J.S. Reklame, Århus ApS

Sødalsparken 18, 8220 Brabrand

CVR No 70 99 02 10

Annual Report 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	J.S. Reklame, Århus ApS Sødalsparken 18 DK-8220 Brabrand
	CVR No 70 99 02 10 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Board of Directors	Hans Henrik Kjølby Lars Larsen
Executive Board	Lars Larsen
Lawyers	Interlex Advokater Strandvejen 94 PO Box 161 DK-8100 Aarhus C
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bank	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 DK-8100 Aarhus C

Financial Highlights of the Group

Management's Review

Main activity

The activity of the Parent Company comprises investments in subsidiaries and associates as well as current asset investments.

The Group's main activities are carried out in subsidiaries producing and selling high-quality furniture to retailers all over the world.

Development in the financial year

Group revenue amounts to DKK 651.308k.

Result for the year after tax amounts to DKK 178.756k. Equity at 31 August 2016 amounts to DKK 1.486.279k.

The company has acquired 90 % of the shares in A.C. Holding ApS, which owns Actona Company Group. The activities was acquired at 1 February 2016.

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 obtains its unique knowhow primarily through its subsidiaries permanent staff and its strategic business partners within product development.

Corporate social responsibility

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear on pages 28 - 29

Expected development

For the year ahead, J.S. Reklame, Århus ApS expects a result at the same level, provided that the financial markets evolve normally.

Subsequent events

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

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of J.S. Reklame, Århus ApS for the financial year 1 September 2015 – 31 August 2016.

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

In our 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 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 at the Annual General Meeting.

Aarhus, 31 / 1 2017

Executive Board

Lars Larsen

Board of Directors

Hans Henrik Kjølby

Lars Larsen

Independent Auditor’s Report

To the shareholder of J.S. Reklame, Århus ApS

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 J.S. Reklame, Århus ApS for the financial year 1 September 2015 - 31 August 2016, which comprise income statement, balance sheet, notes and accounting policies for both the Group and the Parent Company, as well as consolidated cash flow statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management’s Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The audit procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

Independent Auditor's Report

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Company at 31 August 2016 and of the results of the Group and Parent Company operations as well as the consolidated cash flows for the financial year 1 September 2015 - 31 August 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Aarhus, 31 / 1 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Jesper Lund
State Authorised Public Accountant

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

	Note	Parent company 2015/16	Parent company 2014/15	Group 2015/16
Revenue	1	**0**	**0**	**651.308**
Cost of sales		0	0	496.217
Other operating income		0	0	966
Other external expenses	2	455	47	30.016
Gross Profit		**-455**	**-47**	**126.041**
Staff expenses	3	0	0	70.429
Depreciation and amortisation		0	0	36.873
Result before financial items		**-455**	**-47**	**18.739**
Result from subsidiaries	8	1.699	0	0
Result from other investments	10	180.861	156.931	180.861
Financial income	4	12.656	1.769	11.622
Financial expenses		13.313	1.222	18.239
Result before tax		**181.448**	**157.430**	**192.983**
Tax on profit for the year	5	2.692	118	13.925
Result after tax		**178.756**	**157.312**	**179.058**
Non-controlling interests' share of profit/loss	13	0	0	302
Result for the year		**178.756**	**157.312**	**178.756**

Distribution of profit

Proposed distribution of profit

	2015/16	2014/15
Proposed dividend for the year	103	100
Retained earnings	178.653	157.212
	178.756	**157.312**

Balance sheet at 31 August (DKK '000)

