

Four Design A/S

Faaborgvej 14

5854 Gislev

CVR no. 63 57 84 28

Annual Report 2015/16

(36th financial year)

The Annual Report was adopted at the Annual General Meeting of the Company on 6/10 2016

Ervin Keldorff
Chairman of the general meeting

Beierholm

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Management's Statement on the Annual Report

The Supervisory and Executive Boards have today considered and approved the Annual Report of Four Design A/S for the financial year 1 July 2015 - 30 June 2016.

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

In our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2016 and of the Company's operations and cash flows for the year 1 July 2015 - 30 June 2016.

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

We recommend that the Annual Report be adopted by the Annual General Meeting of shareholders.

Gislev, 4 September 2016

Executive Board

Ervin Keldorff

Supervisory Board

Alistair Storage Gough
Chairman

Stephen Alan Thomas

Ervin Keldorff

Peter Gudemoos Jørgensen

Christian Julin Markenfeldt

Independent Auditor's Report

To the Management of Four Design A/S

Report on the Financial Statements

We have audited the Financial Statements of Four Design A/S for the financial year 1 July 2015 - 30 June 2016, which comprise summary of significant accounting policies, income statement, balance sheet, cash flow statement and notes, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the Management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 June 2016 and of the results of the Company's and cash flows operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on Management's review

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

Odense, 4 September 2016

RSM Beierholm

statsautoriseret revisionspartnerselskab
CVR no.32 89 54 68

Henrik Welinder
State Authorised Public Accountant

Company Information

The Company

Four Design A/S
Faaborgvej 14
5854 Gislev
CVR no.: 63 57 84 28
Financial year: 1 July - 30 June
Municipality of reg. office: Faaborg-Midtfyn

Supervisory Board

Alistair Storrage Gough, Chairman
Stephen Alan Thomas,
Ervin Keldorff
Peter Gudemoos Jørgensen
Christian Julin Markenfeldt

Executive Board

Ervin Keldorff

Auditors

RSM Beierholm
statsautoriseret revisionspartnerselskab
Munkehatten 1B
5220 Odense SØ

Bank

Danske Bank

The Company is included in the Group Annual Report of Four Design Group Limited ApS

Consolidated Financial Statements

The Group Annual Report of Four Design Group Limited ApS may be obtained at the following address:

Faaborgvej 14
5854 Gislev

Financial Highlights

Seen over a five-year period, the development of the Company can be described by the following financial highlights:

	2015/16	2014/15	2013/14	2012/13	2011/12
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	40.876	31.479	27.049	31.389	24.115
Profit/loss before net financials	10.062	4.180	3.224	7.275	2.883
Net financials	-208	-430	-265	-330	-422
Net profit/loss for the year	7.668	2.908	2.274	5.205	1.841
Balance sheet					
Balance sheet total	52.199	47.084	40.537	31.271	28.010
Equity	28.710	24.042	21.134	18.860	13.655
Ratios					
Return on assets	20,3%	9,5%	9,0%	24,5%	10,3%
Solvency ratio	55,0%	51,1%	52,1%	60,3%	48,8%
Return on equity	29,1%	12,9%	11,4%	32,0%	14,5%

For definitions, refer to chapter on applied accounting policies.

Management's Review

Core activity

The core activity of the company is production, development and sale of furnitures.

Development in the year

The Company's income statement for the year ended 30 June 2016 showed a profit of DKK 7,668,094, and the Company's balance sheet at 30 June 2016 showed equity of DKK 28,709,611.

Subsequent events

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

Accounting Policies

The Annual Report of Four Design A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to companies of reporting class B.

The accounting policies are unchanged from last year.

The Annual Report for 2015/16 is presented in DKK.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Similarly all expenses including depreciation, amortisation and impairment losses are 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 accumulated amortisation of any difference between cost and the nominal amount.

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

Income Statement

Gross profit

The Company has applied § 32 of the Danish Financial Statements Act, thus not showing the revenue.

Gross profit is an aggregate of revenue, changes in inventories of finished goods, work in progress and goods for resale, as well as other operating income, reduced by cost of raw materials and consumables used and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that delivery and transfer of risk to the buyer have taken place before the end of the year. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables used to generate revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature relative to the company's mail activity.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Accounting Policies

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation, amortisation and impairment losses of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and financial expenses are recognised in the income statement with the amounts related to the financial year. Financial income and financial expenses include interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is taxed jointly with wholly owned Danish and foreign subsidiaries. The actual corporation tax is allocated between the jointly taxed companies in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and costs directly related to acquisition until the date 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 financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing costs are recognised in the income statement.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful lives of the assets, which are:

	Useful life	Residual value
Production buildings	10-40 years	0 %
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0-10 %

Gains or losses on sale of property, plant and equipment are recognized in the income statement under other operating income or other operation expenses.

Inventories

Inventories are measured at cost based on the FIFO method. Where cost is lower than net realisable value, inventories are written down to the lower value.

The cost of goods for resale, raw materials and consumables comprise purchase price plus delivery costs.

