or the environment. We also continuously work to improve our internal quality system in order to reduce deficiencies.

Financial Risk

Georg Jensen A/S manages the Group's financial risks centrally and coordinates the Group's liquidity management, including capital provision and placement of surplus liquidity. Risk management is based on a policy laid down by the Board of Directors with a view to limiting financial risks by applying derived financial instruments, mainly futures, options and interest swaps.

Foreign exchange fluctuations: As a result of its operating structure, Georg Jensen is heavily exposed to foreign exchange fluctuations. Similarly, the Group is increasingly exposed to foreign exchange fluctuations in connection with purchase and sale in foreign currencies and is relatively heavily exposed to changes in commodity prices of gold, silver, steel, brass, precious stones etc.

The exposure is attempted minimised by reliable and precise forecasts of currency flows and positioning for hedging purposes. Hedging of expected currency exposure for the upcoming 12 months period is based on an approved policy.

Commodity prices: Failure to purchase adequate commodities, including raw materials, especially gold and silver, at competitive prices poses a risk for the Company. Commodity price volatility introduces uncertainty to the price of the Company's input costs and potentially lowers profitability. This is mitigated by a reliable and precise forecast of the flow of commodities with a view to creating a basis for hedging and securing expected purchases of commodities for the upcoming 12-month period based on an approved policy.

External Risks

Macroeconomic factors: A substantial part of the Company's sourcing and sales takes place in markets which from time to time experience political and economic turmoil. This can affect Georg Jensen's business and thus poses a risk. Reliable and accurate sales forecasting allows flexible planning and reaction time to reduce the impact of macroeconomic factors. We furthermore seek to eliminate the dependency on cyclical economic trends via wider geographical diversification of sales, as well as the use of new sales channels, such as online, B2B and franchise agreements.

CSR

General

The Group is aware of its social responsibility and became a member of the UN Global Compact in 2009. The Global Compact is based on ten principles within human rights, labour rights, environmental protection and fight against corruption.

The Group thus works actively with social responsibility in its operations. A further description is available on the UN Global Compact's website "https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/222451" where Georg Jensen's 2015 COP report (Communication on Progress) is available, cf. Section 99A (7) of the Danish Financial Statements Act.

Diversity

At Georg Jensen, we believe that diversity of our workforce as well as our management will provide the best dynamics for growth and innovation. Hence, achieving a balanced and diverse workforce forms part of our good governance strategy.

As part of the strategy, we previously pledged to work toward a Board composition with both genders being represented by at least 40% by 2017. At Georg Jensen A/S level this target has been adjusted to 33% and with aim to reach this in 2019. The same target is also set for Georg Jensen Investment ApS.

At 31 December 2015 the board of directors consisted of 4 male members and 2 female member, whereas the target is reached in 2015. Going forward when recruiting new board members the aim for diversity will continue to be part of the recruitment criteria's.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the annual report of Georg Jensen Investment ApS for the financial year 1 January – 31 December 2015.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position as of 31 December 2015 of the Company and the Group and of the results of the Parent Company's and Group's cash flows for 2015.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 27 May 2016

Executive Board

____

Annemette Nøhr

Board of Directors

____________________	____________________
Hazem Ben-Gacem	David Chu
Chairman	
____________________	____________________
Andrea Jayne Davis	José Pfeifer
____________________	____________________
Guy Leymarie	Eva-Lotta Sjöstedt

Independent Auditors' Reports

To the Shareholders of Georg Jensen Investment ApS

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Georg Jensen Investment ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for both the Group and the Parent Company. 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 as 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.

Auditor's 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 in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The audit procedures selected depend on the auditor's judgment, 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 auditor considers 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 audit opinion.

The 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 financial position of the Group and the Company at 31 December 2015 and of the results of the Group and Company operations and cash flows in the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement of the Management's Review

We have read the Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in the Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 27 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31

Jacob F Christiansen,

State Authorised Public Accountant

Kaare von Cappeln,

State Authorised Public Accountant

Income Statement

Parent Company				The Group	
2015	2014	Note		2015	2014
DKK million	DKK million			DKK million	DKK million
-	-	2	Net revenue	1.144,1	1.008,8
-	-		Cost of sales	(436,4)	(393,1)
-	**-**		**Gross profit**	**707,7**	**615.7**
-	-		Sales and distribution expenses	(622,5)	(470,3)
(1,5)	(2,0)		Administration expenses	(185,7)	(163,2)
-	(0,5)	3	Other operating items	30,5	(3,0)
(78,0)	(28,9)	4	Result of investments in subsidiaries	-	-
(79,5)	**(31,4)**		**Profit before financial income and expenses – EBIT**	**(70,0)**	**(20,8)**
(1,3)	(12,0)	5	Financial items, net	(10,7)	(22,9)
(80,8)	**(43,4)**		**Profit before taxes**	**(80,7)**	**(43,7)**
0,9	3,4	6	Tax on profit for the year	0,8	3,7
(79,9)	**(40,0)**		**Net profit for the year**	**(79,9)**	**(40,0)**

