Anpartsselskabet af 31/8 1984 II

Sødalsparken 18, 8220 Brabrand

CVR No 37 81 00 02

Annual Report for 2015/16

(Financial 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 31/8 1984 II Sødalsparken 18 DK-8220 Brabrand CVR No: 37 81 00 02 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Executive Board	Lars Larsen
Lawyers	Interlex Advokater Strandvejen 94 PO Box 161 DK-8000 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-8000 Aarhus C

Financial Highlights of the Group (DKK '000)

	2015/16
Key figures	
Income Statement	
Revenue	7.685.330
Result before financial items (EBIT)	262.004
Net financials	-3.697
Result for the year	132.955
Balance sheet	
Balance sheet total	3.806.662
Equity	2.917.270
Cash flow statement	
Investment in tangible assets	79.882
Ratios	
Return on assets	6,9%
Solvency ratio	76,6%
Return on equity	4,6%
Number of employees	5.574

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 consists of investments in subsidiaries.

The Group's main activities comprise retail trade in the German market selling everything for the bedroom, bathroom, other rooms, the window and the patio.

Establishment

The parent Company was established at the 1/9 2015 through an exchange of 100% of the shares in Anpartsselskabet at 31/8 1984.

Development in the financial year

Group revenue amounts to DKK 7,685,330k.

Group profit before depreciation, amortisation and financial income and expenses amounts to DKK 1,133,971k.

Result for the year amounts to DKK 132,955k, and equity amounts to DKK 2,917,270k at 31 August 2016. The result is satisfying and in 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

The Group develops on a current basis 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 appears on pages 26 - 30.

Expected development

For the year ahead, Anpartsselskabet af 31/8 1984 II expects to see increasing revenue and result.

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 has today considered and adopted the Annual Report of Anpartsselskabet af 31/8 1984 II 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 / 1 2017

Executive Board

Lars Larsen

Independent Auditor’s Report

To the shareholders of Anpartsselskabet af 31/8 1984 II

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 31/8 1984 II 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 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 / 1 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Jesper Lund
State Authorised Public Accountant

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

	Note	Parent company 2015/16	Group 2015/16
Revenue	1	**0**	**7.685.330**
Cost of sales		0	3.642.529
Other operating income		0	145.742
Other external cost	2	150	1.766.076
Gross Profit		**-150**	**2.422.467**
Staff expenses	3	0	1.279.222
Depreciation and amortisation		0	871.967
Other operating expenses		0	9.274
Result before financial items		**-150**	**262.004**
Result from subsidiaries		133.105	0
Financial income		0	4.139
Financial expenses		0	7.836
Result before tax		**132.955**	**258.307**
Tax on profit for the year	4	0	125.353
Result for the year		**132.955**	**132.955**

Distribution of profit

Proposed distribution of profit

Retained earnings	132.955
	132.955

Balance sheet at 31 August (DKK '000)

Assets

	Note	Parent company 2016	Group 2016
Software		0	4.924
Goodwill		0	0
Intangible assets	5	**0**	**4.924**
Land and buildings		0	3.822
Fixtures and fittings, tools and equipment		0	151.927
Leasehold improvements		0	172.502
Assets under construction		0	3.028
Tangible assets	6	**0**	**331.279**
Investments in subsidiaries	7	2.917.420	0
Deposits	8	0	14.260
Fixed asset investments		**2.917.420**	**14.260**
Fixed assets		**2.917.420**	**350.463**
Commercial products		0	1.138.306
Inventories		**0**	**1.138.306**
Trade receivables		0	13.788
Corporation tax		0	35.097
Deferred tax	9	0	1.448.206
Other receivables		0	64.275
Prepayments	10	0	4.541
Receivables		**0**	**1.565.907**
Securities		**0**	**389.285**
Cash at bank and in hand		**0**	**362.701**
Current assets		**0**	**3.456.199**
Assets		**2.917.420**	**3.806.662**

