Louis Poulsen Holding A/S

Gammel Strand 28, 1202 København K

CVR no. 35 65 90 21

Annual report 2015

Approved at the Company's annual general meeting on 29 March 2016

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Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Louis Poulsen Holding A/S for the financial year 1 January - 31 December 2015.

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

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

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

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

Copenhagen 29 March 2016
Executive Board:

Christian Engsted CEO	Peter le Fèvre CFO

Board of Directors:

Thomas Voss Chairman	Per Olle Håkan Borgvall	Dario Carlo Fumagalli
Allan Bach Pedersen	Lars Stilling Pedersen	Kurt Grüner Vacker

Independent auditors' report

To the shareholders of Louis Poulsen Holding A/S

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

We have audited the consolidated financial statements and the parent company financial statements of Louis Poulsen Holding A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

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

Independent auditors' report

Statement on the Management's review

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

Esbjerg, 29 March 2016
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

John Lesbo State Authorised Public Accountant	Morten Østergaard Koch State Authorised Public Accountant

Management's review

Company details

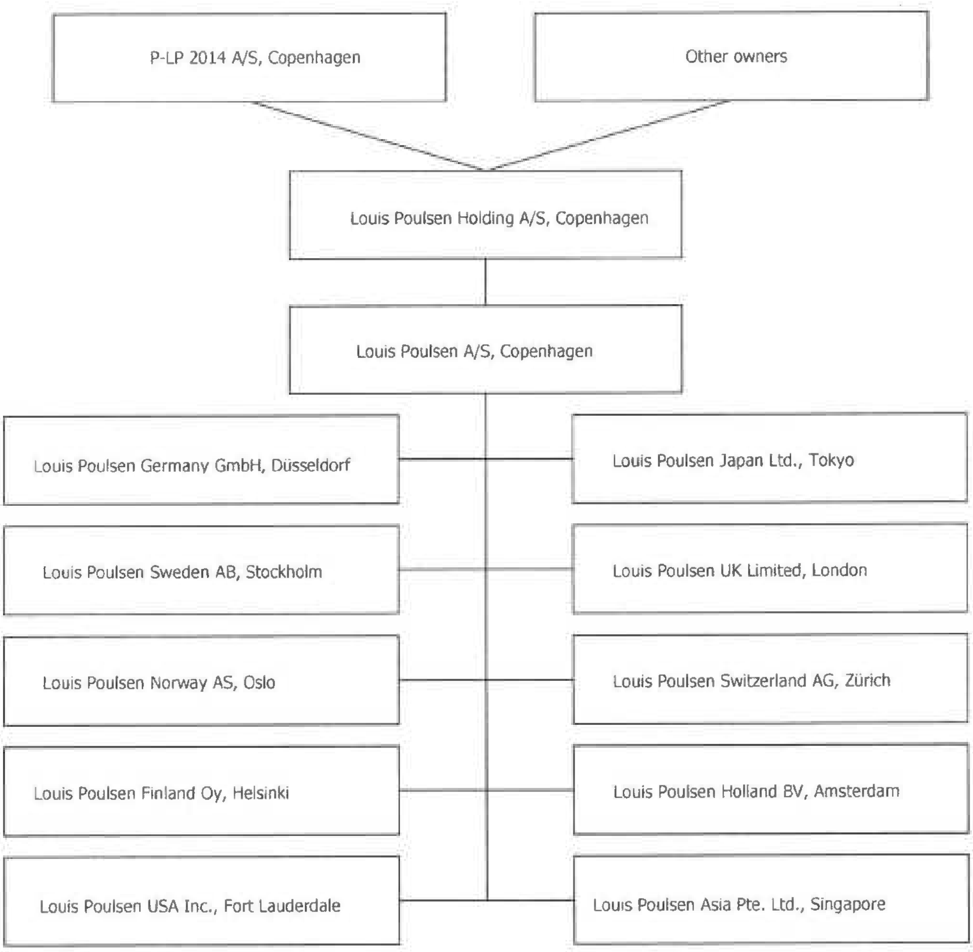
Name	Louis Poulsen Holding A/S
Address, zip code, city	Gammel Strand 28, 1202 København K
CVR no.	35 65 90 21
Established	7 February 2014
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.louispoulsen.com
Board of Directors	Thomas Voss, chairmann Dario Carlo Fumagalli Allan Bach Pedersen Per Olle Håkan Borgvall Lars Stilling Pedersen Kurt Grüner Vacker
Executive Board	Christian Engsted Peter le Fèvre
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 6700 Esbjerg

Management's review *(continued)*

The consolidated financial statements comprise the parent company, Louis Poulsen Holding A/S, and subsidiaries and are incorporated in the annual report for Louis Poulsen Holding A/S. The consolidated accounts include the profit and loss for all subsidiaries.

Group structure: Louis Poulsen Holding A/S owns 100% of Louis Poulsen A/S. All other subsidiaries are 100% owned by Louis Poulsen A/S.

The private equity fund Polaris owns 69% of Louis Poulsen Holding A/S through P-LP 2014 A/S. Polaris is a member of the Danish Venture and Private Equity Association ("DVCA") and hence compliant with the DVCA-guidelines; please see www.DVCA.dk . These guidelines, published in June 2008, recommend a thorough review in particular regarding corporate governance, financial risks, employee relations and strategy.