Proposed distribution of profit

-	-	Proposed dividend	-	-
(79,9)	(40,0)	Retained earnings	(79,9)	(40,0)
(79,9)	**(40,0)**		**(79,9)**	**(40,0)**

Balance Sheet, Assets

Parent Company			Assets	The Group	
2015	**2014**			**2015**	**2014**
DKK million	DKK million	Note	**Non-current assets**	DKK million	DKK million
		7	**Intangible assets**		
-	-		Software	8,1	3,0
-	-		Goodwill	40,5	51,2
-	-		Brand, Lease and trademark rights	230,2	309,3
-	-		Completed development projects	8,7	7,4
-	-		Development projects in progress	24,4	11,0
-	**-**			**311,9**	**381,9**
		8	**Tangible assets**		
-	-		Land and buildings	26,9	27,5
-	-		Plant and machinery	5,5	6,2
-	-		Other fixtures and fittings, tools and equipment	46,6	43,7
-	-		Leasehold improvements	70,1	48,4
-	-		Property, plant and equipment in	2,9	1,6
-	-			**152,0**	**127,4**
			Financial assets		
740,3	757,1	9	Investments in subsidiaries	-	-
-	-		Deposits	33,7	30,8
740,3	**757,1**			**33,7**	**30,8**
740,3	**757,1**		**Total non-current assets**	**497,6**	**540,1**
			Current assets		
-	-	10	Inventories	443,2	358,6
			Receivables		
-	-		Trade receivables	151,0	144,6
8,1	9,2		Receivables from group enterprises	4,8	-
-	-		Other receivables	19,1	10,8
3,0	1,5		Deferred tax assets	24,1	3,9
-	-	11	Prepayments	46,5	28,9
11,1	**10,7**			**245,5**	**188,2**
-	1,3		Cash at bank and in hand	24,1	59,4
11,1	**12,0**		**Total current assets**	**712,8**	**606,2**
751,4	**769,1**		**Total assets**	**1.210,4**	**1.146,3**

Balance Sheet, Liabilities

Parent Company			Equity and liabilities	The Group	
2015	**2014**	Note		**2015**	**2014**
DKK million	DKK million			DKK million	DKK million
		12	**Equity**		
317,0	0,1		Share capital	317,0	0,1
594,4	540,9		Share premium account	594,4	540,9
(160,8)	(75,2)		Retained earnings	(160,8)	(75,2)
750,6	**465,8**		**Total equity**	**750,6**	**465,8**
			Provisions		
-	-		Other provisions	11,5	7,1
-	**-**			**11,5**	**7,1**
			Liabilities		
			Non-current liabilities		
-	-	13	Credit institutions	181,7	43,3
-	302,2		Payables to group enterprises	-	302,2
-	**302,2**			**181,7**	**345,5**
			Current liabilities		
0,1	-	13	Credit institutions	24,9	117,0
0,3	0,1		Trade payables	79,3	75,6
-	-		Corporation tax	14,9	1,9
0,4	1,0		Other payables	147,5	133,4
0,8	**1,1**			**266,6**	**327,9**
0,8	**303,3**		**Total liabilities**	**448,3**	**673,4**
751,4	**769,1**		**Total equity and liabilities**	**1.210,4**	**1.146,3**

1	Accounting policies applied
14	Contingent assets
15	Contingent liabilities and other financial obligations
16	Fee to auditors appointed at the general meeting
17	Staff costs
18	Financial instruments and risks
19	Related parties and ownership

Statement of Changes in Equity

The Group	Share capital DKK million	Share premium account DKK million	Retained earnings DKK million	Total DKK million
Equity as at 1 January 2015	0,1	540,9	(75,2)	465,8
Capital increase	316,9	53,5	-	370,4
Currency adjustment foreign subsidiaries	-	-	(3,7)	(3,7)
Adj. of hedging instruments at fair market value	-	-	(2,0)	(2,0)
Profit/(loss) for the year	-	-	(79,9)	(79,9)
Equity as at 31 December 2015	**317,0**	**594,4**	**(160,8)**	**750,6**
Equity as at 1 January 2014	0,1	540,9	(60,2)	480,8
Currency adjustment foreign subsidiaries	-	-	19,6	19,6
Adj. of hedging instruments at fair market value	-	-	5,4	5,4
Profit/(loss) for the year	-	-	(40,0)	(40,0)
Equity as at 31 December 2014	**0,1**	**540,9**	**(75,2)**	**465,8**