Balance sheet at 31 August (DKK '000)

Liabilities

	Note	Parent company 2016	Group 2016
Share capital		12.000	12.000
Retained earnings		2.905.270	2.905.270
Equity	11	**2.917.270**	**2.917.270**
Credit institutions		0	330.968
Trade payables		0	442.877
Other payables		150	115.547
Short-term debt		**150**	**889.392**
Debt		**150**	**889.392**
Liabilities and equity		**2.917.420**	**3.806.662**
Contractual obligations	12		
Contingent liabilities	13		
Related parties and ownership	14		

Consolidated Cash Flows (DKK '000)

	Note	2015/16
Profit for the year		132.955
Adjustments	15	984.343
Change in working capital	16	87.461
Cash flows from operating activities before financial income and expenses		1.204.759
Financial income		4.139
Financial expenses		-7.836
Cash flows from ordinary activities		1.201.062
Corporation tax paid		-265.277
Cash flows from operating activities		**935.785**
Purchase of intangible assets		-1.884
Purchase of tangible assets		-79.882
Sale of intangible assets		-25
Sale of tangible assets		4.987
Cash flows from investment activities		**-76.804**
Cash flows from financing activities		**0**
Change in cash and cash equivalents		**858.981**
Cash and cash equivalents at 1 September		-437.963
Cash and cash equivalents at 31st August		**421.018**
Cash and cash equivalents are specified as follows:		
Credit institutions		-330.968
Current asset investments		389.285
Cash at bank and in hand		362.701
Cash and cash equivalents at 31st August		**421.018**

Notes to the Annual Report (DKK '000)

		Parent company 2015/16	Group 2015/16
1	**Revenue**		
	Revenue is distributed on the following main markets:		
	Germany	0	7.685.330
		0	**7.685.330**
2	**Fees to the auditors appointed at the annual general meeting**		
	PricewaterhouseCoopers		
	Auditfee	150	150
	Other assurance engagements	0	0
	Tax advisory services	0	0
	Other non-audit services	0	448
		150	**598**
	Other auditors		
	Auditfee	0	617
	Other assurance engagements	0	0
	Tax advisory services	0	485
	Other non-audit services	0	117
		0	**1.220**
3	**Staff**		
	Salaries and wages	0	965.806
	Pensions	0	96.872
	Other social security costs	0	216.544
		0	**1.279.222**
	Including remuneration to the executive board	**0**	**287**
	Average number of employees	**0**	**5.574**

Notes to the Annual Report (DKK '000)

		Parent company 2015/16	Group 2015/16
4	**Tax on profit for the year**		
	Current tax for the year	0	157.792
	Deferred tax for the year	0	-32.439
	Tax on profit for the year	**0**	**125.353**

		Software	Goodwill
5	**Intangible assets**		
	Group		
	Cost at 1st September	51.714	9.332.290
	Exchange adjustment at 1st September	-137	-24.635
	Addition for the year	1.884	0
	Disposals for the year	-2.831	0
	Cost at 31st August	50.630	9.307.655
	Depreciation at 1st september	42.382	8.565.427
	Exchange adjustment at 1st September	-112	-22.611
	Depreciation for the year	5.409	765.728
	Exchange adjustment of depreciation for the year	-7	0
	Depreciation of disposals for the year	-1.966	-889
	Depreciation at 31st August	45.706	9.307.655
	Booked value at 31st August	**4.924**	**0**
	Depreciated over	3 years	5 years

Notes to the Annual Report (DKK '000)

