Anpartsselskabet af 19. december 2014

Sødalsparken 18, 8220 Brabrand

CVR No 36 47 11 82

Annual Report 2015/16

(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 / 1 2017

Uffe Baller
Chairman

Contents

Company Information

The Company	Anpartsselskabet af 19. december 2014 Sødalsparken 18 DK-8220 Brabrand CVR No 36 47 11 82 Financial year: 1st September – 31st August Municipality of reg. office: Aarhus
Executive Board	Lars Larsen
Lawyers	Interlex Advokater Strandvejen 94 PO Box 161 DK-8100 Aarhus C
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bank	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 DK-8100 Aarhus C

Financial Highlights of the Group (DKK '000)

	2015/16	2014/15
Key figures		
Income Statement		
Revenue	6.341.430	2.615.849
Profit before financial items (EBIT)	451.122	-139.291
Net financials	-11.817	-3.681
Result for the year	-400.653	-268.962
Balance sheet		
Balance sheet total	7.290.504	6.775.146
Equity	918.738	448.260
Cash flow statement		
Investment in tangible assets	239.191	69.315
Ratios		
Return on assets	6,2%	-2,1%
Solvency ratio	12,6%	6,6%
Return on equity	-58,6%	-60,0%
Number of employees	3.486	1.460

The ratios have been prepared in accordance with the definitions provided under accounting policies.

Management's Review

Main activity

The activity of the Parent Company comprises investments in subsidiaries and associates as well as current asset investments. The Group's main activities are carried out in subsidiaries dealing in retail trade through the retail chain JYSK selling everything for the bedroom, bathroom, other rooms, the window and the patio. The activities take place in retail stores in Denmark, England, The Netherlands, France, Italy, China, Portugal, Greece and USA.

The main activity in the Group is performed though JYSK A/S and IDdesign A/S (sub-group). JYSK A/S has in 2015/16 realized revenue of DKK 3,673,825k and profit after tax 754,672k. IDdesign A/S (sub-group) has in 2015/16 realized revenue of DKK 1,647,321k and profit after tax of DKK -152,092k.

Development in the financial year

Equity has increased by DKK 876,895k due to an owner grant of 100% of the shares in Kapital 19/12 ApS. Group revenue amounts to DKK 6,720,376k compared to DKK 2,615,849k in financial year 2014/15. Result before financial items amount to DKK 451,122k compared to DKK -139,291k in 2014/15. Result for the year after tax amounts to DKK -400,653k compared to DKK -268,962k in 2014/15. The result is satisfying and conjunction with management expectations.

Special risks

The Group's activities abroad imply that profit, cash flows and equity are affected by the development in exchange and interest rates of a number of currencies.

Knowledge resources

JYSK develops competent employees to undertake operational and management tasks in the Group's retail stores through specially adapted training programmes and at its own academy.

Corporate social responsibility

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear on pages 29-40.

Expected development

For the year ahead, Anpartsselskabet af 19. december 2014 expects an improved result provided that the financial markets evolve normally.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management's Statement

The Executive Board have today considered and adopted the Annual Report of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2015 – 31 August 2016.

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

In my opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 31 August 2016 and of the results of the Parent Company and the Group operations and cash flows for 2015/16.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aarhus, 31 January 2017

Executive Board

Lars Larsen

Independent Auditor's Report

To the shareholder of Anpartsselskabet af 19. december 2014

Report on the Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2015 to 31 August 2016, which comprise income statement, balance sheet, notes and accounting policies for both the Group and the Parent Company, as well as 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 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.

Independent Auditor’s Report

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 August 2016 and of the results of the Group and Parent Company operations as well as the consolidated cash flows for the financial year 1 September 2015 – 31 August 2016 in accordance with the Danish Financial Statements Act.

Statement on Management’s Review

We have read 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 Management’s Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Aarhus, 31 January 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Jesper Lund
State Authorised Public Accountant

Income statement 1 September - 31 August (DKK '000)

		Parent company		Group	
	Note	2015/16	2014/15	2015/16	2014/15
Revenue	1	**0**	**0**	**6.341.430**	**2.615.849**
Cost of sales		0	0	3.732.589	1.534.952
Other operating income		0	0	728.132	95.360
Other external cost	2	1.930	226	1.346.306	621.570
Gross Profit		**-1.930**	**-226**	**1.990.666**	**554.687**
Staff expenses	3	0	0	1.225.799	501.744
Depreciation and amortisation		0	0	297.498	189.141
Other operating expenses		0	0	16.247	3.093
Result before financial items		**-1.930**	**-226**	**451.122**	**-139.291**
Result from subsidiaries	9	-382.018	-247.066	0	0
Result from associated companies	10	0	0	1.506	720
Result from other investments	11	0	0	29.672	592
Financial income	4	637	0	37.048	58.367
Financial expenses	5	8.489	1.286	80.044	63.360
Result before tax		**-391.800**	**-248.577**	**439.304**	**-142.972**
Tax on profit for the year	6	8.853	20.385	162.525	22.071
Result after tax		**-400.653**	**-268.962**	**276.779**	**-165.043**
Non-controlling interests' share of profit/loss		0	0	677.432	103.919
Result for the year		**-400.653**	**-268.962**	**-400.653**	**-268.962**

Distribution of profit

Proposed distribution of profit		
Retained earnings	-400.653	-268.962
	-400.653	**-268.962**

Balance sheet at 31 August (DKK '000)