Parent Company	Share capital DKK million	Share premium account DKK million	Retained earnings DKK million	Total DKK million
Equity as at 1 January 2015	0,1	540,9	(75,2)	465,8
Capital increase	316,9	53,5	-	370,4
Currency adjustment foreign subsidiaries	-	-	(3,7)	(3,7)
Other equity adjustments foreign subsidiaries	-	-	(2,3)	(2,3)
Adj. of hedging instruments at fair market value	-	-	0,3	0,3
Profit/(loss) for the year	-	-	(79,9)	(79,9)
Equity as at 31 December 2015	**317,0**	**594,4**	**(160,8)**	**750,6**
Equity as at 1 January 2014	0,1	540,9	(60,2)	480,8
Currency adjustment foreign subsidiaries	-	-	19,6	19,6
Other equity adjustments foreign subsidiaries	-	-	2,8	2,8
Adj. of hedging instruments at fair market value	-	-	2,6	2,6
Profit/(loss) for the year	-	-	(40,0)	(40,0)
Equity as at 31 December 2014	**0,1**	**540,9**	**(75,2)**	**465,8**

Specification of share capital movements

	2015 **DKK million**	**2014** **DKK million**	**2013** **DKK million**
Share capital as at 1 January	0,1	0,1	0,1
Capital increase	316,9	-	-
Share capital as at 31 December	**317,0**	**0,1**	**0,1**

Cash Flow Statement

The Group

Note		2015	2014
		DKK million	DKK million
	Net profit for the year	(79,9)	(40,0)
20	Adjustments	55,5	81,6
20	Changes in working capital	(93,4)	(47,4)
	Operating cash flow before financial items	**(117,8)**	**(5,8)**
	Interest payments and similar (net)	(26,3)	(17,7)
	Cash flow from operations	**(144,1)**	**(23,5)**
	Corporation taxes paid	(3,6)	(0,3)
	Cash flow from operating activities	**(147,7)**	**(23,8)**
	Purchase of intangible assets	(58,8)	(16,5)
	Purchase of tangible assets	(68,7)	(37,0)
	Purchase of financial assets	(2,9)	(4,2)
	Sale of intangible assets	125,8	-
	Cash flow from investing activities	**(4,6)**	**(57,7)**
	Capital increase	370,5	-
	Development of debt to credit institutions	119,4	45,7
	Development of debt to group enterprises	(302,2)	-
	Cash flow from financing activities	**187,7**	**45,7**
	Change in cash and cash equivalents	**35,4**	**(35,8)**
	Cash, cash equivalents and utilized credit facilities 1 January	(35,3)	1,8
	Currency adjustment of cash and cash equivalents	2,4	(1,3)
	Cash, cash equivalents and utilized credit facilities 31 December	**2,5**	**(35,3)**
	Cash, cash equivalents and utilized credit facilities are specified as follows:		
	Cash and cash equivalents at hand and in bank	24,0	59,4
	Utilized credit facilities	(21,5)	(94,7)
	Cash, cash equivalents and utilized credit facilities 31 December	**2,5**	**(35,3)**

Notes

1. Accounting policies applied

The Annual Report is presented in accordance with the Danish Financial Statements Act. The Annual Report is presented in accordance with the provisions for accounting class C (large) companies.

The accounting policies are unchanged from last year.

The accounting policies are applied consistently throughout the financial year and for the comparative figures. Few adjustments of the comparative figures have been made, which have had no effect on EBIT, profit for the year, cash flow statement and the equity in the comparative year.

The accounting policies applied are stated in the following and in the following notes:

Note 3 Other operating items
Note 4 Result of investments in subsidiaries
Note 5 Financial items, net
Note 6 Tax on profit for the year and deferred tax
Note 7 Intangible assets
Note 8 Tangible assets
Note 9 Investments in subsidiaries
Note 10 Inventories
Note 13 Long term debt
Note 14 Contingent assets
Note 15 Contingent liabilities and other financial obligations
Note 18 Financial instruments and risks
Note 20 Cash flow statement

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized costs are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Consolidated accounts

The consolidated accounts comprise the accounts of the Parent Company Georg Jensen Investment ApS and subsidiaries, defined as companies in which the Parent Company directly or indirectly holds a controlling interest.

