



Tel.: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

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 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 April 2017**

Peter Thostrup

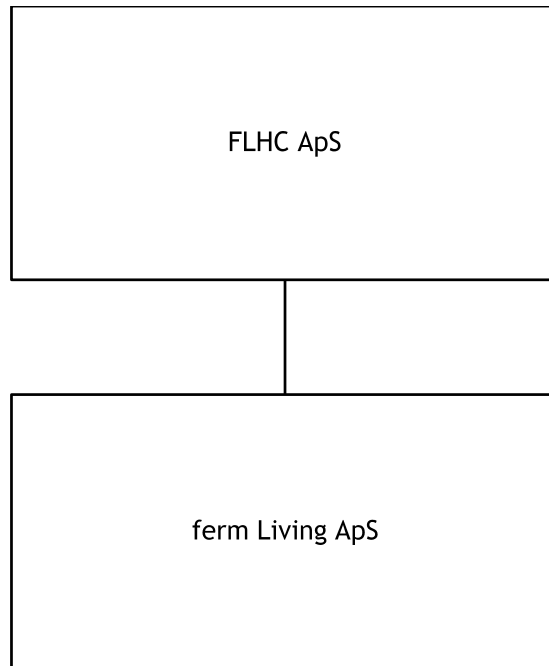
CONTENTS

	Page
Company Details	
Company Details.....	3
Group Structure.....	4
Statement and Report	
Statement by Board of Directors and Board of Executives.....	5
Independent Auditor's Report.....	6-8
Management's Review	
Financial Highlights of the group.....	9
Management's Review.....	10
Consolidated and Parent Company Financial Statements 1 January - 31 December	
Income Statement.....	11
Balance Sheet.....	12-13
Equity.....	14
Cash Flow Statement.....	15
Notes.....	16-20
Accounting Policies.....	21-25

COMPANY DETAILS

Company	FLHC ApS Laplandsgade 11 2300 København S CVR no.: 36 93 00 47 Established: 22 June 2015 Registered Office: Copenhagen 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 Thostrup
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 København V
Bank	Nykredit Kalvebod Brygge 47 1780 København V
General Meeting	The Annual General Meeting is held on 26 April 2017, at the company's address.

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 year 1 January - 31 December 2016.

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 the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

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, 10 March 2017

Board of Executives

Peter Thostrup

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 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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 at 31 December 2016 and of the results of the Group and the Parent Company operations and cash flows for the financial year 1 January - 31 December 2016 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Responsibility for 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, 10 March 2017

BDO Statsautoriseret revisionsaktieselskab
CVR no.20 22 26 70

Per Frost Jensen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS OF THE GROUP

	2016 DKK
Income statement	
Gross profit.....	34.130.770
Operating profit/loss.....	8.385.430
Financial income and expenses, net.....	-6.781.887
Profit for the year before tax.....	1.603.543
Profit for the year.....	-820.118
Balance sheet	
Balance sheet total.....	186.882.739
Equity.....	19.181.082
Invested capital.....	18.760.933
Cash flows	
Cash flows from operating activities.....	11.075.602
Cash flows from investment-related activities.....	173.965.045
Cash flows from financing activities.....	169.451.200
Total cash flows.....	6.561.757
Investment in tangible fixed assets.....	-397.174
Ratios	
Solvency ratio.....	10,3
Return on equity.....	Neg.

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

Invested capital:

Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities

Solvency ratio:

$$\frac{\text{Equity ex minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

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.

Development in activities and financial position

In January 2016 the company acquired all the shares in firm Living ApS, a Danish interior living and accessories brand. The group operating profit for the year was DKK ('000) 8,385.

Profit/loss for the year compared to future expectations

The company is well consolidated by way of equity and loans granted by group enterprises.

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		Parent company	
		2016 DKK	2015 DKK	2016 DKK	2015 DKK
GROSS PROFIT		34.130.770	0	-150.937	0
Staff costs.....	1	-18.118.070	0	0	0
Depreciation, amortisation and impairment losses.....		-7.627.270	0	0	0
OPERATING PROFIT		8.385.430	0	-150.937	0
Result of equity investments in group and associates.....		0	0	4.000.436	0
Other financial income.....	2	0	0	395.249	0
Other financial expenses.....	3	-6.781.887	0	-6.424.510	0
PROFIT BEFORE TAX		1.603.543	0	-2.179.762	0
Tax on profit/loss for the year.....	4	-2.423.661	0	1.359.644	0
PROFIT/LOSS FOR THE YEAR	5	-820.118	0	-820.118	0