Assets		**Parent company**		**Group**	
	Note	2016	2015	2016	2015
Software		0	0	57.883	41.306
Goodwill		0	0	680.650	871.175
Intangible assets	7	**0**	**0**	**738.533**	**912.481**
Land and buildings		0	0	437.634	442.940
Fixtures and fittings, tools and equipment		0	0	99.479	89.361
Trucks and cars		0	0	30.907	27.546
Leasehold improvements		0	0	143.406	134.564
Assets under construction		0	0	108.022	1.506
Tangible assets	8	**0**	**0**	**819.448**	**695.918**
Investments in subsidiaries	9	1.688.492	1.270.179	0	0
Investments in associates	10	0	0	12.353	17.547
Other investments	11	0	0	479.999	450.327
Instruments of debt	12	0	0	898.332	5.432
Deposits	13	0	0	31.285	78.664
Fixed asset investments		**1.688.492**	**1.270.179**	**1.421.969**	**551.970**
Fixed assets		**1.688.492**	**1.270.179**	**2.979.950**	**2.160.369**
Commercial products		0	0	1.388.102	1.493.279
Inventories		**0**	**0**	**1.388.102**	**1.493.279**
Trade receivables		0	0	290.503	223.785
Receivables from subsidiaries		46.224	0	0	0
Receivables associated companies		0	0	6.822	0
Corporation tax		0	176	137.537	0
Deferred tax		0	0	0	55
Other receivables		69.267	0	1.014.976	829.049
Prepayments	14	0	0	37.221	30.380
Receivables		**115.491**	**176**	**1.487.059**	**1.083.269**
Securities		**0**	**0**	**844.464**	**1.562.303**
Cash at bank and in hand		**0**	**0**	**590.929**	**475.926**
Current assets		**115.491**	**176**	**4.310.554**	**4.614.777**
Assets		**1.803.983**	**1.270.355**	**7.290.504**	**6.775.146**

Balance sheet at 31 August (DKK '000)

Liabilities		Parent company		Group	
	Note	2016	2015	2016	2015
Share capital		12.000	10.000	12.000	10.000
Retained earnings		906.738	438.260	906.738	438.260
Equity	15	**918.738**	**448.260**	**918.738**	**448.260**
Non-controlling interests	16	**0**	**0**	**1.698.094**	**1.657.862**
Other provision		0	0	9.096	1.978
Deferred tax	17	58.903	20.332	48.511	9.966
Provisions		**58.903**	**20.332**	**57.607**	**11.944**
Mortgage debt, long-term	18	0	0	337.254	354.993
Instruments of debt, long-term	19	800.000	800.000	2.337.580	2.337.580
Long-term debt		**800.000**	**800.000**	**2.674.834**	**2.692.573**
Mortgage debt, short-term	18	0	0	17.740	15.931
Credit institutions		3.014	48	324.136	121.149
Deposits, short-term		0	0	0	41.671
Instruments of debt, short-term	19	0	0	0	357.194
Prepayments, received		0	0	127.387	184.225
Trade payables		0	0	499.887	451.929
Payables to subsidiaries		1.430	229	0	0
Corporation tax		13.289	0	249.792	162.016
Other payables		8.609	1.486	704.796	613.971
Deferred income	20	0	0	17.492	16.421
Short-term debt		**26.342**	**1.763**	**1.941.230**	**1.964.507**
Debt		**826.342**	**801.763**	**4.616.064**	**4.657.080**
Liabilities and equity		**1.803.983**	**1.270.355**	**7.290.504**	**6.775.146**

Contractual obligations	21
Security	22
Contingent liabilities	23
Controlling interest	24

Consolidated Cash Flows (DKK '000)

	Note	2015/16	2014/15
Profit for the year		-400.653	-268.962
Adjustments	25	1.162.320	269.334
Change in working capital	26	-57.366	-107.854
Cash flows from operating activities before financial income and expenses		704.301	-107.482
Financial income		37.048	58.367
Financial expenses		-80.044	-63.360
Cash flows from ordinary activities		661.305	-112.475
Corporation tax paid		-182.024	-5.214
Cash flows from operating activities		**479.281**	**-117.689**
Purchase of intangible assets		-27.600	-23.186
Purchase of tangible assets		-239.191	-69.315
Sale of tangible assets		8.016	0
Sale of fixed asset investments		0	46.754
Cash flows from investing activities		**-258.775**	**-45.747**
Raising/repayment of mortgage loans		-15.930	-8.105
Instruments of debt		-1.250.094	0
Capital increase		876.895	250.000
Dividend paid		-637.200	0
Cash flows from financing activities		**-1.026.329**	**241.895**
Change in cash and cash equivalents		**-805.823**	**78.459**
Cash and cash equivalents at 1st September		1.917.080	530.717
Adjustment of cash and cash equivalents from addition of equity investments		0	1.307.904
Cash and cash equivalents at 31st August		**1.111.257**	**1.917.080**
Cash and cash equivalents are specified as follows:			
Credit institutions		-324.136	-121.149
Current asset investments		844.464	1.562.303
Cash at bank and in hand		590.929	475.926
Cash and cash equivalents at 31st August		**1.111.257**	**1.917.080**

Notes to the Annual Report (DKK '000)

1 Revenue

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board assess that such disclosures would be very detrimental to the Company.

	Parent company		Group	
	2015/16	2014/15	2015/16	2014/15
2 Fees to the auditors appointed at the annual general meeting				
PricewaterhouseCoopers				
Auditfee	230	200	2.690	2.142
Other assurance engagements	0	0	16	0
Tax advisory services	797	0	1.379	1.047
Other non-audit services	846	900	1.659	2.251
	1.873	**1.100**	**5.744**	**5.440**
Other auditors				
Auditfee	0	0	877	582
Other assurance engagements	0	0	0	115
Tax advisory services	0	0	601	658
Other non-audit services	0	0	739	711
	0	**0**	**2.217**	**2.066**

3 Staff

	Parent company 2015/16	Parent company 2014/15	Group 2015/16	Group 2014/15
Salaries and wages	0	0	1.090.568	389.207
Pensions	0	0	69.931	60.140
Other social security costs	0	0	65.301	52.397
	0	**0**	**1.225.799**	**501.744**

No separate remuneration has been paid to the Executive Board.