Assets	Note	Parent company 2016	Parent company 2015	Group 2016
Software		0	0	264
Goodwill		0	0	215.774
Intangible assets	6	**0**	**0**	**216.038**
Land and buildings		0	0	114.825
Fixtures and fittings, tools and equipment		0	0	5.340
Trucks and cars		0	0	95
Leasehold improvements		0	0	4
Tangible assets	7	**0**	**0**	**120.264**
Investments in subsidiaries	8	211.209	0	0
Receivables from subsidiaries	9	191.700	0	0
Other investments	10	1.105.106	1.277.678	1.105.106
Fixed asset investments		**1.508.015**	**1.277.678**	**1.105.106**
Fixed assets		**1.508.015**	**1.277.678**	**1.441.407**
Commercial products		0	0	114.467
Inventories		**0**	**0**	**114.467**
Trade receivables		0	0	125.520
Receivables from subsidiaries		1.139	0	0
Corporation tax		44	0	0
Other receivables		5.783	40.129	14.745
Prepayments	11	0	0	8.238
Receivables		**6.966**	**40.129**	**148.503**
Securities		**0**	**0**	**5**
Cash at bank and in hand		**16.730**	**0**	**125.562**
Current assets		**23.696**	**40.129**	**388.536**
Assets		**1.531.711**	**1.317.807**	**1.829.944**

Balance sheet at 31 August (DKK '000)

Liabilities

	Note	Parent company 2016	Parent company 2014/15	Group 2016
Share capital		1.000	1.000	1.000
Retained earnings		1.485.176	1.312.459	1.485.176
Proposed dividend for the year		103	100	103
Equity	12	**1.486.279**	**1.313.559**	**1.486.279**
Non-controlling interests	13	**0**	**0**	**23.013**
Deferred tax	14	0	0	3.659
Provisions		**0**	**0**	**3.659**
Mortgage debt, long-term	15	0	0	73.938
Instruments of debt, long-term	16	0	0	21.300
Long-term debt		**0**	**0**	**95.238**
Mortgage debt, short-term	15	0	0	4.982
Credit institutions		0	1.456	10
Instruments of debt, short-term	16	0	0	14.066
Trade payables		0	0	89.438
Corporation tax		0	95	10.743
Other payables		45.432	2.698	102.516
Short-term debt		**45.432**	**4.248**	**221.755**
Debt		**45.432**	**4.248**	**316.993**
Liabilities and equity		**1.531.711**	**1.317.807**	**1.829.944**
Contractual obligations	17			
Security	18			
Contingent liabilities	19			
Related parties and ownership	20			

Consolidated Cash Flows (DKK '000)

	Note	2015/16
Profit for the year		178.756
Adjustments	21	-122.361
Change in working capital	22	148.770
Cash flows from operating activities before financial income and expenses		205.165
Financial income		11.622
Financial expenses		-18.239
Cash flows from ordinary activities		198.548
Corporation tax paid		-10.363
Cash flows from operating activities		**188.185**
Acquisitions of enterprises		-443.000
Cash and cash equivalents at acquisitions of enterprises		34.326
Cash flows from investing activities		**-408.674**
Raising/repayment of mortgage debts		-2.498
Dividend paid		-100
Dividend received		350.100
Cash flows from financing activities		**347.502**
Change in cash and cash equivalents		**127.013**
Cash and cash equivalents at 1st September		-1.456
Cash and cash equivalents at 31st August		**125.557**
Cash and cash equivalents are specified as follows:		
Credit institutions		-10
Current asset investments		5
Cash at bank and in hand		125.562
Cash and cash equivalents at 31st August		**125.557**

Notes to the Annual Report (DKK '000)

1 Revenue

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

	Parent company 2015/16	Parent company 2014/15	Group 2015/16
2 Fees to the auditors appointed at the annual general meeting			
PricewaterhouseCoopers			
Auditfee	17	42	348
Other assurance engagements	0	0	90
Tax advisory services	0	0	59
Other non-audit services	504	0	578
	521	**42**	**1.075**
Other auditors			
Auditfee	0	0	118
Other assurance engagements	0	0	1
Tax advisory services	0	0	72
Other non-audit services	0	0	27
	0	**0**	**218**

3 Staff

	Parent company 2015/16	Parent company 2014/15	Group 2015/16
Salaries and wages	0	0	64.216
Pensions	0	0	3.986
Other social security costs	0	0	2.227
	0	**0**	**70.429**

No separate remuneration has been paid to the Board of Directors or Executive Board.