Accounting Policies

Receivables

Receivables are measured at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments recognised under assets comprise costs incurred in relation to subsequent financial years.

Deferred tax assets and liabilities

Current tax payable and receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities, based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax is measured in accordance with the tax rules and at the tax rates at the balance sheet date when the deferred tax is expected to be transformed to a current tax. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Any changes in deferred tax due to changes in tax rates are recognised in the income statement. For the current year a tax rate of 22,0% is used.

Debts

Mortgage loans are measured at amortised cost, for cash loans corresponding to the outstanding debt. For bond loans amortised cost corresponds to the outstanding debt calculated as the loan's underlying cash value at the borrowing date adjusted for amortisation of the price adjustment of the loan made over the term of the loan at the borrowing date.

Other debts are measured at amortised cost.

Translation policies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of transaction. Foreign exchange differences arising between the transaction date rate and the rate at the date of payment are recognised in the income statement as financial income and expenses.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are measured at the exchange rate at the balance sheet date. Any differences between the exchange rate at the balance sheet date and the transaction date rate are recognised in income statements as financial income and expenses.; however, see the section on derivative financial instruments.

Cash Flow Statement

The cash flow statement shows the Company's cash flow for the year from operating, investment and financing activities, total change of cash for the year and cash at the beginning and end of the year.

Cash flows from operating activities

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

Accounting Policies

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisition and divestment of companies and activities as well as acquisition and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and costs involved, raising and repayment of long-term debt as well as payments to and from shareholders.

Cash

Cash comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

Financial Highlights overview

Explanation of key figures:

Return on assets	$\text{Profit before financials} \times 100 / \text{Average equity}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$

Income Statement 1 July - 30 June

	Note	2015/16 DKK	2014/15 DKK
Gross profit		40.875.606	31.478.720
Staff costs	1	<u>-29.245.101</u>	<u>-25.931.019</u>
Amortisation profit/loss before depreciation, amortisation and impairment		11.630.505	5.547.701
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.568.942</u>	<u>-1.367.870</u>
Profit/loss before net financials		10.061.563	4.179.831
Financial income	2	72.210	2.125
Financial expenses	3	<u>-280.224</u>	<u>-432.136</u>
Profit/loss before tax		9.853.549	3.749.820
Tax on profit/loss for the year	4	<u>-2.185.455</u>	<u>-842.318</u>
Net profit/loss for the year		<u>7.668.094</u>	<u>2.907.502</u>
Proposed distribution of profit			
Proposed dividend		0	3.000.000
Retained earnings		<u>7.668.094</u>	<u>-92.498</u>
		<u>7.668.094</u>	<u>2.907.502</u>

Balance Sheet at 30 June 2016

	Note	2016 DKK	2015 DKK
ASSETS			
FIXED ASSETS			
Property, plant and equipment	5		
Land and buildings		6.416.043	6.948.987
Plant and machinery		4.311.044	4.555.437
Other fixtures and fittings, tools and equipment		551.666	738.057
		<u>11.278.753</u>	<u>12.242.481</u>
Total fixed assets		<u>11.278.753</u>	<u>12.242.481</u>
CURRENT ASSETS			
Inventories			
Raw materials and consumables		17.419.672	19.531.801
Finished goods and goods for resale		325.948	526.596
		<u>17.745.620</u>	<u>20.058.397</u>
Trade receivables			
Trade receivables		6.526.439	5.168.129
Receivables from group enterprises		14.853.025	7.134.623
Other receivables		1.456.515	2.364.186
Prepayments		338.858	115.932
		<u>23.174.837</u>	<u>14.782.870</u>
Total current assets		<u>40.920.457</u>	<u>34.841.267</u>
TOTAL ASSETS		<u>52.199.210</u>	<u>47.083.748</u>

Balance Sheet at 30 June 2016

	Note	2016 DKK	2015 DKK
LIABILITIES AND EQUITY			
EQUITY			
	6		
Share capital		500.000	500.000
Retained earnings		28.209.611	20.541.516
Proposed dividend for the year		<u>0</u>	<u>3.000.000</u>
Total equity		<u>28.709.611</u>	<u>24.041.516</u>
PROVISIONS			
Provision for deferred tax		<u>669.409</u>	<u>674.582</u>
Total provisions		<u>669.409</u>	<u>674.582</u>
LIABILITIES OTHER THAN PROVISIONS			
Short-term liabilities			
Credit institutions		4.920.508	9.493.234
Trade payables		7.544.339	7.358.088
Corporation tax		2.190.628	0
Other payables		<u>8.164.715</u>	<u>5.516.328</u>
		<u>22.820.190</u>	<u>22.367.650</u>
Total liabilities other than provisions		<u>22.820.190</u>	<u>22.367.650</u>
TOTAL EQUITY AND LIABILITIES		<u>52.199.210</u>	<u>47.083.748</u>
Pledges and guarantees	7		
Contingencies assets, etc., liabilities and other financial obligations	8		