	Parent company 2015/16	Parent company 2014/15	Group 2015/16	Group 2014/15
Average number of employees	0	0	3.486	1.460

4 Financial income

	Parent company 2015/16	Parent company 2014/15
Interest income subsidiaries	370	0

5 Financial expenses

	Parent company 2015/16	Parent company 2014/15
Interest expense subsidiaries	0	0

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2015/16	2014/15	2015/16	2014/15
6	**Tax on profit for the year**				
	Current tax for the year	-29.718	53	129.870	25.840
	Deferred tax for the year	39.242	20.332	30.083	19.648
	Tax concerning previous years	-671	0	2.573	-23.416
	Tax on profit for the year	**8.853**	**20.385**	**162.525**	**22.071**

7	**Intangible assets**		
		Software	Goodwill
	Group		
	Cost at 1st September	71.326	945.429
	Addition for the year	26.769	831
	Exchange adjustment on movement	-1	0
	Disposals for the year	-113	0
	Cost at 31st August	97.980	946.260
	Depreciation at 1st September	-30.019	-74.254
	Depreciation for the year	-9.408	-191.356
	Exchange adjustment on movement	-782	0
	Depreciation of disposals for the year	112	0
	Depreciation at 31st August	-40.097	-265.610
	Booked value at 31st August	**57.883**	**680.650**
	Depreciated over	3 - 5 years	5 - 15 years

Notes to the Annual Report (DKK '000)

8 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Truck and cars	Leasehold improvements	Assets under construction
Group					
Cost at 1st September	461.209	107.755	29.978	157.284	1.506
Exchange adjustment at 1st September	5	-2.788	-263	-2.653	0
Addition for the year	12.983	49.391	19.159	48.321	109.337
Transfer	0	318	0	-318	0
Exchange adjustment on movement	0	-126	-19	-160	2
Disposals for the year	0	-5.202	-12.364	-3.633	-2.823
Cost at 31st August	474.197	149.348	36.491	198.841	108.022
Depreciation at 1st September	-18.269	-18.393	-2.432	-22.720	0
Exchange adjustment at 1st September	-4	-184	-488	-4.119	0
Depreciation for the year	-18.269	-35.874	-11.776	-30.815	0
Exchange adjustment on movement	-21	0	-94	0	0
Depreciation of disposals for the year	0	4.582	9.206	2.219	0
Depreciation at 31st August	-36.563	-49.869	-5.584	-55.435	0
Booked value at 31st August	**437.634**	**99.479**	**30.907**	**143.406**	**108.022**
Depreciated over	25 years	4 - 7 years	4 - 5 years	Lease period	

Notes to the Annual Report (DKK '000)

		Parent company
9	**Investments in subsidiaries**	2016
	Cost at 1st September	1.524.023
	Additions for the year	876.894
	Cost at 31st August	2.400.917
	Value adjustements at 1st September	-253.843
	Exchange adjustments on foreign subsidiaries	-5.764
	Dividend	-70.800
	Result for the year	-256.501
	Depreciation for the year	-125.517
	Value adjustments at 31st August	-712.425
	Investments in subsidiaries	**1.688.492**
	Including goodwill of	488.910
	Specified as:	Ownershare
	JYSK A/S, Denmark	10,00%
	LLIT Holding ApS, Denmark	100,00%
	Kapital 19/12 ApS, Denmark	100,00%

		Group
10	**Investments in associates**	2016
	Cost at 1st September	16.827
	Adjustment to opening	-6.600
	Cost at 31st August	10.227
	Impairment at 1st September	720
	Result for the year	1.506
	Dividend	-100
	Impairment at 31st August	2.126
	Booked value at 31st August	**12.353**
	Specified as:	
		Ownershare
	Letz Sushi ApS	50,00%
	Racehall ApS	20,00%
	Inbodan Service Partner I/S	61,50%

Notes to the Annual Report (DKK '000)

		Group 2016
11	**Other investments**	
	Cost at 1st September	449.735
	Cost at 31st August	449.735
	Impairment at 1st September	592
	Result for the year	29.672
	Impairment at 31st August	30.264
	Booked value at 31st August	**479.999**
12	**Instruments of debt**	
	Cost at 1st September	5.432
	Addition for the year	892.900
	Cost at 31st August	898.332
	Booked value at 31st August	**898.332**
13	**Deposits**	
	Cost at 1st September	78.664
	Exchange adjustment	1.588
	Addition for the year	1.426
	Disposals for the year	50.393
	Booked value at 31st August	**31.285**

14 Prepayments

Prepayments comprises prepaid expenses relating to rent, property tax, etc.

Notes to the Annual Report (DKK '000)

		Parent company 2016	Parent company 2015	Group 2016	Group 2015
15	**Equity**				
	Equity at 1st September	448.260	474.000	448.260	474.000
	Capital increase	876.895	250.000	876.895	250.000
	Result for the year	-400.653	-268.962	-400.653	-268.962
	Exchange adjustment on foreign subsidiaries	-5.764	-6.777	-5.764	-6.777
	Equity at 31st August	**918.738**	**448.260**	**918.738**	**448.260**
	Specified as follows:				
	1,000 A-shares of DKK 1,000	1.000	1.000	1.000	1.000
	11,000 B-shares of DKK 1,000	11.000	9.000	11.000	9.000
	Share capital	**12.000**	**10.000**	**12.000**	**10.000**
	Equity at 1st September	438.260	473.000	438.260	473.000
	Capital increase	874.895	241.000	874.895	241.000
	Result for the year	-400.653	-268.962	-400.653	-268.962
	Exchange adjustment on foreign subsidiaries	-5.764	-6.777	-5.764	-6.777
	Retained earnings at 31st August	**906.738**	**438.260**	**906.738**	**438.260**
	Equity at 31st August	**918.738**	**448.260**	**918.738**	**448.260**

		Group 2016	Group 2015
16	**Non-controlling interests**		
	Non-controlling interests at 1st September	1.657.862	0
	Additions for the year	0	1.553.943
	Dividend	-637.200	0
	Share of profit for the year	677.432	103.919
	Non-controlling interests at 31st August	**1.698.094**	**1.657.862**

		Parent company 2016	Parent company 2015	Group 2016	Group 2015
17	**Deferred tax**				
	Intangible assets	0	0	17	0
	Tangible assets	0	0	-9.227	-11.692
	Other	58.903	20.332	45.685	21.657
		58.903	**20.332**	**48.511**	**9.966**

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2016	2015	2016	2015
18 Mortgage debt				

Payments due within 1 year are recognised in short-term debt. Other debt is recognised on long-term debt.