Management's review *(continued)*

Financial highlights for the Group

DKK millions	1 January - 31 December 2015	7th February- 31 December 2014
Income statement		
Revenue	715,5	30.4
Earnings before depreciations and amortisation (EBITDA)	88,7	(16,8)
Operating profit (EBIT)	44,8	(17,7)
Financial expenses	(11,2)	(0.9)
Profit/loss before tax	21,5	(18,4)
Profit/loss for the year	12,9	(16,9)
Balance		
Total non-current assets	477,3	502,5
Total current assets	220,7	231,6
Total assets	698,0	734,1
Total equity	247,1	215,8
Total provisions	64,3	66.1
Total non-current liabilities	190,5	225.4
Total current liabilities and provisions	196,1	226.8
Cash flow, operating activities	85,0	4,8
Cash flow, investing activities	(16,9)	(473,5)
- of this amount, investment in property, plant and equipment	(7,8)	(57,8)
Cash flow, financing activities	(51,7)	494,3
Total cash flows	16,4	25,6
Financial ratios		
EBITDA ratio	12,4%	(55,3)%
EBIT ratio	6,3%	(58,2)%
Gross profit	1,3%	32.9%
Solvency ratio	35,4%	29,4%
Equity ratio	5,6%	(15,7)%

The financial ratios have been prepared in accordance with the Danish Financial Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review *(continued)*

Principal activities of the Group

The Louis Poulsen group produces markets and sells lighting fixtures to private consumers and professionals at home and abroad. The group is internationally recognized for providing exclusive lighting fixtures of high quality and functional design. The products thus serve the upper segments of the professional and private consumer markets that attach great importance to the unique lighting and the high quality levels guaranteed by Louis Poulsen. Louis Poulsen´s products fulfil the most stringent international demands for energy optimisation and at the same time they meet the demand for a unique design as well as comfortable and glare free lighting for people.

Organisation and structure

Louis Poulsen's sales organisation is based in Copenhagen, whereas the group's production facilities are based in Vejen. The management of the group is carried out from Denmark in close cooperation between the executive management and the group's Board of Directors.

Sales and distribution outside Denmark are carried out through the 10 subsidiaries or through agents and distributors operating on behalf of Louis Poulsen A/S globally.

The Louis Poulsen Group employs 420 persons of which app. 280 work in Denmark and 140 works in the foreign subsidiaries.

Development in staff:	Denmark	Subsidiaries
Number of employees beginning of 2015	290	151
Recruited during 2015	42	17
Resigned during 2015	(56)	(30)
Number of employees end of 2015	276	138

Financial development

The consolidated revenue amounts to 715,5 million DKK. The gross profit came to 280,9 million DKK in 2015 which is above expectations. The positive development derives from profitability improvements in the production and a shift in the sales mix.

Operating profit (EBIT) reached 32,5 million DKK. Structural changes carried out within 2015 have a negative impact on operating profit and the consolidated result of approximately 11 million DKK. These costs are mainly included in administrative expenses. The result of 12,9 million DKK is in line with expectations.

The management considers the financial development to be satisfactory.

Further information on the financial development for the subsidiaries is available in the annual report for Louis Poulsen A/S.

As of 10 December 2014 the Louis Poulsen Holding A/S acquired Louis Poulsen A&S from Targetti Sankey. Further the acquisition involved Louis Poulsen US Inc. and Louis Poulsen Asia Pte. Ltd., which was subsequently sold to Louis Poulsen A/S. The purchase price (including transaction costs and subsequent adjustment to purchase price) amounts to 66.5 million EUR equal to 494.4 million DKK. In accordance with the Danish Financial Statements Act the purchase price was allocated to the fair value of the acquired assets and liabilities.

Following the original purchase price allocation management has identified that a need for further 8.2 million DKK in inventory provision was present at the time of the acquisition. This conclusion is primarily based on the fact that part of the acquired inventory related to LED-products which has been subject to a rapid development in the past years and therefore did not represent, at the time of the acquisition, products with technological adequate capabilities which could be sold in the market. Management has

Management's review *(continued)*

also identified an adjustment related to the calculation of internal gain on inventory at the date of the acquisition. The adjustment, which amounts to an overstatement of inventory by 3.9 million DKK has been evaluated in combination with the identified further need for inventory provision. The total effect on inventory at the acquisition date is -12.1 million DKK which management has assessed as a necessary adjustment to the original purchase price allocation.

The total purchase price remains unchanged hence the increased inventory provision and adjustment of internal gain (12.1 million DKK) are offset against deferred tax asset (1.8 million DKK) and goodwill (10.3 million DKK).

Expectations for 2016

Louis Poulsen Holding A/S expects an increase in turnover in 2016 followed by increasing capacity costs to cover new initiatives. Increased activities in sales are expected to deliver a positive development in the primary result.

Special Risks

Market risks

The group's products are positioned in the high end markets. The results therefore very much depend on the economic development in the professional and private consumer markets.

Currency risks

Due to activities in foreign markets cash flow and equity are influenced by the development in interest and exchange rates for a series of currencies. It is group policy to cover commercial exchange risks. Hedging is primarily used to cover the open foreign exchange positions in the coming year´s budget. The group does not use speculative hedging.

Credit risks

The group's credit risks are primarily linked to trade receivables included in the balance sheet.

The group has no vital risks related to a single customer or business partner. As a consequence of the group's credit risk policy the creditworthiness of all major customers and business partners is regularly rated.

Financial resources

At year-end 2015 cash and non-utilized drawing facilities in credit institutions amounted to app. 68 million DKK.

Capital structure

Louis Poulsen Holding A/S' share capital is not divided into classes.

Management regularly assesses whether the group has an adequate capital structure. The Supervisory Board continuously assesses that the group's capital structure is consistent with the groups's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports a profitable long-term growth.

The group had net interest bearing debt of 189 million DKK as per December 31, 2015, which is a sufficient level to ensure financial flexibility. There are no changes to the Group's guidelines and procedures for managing the capital structure in 2015.

In connection with Polaris Private Equity's acquisition of the LP Group in 2014 the purchase price was partly financed by a loan from Sydbank. As per December 31, 2015, this loan represents a total outstanding debt of 225 million DKK, of which 96 million DKK is located in the Louis Poulsen Holding A/S. Management believes that the current capital structure provides sufficient flexibility to address the future strategy of the Group.

Management's review *(continued)*

Events after closing of the year-end accounts

No essential events have occurred, which could significantly affect the financial position of the group.

Intellectual capital

The group has a both experienced and competent staff working with lighting technology. It will continue to attract and retain highly skilled staff with expertise in the development of lighting to ensure future growth. Great demand is placed on the employees' technical and craftsman skills and their ability to engage in a logistically demanding production process.