6 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction
Group				
Cost at 1st september	0	465.132	480.706	5.904
Transfer	15.025	0	-9.136	-5.889
Exchange adjustment at 1st September	-40	-1.298	-1.209	-16
Addition for the year	839	47.527	28.488	3.028
Disposals for the year	-120	-24.148	-8.460	0
Cost at 31st August	15.704	487.212	490.389	3.028
Depreciation at 1st September	0	303.198	283.124	0
Transfer	11.306	0	-11.306	0
Exchange adjustment at 1st September	-30	-871	-698	0
Depreciation for the year	725	54.362	53.111	0
Exchange adjustment of depreciation for the year	-1	-63	-62	0
Depreciation of disposals for the year	-119	-21.341	-6.283	0
Depreciation at 31st August	11.881	335.285	317.886	0
Booked value at 31st August	**3.822**	**151.927**	**172.502**	**3.028**
Depreciated over	25 years	3 - 10 years	8 years	

Notes to the Annual Report (DKK '000)

		2016
7	**Investments in subsidiaries**	
	Cost at 1st September	2.790.761
	Cost at 31st August	2.790.761
	Impairment at 1st September	0
	Exchange adjustment on foreign subsidiaries	-6.446
	Result for the year	133.105
	Impairment at 31st August	126.659
	Booked value at 31st August	**2.917.420**

Specified as:

	Ownershare
Anpartsselskabet af 31. august 1984	100%

		Parent company 2015/16	Group 2015/16
8	**Deposits**		
	Cost at 1st September	0	0
	Additions for the year	0	14.260
	Cost at 31st August	**0**	**14.260**

9	**Deferred tax**		
	Intangible assets	0	1.448.206
		0	1.448.206

10 Prepayments

Prepayments comprise prepaid expenses relating to rent etc.

Notes to the Annual Report (DKK '000)

	Parent company 2016	Group 2016
11 Equity		
Equity at 1st September	2.790.761	2.790.761
Result for the year	132.955	132.955
Exchange adjustment on foreign subsidiaries	-6.446	-6.446
Equity at 31st August	**2.917.270**	**2.917.270**
Specified as follows:		
300 A-shares	300	300
10,800 B-shares	10.800	10.800
900 C-shares	900	900
Share capital	**12.000**	**12.000**
Equity at 1st September	2.778.761	2.778.761
Result for the year	132.955	132.955
Exchange adjustment on foreign subsidiaries	-6.446	-6.446
Retained earnings at 31st August	**2.905.270**	**2.905.270**
Equity at 31st August	**2.917.270**	**2.917.270**

Notes to the Annual Report (DKK '000)

		Parent company 2016	Group 2016
12	**Contractual obligations**		
	Rental obligations	0	1.744.485
	Lease obligations	0	15.437
13	**Contingent liabilities**		
	Guarantees	0	11.615

14 Related parties and ownership

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

Ownership

The following shareholders are recorded in the Company's register of shareholder as holding at least 5%of the votes or at least 5% of the share capital:

Lars Larsen, Svejbæk Søvej 14, DK-8600 Silkeborg
Mette Brunsborg, Hedevænget 49, DK-9620 Aalestrup
Jacob Brunsborg, Kalsholtvej 2, DK-8600 Silkeborg
Søren Hansen Brunsborg, Hedevænget 49, DK-9620 Aalestrup
Line Hansen Brunsborg, Hedevænget 49, DK-9620 Aalestrup
Christian Birk Brunsborg, Kalsholtvej 2, DK-8600 Silkeborg
Christine Birk Brunsborg, Kalsholtvej 2, DK-8600 Silkeborg

Notes to the Annual Report (DKK '000)

15 Cash flow statement - adjustments

	Group 2015/16
Other adjustments	-16.675
Financial income	-4.139
Financial expenses	7.836
Depreciation and amortisation	871.968
Tax on profit/loss for the year	125.353
	984.343

16 Cash flow statement - change in working capital

	Group 2015/16
Change in inventories	32.052
Change in receivables	9.001
Change in other receivables	1.954
Change in trade payables	20.735
Change in deferred income	-472
Change in other payables	24.191
	87.461

Accounting Policies

Basis of Preparation

The Annual Report of Anpartsselskabet af 31/8 1984 II 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.