The debt falls due for payment as specified below:

	2016	2015	2016	2015
Mortage debt, after 5 years	0	0	255.165	279.479
Mortage debt, between 1 and 5 years	0	0	82.089	75.514
Mortage debt, long-term debt	0	0	337.254	354.993
Mortage debt, within 1 year	0	0	17.740	15.931
	0	**0**	**354.994**	**370.924**

	2016	2015	2016	2015
19 Instruments of debt				

Instruments of debt fall due for payment as specified below:

	2016	2015	2016	2015
Instrument of debt, after 5 years	800.000	800.000	2.337.580	2.337.580
Instrument of debt, between 1 and 5 years	0	0	0	0
Instrument of debt, long-term debt	800.000	800.000	2.337.580	2.337.580
Instrument of debt, within 1 year	0	0	0	357.194
	800.000	**800.000**	**2.337.580**	**2.694.774**

20 Deferred income

Deferred income comprises accrued interest and payments received relating to income in subsequent years.

	Parent company		Group	
	2016	2015	2016	2015
21 Contractual obligations				
Rental obligations	0	0	3.435.958	3.136.093
Lease obligations	0	0	8.397	8.112
Letters of credit	0	0	38.812	43.588
Other obligations	0	0	56.190	8.268

Notes to the Annual Report (DKK '000)

	Parent company 2016	Parent company 2015	Group 2016	Group 2015
22 Security				
Provided as security for mortgage loans (DKK 354.994k)				
Security mortgage loans, buildings - booked value	0	0	437.634	378.541
Provided as security for debt:				
Security for debt, floating charge	0	0	0	30.000
23 Contingent liabilities				
Guarantees	0	0	21.949	30.368

The Company is jointly liable for tax on the Group's joint taxable income etc.
The total amount for corporation tax appears from these Group Financial Statements. Moreover, the Danish enterprises of the Group are jointly liable for withholding tax such as tax on dividend, royalty and interest. Possible later corrections in corporation taxes and withholding taxes may result in the company being liable for a larger amount.

The Parent company has issued unlimited letters of support for the following subsidiaries: Garia A/S, LLRU Holding ApS, LLCN Holding ApS, Sengespecialisten A/S, LLIT Holding ApS, LLGR Holding ApS, Anpartsselskabet af 5/9 2003, Iddesign A/S og ILWA SWE AB.

24 Controlling interest	**Basis**
Lars Larsen, Svejbæk Søvej 14, 8600 Silkeborg	Controlling shareholder

Notes to the Annual Report (DKK '000)

		Group	
		2015/16	2014/15
25	**Cash flow statement - adjustments**		
	Profit/loss, associates	-1.506	-1.312
	Profit/loss, other investments	-29.672	0
	Adjustment provisions	7.118	1.442
	Exchange adjustment, foreign subsidiaries	5.929	-6.778
	Non-controlling interests	677.432	103.919
	Financial income	-37.048	-58.367
	Financial expenses	80.044	63.360
	Depreciation and amortisation	297.498	189.141
	Tax on profit/loss for the year	162.525	-22.071
		1.162.320	**269.334**
26	**Cash flow statement - change in working capital**		
	Change in inventories	105.177	-86.447
	Change in trade receivables	-66.718	75.352
	Change in other receivables etc.	-199.588	-352.394
	Change in trade payables	47.958	-10.391
	Change in deferred income	0	160.926
	Change in other payables etc.	55.805	105.100
		-57.366	**-107.854**

Accounting Policies

Basis of Preparation

The Annual Report of Anpartsselskabet af 19. december 2014 for the financial year 1 September 2015 to 31 August 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Annual Report for 2015/16 has been prepared in TDKK.

The accounting policies applied remain unchanged from last year; however, a few reclassifications of comparative figures have been made.

Basis of consolidation

The Group Financial Statements comprise the Parent Company, Anpartsselskabet af 19. december 2014, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The financial statements applied for the Group's Annual Report have been prepared in accordance with the accounting policies of the Group.

Non-controlling interests

On statement of group results and group equity, the shares of results and equity of subsidiaries attributable to non-controlling interests are recognised as separate items in the income statement and the balance sheet.

Recognition and measurement

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

Accounting Policies

Assets are recognised 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 recognised 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Exchange gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

The income statements of foreign subsidiaries and associates that are separate legal entities are translated at the exchange rates at the dates of transaction or an approximated average exchange rate. Balance sheet line items are translated at the exchange rates at the balance sheet dates. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the balance sheet dates are recognised directly in equity.

Accounting Policies

Segment reporting

In accordance with section 96(1) of the Danish Financial Statements Act, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board assess that such disclosures would be very detrimental to the Company.

Income Statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises cost incurred in connection with the purchase of commercial products.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the activities of the enterprises, including gains and losses from the sale of intangible assets and tangible assets.

Other external expenses

Other external expenses comprise sales and administrative expenses as well as expenses for premises.

Staff expenses

Staff expenses comprise wages and salaries, including holiday pay and pensions as well as other social security costs etc to the Company's employees. Allowances received from public authorities are deducted from staff expenses.

Accounting Policies

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of tangible assets and intangible assets for the year.

Result from investments in associates and group enterprises

The items “Result from subsidiaries” and “Result from associated companies” in the income statement include the proportionate share of the profit/loss for the year less goodwill amortisation.

Result from other investments

Results from other investments in the income statement include regulations on fair value and dividend paid.

Financial income and expenses

Financial income and expenses comprise interest, exchange adjustments, fees, etc.

Tax on profit for the year

Tax for the year consists of current tax for the year and any changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its subsidiaries. The tax effect of the joint taxation with group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance Sheet

Intangible assets

Software
Software is measured at the lower of cost less accumulated amortisation and the recoverable amount.

Software is amortised over 3-5 years.

Goodwill
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated at 5-15 years.

Tangible assets

Tangible assets are measured at cost with the addition of revaluations and less accumulated depreciation and 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 the financing of the production of property, plant and equipment are recognised in cost over the period of production. All indirectly attributable borrowing costs are recognised in the income statement.

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

Buildings	25 years
Fixtures and fittings, tools and equipment	4 - 7 years
Trucks and cars	4 - 5 years
Leasehold improvements	Over the lease period

Profit and losses from current replacement of property, plant and equipment are recognised in “Other operating income” or “Other operating expenses”.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

Accounting Policies

The items “Investments in subsidiaries and “Investments in associates” 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 date of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of positive or negative differences (goodwill or negative goodwill).