The consolidated accounts are prepared on the basis of accounts for the Parent Company and subsidiaries by consolidation of accounting items of a uniform nature, in accordance with the Group's accounting policy. Eliminations are made for internal revenue, interest, dividend, profits and intercompany balances, just as capital interests in subsidiaries are set off by the equivalent share of the companies' capital and reserves stated in accordance with the Group's accounting policy. Non-controlling interests' share of the results and capital and reserves of subsidiaries is stated as a separate item.

Notes

1. Accounting policies applied, continued

Foreign currency

Translation of the income statement in foreign subsidiaries' accounts to Danish kroner takes place at the average exchange rates for the financial year, while the balance sheet is translated at the exchange rates on the date of the balance sheet. Currency differences on the translation of foreign subsidiaries' capital and reserves at the exchange rate on the date of the balance sheet are carried to capital and reserves.

Receivables and debt in foreign currency are translated to Danish kroner at the exchange rates on the date of the balance sheet. Realised and unrealised currency gains and losses are carried to the income statement.

Revenue

Revenue after deduction of discounts is recognized in the income statement, if invoicing and delivery have taken place before the end of the financial year.

Cost of goods sold

Cost of goods sold comprises the cost price (direct costs) of goods sold, as well as expenses relating to maintenance, depreciation and salaries, etc. that are paid in order to achieve the revenue for the year.

Sales and distribution expenses

Sales and distribution expenses comprise the expenses relating to sales staff, advertising and exhibition costs, goods handling, freight and depreciation, etc.

Administrative expenses

Administrative expenses comprise the expenses relating to administrative staff, management, office premises, office expenses, information technology and depreciation, etc.

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include provision to re-establishing leasehold improvements in accordance with the lease contracts and provision for pensions to employees.

Notes

1. Accounting policies applied, continued

Key figures

The key figures presented in highlights and key figures are calculated as follow:

Invested capital

Assets less cash and cash equivalents and non-interest-bearing debt

Net interest-bearing debt

Interest-bearing debt less cash and cash equivalents

Gross margin (%)

Gross profit as a ratio of net revenue

EBIT margin (%)

Operating profit (EBIT) as a ratio of net revenue

Solvency ratio (%)

Capital and reserves at year-end as a ratio of total assets.

Return on invested capital, including goodwill

Operating profit (EBIT) as a ratio of average invested capital, including goodwill

Net revenue/Invested capital, including goodwill

Net revenue divided by average invested capital, including goodwill

Return on equity (%)

Net profit/(loss) as a percentage of average equity

Notes

DKK million

2 Segment information

Net revenue by markets:	The Group 2015	The Group 2014
APAC	517,8	462,2
Europe	559,2	497,1
Other	67,1	49,5
	1.144,1	**1.008,8**

3 Other operating items

Accounting policies applied

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Parent Company 2015	Parent Company 2014		The Group 2015	The Group 2014
-	-	Profit (loss) on sale of non-current assets	30,6	(1,7)
-	(0,5)	Other expenses	(0,1)	(1,3)
-	**(0,5)**		**30,5**	**(3,0)**

4 Result of investments in subsidiaries

Accounting policies applied

Shares of subsidiaries' results after tax are included in the income statement of the Parent Company.

Parent Company 2015	Parent Company 2014	
34,1	(9,2)	Share of profits of subsidiaries before taxes
(112,0)	(20,0)	Depreciation goodwill
(77,9)	(29,2)	Profit before tax
(0,1)	0,3	Tax of subsidiaries
(78,0)	**(28,9)**	**Profit after taxes**

Notes

DKK million

5 Financial items, net

Accounting policies applied

Net financial items comprise interest income and expenses, capital and exchange gains and losses relating to liabilities and transactions in foreign currencies and amortization of financial assets and liabilities.

Parent Company			The Group	
2015	2014		2015	2014
-	-	Interest income	19,4	13,2
(1,3)	(12,0)	Interest expenses	(30,1)	(36,1)
(1,3)	**(12,0)**		**(10,7)**	**(22,9)**

For the Parent Company, net interest income to affiliated companies is stated at DKK (1,3) million (DKK (12,0) million).
For the Group, net interest income to affiliated companies is stated at DKK (1,3) million (DKK (12,0) million).

6 Tax on profit for the year and deferred tax

Accounting policies applied

The expected tax on the taxable income for the year is carried as an expense in the income statement, with addition of the change in deferred tax for the year.

The Company is taxed jointly with the Parent Company, and with Danish Group Companies. The corporate tax of the jointly-taxed companies is distributed among the companies according to their taxable incomes (full distribution method).