To ensure high product quality and competitive production the group continuously optimizes production. This demands a high level of competence, and the group therefore continuously invests in competency development. It is however just as important for the group to attract and retain both skilled and unskilled workers and employees with medium to higher education level.

During 2015 the group has recruited competencies within the area of business development with focus on growth and the development of new products. A professional executive board and a new board of directors is in place. In addition, the group has increased its competencies within the area of Idea and design and R&D.

Development activities

The Louis Poulsen Holding A/S group continuously invests in development, updates and improvements of its product portfolio. Costs related to development activities are in general listed in the income statement and balance sheet- please see the accounting policies regarding development activities.

Reporting on CSR

Policies

The policies of the group in relation to CSR contain an environmental policy and various employment policies.

The environmental policy is split into a product philosophy and an operational philosophy. The product philosophy is to develop lighting fixtures of high quality, long life time and long product cycles. The operational philosophy is built on continuous improvement of the daily operation with focus on waste, scrapping, energy losses and consumption.

The employment policies contain a list of initiatives to improve the working environment, health and staff retention. The policies comprise diversity policies, drug/alcohol, staff, smoking, senior and health policies. Furthermore the company is conscious of its obligation to educate trainees and apprentices.

The group wants to create a healthy and desirable physical and psychological working environment with focus on the well-being of the employees including sickness absenteeism. The policy regarding sickness absenteeism covers on the one hand follow up on the presence and behaviour of the employee and on the other hand expression of the company's compassionate interest in the employee.

The group is continuously working on a formal policy for human rights. Within the above-mentioned policies, there are areas of focus on maintaining a positive working environment and avoidance of harassment of any kind.

Management's review *(continued)*

Gender diversity

The group wants to give equal access to leadership positions for members of both sexes.

The share of women in leadership positions with staff responsibility represented 19% as of 1st January 2009. This share was 22% in 2015. The group wishes to continue increasing the share of women in leadership positions. To facilitate this development a recruitment policy has been implemented in relation to leadership positions according to which at least one female applicant must be admitted to job interview assuming qualified female applicants are available.

Through this policy and an ongoing focus on development of employees at all levels of the organisation irrespective of age and sex the group wishes to contribute to the education and development of potential female board members.

Target figure for the share of the under-represented sex / women in the Board of Directors

Currently The Board of Directors consists of 0% women and 100% men. It is the goal to recruit 1 female board member by the end of 2017 to increase the female share to 25%. The Board will follow up on the implementation of this goal on a yearly basis and is constantly seeking candidates with both relevant competencies and experience. Relevant knowledge and professional experience are key parameters when nominating new board members. No candidates met these criteria's in 2015 which is the reason for the Board of Directors not achieving the recruitment goal during this year.

Corporate governance

The Board of Directors and the Executive Board constantly strive to ensure that appropriate and sufficient control systems are in place managed by a robust management team structure. The Board of Directors and the Executive Board have a number of duties being defined in, amongst others, the Companies Act, the Annual Accounts Act, the Articles of Association and good practice for companies of the same size and with the same international scope as the Louis Poulsen group. On this basis, an ongoing series of internal procedures are developed and maintained to ensure active, reliable and profitable management of the group.

Board of directors

The Board of Directors ensures that the Executive Board complies with the approved objectives, strategies and business procedures. The information to the Executive Board is provided systematically before and during meetings as well as through written and oral reports. These reports includes market development, the company's development and profitability. The Board of Directors and Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the company meet at least four times a year. Furthermore, information about the company and the Group's results and financial position is shared with the Board of Directors on a regular basis (monthly). If relevant, extraordinary meetings are held.

Audit Committee

There is not established an audit committee due to the modest size and complexity of the company.

Remuneration to management

To attract and retain the groups management competencies, the remuneration of management and senior employees is based on tasks, value creation and conditions in comparable companies. An incentive program is implemented in the form of bonus schemes and share and warrant-based incentive programs.

Management's review *(continued)*

Environmental issues

Activities

Within the environmental area the group regularly carries out projects to reduce energy consumption in the production facilities. In 2014 the group made substantial investments to reduce the consumption of heat and electricity. As a consequence the group's overall emission of $CO2$ was expected to reduce by 175 tons/year, hence reducing negative effects on climate. During 2015 focus has continuously been to reduce energy consumption, and the group has materialised a substantial reduction in $CO2$ emission, just as the consumption of heating, and water has been successfully reduced.

Products from the existing product portfolio are continuously being adapted to the new energy efficient LED light sources without compromise on the company's lighting philosophy. Furthermore, there is a daily focus on test and development of products with prolonged lifetime.

As the only company in Denmark, Louis Poulsen offers training of metal spinners. In 2015 the company employed the country's only apprentice.

Results

A proactive approach to sickness absenteeism combined with ongoing support and guidance of the employees to develop and maintain a healthy lifestyle has contributed to a decline in absenteeism for production workers from 5.2% in 2011 to 4.4% in 2014. Absenteeism for office workers has declined from 2.3% in 2011 to 1.4% in 2014.

The employees are offered dietary counselling and assistance to abandon smoking. Also a number of joint physical exercise activities are offered. The company continuously supports new health promoting initiatives from the employees. Work place exercise has become a natural part of the working day.

In 2014 the factory was inspected by the Danish Working Environment Authority as part of their special focus on the electronic industry. On the basis of this visit Louis Poulsen's working environment organisation initiated a project with special focus on ergonomics. The project was funded by The Fund for Better Working Environment and Labour Retentioned and was used by the fund as a model case on the annual "Working Environment Conference 2014" and in articles about working environment. During the Danish Working Environment Authority's follow-up inspection visit Louis Poulsen received credit for the specific ergonomics initiatives and for the company's general approach to working environment related activities.

Louis Poulsen's working environment organisation continuously works to secure a sound working environment and to minimize the number of work related injuries. In 2014 a total of 6 work related injuries were recorded of which 3 resulted in 1-7 days' absenteeism. The company has thus successfully avoided injuries resulting in extended absenteeism.