Cash Flow Statement 1 July - 30 June

	Note	2015/16 DKK	2014/15 DKK
Net profit/loss for the year		7.668.094	2.907.502
Adjustments	9	1.771.783	1.728.508
Change in working capital	10	<u>-1.053.923</u>	<u>-8.962.171</u>
Cash flows from operating activities before financial income and expenses		8.385.954	-4.326.161
Financial income		72.210	2.125
Financial expenses		<u>-280.224</u>	<u>-432.136</u>
Cash flows from operating activities		<u>8.177.940</u>	<u>-4.756.172</u>
Purchase of property, plant and equipment		-680.214	-2.675.480
Sale of property, plant and equipment		<u>75.000</u>	<u>371.318</u>
Cash flows from investing activities		<u>-605.214</u>	<u>-2.304.162</u>
Repayment of loans from credit institutions		0	-380.099
Dividend paid		<u>-3.000.000</u>	<u>0</u>
Cash flows from financing activities		<u>-3.000.000</u>	<u>-380.099</u>
Change in cash and cash equivalents		<u>4.572.726</u>	<u>-7.440.433</u>
Overdraft facility		<u>-9.493.234</u>	<u>-2.052.801</u>
Cash and cash equivalents 1 July		<u>-9.493.234</u>	<u>-2.052.801</u>
Cash and cash equivalents 30 June		<u>-4.920.508</u>	<u>-9.493.234</u>
Cash and cash equivalents are specified as follows:			
Cash		0	0
Overdraft facility		<u>-4.920.508</u>	<u>-9.493.234</u>
Cash and cash equivalents 30 June		<u>-4.920.508</u>	<u>-9.493.234</u>

Notes to the Financial Statements

	2015/16	2014/15
	DKK	DKK
1 Staff costs		
Wages and salaries	26.601.783	23.377.917
Pensions	1.586.744	1.358.101
Other social security costs	494.511	497.861
Other staff costs	<u>562.063</u>	<u>697.140</u>
	<u>29.245.101</u>	<u>25.931.019</u>
Average number of employees	<u>52</u>	<u>50</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
2 Financial income		
Other financial income	<u>72.210</u>	<u>2.125</u>
	<u>72.210</u>	<u>2.125</u>
3 Financial expenses		
Financial expenses group enterprises	0	36.056
Other financial expenses	<u>280.224</u>	<u>396.080</u>
	<u>280.224</u>	<u>432.136</u>
4 Tax on profit/loss for the year		
Tax for the year	2.190.628	765.607
Deferred tax for the year	<u>-5.173</u>	<u>76.711</u>
	<u>2.185.455</u>	<u>842.318</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost 1 July 2015	12.952.116	7.043.531	1.704.215
Additions for the year	0	659.164	21.050
Disposals for the year	<u>-75.000</u>	<u>0</u>	<u>0</u>
Cost 30 June 2016	<u>12.877.116</u>	<u>7.702.695</u>	<u>1.725.265</u>
Impairment losses and depreciation 1 July 2015	6.003.129	2.488.094	966.158
Depreciation for the year	<u>457.944</u>	<u>903.557</u>	<u>207.441</u>
Impairment losses and depreciation 30 June 2016	<u>6.461.073</u>	<u>3.391.651</u>	<u>1.173.599</u>
Carrying amount at 30 June 2016	<u>6.416.043</u>	<u>4.311.044</u>	<u>551.666</u>

6 Equity

	Share capital	Retained earnings	Total
Equity 1 July 2015	500.000	20.541.517	21.041.517
Net profit/loss for the year	<u>0</u>	<u>7.668.094</u>	<u>7.668.094</u>
Equity 30 June 2016	<u>500.000</u>	<u>28.209.611</u>	<u>28.709.611</u>

The share capital consists of 500 shares of a nominal value of DKK 1.000. No shares carry special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

7 Pledges and guarantees

The company has issued mortgage deeds totaling TDKK 2.700 in the above land and buildings (book value TDKK 6.416). It is deposited mortgage deeds of TDKK 2.000 as security for bank loans, while mortgage deeds of TDKK 700 is in company's own possession.

8 Contingencies assets, etc., liabilities and other financial obligations

The company is taxed jointly with the Danish subsidiaries. The companies are jointly and severally for Danish corporate taxes and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of corporate taxes and withholding taxes could lead to companies' liability represents a greater amount. The group as a whole shall not be liable for others.

The Company has provided unlimited joint and several guarantees for Four Design Export ApS.

	2015/16	2014/15
	DKK	DKK
9 Cash flow statement - adjustments		
Financial income	-72.210	-2.125
Financial expenses	280.224	432.136
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.568.942	1.221.786
Tax on profit/loss for the year	2.185.455	842.318
Other adjustments	<u>-2.190.628</u>	<u>-765.607</u>
	<u>1.771.783</u>	<u>1.728.508</u>
10 Cash flow statement - change in working capital		
Change in inventories	2.312.777	-5.113.273
Change in receivables	-6.201.339	-351.223
Change in trade payables, etc.	<u>2.834.639</u>	<u>-3.497.675</u>
	<u>-1.053.923</u>	<u>-8.962.171</u>