The jointly-taxed companies are subject to the on-account taxation system.

Deferred tax is allocated for all timing differences between accounting and taxation values, including differences in the book value of tangible assets, inventories of finished goods and the tax value of taxable deficits carried forward. Deferred tax assets are measured in the balance sheet at their expected realizable value.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that, under the legislation as of the date of the balance sheet, would apply when the deferred tax is expected to be activated as current tax.

Parent Company			The Group	
2015	2014		2015	2014
-	-	Current tax for the year	16,8	1,3
-	-	Adjustment for previous years	-	0,3
(0,9)	(3,4)	Deferred tax for the year	(17,6)	(5,8)
-	-	Adjustment of deferred taxes for previous years	-	0,5
(0,9)	**(3,4)**		**(0,8)**	**(3,7)**

Notes

DKK million

7 Intangible assets

Accounting policies applied

Intangible assets are measured at cost price, comprising directly and indirectly related expenses, less accumulated impairment losses and amortization.

Amortization takes place on a straight line basis as shown below:

Software	3-7 years
Goodwill	5-10 years
Leasing rights	Leasing period
Brand, Lease and trademark rights	5-20 years
Finished development projects	Max. 5 years

Software and IT development are amortized over the useful life of 3-7 years. Cost includes the acquisition price as well as costs arising directly in connection with the acquisition and until the point of time where the asset is ready for use. Amortization is provided on a straight-line basis over the expected useful life.

Brand and lease rights acquired are measured at cost less accumulated amortisation. The amortization period reflects the expected economic lifecycle.

Goodwill acquired is measured at cost less accumulated amortisation. The depreciation period reflects the expected economic lifecycle of the activity relating to the goodwill.

Expenses relating to the development of products, where the intention is to manufacture and market the product, are recognized in the balance sheet when the applicable criteria are fulfilled. In other cases the expenses are carried to the income statement when they are defrayed.

Development expenses are stated in the balance sheet at cost price, comprising the direct and indirect costs attributable to the development activities, less accumulated depreciation and impairment.

Notes

DKK million

7 Intangible assets, continued

The Group	Software	Goodwill	Brand, Lease and trademark rights	Completed development projects	Develop-ment projects in progress	**Total**
Cost at 1 January	4,7	69,6	345,5	9,6	11,0	**440,4**
Adjustment to cost price 1 January	-	-	-	-	1,9	**1,9**
Additions for the year	0,1	-	34,6	-	24,1	**58,8**
Disposals for the year	-	-	(108,0)	(1,4)	-	**(109,4)**
Exchange adjustments	0,1	-	-	-	-	**0,1**
Transferred to other items	6,7	-	0,7	5,2	(12,6)	**-**
Cost at 31 December	**11,6**	**69,6**	**272,8**	**16,4**	**24,4**	**391,8**
Impairment losses and amortization at 1 January	1,7	18,4	36,2	2,2	-	**58,5**
Amortization/impairment for the year	1,8	10,7	19,1	3,9	-	**35,5**
Reversal of impairment and amortization of sold assets	-	-	(12,7)	(1,4)	-	**(14,1)**
Impairment losses and amortization at 31 December	**3,5**	**29,1**	**42,6**	**4,7**	**-**	**79,9**
Carrying amount at 31 December	**8,1**	**40,5**	**230,2**	**8,7**	**24,4**	**311,9**

Notes

DKK million

8 Tangible assets

Accounting policies applied

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of tangible assets are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	25-30 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

Notes

DKK million

8 Tangible assets, continued

The Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Property, plant and equipment in progress	**Total**
Cost at 1 January	42,6	31,8	196,7	202,0	1,6	**474,7**
Adjustment to cost price 1 January	-	-	(1,9)	7,1	-	**5,2**
Additions for the year	-	1,7	10,2	44,3	12,5	**68,7**
Disposals for the year	(2,2)	(0,9)	(8,3)	(13,7)	-	**(25,1)**
Exchange adjustments	0,5	0,5	4,8	7,6	-	**13,4**
Transferred to other items	0,4	0,1	7,2	3,5	(11,2)	**-**
Cost at 31 December	**41,3**	**33,2**	**208,7**	**250,8**	**2,9**	**536,9**
Impairment losses and depreciation at 1 January	**15,1**	**25,6**	**153,0**	**153,6**	**-**	**347,3**
Adjustment to impairment losses and depreciation at 1 January	-	-	(0,2)	0,3	-	**0,1**
Depreciation for the year	1,3	2,4	13,5	33,4	-	**50,6**
Impairment and depreciation of sold assets for the year	(2,2)	(0,5)	(7,7)	(12,5)	-	**(22,9)**
Exchange adjustments	0,2	0,2	3,5	5,9	-	**9,8**
Impairment losses and depreciation at 31 December	**14,4**	**27,7**	**162,1**	**180,7**	**-**	**384,9**
Carrying amount at 31 December	**26,9**	**5,5**	**46,6**	**70,1**	**2,9**	**152,0**

Notes

DKK million

9 Investments in subsidiaries

Accounting policies applied

Investments in subsidiaries are recognized and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognized at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is set up against receivables from group enterprises or recognized in provisions.