Intercompany restructuring processes - book value method

The Company has chosen to adopt early the book value method in connection to intercompany restructuring under which Anpartsselskabet af 31/8 1984 II has been established through an exchange of shares at 1 September 2015.

For accounting purposes the restructuring took place at book value at the date of acquisition. Comparative figures are not shown in compliance with the book value method.

Basis of consolidation

The Annual Report comprises the Parent Company, Anpartsselskabet af 31/8 1984 II, and enterprises 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.

The Group comprises the following enterprises:

	Ownership share
Anpartsselskabet af 31/8 1984 II, Aarhus, Denmark	
Anpartsselskabet af 31/8 1984, Aarhus, Denmark	100%
JYSK DBL GmbH, Handewitt, Germany	100%
Dänisches Bettenlager GmbH, Handewitt, Germany	100%
Däniches Bettenlager GmbH & Co. KG, Handewitt, Germany	100%

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.

Accounting Policies

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.

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.

Accounting Policies

Translation policies (continued)

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.

Segment reporting

The Group's primary activity consists of retail trade and, therefore, the Annual Report contains in its entirety information about this segment. There are no other material activities.

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.

Accounting Policies

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.

Depreciation and amortisation

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

Result from subsidiaries

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

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 Anpartsselskabet af 31/8 1984. The tax effect of the joint taxation with Danish 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.

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 years.

Accounting Policies

Intangible assets (continued)

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 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 tangible assets 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	3 - 10 years
Leasehold improvements	8 years

Profit and losses from current replacement of tangible assets are recognised in “Other operating income” or “Other operating expenses”.

Investments in subsidiaries

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

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the 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).

Accounting Policies

Investments in subsidiaries (continued)

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

Subsidiaries with a negative 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.

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 total of future sales revenue which the inventories are expected to generate at the balance sheet date in the process of normal operations allowing for marketability, obsolescence and development in expected selling price with deduction of selling expenses expected to be incurred to realise the sale.

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which generally 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 etc., which are measured at fair values at the balance sheet date. The fair value is stated on the basis of the most recently quoted selling price.

Accounting Policies

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.

Current 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.

Debts

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

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.

Accounting Policies

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.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, tangible assets as well as 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 “Other short-term debt” under credit institutions.

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 Group, Anpartsselskabet af 31/8 1984 II (“the Group”) is in contact with thousands of customers, employees and business partners 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 the 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.

The different CSR processes interact and influence each other; however, these Financial Statements report on five overall themes:

- Environment and climate
- Supplier management
- Employees

Management has assessed that the Group achieves a better effect from memberships of and commitment to the organisations BSCI and FSC 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

At the Group, we work to minimise our and our suppliers' environmental and climate impact.

Action and performance for the financial period 2015/16

FSC

The FSC label is found on a several of the wood products found in our stores – particularly our garden furniture. FSC®/™ stands for Forest Stewardship Council.

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All wooden garden furniture purchased for our stores in the financial period are FSC-certified. In the financial period, the Company has continued the process of increasing the share of FSC-certified indoor furniture.

Energy reduction and optimisation

During the year, we switched to clean, certified organic electricity in all of our Dänisches Bettenlagers (DBL) stores. Organic electricity comes from climate-friendly sources such as hydropower, solar cells and wind turbines and is therefore a CO_2-neutral solution.

Within the framework of the EU “Energy Efficiency Directive”, we carried through our first statutory energy audit as verified by the auditor’s report dated 4 December 2015, and during the financial period, we also started installing time switches as an energy-efficient measure.

In the stores, we focus on minimising our energy costs for which purpose we have prepared eg energy efficiency guidelines.

We have launched a light switch project replacing 70W lights in DBLs stores by 35W lights. Energy consumption for lighting is moreover reduced by also currently changing to LED lighting in all new stores.

