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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V
CVR no. 20 22 26 70

FLHC APS

LAPLANDSGADE 11, 2300 KØBENHAVN S

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 March 2019

Michiel Albert H. Deturck

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

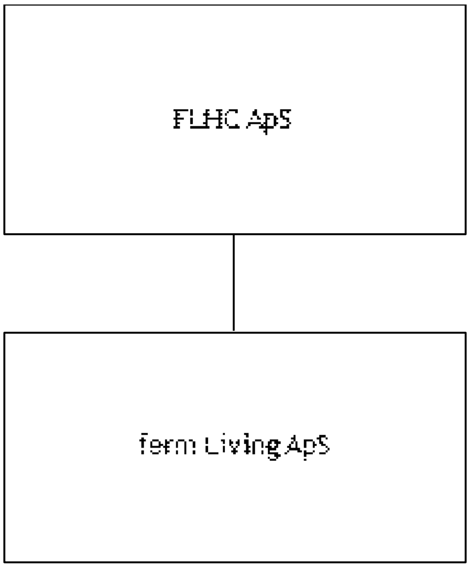
CVR NO. 36 93 00 47

CONTENTS

COMPANY DETAILS

Company	FLHC ApS Laplandsgade 11 2300 Copenhagen S	
	CVR No.:	36 93 00 47
	Established:	22 June 2015
	Financial Year:	1 January - 31 December
Board of Directors	Michiel Albert H. Deturck, chairman Joris Koen Van Troos, vice-chairman Anna Kathrine Neve Andersen Thomas Ryge Mikkelsen	
Board of Executives	Peter Mikael Vedel	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	
Bank	Nykredit Kalvebod Brygge 47 1780 Copenhagen V	
Generalforsamling *General Meeting* *Gesellschafterversammlung*	Ordinær generalforsamling afholdes 1. april xxxx, kl. 15.00, på selskabets adresse. *The Annual General Meeting is held on 1 April 2012, at 15.00 at the company's address.* *Die ordentliche Hauptversamlung findet am 1. April 2012, 15:00 Uhr im Gebäude der Gesellschaft statt.*	

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of FLHC ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2018 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 28 March 2019

Board of Executives

Peter Mikael Vedel

Board of Directors

Michiel Albert H. Deturck Chairman	Joris Koen Van Troos Vice-chairman	Anna Kathrine Neve Andersen

Thomas Ryge Mikkelsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FLHC ApS

Opinion
We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of FLHC ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company's at 31 December 2018 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 the 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 the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 28 March 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Per Frost Jensen
State Authorised Public Accountant
MNE no. mne27740

FINANCIAL HIGHLIGHTS OF THE GROUP

	2018 DKK '000	2017 DKK '000
Income statement		
Gross profit	41.040	36.699
Operating profit/loss	8.501	8.547
Financial income and expenses, net	-8.163	-7.770
Profit/loss for the year before tax	338	777
Profit/loss for the year	-1.524	-1.210
Balance sheet		
Balance sheet total	186.883	197.051
Equity	16.448	17.971
Cash flows		
Cash flows from operating activities	16.475	-1.718
Cash flows from investment-related activities	0	-229
Cash flows from financing activities	-12.721	-11.000
Total cash flows	3.754	-12.947
Investment in tangible fixed assets	0	-232
Ratios		
Solvency ratio	8,8	9,1
Return on equity	-8,9	-13,5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio: $\frac{\text{Equity ex. minorities, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities
The company's principal activities are to own shares in subsidiary.

The Group principal activities is to design, develop and distribute its portfolio of interior design products across it's numerous retail partners all over the world.

Development in activities and financial position
The company owns all the shares in ferm Living ApS, a Danish interior living, accessories and Kids brand. The Group continue to grow in customer base and net revenue.

The operating profit for the year was DKK ('000) 8,501.

Profit/loss for the year compared to future expectations
The results and financial development of the Group were as expected.

The Group achieved an increased gross profit in line with the expectations.