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2016 DKK	2015 DKK	2016 DKK	2015 DKK
Goodwill.....		143.234.005	0	0	0
Intangible fixed assets.....	6	143.234.005	0	0	0
Other plant, machinery, tools and equipment.....		501.937	0	0	0
Leasehold improvements.....		235.245	0	0	0
Tangible fixed assets.....	7	737.182	0	0	0
Equity investments in group enterprises.....		0	0	154.561.638	0
Rent deposit and other receivables.....		249.177	0	0	0
Fixed asset investments.....	8	249.177	0	154.561.638	0
FIXED ASSETS.....		144.220.364	0	154.561.638	0
Finished goods and goods for resale.....		14.146.461	0	0	0
Prepayments.....		2.334.071	0	0	0
Inventories.....		16.480.532	0	0	0
Trade receivables.....		9.175.428	0	0	0
Receivables from group enterprises.....		0	0	16.789.894	0
Deferred tax assets.....	9	1.388.779	0	1.359.644	0
Other receivables.....		720.891	50.000	0	50.000
Joint tax contribution receivable..		0	0	3.517.773	0
Prepayments and accrued income..	10	1.005.217	0	0	0
Receivables.....		12.290.315	50.000	21.667.311	50.000
Cash and cash equivalents.....		13.891.528	0	1.085.141	0
CURRENT ASSETS.....		42.662.375	50.000	22.752.452	50.000
ASSETS.....		186.882.739	50.000	177.314.090	50.000

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2016 DKK	2015 DKK	2016 DKK	2015 DKK
Share capital.....		1.000.000	50.000	1.000.000	50.000
Retained profit.....		18.181.082	0	18.181.082	0
EQUITY.....		19.181.082	50.000	19.181.082	50.000
Bank loan.....		48.500.000	0	48.500.000	0
Payables to group enterprises.....		95.000.548	0	95.000.548	0
Long-term liabilities.....	11	143.500.548	0	143.500.548	0
Short-term portion of long-term liabilities.....	11	11.000.000	0	11.000.000	0
Bank debt.....		161.506	0	0	0
Trade payables.....		6.123.656	0	114.687	0
Corporation tax.....		3.681.286	0	0	0
Joint tax contribution payable.....		0	0	3.517.773	0
Other liabilities.....		3.234.661	0	0	0
Current liabilities.....		24.201.109	0	14.632.460	0
LIABILITIES.....		167.701.657	0	158.133.008	0
EQUITY AND LIABILITIES.....		186.882.739	50.000	177.314.090	50.000
Contingencies etc.	12				
Charges and securities	13				
Related parties	14				

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2016.....	50.000	0	50.000
Capital increase.....	950.000	19.001.200	19.951.200
Proposed distribution of profit.....		-820.118	-820.118
Equity at 31 December 2016.....	1.000.000	18.181.082	19.181.082

	Parent company		
	Share capital	Retained profit	Total
Equity at 1 January 2016.....	50.000	0	50.000
Capital increase.....	950.000	19.001.200	19.951.200
Proposed distribution of profit.....		-820.118	-820.118
Equity at 31 December 2016.....	1.000.000	18.181.082	19.181.082

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2016 DKK	2015 DKK	2016 DKK	2015 DKK
Profit/loss for the year.....	-820.118	0	-820.118	0
Reversed depreciation of the year	7.337.198	0	0	0
Profit/loss from subsidiaries.....	0	0	-4.000.436	0
Adjustment of other financial income.....	0	0	-395.249	0
Adjustment of other financial expenses.....	5.000.548	0	5.000.548	0
Reversed tax on profit/loss for the year.....	2.423.661	0	-1.359.644	0
Change in inventory.....	1.168.109	0	0	0
Change in receivables.....	-1.051.522	-50.000	0	-50.000
Change in current liabilities (ex bank, tax and dividend).....	-2.982.274	0	114.686	0
CASH FLOWS FROM OPERATING ACTIVITY..	11.075.602	-50.000	-1.460.213	-50.000
Purchase of intangible fixed assets.....	-173.561.202	0	0	0
Purchase of tangible fixed assets.....	-397.174	0	0	0
Purchase of financial assets.....	-6.669	0	-173.561.202	0
CASH FLOWS FROM INVESTING ACTIVITY ...	-173.965.045	0	-173.561.202	0
Proceeds from long-term borrowing.....	155.000.000	0	155.000.000	0
Repayments of loans.....	-5.500.000	0	-5.500.000	0
Dividend paid in the financial year.....	0	0	6.655.356	0
Capital increase	19.951.200	50.000	19.951.200	50.000
CASH FLOWS FROM FINANCING ACTIVITY...	169.451.200	50.000	176.106.556	50.000
CHANGE IN CASH AND CASH EQUIVALENTS.	6.561.757	0	1.085.141	0
Cash and cash equivalents at 1 January.....	7.168.265	0	0	0
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	13.730.022	0	1.085.141	0
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	13.891.528	0	1.085.141	0
Bank debt.....	-161.506	0	0	0
CASH AND CASH EQUIVALENTS, NET DEBT.	13.730.022	0	1.085.141	0