The total net revaluation of investments in subsidiaries and associates 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 and associates.

Subsidiaries and associates with a negative carrying amount are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other investments and instruments of debt

Other investments and instruments of debt are recognised and measured at fair value.

Deposits

Deposits are recognised and measured at cost.

Inventories

Inventories are measured at the lower of cost under the average cost formula and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale equals landed cost.

Accounting Policies

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Securities

Securities consist of listed bonds and shares etc., which are measured at fair values at the balance sheet date corresponding to quoted market prices.

Provisions

Provisions are recognised 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.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on temporary differences concerning non-taxable amortisable goodwill as well as other items is not recognised where, unless arising from acquisitions, they have arisen at the date of acquisition without affecting the profit/loss for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Accounting Policies

Corporation tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in financial income and expenses in the income statement.

Financial debts

Fixed-rate loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Mortgage debt is measured at amortised cost which in respect of cash loans corresponds to the debt outstanding of the loan. Amortised cost in respect of bond loans corresponds to an outstanding debt calculated as the underlying cash value of the loan at the date of borrowing adjusted by amortisation of the market value of the loan at the date of borrowing made over the period of repayment.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Prepayments

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

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 cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

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

Accounting Policies

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments" as well as “Credit institutions” under liabilities and equity. "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Ratios are calculated as follows:

$$\text{Return on assets} = \frac{\text{Profit before financials x 100}}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Statutory Statement of Corporate Social Responsibility

1. Introduction

As a global Group, Anpartsselskabet af 19/12 2014 (“The Group”) is in contact with thousands of customers, employees and business partner as well as other stakeholders every day. That requires commitment.

Corporate Social Responsibility (CSR) is a continuous process where new areas and methods constantly develop. Our goal is always to be up to date with the development and, therefore, dialogue and cooperation with different stakeholders are very important. We consider our dialogue with our surroundings a part of the learning process and essential to obtaining a better understanding of the complex challenges we face as a global company.

The improvement of social and environmental conditions is an ongoing process, and we believe that cooperation, dialogue and commitment are the way to go. Due to the complexity of CSR work, it is difficult to issue guarantees. However, we can guarantee that we are aware of our responsibility and are working to make a difference.
These Financial Statements we report on five overall themes:

- Environment and climate
- Supplier management
- Partnerships
- Customers
- Employees

The legal Company The Group comprises the operation of the following operational companies: JYSK in Denmark, The Netherlands, the UK, France and Italy as well as IDdesign.

The management has assessed that the Group achieves a better effect from memberships and commitment to the organisations BSCI, FSC, UN Global Compact (IDdesign), DIEH (JYSK A/S) and Save the Children rather than laying down our own human rights policy.

This report is the Company’s report in accordance with sections 99(a) and 99(b) of the Danish Financial Statements Act.

2. Environment and Climate

As a global Group we work to minimise our and our suppliers’ environmental and climate impact. Thus, we work with some concrete initiatives, among other things replacement of our lighting, more sustainable wood in the production and optimising our warehouse facilities, with the purpose of reducing the negative environmental impact.

Sustainable wood

Wooden furniture are a large part of our range of products, and deforestation and illegal trade in wood are a real threat towards the environment in many areas. As a large part of the range of products of The Group consists of wood, we have an obligation to ensure that the wood we use originates from sustainable sources. Thus, we prioritize the work of increasing the share of sustainable wood in our range of products, as we think we can make a difference in this area.

FSC

The Group is a member of FSC®/™, which stands for Forest Stewardship Council. In a FSC certified forest, no more wood are cut down than the forest is able to reproduce itself and thus consideration is shown for both the local population, fauna and flora in the area in question. At the same time, the certification represents a guarantee that the people, who works in FSC certified woods, are educated, are equipped with the necessary safety equipment and are paid a descent salary.

All wooden garden furniture purchased for The Group in the financial period are made of FSC certified wood, and the process of increasing this share is continued in the financial period.

Additionally, 60 % of the purchased board-based furniture (measured on total number of items) in JYSK in the financial period are made of FSC certified wood.

PEFC

It is not always possible to obtain FSC certified wood for the production of goods. Consequently, also wood certified by other systems are used, including PEFC.
Like the FSC Certification, this is a guarantee for the fact that the wood used originates from a sustainable forestry. The PEFC Certificate (Programme of the Endorsement of Forest Certification Schemes) are found on several of the indoor furniture of The Group.

20 % of JYSK's purchased board-based furniture (measure on total number of items) in the financial period are thus produced from PEFC certified wood. In making demands on our suppliers and partners to use FSC and PEFC certified wood in the production we are ensuring that our products originate from sustainable areas. In the long term, it is JYSK's goal to gather all products under one FSC Certification. A process we will continue in the financial year 2016/17.

Energy reduction and optimisation

By optimising and making more effective our utilization of energy we can reduce our total energy consumption and CO_2 emission.

LED lighting

During the financial year The Group had focused on optimising the lighting in our stores with more energy efficient lighting. All new stores are equipped with LED lighting, and we continue to focus on this in the years to come. LED bulbs are both cost and energy saving and have a longer useful life than ordinary lighting, and compared to traditional light sources the power-saving of LED bulbs are approximately 80 %.

During the period, JYSK has installed LED lighting in 15 JYSK stores in Denmark and 12 in the Netherlands. The replacement work is an ongoing process, and in the long term the goal is that all JYSK stores are equipped with LED lighting or other more energy saving alternatives.

In the financial period, IDdesign has established two new stores with LED bulbs and moreover, changed to LED bulbs at two renovations. Al together the above has had a positive effect on the energy consumption and thus the emission of CO_2, which in the period has fallen by 3 %.

Hardware

During the period March 2015 to March 2016, The Group has focused on changing old IT hardware with newer, more energy sufficient alternatives in the Danish part of the company which comprises JYSK. This has been done with the purpose of reducing the energy consumption, and at the same time increasing the efficiency of the new hardware.

The changing has been carried out at JYSK's distribution centre in Uldum and at JYSK's head office in Brabrand, and these measures result in an energy saving for the period of a total of 295,526 kWh. This corresponds to a reduction of the CO_2 emission of 113 metric ton corresponding to more than 500 %.