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

Future expectations
Management expects to continue the positive development in both revenue and earnings.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group 2018 DKK	Group 2017 DKK '000	Parent company 2018 DKK	Parent company 2017 DKK '000
GROSS PROFIT		**41.039.702**	**36.699**	**-58.201**	**-131**
Staff costs	1	-24.196.262	-19.876	0	0
Depreciation, amortisation and impairment losses		-8.342.696	-8.276	0	0
OPERATING PROFIT		**8.500.744**	**8.547**	**-58.201**	**-131**
Result of equity investments in group and associates		0	0	3.928.377	3.858
Other financial income	2	0	0	394.458	594
Other financial expenses	3	-8.163.109	-7.770	-7.326.347	-6.960
PROFIT BEFORE TAX		**337.635**	**777**	**-3.061.713**	**-2.639**
Tax on profit/loss for the year	4	-1.861.500	-1.987	1.537.848	1.429
LOSS FOR THE YEAR	5	**-1.523.865**	**-1.210**	**-1.523.865**	**-1.210**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2018 DKK	Group 2017 DKK '000	Parent company 2018 DKK	Parent company 2017 DKK '000
Goodwill		128.222.581	135.728	0	0
Intangible fixed assets	6	**128.222.581**	**135.728**	**0**	**0**
Other plant, machinery, tools and equipment		49.644	272	0	0
Leasehold improvements		1.314	179	0	0
Tangible fixed assets	7	**50.958**	**451**	**0**	**0**
Equity investments in group enterprises		0	0	151.348.070	147.420
Rent deposit and other receivables		396.830	397	0	0
Fixed asset investments	8	**396.830**	**397**	**151.348.070**	**147.420**
FIXED ASSETS		**128.670.369**	**136.576**	**151.348.070**	**147.420**
Finished goods and goods for resale		24.309.915	23.742	0	0
Prepayments		2.019.819	6.345	0	0
Inventories		**26.329.734**	**30.087**	**0**	**0**
Trade receivables		14.412.382	12.529	0	0
Receivables from group enterprises		0	0	8.715.831	21.394
Deferred tax assets	9	89.086	38	0	0
Other receivables		1.293.065	1.035	0	0
Joint tax contribution receivable		2.856.242	0	3.394.242	2.829
Prepayments and accrued income	10	1.273.182	696	0	0
Receivables		**19.923.957**	**14.298**	**12.110.073**	**24.223**
Cash and cash equivalents		**11.959.226**	**16.090**	**0**	**0**
CURRENT ASSETS		**58.212.917**	**60.475**	**12.110.073**	**24.223**
ASSETS		**186.883.286**	**197.051**	**163.458.143**	**171.643**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2018 DKK	Group 2017 DKK '000	Parent company 2018 DKK	Parent company 2017 DKK '000
Share capital		1.000.000	1.000	1.000.000	1.000
Retained earnings		15.447.677	16.971	15.447.677	16.971
EQUITY		**16.447.677**	**17.971**	**16.447.677**	**17.971**
Bank loan		26.621.250	37.500	26.621.250	37.500
Payables to group enterprises		106.742.616	100.700	106.742.616	100.700
Long-term liabilities	11	**133.363.866**	**138.200**	**133.363.866**	**138.200**
Short-term portion of long-term liabilities	11	11.000.000	11.000	11.000.000	11.000
Bank debt		7.422.381	15.309	85.634	3.015
Trade payables		5.280.494	7.819	57.700	57
Payables to associated enterprises		304.813	163	0	0
Corporation tax		4.230.350	1.997	1.318.416	1.400
Other liabilities		8.833.705	4.592	1.184.850	0
Current liabilities		**37.071.743**	**40.880**	**13.646.600**	**15.472**
LIABILITIES		**170.435.609**	**179.080**	**147.010.466**	**153.672**
EQUITY AND LIABILITIES		**186.883.286**	**197.051**	**163.458.143**	**171.643**

Contingencies etc.	12
Charges and securities	13
Related parties	14

EQUITY

	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2018	1.000.000	16.971.542	17.971.542
Proposed distribution of profit		-1.523.865	-1.523.865
Equity at 31 December 2018	**1.000.000**	**15.447.677**	**16.447.677**