Board of Directors in Louis Poulsen Holding A/S

Member of the Board of directors in Louis Poulsen A/S

Name:	**Thomas Voss**	**Allan Bach Petersen**	**Per Borgvall**	**Dario Fumagalli**
Occupation:	Director	Partner, Polaris Private Equity	Director	COO of Kartell S.p.a.
Executive board role at Louis Poulsen:	chairman	Deputy Chairman	member	member
Other Board roles:				
Chairman:	Ventilation Holding ApS JFK A/S Alterna diversified SA Alterna Invest SA	Configit A/S		
Board member:	HTC AB	PWT Group A/S A number of parent companies related to Polaris Private Equity	Troax Group AB Nederman Holding AB	

Board members elected by employees have no appointments in any companies. Members of the Executive board have no appointments outside of Louis Poulsen.

Accounting policies

Generally

The Annual Report and the consolidated financial statements are prepared in accordance with the provisions of the Danish Financial Statements Act regarding large class C companies.

The accounting policies are consistent with those of last year.

Management has assessed that an adjustment of the purchase price allocation related to the acquisition of Louis Poulsen Group in 2014 is needed. It has become clear that inventory in the purchase price allocation was overstated by 12,1 million DKK. Management has assessed that the total value of the acquisition remain unchanged and therefore the adjustment of inventory is offset towards goodwill and deferred tax. The adjustment has no effect on the parent company financial statements but has been incorporated in the comparison figures with the following effect on the consolidated financial statements:

- Profit for the year 2014 remain unchanged
- Total assets as at 31 December 2014 remain unchanged but goodwill has been increased by 10,3 million DKK, inventory has been reduced by 12,1 million DKK and deferred tax asset has been increased by 1,8 million DKK
- Equity as at 31 December 2014 remain unchanged

Consolidated financial statements

The consolidated financial statements comprise the parent company, Louis Poulsen Holding A/S, and subsidiaries in which Louis Poulsen Holding A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Business combinations

Enterprises acquired or established during the year are recognised in the consolidated financial statements from the date of acquisition or establishment. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

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

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

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

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

Accounting principles *(continued)*

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

Recognition and measurement

In the Income Statement, income is recognised as earned, including value adjustments of financial assets and liabilities. All costs, including writing down/depreciation and amortisation, are also recognised in the Income Statement.

Assets are recognised in the balance sheet when it's likely that future financial benefits will flow to the Company and when reliable measurement of the value of the assets is possible.

Liabilities are recognised in the balance sheet when an outflow of future financial benefits is likely, and when reliable measurement of the value of the liabilities is possible.

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

Some financial assets and liabilities are measured at amortised cost price, where a constant effective interest rate is recognised over the maturity. Amortised cost price is calculated as original cost price, deducted possible repayments and added allowances/discounts of the accumulated amortisation of the difference between cost price and nominal amount.

Foreign exchange and interest

Transactions in foreign currencies are translated at the standard exchange rates, representing the approximate rates of exchange on the transaction date. Differences between the rates of exchange on the transaction date and on the date of payment are recognised in the Income Statement.

Receivables, payables and other financial items in foreign currencies, available at the balance sheet day, are translated based on the exchange rates at the balance sheet day. Both realised and unrealised exchange differences are recognised as financial items in the Income Statement.

Derivative financial instruments

Derivative financial instruments are stated at cost prices on initial recognition in the balance sheet and subsequently measured at current values. Positive and negative current values from the derivative financial instruments are recognised as cut off items under assets or liabilities.

Change in the current value from derivative financial instruments, classified as and fulfilling the criteria for hedging the current value of recognised assets and liabilities, is included in the Income Statement, together with any changes in the current value of the hedged assets or liabilities respectively.

Any change in the current value from the derivative financial instruments, classified as and fulfilling the obligations for hedging future assets and liabilities, is recognised directly in equity.

If future transaction results in recognition of assets or liabilities, amounts, which are deferred under the equity, are to be transferred from equity and recognised in the cost prices of the assets or liabilities.

If future transaction results in earnings or costs, amounts, which are deferred under the equity, are to be transferred to the Income Statement in the period, where the hedged item affects the Income Statement.

Accounting principles *(continued)*

Income Statement

Revenue

Revenue is recognised in the Income Statement if delivery and the transfer of risk to the buyer has been accomplished by the end of year, and if the income can be calculated reliably and its receipt expected. Revenue comprises the invoiced sales of the year, deducted duties, returned goods and volume discounts.

Distribution costs

Distribution costs comprise costs assigned to distribution and sale of the Company's products, including distribution and marketing costs, salaries within the sales and marketing functions, advertising and exhibition costs, depreciations and other indirect overheads. Furthermore, costs related to write downs on debtors are included in the distribution costs.

Administrative expenses

Administrative expenses comprise costs, which are assigned to the administrative functions including management remuneration and other common overheads.

Other operating income

Other operating income comprises earnings from secondary operation compared to the company's core business.

Profit/loss, capital investments in subsidiaries

The proportional share of the results of the individual subsidiary, after tax, amortisation of goodwill and elimination of intercompany profit, is included in the Income Statement of the company.

Financial income and expenses

Financial income and expenses comprise e.g. items from interest, realised and unrealised exchange gains and losses from foreign currencies and amortisation of financial assets and liabilities.

Income tax and deferred tax assets

Tax on profit or loss on ordinary activities comprises actual tax and change in deferred tax of the year.

Current tax comprises the tax payable of the year's expected taxable profit and allowances, deductions and repayments from the Danish payment-on-account tax scheme.

Apart from differences on capital investments in subsidiaries, provision is made for deferred tax of every difference between accounting and fiscal estimates. Deferred tax assets are calculated based on quoted tax rates, and the effect from the deferred tax of any tax rate changes is recognised in the Income Statement.

Deferred tax assets are recognised at their expected value in use within the same legal tax entity.

Tax, paid on account, and other prepaid taxes appear from the balance sheet as tax receivable.

Balance sheet

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation.

Accounting principles *(continued)*

Goodwill

Goodwill is amortised on a straight-line basis through the expected lifetime up to 20 years, as the company's acquisition is estimated to have a long-term earning effect based on the very long life cycle of the products. The accounting value of goodwill is currently subject to evaluation and written down to replacement cost in the Income Statement, if the accounting value exceeds the expected future capitalized net earnings or a realised sales value from the company or activity, to which the goodwill belongs.