Warehouse facilities

During the past years, The Group has had focus on investing in new and automated distribution centres, which among other things means that essential less energy is used for heating, as the automated centres, among other things, consist of high-bay stores which are only heated to five degrees centigrade.

As a result, JYSK started in August 2016 an expansion of the Group's distribution centre in Uldum, where the hall will be expanded, and at the same time a fourth high-bay store will be built. The expansion is expected to be finished in October 2017.

In continuation of this, the existing lighting on JYSK's distribution centre in Uldum has been replaced by LED lighting in the same period. Alone at the distribution centre in Uldum this is expected to provide an estimated annual energy saving of approx. 885,000 kWh.

Moreover in the same period, the distribution centre in Uldum has had installed a vacuum suction with automatic on/off switch. Automatic on/off switches have been installed on a total of 24 picking stations, and the work with installing the system in the manual areas continues. Automatic on/off switch on the vacuum suction in Uldum will provide estimated annual energy savings of approx. 81,000 kWh.

Transport

The Group transports daily thousands of goods from suppliers to the distribution centres of Anpartsselskabet af 19/12 2014 and from the distribution centres to the many stores. This results in transport, which contributes to the emission of CO_2. We wish to reduce this emission, and thus we have started a series of initiatives within this area.

Among other things, we are working on optimising the content in the trucks and the containers, and optimising transport routes in order to reduce the number of mileage. Moreover, e-learning is used for educating the employees in loading the trucks so efficiently as possible, and likewise a number of technical aids are made available for the same purpose.

In the period, JYSK's distribution centre in Uldum in Denmark has increased m^3 per load metre with 2.2 %, which means that there are 2.2 % more [3] goods per load metre in the trucks. This means, that fewer trucks runs from the warehouses to the stores, which provides CO_2 savings.

Within the next two years, JYSK's Code of Conduct will be unrolled to all JYSK's conveyors in connection with the contract negotiations. This Code of Conduct will help to ensure that the conveyors meet JYSK's demands within areas like human rights and environment.

In connection with the establishment of new IT system IDdesign has got the opportunity of working actively with optimising the content in trucks and containers and optimising transport routes with the aim of reducing the mileage.

In the financial year to come, IDdesign works on getting tools, which can document the effect of this effort.

3. Supplier Management

The Group has hundreds of suppliers in the world. Teamwork with our suppliers is a fundamental element in our business, and it is thus here where we can make the biggest difference with respect to e.g. the environment, human rights and animal welfare. We are aware of our responsibility, and we expect and demand the same from our suppliers.

IDdesign:

Code of conduct

IDdesign's cooperation agreements with our suppliers include a Code of Conduct (CoC) according to which we set out requirements for responsible conduct with respect to social responsibility, working environment, safety, environmental protection and anti-corruption.

The CoC was introduced in trading agreements in 2011 and has by now become an integrated part of the cooperation between suppliers and IDdesign. Our product managers and quality coordinators visit our suppliers on an ongoing basis, among other things with the purpose of ensuring the compliance of CoC.

To the extent that agents are affiliated with IDdesign, the agents are responsible for ensuring compliance with the CoC. The co-responsibility is described and clearly defined in the agent agreement, which has been entered between IDdesign and the individual agent. Through this, the agent must ensure, as far as possible, that IDdesign's CoC are kept. IDdesign has a continuous follow-up with the agents, in order to ensure that they meet their responsibility.

All of IDdesign's suppliers have signed the CoC, which is a firm part of the contract documents for both new suppliers and at contract updates with existing suppliers.

Over the years, we have thus obtained a common understanding of the implementation of the CoC. The suppliers are clearly aware that non-compliance may ultimately result in termination of our cooperation.

In the financial period, IDdesign has not experienced any negative incidents with respect to our suppliers as regards compliance with the common guidelines.

It is important to us, that the suppliers meet our demands. In this connection, we see cooperation and involvement as an important procedure. Through involvement, we can influence the development in a positive direction. If we experience that a supplier makes a mistake, we strive to keep the supplier and to ensure that improvement is made rather than ending the cooperation right away. Thus, we work systematically on improving conditions and processes in cooperation with our suppliers.

Animal welfare

IDdesign does not tolerate animal abuse. IDdesign accepts, for example, only products, which contain down and feathers from slaughterhouses where fowl are slaughtered before they are plucked

IDdesign's largest supplier of quilts and pillows also supplies to JYSK and thus forms part of the control program, which JYSK has performed of their suppliers in the financial period.

UN Global Compact

Since November 2011, IDdesign has been a member of the UN Global Compact (UNGC). The UNGC is the world's largest voluntary network for enterprises with respect to social responsibility which is based on ten principles in the areas of human rights, labour, environment and anti-corruption. IDdesign prepares a COP report annually in which we state our support and affiliation to the initiative, and we prepare a progress report on the ten principles.

IDdesign expects to deliver its fourth COP report in January 2017, which can be found on UN Global Compact's home page :
https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active?page=22&per_page=250#paged_results

JYSK:

Business Social Compliance Initiative (BSCI)

In 2006, JYSK joined the BSCI as one of the first Danish companies. JYSK and Dänisches Bettenlager (Anpartsselskabet af 31/8 1984) have a joint membership, as the two companies share many of the same suppliers.

The BSCI is an international inspection and training system for suppliers. As a member, the companies agree to follow a shared Code of Conduct that contains 11 principles for running an ethical and socially responsible business. The principles are based on international conventions and, among other things, prohibit child labour, forced labour, corruption and discrimination, and set out requirements for safety, working hours and environmental protection.

Read more about the 11 principles in BSCI's Code of Conduct: http://www.bsci-intl.org/content/bsci-code-conduct

The 11 principles form the basis for JYSK's Code of Conduct, which JYSK's suppliers have to sign. Consequently, JYSK's suppliers engage to meet the specific demands and standards, which are described. Through BSCI, we can control our suppliers and their production processes in order to ensure that our Code of Conduct is kept. Moreover, our suppliers have the possibility of receiving education about the 11 principles in BSCI's Code of Conduct and not least about current problems in the countries in question.