	Parent company		
	Share capital	Retained earnings	Total
Equity at 1 January 2018	1.000.000	16.971.542	17.971.542
Proposed distribution of profit		-1.523.865	-1.523.865
Equity at 31 December 2018	**1.000.000**	**15.447.677**	**16.447.677**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2018 DKK	**2017** DKK '000
Profit/loss for the year	-1.523.865	-1.210
Reversed depreciation of the year	7.905.250	8.024
Adjustment of other financial expenses	6.042.035	5.700
Reversed tax on profit/loss for the year	1.861.500	1.987
Other adjustments	-103.481	-277
Corporation tax paid	-538.000	-2.158
Change in inventory	3.757.244	-13.606
Change in receivables	-2.770.795	-3.348
Change in current liabilities (ex bank and tax)	1.845.266	3.170
CASH FLOWS FROM OPERATING ACTIVITY	**16.475.154**	**-1.718**
Purchase of tangible fixed assets	0	-231
Sale of tangible fixed assets	0	150
Purchase of financial assets	0	-148
CASH FLOWS FROM INVESTING ACTIVITY	**0**	**-229**
Repayments of loans	-18.763.397	-11.000
Other changes in long-term debt	6.042.035	0
CASH FLOWS FROM FINANCING ACTIVITY	**-12.721.362**	**-11.000**
CHANGE IN CASH AND CASH EQUIVALENTS	**3.753.792**	**-12.947**
Cash and cash equivalents at 1 January	783.053	13.730
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**4.536.845**	**783**
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents	11.959.226	16.090
Bank debt	-7.422.381	-15.307
CASH AND CASH EQUIVALENTS, NET DEBT	**4.536.845**	**783**

NOTES

	Group		Parent company		
	2018 DKK	2017 DKK '000	2018 DKK	2017 DKK '000	Note
Staff costs Average number of employees Group: 38 (2017: 35) Parent company: 1 (2017: 1)					1
Wages and salaries	21.880.852	17.529	0	0	
Pensions	1.054.098	714	0	0	
Social security costs	342.985	287	0	0	
Other staff costs	918.327	1.346	0	0	
	24.196.262	**19.876**	**0**	**0**	
Remuneration of management and board of directors	1.520.000	1.510.000	0	0	
	1.520.000	**1.510.000**	**0**	**0**	
Other financial income					2
Group enterprises	0	0	394.458	594	
	0	**0**	**394.458**	**594**	
Other financial expenses					3
Group enterprises	6.042.035	5.700	6.042.035	5.700	
Other interest expenses	2.121.074	2.070	1.284.312	1.260	
	8.163.109	**7.770**	**7.326.347**	**6.960**	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year	1.912.108	1.997	-1.537.826	-1.429	
Adjustment of tax in previous years	-22	-1	-22	0	
Adjustment of deferred tax	-50.586	-9	0	0	
	1.861.500	**1.987**	**-1.537.848**	**-1.429**	
Proposed distribution of loss					5
Retained earnings	-1.523.865	-1.210	-1.523.865	-1.210	
	-1.523.865	**-1.210**	**-1.523.865**	**-1.210**	

NOTES

Note

Intangible fixed assets 6

	Group
	Goodwill
Cost at 1 January 2018	150.114.241
Cost at 31 December 2018	**150.114.241**
Amortisation at 1 January 2018	14.385.948
Amortisation for the year	7.505.712
Amortisation at 31 December 2018	**21.891.660**
Carrying amount at 31 December 2018	**128.222.581**

Tangible fixed assets 7

	Group	
	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2018	784.686	931.128
Disposals	-598.263	-899.595
Cost at 31 December 2018	**186.423**	**31.533**
Depreciation and impairment losses at 1 January 2018	512.797	752.522
Reversal of depreciation of assets disposed of	-598.263	-899.595
Depreciation for the year	222.245	177.292
Depreciation and impairment losses at 31 December 2018	**136.779**	**30.219**
Carrying amount at 31 December 2018	**49.644**	**1.314**