Other investment securities and capital interests are measured at fair market value on the date of the balance sheet.

Notes

DKK million

9 Investments in subsidiaries, continued

Parent Company	2015	2014
Cost at 1 January	809,4	809,4
Additions for the year	66,9	-
Cost at 31 December	**876,3**	**809,4**
Impairment losses and amortization at 1 January	(52,3)	(48,3)
Net profit/(loss) for the year	(78,0)	(28,9)
Equity adjustments in subsidiaries	(5,7)	24,9
Impairment losses and amortization at 31 December	**(136,0)**	**(52,3)**
Carrying amount 31 December	**740,3**	**757,1**
Remaining positive difference included in the above carrying amount at 31 December	169,6	258,8

Investments in subsidiaries	Place of registered office	Votes and ownership	Currency	Nominal share capital in LC '000
Georg Jensen A/S	Denmark	100 %	DKK	139.649
Georg Jensen (Thailand) Ltd.	Thailand	100 %	THB	50.000
Georg Jensen Retail A/S	Denmark	100 %	DKK	581
Georg Jensen Japan Ltd.	Japan	100 %	JPY	100.000
Georg Jensen (Taiwan) Ltd.	Taiwan	100 %	TWD	103.329
Georg Jensen Inc.	USA	100 %	USD	36.950
Georg Jensen U.K. Ltd.	UK	100 %	GBP	2.288
Georg Jensen Pty. Ltd.	Australia	100 %	AUD	6.108
Georg Jensen Silver AB	Sweden	100 %	SEK	10.100
Georg Jensen Italy S.r.l.	Italy	100 %	EUR	10
Georg Jensen (Singapore) Ltd.	Singapore	100 %	SGD	6.500
Argenterie d'art de Georg Jensen S.A.R.L.	France	100 %	EUR	1
Georg Jensen Sølvsmedie GmbH	Germany	100 %	EUR	128
Georg Jensen Hong Kong Holding	Hong Kong	100 %	HKD	10
Subgroup				
Georg Jensen (China) Ltd.	Hong Kong	100 %	HKD	27.000
Georg Jensen (Beijing) Trading Limited	China	100 %	CNY	24.836
Georg Jensen (Macau) Limited	Macau	100 %	MOP	26

Notes

DKK million

10 Inventories

Accounting policies applied

Raw materials and components are measured at acquisition price, or net realization value if lower.

Goods in production and finished goods are measured at cost price (compiled by the average method) with addition of indirect production costs, or at net realization value if lower.

Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

	The Group	
	2015	2014
Raw materials and components	30,3	26,8
Work in progress	24,2	30,6
Finished goods and goods for resale	388,7	301,2
Total inventory	**443,2**	**358,6**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, tools, marketing, royalty, licenses and subscriptions.

12 Equity

The share capital consists of 3.170.441 shares of nominal value of DKK 100. No shares carry any special rights.

Notes

DKK million

13 Long-term debt

Accounting policies applied

Loans are recognized at the date of borrowing at the net proceeds received after deduction of transaction costs incurred. In subsequent periods, financial liabilities are measured at the amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan as a financial expense using the effective interest method.

Other liabilities are measured at amortised cost, which in all material aspects corresponds to the nominal value.

Payments due within 1 year are recognized in short-term debt. Other debt is recognized in long-term debt. The debt falls due as follows:

Parent Company			The Group	
2015	2014		2015	2014
-	-	Between 1 and 5 years	181,7	43,3
-	302,2	Over 5 years payable to group companies	-	302,2
-	**302,2**	**Long-term debt**	**181,7**	**345,5**
-	-	Within 1 year	3,3	22,3
-	-	Other short-term debt to credit institutions	21,5	94,7
-	**-**	**Short-term part**	**24,8**	**117,0**
-	**302,2**	**Total debt**	**206,5**	**462,5**

14 Contingent assets

Accounting policies applied

Contingent assets consist of not recognized tax loss carry forward in the group's entities.