It is important to us, that the suppliers meet our demands. In this connection, we see cooperation and involvement as an important procedure. Through involvement, we can influence the development in a positive direction. If we experience that a supplier makes a mistake, we strive to keep the supplier and to ensure that improvement is made rather than ending the cooperation right away. Thus, we work systematically on improving conditions and processes in cooperation with our suppliers.

In the financial period, 639 audits were performed at the suppliers of JYSK and DÄNISCHES BETTENLAGER (Anpartsselskabet af 31/8 1984), corresponding to 60 % the total number of suppliers.

In the financial period, JYSK has participated in BSCI's training and participated at the BSCI Annual Conference in Brussels. Based on this training, JYSK itself has visited selected suppliers to ensure quality and compliance with the BSCI.and trained and sparred with suppliers as regards the BSCI.

Animal welfare

At JYSK, a large part of our business consists of quilts and pillows, which contain down and feathers from geese and ducks. We have 10 suppliers of feather and down products.

JYSK does not tolerate animal abuse. For the same reason, our suppliers bind themselves by contract to only supply down and feathers from slaughterhouses – ie from slaughtered fowl. By means of inspections, trade documents and supplier visits we ensure that our suppliers do not purchase down and feathers plucked from live fowl.

The debate about plucking of live fowls has been on the agenda several times within the last years. Many people believes that the exception proves the rule that the birds are plucked, while they are alive. According to the International Down and Feather Laboratory (IDFL) the reality is someone else, as 99 % of the world's down and feathers are by-products from the food industry and thus originate from slaughtered fowl. At the same time, the process of plucking feathers from live fowl are more expensive and consequently, not profitable for the majority of the companies.

Nevertheless, JYSK has chosen to keep continuous supervision of suppliers of down and feathers, and in the financial period, three audits have been performed at the Chinese suppliers in co-operation with IDFL. An audit is valid for one year at a time, and in the next financial year, they will be renewed. Through the audits, JYSK has no suspicion that the suppliers use feathers or down from live fowl.

In addition, when it is about animal skins, we have taken a stand. We only sell skins from animals, which are secondary by-products from the food industry. The skin comes from slaughtered animals – ie. animals that were to be slaughtered. The animals are not slaughtered only because of the skin. Tanning of the skins takes place without the use of harmful substances.

4. Partnerships

The surrounding world affects our company, just as our company has an impact on the surroundings. Therefore, The Group wants dialogue and cooperation, which provide a good basis for fulfilling our responsibilities and meeting the challenges, which we face as a global group.

IDdesign:

Save the Children

IDdesign is together with JYSK main sponsor to Save the Children.

During the year, IDdesign has carried out a number of customer-focused activities to support of Save the Children. In total, we have collected about DKK 60,000 additional to the firm amount of DKK 136,000 kroner in annual donation.

Care and Fair

IDdesign supports the fight against child labour and children's conditions.

Care & Fair is an organization, which is formed in order to fight child labour in the carpet industry in countries like Nepal, India and Pakistan. In the financial period, 97 % of IDdesign's carpets carry the label Care & Fair, which is an increase compared to last year.

JYSK:

Initiativ for Dansk Etisk Handel (DIEH)

JYSK is a member of the DIEH, which is a Danish multi-stakeholder initiative for the business community, the trade union movements and the popular organisations. The objective is to jointly work with ethical trade and find constructive solutions to the challenges faced by Danish enterprises in relation to suppliers in the developing countries and new growth economies.

In the financial period, JYSK has participated in meetings at the DIEH on a current basis.

Save the Children

Since 2008, JYSK has been a business partner to Save the Children, and in 2015 JYSK become the main sponsor for Save the Children in Denmark.
The purpose of the sponsorship is to make positive difference for the most disadvantaged children and young people in Denmark and around the world by giving them better possibilities for education and development. Together with, among other things, IDdesign, JYSK donates over DKK two million to the work of Save the Children in Denmark and the rest of the world. Among other things, the money is used for building temporary schools where children might get educated and find safety and definite bounds in an otherwise chaotic ordinary day. In Denmark, the money is used for an increased effort for preventing bullying and creating children societies with space for everyone.

FSC Denmark

JYSK is a member of and cooperates with FSC Denmark which, among other things, works for the positioning and dissemination of the FSC label in Denmark

Denmark's Collection

Denmark's Collection is a joint collection in aid of developing countries in Africa, Asia and Latin America, which DR and 12 of Denmark's largest humanitarian organisations are behind.

In 2016 the theme for the collection was ”10 years against poverty”, and focus was on the poverty which is the daily life for approx. 800 million people around the world. Almost DKK 98 million were collected, which are used for concrete projects. Every year JYSK supports the collection with a large amount.

Kirkens Korshær

Kirkens Korshær is an organisation, which runs hostels, re-establishment centres, shelters and housing shares with the purpose of helping socially vulnerable people in Denmark, who, for one reason or another, has experienced adversity in life. Approx. 10,000 people use each week the organisation's many offers, e.g. people with psychological illness, substance abusers, homeless or released prisoners. It might also be people, who experiences loneliness in their daily life, which is a common phenomenon today. The users can visit the many offers of the organisation if they need a place to sleep, get a bath, a cheap meal or just someone to talk to.

As sponsor, JYSK annually donates sleeping bags, camp mattresses and socks to Kirkens Korshær, which the many users can make use of.

Parasport Danmark

At JYSK, we have decided that our main sponsorship should go to Parasport Danmark. The thought behind the support for this kind of sport in particular, is, among other things the athletes admirable will. They prove that you can do whatever you want to do, and the cooperation is built on common values.

The sponsorship started after the Paralympic Games in Seoul in 1988, when the Danish parasport athletes needed a main sponsor. This also makes the agreement between JYSK and Dansk Handicap Idræts-Forbund (DHIF) one of the longest lasting sponsorships in Denmark. The sponsor agreement implies, among other things, lottery collections in the Danish JYSK stores and support to local sports clubs.

In 2002 JYSK became main sponsor for the parasport in Norway and in Sweden in 2004. Additionally, JYSK also sponsors the parasport in Finland, the Czech Republic and Slovakia, while JYSK Franchise supports in Canada, Island and at the Faroe Islands.