Fixed asset investments 8

	Group
	Rent deposit and other receivables
Cost at 1 January 2018	396.830
Cost at 31 December 2018	**396.830**
Carrying amount at 31 December 2018	**396.830**

NOTES

Note

Fixed asset investments (continued) 8

	Parent company
	Equity investments in group enterprises
Cost at 1 January 2018	173.561.202
Cost at 31 December 2018	**173.561.202**
Revaluation at 1 January 2018	-11.755.561
Profit/loss for the year	11.434.089
Revaluation at 31 December 2018	**-321.472**
Impairment losses and amortisation of goodwill at 1 January 2018	14.385.948
Amortisation of goodwill	7.505.712
Impairment losses and amortisation of goodwill at 31 December 2018	**21.891.660**
Carrying amount at 31 December 2018	**151.348.070**

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit for the year	Ownership
ferm Living ApS, Copenhagen	23.125.489	11.434.089	100 %

Deferred tax assets 9

Provision for deferred tax comprises deferred tax on tangible fixed assets.

	Group		Parent company	
	2018 DKK	2017 DKK '000	2018 DKK	2017 DKK '000
Deferred tax, beginning of year	38.500	1.389	0	1.360
Deferred tax of the year, income statement	50.586	9	0	0
Accounting policy change	0	-1.360	0	-1.360
Deferred tax assets 31 December 2018	**89.086**	**38**	**0**	**0**

The deferred tax asset relates to deferred tax on tangible assets.

Prepayments and accrued income 10

Prepayments and acrrued comprise prepaid costs, primarily insurances and membership fees, relating to the next year.

NOTES

Note

Long-term liabilities 11

	Group				
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Repayment 2018
Bank loan	37.621.250	11.000.000	0	48.500.000	11.000.000
Payables to group enterprises	106.742.616	0	106.742.616	100.700.581	0
	144.363.866	**11.000.000**	**106.742.616**	**149.200.581**	**11.000.000**

	Parent company				
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Repayment 2018
Bank loan	37.621.250	11.000.000	0	48.500.000	11.000.000
Payables to group enterprises	106.742.616	0	106.742.616	100.700.581	0
	144.363.866	**11.000.000**	**106.742.616**	**149.200.581**	**11.000.000**

Contingencies etc. 12

Contingent liabilities

ferm Living ApS has entered into lease contracts with an average annual lease payment of DKK ('000) 896. The lease contracts have a residual term of 6 months.

ferm Living ApS has entered into an operating lease contract with an average annual lease payment of DKK ('000) 27. The lease contract has a residual term of 8 months and a total residual lease payment of DKK ('000) 18.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK (‘000) 4.230 at the balance sheet date.

Charges and securities 13

ferm Living ApS has issued a business charge of DKK ('000) 15,000 to Nykredit Bank A/S, providing security on ferm Living's intangible and tangible fixed assets, inventory and debtors.

FLHC ApS has issued a guarantee on behalf of the subsidiary ferm Living ApS in relation to Nykredit Bank A/S. Thus, FLHC ApS guarantees all accounts between ferm Living ApS and Nykredit Bank A/S.

NOTES

Note

Related parties **14**
Controlling interest:
Vendis Capital II Comm., Park Hill D, Jan Emiel Mommaertslaan 22, 1831 Diegem, Belgium, is the principal shareholder.

Transactions with related parties
The company did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The Annual Report of FLHC ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements
The consolidated financial statements include the parent company FLHC ApS and its subsidiaries in which FLHC ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor’s opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries’ market value of net assets and liabilities at the acquisition date.

INCOME STATEMENT

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

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

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

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

Investments in subsidiaries
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

ACCOUNTING POLICIES

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

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

BALANCE SHEET

Intangible fixed assets
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 to 20 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

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

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

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

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

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

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

ACCOUNTING POLICIES

Fixed asset investments
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 20 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

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

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

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

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

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

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

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

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.