Acquired trademarks and customer relations

Acquired trademarks and customer relations are measured on initial recognition at cost, as part of the business combinations, at their fair value at the date of acquisition. Following initial recognition, Acquired trademarks and customer relations are carried at cost less any accumulated amortisation and accumulated impairment losses. Acquired trademarks are amortised on a straight-line basis through the expected lifetime from 8 to 20 years. Acquired customer relationships are amortised on a straight-line basis through the expected lifetime up to 12 years.

Amortisation

Acquired trademarks and customer relations, as well as goodwill is amortised over their estimated useful lives (maximum of 20 years) determined on the basis of Management's experience of the specific markets. Amortisation over 5 years relates to strategic acquired business/trademarks with strong market positions, and long-term earning profiles.

Development projects

Development projects comprise salaries and other costs, which directly or indirectly relate to the development projects of the company.

If sufficient security is available so that the capital value of the future earnings can cover production, sales, and administration costs and the development costs as well - development projects, clearly definable and identifiable, are recognised as intangible fixed assets when the technical rate of utilisation, sufficient resources and a potential future market or development opportunity within the company appear, and when the intention is to produce, market or use the project.

Development projects, which do not fulfil the criteria for recognition in the balance sheet, are recognised as costs in the Income Statement, when realised.

Capitalised development costs are measured at cost prices, less accumulated amortisation or write-downs at replacement cost, if lower.

Capitalised development costs are written off on the project finalisation according to the straight-line method and over the period when it is expected to gain financial advantages. The write off period is 5 years.

Software and rights

Software, rights and its expenses are measured at cost price, less accumulated amortisations and are written down according to the straight-line method over the expected financial lifetime of 3 - 5 years.

Accounting principles *(continued)*

Property, plant and equipment

Property, plant and equipment are measured at purchase price or at cost price less accumulated depreciation and write downs.

Property, plant and equipment are depreciated under the straight-line method over the expected useful lives of the assets, i.e.:

- Major leasehold improvements	14 years
- Technical and fixed installations and leasehold improvements	5 years
- Other installations, operating equipment, furniture and fixtures	5 years

Property, plant and equipment are depreciated at their recoverable value, if this value is lower than the accounting amount, based upon the above depreciation periods.

Public grants, provided to fund purchase of property, plant and equipment, are settled in the purchase price.

Earnings or losses in connection with sale or scrapping are calculated as the difference between the sales price and the booked value and are recognised in the Income Statement under the same items as the pertaining write-downs.

Operational lease costs are expensed continuously. The residual obligations are disclosed under contingent liabilities.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

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

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

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

Inventories

Raw materials, consumables and commodities are measured at cost price, calculated according to the FIFO principle or the net realization value, if lower.

Cost price for commodities, raw materials and consumables is equal to the landed cost price.

The cost price for manufactured finished goods and work in progress comprises the costs for raw materials, consumables, and direct payroll cost and production overheads. Borrowing costs are not included.

Obsolete and slow-moving products are written down to net realisable value.

Accounting principles *(continued)*

Receivables

Receivables are measured at amortised cost price, which normally corresponds to the nominal value. Write-downs are made to meet the risk for losses, calculated on the basis of an individual estimate of the debtors' creditworthiness.

Prepayments

Prepayments, recognised under assets, include spent costs related to the subsequent financial year.

Provisions

Provisions include estimated cost for warranty. The provision is based on individual judgment on registered claims.

Equity

Dividend, expected to be paid for the year, is presented as a separate item under equity.

Dividend is recognised as a liability at the time for decision at the annual general meeting.

Liabilities

Liabilities are measured at amortised cost price. Proceeds, received less spent costs, are recognised when raising the loans. In the periods to come, the financial liabilities are recognised at amortised cost price corresponding to the capitalised value, using the effective interest method so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the loan period.

In respect of financial leasing, the capitalised residual liability under the lease is recognised.

Other liabilities, comprising accounts payable, group companies and other debts, are measured at amortised cost price, which usually corresponds to the nominal value.

Warrants

The value of warrants is not recognized in the Profit and loss statement. Payments received from the issue of warrants have been recorded as received prepayments under liabilities and will be recorded in equity along with the exercise price in the event of execution.

Cash flow statement

The cash flow statement, calculated on the indirect method, shows the cash flows from operating activities, investing activities, financing activities and the funds, available at the beginning and at the end of the year.

Cash flows from operating activities are stated as the EBIT result, adjusted for write-downs and other non-cash operating items, changes in the working capital, dividends received and paid income taxes and dividend.

Cash flow from investing activities comprises payments in connection with acquisition and sale of companies and or acquisition and sale of tangible and financial assets, respectively.

Cash flow from financing activities comprises rising of loan and payments on interest-bearing debts.

Funds comprise cash and securities portfolio, stated as current assets.

Segment information

The Group has only one business segment.

Accounting principles *(continued)*

Financial ratios

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

EBITDA ratio	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
EBIT ratio	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Gross profit	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Equity ratio	$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$

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

Income statement

Note	DKK millions	Consolidated 2015 (12 Months)	Consolidated 2014 (11 Months)	Parent company 2015 (12 Months)	Parent company 2014 (11 Months)
1	**Revenue**	715,5	30,4	0,0	0,0
2	Production costs	(434,6)	(29,6)	0,0	0,0
	Gross profit	280,9	0,8	0,0	0,0
2	Distribution costs	(169,0)	(7,4)	0,0	0,0
2	Administrative expenses	(67,1)	(11,1)	(18,8)	(3,8)
	Operating profit/loss before amortisation of goodwill (EBITA)	44,8	(17,7)	(18,8)	(3,8)
2	Amortisation of goodwill	(12,3)	0,0	0,0	0,0
	Operating profit/loss (EBIT)	32,5	(17,7)	(18,8)	(3,8)
	Other operating income	0,0	0,0	13,9	0,0
	Other operating costs	0,0	0,0	0,0	0,0
	Operating income/loss	32,5	(17,7)	(4,9)	(3,8)
	Share of income/loss in subsidiaries after tax	0,0	0,0	19,6	(13,7)
4	Financial income	0,2	0,2	1,7	0,1
5	Financial expenses	(11,2)	(0,9)	(4,6)	(0,5)
	Profit/loss before tax	21.5	(18,4)	11,8	(17,9)
6	Tax for the year	(8,6)	1,5	1,1	1,0
	Profit/loss for the year	12,9	(16,9)	12,9	(16,9)
	Proposed distribution of loss				
	Proposed dividends	0,0	0,0	0,0	0,0
	Retained earnings	12,9	(16,9)	12,9	(16,9)
		12,9	0,0	12,9	(16,9)