Average number of employees	0	0	1.196

4 Financial income

Interest income subsidiaries	**1.139**	**0**

Notes to the Annual Report (DKK '000)

		Parent company 2015/16	Parent company 2014/15	Group 2015/16
5	**Tax on profit for the year**			
	Current tax for the year	-49	118	11.961
	Deferred tax for the year	0	0	-768
	Tax concerning previous years	2.741	0	2.732
	Tax on profit for the year	**2.692**	**118**	**13.925**

		Software	Goodwill
6	**Intangible assets**		
	Group		
	Cost at 1st September	0	0
	Addition by transfer	372	244.755
	Cost at 31st August	372	244.755
	Depreciation at 1st September	0	0
	Depreciation for the year	-109	-28.981
	Depreciation at 31st August	-109	-28.981
	Booked value at 31st August	**264**	**215.774**
	Depreciated over	3 - 5 years	5 years

Notes to the Annual Report (DKK '000)

7 Tangible assets

	Land and buildings	Fixtures and fittings, tools and	Trucks and cars	Leasehold improve-ments
Group				
Cost at 1st September	0	0	0	0
Addition by transfer	119.448	7.143	169	1.289
Cost at 31st August	119.448	7.143	169	1.289
Depreciation at 1st September	0	0	0	0
Depreciation	-4.623	-1.803	-74	-1.285
Depreciation at 31st August	-4.623	-1.803	-74	-1.285
Booked value at 31st August	**114.825**	**5.340**	**95**	**4**
Depreciated over	25 years	4 - 7 years	4 - 5 years	Rental period

8 Investments in subsidiaries

	2016
Parent company	
Cost at 1st September	0
Addition for the year	212.113
Cost at 31st August	212.113
Impairment at 1st September	0
Exchange adjustment on foreign subsidiaries	369
Result for the year	2.722
Other adjustments	-2.972
Depreciation for the year	-1.023
Impairment at 31st August	-904
Booked value at 31st August	**211.209**
Investments in subsidiaries	**211.209**

Specified as:

	Ownershare
A.C. Holding A/S, Aarhus	90%

Notes to the Annual Report (DKK '000)

		Parent company 2016	Group 2016
9	**Receivables from subsidiaries**		
	Cost at 1st September	0	0
	Addition	191.700	0
	Cost at 31st August	191.700	0
	Booked value at 31st August	**191.700**	**0**
10	**Other investments**		
	Cost at 1st September	1.277.678	1.277.678
	Cost at 31st August	1.277.678	1.277.678
	Impairment at 1st September	0	0
	Exchange adjustment	-3.333	-3.333
	Dividend for the year	-350.100	-350.100
	Result for the year	180.861	180.861
	Impairment at 31st August	-172.572	-172.572
	Booked value at 31st August	**1.105.106**	**1.105.106**

11 Prepayments

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

Notes to the Annual Report (DKK '000)

	Parent company 2016	Parent company 2015	Group 2016
12 Equity			
Equity at 1st September	1.313.559	1.156.344	1.313.559
Paid dividend	-100	-97	-100
Result for the year	178.653	157.212	178.653
Proposed dividend for the year	103	100	103
Other adjustments	-2.972	0	-2.972
Exchange adjustment on foreign subsidiaries	-2.964	0	-2.964
Equity at 31st August	**1.486.279**	**1.313.559**	**1.486.279**
Specified as follows:			
5 A-shares of DKK 1,000	5	5	5
15 B-shares of DKK 1,000	15	15	15
180 C-shares of DKK 1,000	180	180	180
800 D-shares of DKK 1,000	800	800	800
Share capital	**1.000**	**1.000**	**1.000**
Equity at 1st September	1.312.559	1.155.344	1.312.559
Paid dividend	-100	-97	-100
Result for the year	178.653	157.212	178.653
Proposed dividend for the year	103	100	103
Other adjustments	-2.972	0	-2.972
Exchange adjustment on foreign subsidiaries	-2.964	0	-2.964
Retained earnings at 31st August	**1.485.279**	**1.312.559**	**1.485.279**
Equity at 31st August	**1.486.279**	**1.313.559**	**1.486.279**

Share capital has been changed in financial year 2014 from DKK 200k to DKK 1.000k.