We are furthermore working on projects involving smart meters, reduction of heat consumption focusing on stores showing a high energy consumption. For this purpose, we use eg ECOJETs, magnetic modules installed in selected spots in the Company, which reduce energy consumption by 5% where they are installed. During the year, we installed a total of 264 ECOJET magnets in 242 stores, which will result in a total reduction of EUR 60,000.

Furthermore, we make improvements currently in connection with replacement of electronic equipment such as heating pumps and central monitoring and control systems of air-conditioning via our own web portal.

3. Supplier management

At the Group, we take responsibility, and we expect and demand that our suppliers do the same.

The Group has hundreds of suppliers in the world. Teamwork with our suppliers is a fundamental element in our business, and this is thus an area where we can make the biggest difference with respect to eg the environment, human rights and animal welfare.

Action and performance for the financial period 2015/16

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Business Social Compliance Initiative (BSCI)

The BSCI is an international inspection and training system for suppliers. As members, companies agree to follow a shared Code of Conduct - that is a joint code containing 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. The Group and JYSK Holding A/S have shared a joint membership since 2006.

In the financial period, 639 BSCI audits were performed at the companies' suppliers.

4. Employees

The underrepresented gender

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

We have not determined any target ratio for gender representation on the Board of Directors as there are only two board members. However, if the Board of Directors is expanded, the Company's target is to achieve a balanced representation of the genders.

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

Health & safety, job satisfaction and development

At the Group, we focus on internal recruitment when filling executive positions. As a natural extension of this focus, we offer many opportunities for professional development and career.

As part of our internal career path and to retain internal talents, we offer training at all staff levels.

At the Group, we find it very important to offer our employees a safe and healthy working environment. We are working on improving safety in all work areas, and we have two employees who are available for safety controls and optimisation.

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We focus on proper lifting techniques and avoiding heavy lifts both in the stores and the warehouses.

Employee satisfaction surveys are regularly performed to identify focus areas in order to improve satisfaction. Job satisfaction and loyalty are some of our measuring parameters.

We moreover have a shop steward to whom the employees may go.
In order to help employees who have been absent due to illness for more than 42 days return to their job, we call them in for a talk, a phase-in talk, offering our help in relation to any workplace issues etc.

Action and performance for the financial period 2015/16

Mission Statement

At the beginning of the financial period 2015/16, we presented our new values for the Company's mission. The model comprises 10 values that form the basis of successful cooperation and business development. The values were presented to the employees in various training sessions and now form the basis of everyday work.

Pay scheme

In 2015, the Company developed a joint pay basis for the employees which would be implemented in two phases. The second phase was commenced at the beginning of the financial period 2015/16.

With the new scheme, the employees have a uniform and completely transparent pay scheme. In connection with the implementation, working hours in the various German federal states were also aligned so that now all employees are working on a joint basis.

Job satisfaction survey

In 2016, the Company performed a job satisfaction survey again which will form the basis of continuous optimisation of the organisation and cooperation across all departments. The findings of the survey have been communicated to all employees, and responses to the survey were discussed in various working groups.

2,969 questionnaires out of 6,822 questionnaires were completed, which gives a response rate of 44%. Even though this is an approx 14% improvement compared to the last survey, it is still not satisfactory. Our target for the next job satisfaction survey, which will be performed in 2018, is therefore a 60% employee participation rate.

We would like to highlight our good workplace atmosphere in respect of which 94% of the employees stated that they are pleased to work at the Company.

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Training

At the Group, we focus on training and especially training of young and new employees.

In 2015/16, our training programme was reorganised, and four new training counselling positions were created. The training counsellors will contribute to improving the contents of our training and communication, and will closely monitor eg apprentices throughout their training.

Phase-in of employees with long-term absence due to illness

At the beginning of the financial period, our phase-in model was revised, and now we offer talks with both internal and external counsellors who can help the employees in question resume their work and help them with any personal issues that they may have in order to optimise the work situation and, optimally, avoid any issues in the future.

134 employees opted for such a talk during the financial period.