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

Balance sheet

Note	DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
7	**Intangible assets**				
	Development completed	10,9	10,0	0,0	0,0
	Software and licences	5,6	8,0	0,0	0,0
	Acquired trademarks	115,4	124,2	0,0	0,0
	Acquired customer relations	28,6	31,2	0,0	0,0
	Goodwill	233,0	245,6	0,0	0,0
	Development in progress	3,6	2,7	0,0	0,0
		397,1	421,7	0,0	0,0
8	**Property, plant and equipment**				
	Plant and machinery	37,9	40,7	0,0	0,0
	Fixtures and fittings, tools and equipment	8,5	8,9	0,0	0,0
	Leasehold improvements	6,0	4,7	0,0	0,0
	Prepayments	4,0	3,5	0,0	0,0
		56,4	57,8	0,0	0,0
	Investments				
9	Investments in subsidiaries	0,0	0,0	338,8	397,9
	Deposits	4,2	4,4	0,0	0,0
12	Deferred tax asset	19,6	18,6	0,0	0,0
		23,8	23,0	383,9	397,9
	Total non-current assets	477,3	502,5	383,9	397,9
	Current assets				
	Inventories				
	Raw materials and consumables	38,7	39,6	0,0	0,0
	Work in progress	14,5	22,4	0,0	0,0
	Finished goods and goods for resale	23,9	26,2	0,0	0,0
		77,1	88,2	0,0	0,0
	Receivables				
	Trade receivables	86,9	93,9	0,0	0,0
15	Corporation tax	0,0	0,0	1,3	1,1
	Amounts owed by affiliates	0,0	0,0	13,2	56,4
	Other receivables	7,2	19,0	0,7	12,0
10	Prepayments	7,5	4,9	1,0	1,3
		101,6	117,8	16,2	70,8
	Cash at bank and in hand	42,0	25,6	1,0	8,9
	Total current assets	220,7	231,6	17,2	79,7
	TOTAL ASSETS	698,0	734,1	356,0	477,6

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

Balance sheet

Note	DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	2,5	2,3	2,5	2,3
	Retained earnings	244,6	213,5	244,6	213,5
	Proposed dividends	0,0	0,0	0,0	0,0
	Total equity	247,1	215,8	247,1	215,8
	Provisions				
12	Deferred tax	39,6	43,9	0,0	0,0
13	Other provisions	24,7	22,2	3,0	0,0
	Total provisions	64,3	66,1	3,0	0,0
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
14	Bank loans	190,5	225,4	63,5	95,7
		190,5	225,4	63,5	95,7
	Current liabilities other than provisions				
	Current portion of non-current liabilities other than provisions	36,7	36,3	32,0	116,0
	Bank loans and overdrafts	3,6	3,3	0,0	0,0
16	Trade payables	56,7	64,8	0,0	0,0
	Amounts owed to affiliated companies	0,0	35,0	0,0	35,0
15	Corporation tax	1,9	4,1	0,0	0,0
16	Other payables	92,8	83,3	6,0	15,1
	Prepayments	4,4	0	4,4	0
		196,1	226,8	42,4	166,1
	Total liabilities other than provisions	386,6	452,2	105,9	261,8
	TOTAL EQUITY AND LIABILITIES	698,0	734,1	356,0	477,6

17 **Staff costs and incentive programs**
18 **Contractual obligations and contingencies, etc.**
19 **Mortgages and collateral**
20 **Related party disclosures**

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

Statement of changes in equity

DKK millions	Consolidated			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	2,3	213,5	0,0	215,8
Capital increase	0,2	12,8	0,0	13,0
Value adjustment, accounting value - capital shares	0,0	6,2	0,0	6,5
Net value adjustment, hedging instruments	0,0	(0,8)	0,0	(0,9
Profit for the year	0,0	12,9	0,0	12,9
Equity at 31 December 2015	2,5	244,6	0,0	247,1

DKK millions	Parent Company			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	2,3	213,5	0,0	215,8
Capital increase	0,2	12,8	0,0	13,0
Value adjustment, accounting value - capital shares	0,0	6,2	0,0	6,5
Net value adjustment, hedging instruments	0,0	(0,8)	0,0	(0,9
Profit for the year	0,0	12,9	0,0	12,9
Equity at 31 December 2015	2,3	244,6	0,0	247,1

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

Cash flow statement

Note	DKK millions	Consolidated 2015	Consolidated 2014
	Operating loss	32,5	(17,7)
	Depreciation and amortisation	41,4	0,9
	Cash generated from operations before changes in working capital	73,9	(16,1)
	Changes in working capital	35,5	21,6
	Cash generated from operations	109,4	4,8
	Interest received	0,2	5,8
	Interest paid	(11,2)	(6,5)
	Cash generated from operations	98,4	4,1
	Corporation tax paid	(13,4)	0,7
	Cash flows from operating activities	85,0	4,8
	Acquisition of intangible assets	(9,3)	(411,1)
	Acquisition of property, plant and equipment	(7,8)	(57,8)
	Changes in deposits	0,2	(4,4)
	Cash flows from investing activities	(16,9)	(473,5)
	External financing:		
	Increase in bank loans and overdrafts	(34,2)	261,7
	Change in receivable from affiliated companies	(35,0)	0,0
	Shareholders:		
	Capital raised	17,5	232,6
	Dividends paid	0,0	0,0
	Cash flows from financing activities	(51,7)	494,3
	Net cash flows from operating, investing and financing activities	16,4	25,6
	Cash and cash equivalents at 1 January	25,6	0,0
	Cash and cash equivalents at 31 December	42,0	25,6