5. Customers

Consideration and thought for our customers constitute the cornerstones of The Group Therefore, we naturally take responsibility for the products we sell – both when it comes to use and materials.

Product safety and quality

The Group places great emphasis on safety and product quality for the benefit of our customers.

In the financial year, The Group has continued our work with improving the quality for our customers through focus on both internal and external processes.

We are continuously testing our products ourselves, but we also make heavy demands on our suppliers regarding tests, documentation and certificates.

At The Group we ensure, that all products comply with the at any time current legislation, and we have focus on reducing the use of dangerous phthalates and chemicals according to REACH, but also to secure the sustainability through the EU Timber Regulation, EUTR.

Moreover, JYSK continuously focuses on reducing substances, which have a suspicious effect. In this connection, as from 1 January 2017 we do not allow SVHCs (Substances of very high concern) in any of our goods.

Oeko-Tex

The Group aim at all products within furnishing fabrics such as quilts, pillows, bed linen, sheets, towels, kitchen fabrics being Oeko-Tex labeled.

The Group has a large number of products which are Oeko-Tex labeled, and among other things, 99 % of the company's bed linen are certified.

'The CertiPUR Label'

At JYSK the volantary standard 'The CertiPUR Label' is used to promote safety, health and environmental performance in flexible polyurethane foams used for, among other things, mattresses.

In the financial period, 37.5 % of the mattresses and top mattresses (number of items) sold by JYSK were labelled with the CertiPUR Label.

6. Employees

At The Group we all have equal rights irrespective of gender, race, political affiliation and religious beliefs. At The Group competence development, career paths and talent programmes, we present the possibilities offered by the Company to both genders.

Diversity

At The Group, we want our employees to represent the demographic distribution in society, including the distribution of men and women in the country in question. We find this to be an advantage for both our employees and our customers.

The Group is a family-owned company. We have not determined any target ratio for gender representation on the Board of Directors as there is only one board member. However, if the Board of Directors is expanded, the Company's target is to achieve a balanced representation of the genders.

With respect to increasing the representation of women at other executive levels, the Group did not give differential treatment to candidates because of their gender during the financial year.

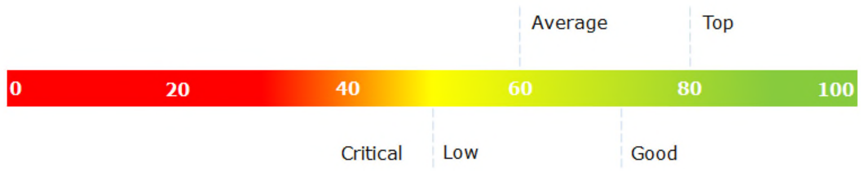
It is difficult to ensure a general, equal distribution at all levels in the organisation. At The Group our objective is that during a recruitment process, focus is on qualification – irrespective of gender of the candidate. However, at levels where the difference is relatively large, gender might be taken into consideration. In each individual case it will be assessed whether it will be profitable for the employee group in question to increase the minority share, be it men or women. However, as a basis, the most important is that we get the best candidate for the position.

At The Group we do not focus on the employee's race, gender or religious beliefs. We are of the firm belief that it has no influence of the employee's capability to execute the job.

Job satisfaction

At The Group our employees and their opinion are important. Consequently, we carry out an annual job satisfaction survey, which measures both satisfaction and loyalty in the different part of the Company.

Our employees are asked to state their satisfaction and loyalty on a scale from 1 to 100, as shown below.



At IDdesign, which comprises ILVA and IDEmøbler, this year’s survey showed an average satisfaction of 76 against a score of 69 the year before. This means that IDdesign for the financial period lies 2 percentage point above the average for the industry, which is 74. The objective for IDdesign is to be on the top within the industry, which lies at 82.

The result is a significant development, which is due to work performed in order to improve the satisfaction within selected main areas, which involve working environment, education and talent development and reputation.

At JYSK in Denmark 97 % of the employees have participated in the job satisfaction survey and here both satisfaction and loyalty lie on 77, at JYSK in the Netherlands 90 % of the employees have participated and the satisfaction lies on 74 and loyalty on 75. At JYSK in the UK, 86 % have participated, and here satisfaction lies 62 and loyalty on 58.

The higher a participation percentage, the more true and fair view does it provide for us regarding the opinion of our employees. A high degree of participation is also a sign that the employees like to express their opinion, and at the same time, they trust they can do it without any consequences.

As a basis, this is satisfactory, but especially in relation to the UK there is room for improvement, which will be the objective for the next job satisfaction survey.

Development

At The Group large focus is put on employee development and education.

At JYSK large focus is put on internal recruitment at management level. As an extension of this, we offer many possibilities for professional development and careers.

As part of the internal career paths, JYSK applies the talent and development programme 'SIRIUS' at all levels in the organisation in order to ensure the internal pipeline. Here you look at how the individual employee performs in his/her job. The objective of SIRIUS is to assess all people – irrespective of gender, race, religion or political affiliation – as regards their ability to work in accordance with JYSK VALUES and JYSK LEADERSHIP. Based on the work with SIRIUS potential leaders are identified and selected for four development programmes at different levels.

As regards external recruitment, JYSK continuously ensures that both genders have equal opportunities for being considered for an executive position. This is, among other things, ensured through training of recruitment responsible employees.

At IDdesign in the financial period within education and career paths focus was on talent development and a comprehensive leader and employee training programme has been put to work.

Safety

At JYSK, it is important that employees have a safe and healthy working environment.

At JYSK's distribution centre in Uldum in Danmark, during the financial year 2015/16, 12 work-related accidents have been registered, which have lead to absence for the employee/employees involved.

The objective for the distribution centre is to reduce this number by 10 % in the financial year 2016/17. Among other things, this will take place by means of e-learning during the training period, where there will be introduction to the workplace and the safety at the distribution centre. Among other things, the employee receives training related to pallet safety and how to pack a pallet with products to prevent it from tipping. Moreover, Anpartsselskabet 19/12 2014 has focus on preventing heavy lifts by using machinery and technology for the distribution centre as well as stores.