NOTES

	Group		Parent company		Note
	2016 DKK	2015 DKK	2016 DKK	2015 DKK	
Staff costs					1
Average number of employees					
Group: 31 (2015: 0)					
Parent company: 0 (2015: 0)					
Wages and salaries.....	15.572.104	0	0	0	
Pensions.....	1.536.156	0	0	0	
Social security costs.....	238.696	0	0	0	
Other staff costs.....	771.114	0	0	0	
	18.118.070	0	0	0	
Remuneration of management and board of directors.....	2.444.318	0	0	0	
	2.444.318	0	0	0	
Other financial income					2
Group enterprises.....	0	0	395.249	0	
	0	0	395.249	0	
Other financial expenses					3
Group enterprises.....	5.000.548	0	5.000.548	0	
Other interest expenses.....	1.781.339	0	1.423.962	0	
	6.781.887	0	6.424.510	0	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year.....	3.803.998	0	0	0	
Adjustment of deferred tax.....	-1.380.337	0	-1.359.644	0	
	2.423.661	0	-1.359.644	0	
Proposed distribution of loss					5
Retained earnings.....	-820.118	0	-820.118	0	
	-820.118	0	-820.118	0	

NOTES

	<u>Group</u>		Note
Intangible fixed assets		Goodwill	6
Cost at 1 January 2016.....		0	
Additions.....	150.114.241		
Cost at 31 December 2016.....	150.114.241		
Depreciation for the year.....	6.880.236		
Depreciation at 31 December 2016.....	6.880.236		
Carrying amount at 31 December 2016.....	143.234.005		
 Tangible fixed assets		<u>Group</u>	 7
	Other plant, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2016.....	805.105	756.712	
Additions.....	397.174	0	
Disposals.....	-15.000	0	
Cost at 31 December 2016.....	1.187.279	756.712	
Depreciation and impairment losses at 1 January 2016.....	412.353	352.494	
Reversal of depreciation of assets disposed of.....	-15.000	0	
Depreciation for the year.....	287.989	168.973	
Depreciation and impairment losses at 31 December 2016...	685.342	521.467	
Carrying amount at 31 December 2016.....	501.937	235.245	

NOTES

Note

Fixed asset investments

8

	<u>Group</u>
	Rent deposit and other receivables
Cost at 1 January 2016.....	242.508
Additions.....	6.669
Cost at 31 December 2016.....	249.177
Carrying amount at 31 December 2016.....	249.177
	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2016.....	0
Additions.....	173.561.202
Cost at 31 December 2016.....	173.561.202
Revaluation at 1 January 2016.....	0
Dividend.....	-23.000.000
Profit/loss for the year.....	10.880.672
Revaluation at 31 December 2016.....	-12.119.328
Impairment losses and amortisation of goodwill at 1 January 2016.....	0
Amortisation of goodwill.....	6.880.236
Impairment losses and amortisation of goodwill at 31 December 2016.....	6.880.236
Carrying amount at 31 December 2016.....	154.561.638
Goodwill.....	143.234.005

Goodwill

FLHC ApS acquired shares in firm Living ApS on 27 January 2016. The cost of the shares is DKK ('000) 173,561. Goodwill on the purchase in the year is DKK ('000) 150,114.

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit for the year	Ownership
firm Living ApS, Copenhagen.....	11.327.633	10.880.672	100 %

NOTES

	Group		Parent company		Note
	2016 DKK	2015 DKK	2016 DKK	2015 DKK	
Deferred tax assets					9
Deferred tax asset at 1 January 2016.....	8.142	0	0	0	
Deferred tax of the year, income statement.....	1.380.637	0	1.359.644	0	
Deferred tax assets 31 December 2016.....	1.388.779	0	1.359.644	0	

The deferred tax asset relates primarily to tax losses in the parent company. A provision is made for deferred hereon as it is used in full by the subsidiary included in the joint taxation.

	Group		Parent company		10
	2016 DKK	2015 DKK	2016 DKK	2015 DKK	
Prepayments and accrued income					10
Costs.....	1.005.217	0	0	0	
	1.005.217	0	0	0	

Long-term liabilities	11
------------------------------	-----------

	Group			
	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Bank loan.....	0	59.500.000	11.000.000	4.500.000
Payables to group enterprises.....	0	95.000.548	0	95.000.548
	0	154.500.548	11.000.000	99.500.548

	Parent company			
	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Bank loan.....	0	59.500.000	11.000.000	4.500.000
Payables to group enterprises.....	0	95.000.548	0	95.000.548
	0	154.500.548	11.000.000	99.500.548

NOTES**Note****Contingencies etc.****12**

firm Living ApS has entered into operating lease contracts with an average annual lease payment of DKK ('000) 66. The lease contracts have a residual term of 20 to 22 months and a total residual lease payment of DKK ('000) 117.

Joint liabilities

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

Tax payable on the Group's joint taxable income amounts to DKK ('000) 2,158 at the balance sheet date.

Charges and securities**13**

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

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

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 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

Change in accounting policies

The accounting policies have been changed in the following areas as a consequence of the company's changeover from reporting class B to reporting class C.

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.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences are recognised in the income statement upon acquisition.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

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.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational 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.

Financial income and expenses in general

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 on profit for the year

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.

Fixed asset investments

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

ACCOUNTING POLICIES

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, built 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 5 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 valued 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.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

ACCOUNTING POLICIES

Receivables

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

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 on account tax 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 would 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.

CASH FLOW STATEMENT

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.

ACCOUNTING POLICIES

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.