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

Notes to the financial statements

1 Segment information

Geographical segment

DKK millions	Scandinavia	Rest of Europe	Rest of world	Total
Revenue 2015	368,3	109,2	238,0	715,5
Revenue 2014	13,5	4,8	12,1	30,4

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
2 Depreciation, amortisation and impairment losses				
Intangible assets	32,8	0,4	0,0	0,0
Property, plant and equipment	11,1	0,5	0,0	0,0
	43,9	0,9	0,0	0,0
Depreciation, amortisation and impairment losses are recognised as follows:				
Production	12,8	0,5	0,0	0,0
Distribution	2,9	0,1	0,0	0,0
Administration	15,9	0,3	0,0	0,0
Amortisation of goodwill	12,3	0,0	0,0	0,0
	43,9	0,9	0,0	0,0
Recognised net loss on realisations	1,0	0,0	0,0	0,0
3 Fees paid to auditors appointed at the annual general meeting				
Total fees to EY	0,7	1,1	0,1	0,1
Fee regarding statutory audit	0,5	0,7	0,1	0,1
Tax assistance	0,2	0,3	0,0	0,0
Other assistance	0,0	0,1	0,0	0,0
	0,7	1,1	0,1	0,1
4 Financial income				
Interest income from affiliates	0,0	0,0	1,3	0,1
Foreign exchange gains	0,0	0,1	0,4	0,0
Other interest income	0,2	0,1	0,0	0,0
	0,2	0,2	1,7	0,1

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

Notes to the financial statements

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
5 Financial expenses				
Interest expense to affiliates	0,0	0,0	0,0	0,1
Foreign exchange losses	1,0	0,0	0,0	0,1
Other interest expense	10,2	0,9	4,6	0,3
	11,2	0,9	4,6	0,5
6 Tax on the loss for the year				
Current tax for the year	(12,4)	1,0	1,1	1,0
Adjustment of deferred tax	4,0	0,5	0,0	0,0
Current tax last year	(0,2)	0,0	0,0	0,0
	(8,6)	1,5	1,1	1,0

7 Intangible assets

DKK millions	Consolidated: Acquired trade-marks	Acquired customer relations	Develop-ment completed	Software and licences	Goodwill	Develop-ment in progress	Total
Cost at 1 January 2015	124,2	31,2	10,2	8,2	235,2	2,7	411,5
PPA adjustment	0,0	0,0	0,0	0,0	10,4	0,0	10,4
Currency valuation	0,0	0,0	0,0	0,3	(0,3)	0,0	0,3
Additions	0,0	0,0	5,0	2,6	0,0	1,7	9,3
Disposals	0,0	0,0	(0,8)	(0,4)	0,0	(0,8)	(2,0)
Cost at 31 December 2015	124,2	31,2	14,4	10,7	245,3	3,6	429,4
Impairment losses and amortisation at 1 January 2015	0,0	0,0	0,2	0,2	0,0	0,0	0,4
Currency valuation	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Amortisation	8,8	2,6	3.8	5,3	12,3	0,0	32,8
Amortisation, disposals	0,0	0,0	(0,5)	(0,4)	0,0	0,0	(0,9)
Impairment losses and amortisation at 31 December 2015	8,8	2,6	3,5	5,1	12,3	0,0	32,2
Carrying amount at 31 December 2015	115,4	28,6	10,9	5,6	233,0	3,6	397,1
Amortised over	8-20 years	12 years	5 years	3-5 years	20 years	-	-

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

Notes to the financial statements

8 Property, plant and equipment

	Consolidated				
DKK millions	Pre-payments	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve ments	Total
Cost at 1 January 2015	3,5	41,0	9,0	4,8	58,3
Foreign currency translation adjustments, foreign entities	0,0	0,0	0,0	0,0	0,0
Additions on acquisition of subsidiary	0,0	0,0	0,0	0,0	0,0
Additions	0,4	5,5	2,6	2,8	11,3
Transferred	0,0	0,0	0,0	0,0	0,0
Disposals	0,0	(0,6)	(0,8)	0,0	(1,4)
Cost at 31 December 2015	3,9	45,9	10,8	7,6	68,2
Impairment losses and depreciation at 1 January 2015	0,0	0,3	0,1	0,1	0,5
Foreign currency translation adjustments, foreign entities	(0,1)	0,2	(0,3)	0,4	0,2
Depreciation	0,0	7,5	2,5	1,1	11,1
Disposals	0,0	0,0	0,0	0,0	0,0
Depreciation on disposals	0,0	0,0	0,0	0,0	0,0
Impairment losses and depreciation at 31 December 2015	(0,1)	8,0	2,3	1,6	11,8
Carrying amount at 31 December 2015	4,0	37,9	8,5	6,0	56,4
Property, plant and equipment include finance leases with a carrying amount totaling	0,0	0,0	0,0	0,0	0,0
Depreciated over	-	5 years	5 years	5-14 years	

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

Notes to the financial statements

	DKK millions	Parent company 2015
9	**Investments in subsidiaries**	
	Cost at 1 January	411,6
	Additions	0,0
	Disposals	0,0
	Cost at 31 December	411,6
	Value adjustments at 1 January	(13,7)
	Foreign currency translation adjustments	6,2
	Net value adjustment, hedging instruments	(0,9)
	Profit for the year	19,6
	Dividends	(84,0)
	Value adjustments at 31 December	(72,8)
	Carrying amount at 31 December	338,8
	Hereof non-amortised goodwill	233,0