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

	Group 2016
13 Non-controlling interests	
Non-controlling interests at 1st September	0
Additions for the year	22.711
Share of profit of the year	302
Non-controlling interests at 31st August	**23.013**

Notes to the Annual Report (DKK '000)

	Parent company 2016	Parent company 2015	Group 2016
14 Deferred tax			
Tangible assets	0	0	3.549
Inventories	0	0	-550
Trade receivables	0	0	-264
Other	0	0	924
	0	**0**	**3.659**

15 Mortgage debt

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

The debt falls due for payment as specified below

	Parent company 2016	Parent company 2015	Group 2016
Mortage debt, after 5 years	0	0	53.481
Mortage debt, between 1 and 5 years	0	0	20.457
Mortage debt, long-term debt	0	0	73.938
Mortage debt, within 1 year	0	0	4.982
	0	**0**	**78.920**

16 Instruments of debt

Instruments of debt fall due for payment as specified below:

	Parent company 2016	Parent company 2015	Group 2016
Instrument of debt, after 5 years	0	0	21.300
Instrument of debt, between 1 and 5 years	0	0	0
Instrument of debt, long-term debt	0	0	21.300
Instrument of debt, within 1 year	0	0	14.066
	0	**0**	**35.366**

Notes to the Annual Report (DKK '000)

		Parent company		Group
		2016	2015	2016
17	**Contractual obligations**			
	Rental obligations	0	0	15.317
	Lease obligations	0	0	3.392

18	**Security**			
	Provided as security for mortgage debt (DKK 78.920k): Buildings and cash at bank and in hand - booked value	0	0	111.881

19 Contingent liabilities

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

20 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

Notes to the Annual Report (DKK '000)

		Group 2016
21	**Cash flow statement - adjustments**	
	Profit/loss, other investments	-180.861
	Financial income	-11.622
	Financial expenses	18.239
	Depreciation and amortisation	36.873
	Tax on profit/loss for the year	13.925
	Other adjustments	1.085
		-122.361

		Group 2016
22	**Cash flow statement - change in working capital**	
	Change in inventories	6.322
	Change in receivables	13.030
	Change in other receivables	43.726
	Change in trade payables	-1.336
	Change in other payables	87.028
		148.770

Accounting Policies

Basis of Preparation

The Annual Report of J.S. Reklame, Århus ApS 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.

Basis of consolidation

The Annual Report comprises the Parent Company, J.S. Reklame, Århus ApS, 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.

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 Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life which does not exceed 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses". The financial statements applied for the Group's Annual Report have been prepared in accordance with the accounting policies of the Group.

Accounting Policies

Non-controlling interests

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore value adjustment 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 and impairment losses.

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 at the exchange rates at the dates of transactions. 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

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

Income Statement

Revenue

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

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

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

Cost of sales

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

Other operating income and expenses

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

Other external expenses

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

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 comprises depreciation for the year of property, plant and equipment 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.

Result from other investments

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

Financial income and expenses

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

Tax on profit for the year

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

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

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

Accounting Policies

Balance Sheet

Intangible assets

Software

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

Software is amortised over 3 years.

Goodwill

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

Property, plant and equipment

Property, plant and equipment are measured at cost with the addition of revaluations and less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for the financing of the production of property, plant and equipment are recognised in cost over the period of production. All indirectly attributable borrowing costs are recognised in the income statement.

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

Buildings	25 years
Fixtures and fittings, tools and equipment	3 - 10 years
Trucks and cars	3 - 6 years
Leasehold improvements	8 years

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

Accounting Policies

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 time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 and associates.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the subsidiary is recognised in provisions.

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, raw materials and consumables 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.