Notes

DKK million

15 Contingent liabilities and other financial obligations

Accounting policies applied

Contingent liabilities comprise potential liabilities which have not yet been confirmed as to whether these will cause an outflow of the Group's resources or actual liabilities which are not possible to measure with sufficient reliability.

Lease costs are recognized using the straight-line method over the term of the lease starting from the date the lease enters into force.

Georg Jensen A/S is liable as a surety guarantor for loans of DKK 9,8 million raised by Georg Jensen (Thailand) Ltd. with IFU.

For the credit facilities with a credit institution a mortgage charge on Georg Jensen A/S' assets of DKK 200 million and a mortgage registered to the owner of DKK 10 million on a building with an accounting book value of DKK 6,1 million have been recorded in the Land Register. For the same credit facilities, shares in a subsidiary with a book value of DKK 62,3 million have been pledged as collateral.

As at 31 December 2015 the Group was not involved in any pending litigation which may have a material effect on the Group's financial position.

For the Group, total lease payment obligations amount to DKK 374,1 million, hereof property and shop lease payment obligation amounting to DKK 370,7 million (DKK 291,2 million) with varying terms up to 1 January 2022, and other leases payment obligations amounting to DKK 3,4 million (DKK 2,4 million) which run to 1 March 2021.

The aging of the lease payment obligations is shown below:

	The Group	
	2015	2014
Between 1 and 5 years	208,5	169,4
Over 5 years	48,3	29,8
Long-term lease obligations	**256,8**	**199,2**
Within 1 year	117,3	94,4
Short-term part	**117,3**	**94,4**
Total lease obligation	**374,1**	**293,6**

Notes

DKK million

16 Fee to auditors appointed at the general meeting

Parent Company 2015	Parent Company 2014		The Group 2015	The Group 2014
0,3	0,3	Audit fee to PwC	2,2	1,9
-	-	Other statements and opinions with guarantees	0,2	0,3
-	-	Tax services	0,5	0,5
0,3	-	Non-audit services	1,2	0,7
0,6	**0,3**	**Total fee**	**4,1**	**3,4**

17 Staff costs

Parent Company 2015	Parent Company 2014		The Group 2015	The Group 2014
-	-	Wages and salaries	306,3	242,1
-	-	Pensions	18,2	12,4
-	-	Other social security expenses	12,3	8,8
-	**-**		**336,8**	**263,3**
-	-	Executive board	7,2	6,2
0,6	0,7	Board of Directors	0,7	0,1
0,6	**0,7**		**7,9**	**6,3**
-	**-**	**Average number of employees**	**1.440**	**1.302**

Share based payment

The Company's Executive Board and Senior Executives have entered into agreements concerning the purchase of shares in a parent company of Georg Jensen Investment ApS. The arrangement is based on the executives achieving a part of the value increase of the shares.

In Management's opinion, the agreements do not at present represent any significant financial value.

Notes

DKK million

18 Financial instruments and risks

Accounting policies applied

Initial recognition of derivative financial instruments is made in the balance sheet at cost and they are subsequently measured at fair value. Positive and negative changes in fair values of derivatives are included as receivables or liabilities.

Changes in the fair value of derivatives which are classified as and meet the conditions for the hedging of future transactions are taken directly to equity.

On realization of the hedged position, income and costs relating to such hedging transactions are transferred from equity and recognized in the same accounting item as the hedged position.

In respect of derivatives which do not meet the conditions for treatment as hedging instruments regarding future transactions, the changes in the fair value are recognized in the income statement on an ongoing basis.

Financial instruments and risks

The financial management of the Group aims solely to control the financial risks relating to its operations, since it is the Group's policy not to engage in financial risks.

Currency and commodity price risks are hedged for up to 12 months with a decreasing hedging degree over the period pursuant to the Hedging Policy approved by the Board of Directors.

To hedge the financial risks Georg Jensen uses a portfolio of financial instruments as FX-forwards, silver and gold futures, currency and interest rate swaps as well as options.

The effective part of the fair values of the raw material price futures, currency and interest rate swaps used for and complying with the conditions for hedge accounting for future transactions is recognized directly in equity until the hedged transactions are realized and consequently recognized in the income statement.

Financial liabilities and receivables

The majority of financial liabilities of the Group fall due within 12 months with the exception of long term loans.

The financial receivables of the Group all fall due within 12 months. It is the Group's policy that all major customers and other partners undergo regular credit rating. A credit line is set on the basis of the credit worthiness of the individual customers and counterparties. The Group does not have any material risks relating to individual private customers or partners.