	Share of equity	Nominal capital National currency, Million		Equity value DKK Millions
Louis Poulsen A/S, Copenhagen, Denmark	100%	DKK	60,0	114,3
Louis Poulsen U.S.A. Inc., Fort Lauderdale, USA	100%	USD	0,001	36,6
Louis Poulsen Asia Pte. Ltd., Singapore, Asia	100%	EUR	0,002	0,3
Louis Poulsen Germany GmbH, Düsseldorf, Germany	100%	EUR	4,1	13,1
Louis Poulsen Sweden AB, Stockholm, Sweden	100%	SEK	0,5	7,9
Louis Poulsen Norway AS, Oslo, Norway	100%	NOK	1,5	5,5
Louis Poulsen Finland Oy, Helsinki, Finland	100%	EUR	0,3	5,6
Louis Poulsen UK Limited., London, Great Britain	100%	GBP	2,4	(1,2)
Louis Poulsen Japan Ltd., Tokyo, Japan	100%	JPY	5,0	24,1
Louis Poulsen Switzerland AG, Zürich, Switzerland	100%	CHF	0,5	3,6
Louis Poulsen Holland B.V, Amsterdam, Holland	100%	EUR	0,04	1,0

		Consolidated		Parent company	
	DKK millions	2015	2014	2015	2014
10	**Prepayments**				
	Insurance premiums	1,0	1,3	1,0	1,3
	Other	6,5	3,6	0,0	0,0
		7,5	4,9	1,0	1,3

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

Notes to the financial statements

11 **Share capital**

The share capital comprises:

2.326.423 shares of DKK 1 each which all ranks equally.

The Company has issued a total of 438.780 warrants for which the company has received 4,4 million DKK. Each warrant gives the warrant holder a right, but not an obligation, to subscribe for one share in the Company of nominally DKK 1 against payment to the company of an exercise price, which amounts to 10 DKK added a hurdle rate of 10 per cent p.a.

DKK'000	2015	2014
Amount 1 January	2,3	2,3
Capital increase	0,2	0,0
	2,5	2,3

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
12 **Deferred tax**				
Deferred tax at 1 January	25,3	0,0	0,0	0,0
Adjustment of deferred tax	(4,0)	0,2	34,4	0,0
Acquisition of subsidiary	0,0	24,8	0,0	0,0
Other	(1,3)	0,3	0,0	0,0
Deferred tax at 31 December	20,0	25,3	34,4	0,0
Deferred tax relates to:				
Intangible assets	37,6	38,5	0,0	0,0
Property, plant and equipment	2,5	6,9	0,0	0,0
Current assets	(0,1)	(1,5)	0,0	0,0
Provisions	(11,9)	(12,8)	0,0	0,0
Liabilities other than provisions	(0,1)	(0,1)	0,0	0,0
Tax loss carry-forward	(8,0)	(5,7)	0,0	0,0
	20,0	25,3	0,0	0,0
Deferred tax asset	(19,6)	(18,6)	0,0	0,0
Deferred tax liability	39,6	43,9	0,0	0,0
	20,0	25,3	0,0	0,0

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

Notes to the financial statements

13 Provisions

Provisions mainly consist of provisions regarding unfavourable lease contracts on premises in Vejen in order to reach a fair market value. Provisions on lease contracts are amortised over the lifespan of the lease contract.

14 Mortgage credit institutions and banks

The loans are specified as follows:

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Banks				
Long-term	190,5	225,4	63,5	95,7
Short-term	36,7	36,3	32,0	116,0
	227,2	261,7	95,5	211,7
Total loans	227,2	261,7	95,5	211,7
The loans are recognised in the balance sheet as follows:				
Non-current liabilities other than provisions	227,2	261,7	95,5	212,0
	227,2	261,7	95,5	424,0
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	17,0	117,0	0,0	0,0

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
15 Corporation tax payable				
Corporation tax payable at 1 January	4,1	0,0	0,0	0,0
Tax payable from acquired subsidiaries	0,0	4,7	0,0	0,0
Tax on taxable income for the year, including jointly taxed subsidiaries	11,6	9,3	0,0	(1,1)
Prior year adjustment	(0,4)	0,0	0,0	0,0
Corporation tax paid during the year	(13,4)	(9,9)	0,0	0,0
Corporation tax payable at 31 December	1,9	4,1	0,0	0,0

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

Notes to the financial statements

16 Other payables

A reclassification of 15,1 million DKK from trade payables has been made in parent company comparison figures and 24,2 million DKK in the consolidated comparison figures.

17 Staff costs and incentive programmes

DKK millions	Consolidated		Parent company	
	2015	2014	2015	2014
Wages and salaries	209,5	10,6	11,0	0,0
Pensions	14,0	0,2	0,6	0,0
Other social security costs	18,2	0,2	0,0	0,0
	241,7	11,0	11,6	0,0
Average number of full-time employees	442	436	5	-

Remuneration of the parent company Executive Board amounts to 5,5 million DKK. The Executive Board holds 132.856 warrants as described in note 11.

Remuneration of the parent company Board of Directors amounts to 0,6 million DKK. The Board of directors holds 41.664 warrants as described in note 11.

18 Contractual obligations and contingencies, etc.

Contingent liabilities

Louis Poulsen Holding is jointly taxed with the other Danish subsidiaries to P-LP 2014 A/S. As the administrative company, together with the subsidiary, Louis Poulsen Holding has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 31 December 2015, the net taxes payable to SKAT by the companies included in the joint taxation will be no higher than 1 million DKK. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group is not liable to others.

At 31 December2015 the Group has work guarantees amounting to 5,1 million DKK.

Operating lease obligations

The Group's companies have entered into operating leases. The remaining total nominal residual lease payment amounts to 100,2 million DKK.

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

Notes to the financial statements

19 Collaterals

DKK millions	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Collaterals				
The following assets are provided as collateral for the parent company's bank loans:				
Share capital of Louis Poulsen A/S, 60.0 million DKK, with a carrying amount of (*consolidated = net*)	383,9	397,9	383,9	397,9

The parent company has issued a guarantee of payment regarding the subsidiary Louis Poulsen A/S' bank loans amounting to 132,9 million DKK at 31 December 2015.

20 **Related party disclosures**

Louis Poulsen Holding A/S' related parties comprise the following:

Parties exercising control

P-LP 2014 A/S, Malmøgade 3, 2100 København Ø. CBR. No.: 35 86 20 48