Securities

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

Accounting Policies

Prepayments

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

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.

Corporation tax receivables and liabilities

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

Financial debts

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

Prepayments

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

Accounting Policies

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment and intangible 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 “Credit institutions” under liabilities and equity. "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

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

Accounting Policies

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

J.S. Reklame, Århus ApS ("the Group") is aware of its role as part of society and knows that the company's reputation is based on its behaviour and daily actions.

Globalisation increases the necessity to act in a socially responsible manner and to overcome ethical challenges in a sensible way. This particularly applies to companies which, like the Group, operate globally.

Focus on human rights

To ensure and document that the Group complies with current CSR conventions, the company has been a member of the Business Social Compliance Initiative (BSCI) for 7 years.

The Group has incorporated the BSCI Code of Conduct, into own policies. The BSCI Code of Conduct comprises 11 principles for good corporate ethics. The areas in the Code of Conduct include human rights, labour rights, health and safety, environment and corruption. Audits are carried out by BSCI approved third parties based on risk assessment taking into account geography and product type. If necessary the auditor will issue a correction action plan (CAP), on how to improve conditions not fully in line with BSCI requirements. If a correction action plan is issued, the Group closely monitors the execution in order to ensure that conditions are improved to a satisfactory level.
During the financial year more than 25 % of the suppliers to the Group received audits based on BSCI guidelines.

The Group has policies that require that all products are produced with respect for core labour standards based on ILO conventions and the UN Declaration of Human Rights, health and safety standards, anticorruption and human rights.

Focus on environmental impact

Being a trading company, the activities in the Group only impose a very limited direct environmental impact.

Therefore, the main focus in terms of reducing the global footprint made by the company is to affect suppliers to reduce their impact by implementing new and cleaner technologies within the production.
The Group follows the framework from BSCI organization, which requires compliance with local environmental regulations. As part of the BSCI audits performed, environmental impacts such as wastewater treatment and chemical storage are therefore also audited.

Concerning the Group's own activities, the Group cooperates with external third parties in order to map consumption and pinpoint areas to improve. An independent report made during the financial year, showed that the consumption of electricity and heating has been reduced with respectively 18% and 10%.

Statutory statement of Corporate Social Responsibility

To increase the percentage of waste being recycled, the Group cooperates with external partners that recycle the packaging materials.

As for external transport contractors, the Group constantly encourage the partners to minimize their environmental impact.

The Group has a zero tolerance policy regarding use of illegally harvested wood, and control that the wood used in products originates from legal sources.
Furthermore the Group became FSC certified during the financial year, and will gradually increase the percentage of FSC certified wood used for products within coming years.

Focus on social relations

The employees are the greatest asset in the Group and a safe and healthy working environment is a key condition for the company's ongoing success. This is along with other initiatives secured through a dedicated HR department and a clear HR strategy aimed at attracting and maintaining qualified employees at all levels.

As part of the strategy, the Group conducts yearly surveys on employee satisfaction and welfare. The latest survey shows, that the goal for employee satisfaction has been reached.

Workplace safety is constantly monitored and secured with proper education of warehouse people. There were 4 minor work related accidents in the financial year resulting in only limited absence.

Goals and policies for the underrepresented gender

The Group has adopted target figures for the underrepresented gender in the top management body and has set a target rate of at least 25% for female representation on the Board of Directors of the company within the comping years. The target has not been achieved in 2015/16.

Regarding other management positions, the Group has adopted policies to ensure diversity between the genders. Currently there is an equal distribution between men and women at other management positions.

Financial Highlights of the Group (DKK '000)

	2015/16
Key figures	
Income Statement	
Revenue	651.308
Profit before financial items (EBIT)	18.739
Net financials	174.244
Result for the year	178.756
Balance sheet	
Balance sheet total	1.829.944
Equity	1.486.279
Cash flow statement	
Investment in tangible assets	0
Ratios	
Return on assets	1,0%
Solvency ratio	81,2%
Return on equity	12,8%
Number of employees	1.196

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