Historically seen the Group has had relatively small losses as a consequence of non-payment by customers or counterparties. At year-end write-downs on bad debt was DKK 6,0 million (DKK 6,6 million).

Interest rate risk

The interest rate risk of Georg Jensen is primarily related to floating rate debt to credit institutions.

At year end the market value of interest rate swaps was DKK -4,4 million (DKK -9,6 million). Of the change in market value of the year DKK 0,0 million (DKK 0,0 million) was recognized directly in equity. The interest rate swaps expire in 2016.

Notes

DKK million

18 Financial instruments and risks, continued

Foreign currency risk

The foreign currency risks of Georg Jensen are mainly related to the purchase of raw materials and revenues in foreign currencies.

The table below shows the impact of the year on P/L and equity from exchange rate increases of 10% in Georg Jensen's primary foreign currencies after the impact of hedge accounting based on monetary assets and liabilities at year end (in DKK millions).

	2015	2015	2014	2014
	P/L before tax	Equity	P/L before tax	Equity
AUD	(0,5)	(1,7)	0,1	(2,5)
EUR	0,1	-	-	-
GBP	(1,7)	(0,8)	0,1	(1,6)
HKD	0,1	(1,0)	(0,2)	(0,8)
JPY	3,7	(0,7)	(0,2)	-
NOK	0,3	(0,5)	0,3	(1,2)
SEK	-	(1,2)	-	(1,7)
THB	(0,8)	2,7	(0,5)	3,8
TWD	(1,1)	(2,2)	0,8	(1,8)
USD	7,9	4,7	2,8	4,0

Georg Jensen has equity investments in foreign affiliated companies, whose net assets are affected by exchange rate fluctuations in connection with translation to DKK in the consolidated accounts. This translation risk is not regarded as a foreign currency risk and is therefore not included in the sensitivity calculations.

At year end the market value of FX derivatives was DKK 1,5 million (DKK 0,8 million), of which DKK 1,5 million (DKK 1,1 million) was recognized directly in equity. All currency hedging expires within 1 year.

Raw material price risks

Georg Jensen is exposed to fluctuations in commodity prices through its production. The main raw materials are gold and silver.

The sensitivity on profit for the year and equity from raw material price movements of 10% of gold and silver after impact of hedge accounting amounts to DKK 3,0 million (0,0 million) at year end 2015.

As per 31 December 2015 the market value of gold and silver futures was DKK -2,9 million (DKK 0,0 million), of which DKK -2,9 million (DKK 0,0 million) was recognized directly in equity. All commodity price hedging expires within 1 year.

Notes

DKK million

19 Related parties and ownership

Controlling interest

Georg Jensen Investment ApS' immediate Parent Company is Moonlight II BV, Netherlands. Georg Jensen Investment ApS is fully consolidated in the consolidated annual report for Moonlight II BV from where it can be obtained. The ultimate Parent Company is Investcorp Banks B.S.C., Investcorp House, Building 499, Manama 317, Bahrain.

Other related parties

The Company's related parties are the members of the Board of Directors and Executive Board of Georg Jensen Investment ApS, the sole shareholder Moonlight II BV and affiliated companies.

Transactions

No agreements or other transactions with the Company have been concluded in which the Board of Directors or Executive Board has had an economic interest besides transactions as a consequence of the employment relationship.

20 Cash flow statement

Accounting policies applied

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

No cash flow statement has been prepared for the Parent Company as the Parent Company's cash flows are included the cash flow statement for the Group.

Cash flows form operating activities

Cash flow from operating activities are calculated as the net profit/loss for the year adjusted for a change in working capital and non-cash operating items such as depreciation, amortization and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, tangible assets as well as financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term loans and payments to and from the shareholders.

Cash, cash equivalents and utilized credit facilitis

Cash, cash equivalents and utilized credit facilities comprise cash at bank, at hand and utilized credit facilitis.

Notes

DKK million

20 Cash flow statement, continued

Adjustments

	The Group	
	2015	2014
Financial income	(19,4)	(13,2)
Financial costs	30,1	36,1
Depreciation, amortization and impairment losses, including losses and gains on sales	45,6	62,4
Tax on profit/loss for the year	(0,8)	(3,7)
	55,5	**81,6**

Changes in working capital

	The Group	
	2015	2014
Change in inventories	(84,6)	(63,7)
Change in receivables	(38,9)	(19,2)
Change in other provisions	4,4	(1,2)
Change in suppliers etc.	29,7	21,1
Other adjustments	(4,0)	15,6
	(93,4)	**(47,4)**